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COMPENDIUM OF GOOD PRACTICE ON DIVISION OF LABOUR

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For further information please contact: Rinko Jogo, email: rinko.jogo@oecd.org or Paal Aavatsmark
email: paal.aavatsmark@ec.europa.eu.

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COMPENDIUM ON GOOD PRACTICES ON DIVISION OF LABOUR

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Table of contents

Executive Summary	4
I- Introduction	7
II- General Framework	9
1. Methodology	9
2. Concepts, principles and measure.....	9
3. Develop a DoL indicator	10
III- Cross-country and cross-sector Division of Labour.....	12
1. Upstream initiatives.....	12
2. Global and regional sectoral division of labour initiatives	13
3. Cross-sector Division of Labour	13
IV- In-country Division of Labour.....	16
1. In-country Division of Labour with comparable status of donors	16
2. In-country Division of Labour with different status of donors.....	18
3. In-country Division of Labour relying on the beneficiary country leadership.	21
V- Conclusion.....	22
1. Key drivers	22
2. Best vehicles.....	23
3. Challenges.....	24
Annex 1 Case studies.....	26
1.1. The Nile Basin Initiative.....	26
1.2. The Environment and Security Initiative (ENVSEC)	27
1.3. Practitioners' Network for European Development Cooperation: The AFD-led Working Group on "Division of Labour and Modes of Delivery"	29
1.4. The Strategic Partnership between the European Commission, the European Investment Bank (EIB) and the International Bank for Reconstruction and Development (IBRD) in the Middle East and Southern Mediterranean North Africa Region.....	30
1.5. Official Development Assistance in Central Europe (ODACE)	32
1.6. Austria and Slovakia trilateral projects	33
1.7. Sector concentration strategy and CAS in Zambia.....	34
1.8. World Bank Sector Concentration in Mauritania	36
1.9. The donor mapping experiences in the context of the Uganda Joint Assistance Strategy (UJAS).....	37
1.10. Ethiopia: Aid Management Platform and Division of Labor Team.....	38
1.11. Joint Country Assistance Strategy in Donors: the Asian Development Bank (ADB), Japan, the United Kingdom, the World Bank	39
1.12. Sudan Trust Funds	40
1.13. The Joint World Bank – European Commission Office for South East Europe.....	42
1.14. Partnership Framework on water and sanitation development in Bangladesh....	43
1.15. The European Commission and Italy in Somalia.....	44
1.16. The Temporary International Mechanism in Jerusalem	45
1.17. Focus on Elections support basket funding.....	46
1.18. Bosnia-Herzegovina (BiH) Governance Accountability Project, Second Phase (GAP2)	47
1.19. The Zambian Private Sector Development Action Plan.....	49
1.20. Delegated cooperation of AusAID programme in Cook Islands to NZAID (New Zealand)	51
1.21. UN as One: Rwanda One UN Pilot	53
1.22. Community Action for Health project in the Kyrgyz Republic – the Kyrgyz-Swiss- Swedish Health Project (KYSS)	56
1.23. The Projet de Promotion de l'Education de Base en 5ème Région (PPEB) in Mali	57

1.24. Decentralised Cooperation across EU Member States: Luxembourg and Rhône-Alpes in Laos	59
1.25. The Joint Partnership Fund for Water and Sanitation in Uganda	60
1.26. Program REJUSCO (Restauration de la Justice à l'Est de la RDCongo)	62
1.27. 1.25. Afghanistan Trust Funds	64
1.28. The Multi-Country Demobilization and Reintegration Program (MDRP) in the Greater Great Lakes region of Central Africa	66
1.29. The Joint Assistance Strategy for Tanzania (JAST) and its General Budget Support (GBS)	67
1.30. Partnership General Budget Support in Nicaragua	69
Annex 2 Tools	70
2.1. Indicator	70
2.2. EU Code of Conduct on Complementarity and DoL in Development Policy	75
2.3. Example of questionnaire on comparative advantages: Tanzania in 2005	80
2.4. Example of Donor matrix: Donor matrix in Zambia	97
Annex 3 Other: DoL questionnaire and list of acronyms	98
3.1. List of donors who filled out the questionnaire	98
3.2. Questionnaire sent to the donors	99
3.3. List of acronyms and abbreviations	102

Executive Summary

This report is about division of labour (DoL) and complementarity. Complementarity is a concept of an organisational nature. It must be seen in terms of donors acting in complete and balanced unison, rather than being merely an additional planning exercise. Complementarity starts with co-ordination, but goes much further: it implies that each actor is focusing its assistance on areas where it can add most value, given what others are doing. Hence, complementarity is the optimal DoL between various actors in order to achieve optimum use of human and financial resources.

The research reckons that the DoL ‘principle/ spirit’ is not new, and has for instance been present in the "Nordic+" approach. The EU has also recently adopted a Code of Conduct on division of labour. As this report will show, DoL at different levels of ambition can now be said to be practiced by most donors.

In an attempt to provide a representative sample of the diversity of experiences available to date, this research study has looked into different cases of DoL involving various partners and modalities. While some cases may appear more “advanced” than others, a situation reflecting the aid darling/orphan divide, research proved that each of the case studies brought relevant lessons to the understanding and implementation of effective DoL.

The compendium also draws lessons from a diverse set of countries and regions in order to bring out good practices and experiences representative of different contexts, objectives and constraints.

- Section I provides a brief general introduction as well as background on DoL
- Section II introduces the general framework for the study and discusses the overall evidence available on the issue of DoL and complementarity, including the upstream coordination initiatives that shape the current DoL activities.
- Section III considers cross-country and cross-sector DoL initiatives.
- Section IV discusses in-country DoL, based on detailed examination of specific cases.
- Section V concludes and summarises lessons learnt from the various case studies and identifies key drivers, best vehicles and challenges of DoL. Eight (8) key drivers and seven (7) best vehicles are identified. In addition twelve (12) main challenges are analyzed.

Key drivers

- 1. Donors' political will and consensus on development assistance objectives:* Like-mindedness and solid political will on the donors' side and a resolute engagement of the highest decision-making levels help promote successful DoL.
- 2. Ownership of partner countries:* DoL is facilitated when the partner country has a proactive attitude, a clear political will and interest, and when the related project / programme is well integrated, from the start, into the partner country's strategy. Making public mutually-agreed objectives between donor and partner countries as well as remaining requirements may help promote partner country ownership by encouraging a stronger stance by national authorities. .
- 3. Quality of management at operational level:* Donors will be more willing to enter a Division of labour exercise if there is a proven quality of management by either the project management unit or the ad hoc structure.
- 4. Capitalising on an existing project:* Donors can enter a DoL exercise by capitalising on a successful single donor project.
- 5. Increasing returns to scale:* A financially stronger donor partner allows greater and more coordinated development impact and reduces set-up costs. Reaping increasing return to scales benefits associated with DoL is also essential in small partner countries.
- 6. Flexibility:* Donors can enter into DoL gradually: first, they may opt for cooperation, then, if they wish so, scale up towards division of labour.
- 7. An option for a minimalist approach:* DoL can provide a solution for donors/ countries interested in a "minimalist approach" i.e. wishing to support development/reconstruction efforts, but without necessarily their own capacity and without assuming fiduciary risk.
- 8. Higher leverage and profile:* DoL raises the leverage and the profile of policy interventions of donors regardless of their size and capacity.

Best vehicles

- 1. DoL is made more efficient if up-to date information on needs, priorities and aid flows is available for all parties involved.*
- 2. A single implementation team, possibly relying on technical expertise of one donor, reduces overall transaction costs and guarantees a certain quality of work. It allows for optimal drawing on specific experience and expertise available.*
- 3. Pool funding arrangements can flexibly combine equal sharing of donor ownership over project strategy and delegation of part of its implementation process to one of the donors. Pooled funding mechanisms can also allow important transfers of money in a rapid and efficient manner; a feature particularly relevant in crisis/post-conflict situations.*
- 4. Multi-donor trust funds (MDTF) can be a versatile vehicle fostering DoL/complementarity. Trust Funds are effective co-operative instruments, through which participants can cooperate in view of achieving a common strategic objective. However, certain benefits of Trust Funds should come with a note of caution resulting from their exponential multiplication that can also result in diluted governance.*
- 5. Delegated cooperation works best if the leading donor has a clear geographic (and/or sectoral) comparative advantage.*
- 6. Harmonised budget support can be an excellent tool for division of labour, although it involves high initial transaction costs for the partner country government.*
- 7. DoL can be a useful tool for emerging donor capacity development - through knowledge transfer, training and technical assistance – which can also help build long-term relationships between traditional and emerging donors.*

Challenges

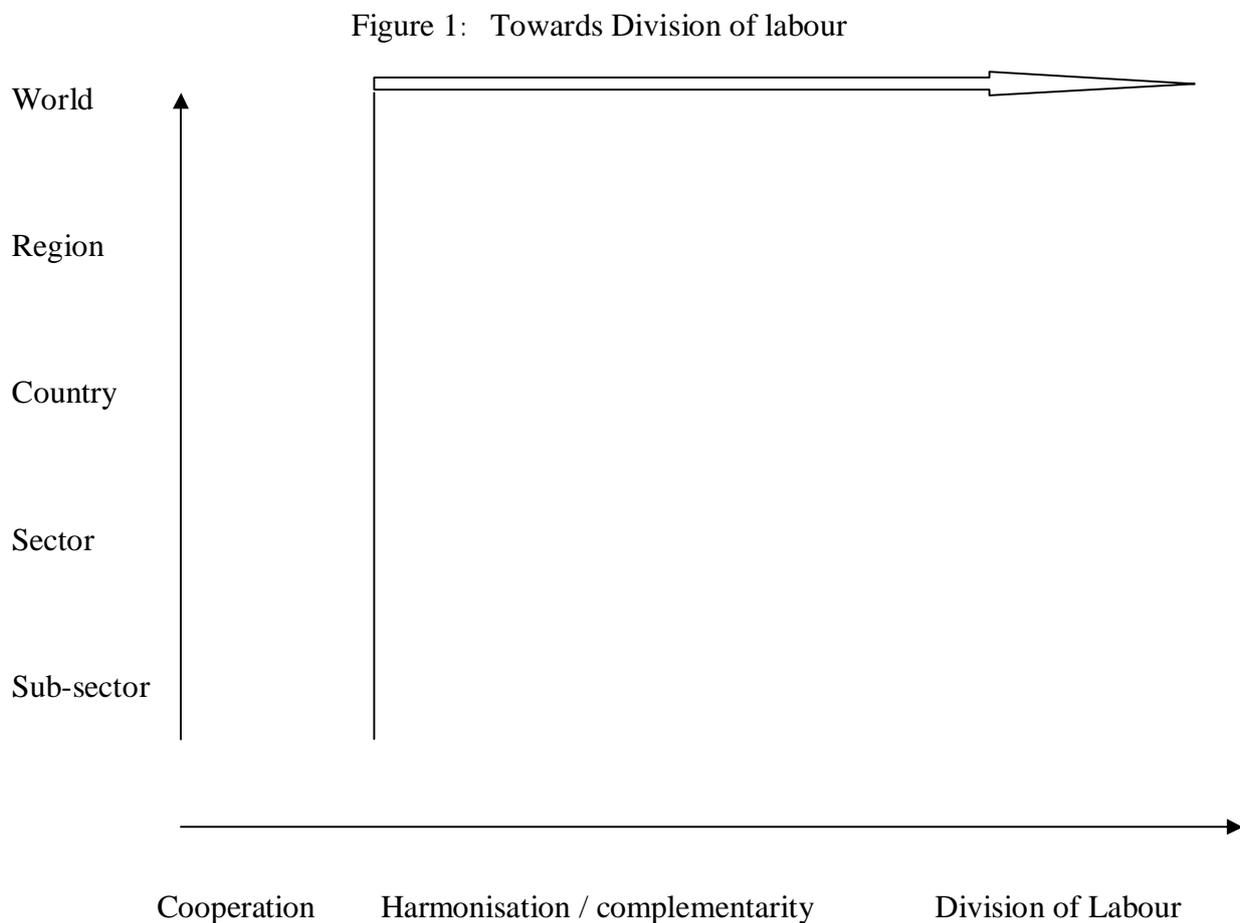
1. *DoL relying on the partner country government's leadership, increases corruption risks* when government accountability systems are weak e.g.in case of General Budget Support) Sound government accountability systems are thus an utmost priority.
2. *Donors' alignment with partner country strategies, priorities and/or cycles* sometimes needs considerable strengthening before implementation of DoL activities can take place. Sometimes, donors and partners have developed entrenched habits from having been present for a long period of time in the given country, a situation that needs to be addressed early on in the DoL exercise so as not to hinder the process.
3. *Lack of decentralized decision-making authority* at the field level, may slow down the process of division of labour.
4. *Legal and financial procedures* are necessary tools for effective DoL between donors. In this respect, mutual recognition rather than harmonization of procedures has proven to be easier / more effective.
5. *Managing donor's expectation* is crucial for successful DoL. Differing expectations by donors can indeed create additional costs and frustrations. Thus, it is essential to establish among donors ex-ante clear communication and conflict resolution mechanisms to resolve policy tensions.
6. *Predictability and commitment* on the donors' side is central to the success of DoL and difficult to achieve. It is important for the partner country to be assured that DoL will not cause more uncertainty; i.e. the limitation of the number of donors can be perceived as a strategy of disengagement. In case of General Budget Support, there is a significant danger of a perverse effect if government failure to meet conditions leads to suspensions or delays in disbursement.
7. *Lead donors bare a higher workload* and financial burden, making this task less appealing than it might seem.
8. *Clear communication, demarcation of roles and mechanisms* are also essential to reduce costs of DoL.
9. *Clear and common definition of sectors* is essential for effective DoL, The use of the partner country government's sector definitions often proves to be the best way to solve this issue.
10. *Accountability for results* and reporting is a necessary prerequisite for successful DoL, most notably in case of delegated cooperation.
11. *Coordination of the use of various aid modalities* is pre-requisite for successful DoL. Establishing a DoL mechanism while in parallel continuing to carry out a wide range of uncoordinated projects can be very costly. Coordination with civil society organisations is also essential.
12. *DoL is a dynamic process*; initial steps such as a donor mapping exercise must be quickly followed by deepening of DoL. Although it may be difficult, extension of a DoL limited to a sub-set of donors to a community of donors is necessary.

I- Introduction

This report is about division of labour (DoL) and complementarity. It adopts general definitions and principles set up in the Paris declaration (see box below) on aid effectiveness and in the EU Code of Conduct (see Annex 2.2.). The objective is not to produce a conceptual study on DoL among donors, but instead to identify practicalities that can help promote implementation of the Paris declaration in this direction.

Complementarity is a concept of an organisational nature. It must be seen in terms of donors acting in complete and balanced unison, rather than being merely an additional planning exercise. Complementarity starts with co-ordination, but goes much further: it implies that each actor is focusing its assistance on areas where it can add most value, given what others are doing. Hence, complementarity is the optimal division of labour between various actors in order to achieve optimum use of human and financial resources.

Figure 1 below shows where DoL starts.



The DoL ‘principle/ spirit’ is not new, and is for instance present in the Nordic + approach.¹ It is also already present in previous initiatives of EU aid, aiming at delivering more, better and faster. As this report will show, DoL is also practiced by virtually all other official donors.

The report is organised as follows. In section II, we introduce our general framework and discuss the overall evidence available on the issue of DoL and complementarity, and the upstream coordination initiatives that shape the current DoL activities. In section III, we consider cross-country and cross-sector DoL initiatives. In section IV we discuss in-country DoL. Most of the analysis is based on detailed examination of specific cases. In section V we conclude and summarise lessons learnt from these case studies and identify key drivers, best vehicles and challenges of DoL.

DoL in the Paris Declaration²

While the Paris Declaration does not include indicator and/or measurement of DoL, several of its articles offer “general directions”.

“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.”

¹ The Nordic + group is made of Denmark, Finland, Ireland, the Netherlands, Norway, Sweden, and the United Kingdom.

² The Paris Declaration is available online at: <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

II- General Framework

1. Methodology

This report is a desk study, principally based on a broad questionnaire sent to all DAC and most non-DAC donors, and on complementary information collected through discussions with donor agencies and through the internet on a selected set of partner countries, chosen to be representative of the different contexts in which attempts at DoL are implemented. The questionnaire is annexed to this report³. We have received answered from 19 donors and collected additional information through direct contact from another 4 donors (see Annex 3.1).

Most of the report is based on examples that reveal good practices in different modalities of division of labour among donors. Of course, modalities that work well in some circumstances may be more difficult to implement in other circumstances. To take this into account, in some instances, we also use examples in which concerns emerged, in order to highlight possible issues to be solved under specific circumstances.

We have attempted to develop examples in all regions. Nevertheless, we have paid special attention to partner countries with high aid fragmentation (as identified in Annex 2.1), where the need for division of labour initiatives is much bigger than in other countries.

In order to be as concise as possible, we have moved some relevant examples to Annexe 1, where case studies are listed by order of citation in the report.

2. Concepts, principles and measure

DoL is a tool to achieve complementarity, not a final goal in and of itself; it is a means to an end which is increased aid effectiveness.

a) Complementarity and DoL have five principal dimensions:

Complementarity and DoL take place in the five below-mentioned interacting dimensions:

- i. **“In-country” complementarity:** aid fragmentation in a sector or country leads to increased administrative burden and transaction costs in partner countries, diffuses policy dialogue and may misallocate resources. Some, often politically attractive sectors, may receive excessive funding; while other sectors may remain under-funded.
- ii. **“Cross-sector” complementarity:** not all donors need to build capacity in all sectors. Some donors have developed very specific know-how and are almost branded with them. Other donors have taken full benefit of their comparative advantages and established priority areas. However, this has not been coordinated and may lead to a situation where certain sectors may remain uncovered.
- iii. **“Cross-country” complementarity:** one can note a trend of concentration of aid on "aid darlings". On the other hand, cases of inadequate support in neglected countries ("aid orphans") exist. Interesting experiences are being developed to ensure a

³ See Annex 3.3.

minimum coverage of countries where partnerships are difficult and domestic capacity limited.

- iv. "**Vertical complementarity**": the emergence of global aid initiatives as major actors and operators in development, has established a complex set of development assistance layers for which synergies need to be thought through. This dimension is strongly linked to the reform of the international aid architecture.
- v. **Cross-modalities and instruments complementarity**: some initiatives are often involving the combination of various modalities or instruments, which synergies need to be strengthened. For example, the choice is often on how to complement grants with loans or private capital flows.

This report will study specifically two dimensions of DoL and complementarity: *in country* and *cross-sector complementarity*. However, it is fully acknowledged that there is interdependence between all dimensions, at global and local levels, and some references will be made also to cross-sector DoL initiatives.

b) **DoL can rely on three different modes of leadership structures:**

- DoL can rely on *equal partnership* among donors (e.g. in the case of joint basket funding/pooled funding);
- It can be organised on a *leader/follower basis*, in which case donors accept the leadership of one of them (e.g. in the case of delegated cooperation with a lead donor and silent donors, and in the case of trust funds administered by one donor);
- It can rely on *leadership by the partner (beneficiary) country* and alignment on this partner's strategy, policies and procedures (e.g. in the case of unconditional budget support).

Although it is recognised that in some instances DoL does not correspond to any of these "pure" cases, but is rather a mix of them, this classification of DoL is useful to characterize DoL activities, notably at the country level, and it will be used below. Each of these three modes has its own merits and the choice of best vehicles will depend in practice on the context, notably the partner capacity and ownership and the political will of the donors.

c) **DoL can and should be organised at all stages of the development cooperation process:**

- Definition of a strategy;
- Financing and implementation procedures;
- Procedures for monitoring and evaluation.

Most of this report will be devoted to the second of these dimensions, but the other two dimensions should not be neglected.

3. Develop a DoL indicator

In order to be able to identify where efforts of DoL are the most needed, and which progress is being achieved, we would need consistent statistical indicators of DoL at cross-sector, in-

country and cross-country levels. Obviously, DoL has many dimensions and capturing them in a single measure is impossible. Providing a complete statistical analysis of DoL would go beyond this report. Nevertheless, we provide an attempt to study one major dimension of the problem: aid fragmentation.

According to the Paris Declaration, aid fragmentation is a principal issue for DoL. Following this, Division of Labour may be analysed, in statistical terms, by a *concentration index*. World Bank researchers have proposed to use a Herfindhal index. This approach has been used also by the *Centre for Global Development*. It is proposed here to follow the same approach. We suggest however a minor technical change compared to these previous studies: we use an *entropy indicator*, which is fully decomposable (cross-sector, in-country and cross-country) instead of the Herfindhal index.

High values of entropy are interpreted as showing high fragmentation of aid flows, hence suggesting inadequate division of labour. Thanks to its property of decomposability, the indicator can be computed on the donor side and on the recipient side. Annex 2.1 provides a description and discussion of this indicator, together with an example of possible implementation using the DAC CRS database. When computed on the recipient side, the entropy index shows a great deal of difference from one beneficiary to the other. Table A2 in Annex 2.1 summarizes the distribution of recipient countries according to their level of aid fragmentation. This computation helped us in identifying countries the issue of division of labour is particularly worth exploring.

Donor's darlings such as Burkina Faso, Mali, Mozambique, Nicaragua, Senegal, Tanzania and Uganda clearly show high fragmentation of their aid sources. Improving division of labour in such countries clearly necessitates a reduction of the number of donors. Of course, too low a fragmentation may be considered also as an issue, given low fragmentation will be typically observed for aid orphans, who have very few donors.

In post-conflict countries, the situation is contrasted. Angola and Congo (DRC) attract many donors, with corresponding high aid fragmentation. In Liberia, Sierra Leone and Timor Leste there is, on average, a better division of labour. This underlines the difficulty of improving division of labour in recipient countries where donors have self-interested economic motives to come in, as for instance in the case of Angolan oil resources.

Small recipients have a low aid fragmentation. This is notably the case of islands in the Pacific, which do not face big issues with respect to donor division of labour, for the simple reason that they attract only few donors: in general they receive most of their assistance from 3 bilateral donors, Australia, Japan and New Zealand, and in some cases from the Asian Development Bank.

Overall, this analysis already helps identifying some challenges of DoL. In terms of evolutions, the biggest increases are observed in countries where total aid budgets have also significantly increased, suggesting that donor division of labour is a particularly important issue when there is a process of aid scaling-up.

Cross-country and cross-sector Division of Labour

1. Upstream initiatives

A number of coordination initiatives, although they are not DoL exercises as such, facilitate DoL and complementarity among donors. They are briefly mentioned here.

a) Mechanisms of sharing of information at international level

Such mechanisms have been for instance developed by the EU (*Donor Atlas at global, regional and country level*) and DAC (reporting system) levels. A promising initiative is the *DAC survey on donors' forward spending plans*, carried out during the second half of 2007 and whose results have just been released (April 2008). Such initiatives are particularly useful to improve cross-country complementarity, by facilitating identification of aid darlings and orphans, as well as cross-sector complementarity. The recent OECD note on aid concentration and fragmentation is another example of such initiative of data collection and analysis, which may help promote DoL.

b) Legal (notably legislative approval) and procedural instruments

Legal and procedural instruments are being developed to facilitate DoL activities. This concerns the definition of common procedures, templates and operational guides. The Nordic + group has developed useful instruments concerning delegated cooperation. Notably *the Nordic + Practical Guide to Delegated Cooperation* (2006) provides a template for arrangements on delegated cooperation. Similarly, the CIDA has produced in 2005 an *Operational Guide on Direct Budget Support and Pooled Funding to Recipient Countries*, which provides a detailed practical discussion of financial, contractual, and legal requirements of pooled funding. Similar operational guides have also been produced by Denmark, Sweden, United Kingdom, UNDP and UNICEF. A joint effort to produce common guidelines would be however desirable.

c) Strategic initiatives by donors contribute also to strengthen DoL activities.

This is the case of the EC communication of 2005 *EU Aid: Delivering More, Better and Faster*, and of its communication *EU Code of Conduct on Division of labour in Development Policy (see Annex 2.2)*, adopted by the Member States in May 2007. These documents set the stage for improved DoL among EU members, notably through:

- Developing *joint programming* and *joint assistance strategy*;
- Focussing their active involvement in a partner country on a maximum of three sectors;
- Redeployment for other in-country activities;
- Developing delegated cooperation and lead donor arrangements;
- Establishing priority countries;
- Addressing the current imbalance in resources provided to aid “darlings” and “orphans”.

d) Definition of codes of conduct by a group of donors

Codes of conduct may also constitute useful drivers for DoL. An example is the EU Code of Conduct, which has been jointly agreed by EU Member states.

2. Global and regional sectoral division of labour initiatives

a) Global initiatives:

A number of global initiatives have already been set up to coordinate donors' action in specific sectors, which facilitate DoL and complementarity of actions implemented by donors. Examples are the Education for All Fast-Track Initiative (EFA – FTI); the Global Donor Platform for Rural Development (GDPRD); global trust funds administered by the World Bank or others; the coordination of donors on newly emerging issues, e.g. the “UNAIDS global task team” on improving HIV/AIDS policy coordination among multilateral donors and international donors.

b) Regional initiatives:

There are different regional initiatives, based on common strategic interests in some regions.

The *Nile Basin Initiative (NBI)* is a partnership initiated and led by the riparian states of the Nile River. A World Bank–managed, multi-donor trust fund, the Nile Basin Trust Fund (NBTF), was established in 2003 and is currently administered by the World Bank on behalf of all donors who contribute to the fund. Originally conceived as a co-operative instrument, the NBTF has proven to be a very effective mechanism for harmonizing donor support to the NBI and ensuring a unified and coherent approach to managing funds. Moreover, it has become an informal instrument for division of labour (see Annex 1.1).

Other examples are: the *European Fund for South-Eastern Europe (EFSE)* (see the Environment and Security Initiative analysed in Annex 1.2); initiatives in the Pacific involving AusAid, NZAid, AsDB and WB; initiatives in Central Asia (e.g. SECO, USAID and IFC on SMEs development); the strategic partnership between the EC, the EIB and the IBRD in the Middle East and Southern Mediterranean North Africa Region (seen Annex 1.3).

3. Cross-sector Division of Labour

a) Identification of comparative advantages:

Optimal cross-sector DoL should rely on an accurate identification of donor comparative advantage. There is no commonly agreed framework to determine donors' comparative advantages. Some aspects could be covered in DAC peer review, which in some instances already discuss donors' comparative advantages (e.g. on Switzerland in its latest DAC peer review, 2005). The AFD-led expert group (Annex 1.4) is another instrument that may promote progress in this direction, particularly in providing technical expertise to improve implementation and correspondence/ flexibility of DoL mechanisms to both donors and partner country.

b) Financing of vertical funds:

Building vertical funds is sometimes a relevant alternative to implement DoL. The vertical fund then acts, at the global level, as a pool funding mechanism. Specialized agencies such as

UNICEF are relevant examples. A recent example is the Global Fund to Fight HIV/AIDS, Malaria and Tuberculosis (GFATM). This last example, together with other similar recent initiatives in the health sector (e.g., the Global Alliance for Vaccines and Immunization), is interesting in that it introduces a public-private partnership.

c) Cross sector DoL with new donors:

DoL based on comparative advantages is perhaps best implemented in the case of new donors, notably the new EU members (e.g. Slovakia, Czech Republic, Hungary, Slovenia), which have no historically predetermined cooperation policy and need to make choices on sectors (and recipient countries) in which they will implement their newly developed cooperation policies. Hence, they have strong incentives to search complementarity with other donors' policies.

An example of early initiative toward DoL with new donors has been the CIDA initiative to support new EU donors through the Official Development Assistance in Central Europe (ODACE) program, a 5-year, \$15-million program working with the Czech Republic, Hungary, Poland and Slovakia to strengthen their Official Development Assistance delivery agencies, and work on trilateral project/ programs (Annex 1.5). This initiative has helped building cooperation between traditional and new donor. In line with the ODACE program, New Emerging European Donors (Slovak Aid, Czech Republic, etc.) – and Austria have implemented sectoral and country repositioning and coordination, including common definition of sectors among donors. An example of further deepening of complementarity leading to actual division of labour is given by Slovakia and Austria, who have decided to carry out a cooperation program, based on implementation of trilateral projects in third countries (Annex 1.6).

d) Concentration of donors on a limited number of sectors.

A number of individual donors have already taken initiatives to focus their aid activities in limited numbers of sectors/countries. The EU Code of Conduct promotes this approach. The Code of Conduct recommends the concentration on three sectors to allow for the proper coordination of aid intervention that is the most efficient in a given country, as well as to foster a sustainable and comprehensive approach to poverty alleviation.

Some countries have already started reducing their involvement into given sectors. A relevant example is the case of Ireland, which has already withdrawn or is phasing out of sectors in countries where the division of labour exercise has been done. For instance, Ireland has withdrawn from education in Tanzania, and is phasing out of the health sector in Uganda and has withdrawn from agriculture in Uganda. In Zambia, Irish Aid withdrew from the health sector. Among the factors that influenced withdrawal from a given sector, Ireland identified the importance of comparative advantage, the sector's contribution to poverty reduction, the relative (financial and technical) engagement of other likeminded donors, as well as transaction costs and Irish Aid's capacity to deliver. In Lesotho, Ireland exited from the rural access and enterprise development sectors during the last CSP. In the next Lesotho CSP (2007-2010) Ireland will have a phased exit from the rural water and sanitation sectors following a decision based on comparative advantage, limited capacity and focus of other existing donors.

- The case of Ireland and Lesotho highlights the opportunity of the preparation of new country strategies for making and implementing sector involvement or withdrawal decisions.
- The use of the country strategy preparation momentum can also be found in the case of Zambia, where donors undertook a DoL exercise as a step in the preparation of a joint CAS, which has resulted in designation of lead, active and background partners in each sectors, and definition of respective roles, on a sector-by-sector basis (Annex 1.7). The division of labour matrix in Zambia in Annex 2.4 shows that EU donors today remain active in a maximum of 3 to 6 sectors (excluding general budget support). Most donors are committing to reducing the number of sectors in which they are active, and/or have announced plans for phasing out.

Many other examples can be mentioned:

- World Bank in Mauritania: concentration in a limited number of sectors where the World Bank has comparative advantage, in the context of the preparation of the World Bank CAS for Mauritania (Annex 1.8).
- Finland: focus in a maximum of three sectors and eight long-term partners in Finland Development Policy (2004).
- Netherlands: limits the number of countries and a maximum of one to three sectors and one or two themes per country, depending on the size of the country.
- Switzerland: The 2010 SDC Strategy (strategic framework) specifies among its main guiding principles: “SDC works towards improving the division of labour and cooperation between international institutions. At the country level it encourages the coordination of external aid by the partner country in question”.
- Australia: Limiting the number of countries and sectors of intervention appears among the commitments of AusAid towards Aid Effectiveness, but nothing further is specified regarding DoL; AusAid and NZAid have taken joint strategic initiatives following notably their Harmonizing Donor Policies and Practices in the Pacific review.
- France: With DCP (“*Document Cadre Partenariat*”), strategic choice is to focus French aid on a limited number of sectors (2 to 3 in general) contributing to the MDGs’ realisation; those sectors represent 80% of French aid in favour of MDG; for 2006-2007, the selected/ privileged sectors are: health, environment, education, infrastructure and rural development.

IV- In-country Division of Labour

1. In-country Division of Labour with comparable status of donors

a) Donor mapping

Donor mapping helps identifying the different donor activities planned and/or already implemented in a partner country, hence facilitating DoL in this country.

For instance, the EC-funded Mozambique ODAmoz⁴ offers an electronic tool that provides information on ODA to enhance coordination and harmonization among Donors and alignment with the Government of Mozambique. ODAmoz enables to track Donors' and United Nations Agencies' projects and programmes in the country: where they are operating, who finances them, and which organization implements them.

Such exercises are particularly effective if they are centred on the partner country own strategy as shown by the example of Uganda. In Uganda, the mapping of aid was completed in 2006 in an environment that was especially favourable: division of labour was explicitly envisaged by both the Government (in the Poverty Reduction Strategy Paper) and the donors' response (the Uganda Joint Assistance Strategy) and the exercise was carried out by international consultants specifically recruited for this task with donor financing (Annex 1.9).

Other positive examples are Ethiopia, Tanzania, Vietnam (donor assistance database, DAD, managed by government); and Bangladesh (Private Sector Development). One particularly involved specific donor may play a particular role in administering the mapping exercise in some cases (e.g. USAID in Vietnam, for HIV-AIDS activities). In the case of Ethiopia, the Aid Management Platform exercise has proved very useful to a Division of Labour team set up recently by donors (Annex 1.31). Preliminary conclusions reached by the Division of Labour team point in particular to the need to assess donors' human resource capacity by sector and type of expertise and to assess their perceived comparative advantages. (Annex 1.10)

It is also worth noting that in the context of the broader aid co-ordination architecture agenda at national level, the OECD/DAC has been working with the World Bank and UNDP, to promote a greater use of aid information management systems (AIMS). Many governments, with varying degrees of success, have worked to establish AIMS, to track, document and analyse aid flows to their countries in a more efficient manner. Examples of ongoing implementation of AIMS are Bolivia, DRC, Burundi, Burkina Faso, Tanzania, Malawi, Liberia, Laos and Montenegro (these countries implement the Aid Management Platform).

b) Joint Country Assistance Strategy (JCAS)

JCAS involves a higher degree of coordination of donors. Donors do not only share information but also define, together with the partner country, a joint assistance strategy. Again, an approach centred on the partner's strategy is a factor of success.

⁴ See. ODAmoz website: <http://www.odamoz.org.mz/reports/indexsub.asp>. Additionally, ODAmoz offers a user-friendly database, accessible through the internet. Its "Design your own report" function makes it easy to search for specific information through a set of predefined criteria (donor, sector, location, project status, funding type and MDGs) and offers tables and geographic maps (ODAmaz) for analysis.

Numerous examples of JCAS are available:

- In Bangladesh, where the country's major development partners, the UK, the World Bank, the Asian Development Bank and Japan (accounting for over 80% of development assistance) have decided to harmonise their support for the PRSP. Here, local ownership of development strategy has been a key driver for developing a joint country assistance strategy (see Annex 1.11).
- In Papua New Guinea by AsDB/AusAid/WB.
- In Samoa, Cook Islands and Kiribati by AusAid/NZAid.
- In Vietnam, Zambia (WHIP), Mali, Tanzania, Uganda, Ethiopia, Ghana, Nicaragua, Rwanda, Joint Assistance Strategy (JAS).
- In Kyrgyzstan, Joint Country Support Strategy (JCSS): with AsDB, SDC, DfID, WB and UN System.
- In South Africa, Somalia and Haiti (in progress, where the EC would lead).
- Joint EU Programming Framework - EU pilots (Morocco, Nicaragua, and Vietnam).

There are also examples of sector coordination round tables, e.g. in Bolivia, initiated by AECI, USAID and SDC; in Nicaragua and in Vietnam.

c) Joint Country Offices:

Joint Country Offices are less frequent but may strongly contribute to the development of efficient DoL initiatives, notably when implementation and coordination capacities of the partner countries are relatively weak. Some examples are:

- South Joint Donor Team Sudan (Juba), which involves UK, Netherlands, Norway, Sweden and Denmark. In May 2006, a Joint Donor Team (JDT) office based in Juba, South Sudan, opened. This is a highly innovative programme of mixed funding and joined up policymaking (Annex 1.12)
- The Joint World Bank - European Commission Office for South East Europe, which was set up in 1999 to support the European Commission / World Bank in their joint role as coordinators of international assistance for the reconstruction and development of South East Europe. In a context of scarcity of donor resources and given the region's vast needs, the Office has been able to coordinate aid, avoid overlaps or inconsistencies between donor programs, and identify funding gaps. (see Annex 1.13)

d) Co-financing through partnership framework

A limited, but potentially effective modality of co-financing of a sector strategy can be organised through a partnership framework agreement.

A relevant example is given by the recent partnership framework agreed to develop water and sanitation in Dhaka and Chittagong cities between the Government of Bangladesh, the Asian Development Bank, the World Bank, the Japanese Government, Denmark and the Government of the Republic of Korea. The main objective of this initiative was to provide a framework for the Government of Bangladesh and development partners to share policy objectives, as well as to set out a framework for the division of labour among major donors. A lack of authority in decision making at the field level among some of the donors slowed down the process of division of labour. However, this was overcome by the setting up of

communication tools (notably video and telephone conferences) where task managers from Headquarters participated (see Annex 1.14).

e) Co-financing through pool/basket funding

This modality represents a higher degree of complementarity initiative, at the level of financing if not at the level of implementation. In such a framework, donors co-finance a strategy that is usually jointly agreed with the beneficiary. Such co-financing facilitates DoL in difficult and complex environment. The case of the EC and Italy in Somalia is a relevant example of co-financing in a very difficult environment. (Annex 1.15). Co-financing allowed results with limited capacity and low managerial input on the Italian side. The joining of efforts by two donors further added political weight and curbed the potential for manipulation. This co-financing entailed economies of scale through joint management of funds by one donor. However, this placed an extra administrative burden on the EC the Nairobi Delegation, which faced increased workload without concomitant staff increases.

The TIM in the Palestinian Territory provides another example of such approach, which is analysed in Annex 1.16. Such pool funding can also be organised at a sector level in a given beneficiary country. We provide in Annex 1.17 an analysis of sectoral basket funding in the case of elections support in different countries: Sierra Leone, Congo DR, Nigeria. Basket funding in the case of elections in highly sensitive countries allows for large support to be built and improve coordination in complex settings. For instance, in the case of DRC where elections were organized for the first time since independence, it was particularly important for all actors to be coordinated in a challenging and highly sensitive context.

Finally, *pool funding* can combine joint strategic management, with equal sharing of ownership over strategy, together with some delegation of some tasks at the local level to one of the donors (e.g. the Bosnia-Herzegovina Governance Accountability Project GAP2, analysed in Annex 1.18 where USAID carries out procurement steps and conducts contract administration on behalf of United States, Sweden and the Netherlands, but where ownership over project strategy is equally shared among the three donors).

We analyse another example of *sector basket funding*, in the case of the Zambia's PSDRB Basket Fund to support private sector development, jointly funded by DANIDA, DFID, SIDA and the Netherlands.⁵ (see Annex 1.19.)

2. In-country Division of Labour with different status of donors

a) Delegated cooperation at country strategy level

This is another modality of DoL, in which one donor implements a strategy that is jointly financed by a group of donors. The delegation can be given at all levels of the aid activities: program/project definition, implementation and monitoring and evaluation.

Delegated cooperation is sometimes organised at a beneficiary countrywide level.

Examples of such countrywide-delegated cooperation are:

⁵ <http://www.oecd.org/dataoecd/27/1/38563134.pdf>

- in Malawi between *Switzerland/Netherlands*.
- in Mali and Malawi by *Norway and Sweden*. At the end of the 1990's, Sweden delegated its entire Malawi program to Norway. This meant that Norway was planning and managing the country program together with the government of Malawi, while Sweden contributed money and expertise. In response, Norway delegated the management of its country program in Mali to Sweden.
- in the Cook Islands and Niue, by *Australia and New Zealand*, where the later has been leading, in both countries, the "single co-funded programme" since 2004. New Zealand's special constitutional relationship with the Cook Islands gave an obvious comparative advantage that could be efficiently utilised by Australia. Moreover, New Zealand and Australia have a long history of like-mindedness on many issues, ranging from joint military action and active membership of the Commonwealth, to broadly similar stances on many aspects of aid delivery. This contributed to the necessary trust for a fully delegated programme (see Annex 1.20).
- in Rwanda, The One-UN pilot strategy has been recently established to unit the projects of 22 different UN agencies in a single consolidated programme and implementation plan, under the leadership of a Resident Coordinator (see Annex 1.21).

More often, delegated cooperation is organised at sector level, notably when two (or more) donors decide to concentrate each on a few specific sectors in a given beneficiary country and delegate their aid activities in other sectors of the same country to other donors. In this way, a large number of donors are present and play an active role in this country, but at the same time avoid proliferation of aid decision making and implementation processes.

There are many cases of delegated cooperation at sector level. We provide below a focus on a few of them:

- In Kyrgyzstan, Switzerland, Sweden and the USA all participate in the Kyrgyz-Swiss-Swedish Health Project (KYSS) in the health sector. In 2006, SDC and Sida developed a delegated cooperation agreement whereby Sida channelled its resources through SDC. USAID finances the extension of the project, with technical assistance provided by SDC project (through the Swiss Red Cross). Division of labour was made easier by the endorsement of the initial project in the Partner country's strategy. The fact that the Kyrgyz State recognized the significance of the project and included core elements of KYSS into its national health programme strategy paved the way for other donors' participation in the project. Sweden and the United States adhered to the project, followed by the Asian Development Bank and the Aga Khan foundation (see Annex 1.22);
- In Kyrgyzstan: the EC (Tacis), EBRD, USAID, IFC and Switzerland (SECO) on SMEs development.
- In Mali: France and Germany in Basic Education (see Annex 1.23)
- In Laos: UNICEF, WFP/AusAid on Basic Education; AusAid/AsDB on Basic Education; Norway/Sweden (silent partner) on health; Luxembourg and French Rhone-Alpes Region in health and vocational training (see Annex 1.24).
- In Uganda: Danida, Sida and DFID in the water and sanitation sector (see Annex 1.25)
- In the DRC: CTB/UK, Netherlands, the EC in Justice (Rejusco, see Annex 1.26)

b) Trust funds

Trust funds are another modality of DoL, in which full responsibility of management of a given aid activity is delegated to a particular donor.

