

# Lead, Active and Passive Donors in Division of Labour Arrangements

## A Note on Definitions and Some Observations of Current Practice

### 2<sup>nd</sup> Draft

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#### 1.) 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 country 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 sector<sup>1</sup>, 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 Zambia<sup>2</sup>, Uganda<sup>3</sup>, Tanzania<sup>4</sup> and Kenya<sup>5,6</sup>. 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 guidelines 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.

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<sup>1</sup> According to the good practice principles on DoL, lead donor arrangements can not only be agreed upon within sectors but also for particular thematic areas (e.g. cross cutting issues or decentralisation) or based on regional/geographical considerations.

<sup>2</sup> Generic ToR for Lead Cooperating Partners – Final Draft - for guidance when preparing sector specific ToR, from the JASZ working group, November 05.

<sup>3</sup> Division of Labour Exercise, Uganda, Overview of Development Partner's current engagement and future plans, updated Aid Information Map.

<sup>4</sup> Joint Assistance Strategy for Tanzania (JAST), November 2006.

<sup>5</sup> Guidance for Terms of Reference for the Lead Donor or the Chair of the Donor Sector Groups, December 2007.

<sup>6</sup> 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.

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.) 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 country<sup>7</sup>. 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.

In all countries reviewed, the following functions or tasks are commonly attributed to lead donors:

1. 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 partners<sup>8</sup> in the context of delegated co-operations. 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

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<sup>7</sup> 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.

<sup>8</sup> For the definition of the term “silent partner” please see chapter 2.3

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 attached to the lead donor role.

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, where donors are in-coming, “reigning” and outgoing each for six months, while always having 3 donors taking on the lead role at a time<sup>9</sup>). 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.<sup>10</sup> 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 government 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 occurred: 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.

After reviewing some common elements and variations of lead donor arrangements we propose following definition and tasks for lead donors:

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<sup>9</sup> E.g. in Uganda four donors (Austria, AfDB, Denmark and Germany) were 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.

<sup>10</sup> 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).

*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”.*

## **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:

1. 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.
2. 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 an active donor:

*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 chose 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 recommend that the **background 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.

Annex 1: **Synopsis of Information from Zambia, Uganda, Tanzania and Kenya**

<b>Zambia</b>	
Source	Generic ToR for Lead Cooperating Partners – Final Draft - for guidance when preparing sector specific ToR. - JASZ working group, November 2005
<b>Task/Definition</b>	
Lead Donor	<p><b>Lead CPs:</b> co-operating partners which act on behalf of one or more other partners as primus inter pares, voice and contact point of the co-operating partners involved in the sector ; Act as interface for policy dialogue between GRZ and CPs</p> <ul style="list-style-type: none"> <li>- On a day to day basis, keep track of key developments in the sector, and support as appropriate the Government in driving the sector dialogue on the policy implications of these. This includes representing the CPs in the Sector Advisory Groups and in any other fora, where the sector development is discussed and planned;</li> <li>- Provide in-country advocacy in support of agreed international development goals relevant to the specific sector;</li> <li>- Together with GRZ plan and coordinate reviews and evaluations in the sector aligned to the GRZ planning and budget cycle;</li> <li>- With the GRZ organise and facilitate annual sector performance and policy discussions with the CPs that have an interest in the sector. These discussions will review the sector performance, key policy and implementation challenges;</li> </ul> <p><b>Facilitate government management of financial and technical assistance.</b></p> <ul style="list-style-type: none"> <li>- Assist GRZ in developing, establishing and/or managing appropriate joint aid mechanisms in the sector including for example SWAps, basket funding, and pools for TA etc. This includes planning of any new aid interventions;</li> <li>- Act as channel of funds (silent partnerships) for other CPs as agreed and appropriate;</li> <li>- Ensure that MoUs, formats and formal descriptions of joint procedures are available as appropriate in the sector;</li> <li>- Assist GRZ in assessing the need for donor support in the sector and in facilitating appropriate division of labour (among CPs) in the sector. This includes facilitating that the work of CPs is aligned with the NDP and GRZ sector plans and that CPs complement rather than duplicate each other;</li> </ul> <p><b>Vis-à-vis the other cooperating partners interested in the sector:</b></p> <ul style="list-style-type: none"> <li>- Provide coordination services including convening, preparing and recording CP coordination meetings;</li> <li>- Build consensus around, finalise and submit joint CP positions for the appropriate sector dialogue mechanisms (including SAGs);</li> <li>- Ensure alignment of CP activities (including external reviews and missions) to GRZ planning and budgeting cycle;</li> <li>- Information management. This includes ensuring (in cooperation with GRZ) that all relevant information concerning the sector is readily available, updated and communicated to other CPs both regularly and on request;</li> </ul> <p><b>Monitor harmonisation performance</b></p> <ul style="list-style-type: none"> <li>- Report annually to the CPs and GRZ about the Lead CP activities carried out and the performance of the CP community in the sector in terms of following an aligned and harmonised approach, as defined by the so-called Paris indicators. This includes presenting recommendations for revised division of labour, aid modalities, approach of CPs, and any needed revisions of the ToR.</li> </ul>