Some countries such as France, in line with the DoL objective and to further reinforce concentration, visibility and harmonisation, are now privileging multi-donor trust funds rather than bilateral ones.

Multi-donor Trust Funds are efficient modalities of pooling financial resources, especially in post-conflict or post-natural disaster situations when there is a need to provide quick and effective international aid in an environment of weak governmental institutions.

Multilateral trust funds are effective coordination mechanisms for donors. They have proven to be effective in mitigating and managing fiduciary, operational and developmental risks, particularly in countries with weak institutional bases. Donors have contributed to MDTFs for a variety of reasons, which can be classified into four groups:

- "Minimalist view": Some wish to support the given sector but do not have own capacity and often not strong views on how best to pursue this. The MDTF is thus seen as a well-managed bank account with some paid-for administrative services.
- "Standard donor view": These actors want to support the Paris Declaration on aid effectiveness through pooling of resources for enhanced coordination, harmonisation and alignment. MDTF is thus a rational vehicle for minimizing total transaction costs and maximizing impact of the aid.
- "*Maximum leverage view*": the MDTF is seen as a platform for joint donor action. This is both for internal policy discussions and clarification amongst donors, but also as a way of engaging government in policy dialogue on issues that the individual donors otherwise would not have a possibility to address. (*e.g. the Multi-Country Demobilization and Reintegration Program in the greater Great Lakes region of Central Africa*). A MDTF is thus an entry point for engaging on framework conditions for sustainability, relevance and impact: policies, quality assurance, anticorruption, gender, etc.
- "*Seat at the table*": Some donors seem to have contributed to a MDTF at least in part to get a formal vote on the steering committee while most of their funds flow on the outside of the MDTF. One concern is to have full information on what the MDTF does, and to potentially be able to influence the MDTF on issues that may be of concern, but perhaps also to be able to coordinate own funds with what the MDTF is doing.

The use of *trust funds* may also be contributing to the even distribution of risk throughout the donor community. Benefits of establishing trust funds are exemplified in the cases: of the Palestinian Authority (see Annex 1.16), of Afghanistan (see Annex 1.27) and of the Multi-Country Demobilization and Reintegration Program (MDRP) in the greater Great Lakes region of Central Africa (see Annex 1.28).

However, in complex situations, establishing a MDTF does not solve all coordination issues. In the case of Sudan trust funds (Annex 1.12), the performance of the Sudan MDTF-N in terms of coordination is seen as satisfactory by donors but there were stronger criticisms of the performance of the MDTF-SS related to coordination. Also the MDTFs have not served as an effective mechanism for coordination with the UN system, nor have served as a mechanism for broader donor coordination with non-MDTF resources. Donors have not used the MDTF governance structure to allocate bilateral resources into gaps created by slow MDTF-SS disbursement. The crisis in Darfur also led to some confusion for both MDTFs. The respective positions of donors on a complex crisis as the one in Darfur underline the need for donors engaged in DoL partnerships in such settings to reinforce communication.

Moreover, MDTFs, which are useful in many situations, should not be considered as a panacea. While they certainly provide benefits, their exponential multiplication can also result in diluted governance.

3. In-country Division of Labour relying on the beneficiary country leadership.

Joint budget support is a form of DoL that relies more on the capacity of the beneficiary partner country to define and implement a development strategy, in coordination with donors. It involves a significant degree of alignment on the beneficiary partner country strategy. It can take the form of joint general budget support or of joint sector budget support.

a) Joint General Budget Support

This modality can include common financial assessment and monitoring. General Budget Support (GBS) is aid funding to government that is not earmarked to specific projects or expenditure items. It is disbursed through the government's own financial management system. Although the funds are not earmarked, they are part of a package that includes dialogue and conditions, technical assistance and capacity building, and donor efforts to harmonise their aid and align it with government strategies and procedures. Partnership GBS (PGBS) emerged in the late 1990s to support national poverty reduction strategies. By channelling funds through national systems, it also aims to strengthen national planning and implementation capacity, increasing the effectiveness of all public expenditure, including aid. Relevant examples are the cases of Tanzania (involving eleven bilateral Development Partners together with the European Commission, the World Bank and the African Development Bank, and where the funds go straight into the national budget and the GOT decides how to spend the money, thereby increasing national ownership of development issues, (see Annex 1.29), Uganda, Mozambique, Burkina Faso (nine partners organized through the *Cadre Général d'Organisation des Appuis Budgétaires*, CGAB), Benin by the "ABC" group (SDC, EC, Netherlands, DANIDA, France, Germany, Belgium in coordination with WB, ADB, IMF), Ghana, Kyrgyzstan and Nicaragua.

The case of Nicaragua, where the joint general budget support has been established relatively recently in a situation of weak institutional structure suggests that such modality is difficult to implement in such situation (see Annex 1.30).

b) Joint Sector Budget Support

Joint sector budget support reproduces the same principles at sectoral level. Relevant examples are the cases of Water and Sanitation in Bolivia, health in Mozambique, health and local government reform in Tanzania, agriculture in Nicaragua and education in Burkina Faso. The example of joint sector budget support related to government reform in Tanzania is detailed in Annex 1.29, together with its joint general budget support.

V- Conclusion

Lessons learnt from the various cases studied in this report can be developed along three main dimensions: key drivers, best vehicles and challenges to DoL activities.

1. Key drivers

1.1 Donors' political will and consensus on development assistance objectives. A solid political will on the donors' side and a resolute engagement of the highest decision-making levels (i.e. headquarters) helps promote successful DoL (e.g., *the successful experience of TIM, the Joint World Bank – European Commission Office for South East Europe, the Nile Basin initiative*). Like-mindedness of donors also provides ground for successful DoL (e.g. *delegated cooperation in the Cooks Islands, trilateral programming in Vietnam within the framework of the ODACE*).

1.2 Ownership of partner countries. DoL is facilitated when the partner country has a proactive attitude, and when the related project / programme is well integrated, from the start, into the partner country's strategy (e.g. , *the JAS in Bangladesh, built on the high quality PRSP produced by the Government; the ARTF in Afghanistan, where the Government had strong ownership of its national development policies and programs, and was vocal supporter of the ARTF, but had little capacity for implementation; the Kyrgyz-Swiss-Swedish Health Project, where the programme has been integrated in the Kyrgyz National Health policy*). It works also best when there is a clear political will and interest on the partner country side to work with donors towards DoL (e.g. *donor mapping in Uganda, delegated cooperation in the Cooks Island*). Making public mutually-agreed objectives between donor and partner countries as well as remaining requirements may help promote partner country ownership by encouraging a stronger stance by national authorities.

1.3 Quality of management at operational level. Donors will be more willing to enter a Division of labour exercise if there is a proven quality of management by either the project management unit or the ad hoc structure, including a convincing mechanism of ex-ante and ex-post checks and controls (e.g., *TIM; the Joint World Bank – European Commission Office for South East Europe, where the Office has been able to track aid given by the donors, ensuring the accountability of aid*).

1.4 Capitalising on an existing project. Donors can enter a Division of labour exercise by capitalising on a successful single donor project. (e.g., *the ARTF in Afghanistan, which has followed up on the Afghanistan Interim Authority Fund administered by UNDP; In the Kyrgyz-Swiss-Swedish Health Project, Switzerland started the project, which proved successful – the Swiss initiative was then followed by Sweden, then by USAID; in the RDC, the Rejusco program*).

1.5 Increasing returns to scale. A financially stronger donor partner allows greater and more coordinated development impact and reduces set-up costs compared to a situation of funding a stand-alone project (e.g., *EC and Italy co-financing in Somalia, Decentralised Cooperation across Member States: Luxembourg and Rhône-Alpes in Laos*). Reaping increasing return to scales benefits associated with donor DoL is also essential in small partner countries (e.g. *delegated cooperation in the Cooks Islands*).

1.6 Flexibility. Donors can enter into Division of labour gradually: first, they choose cooperation, then, if they wish so, division of labour. *(e.g., TIM, where donors can first choose to participate in the Mechanism without pooling their fund ; the Kyrgyz-Swiss-Swedish Health Project, where Sweden delegates the management of its fund to Switzerland, whereas the USA manages its own funds).*

1.7 An option for a minimalist approach. DoL can provide a solution for donors/ countries interested in a “minimalist approach” i.e. wishing to support development/reconstruction efforts, but do not necessarily have their own capacity or strong views about how to best pursue this. Such donors may want bigger organizations (such as the World Bank) to assume fiduciary responsibilities for the funds in high-risk environment, and also to take a lead in ensuring that the funds go to prioritized activities *(e.g. the Multi-Country Demobilization and Reintegration Program in the greater Great Lakes region of Central Africa; the ARTF in Afghanistan; EC and Italy co-financing in Somalia).*

1.8 Higher leverage and profile. DoL raises the leverage and the profile of policy interventions of donors *(e.g. Bosnia-Herzegovina Governance Accountability project, EC and Italy co-financing in Somalia, French AFD/German KfW lead donor arrangement in Mali).*

2. Best vehicles

2.1 Up-to-date information. Division of labour is made more efficient if up-to date information on, needs, priorities, aid flows etc. is available for all parties involved *(e.g., the Joint WB-EC office for South-East Europe, which has been able to track aid given by the donors on a daily basis).*

2.2 A single implementation team. A unique implementation team, possibly relying on technical expertise of one donor, reduces overall transaction costs and guarantees a certain quality of work. It allows for optimal drawing on specific experience and expertise available. *(e.g. TIM ; The Joint World Bank – European Commission Office for South East Europe ; the Swiss Red Cross in the case of the Kyrgyz-Swiss-Swedish Health Project ; EC and Italy co-financing in Somalia; Decentralised Cooperation across Member States: Luxembourg and Rhône-Alpes in Laos).*

2.3 Efficiency of pool funding for quick aid disbursement. Pooled funding mechanisms can allow very important transfers of money in a rapid and efficient manner. This is especially important in crisis/post-conflict situations where capacity is limited. Pool funding arrangements can flexibly combine equal sharing of donor ownership over project strategy and delegation of part of its implementation process to one of the donors *(e.g. Bosnia-Herzegovina Governance Accountability Project, GAP2 ; the Temporary International Mechanism, Joint Partnership Fund for Water and Sanitation in Uganda).*

2.4 Versality and cooperation through Multi-donor trust funds. Trust funds are effective co-operative instruments through which participants can cooperate in view of achieving a common strategic objective (e.g. the Nile Basin Initiative Trust Fund; ARTF in Afghanistan, MDTF in Sudan). Donors have contributed to MDTFs for a variety of reasons, depending on their involvement in the country/sector considered. However, the certain benefits of trust funds come with a note of caution resulting from their exponential multiplication that can also result in diluted governance

2.5 Comparative advantage in delegated cooperation. Delegated cooperation works best if the leading donor has a clear geographic (and/or sectoral) comparative advantage (*e.g. in the Cooks Islands, AusAid program delegated to NZAid*).

2.6 Harmonised budget support can be an excellent tool for division of labour, although it involves high initial transaction costs for the partner country government (*e.g. Partnership General Budget Support in Nicaragua*).

2.7 Support to emerging donors through knowledge transfer, training and technical assistance builds foundations for successful DoL with them. This process helps to build a long-term relationship between donors and like-mindedness (*e.g. the Canada's Official Development Assistance in Central Europe, ODACE*)

3. Challenges

3.1 Partner country capacity and leadership. DoL relying on the partner country government's leadership, such as in case of General Budget Support, create risks when government accountability systems are weak. Notably corruption is a key concern (*e.g. PGBS in Nicaragua*).

3.2 Alignment with partner country. Alignment with partner country is often weak and always needs considerable strengthening before actual implementation of DoL activities. (*e.g., the Joint Partnership Fund for Water and Sanitation in Uganda, where the practical experience of aligning on some partner country practises proved much more painful than what was laid down on the paper*). Sometimes, donors and partners have developed entrenched habits from having been present for a long period of time in the given country, a situation that needs to be addressed early on in the DoL exercise so as not to hinder the process.

3.3 Headquarter vs. field level decision making authority. A lack of authority in decision making at the field level among some of donors may slow down the process of division of labour. However, this can be overcome by a close communication between all partners, where Headquarters participate (*e.g., Partnership Framework on water and sanitation development in Bangladesh*).

3.4 Harmonisation versus mutual recognition. Even when donors agree on DoL, harmonising procedures can prove extremely difficult and increase the workload: when each donor has specific requirements and format, this implies as many strategy documents as donors (*e.g. JAS in Bangladesh*). Mutual recognition of procedures would make things easier.

3.5 Managing donor's expectation is crucial. Differing expectations by donors can create some costs and frustrations (*e.g. the start up phase of the MDTF-SS in Juba, Sudan*). Such issue can appear if some donors do not realize the disparity in views and agendas within the group (where existing); it can also appear when steering committee meetings are used for somewhat different purposes and thus do not respond to this variety of expectations (*e.g., the Joint Partnership Fund for Water and Sanitation in Uganda*). It is essential to establish ex-ante clear communication and mechanisms to resolve policy tensions (*e.g. in delegated cooperation, the Cooks Island, MDTF in Sudan*).

3.6 Predictability. Predictability and commitment on the donors' side is central to the success of DoL and difficult to achieve. It is important for donors to know with some degree of certainty how the others see their commitment but it is equally important for the partner country to be assured that DoL will not cause more uncertainty; i.e. the limitation of the number of donors can be perceived as a technique/ strategy of disengagement. In case of General Budget Support, there is a significant danger of a perverse effect if government failure to meet conditions leads to suspensions or delays in disbursement (*e.g. in Nicaragua, where so far PGBS has not succeeded in increasing the predictability of aid*). By ensuring that the aid delivered is predictable, such fear may be reduced and thus the partner support reinforced for the benefit of the program/ project's success. (*e.g., the Joint World Bank – European Commission Office for South East Europe*)

3.7 Workload and financial cost for lead donors. To be lead donor has proven to be quite a task due to the additional workload, and often financial cost, involved (*e.g. EC and Italy co-financing in Somalia*). The main reason for this is that the donors have been very much involved in micromanagement. (*e.g., The Joint Partnership Fund for Water and Sanitation in Uganda and, in general, all the delegated cooperation arrangements*). Micromanagement and excessive cost of DoL for the lead donor can be however avoided by sound management practices (*e.g. French AFD/ GermanKfW lead donor arrangement in Mali*).

3.8 Necessity of a clear roles definition. Clear communication, demarcation of roles and mechanisms are essential to reduce costs of DoL (*e.g. delegated cooperation in the Cook Islands*).

3.9 Necessity of a clear and common definition of sectors. Definition of what is understood by the notion of “sector” will prove key in making DoL work, particularly after comparative advantage exercise and the resulting disengagement/ repositioning of some countries and the increased commitment/ visibility of others. In strategic countries, such definition may yet again show that the devil truly is in details...such as a simple definition. Use of the partner country government's sector definitions is often the best way to solve this issue (*e.g. donor mapping in Uganda*).

3.10 Clear accountability for results and reporting. It is essential to plan clear accountability for result and reporting at each individual donor level when DoL is put in place, notably in case of delegated cooperation (*e.g. delegated cooperation in Cooks Islands ; the TIM ; the Joint World Bank – European Commission Office for South East Europe*).

3.11 Clear coordination of respective aid modalities is pre-requisite. Fully successful DoL requires also coordination of the different aid modalities and programs within each participating donor (*e.g. delegated cooperation in the Cooks Island*). Establishing a DoL mechanism while in parallel continuing to carry out a wide range of uncoordinated projects can be very costly (*e.g. Partnership General Budget Support in Nicaragua, MDTF in Sudan*). Coordination with civil society organisations is also essential (*e.g. MDTF in Sudan*).

3.12 DoL is a dynamic process, initial steps such as a donor mapping exercise must be quickly followed by further deepening of DoL (*e.g. donor mapping in Uganda*). Although it may be difficult, extension of a DoL limited to a sub-set of donors to the whole community of donors involved is necessary (*e.g. JAS in Bangladesh*).

Annex 1 Case studies

1.1. **The Nile Basin Initiative**

Donors: Canada, Denmark, the European Union, the Netherlands, Norway, Sweden, the United Kingdom, the World Bank

Partner countries: the riparian states of the Nile river

The Nile Basin Initiative (NBI) is a partnership initiated and led by the riparian states of the Nile River⁶. In the Nile Basin, characterized by water scarcity, poverty, a long history of dispute and insecurity, and rapidly growing populations and demand for water, cooperative water resources management is particularly difficult. The NBI seeks to develop the river in a cooperative manner.

The NBI was formally launched in 1999. A World Bank–managed, multi-donor trust fund, the Nile Basin Trust Fund (NBTF)⁷, was established in 2003 and is currently administered by the World Bank on behalf of all donors who contribute to the fund (the NBI countries themselves and several external donors). The majority of funds supporting NBI programs and projects are administered through the NBTF.

Partners wishing to contribute to the NBI enter into an NBTF agreement with the World Bank. This agreement may contain a disbursement schedule and an indication of the projects and activities the donor is particularly interested in supporting; however, funds within the NBTF are co-mingled and cannot be earmarked.

Lessons learnt:

- (1) The NBTF was conceived as a co-operative instrument. The NBTF has proven to be a very effective mechanism for harmonizing donor support to the NBI and ensuring a unified and coherent approach to managing funds. Consultation procedures amongst donors are substantial and the decision-making process is a collective one. Moreover, the NBTF allows funds to be transferred according to established disbursement and procurement procedures.
- (2) The NBTF has become an informal instrument for division of labour. The NBTF is a trust fund and funding from the donors is therefore not earmarked. However, an informal division of labour has emerged among donors. For example, Sweden and Norway are taking the lead for programme reviews in the field of hydraulic issues, whereas the Netherlands is taking the lead for issues related to water resource management.

Source: NBI website, tel. interview with Mr Alain Liebart, in charge of the NBI at the EC.

⁶ The Riparian States that participate in NBI are: Burundi, Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Rwanda, Sudan, Tanzania and Uganda. Eritrea currently participates in the NBI as an observer.

⁷ The NBTF agreement follows the general standards and provisions governing all World Bank-administered trust funds.

1.2. The Environment and Security Initiative (ENVSEC)

Donors: The ENVSEC initiative is made possible through contributions from among others, Austria, Belgium, Canada, the Czech Republic, Finland, Germany, Hungary, Italy, Netherlands, Norway, Spain, Sweden, Switzerland and the United States.

Partner countries: Eastern Europe (Ukraine Belarus and Moldova) and South Eastern Europe (Montenegro, Serbia, Bosnia-Herzegovina, Albania and FRY Macedonia) and South Caucasus (Georgia, Armenia and Azerbaijan).

The ENVSEC is a multi-donor project in governance, environment and sustainable development in Eastern Europe, South Eastern Europe and South Caucasus

It works to assess and address environmental problems, which threaten or are perceived to threaten security, societal stability and peace, human health and/or sustainable livelihoods, within and across national borders in conflict prone regions. The Initiative collaborates closely with governments, particularly foreign, defense and environment ministries, national experts and NGOs.

Together with the stakeholders ENVSEC has carried out assessments and published reports illustrated by maps, for understanding the linkages between environment and security in the political and socio-economic reality of South Eastern Europe, the Southern Caucasus and Central Asia. Based on the assessments, the Initiative develops and implements work programs aimed at reducing tensions and solving the problems identified.

Through extensive regional consultations and multi-stakeholder participation the initiative seeks to:

- Identify environment and conflict hotspots by carrying out desk and field assessments
- Present the results of the assessments in graphically rich maps, reports and web site and draw the attention of politicians and people to situations and hot spots where risks are high
- Help societies to deal with priority issues by raising awareness, building capacities and strengthening institutions
- Support concrete action and catalyze specific solutions for the identified security-relevant environmental problems on the ground
- These challenges are being tackled with a combination of political, socio-economic and environmental insights as well as the capacity and skills of the six partners. ENVSEC also collaborates with think tanks and research institutes to increase the understanding of the interdependency of natural resources, socio-economic development and political stability.

Lessons Learnt:

- (1) ENVSEC allows for increased cooperation through environment related issues in sensitive settings. For example, the environmental assessment mission to the fire-affected areas in and around the Nagorno-Karabakh region is significant in that it brought people together to co-operate on a non-political problem of mutual interest.
- (2) Launched in 2003, this unique interagency partnership also draws on the strengths and resources of the OSCE and UNEP, UNDP, UNECE and the Regional Environmental Centre for Central and Eastern Europe (REC). The Security through Science Program of NATO's Public Diplomacy Division joined as an associate partner in 2004. This increased cooperation and united from on highly sensitive issues in complex settings is particularly strategic.

- (3) An independent evaluation of the Initiative, funded by the Canadian International Development Agency was conducted in 2007 and led the Canadian Government to infuse €2.9 million into ENVSEC for 2007-2009.
- (4) Canada stated on that occasion that the ENVSEC approach is consistent with the country's efforts in promoting environmental security, especially the Initiative's use of science-based methodology, its emphasis on fostering co-operation among States to overcome tensions, and its efforts to develop capacity and institutions.

Sources :

ENVSEC website : <http://www.envsec.org/index.php>

OSCE article on ENVSEC: http://www.envsec.org/docs/envsec_david_swalley.pdf

1.3. Practitioners' Network for European Development Cooperation: The AFD-led Working Group on “Division of Labour and Modes of Delivery”

Participants: ADA (Austria), BMZ (Germany), DFID (United Kingdom), DG DEV (European Commission), EuropeAid (European Commission), KfW (Germany), MFA (France), MFA (Latvia), MFA (Greece), MFA (The Netherlands)

Lead: AFD (France)⁸

The network of practitioners is informal open platform for exchange, coordination and harmonisation between practitioners in the field of European Development Cooperation. An initiative for European donor agencies and administrations who are directly involved in implementing development aid, it is meant to promote the sharing of experiences, good practices and tools. It aims at developing joint operations, specific European contribution to achieve higher effectiveness in poverty reduction.

The objective to the working group on DoL is to promote and implement a coordinated approach between aid practitioners through division of labour and complementarity. Upstream, the Expert WG feeds the discussions held at the Council level, concerning DoL, and, downstream, it gives way to an effective sharing of tasks in concrete operations.

Its main activities are:

- To promote mutual recognition of procedures, in order to identify existing obstacles of joint approaches
- To agree on concrete actions to be taken in order to promote division of labour
- To translate political concepts into operational terms;
- To support the political process in the implementation of division of labour in the field;
- To elaborate cross-cutting approaches and modalities of division of labour with regard to geography, sector, product etc.

Lessons Learnt:

- (1) Sharing of information on existing good practice with regard to mutual recognition of procedures, such as the procedures of the Nordic + Group and of the European Financing Partners (EFP).
- (2) First joint reports by the delegations of the Commission and the Member States in the partner countries including recommendations and proposals for what action can be taken in order to promote division of labour
- (3) Side Event DevDays

Sources: Emails exchanges with Alexander Von Kap-Herr (AfD/ KfW), www.dev-practitioners.eu

⁸ Annual Meeting + 4 Working Groups:

- Organisational and Human Resource Development (CDC)
- Climate Change/Energy Efficiency & Renewable Energies (KfW)
- Division of Labour / Modes of Delivery (AFD)
- Ex-ante Quality Assurance for future cooperation among EU donors (EuropeAid) - not yet launched

1.4. The Strategic Partnership⁹ between the European Commission, the European Investment Bank (EIB) and the International Bank for Reconstruction and Development (IBRD) in the Middle East and Southern Mediterranean North Africa Region¹⁰

The objectives of this partnership are:

- To strengthen institution-wide coordination between the partners, to ensure complementarity, cohesion and coordination and promote joint activities;
- To promote joint technical work and policy dialogue and to enhance the link between analysis, policy and investment initiatives at all levels;
- To promote mechanisms for common financing of projects and programmes

To achieve the objectives stated above, Partners agreed in the Memorandum of Understanding (MoU) signed in May 2004 to the following:

1. Institutional Coordination

Partners have agreed to an institution-wide commitment for coordination both at the level of headquarters and resident offices/Delegations in the Region. A strong focus on coordination at the policy and program/project design stage is underlined, with the aim to identify joint policy objectives and priorities, taking into account the policies of the respective Partners with the aim to avoid uncoordinated duplicative efforts. The Partners share information on their Country Strategies, relevant policy and sector work, programs and projects as early as possible. Information sharing will be subject to compliance with existing confidentiality agreements.

A High Level Steering Group (HLSG) meets twice a year to review economic developments in the region, discuss policy issues, agree on joint work and activities and review progress. A Joint Working Group comprising designated officials in each organisation provides institutional and operational coordination for this Partnership. It meets regularly to facilitate institutional coordination, address issues related to the implementation of the Partnership agreement and prepare the meetings of the HLSG.

As agreed by the Partners, other participants may be invited to the meetings of the HLSG, notably the IMF, IFC and MIGA. Other meetings under this Partnership may take place at technical and country staff level, whenever appropriate.

2. Technical work

Joint policy dialogue: in order to develop a common understanding and coordinated action, partners agreed to coordinate their policy dialogue with countries in the Region on the basis of this work and, where appropriate, to conduct joint dialogues.

⁹ See MoU at: http://www.eib.org/attachments/memorandum_of_understanding_040504.pdf

¹⁰ This Partnership covers the countries of North Africa / Southern Mediterranean (Morocco, Algeria, Tunisia, Libya, Egypt) and the Middle East (Jordan, Israel, Lebanon, Syria, the West Bank and Gaza) as well as Iran, Iraq, Yemen and the member states of the Gulf Cooperation Council (Saudi Arabia, Oman, Qatar, UAE, Kuwait and Bahrain), jointly called "The Region" in this document. As regards the EIB the country coverage under this Partnership will be limited to those countries included under the Barcelona Process, and for the IBRD, this partnership applies to countries in the IBRD's Middle East and North Africa region. Signatory parties to this partnership agreement can be expanded to other IFIs if appropriate and in their respective fields of competence.

Country level programming: Given the differences in planning cycles with regard to preparation of CSP/NIP and CAS/CEMs, and the project-based approach in EIB activities, there is a need to discuss country priorities and programs regularly. The practical modalities of such discussions are defined by the Joint Working Group.

Sectoral and technical dialogue: Where appropriate, the Partners engage in joint sectoral and technical dialogue. The MoU encourages the Partners to move towards sectoral strategies and develop stronger linkages between policy and investment initiatives.

Joint project monitoring and evaluation: The MoU expands cooperation in the monitoring of ongoing programs and projects. Joint evaluations of co-financed operations have been recommended.

Joint Analytical work: Partners agree to share, and where appropriate to conduct joint analytical work in areas of priority determined by the HLSG.

3. Financing

A number of jointly financed projects already exist between the Partners. Such arrangements are encouraged, wherever feasible and appropriate. The Joint Working Group may propose new or specific financial arrangements under this Partnership. Appropriate financial arrangements will be explored to facilitate joint initiatives between the Partners.

This MoU comes as a reinforcing commitment between the Partners. In particular, framework agreement of November 2001 between the World Bank and the EC on co-financing and trust funds; the EIB – Commission Convention on the management of financial assistance, signed 17 December 1992 and subsequently amended 20 January 1997 and 23 October 2003 and the framework agreement between the EC and the EIB concerning the management of the FEMIP support fund, signed on 28 May 2003.

1.5. Official Development Assistance in Central Europe (ODACE)

Donor country: Canada (CIDA as main implementing partner)

Partner countries: Lithuania, Latvia, Estonia, Slovenia, Czech Republic, Slovakia, Poland, Hungary

ODACE was approved in November 2001. It is now a 6-year, \$12-million program working with eight Central European countries to strengthen their Official Development Assistance (ODA) delivery agencies. It is supposed to end in March 2008. Initially conceived as assistance to the reinforcement of central European countries' capacities and institutional support, it has since 2005 graduated to trilateral programming.

1) *Institutional Support and Capacity Building.* In this phase, Canada offered its expertise in the development and delivery of international assistance programs. This included providing training and technical assistance in partner countries. The aim was to improve the ability of these partner countries to effectively administer and implement their own development cooperation programs and projects.

2) *Trilateral Cooperation.* The second component of the ODACE program has led to the development of trilateral development projects. This means that Canada works with the ODACE partner countries to implement development projects in third countries.

Lessons learnt:

- (1) Thanks to its long experience in providing development assistance and a strong international reputation, Canada was able to provide strong support to partner countries of the ODACE program, first through the capacity building and then in trilateral cooperation.
- (2) ODACE achieved goal of “*Transforming aid recipients into donors*” by providing a unique opportunity for an established aid agency to help create and strengthen new counterpart organizations. ODACE represents an interesting experience in terms of DoL because it offers a two-phased way taking partner countries through capacity building to becoming donors and gaining experience as such.
- (3) This process helps building a longer-term relationship between donors as well as a contribution to donor harmonisation and alignment with other partner countries who can also gain from working with donors who have experience in being aid recipients.
- (4) Capacity Development & Institutional Support proved highly responsive and quick, a precious basis for DoL implementation between like-minded donors (in the second phase).
- (5) Straightforward DoL model: one funder; one implementation partner; one recipient constitutes a strong basis in terms of DoL with emerging donors, graduating from recipient status and bringing to the equation their own experience as former partner country.
- (6) For division of labour to be optimal in the trilateral cooperation phase, the following elements are needed: appropriate processes/ mechanisms; knowledge transfer; strong relationship-building; pre-selection of priority countries.
- (7) Sharing the flags through DoL means giving up some visibility, are donors ready for that status to be more permanent beyond ODACE? This remains to be seen once the program ends.

Source: Canada's questionnaire and communication from CIDA

1.6. Austria and Slovakia trilateral projects

Donors: Austria and Slovakia

Current partner countries: Kenya, Serbia

Inspired by the ODACE programme, Slovakia and Austria have decided to carry out a cooperation programme, based on the implementation of trilateral projects in third countries.

The programme initially covers a period of three years (2006 to 2008) and foresees the following activities:

- Slovakia and Austria will co-finance and implement jointly mutually agreed trilateral projects. These joint projects will focus geographically on both Slovak and Austrian priority regions and thematically on both Slovak and Austrian sector priorities (primarily in the Western Balkans and Africa)
- The programme will cover support measures to develop sustainable national development assistance capacities in the Slovak Republic,
- Slovakia will provide lessons learnt from the transition experience as well as the network and experience with Slovak ODA delivery in priority countries (e.g. Western Balkans) achieved to date
- Austria will share its experience concerning institution building processes of and within the Austrian ODA mechanism as well as lessons learned, especially in the area of monitoring and evaluation. ADA will provide the assistance of its Coordination Offices in the field in order to support the activities of Slovak ODA experts within programme implementation.

Lessons learnt:

The lessons learnt in this case are very similar to those learnt in the previous case (Official Development Assistance in Central Europe (ODACE):

(1) Like ODACE, this example of trilateral cooperation is an interesting and original experience in terms of DoL. It offers a two-phased way, taking partner countries through capacity development to becoming donors and gaining experience as such.

(2) This process helps building a long-term relationship between donors as well as a contribution to donor harmonisation and alignment with other partner countries who can also gain from working with donors who have experience in being aid recipients.

(3) Like ODACE, the trilateral DoL model is a straightforward one: one funder; one implementation partner; one recipient constitutes a strong basis in terms of DoL with emerging donors, graduating from recipient status and bringing to the equation their own experience as former partner country.

(4) For division of labour to be optimal in the trilateral cooperation phase, the following elements are needed: appropriate processes/ mechanisms; knowledge transfer; strong relationship-building; pre-selection of priority countries.

Source: Memorandum of Understanding between the Ministry of Foreign Affairs of the Slovak Republic and the Austrian Development Agency concerning the cofinancing of development projects in third countries and other development activities 2006-2008, January 2006

1.7. Sector concentration strategy and CAS in Zambia

Donors: AfDB, BADEA, EC, IMF, Kuwait, OPEC, UN System, World Bank, Canada, Denmark, Finland, France, Germany, Ireland, Japan, Netherlands, Norway, Sweden UK, USA.

Partner country: Zambia

In March 2003, the Government of Zambia, in collaboration with a Like-Minded Development Group of seven bilateral donors developed an agreement on the way forward and a Framework for Harmonisation in Practice (HIP). The World Bank has since joined the country's harmonisation program. To build this harmonisation, donors undertook a DoL exercise as a step in the preparation of a joint CAS, to decongest 'over-supported' areas and ensure adequate support to 'orphan' sectors.

Furthermore, donors in Zambia really decided on further DoL based on a comprehensive dialogue and action plan or joint assistance strategy. Indeed, the Joint Assistance Strategy for Zambia (JASZ) signed by 16 Cooperating Partners (CPs) May 2007 including Cooperating Partner Principles and proposal to Zambian government on *Division of Labour* (DoL), where donors in each sector can be: leading, active, background/delegating or exit.

<i>Donor exits</i>	<i>Background partners, financial involvement but limited in dialogue</i>	<i>Delegating partners or macro (budget) support</i>
<p>Education: Canada, Finland, World Bank (no finance, only TA)</p> <p>Private Sector Development: Sweden, DfID and Ireland</p> <p>Good governance: Sweden</p> <p>Health: Denmark and Ireland</p> <p>Gender: Sweden</p> <p>Agriculture: the Netherlands</p> <p>Environment: the Netherlands</p> <p>HIV/AIDS: Norway</p>	<p>Education: AfDB and EC</p> <p>Private Sector Development: Canada and Ireland</p> <p>HIV/AIDS: Canada, Ireland and the Netherlands</p> <p>Agriculture: Norway</p> <p>Environment: Denmark</p> <p>Macro Support: UN, Denmark, Ireland and USA</p> <p>Water: the Netherlands</p>	<p>Health: Netherlands to Sweden</p> <p>Private Sector Development: DfID, Finland and Sweden to the Netherlands</p> <p>Education: EC and DfID convert to macro support</p> <p>Energy: Netherlands to Sweden</p>
<p><i>Leadsectors</i></p> <ul style="list-style-type: none"> - <i>One sector:</i> (Ireland, Japan, Finland, Denmark) - <i>Two sectors:</i> (US, Sweden, Norway, Netherlands, Germany) - <i>Five sectors:</i> DfID (further review in 2007) and UN-family - <i>Six sectors:</i> World Bank <p>Role of lead donors: coordination of other donors and intensive political and technical dialogue with government, and dialogue with NGO's and private sector; receiving missions of other donors and dealing with requests from headquarters of passive, delegating or exit donors.</p>		

Lessons learnt:

- (1) Donors asked to self-evaluate their comparative advantages and position themselves in the sectors, through a questionnaire. Results were unsatisfactory, so donors agreed to re-think their answers. This approach allows building of strong support to the mechanism/ arrangement to be agreed upon.
- (2) Donors and the Government of the Republic of Zambia (GRZ) led intense discussions at sector level, where an agreement was reached on the result of the process: designation of lead, active and background partners in each sectors, and definition of

respective roles, on a sector-by-sector basis. This process reinforces mutual trust between donors and partner country, the support to the agreement reached and thus overall ownership of the process.

- (3) Annual reviews at sector and overall levels will assess donors and GRZ performance in sector management in terms of reducing transaction costs and improving policy dialogue, improving overall transparency and adjustment of mechanism if need be.
- (4) Issues for attention in the implementation phase are the building of aid coordination capacity in the GRZ, and the management of the transition period toward the “divided” framework.

Sources: country questionnaires, OECD survey on Alignment and Harmonisation, email exchange with AIDCO

1.8. World Bank Sector Concentration in Mauritania

Donors: The World Bank and other partners: UNDP, UNICEF, WHO, UNFPA, AFdB, UE, GTZ, AfD, French Cooperation, Spanish Cooperation, IFAD

Partner country: Mauritania

In 2006, the World Bank engaged in a highly participatory way to prepare its CAS in, sharing and discussing with all donors its analysis of the country context and challenges, drawing up an updated status of donors' flows and sector needs, and building a common view on the country's PRSP.

Facing a limited IDA envelope for the CAS period, the Bank was forced to take a very sharp look at the selectivity of its coming interventions. To facilitate this difficult process, the country team designed a very basic questionnaire focusing on the strength and weaknesses of the Bank's team on all PRSP sectors;

The questionnaire was filled separately by the Bank (Country Manager) and the government (Ministry of Finance) and answers compared and divergences discussed;

The choice of the sectors where the Bank would intervene in the FY2008-2010 CAS¹¹ was then based on

- (i) The Bank's comparative advantage resulting from these discussions
- (ii) The sector financial gap
- (iii) The existing support from other donors;

Lessons learnt:

- (1) The work undertaken by the World Bank in the context of the CAS preparation has been pioneering and the government plans to ask all donors to undertake the same analysis in the future.
- (2) The use of a graphic tool designed to conveniently display the results of the analysis facilitated discussions regarding this new "collaborative CAS"
- (3) Strong commitment by the decision makers at the donors and at the government levels (as well as government ownership) enabled this participative approach to yield substantive results.
- (4) DoL exercise often triggered by effective PRSP review and/or consultative group process;
- (5) "Champions" needed among the actors in the process to move forward.
- (6) Government's H&A or aid effectiveness action plans can trigger the DoL exercise;
- (7) Joint analytic work (economic analysis, governance) can trigger joint programming;
- (8) As in the case of Mauritania (with a limited IDA envelope) budget constraints on the side of the large donors may trigger division of labour.
- (9) The link between country level DoL and sector level DoL needs to be better outlined. We cannot do country-level DoL without good input at the sector level; one cannot scale-up sector level DoL without overall commitment at the country level.

Sources: WB answer to DoL questionnaire and email/telephone exchanges (Brice Quesnel, Franke Toornstra), WB CAS Mauritania website

¹¹ Mauritania FY2008-2010 CAS:

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/MAURITANIAEXTN/0,,menuPK:362353~pagePK:141132~piPK:141105~theSitePK:362340,00.html>

1.9. The donor mapping experiences in the context of the Uganda Joint Assistance Strategy (UJAS)

Donors: African Development Bank, Austria, Belgium, Denmark, European Commission, FAO, France, Germany, IFAD, IMF, Ireland, Italy, Japan, Netherlands, Norway, Sweden, UNDP, UNICEF, United Kingdom, UNCHR, UNPF, USA, WFP, WHO, World Bank

Partner country: Uganda

A key target of the Uganda Joint Assistance Strategy (UJAS), which was developed in 2005, was the achievement of a better division of labour among donors based on their comparative advantages. The first step of the Division of labour exercise – the mapping of aid – was completed in 2006 and was achieved as follows:

- An extensive data collection. The data collected was both quantitative and qualitative, concerning DP plans, justifications and financial and project facts. The data collection mechanism was designed to provide an accurate picture of aid flows and DP activities in Uganda, as well as the criteria for determining how to establish what should be changed.
- A peer review. Collected data were collated and presented back to DPs. A Peer Review process then allowed DP colleagues to assess and comment on the plans of a donor peer. The completed peer reviews were sent back to DPs, giving them an opportunity to revise their future sector working preferences.

Lessons learnt:

- (1) The environment in Uganda was favourable for a division of labour exercise as (i) division of labour was explicitly envisaged by both the Government (in the Poverty Reduction Strategy Paper (PRSP)) and the donors' response (the UJAS) and (ii) the exercise was carried out by international consultants recruited with specific donor financing.
- (2) Division of labour is being achieved using government policies and systems. Government classifications have served as the basis of the exercise. In particular, the division was around sectors derived from the Partner Government's sectors definition (the national PRSP 48 strategic areas and the MTEF sectors) and not the donors'. This means that aid to Uganda can be mapped directly onto the PRSP.
- (3) Once a mapping is achieved, it is crucial to put it in practise without much delay, as donors' situations can evolve rapidly.
- (4) It was impossible to achieve a comprehensive donor mapping. 25 donors participated in the division of labour exercise. But it has proved difficult to get emerging donors, (China, Russia, Arab Funds), some vertical funds (the Global Fund) and private foundations on board, even though they play an important role.

Sources: Jesper Klindt Petersen, World Bank, Program Officer AFCE, Eastern Africa Country Cluster: Uganda; Final study on the mapping of aid, End 2006.

1.10. Ethiopia: Aid Management Platform and Division of Labor Team

Donors: European Commission, Irish Aid, USAID, UNDP, World Bank

Partner country: Ethiopia

To enhance its aid management, the Government of Ethiopia in cooperation with its development partners has adopted a new tool called the aid management platform (AMP). The AMP is a joint initiative of the OECD-DAC, the Development Gateway, UNDP and World Bank that is being piloted in Ethiopia. The AMP is web-based and will include forward-looking information and functions for Government planning, monitoring and reporting on development assistance. The first ongoing phase includes components on aid information management, reports and analysis. A second phase will include modules on scenario building, fiscal calendar and knowledgebase. The European Commission has recently prepared a Blue Book with an overview of EU member states' programmed development assistance by sector and geographical regions, based on the AMP. In line with the importance of aid in Ethiopia's budget and the move towards direct budget support, a new analytical instrument called the joint budget and aid review (JBAR) was launched in 2004. The JBAR seeks to evaluate spending on poverty reduction in the budget, looking holistically at government domestic resources and aid with a view to strengthen national capacities and ensure better consistency between the budget and priorities in the poverty reduction strategy.

A team focused on DoL (the Division of Labor Team) was established by the DAG (Development Assistance Group, the main forum for development cooperation in Ethiopia) in September 2007 and is currently consisting of representatives from the European Commission, Irish Aid and USAID. This team has already come to conclusions regarding conclusions on DoL that we summarize below.

Lessons learnt:

- (1) Looking at rationalisation of donors per sector and sectors per donor needs to be done long-term, i.e. donors' next strategy papers would take it into account.
- (2) Mapping of donor activities to see where we are now is needed in order to show which sectors and sub-sectors seem over-served, which under-served, where overlaps and gaps lay and which donors seem to be in particular need of consolidating their activities. The EC's Blue Book, which is based on the structure of the Government's Aid Management Platform, would provide an ideal vehicle for this.
- (3) An assessment is needed of donors' human resource capacity - by sector and by type of expertise, e.g. programme management, coordination, analysis.
- (4) An assessment is needed of donors' perceived comparative advantages and where they see themselves specialising in their next programming period.
- (5) Silent partnerships (i.e. one donor using another's cash to implement a project) need to address the reporting needs of the financier. The Nordic plus model could be useful here, whereby one donor recognises that another's systems are acceptable for managing and monitoring its projects.
- (6) Division of labour should also cover analysis: how to streamline the amount of studies carried out and make sure they can be easily consulted.

Sources:

<http://www.dagethiopia.org/Pages/DagCommon.aspx?MenuCaption=ODA%20to%20Ethiopia>

http://www.deleth.ec.europa.eu/en/aid_effectiveness/dol.html;

<http://www.deleth.ec.europa.eu/bluebook/index.php>

1.11. Joint Country Assistance Strategy in Donors: the Asian Development Bank (ADB), Japan, the United Kingdom, the World Bank

Partner country: Bangladesh

In response to the Government's preparation process for a high quality Poverty Reduction Strategy Paper (PRSP), Bangladesh's major development partners, DFID, the World Bank, the ADB and Japan (accounting for over 80% of development assistance) have decided to harmonise their support for the PRSP:

- The partners have agreed on *partnership principles* for working together and have identified *a set of core outcomes* for their joint support.
- The partners then agreed on *policy notes in outcome areas of the outcome matrix*¹² where there was some 'crowding' by the four. The notes were to provide policy guidance and facilitate the harmonisation process. The outcome matrix, together with the policy notes, forms the basis of the country strategy for each of the four partners.
- To take harmonisation further, the four partners have agreed on a *division of labour*, each donor leading in areas of their relative advantage with agreed Terms of Reference for the 'lead' role. Performance review of the joint support will be carried out through the same monitoring and evaluation mechanism as for the PRSP.

With these foundations in place for harmonised support by the four partners of the Government led PRSP, the outcome matrix was shared with the wider donor community in 2006, inviting them to join the process.

Lessons learnt:

- (1) Local ownership of development strategy is a key driver for developing a joint country assistance strategy.
- (2) For practical reasons, the division of labour process did not include all partners present in the country, but only the most important ones, representing 80% of the aid received by Bangladesh. The wider donor community would have liked a more inclusive process, but the four partners were initially concerned to keep the process manageable. So far, the objective of extending the joint strategy to other donors has not been met.
- (3) A fully common approach of the partners involved in the joint assistance exercise was not possible. The specific requirements and format of each partner's country strategies could not be waived and were a major constraint for the division of labour process. Four separate country strategy documents had to be prepared, and one of them has been postponed for political reasons.

Source: DfID

<http://www.dfid.gov.uk/mdg/aid-effectiveness/newsletters/joint-strategy-bangladesh.asp>, March 2006.

¹² See for instance: Policy note on Agriculture and rural development at <http://www.dfid.gov.uk/mdg/aid-effectiveness/newsletters/js-policynotes.pdf>.

1.12. Sudan Trust Funds

Donors: Canada, Denmark, Finland, Iceland, Italy, Germany, Greece, Netherlands, Norway, Saudi Arabia, Sweden, United Kingdom, European Commission and The World Bank.

Partner country: Sudan

The Sudan Multi-Donor Trust Funds (MDTFs) are a means for donors to coordinate the reconstruction and development needs of both Northern and Southern Sudan. The MDTFs are funded by donor countries and managed by two technical secretariats, one for the MDTF-National, which focuses on war-affected areas of Northern states (based in Khartoum), and a second MDTF-Southern Sudan (based in Juba). Both trust funds provide funding for priority projects and programs that are both pro-peace and pro-poor. The MDTFs intend to improve and accelerate development outcomes and governance. They originate from the Joint Assessment Mission (JAM) coordinated by the World Bank and UN, which assessed the needs of Sudan over the six-year interim period after the signing of the peace accord. The result of the assessment, developed with government authorities, was a “Framework for Sustained Peace, Development and Poverty Eradication.”

At a pledging conference held in Oslo, Norway, in April 2005, donors pledged over \$500 million for the two MDTFs. The trust funds are administered by the World Bank, working together with UN partners, donors, civil society, and the respective governments.

The MDTFs provide a vehicle for donors to pool resources and coordinate support to fund the overall reconstruction and development needs for Sudan during the Interim Period. As agreed in the CPA, MDTFs are to focus on recovery and longer-term development activities, guided by priority activities identified in the Joint Assessment Mission (JAM).

Lessons learnt:

- (1) The performance of the Sudan MDTF-N in terms of coordination is seen as satisfactory by donors. There were stronger criticisms of the performance of the MDTF-SS related to coordination. However, these should be understood in the context of a weak donor presence in Juba during the start up phase, as well as by the high expectations that were confronted by difficult implementation.
- (2) The MDTF has not served as an effective mechanism for coordination with the UN system, the relationship between the World Bank and the UN system having been strained, nor has served as a mechanism for broader donor coordination with non-MDTF resources. On the latter, donors have not used the MDTF governance structure to allocate bilateral resources into gaps created by slow MDTF-SS disbursement.
- (3) The crisis in Darfur also led to some confusion for both MDFTs. While a *compartmentalization* of the respective situations was put in place, donors’ approach of the crisis in Darfur was not without consequences for the MDTFs management. The respective positions of donors on a complex crisis as the one in Darfur underline the need for donors engaged in DoL partnerships in such settings to reinforce communication and to refrain from polarizing the issue.
- (4) Coordination with CSOs suffered from lack of operational relations due to complex rules. These are now being looked into. Civil society organizations have now been invited to sit as observers to the MDTF-N and MDTF-SS. There has been some reluctance on the part of the GoSS and GoNU in this regard, but this step could prove useful at improving the overall feeling of ownership.
- (5) Government donors and the World Bank have shown strong support for government ownership and the development of public sector capacity in both South and North

Sudan. The MDTFs allowed united support to emerge and subsequently facilitated government ownership.

- (6) In April 2006, several donors established offices in Juba (previously most donors were based in Khartoum), and a joint office – the Joint Donor Team- for the Netherlands, UK, Sweden, Denmark and Norway was established. The Head of the Joint Donor Team is the Co-Chair of the Oversight Committee, representing the five donor countries and the MDTF-N is currently co-chaired by the Netherlands. This is a particularly crucial step in terms of implementation of the Paris Declaration principles.

Sources: World Bank and donor sites and reports; Scanteam/Norway, Review of Post-Crisis Multi-Donor Trust Funds (MDFT), Vol. 2: Country Study Annexes, February 2007.

1.13. The Joint World Bank – European Commission Office for South East Europe

Donors: the European Commission & the World Bank, coordinating all donors in the region
Partner countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Kosovo, Moldova, Romania, Serbia and Montenegro.

The Joint Office for South East Europe was set up in 1999 to support the European Commission / World Bank in their joint role as coordinators of international assistance for the reconstruction and development of South East Europe.

The Office is co-headed by a representative of the World Bank Group and a member of the European Commission staff. It is located in Brussels. The operations of the Joint Office itself are carried out with funding provided by the European Union and the World Bank.

Three core interrelated functions are carried out by the Office:

- *Facilitation of the donor coordination effort.* The donor coordination itself is carried out by the High Level Steering Group (HLSG) – co-chaired by the EC and the WB -, which comprises G8 finance ministers and heads of major international financial institutions. The HLSG aims to ensure strategic direction is given to the process of economic reconstruction, stabilisation, reform and development in the region, both at country and at regional level.
- *Mobilisation of aid and monitoring of aid flows* to South East Europe. In particular, the Joint Office has developed a set of databases to trace donor pledges, commitments and disbursements.
- *Transfer of knowledge and information* to both the international community and the countries of the region. To help carry out its work, the Joint Office manages a website to provide real time information to enable all interested parties to participate effectively in the overall regional reconstruction and economic development program.

Lessons learnt:

- (1) In a context of scarcity of donor resources and given the region's vast needs, the Office has been able to coordinate aid, avoid overlaps or inconsistencies between donor programs, and identify funding gaps.
- (2) The Office has also been able to track aid given by the donors, ensuring the accountability of aid.
- (3) Cooperation and division of labour in the West Balkans has been achieved through the creation, by two major multilateral donors, with their funds, of an explicit instrument (the Joint Office), working full-time on the issue of cooperation and division of labour.
- (4) Effective division of labour has been made possible by the continuity of this instrument and the availability of up-to date information for all parties involved.

Source: The JO for SEE website.

1.14. Partnership Framework on water and sanitation development in Bangladesh

Donors: the Asian Development Bank (ADB), Denmark, Japan, Korea, the World Bank

Partner country: Bangladesh

A partnership framework agreement was signed by the Government of Bangladesh, Japan, Korea, DANIDA, ADB and the World Bank to improve the urban water supply and sanitation services in Dhaka and Chittagong. The main objective of this initiative was to provide a framework for the Government of Bangladesh and development partners to *share policy objectives*, as well as to *set out a framework for the division of labour* among major donors:

- In Chittagong, Japan focuses its assistance on water supply service in the city (in particular, it helps to improve the performance and management efficiency of Chittagong Water Supply and Sewerage Authority), while Korea is providing support to prepare a master plan for water supply and wastewater management.
- In Dhaka, ADB supports water supply improvements, while the World Bank plans to assist with sewerage and drainage improvements, including scaling-up successful models for water supply and sanitation service provision in low-income communities and slums. The World Bank and ADB will also help to improve the performance and management efficiency of the Dhaka Water Supply and Sewerage Authority.
- DANIDA is extending credit to the Government to construct a new water treatment plant (Saidabad II).

Lessons learnt:

- (1) ADB, which provides by far the biggest share of financing within this framework (US\$450 million out of US\$800 million) has played a leading role in the development of this partnership.
- (2) A lack of authority in decision making at the field level among some of the donors (ADB and World Bank) slowed down the process of division of labour. However, this was overcome by a close communication through video and telephone conferences and e-mails in which task managers from Headquarters participated.

*Source: Japan questionnaire and Partnership Framework,
<http://www.danidadevforum.um.dk/NR/rdonlyres/B0C1555D-2F7A-447D-BB03-1197846B55D0/0/FinalPartnershipFrameworkBangladesh.doc>*

1.15. The European Commission and Italy in Somalia

Donor: Italy and EC

Partner country: Somalia

In 1985, the Government of Italy and the EC signed a Framework Agreement on Co-financing aimed at jointly financing development activities over an initial period of five years, 1985-1990. This agreement was subsequently renewed for 1991-1996; 1997-1998; 1998-2003 and 2003-2004. Emphasis in the Italian co-financing has been placed on bolstering ongoing EC activities through the injection of additional funds, administered by the EC. Over the 19-year period 1985-2004, approximately 85% of the more than 100 projects co-funded by Italy have been implemented in ACP countries. The agreement expired end 2004; an EC decision dated 05/08/2004 stipulated that this co-financing was impracticable pending establishment of a legal basis for the management of MS funds by the EC. It was nevertheless decided that the EC proceed with implementation of ongoing activities and that additional Italian funds for the 4th Reconstruction Program for Afghanistan and the 4th Rehabilitation Program for Somalia be accepted.

Somalia has no established government institutions to sign agreements with donors. This renders the situation in Somalia exceptional. In fact, prior to signing a MoU forming the basis for cooperation between the EC and the TFG in 2006, all Rehabilitation Programs were managed autonomously from Kenya. Moreover, except for the agreement between the EC and Italy, cooperation took shape via exchange of letters.

Lessons learnt:

- (1) Co-financing allowed results with limited capacity and low managerial input as well as access to EC reputation. Indeed, rapid aid increases and limited aid capacities provided a powerful rationale for Italy to seek alternative aid channels. Using the EC presented a means to get results by capitalizing on both, existing capacities and reputation of transparent & accountable aid delivery.
- (2) Co-financing presented a way to foster cooperation between the EC and Italian NGOs. The joining of efforts by two donors further added political weight and curbed the potential for manipulation.
- (3) This co-financing strengthened the EC position vis-à-vis other donors – being entrusted with Italian funds – and entailed economies of scale through joint management of funds by one donor.
- (4) However, this placed an extra administrative burden on the EC the Nairobi Delegation, which faced increased workload without concomitant staff increases.
- (5) Other drawbacks include the lack of transparency, the difficulty to access information by Italy and the delays and friction caused by the division of tasks between Brussels and Nairobi. Despite occasional hiccups – which must be seen in the specific Somalia context – the Italian co-financing experience in general was very positive and both the EC and Italy are keen to revive the cooperation under the 10th EDF and FP 2007-13.

Source: Independent Study on Joint Financing Activities, Sigrid Willibald, 2007

1.16. The Temporary International Mechanism in Jerusalem

Donors: Austria, Belgium, Denmark, the European Commission, France, Germany, Greece, Ireland, Luxemburg, Malta, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom, the World Bank

Partner country: the Occupied Palestinian Territory

In order to alleviate the burden of the crisis in the Palestinian Territory and maintain essential social services, the Quartet endorsed in June 2006 the European Union's proposal for a temporary international mechanism. The TIM is implemented through three windows:

- Window I supports the provision of essential supplies and running costs for health, education and social services, through a pre-existing scheme, the Emergency Services Support Programme. The implementation of donor funds to Window I is *managed by the World Bank*, by means of a *multi-donor trust fund*.
- Window II supports the supply of utilities. Operations under this Window are managed by the TIM Management Unit (TIM-MU), comprised of EC and EU Member States' officials and experts, and are covered with *funding made available by the European Commission*.
- Window III supports vulnerable Palestinians through the direct payment of social allowances to public service providers and to the poor. Window III is also managed by the TIM-MU. The donor can either choose to open individual bank accounts or to pool its resources in the existing donors' pooled bank account¹³. The TIM-MU handles all activities before and after the act of payment for those donors who participate in Window III. This function includes all preparatory activities prior to the actual payment as well as the administrative follow-up once the payments have been made. In particular, the TIM-MU provides the donor with full assurance and adequate documentation on the payments' execution and the activities' implementation.

Lessons learnt:

- (1) A solid political will at the highest decision-making levels has been a key for success, even in the most difficult and complicated environment.
- (2) Both the multi-donor trust fund of Window I and the pooled funding mechanism of Window III have allowed very important transfers of money in a rapid and efficient manner. However, Windows III leaves more flexibility in terms of governance: donors who did not want to pool their funding could opt out and open their own bank account (although all donors eventually decided to use the pool funded mechanism).
- (3) The EC and the management of TIM have been able to set up a convincing structure of ex-ante and ex-post checks and controls. This structure has provided full guarantee to the European taxpayers that the resources went directly and exactly to the targeted beneficiaries.
- (4) A single implementation team has reduced overall transaction costs. The management cost of TIM operations has been below 5% of disbursement, and around 4% of commitments, which can be considered an outstanding performance.
- (5) Substantial know-how was established from the outset and continuously consolidated in the unique implementation team.
- (6) The TIM pool fund (Window III) has not been able to attract non European donors.

Sources: M. Mariani, Head of TIM Management Unit in Jerusalem; and TIM reports.

¹³ The Netherlands, first donor to open an account, agreed to make available its account to other donors' funds and therefore to manage the disbursement of funds on their behalf, with the assistance of the TIM-MU.

1.17. Focus on Elections support basket funding

Donors and partner countries:

→ In **Sierra Leone** (2007): Election Basket Fund, Joint donor basket for the Electoral Reform Project (Ireland, UK, EC, UNDP, Denmark, Japan).

→ In **DRC**: Support to Electoral Project in the DRC; UNDP managed trust fund
European Union, United Kingdom, Belgium, Germany, the Netherlands, Japan, Canada, Sweden, Norway, Switzerland, Italy, Spain, Ireland, France, Poland, UNDP TRAC. The project was supported by a specific monitoring body, the Technical Group on Election Security, composed of all national and international stakeholders.

→ In **Nigeria** (2007): The following Development Agencies contributed to the Joint Donor Basket Fund (JDBF): CIDA, DFID, EU, UNDP; implementing partners: Independent National Electoral Commission (INEC), CSOs, UNIFEM

Lessons learnt:

- (1) Basket funding in the case of elections in highly sensitive countries allows for large support to be built and improve coordination in complex settings. For instance, in the case of DRC where elections were organized for the first time since independence, it was particularly important for all actors to be coordinated in a challenging and highly sensitive context. The MONUC Electoral Division and APEC merged their respective structures into an integrated UN-Integrated Electoral Assistance framework thereby reinforcing the overall stance of the international community as united in their commitment to the organization of transparent and credible elections that are domestically and internationally recognized.
- (2) Donors recognize that the basket funds created by UNDP for elections support have been useful as a means of pooling resources among donors and have helped provide 'neutral' management mechanisms. In most cases, UNDP has put some of its own funds in the common basket as seed money and to provide an initial working capital before pledges are actually honored by donors.
- (3) In the case of APEC (DRC), the Government also contributed US \$18 million in 2005 and in 2006, further highlighting the partnership dimension of this funding mechanism.
- (4) Basket Fund offers a channel for funding and providing technical assistance to the electoral process and support to the security of the election in a coordinated way. Additionally it offers the opportunity of building on other agencies/ organizations' strength/ capacity and also encouraging further cooperation and coordination (for instance within an UN integrated framework, with the other IOs or NGOs)

Sources: Country questionnaires, UNDP country websites, Evaluation of UNDP Assistance to Post-Conflict Countries: Case Study of DRC by Carrol Faubert, 2006

1.18. Bosnia-Herzegovina (BiH) Governance Accountability Project, Second Phase (GAP2)

Donors: USAID, the Swedish International Development Cooperation Agency (“Sida”) and the Netherlands Ministry for Development Cooperation

Partner country: Bosnia-Herzegovina (BiH)

One of the major challenges facing BiH is to make governance more efficient and accountable. The GAP project works towards this end, strengthening local governance and improving service provision. Now in its Second Phase (GAP2) its goal is to dramatically and visibly improve the ability of municipalities to better serve their citizens and to support a policy and fiscal framework, which is conducive to improving accountable democratic governance.

The three bilateral donors of Sweden, the Netherlands, and the United States, agreed to each contribute \$10 million over the five-year life of project for a total of \$30 million. The donors have agreed to a Joint Financing Arrangement for GAP2. USAID will carry out procurement steps to competitively select an implementer, and will conduct contract administration on behalf of the three donors. All three donors will take part in evaluation of proposals. Through the establishment of a Joint Management Committee, all three donors will be engaged in strategic management and oversight of GAP2. Although USAID will have the direct relationship to the contractor and is charged with contract administration, the donor ownership over project strategy is equally shared among the three donors. Local ownership of GAP2 will rest with participating municipalities, mayors, and municipal associations.

Lessons learnt:

- (1) Following the three-year Governance Accountability Project, the model used in the Second Phase five-year program (GAP2) – pooled funding with joint strategic management – offers greater built-in donor coordination, economies of scale, and added political leverage for critical policy reforms through the strong support provided by the three donors.
- (2) Builds on USAID and Sida’s successful partnership in GAP (2004-07) to support local governance in BiH, and the Netherlands’ support to municipal associations in BiH for nearly a decade. The partnership of the three donors will consolidate nearly all of their resources for local governance into one program.
- (3) In Designing GAP2, DoL was facilitated for other stages of the project by an initial investment in serious, substantive, thorough and early face-to-face meetings at the working level (including project managers, contracting officers and lawyers), with participation/representation by all parties, to reach agreement, and compromises, on the details of how the project will be implemented. Indeed, some conflicts between donor systems or approaches only surface when the details of implementation are being discussed, and these potential conflicts need to be identified and addressed early on, e.g., to adjust the project design where necessary.
- (4) Thanks to authoritative commitment and approval from senior levels early on, especially to resolve points of conflict, the project’s design was validated on a solid consensus basis, laying the ground for strong DoL partnership throughout the project’s cycle.
- (5) The recognition by all parties that some compromises in “standard systems” would be needed in order to harmonize multiple donor systems, which may require clear direction from leadership that such compromises are acceptable, and participation by

mid-level staff who recognize that compromise may be more important than defending turf proved to be a crucial element in getting each party comfortable in their agreement to the project and their respective roles. The lesson proved to be that donors need to select the right kind of representatives for the project design meetings to be productive.

- (6) A clear designation of respective duties and authorities for all donors and adequate planning for staff to undertake such duties in a timely fashion is a pre-condition to successful DoL operations.
- (7) Through the reinforced support and coordination provided by the DoL between the donors, the GAP project was able to further raise the profile of policy interventions. The significant participation of mayors in the policymaking process as well as the increased total public sector revenues for the municipalities and improved policy framework in both entities of BiH are direct positive outcome of the support and stability provided by the GAP DoL and cooperation.

Source: USAID communications (particularly with Noreen O'Meara (ODP/BMD), Tim Riedler (RSC/RLA) and Marc Ellingstad (Sarajevo/DEMO)), USAID and other partners' websites.

1.19. The Zambian Private Sector Development Action Plan

Donors: A total of nine donors have signed the memorandum of understanding (MoU). The US Millennium Challenge Account (MCC)

Partner country: Zambia

The commitment to establish a more business-friendly environment is shown by agreement on the Private Sector Development (PSD) Action Plan and the adoption of the Zambian Development Agency (ZDA) Act in May 2006. The Action Plan Working Groups – on immigration; administrative barriers; tourism; and public-private partnerships (PPPs) – were approved by the cabinet and the more contentious land reform issue is awaiting approval. A draft legal framework for PPPs has been prepared in collaboration with the South African Development Community (SADC) in 2007.

The objective of the PSD program is to lay a foundation for faster, sustained, private-sector led economic growth by implementing a comprehensive action plan for enhancing the business and investment climate.

- It is a roadmap to creating an enabling environment for private sector growth.
- The PSD program has six reform areas :

Reform Area	Reform Objective
1. Policy environment institutions	Create the enabling macroeconomic environment, strengthen public agencies that support PSD and enhance public/private Dialogue
2. Regulations and laws	Improve regulatory frameworks and investment code to foster PSD
3. Infrastructure	Enhance the infrastructural platform for PSD by encouraging private investment in infrastructure (PPI).
4. Business facilitation and economic diversification	Remove administrative barriers to business entry and operation and facilitate development of high-growth sectors.
5. Trade expansion	Create greater opportunities for access to regional and international markets by Zambian businesses.
6. Citizens' empowerment	Unlock the growth potential of citizens through business development support and empowerment initiatives.

Four donors support the PSD Action Plan through a Joint Financing Agreement (\$10 million basket fund for three years) signed in April 2006 with the subsequent release of funds in June 2006. A total of nine donors have signed the memorandum of understanding (MoU). The US Millennium Challenge Account allocated \$22million to the PSD Action Plan for 2007 and 2008 placing especial focus on immigration, administrative barriers and PPPs.

Lessons Learnt:

- (1) While most stakeholders seem optimistic about the PSD Action Plan some business representatives have criticized it for being too donor-driven and are concerned about the sustainability of the reforms once donor funding has ended.
- (2) Private-sector participation in the PSD initiative through the Zambia Business Forum (ZBF) has been quite strong. ZBF has five representatives on the steering committee and two on the implementation committee, including the Chair. This dimension is particularly crucial to the viability of this process and a positive sign of stronger ownership of this initiative by Zambia private sector stakeholders.
- (3) Strongly supported by the MCC, the Zambia Development Agency (ZDA) became operational on 1st January, 2007. The creation of the ZDA constitutes of the PSD's main achievement and is aimed at streamlining the numerous processes and

regulations undertaken by different statutory bodies, which is one of the major administrative barriers to investment in Zambia.¹⁴

- (4) The passing of the bill on the Citizens Economic Empowerment in May 2006 is another achievement under the PSD. The objective of the bill is to encourage, facilitate and increase the levels of citizens' participation in all facets of the Zambian economy so as to improve their own lives.

Sources:

AfDB/ OECD African Outlook on Zambia 2007:

<http://www.oecd.org/dataoecd/27/1/38563134.pdf>

Millenium Challenge Corporation: <http://www.mcc.gov/documents/qsr-zambia.pdf>

On the Zambia Development Agency: <http://www.zpa.org.zm/zdanote.pdf>

Zambian Minister of Finance and Planning communication of Strengthening Business Climate in Zambia (2007)

<http://www.pbintel.com/ZIF%20presentations/Microsoft%20PowerPoint%20-%20Minister%20Finance.pdf>

¹⁴ The ZDA is a “one stop shop” that has brought together the operations of five statutory bodies, namely Zambia Investment Centre (ZIC), Zambia Export Processing Zones Authority (ZEPZA), Export Board of Zambia (EBZ), Zambia Privatisation Agency (ZPA) and Small Enterprise Development Board.

1.20. Delegated cooperation of AusAID programme in Cook Islands to NZAID (New Zealand)

Donors: Australia, New Zealand

Partner country: the Cook Islands

In 2000-2001, Australia and New Zealand embarked on a joint review of *Harmonising Donor Policies and Practices in the Pacific* to find ways to improve aid delivery at both strategic and operational levels, and to reduce transaction costs for partner governments. The report recommended that a single co-funded programme be set up for the Cook Islands, with New Zealand taking on the lead partner role, and Australia acting as a "silent" partner.

Since 2004, Australia has delegated the management of its whole Cook Islands programme to New Zealand. This delegated cooperation covers all sectors of the core bilateral development programme between Australia and the Cook Islands.

The Governments of Cook Islands, New Zealand and Australia agreed to a pilot program of three years from July 2004 to June 2007 (extended to December 2007). AusAID's operational arrangement with NZAID is outlined in the AusAID/NZAID Donor Funding Arrangement 2004-07, which sits along side the Tripartite Arrangement 2004-07 between the Cook Islands, New Zealand and Australia.

Over this time, NZAID has received slightly over NZ\$7 million from AusAID.

The Cook Islands Joint Country Strategy (JCS) has been prepared by the Government of the Cook Islands and the International Development Agencies of New Zealand and Australia. It supports the National Development Strategy of the Cook Islands Te Kaveinga Nui (TKN) 2020 vision and the National Sustainable Development Plan (NSDP) 2007-2010. The JCS provides the guiding framework for development and delivery of New Zealand and Australian aid to Cook Islands. The JCS seeks to enhance aid effectiveness by strengthening partnerships between the three governments and maximising the benefits of harmonisation

Lessons learnt: too many ?

- (1) New Zealand's special constitutional relationship with the Cook Islands gave an obvious comparative advantage that could be efficiently utilised by Australia.
- (2) New Zealand and Australia have a long history of like-mindedness on many issues, ranging from joint military action and active membership of the Commonwealth, to broadly similar stances on many aspects of aid delivery. This contributed to the necessary trust for a fully delegated programme.
- (3) As a very small country with a government of limited capacity, Cook Island's need for minimising transaction costs was even more urgent than for larger countries.
- (4) New Zealand is by far the largest donor to the Cook Islands and Australia was a significant other donor, making it in the Cook Islands government's own interest to invest resources in helping make a joint process work, particularly as New Zealand is also seeking to increase the ownership and alignment of the jointly-managed programme.
- (5) It proved difficult to integrate and cooperate with Australia's aid programmes other than the core bilateral programme (e.g. scholarships, regional programmes, and programmes not managed by AusAID but by other government agencies).
- (6) While New Zealand and Australia have been like-minded on many things, there are policy differences at the margin on aid priorities that have so far been overcome but point to the need for clear communication and mechanisms to resolve policy tensions.

- (7) The process of developing a joint country strategy has proven time-consuming and labour intensive; with difficulties in defining for Australia exactly how 'high level' they want their strategic input to be and for New Zealand in knowing which decisions need referral to Australia. Again, clear communication, demarcation of roles and mechanisms are necessary.
- (8) Both Australia and New Zealand are investing heavily in strengthening their aid performance reporting domestic frameworks (i.e. for Australian and New Zealand Ministers and Parliament). While any issues with the delegated cooperation are certainly solvable, it is becoming clear that clear demarcation of accountability for results, as well as finances, will be necessary to incorporate the Cook Islands programme into those frameworks.
- (9) The Cook Islands Program, though small, has served as a good test case for harmonisation through division of labour instruments. AusAID and NZAID have been considering the possibility of something similar in Kiribati, where we would take on management New Zealand's support, but this is still in the early stages.

Source: New Zealand and Australia's questionnaires

1.21. UN as One: Rwanda One UN Pilot

Donors: UNCT¹⁵, One UN Steering Committee in Rwanda¹⁶,

Partner country: Rwanda

The objective of the One UN pilot in Rwanda is to improve the impact, coherence, efficiency and positioning of the UN system to enable it to better respond to the challenge of helping Rwanda meet the MDGs and Vision 2020. In addition the One UN Reform is also aimed at facilitating the harmonisation and coordination with the other Development Partners. To achieve this objective, the UN Country Team has agreed to put in place an incentives system that rewards coherence, performance and results.

The One UN strategy in Rwanda was defined in consultation with Government partners and Development Partners in February 2007. The Rwandan strategy focuses on careful consensus building and systematic consolidation of each step of the reform process. The strong leadership of the Government of Rwanda and its unambiguous expression of support for far-reaching reform of the UN System, has helped accelerate the pace of reform and inspired an ambitious vision of the ‘One UN.’ Key features and objectives of the Rwandan pilot are:

<p>One Program</p> <ul style="list-style-type: none"> - Single consolidated program and implementation plan; - Standing Coordination and peer review mechanisms to ensure a continued unity throughout the programming cycle; - Program and Policy work tied together to ensure that the program is driven by strategic results. 	<ul style="list-style-type: none"> - Goal is to turn around funding-driven and project-based logic into a solid, common, enforceable strategy aligned with national development objectives. - Agency strengths/ sector level synergies - The One program will be supported by a coordination structure centred on UNDAF Theme Groups divided in 5 pillars¹⁷
<p>One Budgetary Framework</p> <ul style="list-style-type: none"> - Core resources and Vertical Funds fully aligned with ‘One Program’; - Additional resources mobilized by the Resident Coordinator through Pooled Fund; - Allocation based on performance, and adherence to One UN framework. 	<ul style="list-style-type: none"> - Replaced funding-driven logic with system that includes: a. centralized resource mobilization at level of RCO through creation of “one fund”; b. performance based allocation of resources centred on commonly agreed criteria and transparent/fair resources allocation mechanism
<p>One Leader</p> <ul style="list-style-type: none"> - The Resident Coordinator (RC) is the leader of the One UN system and is responsible for ensuring implementation of the One UN reform process; - Coherent management structure for the ‘One UN’, including clearly defined roles and responsibilities for the RC and Heads of Agencies; - UN speaks with one voice on key policy issues. 	<p>Principle broadened to include an entire set of decision-making mechanisms. The highest supervisory body for the ‘One UN’ is the steering committee, which provides guidance in the One UN reform process.</p> <p>RC gives executive direction to the implementation process and the UN Country Team will direct resource allocations and programs. A Code of Conduct¹⁸ was developed, detailing the roles and responsibilities of each actor in the common management structure.</p>
<p>One Office</p> <ul style="list-style-type: none"> - Efficiency gains through pooled support services; - Lower transaction costs by harmonizing procedures; - Common premises for One UN to facilitate integration. 	<p>The guiding principle is the efficiency of the system achieved through a systematic identification of cost and benefits of pooled services.</p>
<p>One Voice</p> <ul style="list-style-type: none"> - Common Communication strategy 	<p>In addition to the four ‘Ones’, the ‘One UN’ pilot in Rwanda developed a common communication strategy to promote awareness and understanding on the reform process both internally and externally as well as ensuring that the UN speaks with ‘One Voice’ on key policy issues</p>

¹⁵ The UNCT comprises of 10 Resident Agencies (UNDP, UNFPA, UNICEF, WHO, WFP, FAO, UNAIDS, UNIFEM, UNHCR, UNECA); 8 Non-Resident Agencies (IFAD, ILO, UNEP, UNESCO, UNCTAD, ITC, OHCHR, ITU); 4 Agencies represented by UNDP (UNCDF, UN-HABITAT, UNIDO, UNV); 4 Agencies not part of One UN but part of UNCT (IMF, World Bank, ICTR, MONUC).

¹⁶ The One UN Steering Committee in Rwanda is chaired by the Minister of Finance and Economic Planning and is composed of three other government counterparts (of ministerial level), four UN Agencies, the UN Resident Coordinator and three Development Partners. The Administrative Agent (UNDP) is observer

¹⁷ Governance; Health, HIV, Nutrition and Population; Education; Environment and Sustainable Growth and Social Protection

¹⁸The main innovations of the Code of Conduct are: Members of the UNCT represent not only his/her own agency but the entire UN in all external interactions; Heads of Agencies, as members of UNCT, will make decisions through consensus. In situations where no consensus can be reached, the RC will take the ultimate decision

Lessons learnt:

- (1) Importance of consultation with all stakeholders: the initial consultative exercise (February 2007) played an important role in addressing some of the initial concerns expressed by individual agencies while forging a common vision for the Pilot and agreeing on a way forward. Note: Rwanda's pilot builds on previous pilot experience (ex. Tanzania)
- (2) Government leadership is evident and has been crucial. Clear links between the EDPRS priorities and a single point of UN engagement will reduce transactions and are in line with GoR's firm stance on aid effectiveness. One positive point to note is that the Minister of Finance who chairs the One UN Steering Committee is committed to financing of the UN within an agreed budgetary framework.
- (3) Most donors in Rwanda¹⁹ are supportive of the One UN. Few are decentralized so the transition to pooled funding will require HQ decisions.
- (4) Within UN: the Resident Coordinator (RC) has learned lessons from the other pilots and has adopted an inclusive approach. All agencies – but WHO- in the UNCT have signed up to the UN One Plan/ COD (Common Operational Document). The entire management structure of the One Program has resulted in improved understanding of the comparative advantage and capacity of each agency. The common planning process has enabled the elaboration of a coherent strategy geared towards wider development results rather than limited agency mandates.
- (5) The common planning process has enabled the UN to improve the division of labour between agencies by clearly identifying areas of overlap and duplication. This is also a vector of aid effectiveness and DoL with other development partners thanks to the increased clarity and coordination expected from the reform.
- (6) Impact on overall resources (funding) available through the UN system to the countries to meet their national goals within the framework of IADGs, including MDGs; Improved programming quality and coherence is expected to result in increased availability of funds for the system and their more effective utilization clearly geared towards the achievement of strategic development objectives.
- (7) However, resources required achieving One Program results are estimated at 488 million USD of which 155 million USD (approximately 30 million USD/year) need to be mobilized through the Resident Coordinator on behalf of the UNCT. Several Development Partners, including Sweden, DFID, the Netherlands, Norway and Belgium have indicated interest in covering a portion of the funding gap. However, it is still too early to estimate the long term effects of the reform on resource mobilization. Secondly, if the UN system is not able to enforce a strict application of the agreed resource allocation system and performance criteria, donors may lose faith in the common system and revert to traditional funding mechanisms, which give them a more direct control over resources. Some donors have already expressed a preference in directing funds through existing channels at HQ level so as to contribute to the Core Resources of UN agencies. This funding gap may therefore threaten the applicability of the reform. The question of financing is one of the most sensitive issues addressed by the 'One UN' Pilot process in Rwanda.
- (8) Development of a clear Monitoring and Evaluation Framework might be difficult since there have not been sufficiently clear views from the start on how to measure progress; Delivering well-defined quality results for the Delivering as One process in such a short time frame has proven to be a challenge. Additionally, reporting requirements differ by agency, which means that the common reporting procedure for

¹⁹ UK, Canada, Sweden, Belgium, US, Germany, EC, Japan, Switzerland and Netherlands.

the 'One Budgetary Framework' will come on top of existing reporting procedures in many cases, especially as it should ideally be in line with the Governments reporting on EDPRS.

- (9) Difficulty to change organization culture: the elaboration of the 'One Program' has posed a real collective action problem for the UN system. Despite the recognition by all UN agencies of the need for a more coordinated and results-oriented approach, many agencies have continued to focus on small projects. This is partly due to the structure and expertise of agencies, as well as a desire to spread the net widely to maximize agency benefits from the common resource mobilization strategy. This is particularly problematic with small, under funded and technical agencies. The two main safeguards put in place to minimize this problem have been:
- (a) The peer review mechanisms whereby agencies could discuss and challenge the relevance of proposed activities
 - (b) The agreement on the strict funding eligibility criteria focused on a number of objective performance criteria (including delivery and implementation capacity). There is a thin line between focus vs. inclusiveness and maintaining a balance between program coherence and respecting the programmatic diversity of the UN.

Sources: Stocktaking Report by the One UN Steering Committee1 in Rwanda (November 2007) available at: <http://www.undg.org/docs/8138/Rwanda-Stocktaking.pdf> , UNDG website, DFID Aide Memoire: Rwanda One UN Pilot (November 2007), emails and telephone conversation with UN working group on Aid Effectiveness (Dia Timmermans, Nicola Harrington).

1.22. Community Action for Health project in the Kyrgyz Republic – the Kyrgyz-Swiss-Swedish Health Project (KYSS)

Donors: Switzerland, Sweden, the USA, the Asian Development Bank, the Aga Khan foundation

Partner country: the Kyrgyz Republic

Community action for health (CAH) was first funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by the Swiss Red Cross. It started in January 2000. The central project component is health promotion. It was first centred on one oblast (region) - Naryn - and was extended in 2004-2005 throughout Naryn and Talas oblasts.

The success of this project convinced the Ministry of Health (MoH) of the Kyrgyz Republic to endorse it as part of the National Health Reform and asked for it to be extended in rural areas nationwide.

Two donors agreed to support this extension:

- In 2006, SDC and Sida developed a delegated cooperation agreement whereby Sida channelled resources through SDC for the extension of the model to three oblasts. Sida and SDC agreed to delegated implementation under which Sida entrusted SDC to implement the extension through its existing set-up from 2006 onwards. With Sida's contribution the project has been renamed *the Kyrgyz-Swiss-Swedish Health Project (KYSS)*.
- USAID is financing the extension in the remaining two oblasts, with technical assistance provided by SDC project (through the Swiss Red Cross).

Lessons learnt:

- (1) Division of labour was made easier by the endorsement of the initial project in the Partner country's strategy. The fact that the Kyrgyz State recognized the significance of the project and included core elements of KYSS into its national health programme strategy paved the way for other donors' participation in the project. Sweden and the United States adhered to the project, followed by the Asian Development Bank and the Aga Khan foundation, which also linked their resources to the CAH.
- (2) Division of labour was achieved step-by-step and was built on a successful single donor project. Sida and USAID capitalised on the success of the Swiss-led CAH.
- (3) Division of labour allowed the project a greater impact through increased scale and geographic complementarity. Through extending the CAH, the population covered by the project has increased from 370 000 people in Naryn and Talas to 2.13 million in all five oblasts.
- (4) The sharing of the technical expertise (of the Swiss Red Cross) by all donors involved made economies of scale possible.

Source: SDC website; Mr. Schueth, Project coordinator; Mr Garrett, USAID.

1.23. The Projet de Promotion de l'Éducation de Base en 5ème Région (PPEB) in Mali

Donors: France (AfD) and Germany (KfW)

Partner country: Mali

There is a long-standing history of cooperation between AfD and KfW, reflected in a variety of practical arrangements²⁰ and consolidated by a partnership agreement²¹ signed on 08/01/1998. This agreement expresses both organizations' intent to deepen their collaboration through co-financing, *inter alia*.

With the PPEB, KfW entrusts AfD with the administration of funds in Mali (education) while AfD delegates funds and mandates to KfW in Kenya (transport), Benin and Georgia (environment). The PPEB project in the education sector in Mali, initiated in 2001 with an envisaged project end date of 31/12/2007, is jointly financed by France (AfD) and Germany (KfW, GTZ) and encompasses three separate project components covered by AfD & KfW (infrastructure); AfD & GTZ (social mobilization) and GTZ (institutional support). The total project cost amounts to EUR 13,1 Million, with AfD providing EUR 5,4 Million (41%), KfW providing EUR 4,6 Million (36%) and GTZ providing EUR 3,1 Million (23%). All partner country contributions are in kind.