Active Donor	<p><b>Active CPs:</b> co-operating partners which delegate ‘voice’ to the lead CPs but remain actively and visibly involved; The role of non-lead CPs: Some of the non-lead CPs will provide aid in the sector in question and will do so in alignment with GRZ plans and in co-ordination with the Lead CPs. As the Lead CPs will be acting on behalf of the non-lead CPs in the sector the non-leads will aim to be as "silent" as at all possible and delegate the management of their aid intervention to the lead CPs to the extent possible. This includes that there are a number of tasks that the non-lead CPs should refrain from doing:</p> <ul style="list-style-type: none"> <li>- The non-lead CPs should not initiate project or aid interventions in the sector without co-ordinating with the lead CPs.</li> <li>- The non-lead CPs should not approach or engage GRZ in discussions about sector related issues without co-ordinating with the lead CPs.</li> <li>- The non-lead CPs should not initiate or plan reviews, evaluations, assessments or other studies in the sector without co-ordinating with the lead CPs.</li> </ul>
Passive Donor	<p><b>Silent CPs:</b> co-operating partners which have delegated full authority to a lead (or active) CP.</p>
Practice	<p>Actual staffing requirements for lead CPs will have to be specified within the sector context and may depend on the nature and scope of CP involvement in the sector, the number of lead CPs involved as well as the capacity constraints and institutional development needs of the sector. Duration: The lead arrangement is foreseen to be in force for a period equivalent to for example the NDP/JASZ period but may be adjusted according to needs of the sector.</p>

<b>Uganda</b>	
Source	Division of Labour Exercise, Uganda: Overview of Development Partner's current engagement and future plans
<b>Task/Definition</b>	
Lead Donor	<p><b>Leading Development Partner:</b> In any given sector/area, there are a range of leadership functions that can be taken on by DPs. This may be undertaken by one or more partners. Functions include acting as the main liaison with Government in policy dialogue and advocacy. The role of the leading development partner will depend on the agreements reached with Government and other development partners in the sector/area, but may include the following: acting as the main liaison with Government in policy dialogue and advocacy, facilitating funds and aid management, ensuring that joint reviews, monitoring and reporting take place following agreed formats, providing services to other development partners (information, communication and technical advice) and/or monitoring development partners' performance. Some of these functions are currently managed by the chairs of DP sector groups.</p>
Active Donor	<p><b>Actively Engaged Development Partner:</b> A Development Partner that continues active involvement in some areas, such as reporting or financing, in a given sector. Engaged development partners in a sector can represent others in sector dialogue with the Government. They share all relevant information among each other and with “delegating” DPs and assure that the views of “delegating partners” are equally heard and reflected in the positions presented to the Government.</p> <p>DoL Interim Report, 9 Mar. pp. 4-5</p>
Passive Donor	
Practice	<p>Government suggested donors to identify leads on their own, and only reserve to itself the right to intervene in controversial complex cases. The Ugandan government further opted for longer periods for appointed lead donors (up to three years). Donors did so far not discuss rigorously enough about who has to</p>