Focus here is placed on the infrastructure component co-financed by AfD and KfW with delegation of funds & management mandates from KfW to AfD.²² This component accounts for EUR 9.3 Million or 71% of total project costs, with each institution contributing an equal share of EUR 4.65 Million. The implementation of this component was completed in December 2006. This case study represents an established partnership between two European donors, and because the Mali project has been recently finished and delivered a completion report.

Lessons Learnt:

- (1) Several favourable conditions contributed to the success of this DoL initiative:
 - A long history of working together, fostering mutual understanding and trust;
 - The existence of a partnership agreement, providing a broader cooperation framework, and the compatibility of standards, tried and tested in earlier collaboration, meant that no organization's assessment prior to engaging in co-financing in Mali was needed.
- (2) The fact that KfW looking to exit the education sector in Mali and that another project was being identified in Kenya at that time, where KfW would manage French funds on behalf of AfD, provided the opportunity to initiate this DoL, thus illustrating the role played by reciprocity.
- (3) In light of KfW's exiting the education sector in Mali, the direction of funds and management mandates had been clear from the outset, cancelling the need to involve Mali in the decision as to who should act as lead partner. The project is fully in line with the partner country's Poverty Reduction Strategy (PRS) and is integrated into

²⁰ Such as the sharing of office spaces, for example, which is the case in Brussels.

²¹ Signed, at the time, between KfW and the CFD (Caisse Française de Développement), which later became the AfD.

²² As opposed to the social mobilization component where no such delegation of funds and management responsibilities has taken place, with GTZ and AfD each funding separate sub-activities of the project component in a parallel fashion.

Mali's education sector program, the Programme d'Investissement du Secteur de l'Education (PISE).

- (4) Financial management: Being a case of joint financing, AfD and KfW contributions to the Mali project's infrastructure component were pooled and jointly kept on a general AfD bank account in Paris, with any interest accrued on joint funds (EUR 9,3 Million) going towards project activities. The overheads charged by AfD for managing German funds amounted to 3% of total project costs, which is well below the normal rate charged from the French government (approx. 10%) and can be ascribed, *inter alia*, to the significant KfW input during project preparation.
- (5) Co-financing in Mali entailed several benefits for all parties involved:
 - The immediate advantage is increased financial resources with the effect of bigger project outcomes for Mali. Larger financial volumes also strengthened AfD voice vis-à-vis the partner country and donors, adding weight and significance to its position in the education sector in Mali where it became lead in April 2007.
 - AfD could also draw on KfW sector and country expertise during the initial stages of its engagement in the education sector.
 - For KfW, delegating funds and management mandates to AfD provided a good exit strategy to phase out its engagement in education in Mali while disbursing its financial envelope (approved 1997) and sending a signal of change to the partner country.
 - Co-financing also caused certain efficiency gains for KfW and for Mali in particular, in terms of reduced workload and interaction with one single partner, mainly during implementation. Yet such efficiency gains required increased coordination efforts by AfD and KfW compared to a situation of two separate projects, and enhanced input by AfD.

Overall, the co-financing experience in Mali has been very positive and strengthened the mutual AfD and KfW perception as co-financing partner of choice.

Sources: Independent Study on Joint Financing Activities, Sigrid Willibald, 2007; French questionnaire; direct exchange at EC technical seminars.

1.24. Decentralised Cooperation across EU Member States: Luxembourg and Rhône-Alpes in Laos

Donors: Luxembourg, the Rhône-Alpes region

Partner country: Laos

A co-financing cooperation is currently being set up between the French Rhône-Alpes region and Luxembourg Development Cooperation in Khammouane province in Laos.

Both Rhône-Alpes and Luxembourg are engaged in development in Laos and its Khammouane province in particular:

- Lux-Development, the executing agency for bilateral aid from Luxembourg, is operating within the multi-annual Indicative Programme of Cooperation (ICP) between Laos & Luxembourg and has been implementing a project in the vocational training sector since 2002.
- Rhône-Alpes & Khammouane have a framework agreement dedicated to health and vocational training, the latter being implemented through the Rhône-Alpes' Association for Industrial Vocational Training (AFPI).

Given these overlaps, Rhône-Alpes, rather than initiating new project activity in vocational training, decided to support Lux-Development's ongoing EUR 3.2 Million project envisaged to end in 2008, with a contribution of EUR 200.000 in the form of teachers & equipment for the vocational training school in Khammouane.

Lessons learnt:

- (1) For Rhône-Alpes: this cooperation with Luxembourg, a financially stronger partner, allows a greater and more coordinated development impact and reduces set-up costs compared to a situation of funding a stand-alone project, seeing that the institutional set-up and infrastructure has been put in place.
- (2) For Lux-Development: this cooperation with Rhône-Alpes allows for drawing on specific experience and expertise available in the industrialised Rhône-Alpes region and frees resources for redeployment into other project activities, thereby reinforcing the project's long-term sustainability.
- (3) Lux-Development, in contrast to common practice, will not be charging overhead costs. This is attributable to the fact that no funds are transferred and no additional administrative burden is incurred, seeing that the vocational training component is integral to the project and would have had to be carried out irrespective of Rhône-Alpes' involvement.
- (4) Reporting activities will be simplified to a certain extent: while Lux-Development's reporting will encompass both Luxembourg and Rhône-Alpes contributions as complementary parts of the same activity, Rhône-Alpes will need to produce a separate report covering its own contributions only, in order to meet precise accountability demands made by its regional constituencies.

Source: Independent Study on Joint Financing Activities, Sigrid Willibald, 2007.

1.25. The Joint Partnership Fund for Water and Sanitation in Uganda

Donors: Austria, Denmark, Germany, Sweden, the United Kingdom

Partner country: Uganda

A Joint Partnership Fund (JPF) arrangement was set up for the period 2003-2007 with the Government of Uganda (GoU), Danida, Sida, and DFID for the support of GoU's water and sanitation programme. Austria and Germany joined the fund in 2005. The JPF was designed as an interim arrangement intended to pave the way for sector budget support.

The JPF was a pooled project-like funding mechanism. It was administered as a basket fund modality: funds were disbursed by the respective development partners to the JPF collection account and replenished based on agreed indicators. A considerable part of Development partners' inputs to the JPF were earmarked to specific sub-sectors. Consequently, in such areas the distribution of funds from the JPF to the various sub-sectors was determined by development partner preference and not always by GoU priorities.

The Danish Embassy functioned as lead donor throughout the programme period.

Lessons learnt:

- (1) The JPF has contributed to coordination, reducing transaction costs (via common planning, common implementation modalities, common accounting system, only one type of progress reporting, and some harmonisation of technical assistance).
- (2) The JPF has allowed timely releases of funds, compared to release of funds from GoU.
- (3) The JPF has contributed to capacity development, including within the NGO sector.
- (4) The JPF has ensured national coverage of most components, as compared to the previous area specific projects, where the scale of intervention in each area was determined by available donor funds rather than the need.
- (5) The JPF has contributed to the promotion of crosscutting issues, in particular gender issues.
- (6) The JPF has been a step towards sector budget support.
- (7) Pre-requisites for DoL like joint programming, sound alignment with partner country etc. had been underestimated at the beginning of the programme. The practical experience of DoL proved much more difficult and time-consuming than what was laid down on paper.
- (8) Being a lead donor has proven to be a difficult task due to the workload involved. Additional resources/capacities are needed for the lead donor, in the form of short term contracts, additional backstopping arrangements with HQ.
- (9) The successor arrangement of the JPF 2003 – 2007, the Joint Water and Sanitation Sector Programme Support 2008 – 2012, combines funding modalities of sector budget support (>50% of the sector budget), basket funding (new JPF), joint technical assistance and funding for joint programme monitoring from Development Partners. All procedures (financial management, procurement etc.) are largely aligned to GoU.

Source: Austria's questionnaire ; Mr Burtscher, ADA, Kampala,

Review of the Joint partnership fund for the water and sanitation sector in Uganda, April 2007

Joint Water and Sanitation Sector Programme Support (2008 – 2012), Programme Document, July 2007

Joint Water and Sanitation Sector Programme Support, Appraisal Report, 31 May 2007

Emerging good practise in managing for development results, OECD

1.26. Program REJUSCO (Restauration de la Justice à l'Est de la RDCongo)

Donors: Belgium (BTC-CBT), NL and UK = 11.5 million euros + 7.5 million euros EC; Belgian Technical cooperation (BTC) acts as implementing agency.²³

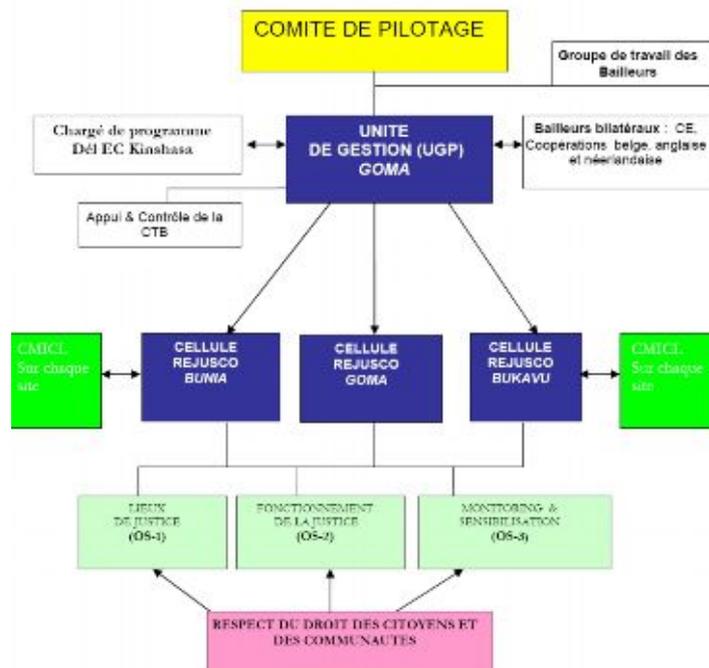
Partner Country: Democratic Republic of the Congo

The EC, DFID, DGCD (Belgium) and DGIS (Netherlands) identified Rejusco (started in 2005) as vehicle for efforts to restore rule of law and justice in Eastern Congo by fighting against impunity. The principal outcomes expected are: insuring fair trials and reinforcement of population trust of justice system.

The Rejusco program aims at facilitating the institution of skills in the administration of justice in the eastern provinces of the DRC, so as to support the establishment of the rule of law. The 4 spheres of activity planned under Rejusco will focus on:

- (i) Building up the operational capacities of the courts;
- (ii) Improving the ways justice is administered;
- (iii) Monitoring and improving knowledge of rights;
- (iv) Supporting the program's running and good management

The BTC implements the Rejusco program on behalf of the Government of DRC, following the Nordic+ “good practices” (of which DFID and DGIS are members).



Lessons Learnt:

- (1) Pilot project initially conducted in Bunia (justice, prisons etc) implemented by BTC, later on joined by EC who topped up with EC funding. This experience and presence of BTC in Eastern Congo (particularly through the AICB (Appui aux Initiatives Communautaires de Base – which ended in March 2007 and which office and material in Bunia were allocated to Rejusco) facilitated this increased support.

²³ Other partners include (as indicated on Rejusco website): All judiciary institutions both civilian and military; Ministries of Justice, Defense and Ex-combatants and Homeland Security Ministry; French Cooperation; UN Mission in DRC (MONUC) Rule of Law and Human Rights sections; Lawyers without Borders (ASF); Human rights NGOs; FARDC; Unions; Universities; Police Schools

- (2) Previous investment/ experience by BTC in the region made the case for its positioning as implementing agency on this project.
- (3) Strong legal basis enabled BTC to truly be the implementing partner²⁴;
- (4) Partnership with other international and local organizations/ agencies intervening on complementary issues while requiring significant amount of work and efforts upstream is highly valuable and further foster cooperation and local ownership.
- (5) This strong cooperation is particularly needed in a highly volatile and sensitive region such as Eastern Congo where donors needs to show a united and coordinated front if any tangible results in favor of peace, security and justice are to be lasting

Sources:

Rejusco website: <http://www.rejusco.org/>

Email contact with Mr. Dirk Deprez (BTC)

Document provided:

- *Rejusco Présentation Programme & Stratégie période de démarrage Comité de Pilotage (Mai 2007)*
- *Set-up opérationnel Document de travail (January 2007)*

²⁴ Official documents setting up the program:

- MoU between DFID and BTC (2006)
- Financing convention between EC and RDC (july 2006)
- Service contract between European Fund for Development (EFD) in DRC and BTC (December 2006)
- Convention between RDC and Belgium regarding Rejusco (December 2006)
- Implementing convention between Belgium and BTC
- Agreement between BTC and the Netherlands (February 2007)

1.27. 1.25. Afghanistan Trust Funds

Donors: Australia, Bahrain, Canada, Denmark, EC/ EU, Finland, Germany, India, Iran, Ireland, Italy, Japan MoF, Japan MoFA, Korea, Kuwait, Luxembourg, Netherlands, New Zealand, Norway NORAD, Norway MOFA, Poland, Portugal, Saudi Arabia, Sweden, Switzerland, Turkey, United Kingdom, USA, UNDP

Partner country: Afghanistan

The donor-community has supported two multi-donor trust funds in Afghanistan:

1. *The Afghanistan Interim Authority Fund (AIAF) from end 2001 until June 2002; the AIAF was administered by UNDP*

The Bonn Agreement made provision for the establishment of the Afghan Interim Authority, which took office on 22 December 2001. The Interim Authority faced the challenge of providing basic social services for citizens and paying civil servants. However, the Interim Authority did not have domestic revenues for these essential costs and needed urgent budgetary assistance from the international community.

The AIAF received over USD 73 million from 24 donors, spent a little over USD 71 millions and transferred the savings to the ARTF.

2. *The Afghanistan Reconstruction Trust Fund (ARTF) since March 2002 and managed by the World Bank*

The ARTF is administered by the World Bank under the supervision of a Management Committee comprising the Asian Development Bank, the Islamic Development Bank, the United Nations Development Program, and the World Bank. A monitoring agent has been recruited to assist in ensuring proper fiduciary management. As of October 2006, 24 donors had paid US\$1.45 billion since the inception of the ARTF. The payments have been quite well spaced out over the lifetime of the fund.

Over US\$814 million had been disbursed to the government of Afghanistan to help cover recurrent costs, and US\$214 million has been disbursed for investment projects.

Lessons learnt:

- (1) Important international mobilization following the international community intervention in Afghanistan quickly translated into strong political and financial commitment that was channeled first through the AIAF and then the ARFT, with clear mandates and administration/ management. However, relations with the UN have been mixed, at least initially: some resentment in UN over non-continuation of UNDP-led fund, while UNDP is on the Management Committee of the ARTF, and UN agencies are important implementing partners for ARTF projects.
- (2) Diversity of donors allowed for risk sharing, also mitigated by implementing agencies with pre-existing structures to handle large MDTF projects.
- (3) The ARTF "piggy-backed" onto the AIAF, establishing two "windows", one for recurrent expenditures, the other for investment projects. The ARTF has received pledges of over USD 1.3 billion from 24 donors in four years. Previous experience of AIAF allowed for ARFT to be jumped start and donors commitment to remain strong;
- (4) Recognition of ARFT as main development partner in Afghanistan allowed for donors to resort to the MDFT as a 'safe, recognized and visible' Division of Labour tool.
- (5) The budget support has been tracked by a Monitoring Agent (MA) in MOF, monitoring and providing advice and capacity building. Insisting on respecting procedures, fiduciary standards while providing funds on-budget has improved quality, transparency and legitimacy of the Government's PFM. The ARTF as funding

channel for budget support has been efficient, and the Bank as fiduciary agent has encouraged more donors to contribute.

- (6) Ownership and Capacity Development: the Government of the Islamic Republic of Afghanistan has had strong ownership of its national development policies and programs, were vocal supporters of the ARTF, especially for budget support, but had little capacity for implementation.
- (7) Harmonisation and Coordination: the ARTF has been an extremely useful harmonizing instrument for budget support, and contributed to coordination of the national rural development programs. It is unclear to what extent ARTF is contributing to any further harmonisation, since it is so small compared to other resources.

Sources: World Bank and donor sites and reports; Scanteam/Norway, Review of Post-Crisis Multi-Donor Trust Funds (MDFT), Vol. 2: Country Study Annexes, February 2007.

1.28. The Multi-Country Demobilization and Reintegration Program (MDRP) in the Greater Great Lakes region of Central Africa

Donors:

Contributing Donors: Belgium, Canada, Denmark, European Commission, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Sweden, United Kingdom, the World Bank

Other Partners: AfDB, AU , ECCAS/CEEAC, EU, FAO, GCA, ILO, IMF, UNICEF, UN - Department of Political Affair (DPA), UN - Department of Peace Keeping Operations (DPKO), UNDP, UNIFEM, UNESCO, UNHCR, OCHA, MONUC, ONUB, United States, WFP

Partners countries: Angola, Burundi, the Central African Republic, the Democratic Republic of Congo, the Republic of Congo, Rwanda and Uganda.

The MDRP is a sectoral (ex-combatants) and a multi-country/ multi-agency effort that supports the demobilization and reintegration of ex-combatants in the greater Great Lakes region of Central Africa. The largest program of its kind in the world, MDRP currently targets an estimated 450,000 ex-combatants in seven countries.²⁵ The MDRP is funded by World Bank grants and credits, and grants from eleven donors through the MDTF. The program was originally foreseen to run till June 2007, but the program was extended till June 2009 because of the need for more time to complete implementation of some of the national programs.

Lessons learnt:

- (1) The MDRP provided the structure to address a complex and multi-dimensional problem of a highly political nature, as well as a risk sharing mechanism through a World Bank led project.
- (2) The program allowed for donors, partners and the World Bank to present a united front on a question closely connected to security and stability in a sensitive region.
- (3) The strong donors' commitment through the World Bank Secretariat, as well as the good communication between donors proved keys to the success of the Division of Labour and the program itself.
- (4) One major challenge encountered has been the push by some donors for activities not planned for/ MDFT mandate and for which ODA could not be used
- (5) Relations with the UN proved to be complex, varying across country, over time, by agency and by issue, and have at time been quite difficult. Reasons for this are in part structural, in part different roles and differing corporate cultures.
- (6) Donor harmonisation and the use of Division of Labour have largely been successful, though the MDRP is trying to increase the number of donors, reduce its dependency on a few large ones, and avoid legal commitments being undermined by donors suddenly withdrawing financial support, which also weakens the purpose of donor harmonisation.

Sources: World Bank and MDRP sites and reports; Scanteam/Norway, Review of Post-Crisis Multi-Donor Trust Funds (MDFT), Vol. 2: Country Study Annexes, February 2007.

²⁵ The UN system has mandates to deal with peace-keeping operations. The World Bank finances demobilization and reintegration activities. However, it cannot support activities related to the military or police sectors that are excluded by OECD/DAC guidelines. With all resources contributed by MDRP donors to the MDTF also bound by the same limitations, the MDRP cannot fund disarmament but can only provide support once ex-combatants (EXCs) hand over their weapons and thus become eligible for demobilization and reintegration support.

1.29. The Joint Assistance Strategy for Tanzania (JAST) and its General Budget Support (GBS)

Donors: 11 bilateral Development Partners²⁶ together with the European Commission, the World Bank and the African Development Bank. In the Financial Year 2005/06 around \$616 million were disbursed using the GBS facility, directly into the GOT budget, representing around 20% of total GOT expenditure.

Partner country: Tanzania

The GBS is directed to the implementation of the Poverty Reduction Strategy of Tanzania (MKUKUTA in its Swahili acronym). GBS funds are subject to Tanzania's national budget procedures and using a unified assessment framework and a common dialogue process. It provides untied budget support to Tanzania using a unified assessment framework and a common dialogue process. One of the objectives of budget support is to increase the level of discretionary resources available to Government.

This budget support started to operate in Tanzania in 2001, replacing the Multilateral Debt Fund (MDF)²⁷. Following its introduction there has been an increased sense ownership of the development process by the Government together with major contributions made to the alignment process and donor harmonisation. It has also helped focus dialogue on the strategic issues of policy and economic management and as a result made positive contributions to policy design.²⁸

GBS can be considered should also be considered a vector for DoL in the larger scope of the JAST which also seek to promote a clear division of labour within the Government and among development partners, and Government defined and managed Technical Assistance. Since 2006, JAST implementation covers all levels of government in existing national, sector and local processes. Donors have adopted JAST as the basis for guiding their development cooperation with the government in order to further enhance aid effectiveness in Tanzania. Remarkable progress has been observed with regard to aid predictability, both in terms of timely and reliable provision of aid commitments as well as performance of disbursements under General Budget Support (GBS) arrangement.

Lessons learnt:

- (1) The funds go straight into the national budget and the GOT decides how to spend the money, thereby increasing national ownership of development issues. This implies a strong trust and dialogue between development partner and country partner. GBS can also strengthen the parliamentary role for decision making and shifts government accountability from donors to citizens.
- (2) GBS makes aid contributions more predictable and so makes it easier for the GOT to implement its poverty reduction program. It is also credited with saving time and eventually save money as there is one, rather than many, process for reviews, assessment and dialogue with donors. Those benefits have been particularly tangible in the case of Tanzania thanks to donors' commitment to the process and the GoT leading role in implementing it new poverty reduction strategy as well as pushing for

²⁶ Cida, Finland, France, Germany, Ireland, Japan, Netherlands, Norway, Sweden, Switzerland, DFID, USAID

²⁷ In 1999, five donors agreed to provide interim debt relief through the MDF, in which forex was paid to a Trust Fund to support Foreign Debt commitment, thereby releasing funds for budget expenditures. This first experience is said to have eased dialogue with GoT and initiating awareness of donors to the possibility of cutting transaction costs through DoL and providing funding without passing through a trust fund.

²⁸ Joint Evaluation of General Budget Support, Tanzania 1995-2004. April 2005:143-144

GBS as the preferred mode of aid delivery. However, transactions costs have not yet declined as much as expected, possibly due to the relative novelty of those new aid modalities.

- (3) With regard to budget support, the Performance Assessment Frameworks (PAF) have proved a relatively useful tool for monitoring whether the reform process is on track and likely to achieve the planned targets. The previous experience of Partnership Assessment Framework, after the two initial GBS were merged (at the request of the GoT), led to a better understanding on the part of the donors that the requirements to provision of the GBS represented a straightjacket for the GoT, resulting in a revision of the number indicators now lessened to 24 and to limit the number of annual meetings to one (in October). To enhance alignment, it is required that firm GBS commitments are in place no later than six months before the next FY.
- (4) However, the development of integrated, joint monitoring and reporting routines is still an area where progress remains to be done. The PAF remains by and large a donors' construction monitored outside the national strategies like Mkukuta and the JAST, accountable to neither Parliament, nor domestic stakeholders. Furthermore, while some improvements have been made, the release of funds to the GBS is still closely dependent on the monitoring outcomes, and how satisfactory those are considered by donors.
- (5) However, GBS builds on the principle that government is accountable to the Tanzanian citizens and that an active citizenry and Parliament can ensure Government promotes Tanzania's development goals effectively. On that respect, the media is expected crucial role to play in terms of informing the public about achievements and shortcomings. Thus, the predominant donors' role in the monitoring and release of funds can weaken this participative accountability dimension.
- (6) GBS is favored by donors for countries like Tanzania which are politically stable, have carried out successful economic reform programs, have initiated governance reforms and which have shown a strong commitment to poverty reduction and the targets set out in the Millennium Development Goals (MDGs). Tanzania is one of the leading recipients of GBS in the world. This means that while some lessons can be learnt from this case, its replicability as such is limited
- (7) At headquarter level, donors remain concerned about the political risks associated with providing GBS and how accountability can be severely compromised. Many donors, while recognizing the benefits of GBS, see 20-25% as the absolute limit for the share of GBS in overall disbursement to a country over a given period, maintaining the majority of disbursement in the form of project and program support.
- (8) Donors appear to have a problem in providing GBS or General Sector Support without having their Technical Assistance (TA) inside GoT. This is a cause for concern as the JAST calls on the donors not to provide individually or jointly their 'own' TA. GoT rather proposes that resources for TA be pooled in a TA account and that TA should be constituted by Tanzanian citizens in the future. This contention, if not sorted out, could call into question the level of donors' support to the processes.

Sources: Copenhagen Development Consulting. Alignment and Harmonisation: Challenges and Achievements. Occasional Paper May 2007; UNDP Tanzania's website, The Tanzania Development Partners Group (DPG) : <http://www.tzdpg.or.tz/index.php?id=34>

1.30. Partnership General Budget Support in Nicaragua

Donors (signatories of the Joint Financing Arrangement - JFA): the European Commission, Germany, Finland, Norway, the Netherlands, the United Kingdom, Sweden, the World Bank

Partner country: Nicaragua

Several factors created an impetus towards Partnership General Budget Support (PGBS) in Nicaragua. Debt relief under the Heavily Indebted Poor Countries (HIPC) initiative led to preparation of a national poverty reduction strategy and helped to accelerate institutional reforms. It suggested that budget support might have similar influence. Donors were keen to support President Bolaños, elected in 2001, because of his stand against corruption. The Bolaños administration adopted a new approach to aid coordination, based on sector round tables and sector-wide approaches.

In 2003, a group of donors formed the Budget Support Group (BSG), with a rotating leadership. The BSG is the donor forum for discussing budget support. It worked with the government to develop a JFA for budget support, whereby the Government and the donors decided on common procedures for policy dialogue, donor commitment of funds and disbursements, auditing and reporting, monitoring and evaluation, the exchange of information, and cooperation between the Signatories. Nine donors and the Nicaraguan government signed the JFA in mid-2005.

Lessons learnt:

- (1) Harmonised budget support, as set up in the JFA, can be an excellent tool for division of labour.
- (2) Donors who moved to GBS expecting it to reduce workload and staffing needs have found instead that their workloads have increased, in large part because donors still carry out a wide range of projects, though with reduced budgets. Pursuing a GBS program is invariably time-consuming, even if its funding is modest. Similarly, the time required by donors' other projects does not decline proportionately with their size. Hence, only a very significant allocation of aid to general budget support can reduce donors' costs.
- (3) Government transaction costs in using PGBS will be lower than for project aid. But the initial transaction costs of introducing PGBS systems are high.
- (4) In principle, PGBS should increase the predictability of aid flows channelled through the official public expenditure system. However, there is a significant danger of a perverse effect if government failure to meet conditions leads to suspensions or delays in disbursement. So far, PGBS has not succeeded in increasing the predictability of aid.
- (5) PGBS reinforces the trend towards using government accountability systems, but these systems are not themselves always very strong.
- (6) Political and institutional risks are the least well addressed so far in the PGBS design. Notably, corruption is a key concern.

Sources:

Joint Evaluation of General Budget Support 1994-2004, Nicaragua Country report, AFD et al., 2006. www.dfid.gov.uk/aboutdfid/performance/evaluation-news.asp

General Budget Support in Nicaragua – A case study of alternative assistance approach, USAID, 2005. <http://www.devtechsys.com/publications/documents/GeneralBudgetSupport.pdf>

Annex 2 Tools

2.1. Indicator

Division of labour may be analysed, in statistical terms, by a concentration index. Knack and Rahman²⁹ have proposed to use a Herfindhal index. This approach has been used also by Birdsall³⁰. It is proposed here to follow the same approach. One methodological difficulty related to the utilisation of the Herfindhal index is that it is not a decomposable index. Therefore, it does not provide a fully consistent assessment of the various dimensions of division of labour. Therefore, we propose to use instead of the Herfindhal index a decomposable index: **entropy**.³¹ In general terms, one can compute the total entropy of aid flows, and study in a consistent way contributions to this entropy observed in specific dimensions such as cross-sector or cross-country.

The concept of entropy originated in thermodynamics, but it has been applied in social sciences as well, where it is known as the Theil's index. It provides an appropriate measure of the randomness of a system. It is generally used as a metaphor for chaos, disorder or dissipation of energy. In this sense, it seems particularly appropriate to study the lack of division of labour among donors.

We propose to compute entropy using the detailed aid commitment data that are provided by the DAC/CRS³², which are decomposable in three dimensions: donors, recipients and sector. This is the most comprehensive dataset available. In each of these dimensions, entropy measures the lack of division of labour among donors -- the highest the entropy, the weakest the division of labour. The measurement of entropy along specific dimensions can be directly linked to three main dimensions of division of labour that are commonly considered:

Cross-country division of labour: measured, for the average sector, by the entropy of aid flows allocated by the various donors to the average recipient, or possibly to a given recipient.

In-country division of labour: measured, for a given recipient country, by the entropy of aid flows received from the different donors, with a possible decomposition by sector;

Cross-sector division of labour: measured, for the average recipient, by the entropy of aid flows allocated to the various sectors by the donor community as a whole, or possibly by a specific donor;

29 Stephen Knack and Aminur Rahman, Donor Fragmentation and Bureaucratic Quality in Aid Recipients, Background Paper for the World Development report 2004, World Bank.

30 Nancy Birdsall, Seven Deadly Sins –Reflections on Donor Failings, Centre for Global Development, 2004.

31 For a set of values $\{x_i\}$ ($i=1, \dots, n$), Entropy is defined as :

$$E = \sum_{i=1}^n (x_i / x) \ln(x / x_i)$$

where x measures the average of the $\{x_i\}$ series.

32 The CRS data base, accessible from the OECD web site at

http://www.oecd.org/document/0/0,2340,en_2649_34447_37679488_1_1_1_1,00.html

Tables A1 and A2 below report results of calculation of Cross-country and in-country division of labour. In order to normalise the results, we computed the indicator in percentage of the maximum possible value. We also define threshold of low, intermediate and high levels, based on value of the entropy indicator computed in the following hypothetical situations: each recipient has only one donor, with all recipients of equal size (low entropy); each recipient has 5 donors, with all recipients and donors of equal size (intermediate entropy); each recipient has 10 donors, with all recipients and donors of equal size (high entropy).

**Table A1: Aid fragmentation by donor in 2005
(concept of cross-country division of labour)**

Donor	entropy
UNICEF	86%
UNAIDS	85%
EC	84%
Sweden	76%
Switzerland	73%
Spain	71%
Norway	71%
France	68%
Netherlands	68%
Luxembourg	68%
IDA	67%
Germany	67%
Finland	65%
GFATM	65%
Canada	64%
Ireland	64%
New Zealand	64%
Japan	62%
Belgium	62%
Denmark	62%
IFAD	61%
United Kingdom	59%
AfDF	59%
United States	56%
Australia	56%
Greece	52%
AsDF	44%
Portugal	41%
Italy	35%

Source: aid fragmentation computed by authors based on DAC CRS data base

Table A1 shows a contrasted picture, where Sweden, Switzerland, Spain, Norway, France, Netherlands, Luxemburg, Germany and Finland have a relatively highly fragmented distribution of aid, while several bilateral donors, notably Australia, Austria, Greece, Italy, Portugal and United States have a rather concentrated distribution.

**TableA2: Fragmentation of aid received by recipients
(concept of in-country division of labour), 2005**

Countries with low to moderate aid fragmentation		Countries with moderate to high aid fragmentation		countries with high aid fragmentation
Algeria	Papua New Guinea	Afghanistan	Kyrgyz Rep.	Albania
Antigua & Barbuda	Samoa	Argentina	Laos	Angola
Azerbaijan	Sao Tome & Principe	Armenia	Lebanon	Bangladesh
Barbados	Saudi Arabia	Belarus	Liberia	Benin
Belize	Seychelles	Bhutan	Libya	Bolivia
Botswana	Solomon Islands	Brazil	Macedonia	Bosnia-Herzegovina
Colombia	St. Helena	Cambodia	Malawi	Burkina Faso
Comoros	St. Kitts-Nevis	Cameroon	Maldives	Burundi
Congo, Rep.	St. Lucia	Cape Verde	Mauritania	Congo, Dem. Rep.
Cook Islands	St. Vincent & Grenadines	Central African Rep.	Moldova	Ghana
Cote d'Ivoire	Suriname	Chad	Mongolia	Kenya
Croatia	Swaziland	Chile	Namibia	Madagascar
Dominica	Thailand	China	Nepal	Mali
Equatorial Guinea	Tokelau	Costa Rica	Niger	Mozambique
Fiji	Tonga	Cuba	Nigeria	Myanmar
Gabon	Trinidad & Tobago	Djibouti	Pakistan	Nicaragua
Gambia	Tunisia	Dominican Republic	Panama	Palestinian Adm. Area
Grenada	Turkey	Ecuador	Paraguay	Philippines
Guyana	Turkmenistan	Egypt	Peru	Rwanda
Jamaica	Tuvalu	El Salvador	Sierra Leone	Senegal
Jordan	Vanuatu	Eritrea	Sudan	Serbia
Kiribati	Wallis & Futuna	Ethiopia	Syria	Somalia
Lesotho		Georgia	Tajikistan	South Africa
Malaysia		Guatemala	Timor-Leste	Sri Lanka
Marshall Islands		Guinea	Togo	Tanzania
Mauritius		Guinea-Bissau	Ukraine	Uganda
Mexico		Haiti	Uruguay	
Micronesia		Honduras	Uzbekistan	
Montserrat		India	Venezuela	
Morocco		Indonesia	Viet Nam	
Nauru		Iran	Yemen	
Niue		Iraq	Zambia	
Oman		Kazakhstan	Zimbabwe	
Palau		Korea, Dem. Rep.		

Source: Author's calculation based on DAC/CRS database

Obviously, our indicator has limits, which are related to the nature of data available for its computation:

- As suggested by the recent OECD note on aid concentration and fragmentation, it would be preferable to compute this indicator using only programmable aid flows, instead of all aid flows³³.

³³ OECD, Development Cooperation Directorate and Development Centre, Toward Better Division of Labour: Concentration and Fragmentation of Aid, 2007, COM/DCD/DEV(2007)5

- The DAC CRS does not identify delegated cooperation: bilateral aid is reported based on disbursements (or commitments) by a donor in favour of a recipient, whether this aid is directly administered by the donor, or delegated to another donor. In contrast, aid that is given via a multilateral organisation is properly reported as transferred to this other donor rather than directly to the recipient. The only solution would be to introduce in the CRS a further dimension, reporting which donor administers aid when such aid is delegated.
- Basket funding and alignment are not taken into account: when several donors provide financing to a project/programme that is administered using the partner's procedures, this contributes to DoL. In this respect complementary indicators have been provided by OECD/DAC in its 2006 Survey on Monitoring the Paris Declaration, specifically how much aid for the government sectors uses country public financial management and procurement systems. (See Table A3)
- A third limitation of the aid concentration indicators is that they concern only aid flows, while the issue of DoL is broader than that. It concerns also in particular the time spent by both the donors and the partners in their various transactions. The transaction cost of aid increases in absence of DoL, insofar as the partner countries must duplicate transactions with each and every donor involved. The OECD DAC survey provides useful indicators on how many donor missions are coordinated, on how much country analysis is coordinated, and on the number of project implementation units that are parallel to country structures, which are also useful complementary indicators for our analysis (see Table A3).

Table A3: Aid fragmentation and its mitigation by harmonisation procedures

	aid fragment . 1996	aid fragment . 2005	Use of recipient PFM system	Use of recipient procurement system	Coordinated missions	Coordinated country analysis	Number of PIUs parallel to country structures
Mozambique	89%	78%	36%	38%	46%	63%	40
Nicaragua	60%	78%	44%	28%	9%	53%	107
Tanzania	74%	75%	66%	61%	17%	38%	56
Kenya	58%	74%	47%	45%	9%	32%	17
Rwanda	72%	74%	39%	46%	9%	36%	48
Senegal	71%	72%	23%	29%	15%	40%	23
Burundi	75%	72%	24%	19%	24%	55%	37
Mali	71%	72%	29%	45%	7%	30%	65
Bolivia	80%	71%	26%	15%	17%	30%	66
Uganda	76%	70%	60%	54%	17%	40%	54
Burkina Faso	64%	70%	45%	60%	17%	45%	131
Albania	56%	69%	14%	6%	9%	22%	57
South Africa	74%	69%	38%	44%	19%	75%	15
Ghana	62%	68%	62%	52%	20%	40%	45
Benin	65%	68%	52%	64%	14%	38%	29
Bangladesh	68%	67%	53%	48%	19%	38%	38
Congo DR	46%	67%	13%	31%	38%	35%	34
Cambodia	70%	66%	10%	6%	26%	64%	56
Ethiopia	80%	65%	45%	43%	27%	50%	103
Yemen	41%	64%	10%	13%	26%	55%	29
Niger	58%	63%	27%	49%	21%	40%	52
Mauritania	59%	62%	4%	20%	14%	59%	23
Moldova		61%	25%	25%	20%	50%	43
Mongolia	59%	61%	49%	26%	3%	35%	80
Malawi	64%	61%	55%	35%	24%	60%	69
Zambia	70%	60%	34%	44%	15%	46%	24
Kyrgyz Rep	48%	60%	3%	2%	23%	53%	85
Viet Nam	64%	60%	32%	33%	10%	24%	111
Honduras	56%	57%	26%	5%	22%	45%	52
Egypt	52%	55%	28%	25%	18%	40%	100
Afghanistan	64%	54%	44%	44%	26%	34%	28
Dominican Rep	55%	54%	2%	5%	20%	48%	50
Cape Verde	63%	53%	64%	53%	11%	34%	10
Peru	27%	52%	43%	44%	11%	15%	55

Source: aid fragmentation computed by authors based on DAC CRS data base. Other data come from the DAC 2006 survey on monitoring the Paris declaration

2.2. EU Code of Conduct on Complementarity and DoL 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.

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 sectors³⁴, 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,
- 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).

³⁴ 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.

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 scaling-up 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 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 needs to be given to linking relief and rehabilitation to long term development.

Guiding Principle 9 – Analyze 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 decentralized structures to facilitate complementarity and coordination on the ground, institutional incentives to staff and redeployment of financial and human resources.

2.3. Example of questionnaire on comparative advantages: Tanzania in 2005

To be completed by each donor

Please complete the form electronically. For more information on the background and purpose of this questionnaire please refer to the explanatory note.

Please Note — This questionnaire merges the SPA questionnaire on budget support and the DAC questionnaire on harmonisation and alignment. Mindful of minimising the burden of completing these questionnaires, the SPA and the DAC have decided to manage joint operations in all of the countries where both surveys are being carried out concurrently. This includes six African countries: Ethiopia, Tanzania, Mozambique, Senegal, Niger & Zambia. Sections A, B & C are part of the DAC Survey only, while section D is part of the SPA survey. This questionnaire has sought to avoid duplication of questions between both surveys. For more information please refer to the explanatory note.

The aim of **Part 2** is to measure progress made by individual donors in improving aid practices that deliver more effective and harmonised support to partner countries. Once completed, the questionnaire will be communicated by the lead facilitator to the OECD Secretariat by **30th of July** at the latest.

Please indicate:

- Country: [Type here]
- Name of donor: [Type here]
- Date: [Type here]

Contact details of person filling-in questionnaire:

- Name: [Type here]
- Telephone: [Type here]
- Email: [Type here]

SECTION A: OWNERSHIP

- **Indicator 1** — Partner countries set their agenda for greater harmonisation and alignment.

Little progress is to be expected in the area of harmonisation and alignment if the partner government does not clearly state its agenda in this area — this is referred to as a country-based action plan in the Rome Declaration on harmonisation. This agenda sets out the government's expectations and priorities with regard to how donors provide development assistance and might include topics such as modalities for disbursing and notifying development assistance and definition of the principles for interacting with the donor community etc. In some countries the agenda might have already been established for some time (e.g. Uganda's PEAP and Partnership Principles), in others, work is still underway. Where such agendas have been established, the questions below seek to measure the extent to which donors are currently implementing it (*Part 1 of the questionnaire examines whether the partner government has established such an agenda*).

1a) Support for harmonisation agenda — Where government has established a plan on harmonisation & alignment (<i>See Part 1 question 1a</i>) your agency is currently implementing it.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	Your agency (i) fully endorses the government's agenda and (ii) is currently implementing it.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	Your agency has serious reservations with regard to it, or might only be implementing minor aspects.
<input type="checkbox"/> Cannot answer	<i>E.g. government has not set its agenda (See Part 1 indicator 1a).</i>

➤ **Indicator 2 — Partner countries lead national co-ordination processes.**

For harmonisation and alignment to be effective it should be coordinated directly by the partner government. The institutional set-up for coordinating aid will typically vary from one country to another. In some cases, the Ministry of Economy will perform co-ordination of aid at country level. In others, it will be the office of the Prime Minister. Regardless of the institutional set-up, the existence of an appropriate framework for dialogue and co-ordination is an important feature of country ownership over in-country development activities. This indicator seeks to measure the extent to which donors take an active part in donor co-ordination processes (*Part 1 examines whether the partner government has established government-led co-ordination process*).

2a) Participation in donor co-ordination — Where a formalised process of donor co-ordination has been established your agency actively takes part or is represented at donor coordination meetings.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	Your agency regularly attends or is represented at these meetings.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	Your agency is never or seldom represented at these meetings.
<input type="checkbox"/> Cannot answer	<i>E.g. there is no formal donor co-ordination process (see Part 1, question 2a)</i>

➤ **Indicator 3: [Is covered only in Part 1 and/or Part 3 of the questionnaire]**

SECTION B: ALIGNMENT

➤ **Indicator 4 — Donors' country assistance strategies are aligned with poverty reduction strategies or equivalent national development plan**

One of the fundamental principles of the harmonisation and alignment agenda is that donors should support country-owned, country-led poverty reduction strategies (PRS) — or equivalent national development plan— and base their programming on the needs and priorities identified in these. This indicator seeks to measure how this principle has been put into practice by donors and how this translates into action on the ground (*Part 1 seeks to ascertain whether the systems have been established*).

4a) Reliance on PRS —Where a PRS, or equivalent national development plan, has been established (<i>see Part 1 question 4a</i>), your agency relies on it to programme development assistance.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	Your agency fully endorses the framework and is currently implementing it.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	Your agency has serious reservations with regard to it, or might only be implementing minor aspects.
<input type="checkbox"/> Cannot answer	E.g. a PRS has not been established (<i>See Part 1 question 4a</i>).

4b) Annual Progress Review (APR) — Where an annual progress review (APR) of a poverty reduction strategy (or equivalent national development plan) has been established (<i>see Part 1 question 4c</i>) it influenced your agency's decisions to allocate resources between, or within, key policy sectors (education, health, water etc.).	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	APR influenced to a large extent your agency's allocation of resources.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	APR did not influence your agency's allocation of resources.
<input type="checkbox"/> Cannot answer	E.g. An APR was not organised (<i>see Part 1 question 4c</i>).

- **Indicator 5 — Budget support is programmed and disbursed in accordance with partner countries' priorities and budget procedures.**

One important aspect of alignment is donors' ability to deliver budget support in accordance with partner countries' budget procedures and over a time-frame that is consistent with partner countries financial planning horizon.

5a) Multi-annual funding commitments — When providing budget support, your agency makes multi-annual funding commitments (subject to performance) to enable the partner government to plan its medium term macro-economic and fiscal projections.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	My agency currently makes multi-annual funding commitments.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	My agency does not make multi-annual funding commitments.

5a) Multi-annual funding commitments — When providing budget support, your agency makes multi-annual funding commitments (subject to performance) to enable the partner government to plan its medium term macro-economic and fiscal projections.	
<input type="checkbox"/> Cannot answer	<i>E.g. my agency does not provide budget support.</i>

5b) Timely commitments of budget support — Did the commitments made in 2003 take place at a time that allowed the partner government to take them into account in their budget preparation?	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	My agency currently notifies government on its annual commitments on budget support in time for it to feed into budget preparation and before the start of the next budget cycle.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	My agency does not currently notify government etc.
<input type="checkbox"/> Cannot answer	<i>E.g. my agency does not provide budget support.</i>

[Question 5c covered in Section D]

- **Indicator 6** — Project support is increasingly delivered through partner countries' systems and procedures.

One of the cornerstones of the harmonisation and alignment agenda is that development assistance should be provided in ways that build partner countries' sustainable capacity to develop, implement and account for these policies to their people and legislature. Reliance on partner countries' systems and procedures, where these provide reasonable assurance that external resources are used for agreed purposes, is likely to enhance achievement of sustainable improvement in government performance. Reliance on partner country systems is most relevant when donors provide project or sector support (see indicator 8 below for sector support) — funds released directly into partner countries' budgets are nearly always managed in accordance with the recipient's procedures and systems. The question below seeks to establish the proportion of donors' project support that relies on national procedures.

6a) Use of country systems — What is the approximate number of projects (in percentage of total portfolio) that rely on countries national systems and procedures (e.g. not using 'ring-fencing', project implementation units, donor procedures etc.)?		
<i>Please tick boxes for following categories:</i>		
1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	i) Procurement 1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	ii) Disbursement 1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer
		iii) Reporting (financial & non-financial) 1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer

6a) Use of country systems — What is the approximate number of projects (in percentage of total portfolio) that rely on countries national systems and procedures (e.g. not using ‘ring-fencing’, project implementation units, donor procedures etc.)?		
1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	iv) Monitoring & Evaluation. v) Audit.	1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer
vi) Environmental Impact Assessment (EIA) [Where these are required]		
Comments : Should you wish to provide additional comments please complete boxes below:		
i) Procurement: [Type here]		
ii) Disbursement: [Type here]		
iii) Reporting (financial & non-financial): [Type here]		
iv) Monitoring & Evaluation: [Type here]		
v) Audit: [Type here]		
vi) Environmental Impact Assessment (EIA): [Type here]		

➤ Indicator 7: [Is covered only in Part 1 of the questionnaire]

SECTION C: HARMONISATION

➤ Indicator 8 — Donors support sector approaches in key policy areas.

A sector approach is a partnership between government and donors in key policy sectors such as education, health, water etc. The aim of this partnership is to improve the effectiveness of development policies and broaden Government ownership over public sector policy and allocation of resources. It also seeks to increase the coherence between policy, spending and results. To be achieved, these objectives typically require establishing five building blocks: (i) a clear sector policy (ii) a medium term expenditure programme (iii) a formalised process of donor co-ordination (iv) a performance monitoring system and (v) an agreed process for harmonising systems and procedures. In providing support to sector approaches donors might rely on a variety of funding arrangements including stand-alone projects. The purpose of the questions below is to examine the extent to which donors are currently supporting systems that are already in place (*Part 1 seeks to ascertain whether the systems have been established*).

8a) Areas of support at sector level — In which of the following sectors is your agency currently active?	
4 Point Scale	Indicative criteria for rating
1 Yes	Your agency currently provides development assistance (funds, technical assistance, in-kind aid, etc) to one of the sectors below.
2 Qualified yes	[Please qualify answer in comment box below]
3 Qualified no	[Please qualify answer in comment box below]
4 No	Your agency is not active in this area.

8a) Areas of support at sector level — In which of the following sectors is your agency currently active?		
Cannot answer	E.g. not active in the sector.	
<i>Please tick boxes for following categories:</i>		
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	i) Health Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	ii) Education Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	iii) Water Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	iv) Transport/Road Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	v) Rural Development / Agriculture.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
Comments -- If you have ticked box 2 or 3 please qualify your response in less than 150 words:		
i) Health Sector: : [Type here]		
ii) Education Sector: [Type here]		
iii) Water Sector: [Type here]		
iv) Transport/Road Sector: [Type here]		
v) Rural Development / Agriculture: [Type here]		
vi) Other: : [Type here]		

8b) Reliance on sector policy — Where clear sector policies and strategies have been established (see Part I), your agency relies on these to programme development assistance at sector level.		
4 Point Scale	Indicative criteria for rating	
1 Yes	Your agency fully endorses the sector policy and is currently implementing relevant parts of it.	
2 Qualified yes	[Please qualify answer in comment box below]	
3 Qualified no	[Please qualify answer in comment box below]	
4 No	Your agency has serious reservations with regard to it, or might only be implementing minor aspects.	
Cannot answer	E.g. not active in the sector.	
<i>Please tick boxes for following categories:</i>		
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	i) Health Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	ii) Education Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	iii) Water Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	iv) Transport/Road Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	v) Rural Development / Agriculture.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	vi) Other.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer

8b) Reliance on sector policy — Where clear sector policies and strategies have been established (see Part 1), your agency relies on these to programme development assistance at sector level.

3 <input type="checkbox"/> Qualified no	3 <input type="checkbox"/> Qualified no Agriculture.	3 <input type="checkbox"/> Qualified no
4 <input type="checkbox"/> No	4 <input type="checkbox"/> No	4 <input type="checkbox"/> No
0 <input type="checkbox"/> Cannot answer	0 <input type="checkbox"/> <input checked="" type="checkbox"/> Cannot answer	0 <input type="checkbox"/> Cannot answer

Comments -- If you have ticked box 2 or 3 please qualify your response in less than 150 words:

i) Health Sector: [Type here]

ii) Education Sector: [Type here]

iii) Water Sector: [Type here]

iv) Transport/Road Sector: [Type here]

v) Rural Development / Agriculture: [Type here]

vi) Other: [Type here]

8c) Medium term expenditure programme — where medium term expenditure programmes have been established (see Part 1 question 9b) what percentage of your agency's sector activities is currently integrated in the medium term expenditure programme.

Please tick boxes for following categories:

1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	i) Health.	1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	ii) Education.	1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	iii) Water.
1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	iv) Transport/Road.	1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	v) Rural Development / Agriculture.	1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	vi) Other.

8d) Formalised process of donor co-ordination — Where a formalised process of donor co-ordination has been established at sector level (see Part 1 of the questionnaire); your agency regularly participates in donor co-ordination meetings.

4 Point Scale	Indicative criteria for rating
1 Yes	Your agency regularly attends (or is represented at) these meetings.
2 Qualified yes	[Please qualify answer in comment box below]
3 Qualified no	[Please qualify answer in comment box below]
4 No	Your agency seldom attends (or is represented at) these meetings.

8d) Formalised process of donor co-ordination — Where a formalised process of donor co-ordination has been established at sector level (see Part 1 of the questionnaire); your agency regularly participates in donor co-ordination meetings.

Cannot answer	E.g. not active in the sector.	
Please tick boxes for following categories:		
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	i) Health Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
		ii) Education Sector.
		iii) Water Sector.
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	iv) Transport/Road Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
		v) Rural Development / Agriculture.
		vi) Other.
Comments -- If you have ticked box 2 or 3 please qualify your response in less than 150 words:		
i) Health Sector: [Type here]		
ii) Education Sector: [Type here]		
iii) Water Sector: [Type here]		
iv) Transport/Road Sector: [Type here]		
v) Rural Development / Agriculture: [Type here]		
vi) Other: [Type here]		

8e) Performance monitoring system — Where a performance monitoring system has been established (see Part 1) your agency relies on the performance monitoring system for its reporting needs.

4 Point Scale	Indicative criteria for rating
1 Yes	Your agency relies on the performance monitoring system for its main reporting needs and does not create additional requirements on the partner country for its reporting needs.
2 Qualified yes	[Please qualify answer in comment box below]
3 Qualified no	[Please qualify answer in comment box below]
4 No	Your agency relies on other reporting mechanisms for its reporting needs.
Cannot answer	E.g. not active in the sector.
Please tick boxes for following categories:	
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	i) Health Sector.
	ii) Education Sector.
	iii) Water Sector.
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes	iv) Transport/Road Sector.
	v) Rural Development / Agriculture.
	vi) Other.

8e) Performance monitoring system — Where a performance monitoring system has been established (see Part 1) your agency relies on the performance monitoring system for its reporting needs.		
3 <input type="checkbox"/> Qualified no	3 <input type="checkbox"/> Qualified no Agriculture.	3 <input type="checkbox"/> Qualified no
4 <input type="checkbox"/> No	4 <input type="checkbox"/> No	4 <input type="checkbox"/> No
0 <input type="checkbox"/> Cannot answer	0 <input type="checkbox"/> Cannot answer	0 <input type="checkbox"/> Cannot answer
Comments -- If you have ticked box 2 or 3 please qualify your response in less than 150 words:		
i) Health Sector: [Type here]		
ii) Education Sector: [Type here]		
iii) Water Sector: [Type here]		
iv) Transport/Road Sector: [Type here]		
v) Rural Development / Agriculture: [Type here]		
vi) Other: [Type here]		

➤ **Indicator 9 — Agreements on delegated co-operation.**

Delegated cooperation occurs when one donor — a *lead donor* — acts with authority on behalf of one or more other donors — the *delegating donor*. The Rome High-Level Forum on harmonisation encouraged donors to intensify their efforts to work through delegated co-operation at country level as a means of reducing transaction costs and enhance aid effectiveness through greater use of the comparative advantages of individual donors. The level and form of delegation might vary considerably, ranging from responsibility for one element of the project cycle to a complete sector programme or even a country programme. This indicator seeks to identify the number of agreements on delegated cooperation in a specific country. A number of donors have already agreed on arrangements for delegating cooperation including the following illustrative examples:

- Canada agreed to delegate responsibility to the UK in to act on its behalf in assisting the Government of Madya Pradesh (India) with the formulation of medium-term state health sector strategy.
- ‘Agency A’ and ‘Agency B’ both support sector programmes in Health and Education in an African country. ‘Agency A’ has delegated its donor role to ‘Agency B’ in Health, while ‘Agency A’ manages on behalf of ‘Agency B’ interests in the Education Sector. Level of delegation includes: channelling of financial contributions, reporting etc.

9a) Agreements on delegated cooperation — Your agency has an agreement to perform specific tasks on behalf of one or more agencies and is currently being implemented (<i>see examples above</i>).	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	My agency has a formal agreement on delegated cooperation with another development agency.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	My agency does not have an agreement on delegated cooperation.
<input type="checkbox"/> Cannot answer	

➤ Indicator 10 — Number of donor missions.

The Rome Declaration on Harmonisation invited donors to reduce the number of missions undertaken by donors in partner countries. In the context of this survey, donor missions have been defined as follows:

- Missions are undertaken by officials from the head office to the recipient country.
- Missions involve a request from donors to meet with officials from the recipient country of destination (i.e. this excludes workshops, conferences and informal meetings).

10a) Number of missions — How many missions has your organisation undertaken in 2003? (<i>see definition above</i>).	
Answers	Indicative criteria for rating
<i>[Type here]</i>	Please indicate exact number of missions.
1 <input type="checkbox"/> None 2 <input type="checkbox"/> 1-3 missions 3 <input type="checkbox"/> 4-10 4 <input type="checkbox"/> 11-20 5 <input type="checkbox"/> 21-50 6 <input type="checkbox"/> 50 or more 7 <input type="checkbox"/> 4-10 8 <input type="checkbox"/> Cannot answer	...or provide approximate value by ticking one of the boxes below.
<i>[Type here]</i>	How many of these were undertaken jointly with another donor organisation?

➤ Indicator 11: [Is covered only in Part 1 of the questionnaire]

➤ Indicator 12 — Donors disclose information on planned and actual aid flows.

Providing partner governments with full information on aid flows enables them to integrate development assistance into macro-economic and budgetary management and to improve planning and conduct of their development policies. This indicator seeks to ascertain progress in the notification of aid flows.

12a) Multi-annual framework — Your agency notifies government on the indicative envelopes it expects to release over a three year period (or longer) – this might include clarifying the circumstances under which it might provide it.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	<input checked="" type="checkbox"/> Programme clarifies your agency's activities over a three year period . <input checked="" type="checkbox"/> Programme provides information on the indicative envelopes it expects to release within the multi-annual framework in order to match government's medium term budget framework. This might include clarifying the circumstances under which it might provide it. <input checked="" type="checkbox"/> Programme is comprehensive ; it covers all forms of development assistance: budget support, sector support, project support & technical assistance.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>

12a) Multi-annual framework — Your agency notifies government on the indicative envelopes it expects to release over a three year period (or longer) – this might include clarifying the circumstances under which it might provide it.	
4 <input type="checkbox"/> No	My agency does not have a multi-annual framework for notifying government on aid flows.
<input type="checkbox"/> Cannot answer	

12b) Notification of actual disbursements — Your agency provides comprehensive and regular information on in-country disbursements.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	<input checked="" type="checkbox"/> Notification is comprehensive ; it covers all of the development activities funded by your agency including budget support, sector support, project support & technical assistance. <input checked="" type="checkbox"/> Notification is regular and timely ; it is made available to government every quarter or in accordance with government’s notification procedures when these have been established. <input checked="" type="checkbox"/> Information is disclosed in a format (i.e. system of classification) that is fully consistent with government’s procedures with regard to notification of aid flows.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	None of the above criteria apply.
<input type="checkbox"/> Cannot answer	

➤ **Indicator 13 — Donors share analytic work at country level.**

Country analytic work encompasses the analysis and advice necessary to strengthen policy dialogue, develop and implement country strategies in support of sound development assistance. It typically includes country/sector studies and strategies, country/sector evaluations, discussion papers etc. Good analytic work is essential for well-focused development policy and programmes. Donors have a role ensuring that analytic work they commission is disseminated and more readily available (subject to disclosure policies). One way of ensuring dissemination of documents is by releasing analytic work on public websites such as the *Country Analytic Website* (www.countryanalyticwork.net).

13a) Sharing work — Your country office / embassy regularly makes available on internet (www.countryanalyticwork.net) analytic work that it commissions or produces at country level.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	It regularly uploads documents on Country Analytic Website or other web-based repositories of analytic work.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	Your agency does not regularly disseminate key analytic documents.

13a) Sharing work — Your country office / embassy regularly makes available on internet (www.countryanalyticwork.net) analytic work that it commissions or produces at country level.

Cannot answer

SECTION D: BUDGET SUPPORT QUESTIONS

➤ Segment B: Amount of support provided

Question B1: Please enter amounts committed and disbursed in the following table, using donor's currency and recipient's budget year?

Recipient's budget Year	Amount committed to be disbursed in year	Amount from this sum actually disbursed within year	Amount from this sum disbursed in following year
2003 (or 2003/04)	[]	[]	[]
2004 (or 2004/05)	[]		

Please complete the remainder of the form only if support was committed for disbursement in 2003 or 2003/04.

➤ Segment C: Disbursement difficulties



Question C1 -- Have you had difficulties in disbursing your assistance at the planned date?

Yes / No Please indicate Yes or No

Question C2: If yes, please indicate the principal reason for the difficulty (tick one box only)

Yes / No Government failed to meet policy-related conditions

Yes / No Government delay in meeting administrative processing conditions

Yes / No Administrative problems on the donor side

Other Please specify: [Type here]

Question C3: What secondary factor contributed to the difficulty? (tick one box only)

Yes / No Government failed to meet policy-related conditions

Yes / No Government delay in meeting administrative processing conditions

Yes / No Administrative problems on the donor side

Other Please specify: [Type here]

➤ Segment D: Adequacy of PRS reporting

Question D1 -- Did the most recent PRS Annual Progress Report provide the quantity and quality of information necessary for you to take financing decisions without having to ask Government for additional information or reports?

Yes / No Please indicate Yes or No

Question D2: If not, why not?
[Type here]

➤ Segment E: Predictability of Funding

Question E1: Which specific measures did you use (in recipient's 2003 or 2003/04 budget year) to maximise predictability of your budget support/BoP support?	
<input type="checkbox"/> Yes / <input type="checkbox"/> No	a) Multi-year commitments are made
<input type="checkbox"/> Yes / <input type="checkbox"/> No	b) Government is informed about future disbursements in time for inclusion in budget preparation [If yes, please say when you informed them: [Type here]
<input type="checkbox"/> Yes / <input type="checkbox"/> No	c) Disbursements are firmly committed for year N+1 in year N.
<input type="checkbox"/> Yes / <input type="checkbox"/> No	d) Timing of disbursements is coordinated with Government budgetary requirements.
<input type="checkbox"/> Yes / <input type="checkbox"/> No	e) The total number of conditionalities is minimised
	f) Other, please specify: [Type here]

➤ Segment F: Conditionality

Question F1: In which areas does your support have conditionality ³⁵ ?	
<input type="checkbox"/> Yes / <input type="checkbox"/> No	a) Fiduciary/public financial management
<input type="checkbox"/> Yes / <input type="checkbox"/> No	b) Political governance
<input type="checkbox"/> Yes / <input type="checkbox"/> No	c) Macro-economic
<input type="checkbox"/> Yes / <input type="checkbox"/> No	d) Sector policy measures
<input type="checkbox"/> Yes / <input type="checkbox"/> No	e) Sector results

Question F2: In each case where you have answered yes, how were the conditions derived? [Please read carefully and tick <u>one box only</u> for each area of conditionality.]	
Fiduciary/public financial management	
1 <input type="checkbox"/>	Text of conditionality is <u>drawn entirely</u> from the PRSP or PRS Annual Progress Report.
2 <input type="checkbox"/>	Text of conditionality is drawn <u>partly</u> from the PRSP or PRS Annual Progress Report, and partly from another Government document (for example, the IMF programme or an action plan for improving public financial management) <i>In this case, please name the other document: [Type here]</i>

³⁵ Conditionality refers to factors that the donor documentation states will directly influence disbursement decisions. These factors may be precisely specified or more loosely worded. They may include actions or undertakings on policy or process, and performance measures, benchmarks or indicators of various sorts, including results indicators. It includes making a "general assessment" of the area, in such a way that no single factor is considered on its own, so long as the assessment is guided by a policy matrix or other instrument that specifies what factors are to be reviewed. Where a donor makes assessments that are not specified in this way, please answer "no" to the questions at F1, and provide further information at F4.

Question F2: In each case where you have answered yes, how were the conditions derived? [*Please read carefully and tick one box only for each area of conditionality.*]

3 <input type="checkbox"/>	Text is not drawn <u>at all</u> from PRSP or PRS-APR but is drawn largely from another Government document (for example, the IMF programme or an action plan for improving public financial management) <i>In this case, please name the other document: [Type here]</i>
4 <input type="checkbox"/>	Conditionality is mainly not drawn from any document but is broadly consistent with measures in the PRSP, PRS-APR or other Government document <i>If the most relevant document is not the PRSP, PRS-APR, please name the other document: [Type here]</i>
5 <input type="checkbox"/>	Conditionality is additional to measures in the PRSP, PRS-APR and other Government documents (that is, the issue is not mentioned in those documents)

Political governance

1 <input type="checkbox"/>	Text of conditionality is <u>drawn entirely</u> from the PRSP or PRS Annual Progress Report.
2 <input type="checkbox"/>	Text of conditionality is drawn <u>partly</u> from the PRSP or PRS Annual Progress Report, and partly from another Government document (for example, a governance matrix) <i>In this case, please name the other document: [Type here]</i>
3 <input type="checkbox"/>	Text is not drawn <u>at all</u> from PRSP or PRS-APR but is drawn largely from another Government document (for example, a governance matrix) <i>In this case, please name the other document: [Type here]</i>
4 <input type="checkbox"/>	Conditionality is mainly not drawn from any document but is broadly consistent with measures in the PRSP, PRS-APR or other Government document <i>If the most relevant document is not the PRSP, PRS-APR, please name the other document: [Type here]</i>
5 <input type="checkbox"/>	Conditionality is <u>additional</u> to measures in the PRSP, PRS-APR and other Government documents (that is, the issue is not mentioned in those documents)

Macro-economic

1 <input type="checkbox"/>	Text of conditionality is <u>drawn entirely</u> from the PRSP or PRS Annual Progress Report.
2 <input type="checkbox"/>	Text of conditionality is drawn <u>partly</u> from the PRSP or PRS Annual Progress Report, and partly from another Government document (for example, the IMF programme or a Government strategy for macro-economic management) <i>In this case, please name the other document: [Type here]</i>
3 <input type="checkbox"/>	Text is not drawn <u>at all</u> from PRSP or PRS-APR but is drawn largely from another Government document (for example, the IMF programme or a Government strategy for macro-economic management) <i>In this case, please name the other document: [Type here]</i>
4 <input type="checkbox"/>	Conditionality is mainly not drawn from any document but is broadly consistent with measures in the PRSP, PRS-APR or other Government document <i>If the most relevant document is not the PRSP, PRS-APR, please name the other document: [Type here]</i>

Question F2: In each case where you have answered yes, how were the conditions derived? [*Please read carefully and tick one box only for each area of conditionality.*]

5 <input type="checkbox"/>	Conditionality is <i>additional</i> to measures in the PRSP, PRS-APR and other Government documents (that is, the issue is not mentioned in those documents)
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Sector policy measures

1 <input type="checkbox"/>	Text of conditionality is <u>drawn entirely</u> from the PRSP or PRS Annual Progress Report.
2 <input type="checkbox"/>	Text of conditionality is drawn <u>partly</u> from the PRSP or PRS Annual Progress Report, and partly from another Government document (for example, the IMF programme or an action plan for improving public financial management) <i>In this case, please name the other document: [Type here]</i>
3 <input type="checkbox"/>	Text is not drawn <u>at all</u> from PRSP or PRS-APR but is drawn largely from another Government document (for example, the IMF programme or an action plan for improving public financial management) <i>In this case, please name the other document: [Type here]</i>
4 <input type="checkbox"/>	Conditionality is mainly not drawn from any document but is broadly consistent with measures in the PRSP, PRS-APR or other Government document <i>If the most relevant document is not the PRSP, PRS-APR, please name the other document: [Type here]</i>
5 <input type="checkbox"/>	Conditionality is <u>additional</u> to measures in the PRSP, PRS-APR and other Government documents (that is, the issue is not mentioned in those documents)

Sector results

1 <input type="checkbox"/>	Text of conditionality is <u>drawn entirely</u> from the PRSP or PRS Annual Progress Report.
2 <input type="checkbox"/>	Text of conditionality is drawn <i>partly</i> from the PRSP or PRS Annual Progress Report, and partly from another Government document (for example, a sector strategy, policy statement or review) <i>In this case, please name the other document: [Type here]</i>
3 <input type="checkbox"/>	Text is not drawn <u>at all</u> from PRSP or PRS-APR but is drawn largely from another Government document (for example, a sector strategy, policy statement or review) <i>In this case, please name the other document: [Type here]</i>
4 <input type="checkbox"/>	Conditionality is mainly not drawn from any document but is broadly consistent with measures in the PRSP, PRS-APR or other Government document <i>If the most relevant document is not the PRSP, PRS-APR, please name the other document: [Type here]</i>
5 <input type="checkbox"/>	Conditionality is <i>additional</i> to measures in the PRSP, PRS-APR and other Government documents (that is, the issue is not mentioned in those documents)

Question F3: In each case, how were the conditions agreed? (Tick one box for each area of conditionality):

Fiduciary/public financial management

1 <input type="checkbox"/>	Agreed with Government bilaterally.
----------------------------	-------------------------------------

Question F3: In each case, how were the conditions agreed? (Tick one box for each area of conditionality):

2 <input type="checkbox"/>	Agreed with Government multilaterally.
3 <input type="checkbox"/>	Set by donor without discussing with recipient
4 <input type="checkbox"/>	Other, please specify: <i>[Type here]</i>

Political governance

1 <input type="checkbox"/>	Agreed with Government bilaterally.
2 <input type="checkbox"/>	Agreed with Government multilaterally.
3 <input type="checkbox"/>	Set by donor without discussing with recipient
4 <input type="checkbox"/>	Other, please specify: <i>[Type here]</i>

Macro-economic

1 <input type="checkbox"/>	Agreed with Government bilaterally.
2 <input type="checkbox"/>	Agreed with Government multilaterally.
3 <input type="checkbox"/>	Set by donor without discussing with recipient
4 <input type="checkbox"/>	Other, please specify: <i>[Type here]</i>

Sector policy measures

1 <input type="checkbox"/>	Agreed with Government bilaterally.
2 <input type="checkbox"/>	Agreed with Government multilaterally.
3 <input type="checkbox"/>	Set by donor without discussing with recipient
4 <input type="checkbox"/>	Other, please specify: <i>[Type here]</i>

Sector results

1 <input type="checkbox"/>	Agreed with Government bilaterally.
2 <input type="checkbox"/>	Agreed with Government multilaterally.
3 <input type="checkbox"/>	Set by donor without discussing with recipient
4 <input type="checkbox"/>	Other, please specify: <i>[Type here]</i>

Question F4: Any additional information on your approach to conditionality?

[Type here]

Any additional comments?

[Type here]

Thank you.

2.4. Example of Donor matrix: Donor matrix in Zambia

Proposed Sector CP Presence by GRZ version June 13th 2006

Sector from NDP	Lead Ministry	China (proposed)	ADB	BADEA	EC (excl. EIB)	IMF	KUWAIT FUND	OPEC	UN SYSTEMS	WB	CANADA	DENMARK	FINLAND	FRANCE	GERMANY	IRELAND	JAPAN	NETHERLANDS	NORWAY	SWEDEN	UK	USA	Total lead/active	
Agriculture	MACO		●		●				●	■			●				●	●	○	■		■	■	8
Decentralization	MLGH								●	■		○			■	●	■	○				●	○	6
Education	MoE		○	○	●				●	●	●	●	●			■	●	■	●	●		●	●	10
Energy	MEWD				○				○	■							●	●	●	●	●			4
Gender	CO-GIDD								■									●	●			●	●	4
Governance	MOJ				●				■	●		●	○		●	●		●	●	■		■	■	10
Health	MOH				●				■	●	●	●	●			●	●	●			■	■	■	9
Housing	MLGH, MOL									●											●	●	●	2
HIV/Aids	MOH								■	●	○					○	●	●	●	●		■	■	7
Macro-economics	MOFNP				■	●			○	■		○	●		●	○	●	●	●	●	●	■	○	9
Private Sector Dev.	CO-DSC/MCTI				■				●	■	○		●			○	●	■		●	○	●	●	7
Social Protection	MCDSS		●						●	○					■							■	●	4
Science and Tech.	MTEVT									●														0
Tourism	MTENR									■							●		■			●	●	4
Water (WR and WSS)	MEWD/MLGH		●		○				●	●		■			■	●	●	○						7
Transport	MWS/MCT		●		■		●		●	●		●			●	●	●		○					7
Environment	MTENR								●	●		○	■						●					4
Total lead responsibilities				3				4	6		1	1			2	1	1	2	2	2	2	5	2	

■ Non-signature to the WHIP MoU.

■ Lead CP

● Active CP

○ Background CP

● Phasing out

Annex 3 Other: DoL questionnaire and list of acronyms

3.1. List of donors who filled out the questionnaire

EC Countries

Complete

France
Spain
Portugal
Ireland
UK
Latvia
Austria
Finland
Greece
Poland
Belgium
Denmark
The Netherlands

Contact or other relevant source of information provided

Germany

Non EC Countries

Complete

New Zealand
Japan
Switzerland
Canada
Australia

Contact and/ or other relevant source of information provided

USAID (Contact and info on BiH)
Norway (contact)

Multilateral Organizations

Complete

World Bank

Contact and/ or other relevant source of information provided

UNDP and UN Working Group on Aid Effectiveness
(Contact)

3.2. Questionnaire sent to the donors

*Study for the preparation of an OECD-DAC Compendium on emerging good practices of
Division of Labour between Donors
(Commissioned by the European Commission)*

Donors' Questionnaire

This information will be used exclusively for the purpose of this report and will be kept confidential to the members of the team carrying out the study

What are the instruments of division of labour you may be currently using - such as lead donor arrangements, delegated cooperation modalities, etc....?

Do these instruments operate at country level (i.e. joint programming exercises), and/or at sector level within a given country?

*Have you voluntarily focused your development assistance operations on a limited number of sectors?
If so, according to which principles, guidelines, and/or mechanism of coordination?*

***Do you participate in Pool Funding?
If so, where, with which donors and in which sectors?***

***Do you contribute to (multi-donor) Trust Funds of multilateral institutions - such as the World Bank, the United Nations, etc?
If so, do the(se) Trust Fund(s) include a significant number of other donors - thereby qualifying as an instrument of division of labour (avoiding multiplication of bilateral "special purpose" trust funds in multilateral institutions).
Do you believe multi donor Trust Funds are effective coordination mechanisms?***

***Could you please mention two/three examples of successful division of labour mechanisms with other donors - specifying country, possibly sector(s), time periods, partners, the financial amount(s) involved, and the type of mechanism(s)?
What were the key ingredients or "drivers" of this successful experience?
Which obstacles or "bottlenecks" did you overcome and how?***

Could you please mention any donor country and/or multilateral organisation that you consider as an inspiring example in terms of division of labour among donors in aid delivery operations?

Please feel free to make any comments or give any additional information that is not covered by the above questions.

Thank you for your collaboration

3.3. List of acronyms and abbreviations

ACP	African, Caribbean and Pacific States
ADA	Austrian Development Agency
AE	Aid Effectiveness
AECI	Agencia Española de Cooperación Internacional
AFD	Agence Française de Développement
ARTF	Afghanistan Reconstruction Trust Fund
AusAID	Australian Agency for International Development
BCPR	UNDP - Bureau for Crisis Prevention and Recovery
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (=German Federal Ministry of Economic Cooperation and Development)
BTC	Belgian Technical Cooperation
CAS	Country Assistance Strategy (WB)
CDF	Caisse Française de Développement
CIDA	Canadian International Development Agency
DAC	Development Assistance Committee (of the OECD)
DANIDA	Danish International Development Agency (within the Danish MFA)
DC	Delegated Cooperation
DED	Deutscher Entwicklungsdienst (German Development Service)
DFA	Department of Foreign Affairs
DfID	UK Department for International Development
DGIS	Directorate-General for International Cooperation (within the Dutch MFA)
DGCS	Directorate General for Development Cooperation (within the Italian MFA)
DoL	Division of Labour
DWD	Directorate of Water and Development (Uganda)
DRC	Democratic Republic of Congo
EC	European Commission
EDF	European Development Fund
EIB	European Investment Bank
EU	European Union
EUNIDA	European Network of Implementing Development Agencies
FAMSI	Fondo Andaluz de Municipios para la Solidaridad Internacional
FIIAPP	Fundación Internacional y para Iberoamérica de Administración y Políticas Públicas
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (= Netherlands Development Finance Company)
FP	Financial Perspectives
GAERC	General Affairs and External Relations Council
GBS	General Budget Support
GNI	Gross National Income
GoNU	Government of National Unity (Sudan)
GoSS	Government of Southern Sudan
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
Hellenic Aid	International Development Cooperation Department (within the Greek MFA)
HQ	Headquarters
HUN-IDA	Hungarian International Development Assistance (within the Hungarian MFA)
IDA	International Development Association
InWEnt	Internationale Weiterbildung und Entwicklung gGmbH (Capacity Building International)
Irish Aid	Ireland's Development Cooperation Directorate (within the Irish DFA)
IPAD	Instituto Português de Apoio ao Desenvolvimento
JAM	Joint Assessment Mission
JAS	Joint Assistance Strategy
JFA	Joint Financing Arrangement
JSM	Joint Supervision Mission
JPF	Joint Programming Framework
JICA	Japan International Cooperation Agency

JLA	Joint Local Arrangement
KfW	Kreditanstalt für Wiederaufbau
LUX-Development	Luxembourg Agency for Development Cooperation
MDFT	Multi-Donor Trust Fund
MFA	Ministry of Foreign Affairs
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MWE	Ministry of Water and Environment (Uganda)
MPI	Ministry of Planning and Investment (Vietnam)
MS	Member States
NGO	Non-Governmental Organization
NL	Netherlands
OCT	Overseas Countries and Territories
ODACE	Official Development Assistance Program for Central Europe
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PMT/ U	Project Management Team/ Unit
PPP	Public Private Partnership
PSD	Private Sector Development (Zambia)
PD	Paris Declaration
PRS	Poverty Reduction Strategy
REJUSCO	Programme de Restauration de la Justice à l'Est de la République Démocratique du Congo
RP	Rehabilitation Program
RPP	Regional Partnership Program
SBS	Sector Budget Support
SC	Steering Committee
SDC	Swiss Agency for Development and Cooperation (within the Swiss MFA)
SECO	Swiss State Secretariat for Economic Affairs
SIDA	Swedish International Development Agency
SP	Silent Partnership
SWGs	Sector Working Groups
TA	Technical Assistance
TIM	Temporary International Mechanism
TF	Trust Fund
TFG	Transitional Federal Government (in Somalia)
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Program
US	United States
WB	World Bank

COMPENDIUM ON GOOD PRACTICES ON DIVISION OF LABOUR

Draft report, 27 June, 2008

Report prepared for the European Commission & OEDC DAC

Input to the HLF-3 Meeting in Accra, September 2008

Table of contents

Executive Summary	4
I- Introduction	7
II- General Framework	9
1. Methodology	9
2. Concepts, principles and measure.....	9
3. Develop a DoL indicator	10
III- Cross-country and cross-sector Division of Labour.....	12
1. Upstream initiatives.....	12
2. Global and regional sectoral division of labour initiatives	13
3. Cross-sector Division of Labour	13
IV- In-country Division of Labour.....	16
1. In-country Division of Labour with comparable status of donors	16
2. In-country Division of Labour with different status of donors.....	18
3. In-country Division of Labour relying on the beneficiary country leadership.	21
V- Conclusion.....	22
1. Key drivers	22
2. Best vehicles.....	23
3. Challenges.....	24
Annex 1 Case studies.....	26
1.1. The Nile Basin Initiative.....	26
1.2. The Environment and Security Initiative (ENVSEC)	27
1.3. Practitioners' Network for European Development Cooperation: The AFD-led Working Group on "Division of Labour and Modes of Delivery"	29
1.4. The Strategic Partnership between the European Commission, the European Investment Bank (EIB) and the International Bank for Reconstruction and Development (IBRD) in the Middle East and Southern Mediterranean North Africa Region.....	30
1.5. Official Development Assistance in Central Europe (ODACE)	32
1.6. Austria and Slovakia trilateral projects	33
1.7. Sector concentration strategy and CAS in Zambia.....	34
1.8. World Bank Sector Concentration in Mauritania	36
1.9. The donor mapping experiences in the context of the Uganda Joint Assistance Strategy (UJAS).....	37
1.10. Ethiopia: Aid Management Platform and Division of Labor Team.....	38
1.11. Joint Country Assistance Strategy in Donors: the Asian Development Bank (ADB), Japan, the United Kingdom, the World Bank	39
1.12. Sudan Trust Funds	40
1.13. The Joint World Bank – European Commission Office for South East Europe.....	42
1.14. Partnership Framework on water and sanitation development in Bangladesh....	43
1.15. The European Commission and Italy in Somalia.....	44
1.16. The Temporary International Mechanism in Jerusalem	45
1.17. Focus on Elections support basket funding.....	46
1.18. Bosnia-Herzegovina (BiH) Governance Accountability Project, Second Phase (GAP2)	47
1.19. The Zambian Private Sector Development Action Plan.....	49
1.20. Delegated cooperation of AusAID programme in Cook Islands to NZAID (New Zealand)	51
1.21. UN as One: Rwanda One UN Pilot	53
1.22. Community Action for Health project in the Kyrgyz Republic – the Kyrgyz-Swiss- Swedish Health Project (KYSS)	56
1.23. The Projet de Promotion de l'Education de Base en 5ème Région (PPEB) in Mali	57

1.24. Decentralised Cooperation across EU Member States: Luxembourg and Rhône-Alpes in Laos	59
1.25. The Joint Partnership Fund for Water and Sanitation in Uganda	60
1.26. Program REJUSCO (Restauration de la Justice à l'Est de la RDCongo)	62
1.27. 1.25. Afghanistan Trust Funds	64
1.28. The Multi-Country Demobilization and Reintegration Program (MDRP) in the Greater Great Lakes region of Central Africa	66
1.29. The Joint Assistance Strategy for Tanzania (JAST) and its General Budget Support (GBS)	67
1.30. Partnership General Budget Support in Nicaragua	69
Annex 2 Tools	70
2.1. Indicator	70
2.2. EU Code of Conduct on Complementarity and DoL in Development Policy	75
2.3. Example of questionnaire on comparative advantages: Tanzania in 2005	80
2.4. Example of Donor matrix: Donor matrix in Zambia	97
Annex 3 Other: DoL questionnaire and list of acronyms	98
3.1. List of donors who filled out the questionnaire	98
3.2. Questionnaire sent to the donors	99
3.3. List of acronyms and abbreviations	102

Executive Summary

This report is about division of labour (DoL) and complementarity. Complementarity is a concept of an organisational nature. It must be seen in terms of donors acting in complete and balanced unison, rather than being merely an additional planning exercise. Complementarity starts with co-ordination, but goes much further: it implies that each actor is focusing its assistance on areas where it can add most value, given what others are doing. Hence, complementarity is the optimal DoL between various actors in order to achieve optimum use of human and financial resources.

The research reckons that the DoL ‘principle/ spirit’ is not new, and has for instance been present in the "Nordic+" approach. The EU has also recently adopted a Code of Conduct on division of labour. As this report will show, DoL at different levels of ambition can now be said to be practiced by most donors.

In an attempt to provide a representative sample of the diversity of experiences available to date, this research study has looked into different cases of DoL involving various partners and modalities. While some cases may appear more “advanced” than others, a situation reflecting the aid darling/orphan divide, research proved that each of the case studies brought relevant lessons to the understanding and implementation of effective DoL.

The compendium also draws lessons from a diverse set of countries and regions in order to bring out good practices and experiences representative of different contexts, objectives and constraints.

- Section I provides a brief general introduction as well as background on DoL
- Section II introduces the general framework for the study and discusses the overall evidence available on the issue of DoL and complementarity, including the upstream coordination initiatives that shape the current DoL activities.
- Section III considers cross-country and cross-sector DoL initiatives.
- Section IV discusses in-country DoL, based on detailed examination of specific cases.
- Section V concludes and summarises lessons learnt from the various case studies and identifies key drivers, best vehicles and challenges of DoL. Eight (8) key drivers and seven (7) best vehicles are identified. In addition twelve (12) main challenges are analyzed.