	<p>exit a sector or at least to become a “silent partner”. These negotiations will probably not take place in large public gatherings, but in informal rounds and in Sector Working Groups.</p> <p>Presence of only a few donors in some sectors was not perceived as a problem by the Ugandan government, due to the fact that ultimately the government is responsible to fill financial gaps by designing an appropriate budget plan.</p> <p>In sectors with a high number of donors the Ugandan government only shyly suggested donors to focus on their comparative advantage. The sector „Water and Environment” was defined in a very broad way and the Government now considers the usefulness of this sector category. Four donors (Austria, AfDB, Denmark and Germany) were interested in taking the lead in this sector and a rotating “troika” turned out to be most appropriate arrangement to satisfy donors’ interest.</p> <p>Next steps: In general, the UK has taken the lead role for the division of labour topic. Current, generic Terms of Reference are under discussion with the Ugandan government. Until June 2009 donors are supposed to agree on their respective roles (exiting, lead, silent) in the specific sectors.</p>
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<b>Tanzania</b>	
Source	Joint Assistance Strategy November 2006
<b>Task/Definition</b>	
Lead Donor	<p><b>‘Active’ Development Partners</b> in a sector/thematic area will represent others in sector/thematic dialogue with the Government, whereby ‘lead partners’ will act as focal point in communication with the Government. They will timely share all relevant information among each other and with ‘delegating’ Development Partners and assure that the views of ‘delegating partners’ are equally heard and reflected in the position presented to the Government. Development Partners aim to reach a consensus among themselves and present consolidated views to the Government, but also report existing divergent opinions where consensus cannot be attained.</p>
Active Donor	See above
Passive Donor	See above
Practice	<p>Within and across sectors and thematic areas, Development Partners harmonise their activities, funding decisions, requirements, analytic work, meetings, missions, reviews and other processes and align them to Government strategies, systems and processes. As part of division of labour arrangements, terms of reference including a code of conduct for delegated co-operation and harmonisation arrangements will specify the roles and responsibilities of ‘lead’, ‘active’ and ‘delegating’ partners. With regards to taking on a leading role, factors to consider in addition to the above are:</p> <ul style="list-style-type: none"> <li>• Development Partner organisational capacity to assume leadership;</li> <li>• Other Development Partners’ willingness to recognise and trust a Development Partner as leader; and</li> <li>• The distribution of lead responsibilities among Development Partners so as to facilitate equitable sharing of work.</li> </ul> <p>In each sector/thematic area, relevant MDAs in consultation with LGAs and in agreement with Development Partners will decide which Development Partners will actively engage in the area and who will assume the role of lead Partner. In this context, the Government and Development Partners will consider the suitability of existing division of labour arrangements in DPG sector/thematic working groups and will draw on their experience as much as possible.</p>