Key drivers

1. *Donors' political will and consensus on development assistance objectives:* Like-mindedness and solid political will on the donors' side and a resolute engagement of the highest decision-making levels help promote successful DoL.
2. *Ownership of partner countries:* DoL is facilitated when the partner country has a proactive attitude, a clear political will and interest, and when the related project / programme is well integrated, from the start, into the partner country's strategy. Making public mutually-agreed objectives between donor and partner countries as well as remaining requirements may help promote partner country ownership by encouraging a stronger stance by national authorities. .
3. *Quality of management at operational level:* Donors will be more willing to enter a Division of labour exercise if there is a proven quality of management by either the project management unit or the ad hoc structure.
4. *Capitalising on an existing project:* Donors can enter a DoL exercise by capitalising on a successful single donor project.
5. *Increasing returns to scale:* A financially stronger donor partner allows greater and more coordinated development impact and reduces set-up costs. Reaping increasing return to scales benefits associated with DoL is also essential in small partner countries.
6. *Flexibility:* Donors can enter into DoL gradually: first, they may opt for cooperation, then, if they wish so, scale up towards division of labour.
7. *An option for a minimalist approach:* DoL can provide a solution for donors/ countries interested in a "minimalist approach" i.e. wishing to support development/reconstruction efforts, but without necessarily their own capacity and without assuming fiduciary risk.
8. *Higher leverage and profile:* DoL raises the leverage and the profile of policy interventions of donors regardless of their size and capacity.

Best vehicles

1. *DoL is made more efficient if up-to date information on needs, priorities and aid flows is available for all parties involved.*
2. *A single implementation team, possibly relying on technical expertise of one donor, reduces overall transaction costs and guarantees a certain quality of work. It allows for optimal drawing on specific experience and expertise available.*
3. *Pool funding arrangements* can flexibly combine equal sharing of donor ownership over project strategy and delegation of part of its implementation process to one of the donors. Pooled funding mechanisms can also allow important transfers of money in a rapid and efficient manner; a feature particularly relevant in crisis/post-conflict situations.
4. *Multi-donor trust funds (MDTF)* can be a versatile vehicle fostering DoL/complementarity. Trust Funds are effective co-operative instruments, through which participants can cooperate in view of achieving a common strategic objective. However, certain benefits of Trust Funds should come with a note of caution resulting from their exponential multiplication that can also result in diluted governance.
5. *Delegated cooperation* works best if the leading donor has a clear geographic (and/or sectoral) comparative advantage.
6. *Harmonised budget support* can be an excellent tool for division of labour, although it involves high initial transaction costs for the partner country government.
7. *DoL can be a useful tool for emerging donor capacity development* - through knowledge transfer, training and technical assistance – which can also help build long-term relationships between traditional and emerging donors.

Challenges

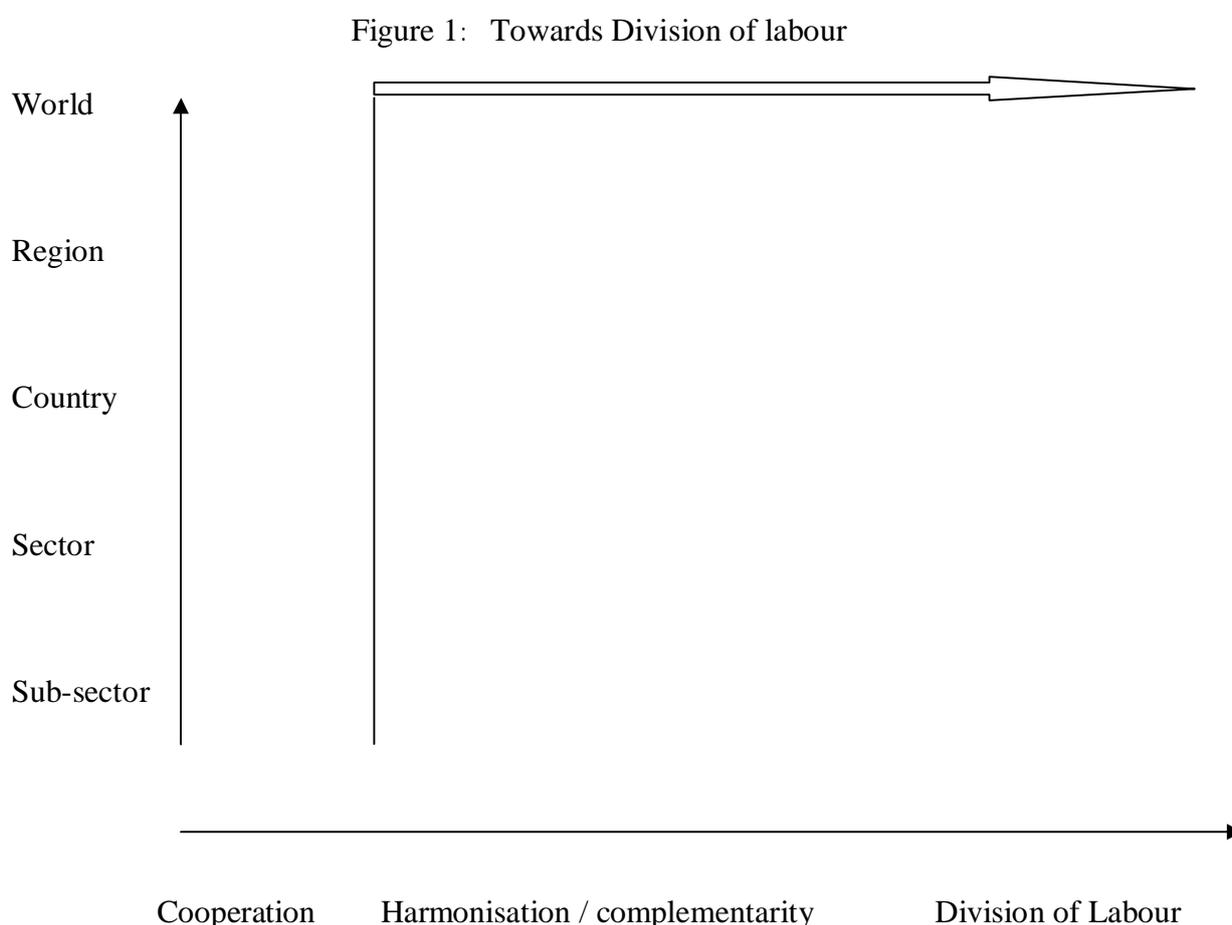
1. *DoL relying on the partner country government's leadership, increases corruption risks* when government accountability systems are weak e.g.in case of General Budget Support) Sound government accountability systems are thus an utmost priority.
2. *Donors' alignment with partner country strategies, priorities and/or cycles* sometimes needs considerable strengthening before implementation of DoL activities can take place. Sometimes, donors and partners have developed entrenched habits from having been present for a long period of time in the given country, a situation that needs to be addressed early on in the DoL exercise so as not to hinder the process.
3. *Lack of decentralized decision-making authority* at the field level, may slow down the process of division of labour.
4. *Legal and financial procedures* are necessary tools for effective DoL between donors. In this respect, mutual recognition rather than harmonization of procedures has proven to be easier / more effective.
5. *Managing donor's expectation* is crucial for successful DoL. Differing expectations by donors can indeed create additional costs and frustrations. Thus, it is essential to establish among donors ex-ante clear communication and conflict resolution mechanisms to resolve policy tensions.
6. *Predictability and commitment* on the donors' side is central to the success of DoL and difficult to achieve. It is important for the partner country to be assured that DoL will not cause more uncertainty; i.e. the limitation of the number of donors can be perceived as a strategy of disengagement. In case of General Budget Support, there is a significant danger of a perverse effect if government failure to meet conditions leads to suspensions or delays in disbursement.
7. *Lead donors bare a higher workload* and financial burden, making this task less appealing than it might seem.
8. *Clear communication, demarcation of roles and mechanisms* are also essential to reduce costs of DoL.
9. *Clear and common definition of sectors* is essential for effective DoL, The use of the partner country government's sector definitions often proves to be the best way to solve this issue.
10. *Accountability for results* and reporting is a necessary prerequisite for successful DoL, most notably in case of delegated cooperation.
11. *Coordination of the use of various aid modalities* is pre-requisite for successful DoL. Establishing a DoL mechanism while in parallel continuing to carry out a wide range of uncoordinated projects can be very costly. Coordination with civil society organisations is also essential.
12. *DoL is a dynamic process*; initial steps such as a donor mapping exercise must be quickly followed by deepening of DoL. Although it may be difficult, extension of a DoL limited to a sub-set of donors to a community of donors is necessary.

I- Introduction

This report is about division of labour (DoL) and complementarity. It adopts general definitions and principles set up in the Paris declaration (see box below) on aid effectiveness and in the EU Code of Conduct (see Annex 2.2.). The objective is not to produce a conceptual study on DoL among donors, but instead to identify practicalities that can help promote implementation of the Paris declaration in this direction.

Complementarity is a concept of an organisational nature. It must be seen in terms of donors acting in complete and balanced unison, rather than being merely an additional planning exercise. Complementarity starts with co-ordination, but goes much further: it implies that each actor is focusing its assistance on areas where it can add most value, given what others are doing. Hence, complementarity is the optimal division of labour between various actors in order to achieve optimum use of human and financial resources.

Figure 1 below shows where DoL starts.



The DoL ‘principle/ spirit’ is not new, and is for instance present in the Nordic + approach.¹ It is also already present in previous initiatives of EU aid, aiming at delivering more, better and faster. As this report will show, DoL is also practiced by virtually all other official donors.

The report is organised as follows. In section II, we introduce our general framework and discuss the overall evidence available on the issue of DoL and complementarity, and the upstream coordination initiatives that shape the current DoL activities. In section III, we consider cross-country and cross-sector DoL initiatives. In section IV we discuss in-country DoL. Most of the analysis is based on detailed examination of specific cases. In section V we conclude and summarise lessons learnt from these case studies and identify key drivers, best vehicles and challenges of DoL.

DoL in the Paris Declaration²

While the Paris Declaration does not include indicator and/or measurement of DoL, several of its articles offer “general directions”.

“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.”

¹ The Nordic + group is made of Denmark, Finland, Ireland, the Netherlands, Norway, Sweden, and the United Kingdom.

² The Paris Declaration is available online at: <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

II- General Framework

1. Methodology

This report is a desk study, principally based on a broad questionnaire sent to all DAC and most non-DAC donors, and on complementary information collected through discussions with donor agencies and through the internet on a selected set of partner countries, chosen to be representative of the different contexts in which attempts at DoL are implemented. The questionnaire is annexed to this report³. We have received answered from 19 donors and collected additional information through direct contact from another 4 donors (see Annex 3.1).

Most of the report is based on examples that reveal good practices in different modalities of division of labour among donors. Of course, modalities that work well in some circumstances may be more difficult to implement in other circumstances. To take this into account, in some instances, we also use examples in which concerns emerged, in order to highlight possible issues to be solved under specific circumstances.

We have attempted to develop examples in all regions. Nevertheless, we have paid special attention to partner countries with high aid fragmentation (as identified in Annex 2.1), where the need for division of labour initiatives is much bigger than in other countries.

In order to be as concise as possible, we have moved some relevant examples to Annexe 1, where case studies are listed by order of citation in the report.

2. Concepts, principles and measure

DoL is a tool to achieve complementarity, not a final goal in and of itself; it is a means to an end which is increased aid effectiveness.

a) Complementarity and DoL have five principal dimensions:

Complementarity and DoL take place in the five below-mentioned interacting dimensions:

- i. **“In-country” complementarity:** aid fragmentation in a sector or country leads to increased administrative burden and transaction costs in partner countries, diffuses policy dialogue and may misallocate resources. Some, often politically attractive sectors, may receive excessive funding; while other sectors may remain under-funded.
- ii. **“Cross-sector” complementarity:** not all donors need to build capacity in all sectors. Some donors have developed very specific know-how and are almost branded with them. Other donors have taken full benefit of their comparative advantages and established priority areas. However, this has not been coordinated and may lead to a situation where certain sectors may remain uncovered.
- iii. **“Cross-country” complementarity:** one can note a trend of concentration of aid on "aid darlings". On the other hand, cases of inadequate support in neglected countries ("aid orphans") exist. Interesting experiences are being developed to ensure a

³ See Annex 3.3.

minimum coverage of countries where partnerships are difficult and domestic capacity limited.

- iv. "**Vertical complementarity**": the emergence of global aid initiatives as major actors and operators in development, has established a complex set of development assistance layers for which synergies need to be thought through. This dimension is strongly linked to the reform of the international aid architecture.
- v. **Cross-modalities and instruments complementarity**: some initiatives are often involving the combination of various modalities or instruments, which synergies need to be strengthened. For example, the choice is often on how to complement grants with loans or private capital flows.

This report will study specifically two dimensions of DoL and complementarity: *in country* and *cross-sector complementarity*. However, it is fully acknowledged that there is interdependence between all dimensions, at global and local levels, and some references will be made also to cross-sector DoL initiatives.

b) **DoL can rely on three different modes of leadership structures:**

- DoL can rely on *equal partnership* among donors (e.g. in the case of joint basket funding/pooled funding);
- It can be organised on a *leader/follower basis*, in which case donors accept the leadership of one of them (e.g. in the case of delegated cooperation with a lead donor and silent donors, and in the case of trust funds administered by one donor);
- It can rely on *leadership by the partner (beneficiary) country* and alignment on this partner's strategy, policies and procedures (e.g. in the case of unconditional budget support).

Although it is recognised that in some instances DoL does not correspond to any of these "pure" cases, but is rather a mix of them, this classification of DoL is useful to characterize DoL activities, notably at the country level, and it will be used below. Each of these three modes has its own merits and the choice of best vehicles will depend in practice on the context, notably the partner capacity and ownership and the political will of the donors.

c) **DoL can and should be organised at all stages of the development cooperation process:**

- Definition of a strategy;
- Financing and implementation procedures;
- Procedures for monitoring and evaluation.

Most of this report will be devoted to the second of these dimensions, but the other two dimensions should not be neglected.

3. Develop a DoL indicator

In order to be able to identify where efforts of DoL are the most needed, and which progress is being achieved, we would need consistent statistical indicators of DoL at cross-sector, in-

country and cross-country levels. Obviously, DoL has many dimensions and capturing them in a single measure is impossible. Providing a complete statistical analysis of DoL would go beyond this report. Nevertheless, we provide an attempt to study one major dimension of the problem: aid fragmentation.

According to the Paris Declaration, aid fragmentation is a principal issue for DoL. Following this, Division of Labour may be analysed, in statistical terms, by a *concentration index*. World Bank researchers have proposed to use a Herfindhal index. This approach has been used also by the *Centre for Global Development*. It is proposed here to follow the same approach. We suggest however a minor technical change compared to these previous studies: we use an *entropy indicator*, which is fully decomposable (cross-sector, in-country and cross-country) instead of the Herfindhal index.

High values of entropy are interpreted as showing high fragmentation of aid flows, hence suggesting inadequate division of labour. Thanks to its property of decomposability, the indicator can be computed on the donor side and on the recipient side. Annex 2.1 provides a description and discussion of this indicator, together with an example of possible implementation using the DAC CRS database. When computed on the recipient side, the entropy index shows a great deal of difference from one beneficiary to the other. Table A2 in Annex 2.1 summarizes the distribution of recipient countries according to their level of aid fragmentation. This computation helped us in identifying countries the issue of division of labour is particularly worth exploring.

Donor's darlings such as Burkina Faso, Mali, Mozambique, Nicaragua, Senegal, Tanzania and Uganda clearly show high fragmentation of their aid sources. Improving division of labour in such countries clearly necessitates a reduction of the number of donors. Of course, too low a fragmentation may be considered also as an issue, given low fragmentation will be typically observed for aid orphans, who have very few donors.

In post-conflict countries, the situation is contrasted. Angola and Congo (DRC) attract many donors, with corresponding high aid fragmentation. In Liberia, Sierra Leone and Timor Leste there is, on average, a better division of labour. This underlines the difficulty of improving division of labour in recipient countries where donors have self-interested economic motives to come in, as for instance in the case of Angolan oil resources.

Small recipients have a low aid fragmentation. This is notably the case of islands in the Pacific, which do not face big issues with respect to donor division of labour, for the simple reason that they attract only few donors: in general they receive most of their assistance from 3 bilateral donors, Australia, Japan and New Zealand, and in some cases from the Asian Development Bank.

Overall, this analysis already helps identifying some challenges of DoL. In terms of evolutions, the biggest increases are observed in countries where total aid budgets have also significantly increased, suggesting that donor division of labour is a particularly important issue when there is a process of aid scaling-up.

Cross-country and cross-sector Division of Labour

1. Upstream initiatives

A number of coordination initiatives, although they are not DoL exercises as such, facilitate DoL and complementarity among donors. They are briefly mentioned here.

a) Mechanisms of sharing of information at international level

Such mechanisms have been for instance developed by the EU (*Donor Atlas at global, regional and country level*) and DAC (reporting system) levels. A promising initiative is the *DAC survey on donors' forward spending plans*, carried out during the second half of 2007 and whose results have just been released (April 2008). Such initiatives are particularly useful to improve cross-country complementarity, by facilitating identification of aid darlings and orphans, as well as cross-sector complementarity. The recent OECD note on aid concentration and fragmentation is another example of such initiative of data collection and analysis, which may help promote DoL.

b) Legal (notably legislative approval) and procedural instruments

Legal and procedural instruments are being developed to facilitate DoL activities. This concerns the definition of common procedures, templates and operational guides. The Nordic + group has developed useful instruments concerning delegated cooperation. Notably *the Nordic + Practical Guide to Delegated Cooperation* (2006) provides a template for arrangements on delegated cooperation. Similarly, the CIDA has produced in 2005 an *Operational Guide on Direct Budget Support and Pooled Funding to Recipient Countries*, which provides a detailed practical discussion of financial, contractual, and legal requirements of pooled funding. Similar operational guides have also been produced by Denmark, Sweden, United Kingdom, UNDP and UNICEF. A joint effort to produce common guidelines would be however desirable.

c) Strategic initiatives by donors contribute also to strengthen DoL activities.

This is the case of the EC communication of 2005 *EU Aid: Delivering More, Better and Faster*, and of its communication *EU Code of Conduct on Division of labour in Development Policy (see Annex 2.2)*, adopted by the Member States in May 2007. These documents set the stage for improved DoL among EU members, notably through:

- Developing *joint programming* and *joint assistance strategy*;
- Focussing their active involvement in a partner country on a maximum of three sectors;
- Redeployment for other in-country activities;
- Developing delegated cooperation and lead donor arrangements;
- Establishing priority countries;
- Addressing the current imbalance in resources provided to aid “darlings” and “orphans”.

d) Definition of codes of conduct by a group of donors

Codes of conduct may also constitute useful drivers for DoL. An example is the EU Code of Conduct, which has been jointly agreed by EU Member states.

2. Global and regional sectoral division of labour initiatives

a) Global initiatives:

A number of global initiatives have already been set up to coordinate donors' action in specific sectors, which facilitate DoL and complementarity of actions implemented by donors. Examples are the Education for All Fast-Track Initiative (EFA – FTI); the Global Donor Platform for Rural Development (GDPRD); global trust funds administered by the World Bank or others; the coordination of donors on newly emerging issues, e.g. the “UNAIDS global task team” on improving HIV/AIDS policy coordination among multilateral donors and international donors.

b) Regional initiatives:

There are different regional initiatives, based on common strategic interests in some regions.

The *Nile Basin Initiative (NBI)* is a partnership initiated and led by the riparian states of the Nile River. A World Bank–managed, multi-donor trust fund, the Nile Basin Trust Fund (NBTF), was established in 2003 and is currently administered by the World Bank on behalf of all donors who contribute to the fund. Originally conceived as a co-operative instrument, the NBTF has proven to be a very effective mechanism for harmonizing donor support to the NBI and ensuring a unified and coherent approach to managing funds. Moreover, it has become an informal instrument for division of labour (see Annex 1.1).

Other examples are: the *European Fund for South-Eastern Europe (EFSE)* (see the Environment and Security Initiative analysed in Annex 1.2); initiatives in the Pacific involving AusAid, NZAid, AsDB and WB; initiatives in Central Asia (e.g. SECO, USAID and IFC on SMEs development); the strategic partnership between the EC, the EIB and the IBRD in the Middle East and Southern Mediterranean North Africa Region (seen Annex 1.3).

3. Cross-sector Division of Labour

a) Identification of comparative advantages:

Optimal cross-sector DoL should rely on an accurate identification of donor comparative advantage. There is no commonly agreed framework to determine donors' comparative advantages. Some aspects could be covered in DAC peer review, which in some instances already discuss donors' comparative advantages (e.g. on Switzerland in its latest DAC peer review, 2005). The AFD-led expert group (Annex 1.4) is another instrument that may promote progress in this direction, particularly in providing technical expertise to improve implementation and correspondence/ flexibility of DoL mechanisms to both donors and partner country.

b) Financing of vertical funds:

Building vertical funds is sometimes a relevant alternative to implement DoL. The vertical fund then acts, at the global level, as a pool funding mechanism. Specialized agencies such as

UNICEF are relevant examples. A recent example is the Global Fund to Fight HIV/AIDS, Malaria and Tuberculosis (GFATM). This last example, together with other similar recent initiatives in the health sector (e.g., the Global Alliance for Vaccines and Immunization), is interesting in that it introduces a public-private partnership.

c) Cross sector DoL with new donors:

DoL based on comparative advantages is perhaps best implemented in the case of new donors, notably the new EU members (e.g. Slovakia, Czech Republic, Hungary, Slovenia), which have no historically predetermined cooperation policy and need to make choices on sectors (and recipient countries) in which they will implement their newly developed cooperation policies. Hence, they have strong incentives to search complementarity with other donors' policies.

An example of early initiative toward DoL with new donors has been the CIDA initiative to support new EU donors through the Official Development Assistance in Central Europe (ODACE) program, a 5-year, \$15-million program working with the Czech Republic, Hungary, Poland and Slovakia to strengthen their Official Development Assistance delivery agencies, and work on trilateral project/ programs (Annex 1.5). This initiative has helped building cooperation between traditional and new donor. In line with the ODACE program, New Emerging European Donors (Slovak Aid, Czech Republic, etc.) – and Austria have implemented sectoral and country repositioning and coordination, including common definition of sectors among donors. An example of further deepening of complementarity leading to actual division of labour is given by Slovakia and Austria, who have decided to carry out a cooperation program, based on implementation of trilateral projects in third countries (Annex 1.6).

d) Concentration of donors on a limited number of sectors.

A number of individual donors have already taken initiatives to focus their aid activities in limited numbers of sectors/countries. The EU Code of Conduct promotes this approach. The Code of Conduct recommends the concentration on three sectors to allow for the proper coordination of aid intervention that is the most efficient in a given country, as well as to foster a sustainable and comprehensive approach to poverty alleviation.

Some countries have already started reducing their involvement into given sectors. A relevant example is the case of Ireland, which has already withdrawn or is phasing out of sectors in countries where the division of labour exercise has been done. For instance, Ireland has withdrawn from education in Tanzania, and is phasing out of the health sector in Uganda and has withdrawn from agriculture in Uganda. In Zambia, Irish Aid withdrew from the health sector. Among the factors that influenced withdrawal from a given sector, Ireland identified the importance of comparative advantage, the sector's contribution to poverty reduction, the relative (financial and technical) engagement of other likeminded donors, as well as transaction costs and Irish Aid's capacity to deliver. In Lesotho, Ireland exited from the rural access and enterprise development sectors during the last CSP. In the next Lesotho CSP (2007-2010) Ireland will have a phased exit from the rural water and sanitation sectors following a decision based on comparative advantage, limited capacity and focus of other existing donors.

- The case of Ireland and Lesotho highlights the opportunity of the preparation of new country strategies for making and implementing sector involvement or withdrawal decisions.
- The use of the country strategy preparation momentum can also be found in the case of Zambia, where donors undertook a DoL exercise as a step in the preparation of a joint CAS, which has resulted in designation of lead, active and background partners in each sectors, and definition of respective roles, on a sector-by-sector basis (Annex 1.7). The division of labour matrix in Zambia in Annex 2.4 shows that EU donors today remain active in a maximum of 3 to 6 sectors (excluding general budget support). Most donors are committing to reducing the number of sectors in which they are active, and/or have announced plans for phasing out.

Many other examples can be mentioned:

- World Bank in Mauritania: concentration in a limited number of sectors where the World Bank has comparative advantage, in the context of the preparation of the World Bank CAS for Mauritania (Annex 1.8).
- Finland: focus in a maximum of three sectors and eight long-term partners in Finland Development Policy (2004).
- Netherlands: limits the number of countries and a maximum of one to three sectors and one or two themes per country, depending on the size of the country.
- Switzerland: The 2010 SDC Strategy (strategic framework) specifies among its main guiding principles: “SDC works towards improving the division of labour and cooperation between international institutions. At the country level it encourages the coordination of external aid by the partner country in question”.
- Australia: Limiting the number of countries and sectors of intervention appears among the commitments of AusAid towards Aid Effectiveness, but nothing further is specified regarding DoL; AusAid and NZAid have taken joint strategic initiatives following notably their Harmonizing Donor Policies and Practices in the Pacific review.
- France: With DCP (“*Document Cadre Partenariat*”), strategic choice is to focus French aid on a limited number of sectors (2 to 3 in general) contributing to the MDGs’ realisation; those sectors represent 80% of French aid in favour of MDG; for 2006-2007, the selected/ privileged sectors are: health, environment, education, infrastructure and rural development.

IV- In-country Division of Labour

1. In-country Division of Labour with comparable status of donors

a) Donor mapping

Donor mapping helps identifying the different donor activities planned and/or already implemented in a partner country, hence facilitating DoL in this country.

For instance, the EC-funded Mozambique ODAmoz⁴ offers an electronic tool that provides information on ODA to enhance coordination and harmonization among Donors and alignment with the Government of Mozambique. ODAmoz enables to track Donors' and United Nations Agencies' projects and programmes in the country: where they are operating, who finances them, and which organization implements them.

Such exercises are particularly effective if they are centred on the partner country own strategy as shown by the example of Uganda. In Uganda, the mapping of aid was completed in 2006 in an environment that was especially favourable: division of labour was explicitly envisaged by both the Government (in the Poverty Reduction Strategy Paper) and the donors' response (the Uganda Joint Assistance Strategy) and the exercise was carried out by international consultants specifically recruited for this task with donor financing (Annex 1.9).

Other positive examples are Ethiopia, Tanzania, Vietnam (donor assistance database, DAD, managed by government); and Bangladesh (Private Sector Development). One particularly involved specific donor may play a particular role in administering the mapping exercise in some cases (e.g. USAID in Vietnam, for HIV-AIDS activities). In the case of Ethiopia, the Aid Management Platform exercise has proved very useful to a Division of Labour team set up recently by donors (Annex 1.31). Preliminary conclusions reached by the Division of Labour team point in particular to the need to assess donors' human resource capacity by sector and type of expertise and to assess their perceived comparative advantages. (Annex 1.10)

It is also worth noting that in the context of the broader aid co-ordination architecture agenda at national level, the OECD/DAC has been working with the World Bank and UNDP, to promote a greater use of aid information management systems (AIMS). Many governments, with varying degrees of success, have worked to establish AIMS, to track, document and analyse aid flows to their countries in a more efficient manner. Examples of ongoing implementation of AIMS are Bolivia, DRC, Burundi, Burkina Faso, Tanzania, Malawi, Liberia, Laos and Montenegro (these countries implement the Aid Management Platform).

b) Joint Country Assistance Strategy (JCAS)

JCAS involves a higher degree of coordination of donors. Donors do not only share information but also define, together with the partner country, a joint assistance strategy. Again, an approach centred on the partner's strategy is a factor of success.

⁴ See. ODAmoz website: <http://www.odamoz.org.mz/reports/indexsub.asp>. Additionally, ODAmoz offers a user-friendly database, accessible through the internet. Its "Design your own report" function makes it easy to search for specific information through a set of predefined criteria (donor, sector, location, project status, funding type and MDGs) and offers tables and geographic maps (ODAmaz) for analysis.

Numerous examples of JCAS are available:

- In Bangladesh, where the country's major development partners, the UK, the World Bank, the Asian Development Bank and Japan (accounting for over 80% of development assistance) have decided to harmonise their support for the PRSP. Here, local ownership of development strategy has been a key driver for developing a joint country assistance strategy (see Annex 1.11).
- In Papua New Guinea by AsDB/AusAid/WB.
- In Samoa, Cook Islands and Kiribati by AusAid/NZAid.
- In Vietnam, Zambia (WHIP), Mali, Tanzania, Uganda, Ethiopia, Ghana, Nicaragua, Rwanda, Joint Assistance Strategy (JAS).
- In Kyrgyzstan, Joint Country Support Strategy (JCSS): with AsDB, SDC, DfID, WB and UN System.
- In South Africa, Somalia and Haiti (in progress, where the EC would lead).
- Joint EU Programming Framework - EU pilots (Morocco, Nicaragua, and Vietnam).

There are also examples of sector coordination round tables, e.g. in Bolivia, initiated by AECI, USAID and SDC; in Nicaragua and in Vietnam.

c) Joint Country Offices:

Joint Country Offices are less frequent but may strongly contribute to the development of efficient DoL initiatives, notably when implementation and coordination capacities of the partner countries are relatively weak. Some examples are:

- South Joint Donor Team Sudan (Juba), which involves UK, Netherlands, Norway, Sweden and Denmark. In May 2006, a Joint Donor Team (JDT) office based in Juba, South Sudan, opened. This is a highly innovative programme of mixed funding and joined up policymaking (Annex 1.12)
- The Joint World Bank - European Commission Office for South East Europe, which was set up in 1999 to support the European Commission / World Bank in their joint role as coordinators of international assistance for the reconstruction and development of South East Europe. In a context of scarcity of donor resources and given the region's vast needs, the Office has been able to coordinate aid, avoid overlaps or inconsistencies between donor programs, and identify funding gaps. (see Annex 1.13)

d) Co-financing through partnership framework

A limited, but potentially effective modality of co-financing of a sector strategy can be organised through a partnership framework agreement.

A relevant example is given by the recent partnership framework agreed to develop water and sanitation in Dhaka and Chittagong cities between the Government of Bangladesh, the Asian Development Bank, the World Bank, the Japanese Government, Denmark and the Government of the Republic of Korea. The main objective of this initiative was to provide a framework for the Government of Bangladesh and development partners to share policy objectives, as well as to set out a framework for the division of labour among major donors. A lack of authority in decision making at the field level among some of the donors slowed down the process of division of labour. However, this was overcome by the setting up of

communication tools (notably video and telephone conferences) where task managers from Headquarters participated (see Annex 1.14).

e) Co-financing through pool/basket funding

This modality represents a higher degree of complementarity initiative, at the level of financing if not at the level of implementation. In such a framework, donors co-finance a strategy that is usually jointly agreed with the beneficiary. Such co-financing facilitates DoL in difficult and complex environment. The case of the EC and Italy in Somalia is a relevant example of co-financing in a very difficult environment. (Annex 1.15). Co-financing allowed results with limited capacity and low managerial input on the Italian side. The joining of efforts by two donors further added political weight and curbed the potential for manipulation. This co-financing entailed economies of scale through joint management of funds by one donor. However, this placed an extra administrative burden on the EC the Nairobi Delegation, which faced increased workload without concomitant staff increases.

The TIM in the Palestinian Territory provides another example of such approach, which is analysed in Annex 1.16. Such pool funding can also be organised at a sector level in a given beneficiary country. We provide in Annex 1.17 an analysis of sectoral basket funding in the case of elections support in different countries: Sierra Leone, Congo DR, Nigeria. Basket funding in the case of elections in highly sensitive countries allows for large support to be built and improve coordination in complex settings. For instance, in the case of DRC where elections were organized for the first time since independence, it was particularly important for all actors to be coordinated in a challenging and highly sensitive context.

Finally, *pool funding* can combine joint strategic management, with equal sharing of ownership over strategy, together with some delegation of some tasks at the local level to one of the donors (e.g. the Bosnia-Herzegovina Governance Accountability Project GAP2, analysed in Annex 1.18 where USAID carries out procurement steps and conducts contract administration on behalf of United States, Sweden and the Netherlands, but where ownership over project strategy is equally shared among the three donors).

We analyse another example of *sector basket funding*, in the case of the Zambia's PSDRB Basket Fund to support private sector development, jointly funded by DANIDA, DFID, SIDA and the Netherlands.⁵ (see Annex 1.19.)

2. In-country Division of Labour with different status of donors

a) Delegated cooperation at country strategy level

This is another modality of DoL, in which one donor implements a strategy that is jointly financed by a group of donors. The delegation can be given at all levels of the aid activities: program/project definition, implementation and monitoring and evaluation.

Delegated cooperation is sometimes organised at a beneficiary countrywide level.

Examples of such countrywide-delegated cooperation are:

⁵ <http://www.oecd.org/dataoecd/27/1/38563134.pdf>

- in Malawi between *Switzerland/Netherlands*.
- in Mali and Malawi by *Norway and Sweden*. At the end of the 1990's, Sweden delegated its entire Malawi program to Norway. This meant that Norway was planning and managing the country program together with the government of Malawi, while Sweden contributed money and expertise. In response, Norway delegated the management of its country program in Mali to Sweden.
- in the Cook Islands and Niue, by *Australia and New Zealand*, where the later has been leading, in both countries, the "single co-funded programme" since 2004. New Zealand's special constitutional relationship with the Cook Islands gave an obvious comparative advantage that could be efficiently utilised by Australia. Moreover, New Zealand and Australia have a long history of like-mindedness on many issues, ranging from joint military action and active membership of the Commonwealth, to broadly similar stances on many aspects of aid delivery. This contributed to the necessary trust for a fully delegated programme (see Annex 1.20).
- in Rwanda, The One-UN pilot strategy has been recently established to unit the projects of 22 different UN agencies in a single consolidated programme and implementation plan, under the leadership of a Resident Coordinator (see Annex 1.21).

More often, delegated cooperation is organised at sector level, notably when two (or more) donors decide to concentrate each on a few specific sectors in a given beneficiary country and delegate their aid activities in other sectors of the same country to other donors. In this way, a large number of donors are present and play an active role in this country, but at the same time avoid proliferation of aid decision making and implementation processes.

There are many cases of delegated cooperation at sector level. We provide below a focus on a few of them:

- In Kyrgyzstan, Switzerland, Sweden and the USA all participate in the Kyrgyz-Swiss-Swedish Health Project (KYSS) in the health sector. In 2006, SDC and Sida developed a delegated cooperation agreement whereby Sida channelled its resources through SDC. USAID finances the extension of the project, with technical assistance provided by SDC project (through the Swiss Red Cross). Division of labour was made easier by the endorsement of the initial project in the Partner country's strategy. The fact that the Kyrgyz State recognized the significance of the project and included core elements of KYSS into its national health programme strategy paved the way for other donors' participation in the project. Sweden and the United States adhered to the project, followed by the Asian Development Bank and the Aga Khan foundation (see Annex 1.22);
- In Kyrgyzstan: the EC (Tacis), EBRD, USAID, IFC and Switzerland (SECO) on SMEs development.
- In Mali: France and Germany in Basic Education (see Annex 1.23)
- In Laos: UNICEF, WFP/AusAid on Basic Education; AusAid/AsDB on Basic Education; Norway/Sweden (silent partner) on health; Luxembourg and French Rhone-Alpes Region in health and vocational training (see Annex 1.24).
- In Uganda: Danida, Sida and DFID in the water and sanitation sector (see Annex 1.25)
- In the DRC: CTB/UK, Netherlands, the EC in Justice (Rejusco, see Annex 1.26)

b) Trust funds

Trust funds are another modality of DoL, in which full responsibility of management of a given aid activity is delegated to a particular donor.

Some countries such as France, in line with the DoL objective and to further reinforce concentration, visibility and harmonisation, are now privileging multi-donor trust funds rather than bilateral ones.

Multi-donor Trust Funds are efficient modalities of pooling financial resources, especially in post-conflict or post-natural disaster situations when there is a need to provide quick and effective international aid in an environment of weak governmental institutions.

Multilateral trust funds are effective coordination mechanisms for donors. They have proven to be effective in mitigating and managing fiduciary, operational and developmental risks, particularly in countries with weak institutional bases. Donors have contributed to MDTFs for a variety of reasons, which can be classified into four groups:

- "Minimalist view": Some wish to support the given sector but do not have own capacity and often not strong views on how best to pursue this. The MDTF is thus seen as a well-managed bank account with some paid-for administrative services.
- "Standard donor view": These actors want to support the Paris Declaration on aid effectiveness through pooling of resources for enhanced coordination, harmonisation and alignment. MDTF is thus a rational vehicle for minimizing total transaction costs and maximizing impact of the aid.
- "*Maximum leverage view*": the MDTF is seen as a platform for joint donor action. This is both for internal policy discussions and clarification amongst donors, but also as a way of engaging government in policy dialogue on issues that the individual donors otherwise would not have a possibility to address. (*e.g. the Multi-Country Demobilization and Reintegration Program in the greater Great Lakes region of Central Africa*). A MDTF is thus an entry point for engaging on framework conditions for sustainability, relevance and impact: policies, quality assurance, anticorruption, gender, etc.
- "*Seat at the table*": Some donors seem to have contributed to a MDTF at least in part to get a formal vote on the steering committee while most of their funds flow on the outside of the MDTF. One concern is to have full information on what the MDTF does, and to potentially be able to influence the MDTF on issues that may be of concern, but perhaps also to be able to coordinate own funds with what the MDTF is doing.

The use of *trust funds* may also be contributing to the even distribution of risk throughout the donor community. Benefits of establishing trust funds are exemplified in the cases: of the Palestinian Authority (see Annex 1.16), of Afghanistan (see Annex 1.27) and of the Multi-Country Demobilization and Reintegration Program (MDRP) in the greater Great Lakes region of Central Africa (see Annex 1.28).

However, in complex situations, establishing a MDTF does not solve all coordination issues. In the case of Sudan trust funds (Annex 1.12), the performance of the Sudan MDTF-N in terms of coordination is seen as satisfactory by donors but there were stronger criticisms of the performance of the MDTF-SS related to coordination. Also the MDTFs have not served as an effective mechanism for coordination with the UN system, nor have served as a mechanism for broader donor coordination with non-MDTF resources. Donors have not used the MDTF governance structure to allocate bilateral resources into gaps created by slow MDTF-SS disbursement. The crisis in Darfur also led to some confusion for both MDTFs. The respective positions of donors on a complex crisis as the one in Darfur underline the need for donors engaged in DoL partnerships in such settings to reinforce communication.

Moreover, MDTFs, which are useful in many situations, should not be considered as a panacea. While they certainly provide benefits, their exponential multiplication can also result in diluted governance.

3. In-country Division of Labour relying on the beneficiary country leadership.

Joint budget support is a form of DoL that relies more on the capacity of the beneficiary partner country to define and implement a development strategy, in coordination with donors. It involves a significant degree of alignment on the beneficiary partner country strategy. It can take the form of joint general budget support or of joint sector budget support.

a) Joint General Budget Support

This modality can include common financial assessment and monitoring. General Budget Support (GBS) is aid funding to government that is not earmarked to specific projects or expenditure items. It is disbursed through the government's own financial management system. Although the funds are not earmarked, they are part of a package that includes dialogue and conditions, technical assistance and capacity building, and donor efforts to harmonise their aid and align it with government strategies and procedures. Partnership GBS (PGBS) emerged in the late 1990s to support national poverty reduction strategies. By channelling funds through national systems, it also aims to strengthen national planning and implementation capacity, increasing the effectiveness of all public expenditure, including aid. Relevant examples are the cases of Tanzania (involving eleven bilateral Development Partners together with the European Commission, the World Bank and the African Development Bank, and where the funds go straight into the national budget and the GOT decides how to spend the money, thereby increasing national ownership of development issues, (see Annex 1.29), Uganda, Mozambique, Burkina Faso (nine partners organized through the *Cadre Général d'Organisation des Appuis Budgétaires*, CGAB), Benin by the "ABC" group (SDC, EC, Netherlands, DANIDA, France, Germany, Belgium in coordination with WB, ADB, IMF), Ghana, Kyrgyzstan and Nicaragua.

The case of Nicaragua, where the joint general budget support has been established relatively recently in a situation of weak institutional structure suggests that such modality is difficult to implement in such situation (see Annex 1.30).

b) Joint Sector Budget Support

Joint sector budget support reproduces the same principles at sectoral level. Relevant examples are the cases of Water and Sanitation in Bolivia, health in Mozambique, health and local government reform in Tanzania, agriculture in Nicaragua and education in Burkina Faso. The example of joint sector budget support related to government reform in Tanzania is detailed in Annex 1.29, together with its joint general budget support.

V- Conclusion

Lessons learnt from the various cases studied in this report can be developed along three main dimensions: key drivers, best vehicles and challenges to DoL activities.

1. Key drivers

1.1 Donors' political will and consensus on development assistance objectives. A solid political will on the donors' side and a resolute engagement of the highest decision-making levels (i.e. headquarters) helps promote successful DoL (e.g., *the successful experience of TIM, the Joint World Bank – European Commission Office for South East Europe, the Nile Basin initiative*). Like-mindedness of donors also provides ground for successful DoL (e.g. *delegated cooperation in the Cooks Islands, trilateral programming in Vietnam within the framework of the ODACE*).

1.2 Ownership of partner countries. DoL is facilitated when the partner country has a proactive attitude, and when the related project / programme is well integrated, from the start, into the partner country's strategy (e.g. , *the JAS in Bangladesh, built on the high quality PRSP produced by the Government; the ARTF in Afghanistan, where the Government had strong ownership of its national development policies and programs, and was vocal supporter of the ARTF, but had little capacity for implementation; the Kyrgyz-Swiss-Swedish Health Project, where the programme has been integrated in the Kyrgyz National Health policy*). It works also best when there is a clear political will and interest on the partner country side to work with donors towards DoL (e.g. *donor mapping in Uganda, delegated cooperation in the Cooks Island*). Making public mutually-agreed objectives between donor and partner countries as well as remaining requirements may help promote partner country ownership by encouraging a stronger stance by national authorities.

1.3 Quality of management at operational level. Donors will be more willing to enter a Division of labour exercise if there is a proven quality of management by either the project management unit or the ad hoc structure, including a convincing mechanism of ex-ante and ex-post checks and controls (e.g., *TIM; the Joint World Bank – European Commission Office for South East Europe, where the Office has been able to track aid given by the donors, ensuring the accountability of aid*).

1.4 Capitalising on an existing project. Donors can enter a Division of labour exercise by capitalising on a successful single donor project. (e.g., *the ARTF in Afghanistan, which has followed up on the Afghanistan Interim Authority Fund administered by UNDP; In the Kyrgyz-Swiss-Swedish Health Project, Switzerland started the project, which proved successful – the Swiss initiative was then followed by Sweden, then by USAID; in the RDC, the Rejusco program*).

1.5 Increasing returns to scale. A financially stronger donor partner allows greater and more coordinated development impact and reduces set-up costs compared to a situation of funding a stand-alone project (e.g., *EC and Italy co-financing in Somalia, Decentralised Cooperation across Member States: Luxembourg and Rhône-Alpes in Laos*). Reaping increasing return to scales benefits associated with donor DoL is also essential in small partner countries (e.g. *delegated cooperation in the Cooks Islands*).

1.6 Flexibility. Donors can enter into Division of labour gradually: first, they choose cooperation, then, if they wish so, division of labour. *(e.g., TIM, where donors can first choose to participate in the Mechanism without pooling their fund ; the Kyrgyz-Swiss-Swedish Health Project, where Sweden delegates the management of its fund to Switzerland, whereas the USA manages its own funds).*

1.7 An option for a minimalist approach. DoL can provide a solution for donors/ countries interested in a “minimalist approach” i.e. wishing to support development/reconstruction efforts, but do not necessarily have their own capacity or strong views about how to best pursue this. Such donors may want bigger organizations (such as the World Bank) to assume fiduciary responsibilities for the funds in high-risk environment, and also to take a lead in ensuring that the funds go to prioritized activities *(e.g. the Multi-Country Demobilization and Reintegration Program in the greater Great Lakes region of Central Africa; the ARTF in Afghanistan; EC and Italy co-financing in Somalia).*

1.8 Higher leverage and profile. DoL raises the leverage and the profile of policy interventions of donors *(e.g. Bosnia-Herzegovina Governance Accountability project, EC and Italy co-financing in Somalia, French AFD/German KfW lead donor arrangement in Mali).*

2. Best vehicles

2.1 Up-to-date information. Division of labour is made more efficient if up-to date information on, needs, priorities, aid flows etc. is available for all parties involved *(e.g., the Joint WB-EC office for South-East Europe, which has been able to track aid given by the donors on a daily basis).*

2.2 A single implementation team. A unique implementation team, possibly relying on technical expertise of one donor, reduces overall transaction costs and guarantees a certain quality of work. It allows for optimal drawing on specific experience and expertise available. *(e.g. TIM ; The Joint World Bank – European Commission Office for South East Europe ; the Swiss Red Cross in the case of the Kyrgyz-Swiss-Swedish Health Project ; EC and Italy co-financing in Somalia; Decentralised Cooperation across Member States: Luxembourg and Rhône-Alpes in Laos).*

2.3 Efficiency of pool funding for quick aid disbursement. Pooled funding mechanisms can allow very important transfers of money in a rapid and efficient manner. This is especially important in crisis/post-conflict situations where capacity is limited. Pool funding arrangements can flexibly combine equal sharing of donor ownership over project strategy and delegation of part of its implementation process to one of the donors *(e.g. Bosnia-Herzegovina Governance Accountability Project, GAP2 ; the Temporary International Mechanism, Joint Partnership Fund for Water and Sanitation in Uganda).*

2.4 Versality and cooperation through Multi-donor trust funds. Trust funds are effective co-operative instruments through which participants can cooperate in view of achieving a common strategic objective (e.g. the Nile Basin Initiative Trust Fund; ARTF in Afghanistan, MDTF in Sudan). Donors have contributed to MDTFs for a variety of reasons, depending on their involvement in the country/sector considered. However, the certain benefits of trust funds come with a note of caution resulting from their exponential multiplication that can also result in diluted governance

2.5 Comparative advantage in delegated cooperation. Delegated cooperation works best if the leading donor has a clear geographic (and/or sectoral) comparative advantage (*e.g. in the Cooks Islands, AusAid program delegated to NZAid*).

2.6 Harmonised budget support can be an excellent tool for division of labour, although it involves high initial transaction costs for the partner country government (*e.g. Partnership General Budget Support in Nicaragua*).

2.7 Support to emerging donors through knowledge transfer, training and technical assistance builds foundations for successful DoL with them. This process helps to build a long-term relationship between donors and like-mindedness (*e.g. the Canada's Official Development Assistance in Central Europe, ODACE*)

3. Challenges

3.1 Partner country capacity and leadership. DoL relying on the partner country government's leadership, such as in case of General Budget Support, create risks when government accountability systems are weak. Notably corruption is a key concern (*e.g. PGBS in Nicaragua*).

3.2 Alignment with partner country. Alignment with partner country is often weak and always needs considerable strengthening before actual implementation of DoL activities. (*e.g., the Joint Partnership Fund for Water and Sanitation in Uganda, where the practical experience of aligning on some partner country practises proved much more painful than what was laid down on the paper*). Sometimes, donors and partners have developed entrenched habits from having been present for a long period of time in the given country, a situation that needs to be addressed early on in the DoL exercise so as not to hinder the process.

3.3 Headquarter vs. field level decision making authority. A lack of authority in decision making at the field level among some of donors may slow down the process of division of labour. However, this can be overcome by a close communication between all partners, where Headquarters participate (*e.g., Partnership Framework on water and sanitation development in Bangladesh*).

3.4 Harmonisation versus mutual recognition. Even when donors agree on DoL, harmonising procedures can prove extremely difficult and increase the workload: when each donor has specific requirements and format, this implies as many strategy documents as donors (*e.g. JAS in Bangladesh*). Mutual recognition of procedures would make things easier.

3.5 Managing donor's expectation is crucial. Differing expectations by donors can create some costs and frustrations (*e.g. the start up phase of the MDTF-SS in Juba, Sudan*). Such issue can appear if some donors do not realize the disparity in views and agendas within the group (where existing); it can also appear when steering committee meetings are used for somewhat different purposes and thus do not respond to this variety of expectations (*e.g., the Joint Partnership Fund for Water and Sanitation in Uganda*). It is essential to establish ex-ante clear communication and mechanisms to resolve policy tensions (*e.g. in delegated cooperation, the Cooks Island, MDTF in Sudan*).

3.6 Predictability. Predictability and commitment on the donors' side is central to the success of DoL and difficult to achieve. It is important for donors to know with some degree of certainty how the others see their commitment but it is equally important for the partner country to be assured that DoL will not cause more uncertainty; i.e. the limitation of the number of donors can be perceived as a technique/ strategy of disengagement. In case of General Budget Support, there is a significant danger of a perverse effect if government failure to meet conditions leads to suspensions or delays in disbursement (*e.g. in Nicaragua, where so far PGBS has not succeeded in increasing the predictability of aid*). By ensuring that the aid delivered is predictable, such fear may be reduced and thus the partner support reinforced for the benefit of the program/ project's success. (*e.g., the Joint World Bank – European Commission Office for South East Europe*)

3.7 Workload and financial cost for lead donors. To be lead donor has proven to be quite a task due to the additional workload, and often financial cost, involved (*e.g. EC and Italy co-financing in Somalia*). The main reason for this is that the donors have been very much involved in micromanagement. (*e.g., The Joint Partnership Fund for Water and Sanitation in Uganda and, in general, all the delegated cooperation arrangements*). Micromanagement and excessive cost of DoL for the lead donor can be however avoided by sound management practices (*e.g. French AFD/ GermanKfW lead donor arrangement in Mali*).

3.8 Necessity of a clear roles definition. Clear communication, demarcation of roles and mechanisms are essential to reduce costs of DoL (*e.g. delegated cooperation in the Cook Islands*).

3.9 Necessity of a clear and common definition of sectors. Definition of what is understood by the notion of “sector” will prove key in making DoL work, particularly after comparative advantage exercise and the resulting disengagement/ repositioning of some countries and the increased commitment/ visibility of others. In strategic countries, such definition may yet again show that the devil truly is in details...such as a simple definition. Use of the partner country government's sector definitions is often the best way to solve this issue (*e.g. donor mapping in Uganda*).

3.10 Clear accountability for results and reporting. It is essential to plan clear accountability for result and reporting at each individual donor level when DoL is put in place, notably in case of delegated cooperation (*e.g. delegated cooperation in Cooks Islands ; the TIM ; the Joint World Bank – European Commission Office for South East Europe*).

3.11 Clear coordination of respective aid modalities is pre-requisite. Fully successful DoL requires also coordination of the different aid modalities and programs within each participating donor (*e.g. delegated cooperation in the Cooks Island*). Establishing a DoL mechanism while in parallel continuing to carry out a wide range of uncoordinated projects can be very costly (*e.g. Partnership General Budget Support in Nicaragua, MDTF in Sudan*). Coordination with civil society organisations is also essential (*e.g. MDTF in Sudan*).

3.12 DoL is a dynamic process, initial steps such as a donor mapping exercise must be quickly followed by further deepening of DoL (*e.g. donor mapping in Uganda*). Although it may be difficult, extension of a DoL limited to a sub-set of donors to the whole community of donors involved is necessary (*e.g. JAS in Bangladesh*).

Annex 1 Case studies

1.1. **The Nile Basin Initiative**

Donors: Canada, Denmark, the European Union, the Netherlands, Norway, Sweden, the United Kingdom, the World Bank

Partner countries: the riparian states of the Nile river

The Nile Basin Initiative (NBI) is a partnership initiated and led by the riparian states of the Nile River⁶. In the Nile Basin, characterized by water scarcity, poverty, a long history of dispute and insecurity, and rapidly growing populations and demand for water, cooperative water resources management is particularly difficult. The NBI seeks to develop the river in a cooperative manner.

The NBI was formally launched in 1999. A World Bank–managed, multi-donor trust fund, the Nile Basin Trust Fund (NBTF)⁷, was established in 2003 and is currently administered by the World Bank on behalf of all donors who contribute to the fund (the NBI countries themselves and several external donors). The majority of funds supporting NBI programs and projects are administered through the NBTF.

Partners wishing to contribute to the NBI enter into an NBTF agreement with the World Bank. This agreement may contain a disbursement schedule and an indication of the projects and activities the donor is particularly interested in supporting; however, funds within the NBTF are co-mingled and cannot be earmarked.

Lessons learnt:

- (1) The NBTF was conceived as a co-operative instrument. The NBTF has proven to be a very effective mechanism for harmonizing donor support to the NBI and ensuring a unified and coherent approach to managing funds. Consultation procedures amongst donors are substantial and the decision-making process is a collective one. Moreover, the NBTF allows funds to be transferred according to established disbursement and procurement procedures.
- (2) The NBTF has become an informal instrument for division of labour. The NBTF is a trust fund and funding from the donors is therefore not earmarked. However, an informal division of labour has emerged among donors. For example, Sweden and Norway are taking the lead for programme reviews in the field of hydraulic issues, whereas the Netherlands is taking the lead for issues related to water resource management.

Source: NBI website, tel. interview with Mr Alain Liebart, in charge of the NBI at the EC.

⁶ The Riparian States that participate in NBI are: Burundi, Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Rwanda, Sudan, Tanzania and Uganda. Eritrea currently participates in the NBI as an observer.

⁷ The NBTF agreement follows the general standards and provisions governing all World Bank-administered trust funds.

1.2. The Environment and Security Initiative (ENVSEC)

Donors: The ENVSEC initiative is made possible through contributions from among others, Austria, Belgium, Canada, the Czech Republic, Finland, Germany, Hungary, Italy, Netherlands, Norway, Spain, Sweden, Switzerland and the United States.

Partner countries: Eastern Europe (Ukraine Belarus and Moldova) and South Eastern Europe (Montenegro, Serbia, Bosnia-Herzegovina, Albania and FRY Macedonia) and South Caucasus (Georgia, Armenia and Azerbaijan).

The ENVSEC is a multi-donor project in governance, environment and sustainable development in Eastern Europe, South Eastern Europe and South Caucasus

It works to assess and address environmental problems, which threaten or are perceived to threaten security, societal stability and peace, human health and/or sustainable livelihoods, within and across national borders in conflict prone regions. The Initiative collaborates closely with governments, particularly foreign, defense and environment ministries, national experts and NGOs.

Together with the stakeholders ENVSEC has carried out assessments and published reports illustrated by maps, for understanding the linkages between environment and security in the political and socio-economic reality of South Eastern Europe, the Southern Caucasus and Central Asia. Based on the assessments, the Initiative develops and implements work programs aimed at reducing tensions and solving the problems identified.

Through extensive regional consultations and multi-stakeholder participation the initiative seeks to:

- Identify environment and conflict hotspots by carrying out desk and field assessments
- Present the results of the assessments in graphically rich maps, reports and web site and draw the attention of politicians and people to situations and hot spots where risks are high
- Help societies to deal with priority issues by raising awareness, building capacities and strengthening institutions
- Support concrete action and catalyze specific solutions for the identified security-relevant environmental problems on the ground
- These challenges are being tackled with a combination of political, socio-economic and environmental insights as well as the capacity and skills of the six partners. ENVSEC also collaborates with think tanks and research institutes to increase the understanding of the interdependency of natural resources, socio-economic development and political stability.

Lessons Learnt:

- (1) ENVSEC allows for increased cooperation through environment related issues in sensitive settings. For example, the environmental assessment mission to the fire-affected areas in and around the Nagorno-Karabakh region is significant in that it brought people together to co-operate on a non-political problem of mutual interest.
- (2) Launched in 2003, this unique interagency partnership also draws on the strengths and resources of the OSCE and UNEP, UNDP, UNECE and the Regional Environmental Centre for Central and Eastern Europe (REC). The Security through Science Program of NATO's Public Diplomacy Division joined as an associate partner in 2004. This increased cooperation and united from on highly sensitive issues in complex settings is particularly strategic.

- (3) An independent evaluation of the Initiative, funded by the Canadian International Development Agency was conducted in 2007 and led the Canadian Government to infuse €2.9 million into ENVSEC for 2007-2009.
- (4) Canada stated on that occasion that the ENVSEC approach is consistent with the country's efforts in promoting environmental security, especially the Initiative's use of science-based methodology, its emphasis on fostering co-operation among States to overcome tensions, and its efforts to develop capacity and institutions.

Sources :

ENVSEC website : <http://www.envsec.org/index.php>

OSCE article on ENVSEC: http://www.envsec.org/docs/envsec_david_swalley.pdf

1.3. Practitioners' Network for European Development Cooperation: The AFD-led Working Group on “Division of Labour and Modes of Delivery”

Participants: ADA (Austria), BMZ (Germany), DFID (United Kingdom), DG DEV (European Commission), EuropeAid (European Commission), KfW (Germany), MFA (France), MFA (Latvia), MFA (Greece), MFA (The Netherlands)

Lead: AFD (France)⁸

The network of practitioners is informal open platform for exchange, coordination and harmonisation between practitioners in the field of European Development Cooperation. An initiative for European donor agencies and administrations who are directly involved in implementing development aid, it is meant to promote the sharing of experiences, good practices and tools. It aims at developing joint operations, specific European contribution to achieve higher effectiveness in poverty reduction.

The objective to the working group on DoL is to promote and implement a coordinated approach between aid practitioners through division of labour and complementarity. Upstream, the Expert WG feeds the discussions held at the Council level, concerning DoL, and, downstream, it gives way to an effective sharing of tasks in concrete operations.

Its main activities are:

- To promote mutual recognition of procedures, in order to identify existing obstacles of joint approaches
- To agree on concrete actions to be taken in order to promote division of labour
- To translate political concepts into operational terms;
- To support the political process in the implementation of division of labour in the field;
- To elaborate cross-cutting approaches and modalities of division of labour with regard to geography, sector, product etc.

Lessons Learnt:

- (1) Sharing of information on existing good practice with regard to mutual recognition of procedures, such as the procedures of the Nordic + Group and of the European Financing Partners (EFP).
- (2) First joint reports by the delegations of the Commission and the Member States in the partner countries including recommendations and proposals for what action can be taken in order to promote division of labour
- (3) Side Event DevDays

Sources: Emails exchanges with Alexander Von Kap-Herr (AfD/ KfW), www.dev-practitioners.eu

⁸ Annual Meeting + 4 Working Groups:

- Organisational and Human Resource Development (CDC)
- Climate Change/Energy Efficiency & Renewable Energies (KfW)
- Division of Labour / Modes of Delivery (AFD)
- Ex-ante Quality Assurance for future cooperation among EU donors (EuropeAid) - not yet launched

1.4. The Strategic Partnership⁹ between the European Commission, the European Investment Bank (EIB) and the International Bank for Reconstruction and Development (IBRD) in the Middle East and Southern Mediterranean North Africa Region¹⁰

The objectives of this partnership are:

- To strengthen institution-wide coordination between the partners, to ensure complementarity, cohesion and coordination and promote joint activities;
- To promote joint technical work and policy dialogue and to enhance the link between analysis, policy and investment initiatives at all levels;
- To promote mechanisms for common financing of projects and programmes

To achieve the objectives stated above, Partners agreed in the Memorandum of Understanding (MoU) signed in May 2004 to the following:

1. Institutional Coordination

Partners have agreed to an institution-wide commitment for coordination both at the level of headquarters and resident offices/Delegations in the Region. A strong focus on coordination at the policy and program/project design stage is underlined, with the aim to identify joint policy objectives and priorities, taking into account the policies of the respective Partners with the aim to avoid uncoordinated duplicative efforts. The Partners share information on their Country Strategies, relevant policy and sector work, programs and projects as early as possible. Information sharing will be subject to compliance with existing confidentiality agreements.

A High Level Steering Group (HLSG) meets twice a year to review economic developments in the region, discuss policy issues, agree on joint work and activities and review progress. A Joint Working Group comprising designated officials in each organisation provides institutional and operational coordination for this Partnership. It meets regularly to facilitate institutional coordination, address issues related to the implementation of the Partnership agreement and prepare the meetings of the HLSG.

As agreed by the Partners, other participants may be invited to the meetings of the HLSG, notably the IMF, IFC and MIGA. Other meetings under this Partnership may take place at technical and country staff level, whenever appropriate.

2. Technical work

Joint policy dialogue: in order to develop a common understanding and coordinated action, partners agreed to coordinate their policy dialogue with countries in the Region on the basis of this work and, where appropriate, to conduct joint dialogues.

⁹ See MoU at: http://www.eib.org/attachments/memorandum_of_understanding_040504.pdf

¹⁰ This Partnership covers the countries of North Africa / Southern Mediterranean (Morocco, Algeria, Tunisia, Libya, Egypt) and the Middle East (Jordan, Israel, Lebanon, Syria, the West Bank and Gaza) as well as Iran, Iraq, Yemen and the member states of the Gulf Cooperation Council (Saudi Arabia, Oman, Qatar, UAE, Kuwait and Bahrain), jointly called "The Region" in this document. As regards the EIB the country coverage under this Partnership will be limited to those countries included under the Barcelona Process, and for the IBRD, this partnership applies to countries in the IBRD's Middle East and North Africa region. Signatory parties to this partnership agreement can be expanded to other IFIs if appropriate and in their respective fields of competence.

Country level programming: Given the differences in planning cycles with regard to preparation of CSP/NIP and CAS/CEMs, and the project-based approach in EIB activities, there is a need to discuss country priorities and programs regularly. The practical modalities of such discussions are defined by the Joint Working Group.

Sectoral and technical dialogue: Where appropriate, the Partners engage in joint sectoral and technical dialogue. The MoU encourages the Partners to move towards sectoral strategies and develop stronger linkages between policy and investment initiatives.

Joint project monitoring and evaluation: The MoU expands cooperation in the monitoring of ongoing programs and projects. Joint evaluations of co-financed operations have been recommended.

Joint Analytical work: Partners agree to share, and where appropriate to conduct joint analytical work in areas of priority determined by the HLSG.

3. Financing

A number of jointly financed projects already exist between the Partners. Such arrangements are encouraged, wherever feasible and appropriate. The Joint Working Group may propose new or specific financial arrangements under this Partnership. Appropriate financial arrangements will be explored to facilitate joint initiatives between the Partners.

This MoU comes as a reinforcing commitment between the Partners. In particular, framework agreement of November 2001 between the World Bank and the EC on co-financing and trust funds; the EIB – Commission Convention on the management of financial assistance, signed 17 December 1992 and subsequently amended 20 January 1997 and 23 October 2003 and the framework agreement between the EC and the EIB concerning the management of the FEMIP support fund, signed on 28 May 2003.

1.5. Official Development Assistance in Central Europe (ODACE)

Donor country: Canada (CIDA as main implementing partner)

Partner countries: Lithuania, Latvia, Estonia, Slovenia, Czech Republic, Slovakia, Poland, Hungary

ODACE was approved in November 2001. It is now a 6-year, \$12-million program working with eight Central European countries to strengthen their Official Development Assistance (ODA) delivery agencies. It is supposed to end in March 2008. Initially conceived as assistance to the reinforcement of central European countries' capacities and institutional support, it has since 2005 graduated to trilateral programming.

1) *Institutional Support and Capacity Building.* In this phase, Canada offered its expertise in the development and delivery of international assistance programs. This included providing training and technical assistance in partner countries. The aim was to improve the ability of these partner countries to effectively administer and implement their own development cooperation programs and projects.

2) *Trilateral Cooperation.* The second component of the ODACE program has led to the development of trilateral development projects. This means that Canada works with the ODACE partner countries to implement development projects in third countries.

Lessons learnt:

- (1) Thanks to its long experience in providing development assistance and a strong international reputation, Canada was able to provide strong support to partner countries of the ODACE program, first through the capacity building and then in trilateral cooperation.
- (2) ODACE achieved goal of “*Transforming aid recipients into donors*” by providing a unique opportunity for an established aid agency to help create and strengthen new counterpart organizations. ODACE represents an interesting experience in terms of DoL because it offers a two-phased way taking partner countries through capacity building to becoming donors and gaining experience as such.
- (3) This process helps building a longer-term relationship between donors as well as a contribution to donor harmonisation and alignment with other partner countries who can also gain from working with donors who have experience in being aid recipients.
- (4) Capacity Development & Institutional Support proved highly responsive and quick, a precious basis for DoL implementation between like-minded donors (in the second phase).
- (5) Straightforward DoL model: one funder; one implementation partner; one recipient constitutes a strong basis in terms of DoL with emerging donors, graduating from recipient status and bringing to the equation their own experience as former partner country.
- (6) For division of labour to be optimal in the trilateral cooperation phase, the following elements are needed: appropriate processes/ mechanisms; knowledge transfer; strong relationship-building; pre-selection of priority countries.
- (7) Sharing the flags through DoL means giving up some visibility, are donors ready for that status to be more permanent beyond ODACE? This remains to be seen once the program ends.

Source: Canada's questionnaire and communication from CIDA

1.6. Austria and Slovakia trilateral projects

Donors: Austria and Slovakia

Current partner countries: Kenya, Serbia

Inspired by the ODACE programme, Slovakia and Austria have decided to carry out a cooperation programme, based on the implementation of trilateral projects in third countries.

The programme initially covers a period of three years (2006 to 2008) and foresees the following activities:

- Slovakia and Austria will co-finance and implement jointly mutually agreed trilateral projects. These joint projects will focus geographically on both Slovak and Austrian priority regions and thematically on both Slovak and Austrian sector priorities (primarily in the Western Balkans and Africa)
- The programme will cover support measures to develop sustainable national development assistance capacities in the Slovak Republic,
- Slovakia will provide lessons learnt from the transition experience as well as the network and experience with Slovak ODA delivery in priority countries (e.g. Western Balkans) achieved to date
- Austria will share its experience concerning institution building processes of and within the Austrian ODA mechanism as well as lessons learned, especially in the area of monitoring and evaluation. ADA will provide the assistance of its Coordination Offices in the field in order to support the activities of Slovak ODA experts within programme implementation.

Lessons learnt:

The lessons learnt in this case are very similar to those learnt in the previous case (Official Development Assistance in Central Europe (ODACE):

(1) Like ODACE, this example of trilateral cooperation is an interesting and original experience in terms of DoL. It offers a two-phased way, taking partner countries through capacity development to becoming donors and gaining experience as such.

(2) This process helps building a long-term relationship between donors as well as a contribution to donor harmonisation and alignment with other partner countries who can also gain from working with donors who have experience in being aid recipients.

(3) Like ODACE, the trilateral DoL model is a straightforward one: one funder; one implementation partner; one recipient constitutes a strong basis in terms of DoL with emerging donors, graduating from recipient status and bringing to the equation their own experience as former partner country.

(4) For division of labour to be optimal in the trilateral cooperation phase, the following elements are needed: appropriate processes/ mechanisms; knowledge transfer; strong relationship-building; pre-selection of priority countries.

Source: Memorandum of Understanding between the Ministry of Foreign Affairs of the Slovak Republic and the Austrian Development Agency concerning the cofinancing of development projects in third countries and other development activities 2006-2008, January 2006

1.7. Sector concentration strategy and CAS in Zambia

Donors: AfDB, BADEA, EC, IMF, Kuwait, OPEC, UN System, World Bank, Canada, Denmark, Finland, France, Germany, Ireland, Japan, Netherlands, Norway, Sweden UK, USA.

Partner country: Zambia

In March 2003, the Government of Zambia, in collaboration with a Like-Minded Development Group of seven bilateral donors developed an agreement on the way forward and a Framework for Harmonisation in Practice (HIP). The World Bank has since joined the country's harmonisation program. To build this harmonisation, donors undertook a DoL exercise as a step in the preparation of a joint CAS, to decongest 'over-supported' areas and ensure adequate support to 'orphan' sectors.

Furthermore, donors in Zambia really decided on further DoL based on a comprehensive dialogue and action plan or joint assistance strategy. Indeed, the Joint Assistance Strategy for Zambia (JASZ) signed by 16 Cooperating Partners (CPs) May 2007 including Cooperating Partner Principles and proposal to Zambian government on *Division of Labour* (DoL), where donors in each sector can be: leading, active, background/delegating or exit.

<i>Donor exits</i>	<i>Background partners, financial involvement but limited in dialogue</i>	<i>Delegating partners or macro (budget) support</i>
<p>Education: Canada, Finland, World Bank (no finance, only TA)</p> <p>Private Sector Development: Sweden, DfID and Ireland</p> <p>Good governance: Sweden</p> <p>Health: Denmark and Ireland</p> <p>Gender: Sweden</p> <p>Agriculture: the Netherlands</p> <p>Environment: the Netherlands</p> <p>HIV/AIDS: Norway</p>	<p>Education: AfDB and EC</p> <p>Private Sector Development: Canada and Ireland</p> <p>HIV/AIDS: Canada, Ireland and the Netherlands</p> <p>Agriculture: Norway</p> <p>Environment: Denmark</p> <p>Macro Support: UN, Denmark, Ireland and USA</p> <p>Water: the Netherlands</p>	<p>Health: Netherlands to Sweden</p> <p>Private Sector Development: DfID, Finland and Sweden to the Netherlands</p> <p>Education: EC and DfID convert to macro support</p> <p>Energy: Netherlands to Sweden</p>
<p><i>Leadsectors</i></p> <ul style="list-style-type: none"> - <i>One sector:</i> (Ireland, Japan, Finland, Denmark) - <i>Two sectors:</i> (US, Sweden, Norway, Netherlands, Germany) - <i>Five sectors:</i> DfID (further review in 2007) and UN-family - <i>Six sectors:</i> World Bank <p>Role of lead donors: coordination of other donors and intensive political and technical dialogue with government, and dialogue with NGO's and private sector; receiving missions of other donors and dealing with requests from headquarters of passive, delegating or exit donors.</p>		

Lessons learnt:

- (1) Donors asked to self-evaluate their comparative advantages and position themselves in the sectors, through a questionnaire. Results were unsatisfactory, so donors agreed to re-think their answers. This approach allows building of strong support to the mechanism/ arrangement to be agreed upon.
- (2) Donors and the Government of the Republic of Zambia (GRZ) led intense discussions at sector level, where an agreement was reached on the result of the process: designation of lead, active and background partners in each sectors, and definition of

respective roles, on a sector-by-sector basis. This process reinforces mutual trust between donors and partner country, the support to the agreement reached and thus overall ownership of the process.

- (3) Annual reviews at sector and overall levels will assess donors and GRZ performance in sector management in terms of reducing transaction costs and improving policy dialogue, improving overall transparency and adjustment of mechanism if need be.
- (4) Issues for attention in the implementation phase are the building of aid coordination capacity in the GRZ, and the management of the transition period toward the “divided” framework.

Sources: country questionnaires, OECD survey on Alignment and Harmonisation, email exchange with AIDCO

1.8. World Bank Sector Concentration in Mauritania

Donors: The World Bank and other partners: UNDP, UNICEF, WHO, UNFPA, AFdB, UE, GTZ, AfD, French Cooperation, Spanish Cooperation, IFAD

Partner country: Mauritania

In 2006, the World Bank engaged in a highly participatory way to prepare its CAS in, sharing and discussing with all donors its analysis of the country context and challenges, drawing up an updated status of donors' flows and sector needs, and building a common view on the country's PRSP.

Facing a limited IDA envelope for the CAS period, the Bank was forced to take a very sharp look at the selectivity of its coming interventions. To facilitate this difficult process, the country team designed a very basic questionnaire focusing on the strength and weaknesses of the Bank's team on all PRSP sectors;

The questionnaire was filled separately by the Bank (Country Manager) and the government (Ministry of Finance) and answers compared and divergences discussed;

The choice of the sectors where the Bank would intervene in the FY2008-2010 CAS¹¹ was then based on

- (i) The Bank's comparative advantage resulting from these discussions
- (ii) The sector financial gap
- (iii) The existing support from other donors;

Lessons learnt:

- (1) The work undertaken by the World Bank in the context of the CAS preparation has been pioneering and the government plans to ask all donors to undertake the same analysis in the future.
- (2) The use of a graphic tool designed to conveniently display the results of the analysis facilitated discussions regarding this new "collaborative CAS"
- (3) Strong commitment by the decision makers at the donors and at the government levels (as well as government ownership) enabled this participative approach to yield substantive results.
- (4) DoL exercise often triggered by effective PRSP review and/or consultative group process;
- (5) "Champions" needed among the actors in the process to move forward.
- (6) Government's H&A or aid effectiveness action plans can trigger the DoL exercise;
- (7) Joint analytic work (economic analysis, governance) can trigger joint programming;
- (8) As in the case of Mauritania (with a limited IDA envelope) budget constraints on the side of the large donors may trigger division of labour.
- (9) The link between country level DoL and sector level DoL needs to be better outlined. We cannot do country-level DoL without good input at the sector level; one cannot scale-up sector level DoL without overall commitment at the country level.

Sources: WB answer to DoL questionnaire and email/telephone exchanges (Brice Quesnel, Franke Toornstra), WB CAS Mauritania website

¹¹ Mauritania FY2008-2010 CAS:

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/MAURITANIAEXTN/0,,menuPK:362353~pagePK:141132~piPK:141105~theSitePK:362340,00.html>

1.9. The donor mapping experiences in the context of the Uganda Joint Assistance Strategy (UJAS)

Donors: African Development Bank, Austria, Belgium, Denmark, European Commission, FAO, France, Germany, IFAD, IMF, Ireland, Italy, Japan, Netherlands, Norway, Sweden, UNDP, UNICEF, United Kingdom, UNCHR, UNPF, USA, WFP, WHO, World Bank

Partner country: Uganda

A key target of the Uganda Joint Assistance Strategy (UJAS), which was developed in 2005, was the achievement of a better division of labour among donors based on their comparative advantages. The first step of the Division of labour exercise – the mapping of aid – was completed in 2006 and was achieved as follows:

- An extensive data collection. The data collected was both quantitative and qualitative, concerning DP plans, justifications and financial and project facts. The data collection mechanism was designed to provide an accurate picture of aid flows and DP activities in Uganda, as well as the criteria for determining how to establish what should be changed.
- A peer review. Collected data were collated and presented back to DPs. A Peer Review process then allowed DP colleagues to assess and comment on the plans of a donor peer. The completed peer reviews were sent back to DPs, giving them an opportunity to revise their future sector working preferences.

Lessons learnt:

- (1) The environment in Uganda was favourable for a division of labour exercise as (i) division of labour was explicitly envisaged by both the Government (in the Poverty Reduction Strategy Paper (PRSP)) and the donors' response (the UJAS) and (ii) the exercise was carried out by international consultants recruited with specific donor financing.
- (2) Division of labour is being achieved using government policies and systems. Government classifications have served as the basis of the exercise. In particular, the division was around sectors derived from the Partner Government's sectors definition (the national PRSP 48 strategic areas and the MTEF sectors) and not the donors'. This means that aid to Uganda can be mapped directly onto the PRSP.
- (3) Once a mapping is achieved, it is crucial to put it in practise without much delay, as donors' situations can evolve rapidly.
- (4) It was impossible to achieve a comprehensive donor mapping. 25 donors participated in the division of labour exercise. But it has proved difficult to get emerging donors, (China, Russia, Arab Funds), some vertical funds (the Global Fund) and private foundations on board, even though they play an important role.

Sources: Jesper Klindt Petersen, World Bank, Program Officer AFCE, Eastern Africa Country Cluster: Uganda; Final study on the mapping of aid, End 2006.

1.10. Ethiopia: Aid Management Platform and Division of Labor Team

Donors: European Commission, Irish Aid, USAID, UNDP, World Bank

Partner country: Ethiopia

To enhance its aid management, the Government of Ethiopia in cooperation with its development partners has adopted a new tool called the aid management platform (AMP). The AMP is a joint initiative of the OECD-DAC, the Development Gateway, UNDP and World Bank that is being piloted in Ethiopia. The AMP is web-based and will include forward-looking information and functions for Government planning, monitoring and reporting on development assistance. The first ongoing phase includes components on aid information management, reports and analysis. A second phase will include modules on scenario building, fiscal calendar and knowledgebase. The European Commission has recently prepared a Blue Book with an overview of EU member states' programmed development assistance by sector and geographical regions, based on the AMP. In line with the importance of aid in Ethiopia's budget and the move towards direct budget support, a new analytical instrument called the joint budget and aid review (JBAR) was launched in 2004. The JBAR seeks to evaluate spending on poverty reduction in the budget, looking holistically at government domestic resources and aid with a view to strengthen national capacities and ensure better consistency between the budget and priorities in the poverty reduction strategy.

A team focused on DoL (the Division of Labor Team) was established by the DAG (Development Assistance Group, the main forum for development cooperation in Ethiopia) in September 2007 and is currently consisting of representatives from the European Commission, Irish Aid and USAID. This team has already come to conclusions regarding conclusions on DoL that we summarize below.

Lessons learnt:

- (1) Looking at rationalisation of donors per sector and sectors per donor needs to be done long-term, i.e. donors' next strategy papers would take it into account.
- (2) Mapping of donor activities to see where we are now is needed in order to show which sectors and sub-sectors seem over-served, which under-served, where overlaps and gaps lay and which donors seem to be in particular need of consolidating their activities. The EC's Blue Book, which is based on the structure of the Government's Aid Management Platform, would provide an ideal vehicle for this.
- (3) An assessment is needed of donors' human resource capacity - by sector and by type of expertise, e.g. programme management, coordination, analysis.
- (4) An assessment is needed of donors' perceived comparative advantages and where they see themselves specialising in their next programming period.
- (5) Silent partnerships (i.e. one donor using another's cash to implement a project) need to address the reporting needs of the financier. The Nordic plus model could be useful here, whereby one donor recognises that another's systems are acceptable for managing and monitoring its projects.
- (6) Division of labour should also cover analysis: how to streamline the amount of studies carried out and make sure they can be easily consulted.

Sources:

<http://www.dagethiopia.org/Pages/DagCommon.aspx?MenuCaption=ODA%20to%20Ethiopia>

http://www.deleth.ec.europa.eu/en/aid_effectiveness/dol.html;

<http://www.deleth.ec.europa.eu/bluebook/index.php>

1.11. Joint Country Assistance Strategy in Donors: the Asian Development Bank (ADB), Japan, the United Kingdom, the World Bank

Partner country: Bangladesh

In response to the Government's preparation process for a high quality Poverty Reduction Strategy Paper (PRSP), Bangladesh's major development partners, DFID, the World Bank, the ADB and Japan (accounting for over 80% of development assistance) have decided to harmonise their support for the PRSP:

- The partners have agreed on *partnership principles* for working together and have identified *a set of core outcomes* for their joint support.
- The partners then agreed on *policy notes in outcome areas of the outcome matrix*¹² where there was some 'crowding' by the four. The notes were to provide policy guidance and facilitate the harmonisation process. The outcome matrix, together with the policy notes, forms the basis of the country strategy for each of the four partners.
- To take harmonisation further, the four partners have agreed on a *division of labour*, each donor leading in areas of their relative advantage with agreed Terms of Reference for the 'lead' role. Performance review of the joint support will be carried out through the same monitoring and evaluation mechanism as for the PRSP.

With these foundations in place for harmonised support by the four partners of the Government led PRSP, the outcome matrix was shared with the wider donor community in 2006, inviting them to join the process.

Lessons learnt:

- (1) Local ownership of development strategy is a key driver for developing a joint country assistance strategy.
- (2) For practical reasons, the division of labour process did not include all partners present in the country, but only the most important ones, representing 80% of the aid received by Bangladesh. The wider donor community would have liked a more inclusive process, but the four partners were initially concerned to keep the process manageable. So far, the objective of extending the joint strategy to other donors has not been met.
- (3) A fully common approach of the partners involved in the joint assistance exercise was not possible. The specific requirements and format of each partner's country strategies could not be waived and were a major constraint for the division of labour process. Four separate country strategy documents had to be prepared, and one of them has been postponed for political reasons.

Source: DfID

<http://www.dfid.gov.uk/mdg/aid-effectiveness/newsletters/joint-strategy-bangladesh.asp>, March 2006.

¹² See for instance: Policy note on Agriculture and rural development at <http://www.dfid.gov.uk/mdg/aid-effectiveness/newsletters/js-policynotes.pdf>.

1.12. Sudan Trust Funds

Donors: Canada, Denmark, Finland, Iceland, Italy, Germany, Greece, Netherlands, Norway, Saudi Arabia, Sweden, United Kingdom, European Commission and The World Bank.

Partner country: Sudan

The Sudan Multi-Donor Trust Funds (MDTFs) are a means for donors to coordinate the reconstruction and development needs of both Northern and Southern Sudan. The MDTFs are funded by donor countries and managed by two technical secretariats, one for the MDTF-National, which focuses on war-affected areas of Northern states (based in Khartoum), and a second MDTF-Southern Sudan (based in Juba). Both trust funds provide funding for priority projects and programs that are both pro-peace and pro-poor. The MDTFs intend to improve and accelerate development outcomes and governance. They originate from the Joint Assessment Mission (JAM) coordinated by the World Bank and UN, which assessed the needs of Sudan over the six-year interim period after the signing of the peace accord. The result of the assessment, developed with government authorities, was a “Framework for Sustained Peace, Development and Poverty Eradication.”

At a pledging conference held in Oslo, Norway, in April 2005, donors pledged over \$500 million for the two MDTFs. The trust funds are administered by the World Bank, working together with UN partners, donors, civil society, and the respective governments.

The MDTFs provide a vehicle for donors to pool resources and coordinate support to fund the overall reconstruction and development needs for Sudan during the Interim Period. As agreed in the CPA, MDTFs are to focus on recovery and longer-term development activities, guided by priority activities identified in the Joint Assessment Mission (JAM).