	Throughout the implementation of JAST, the Government and Development Partners will continue to jointly reassess the adequacy of existing division of labour arrangements, taking into account and adjusting to possible changes in Development Partners' comparative/competitive advantages or other selection criteria and changing Government needs.
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<b>Kenya</b>	
Source	Guidance for Terms of Reference for the Lead Donor or the Chair of the Donor Sector Groups
<b>Task/Definition</b>	
Lead Donor	<p>Role and responsibilities of the lead donor, team of lead donors, or the chair</p> <p><b>Lead policy dialogue on sector-specific issues</b></p> <ul style="list-style-type: none"> <li>• Call meetings of donor sector group and ensure that agendas and minutes are produced and circulated to its members.</li> <li>• Represent the common position of members of the donor group in meetings with government counterparts, the HAC, the DCG, and other forums.</li> <li>• Coordinate preparation of joint donor position statements to the government on technical, strategic, and policy issues.</li> </ul> <p><b>Lead coordination of development partner assistance to the sector</b></p> <ul style="list-style-type: none"> <li>• Lead implementation of the agreements on harmonization of development partner assistance specified in the Kenya Joint Assistance Strategy 2007–2012.</li> <li>• Together with the government, plan and coordinate reviews and evaluations in the sector as appropriate (ideally with a joint government–development partner planning committee that shares the workload).</li> <li>• With the government, organize and facilitate discussions on sector performance, policy, and implementation challenges.</li> <li>• Coordinate joint missions, studies, and strategy development. To eliminate duplication of studies, encourage group members to share information on planned studies with the HAC secretariat and the terms of reference with group members. Encourage the group to undertake planned studies jointly.</li> <li>• Ensure that memorandums of understanding, formats, and formal descriptions of joint procedures are available as needed for the sector group (such as posting them on the appropriate sector page of the HAC website).</li> <li>• Assist the government in assessing the need for donor support in the sector and facilitate the achievement of an appropriate division of labour among the donors to the sector. This includes supporting the government in ensuring that the work of the donors is aligned with the government sector plans and that donors complement rather than duplicate each other.</li> <li>• Together with the government, lead the dialogue with non-state actors on issues related to harmonization, alignment, and coordination of support to the sector.</li> </ul> <p><b>Provide information and technical advice</b></p> <ul style="list-style-type: none"> <li>• 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 on the HAC website (or related website) in a timely manner.</li> <li>• Act as a point of contact for government, development partners, other stakeholders and other donors interested in supporting the sector program.</li> <li>• Provide technical advice to the government and to other development partners as requested.</li> <li>• Facilitate exchange of experience and mutual learning among development</li> </ul>

	<p>partners.</p> <p><b>Monitor donor and government performance</b></p> <ul style="list-style-type: none"> <li>• 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 labour) in line with the Kenya Joint Assistance Strategy.</li> <li>• Provide coordinated technical assistance to the government for a results-based approach to annual work planning and progress reporting.</li> </ul>
Active Donor	<p><b>Role of the non-lead donors</b></p> <ul style="list-style-type: none"> <li>• Participate in the dialogue within the sector group and use their resources to assist and give guidance to the lead donors or chairs.</li> <li>• 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.</li> <li>• Explore options to delegate the management of their aid interventions to the lead donor.</li> <li>• Maintain dialogue with the government on necessary legal, financial and administrative issues, while ensuring that such interaction does not present an undue burden to the government.</li> </ul>
Passive Donor	
Practice	<p>Based on feedback received in consultation with donor sector group heads, some effective measures have included:</p> <ul style="list-style-type: none"> <li>• Having a secretariat to manage the work of the donor group. The members of the group can share the costs of running a secretariat.</li> <li>• 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.</li> <li>• Appointing leads of subsector groups, who report back to the lead. For example, the Democratic Governance Donor Group consists of a number of subsectors, each of which is led or chaired by a development partner, with responsibilities similar to those of the lead donor. However, instead of reporting back to the DCG and the HAC, the leads of the subsector groups report to the lead of the overarching sector group.</li> <li>• Implementing activities funded by other donors (delegated partnership) and thus limiting the number of donors active in a sector.</li> <li>• 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.</li> <li>• Clarifying who is eligible to vote for chair or lead if a consensus on succession cannot be reached.</li> </ul>

## Annex 2:

### Generic Terms of Reference for Lead Donor Arrangements in Division of Labour Processes<sup>11</sup>

#### 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.

#### 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 sector<sup>12</sup> 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 who 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.

#### 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.

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<sup>11</sup> We gratefully acknowledge that these generic Terms of Reference were developed on the basis of the existing ToR for lead donor arrangements in Kenya.

<sup>12</sup> 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.

- 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 partners.

#### ***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.

#### **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.

### **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.