Lessons learnt:

- (1) The performance of the Sudan MDTF-N in terms of coordination is seen as satisfactory by donors. There were stronger criticisms of the performance of the MDTF-SS related to coordination. However, these should be understood in the context of a weak donor presence in Juba during the start up phase, as well as by the high expectations that were confronted by difficult implementation.
- (2) The MDTF has not served as an effective mechanism for coordination with the UN system, the relationship between the World Bank and the UN system having been strained, nor has served as a mechanism for broader donor coordination with non-MDTF resources. On the latter, donors have not used the MDTF governance structure to allocate bilateral resources into gaps created by slow MDTF-SS disbursement.
- (3) The crisis in Darfur also led to some confusion for both MDFTs. While a *compartmentalization* of the respective situations was put in place, donors’ approach of the crisis in Darfur was not without consequences for the MDTFs management. The respective positions of donors on a complex crisis as the one in Darfur underline the need for donors engaged in DoL partnerships in such settings to reinforce communication and to refrain from polarizing the issue.
- (4) Coordination with CSOs suffered from lack of operational relations due to complex rules. These are now being looked into. Civil society organizations have now been invited to sit as observers to the MDTF-N and MDTF-SS. There has been some reluctance on the part of the GoSS and GoNU in this regard, but this step could prove useful at improving the overall feeling of ownership.
- (5) Government donors and the World Bank have shown strong support for government ownership and the development of public sector capacity in both South and North

Sudan. The MDTFs allowed united support to emerge and subsequently facilitated government ownership.

- (6) In April 2006, several donors established offices in Juba (previously most donors were based in Khartoum), and a joint office – the Joint Donor Team- for the Netherlands, UK, Sweden, Denmark and Norway was established. The Head of the Joint Donor Team is the Co-Chair of the Oversight Committee, representing the five donor countries and the MDTF-N is currently co-chaired by the Netherlands. This is a particularly crucial step in terms of implementation of the Paris Declaration principles.

Sources: World Bank and donor sites and reports; Scanteam/Norway, Review of Post-Crisis Multi-Donor Trust Funds (MDFT), Vol. 2: Country Study Annexes, February 2007.

1.13. The Joint World Bank – European Commission Office for South East Europe

Donors: the European Commission & the World Bank, coordinating all donors in the region
Partner countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Kosovo, Moldova, Romania, Serbia and Montenegro.

The Joint Office for South East Europe was set up in 1999 to support the European Commission / World Bank in their joint role as coordinators of international assistance for the reconstruction and development of South East Europe.

The Office is co-headed by a representative of the World Bank Group and a member of the European Commission staff. It is located in Brussels. The operations of the Joint Office itself are carried out with funding provided by the European Union and the World Bank.

Three core interrelated functions are carried out by the Office:

- *Facilitation of the donor coordination* effort. The donor coordination itself is carried out by the High Level Steering Group (HLSG) – co-chaired by the EC and the WB -, which comprises G8 finance ministers and heads of major international financial institutions. The HLSG aims to ensure strategic direction is given to the process of economic reconstruction, stabilisation, reform and development in the region, both at country and at regional level.
- *Mobilisation of aid and monitoring of aid flows* to South East Europe. In particular, the Joint Office has developed a set of databases to trace donor pledges, commitments and disbursements.
- *Transfer of knowledge and information* to both the international community and the countries of the region. To help carry out its work, the Joint Office manages a website to provide real time information to enable all interested parties to participate effectively in the overall regional reconstruction and economic development program.

Lessons learnt:

- (1) In a context of scarcity of donor resources and given the region's vast needs, the Office has been able to coordinate aid, avoid overlaps or inconsistencies between donor programs, and identify funding gaps.
- (2) The Office has also been able to track aid given by the donors, ensuring the accountability of aid.
- (3) Cooperation and division of labour in the West Balkans has been achieved through the creation, by two major multilateral donors, with their funds, of an explicit instrument (the Joint Office), working full-time on the issue of cooperation and division of labour.
- (4) Effective division of labour has been made possible by the continuity of this instrument and the availability of up-to date information for all parties involved.

Source: The JO for SEE website.

1.14. Partnership Framework on water and sanitation development in Bangladesh

Donors: the Asian Development Bank (ADB), Denmark, Japan, Korea, the World Bank

Partner country: Bangladesh

A partnership framework agreement was signed by the Government of Bangladesh, Japan, Korea, DANIDA, ADB and the World Bank to improve the urban water supply and sanitation services in Dhaka and Chittagong. The main objective of this initiative was to provide a framework for the Government of Bangladesh and development partners to *share policy objectives*, as well as to *set out a framework for the division of labour* among major donors:

- In Chittagong, Japan focuses its assistance on water supply service in the city (in particular, it helps to improve the performance and management efficiency of Chittagong Water Supply and Sewerage Authority), while Korea is providing support to prepare a master plan for water supply and wastewater management.
- In Dhaka, ADB supports water supply improvements, while the World Bank plans to assist with sewerage and drainage improvements, including scaling-up successful models for water supply and sanitation service provision in low-income communities and slums. The World Bank and ADB will also help to improve the performance and management efficiency of the Dhaka Water Supply and Sewerage Authority.
- DANIDA is extending credit to the Government to construct a new water treatment plant (Saidabad II).

Lessons learnt:

- (1) ADB, which provides by far the biggest share of financing within this framework (US\$450 million out of US\$800 million) has played a leading role in the development of this partnership.
- (2) A lack of authority in decision making at the field level among some of the donors (ADB and World Bank) slowed down the process of division of labour. However, this was overcome by a close communication through video and telephone conferences and e-mails in which task managers from Headquarters participated.

*Source: Japan questionnaire and Partnership Framework,
<http://www.danidadevforum.um.dk/NR/rdonlyres/B0C1555D-2F7A-447D-BB03-1197846B55D0/0/FinalPartnershipFrameworkBangladesh.doc>*

1.15. The European Commission and Italy in Somalia

Donor: Italy and EC

Partner country: Somalia

In 1985, the Government of Italy and the EC signed a Framework Agreement on Co-financing aimed at jointly financing development activities over an initial period of five years, 1985-1990. This agreement was subsequently renewed for 1991-1996; 1997-1998; 1998-2003 and 2003-2004. Emphasis in the Italian co-financing has been placed on bolstering ongoing EC activities through the injection of additional funds, administered by the EC. Over the 19-year period 1985-2004, approximately 85% of the more than 100 projects co-funded by Italy have been implemented in ACP countries. The agreement expired end 2004; an EC decision dated 05/08/2004 stipulated that this co-financing was impracticable pending establishment of a legal basis for the management of MS funds by the EC. It was nevertheless decided that the EC proceed with implementation of ongoing activities and that additional Italian funds for the 4th Reconstruction Program for Afghanistan and the 4th Rehabilitation Program for Somalia be accepted.

Somalia has no established government institutions to sign agreements with donors. This renders the situation in Somalia exceptional. In fact, prior to signing a MoU forming the basis for cooperation between the EC and the TFG in 2006, all Rehabilitation Programs were managed autonomously from Kenya. Moreover, except for the agreement between the EC and Italy, cooperation took shape via exchange of letters.

Lessons learnt:

- (1) Co-financing allowed results with limited capacity and low managerial input as well as access to EC reputation. Indeed, rapid aid increases and limited aid capacities provided a powerful rationale for Italy to seek alternative aid channels. Using the EC presented a means to get results by capitalizing on both, existing capacities and reputation of transparent & accountable aid delivery.
- (2) Co-financing presented a way to foster cooperation between the EC and Italian NGOs. The joining of efforts by two donors further added political weight and curbed the potential for manipulation.
- (3) This co-financing strengthened the EC position vis-à-vis other donors – being entrusted with Italian funds – and entailed economies of scale through joint management of funds by one donor.
- (4) However, this placed an extra administrative burden on the EC the Nairobi Delegation, which faced increased workload without concomitant staff increases.
- (5) Other drawbacks include the lack of transparency, the difficulty to access information by Italy and the delays and friction caused by the division of tasks between Brussels and Nairobi. Despite occasional hiccups – which must be seen in the specific Somalia context – the Italian co-financing experience in general was very positive and both the EC and Italy are keen to revive the cooperation under the 10th EDF and FP 2007-13.

Source: Independent Study on Joint Financing Activities, Sigrid Willibald, 2007

1.16. The Temporary International Mechanism in Jerusalem

Donors: Austria, Belgium, Denmark, the European Commission, France, Germany, Greece, Ireland, Luxemburg, Malta, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom, the World Bank

Partner country: the Occupied Palestinian Territory

In order to alleviate the burden of the crisis in the Palestinian Territory and maintain essential social services, the Quartet endorsed in June 2006 the European Union's proposal for a temporary international mechanism. The TIM is implemented through three windows:

- Window I supports the provision of essential supplies and running costs for health, education and social services, through a pre-existing scheme, the Emergency Services Support Programme. The implementation of donor funds to Window I is *managed by the World Bank*, by means of a *multi-donor trust fund*.
- Window II supports the supply of utilities. Operations under this Window are managed by the TIM Management Unit (TIM-MU), comprised of EC and EU Member States' officials and experts, and are covered with *funding made available by the European Commission*.
- Window III supports vulnerable Palestinians through the direct payment of social allowances to public service providers and to the poor. Window III is also managed by the TIM-MU. The donor can either choose to open individual bank accounts or to pool its resources in the existing donors' pooled bank account¹³. The TIM-MU handles all activities before and after the act of payment for those donors who participate in Window III. This function includes all preparatory activities prior to the actual payment as well as the administrative follow-up once the payments have been made. In particular, the TIM-MU provides the donor with full assurance and adequate documentation on the payments' execution and the activities' implementation.

Lessons learnt:

- (1) A solid political will at the highest decision-making levels has been a key for success, even in the most difficult and complicated environment.
- (2) Both the multi-donor trust fund of Window I and the pooled funding mechanism of Window III have allowed very important transfers of money in a rapid and efficient manner. However, Windows III leaves more flexibility in terms of governance: donors who did not want to pool their funding could opt out and open their own bank account (although all donors eventually decided to use the pool funded mechanism).
- (3) The EC and the management of TIM have been able to set up a convincing structure of ex-ante and ex-post checks and controls. This structure has provided full guarantee to the European taxpayers that the resources went directly and exactly to the targeted beneficiaries.
- (4) A single implementation team has reduced overall transaction costs. The management cost of TIM operations has been below 5% of disbursement, and around 4% of commitments, which can be considered an outstanding performance.
- (5) Substantial know-how was established from the outset and continuously consolidated in the unique implementation team.
- (6) The TIM pool fund (Window III) has not been able to attract non European donors.

Sources: M. Mariani, Head of TIM Management Unit in Jerusalem; and TIM reports.

¹³ The Netherlands, first donor to open an account, agreed to make available its account to other donors' funds and therefore to manage the disbursement of funds on their behalf, with the assistance of the TIM-MU.

1.17. Focus on Elections support basket funding

Donors and partner countries:

→ In **Sierra Leone** (2007): Election Basket Fund, Joint donor basket for the Electoral Reform Project (Ireland, UK, EC, UNDP, Denmark, Japan).

→ In **DRC**: Support to Electoral Project in the DRC; UNDP managed trust fund
European Union, United Kingdom, Belgium, Germany, the Netherlands, Japan, Canada, Sweden, Norway, Switzerland, Italy, Spain, Ireland, France, Poland, UNDP TRAC. The project was supported by a specific monitoring body, the Technical Group on Election Security, composed of all national and international stakeholders.

→ In **Nigeria** (2007): The following Development Agencies contributed to the Joint Donor Basket Fund (JDBF): CIDA, DFID, EU, UNDP; implementing partners: Independent National Electoral Commission (INEC), CSOs, UNIFEM

Lessons learnt:

- (1) Basket funding in the case of elections in highly sensitive countries allows for large support to be built and improve coordination in complex settings. For instance, in the case of DRC where elections were organized for the first time since independence, it was particularly important for all actors to be coordinated in a challenging and highly sensitive context. The MONUC Electoral Division and APEC merged their respective structures into an integrated UN-Integrated Electoral Assistance framework thereby reinforcing the overall stance of the international community as united in their commitment to the organization of transparent and credible elections that are domestically and internationally recognized.
- (2) Donors recognize that the basket funds created by UNDP for elections support have been useful as a means of pooling resources among donors and have helped provide 'neutral' management mechanisms. In most cases, UNDP has put some of its own funds in the common basket as seed money and to provide an initial working capital before pledges are actually honored by donors.
- (3) In the case of APEC (DRC), the Government also contributed US \$18 million in 2005 and in 2006, further highlighting the partnership dimension of this funding mechanism.
- (4) Basket Fund offers a channel for funding and providing technical assistance to the electoral process and support to the security of the election in a coordinated way. Additionally it offers the opportunity of building on other agencies/ organizations' strength/ capacity and also encouraging further cooperation and coordination (for instance within an UN integrated framework, with the other IOs or NGOs)

Sources: Country questionnaires, UNDP country websites, Evaluation of UNDP Assistance to Post-Conflict Countries: Case Study of DRC by Carrol Faubert, 2006

1.18. Bosnia-Herzegovina (BiH) Governance Accountability Project, Second Phase (GAP2)

Donors: USAID, the Swedish International Development Cooperation Agency (“Sida”) and the Netherlands Ministry for Development Cooperation

Partner country: Bosnia-Herzegovina (BiH)

One of the major challenges facing BiH is to make governance more efficient and accountable. The GAP project works towards this end, strengthening local governance and improving service provision. Now in its Second Phase (GAP2) its goal is to dramatically and visibly improve the ability of municipalities to better serve their citizens and to support a policy and fiscal framework, which is conducive to improving accountable democratic governance.

The three bilateral donors of Sweden, the Netherlands, and the United States, agreed to each contribute \$10 million over the five-year life of project for a total of \$30 million. The donors have agreed to a Joint Financing Arrangement for GAP2. USAID will carry out procurement steps to competitively select an implementer, and will conduct contract administration on behalf of the three donors. All three donors will take part in evaluation of proposals. Through the establishment of a Joint Management Committee, all three donors will be engaged in strategic management and oversight of GAP2. Although USAID will have the direct relationship to the contractor and is charged with contract administration, the donor ownership over project strategy is equally shared among the three donors. Local ownership of GAP2 will rest with participating municipalities, mayors, and municipal associations.

Lessons learnt:

- (1) Following the three-year Governance Accountability Project, the model used in the Second Phase five-year program (GAP2) – pooled funding with joint strategic management – offers greater built-in donor coordination, economies of scale, and added political leverage for critical policy reforms through the strong support provided by the three donors.
- (2) Builds on USAID and Sida’s successful partnership in GAP (2004-07) to support local governance in BiH, and the Netherlands’ support to municipal associations in BiH for nearly a decade. The partnership of the three donors will consolidate nearly all of their resources for local governance into one program.
- (3) In Designing GAP2, DoL was facilitated for other stages of the project by an initial investment in serious, substantive, thorough and early face-to-face meetings at the working level (including project managers, contracting officers and lawyers), with participation/representation by all parties, to reach agreement, and compromises, on the details of how the project will be implemented. Indeed, some conflicts between donor systems or approaches only surface when the details of implementation are being discussed, and these potential conflicts need to be identified and addressed early on, e.g., to adjust the project design where necessary.
- (4) Thanks to authoritative commitment and approval from senior levels early on, especially to resolve points of conflict, the project’s design was validated on a solid consensus basis, laying the ground for strong DoL partnership throughout the project’s cycle.
- (5) The recognition by all parties that some compromises in “standard systems” would be needed in order to harmonize multiple donor systems, which may require clear direction from leadership that such compromises are acceptable, and participation by

mid-level staff who recognize that compromise may be more important than defending turf proved to be a crucial element in getting each party comfortable in their agreement to the project and their respective roles. The lesson proved to be that donors need to select the right kind of representatives for the project design meetings to be productive.

- (6) A clear designation of respective duties and authorities for all donors and adequate planning for staff to undertake such duties in a timely fashion is a pre-condition to successful DoL operations.
- (7) Through the reinforced support and coordination provided by the DoL between the donors, the GAP project was able to further raise the profile of policy interventions. The significant participation of mayors in the policymaking process as well as the increased total public sector revenues for the municipalities and improved policy framework in both entities of BiH are direct positive outcome of the support and stability provided by the GAP DoL and cooperation.

Source: USAID communications (particularly with Noreen O'Meara (ODP/BMD), Tim Riedler (RSC/RLA) and Marc Ellingstad (Sarajevo/DEMO)), USAID and other partners' websites.

1.19. The Zambian Private Sector Development Action Plan

Donors: A total of nine donors have signed the memorandum of understanding (MoU). The US Millennium Challenge Account (MCC)

Partner country: Zambia

The commitment to establish a more business-friendly environment is shown by agreement on the Private Sector Development (PSD) Action Plan and the adoption of the Zambian Development Agency (ZDA) Act in May 2006. The Action Plan Working Groups – on immigration; administrative barriers; tourism; and public-private partnerships (PPPs) – were approved by the cabinet and the more contentious land reform issue is awaiting approval. A draft legal framework for PPPs has been prepared in collaboration with the South African Development Community (SADC) in 2007.

The objective of the PSD program is to lay a foundation for faster, sustained, private-sector led economic growth by implementing a comprehensive action plan for enhancing the business and investment climate.

- It is a roadmap to creating an enabling environment for private sector growth.
- The PSD program has six reform areas :

Reform Area	Reform Objective
1. Policy environment institutions	Create the enabling macroeconomic environment, strengthen public agencies that support PSD and enhance public/private Dialogue
2. Regulations and laws	Improve regulatory frameworks and investment code to foster PSD
3. Infrastructure	Enhance the infrastructural platform for PSD by encouraging private investment in infrastructure (PPI).
4. Business facilitation and economic diversification	Remove administrative barriers to business entry and operation and facilitate development of high-growth sectors.
5. Trade expansion	Create greater opportunities for access to regional and international markets by Zambian businesses.
6. Citizens' empowerment	Unlock the growth potential of citizens through business development support and empowerment initiatives.

Four donors support the PSD Action Plan through a Joint Financing Agreement (\$10 million basket fund for three years) signed in April 2006 with the subsequent release of funds in June 2006. A total of nine donors have signed the memorandum of understanding (MoU). The US Millennium Challenge Account allocated \$22million to the PSD Action Plan for 2007 and 2008 placing especial focus on immigration, administrative barriers and PPPs.

Lessons Learnt:

- (1) While most stakeholders seem optimistic about the PSD Action Plan some business representatives have criticized it for being too donor-driven and are concerned about the sustainability of the reforms once donor funding has ended.
- (2) Private-sector participation in the PSD initiative through the Zambia Business Forum (ZBF) has been quite strong. ZBF has five representatives on the steering committee and two on the implementation committee, including the Chair. This dimension is particularly crucial to the viability of this process and a positive sign of stronger ownership of this initiative by Zambia private sector stakeholders.
- (3) Strongly supported by the MCC, the Zambia Development Agency (ZDA) became operational on 1st January, 2007. The creation of the ZDA constitutes of the PSD's main achievement and is aimed at streamlining the numerous processes and

regulations undertaken by different statutory bodies, which is one of the major administrative barriers to investment in Zambia.¹⁴

- (4) The passing of the bill on the Citizens Economic Empowerment in May 2006 is another achievement under the PSD. The objective of the bill is to encourage, facilitate and increase the levels of citizens' participation in all facets of the Zambian economy so as to improve their own lives.

Sources:

AfDB/ OECD African Outlook on Zambia 2007:

<http://www.oecd.org/dataoecd/27/1/38563134.pdf>

Millenium Challenge Corporation: <http://www.mcc.gov/documents/qsr-zambia.pdf>

On the Zambia Development Agency: <http://www.zpa.org.zm/zdanote.pdf>

Zambian Minister of Finance and Planning communication of Strengthening Business Climate in Zambia (2007)

<http://www.pbintel.com/ZIF%20presentations/Microsoft%20PowerPoint%20-%20Minister%20Finance.pdf>

¹⁴ The ZDA is a “one stop shop” that has brought together the operations of five statutory bodies, namely Zambia Investment Centre (ZIC), Zambia Export Processing Zones Authority (ZEPZA), Export Board of Zambia (EBZ), Zambia Privatisation Agency (ZPA) and Small Enterprise Development Board.

1.20. Delegated cooperation of AusAID programme in Cook Islands to NZAID (New Zealand)

Donors: Australia, New Zealand

Partner country: the Cook Islands

In 2000-2001, Australia and New Zealand embarked on a joint review of *Harmonising Donor Policies and Practices in the Pacific* to find ways to improve aid delivery at both strategic and operational levels, and to reduce transaction costs for partner governments. The report recommended that a single co-funded programme be set up for the Cook Islands, with New Zealand taking on the lead partner role, and Australia acting as a "silent" partner.

Since 2004, Australia has delegated the management of its whole Cook Islands programme to New Zealand. This delegated cooperation covers all sectors of the core bilateral development programme between Australia and the Cook Islands.

The Governments of Cook Islands, New Zealand and Australia agreed to a pilot program of three years from July 2004 to June 2007 (extended to December 2007). AusAID's operational arrangement with NZAID is outlined in the AusAID/NZAID Donor Funding Arrangement 2004-07, which sits along side the Tripartite Arrangement 2004-07 between the Cook Islands, New Zealand and Australia.

Over this time, NZAID has received slightly over NZ\$7 million from AusAID.

The Cook Islands Joint Country Strategy (JCS) has been prepared by the Government of the Cook Islands and the International Development Agencies of New Zealand and Australia. It supports the National Development Strategy of the Cook Islands Te Kaveinga Nui (TKN) 2020 vision and the National Sustainable Development Plan (NSDP) 2007-2010. The JCS provides the guiding framework for development and delivery of New Zealand and Australian aid to Cook Islands. The JCS seeks to enhance aid effectiveness by strengthening partnerships between the three governments and maximising the benefits of harmonisation

Lessons learnt: too many ?

- (1) New Zealand's special constitutional relationship with the Cook Islands gave an obvious comparative advantage that could be efficiently utilised by Australia.
- (2) New Zealand and Australia have a long history of like-mindedness on many issues, ranging from joint military action and active membership of the Commonwealth, to broadly similar stances on many aspects of aid delivery. This contributed to the necessary trust for a fully delegated programme.
- (3) As a very small country with a government of limited capacity, Cook Island's need for minimising transaction costs was even more urgent than for larger countries.
- (4) New Zealand is by far the largest donor to the Cook Islands and Australia was a significant other donor, making it in the Cook Islands government's own interest to invest resources in helping make a joint process work, particularly as New Zealand is also seeking to increase the ownership and alignment of the jointly-managed programme.
- (5) It proved difficult to integrate and cooperate with Australia's aid programmes other than the core bilateral programme (e.g. scholarships, regional programmes, and programmes not managed by AusAID but by other government agencies).
- (6) While New Zealand and Australia have been like-minded on many things, there are policy differences at the margin on aid priorities that have so far been overcome but point to the need for clear communication and mechanisms to resolve policy tensions.

- (7) The process of developing a joint country strategy has proven time-consuming and labour intensive; with difficulties in defining for Australia exactly how 'high level' they want their strategic input to be and for New Zealand in knowing which decisions need referral to Australia. Again, clear communication, demarcation of roles and mechanisms are necessary.
- (8) Both Australia and New Zealand are investing heavily in strengthening their aid performance reporting domestic frameworks (i.e. for Australian and New Zealand Ministers and Parliament). While any issues with the delegated cooperation are certainly solvable, it is becoming clear that clear demarcation of accountability for results, as well as finances, will be necessary to incorporate the Cook Islands programme into those frameworks.
- (9) The Cook Islands Program, though small, has served as a good test case for harmonisation through division of labour instruments. AusAID and NZAID have been considering the possibility of something similar in Kiribati, where we would take on management New Zealand's support, but this is still in the early stages.

Source: New Zealand and Australia's questionnaires

1.21. UN as One: Rwanda One UN Pilot

Donors: UNCT¹⁵, One UN Steering Committee in Rwanda¹⁶,

Partner country: Rwanda

The objective of the One UN pilot in Rwanda is to improve the impact, coherence, efficiency and positioning of the UN system to enable it to better respond to the challenge of helping Rwanda meet the MDGs and Vision 2020. In addition the One UN Reform is also aimed at facilitating the harmonisation and coordination with the other Development Partners. To achieve this objective, the UN Country Team has agreed to put in place an incentives system that rewards coherence, performance and results.

The One UN strategy in Rwanda was defined in consultation with Government partners and Development Partners in February 2007. The Rwandan strategy focuses on careful consensus building and systematic consolidation of each step of the reform process. The strong leadership of the Government of Rwanda and its unambiguous expression of support for far-reaching reform of the UN System, has helped accelerate the pace of reform and inspired an ambitious vision of the ‘One UN.’ Key features and objectives of the Rwandan pilot are:

<p>One Program</p> <ul style="list-style-type: none"> - Single consolidated program and implementation plan; - Standing Coordination and peer review mechanisms to ensure a continued unity throughout the programming cycle; - Program and Policy work tied together to ensure that the program is driven by strategic results. 	<ul style="list-style-type: none"> - Goal is to turn around funding-driven and project-based logic into a solid, common, enforceable strategy aligned with national development objectives. - Agency strengths/ sector level synergies - The One program will be supported by a coordination structure centred on UNDAF Theme Groups divided in 5 pillars¹⁷
<p>One Budgetary Framework</p> <ul style="list-style-type: none"> - Core resources and Vertical Funds fully aligned with ‘One Program’; - Additional resources mobilized by the Resident Coordinator through Pooled Fund; - Allocation based on performance, and adherence to One UN framework. 	<ul style="list-style-type: none"> - Replaced funding-driven logic with system that includes: a. centralized resource mobilization at level of RCO through creation of “one fund”; b. performance based allocation of resources centred on commonly agreed criteria and transparent/fair resources allocation mechanism
<p>One Leader</p> <ul style="list-style-type: none"> - The Resident Coordinator (RC) is the leader of the One UN system and is responsible for ensuring implementation of the One UN reform process; - Coherent management structure for the ‘One UN’, including clearly defined roles and responsibilities for the RC and Heads of Agencies; - UN speaks with one voice on key policy issues. 	<p>Principle broadened to include an entire set of decision-making mechanisms. The highest supervisory body for the ‘One UN’ is the steering committee, which provides guidance in the One UN reform process.</p> <p>RC gives executive direction to the implementation process and the UN Country Team will direct resource allocations and programs. A Code of Conduct¹⁸ was developed, detailing the roles and responsibilities of each actor in the common management structure.</p>
<p>One Office</p> <ul style="list-style-type: none"> - Efficiency gains through pooled support services; - Lower transaction costs by harmonizing procedures; - Common premises for One UN to facilitate integration. 	<p>The guiding principle is the efficiency of the system achieved through a systematic identification of cost and benefits of pooled services.</p>
<p>One Voice</p> <ul style="list-style-type: none"> - Common Communication strategy 	<p>In addition to the four ‘Ones’, the ‘One UN’ pilot in Rwanda developed a common communication strategy to promote awareness and understanding on the reform process both internally and externally as well as ensuring that the UN speaks with ‘One Voice’ on key policy issues</p>

¹⁵ The UNCT comprises of 10 Resident Agencies (UNDP, UNFPA, UNICEF, WHO, WFP, FAO, UNAIDS, UNIFEM, UNHCR, UNECA); 8 Non-Resident Agencies (IFAD, ILO, UNEP, UNESCO, UNCTAD, ITC, OHCHR, ITU); 4 Agencies represented by UNDP (UNCDF, UN-HABITAT, UNIDO, UNV); 4 Agencies not part of One UN but part of UNCT (IMF, World Bank, ICTR, MONUC).

¹⁶ The One UN Steering Committee in Rwanda is chaired by the Minister of Finance and Economic Planning and is composed of three other government counterparts (of ministerial level), four UN Agencies, the UN Resident Coordinator and three Development Partners. The Administrative Agent (UNDP) is observer

¹⁷ Governance; Health, HIV, Nutrition and Population; Education; Environment and Sustainable Growth and Social Protection

¹⁸The main innovations of the Code of Conduct are: Members of the UNCT represent not only his/her own agency but the entire UN in all external interactions; Heads of Agencies, as members of UNCT, will make decisions through consensus. In situations where no consensus can be reached, the RC will take the ultimate decision

Lessons learnt:

- (1) Importance of consultation with all stakeholders: the initial consultative exercise (February 2007) played an important role in addressing some of the initial concerns expressed by individual agencies while forging a common vision for the Pilot and agreeing on a way forward. Note: Rwanda's pilot builds on previous pilot experience (ex. Tanzania)
- (2) Government leadership is evident and has been crucial. Clear links between the EDPRS priorities and a single point of UN engagement will reduce transactions and are in line with GoR's firm stance on aid effectiveness. One positive point to note is that the Minister of Finance who chairs the One UN Steering Committee is committed to financing of the UN within an agreed budgetary framework.
- (3) Most donors in Rwanda¹⁹ are supportive of the One UN. Few are decentralized so the transition to pooled funding will require HQ decisions.
- (4) Within UN: the Resident Coordinator (RC) has learned lessons from the other pilots and has adopted an inclusive approach. All agencies – but WHO- in the UNCT have signed up to the UN One Plan/ COD (Common Operational Document). The entire management structure of the One Program has resulted in improved understanding of the comparative advantage and capacity of each agency. The common planning process has enabled the elaboration of a coherent strategy geared towards wider development results rather than limited agency mandates.
- (5) The common planning process has enabled the UN to improve the division of labour between agencies by clearly identifying areas of overlap and duplication. This is also a vector of aid effectiveness and DoL with other development partners thanks to the increased clarity and coordination expected from the reform.
- (6) Impact on overall resources (funding) available through the UN system to the countries to meet their national goals within the framework of IADGs, including MDGs; Improved programming quality and coherence is expected to result in increased availability of funds for the system and their more effective utilization clearly geared towards the achievement of strategic development objectives.
- (7) However, resources required achieving One Program results are estimated at 488 million USD of which 155 million USD (approximately 30 million USD/year) need to be mobilized through the Resident Coordinator on behalf of the UNCT. Several Development Partners, including Sweden, DFID, the Netherlands, Norway and Belgium have indicated interest in covering a portion of the funding gap. However, it is still too early to estimate the long term effects of the reform on resource mobilization. Secondly, if the UN system is not able to enforce a strict application of the agreed resource allocation system and performance criteria, donors may lose faith in the common system and revert to traditional funding mechanisms, which give them a more direct control over resources. Some donors have already expressed a preference in directing funds through existing channels at HQ level so as to contribute to the Core Resources of UN agencies. This funding gap may therefore threaten the applicability of the reform. The question of financing is one of the most sensitive issues addressed by the 'One UN' Pilot process in Rwanda.
- (8) Development of a clear Monitoring and Evaluation Framework might be difficult since there have not been sufficiently clear views from the start on how to measure progress; Delivering well-defined quality results for the Delivering as One process in such a short time frame has proven to be a challenge. Additionally, reporting requirements differ by agency, which means that the common reporting procedure for

¹⁹ UK, Canada, Sweden, Belgium, US, Germany, EC, Japan, Switzerland and Netherlands.

the 'One Budgetary Framework' will come on top of existing reporting procedures in many cases, especially as it should ideally be in line with the Governments reporting on EDPRS.

- (9) Difficulty to change organization culture: the elaboration of the 'One Program' has posed a real collective action problem for the UN system. Despite the recognition by all UN agencies of the need for a more coordinated and results-oriented approach, many agencies have continued to focus on small projects. This is partly due to the structure and expertise of agencies, as well as a desire to spread the net widely to maximize agency benefits from the common resource mobilization strategy. This is particularly problematic with small, under funded and technical agencies. The two main safeguards put in place to minimize this problem have been:
- (a) The peer review mechanisms whereby agencies could discuss and challenge the relevance of proposed activities
 - (b) The agreement on the strict funding eligibility criteria focused on a number of objective performance criteria (including delivery and implementation capacity). There is a thin line between focus vs. inclusiveness and maintaining a balance between program coherence and respecting the programmatic diversity of the UN.

Sources: Stocktaking Report by the One UN Steering Committee1 in Rwanda (November 2007) available at: <http://www.undg.org/docs/8138/Rwanda-Stocktaking.pdf> , UNDG website, DFID Aide Memoire: Rwanda One UN Pilot (November 2007), emails and telephone conversation with UN working group on Aid Effectiveness (Dia Timmermans, Nicola Harrington).

1.22. Community Action for Health project in the Kyrgyz Republic – the Kyrgyz-Swiss-Swedish Health Project (KYSS)

Donors: Switzerland, Sweden, the USA, the Asian Development Bank, the Aga Khan foundation

Partner country: the Kyrgyz Republic

Community action for health (CAH) was first funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by the Swiss Red Cross. It started in January 2000. The central project component is health promotion. It was first centred on one oblast (region) - Naryn - and was extended in 2004-2005 throughout Naryn and Talas oblasts.

The success of this project convinced the Ministry of Health (MoH) of the Kyrgyz Republic to endorse it as part of the National Health Reform and asked for it to be extended in rural areas nationwide.

Two donors agreed to support this extension:

- In 2006, SDC and Sida developed a delegated cooperation agreement whereby Sida channelled resources through SDC for the extension of the model to three oblasts. Sida and SDC agreed to delegated implementation under which Sida entrusted SDC to implement the extension through its existing set-up from 2006 onwards. With Sida's contribution the project has been renamed *the Kyrgyz-Swiss-Swedish Health Project (KYSS)*.
- USAID is financing the extension in the remaining two oblasts, with technical assistance provided by SDC project (through the Swiss Red Cross).

Lessons learnt:

- (1) Division of labour was made easier by the endorsement of the initial project in the Partner country's strategy. The fact that the Kyrgyz State recognized the significance of the project and included core elements of KYSS into its national health programme strategy paved the way for other donors' participation in the project. Sweden and the United States adhered to the project, followed by the Asian Development Bank and the Aga Khan foundation, which also linked their resources to the CAH.
- (2) Division of labour was achieved step-by-step and was built on a successful single donor project. Sida and USAID capitalised on the success of the Swiss-led CAH.
- (3) Division of labour allowed the project a greater impact through increased scale and geographic complementarity. Through extending the CAH, the population covered by the project has increased from 370 000 people in Naryn and Talas to 2.13 million in all five oblasts.
- (4) The sharing of the technical expertise (of the Swiss Red Cross) by all donors involved made economies of scale possible.

Source: SDC website; Mr. Schueth, Project coordinator; Mr Garrett, USAID.

1.23. The Projet de Promotion de l'Éducation de Base en 5ème Région (PPEB) in Mali

Donors: France (AfD) and Germany (KfW)

Partner country: Mali

There is a long-standing history of cooperation between AfD and KfW, reflected in a variety of practical arrangements²⁰ and consolidated by a partnership agreement²¹ signed on 08/01/1998. This agreement expresses both organizations' intent to deepen their collaboration through co-financing, *inter alia*.

With the PPEB, KfW entrusts AfD with the administration of funds in Mali (education) while AfD delegates funds and mandates to KfW in Kenya (transport), Benin and Georgia (environment). The PPEB project in the education sector in Mali, initiated in 2001 with an envisaged project end date of 31/12/2007, is jointly financed by France (AfD) and Germany (KfW, GTZ) and encompasses three separate project components covered by AfD & KfW (infrastructure); AfD & GTZ (social mobilization) and GTZ (institutional support). The total project cost amounts to EUR 13,1 Million, with AfD providing EUR 5,4 Million (41%), KfW providing EUR 4,6 Million (36%) and GTZ providing EUR 3,1 Million (23%). All partner country contributions are in kind.

Focus here is placed on the infrastructure component co-financed by AfD and KfW with delegation of funds & management mandates from KfW to AfD.²² This component accounts for EUR 9.3 Million or 71% of total project costs, with each institution contributing an equal share of EUR 4.65 Million. The implementation of this component was completed in December 2006. This case study represents an established partnership between two European donors, and because the Mali project has been recently finished and delivered a completion report.

Lessons Learnt:

- (1) Several favourable conditions contributed to the success of this DoL initiative:
 - A long history of working together, fostering mutual understanding and trust;
 - The existence of a partnership agreement, providing a broader cooperation framework, and the compatibility of standards, tried and tested in earlier collaboration, meant that no organization's assessment prior to engaging in co-financing in Mali was needed.
- (2) The fact that KfW looking to exit the education sector in Mali and that another project was being identified in Kenya at that time, where KfW would manage French funds on behalf of AfD, provided the opportunity to initiate this DoL, thus illustrating the role played by reciprocity.
- (3) In light of KfW's exiting the education sector in Mali, the direction of funds and management mandates had been clear from the outset, cancelling the need to involve Mali in the decision as to who should act as lead partner. The project is fully in line with the partner country's Poverty Reduction Strategy (PRS) and is integrated into

²⁰ Such as the sharing of office spaces, for example, which is the case in Brussels.

²¹ Signed, at the time, between KfW and the CFD (Caisse Française de Développement), which later became the AfD.

²² As opposed to the social mobilization component where no such delegation of funds and management responsibilities has taken place, with GTZ and AfD each funding separate sub-activities of the project component in a parallel fashion.

Mali's education sector program, the Programme d'Investissement du Secteur de l'Education (PISE).

- (4) Financial management: Being a case of joint financing, AfD and KfW contributions to the Mali project's infrastructure component were pooled and jointly kept on a general AfD bank account in Paris, with any interest accrued on joint funds (EUR 9,3 Million) going towards project activities. The overheads charged by AfD for managing German funds amounted to 3% of total project costs, which is well below the normal rate charged from the French government (approx. 10%) and can be ascribed, *inter alia*, to the significant KfW input during project preparation.
- (5) Co-financing in Mali entailed several benefits for all parties involved:
 - The immediate advantage is increased financial resources with the effect of bigger project outcomes for Mali. Larger financial volumes also strengthened AfD voice vis-à-vis the partner country and donors, adding weight and significance to its position in the education sector in Mali where it became lead in April 2007.
 - AfD could also draw on KfW sector and country expertise during the initial stages of its engagement in the education sector.
 - For KfW, delegating funds and management mandates to AfD provided a good exit strategy to phase out its engagement in education in Mali while disbursing its financial envelope (approved 1997) and sending a signal of change to the partner country.
 - Co-financing also caused certain efficiency gains for KfW and for Mali in particular, in terms of reduced workload and interaction with one single partner, mainly during implementation. Yet such efficiency gains required increased coordination efforts by AfD and KfW compared to a situation of two separate projects, and enhanced input by AfD.

Overall, the co-financing experience in Mali has been very positive and strengthened the mutual AfD and KfW perception as co-financing partner of choice.

Sources: Independent Study on Joint Financing Activities, Sigrid Willibald, 2007; French questionnaire; direct exchange at EC technical seminars.

1.24. Decentralised Cooperation across EU Member States: Luxembourg and Rhône-Alpes in Laos

Donors: Luxembourg, the Rhône-Alpes region

Partner country: Laos

A co-financing cooperation is currently being set up between the French Rhône-Alpes region and Luxembourg Development Cooperation in Khammouane province in Laos.

Both Rhône-Alpes and Luxembourg are engaged in development in Laos and its Khammouane province in particular:

- Lux-Development, the executing agency for bilateral aid from Luxembourg, is operating within the multi-annual Indicative Programme of Cooperation (ICP) between Laos & Luxembourg and has been implementing a project in the vocational training sector since 2002.
- Rhône-Alpes & Khammouane have a framework agreement dedicated to health and vocational training, the latter being implemented through the Rhône-Alpes' Association for Industrial Vocational Training (AFPI).

Given these overlaps, Rhône-Alpes, rather than initiating new project activity in vocational training, decided to support Lux-Development's ongoing EUR 3.2 Million project envisaged to end in 2008, with a contribution of EUR 200.000 in the form of teachers & equipment for the vocational training school in Khammouane.

Lessons learnt:

- (1) For Rhône-Alpes: this cooperation with Luxembourg, a financially stronger partner, allows a greater and more coordinated development impact and reduces set-up costs compared to a situation of funding a stand-alone project, seeing that the institutional set-up and infrastructure has been put in place.
- (2) For Lux-Development: this cooperation with Rhône-Alpes allows for drawing on specific experience and expertise available in the industrialised Rhône-Alpes region and frees resources for redeployment into other project activities, thereby reinforcing the project's long-term sustainability.
- (3) Lux-Development, in contrast to common practice, will not be charging overhead costs. This is attributable to the fact that no funds are transferred and no additional administrative burden is incurred, seeing that the vocational training component is integral to the project and would have had to be carried out irrespective of Rhône-Alpes' involvement.
- (4) Reporting activities will be simplified to a certain extent: while Lux-Development's reporting will encompass both Luxembourg and Rhône-Alpes contributions as complementary parts of the same activity, Rhône-Alpes will need to produce a separate report covering its own contributions only, in order to meet precise accountability demands made by its regional constituencies.

Source: Independent Study on Joint Financing Activities, Sigrid Willibald, 2007.

1.25. The Joint Partnership Fund for Water and Sanitation in Uganda

Donors: Austria, Denmark, Germany, Sweden, the United Kingdom

Partner country: Uganda

A Joint Partnership Fund (JPF) arrangement was set up for the period 2003-2007 with the Government of Uganda (GoU), Danida, Sida, and DFID for the support of GoU's water and sanitation programme. Austria and Germany joined the fund in 2005. The JPF was designed as an interim arrangement intended to pave the way for sector budget support.

The JPF was a pooled project-like funding mechanism. It was administered as a basket fund modality: funds were disbursed by the respective development partners to the JPF collection account and replenished based on agreed indicators. A considerable part of Development partners' inputs to the JPF were earmarked to specific sub-sectors. Consequently, in such areas the distribution of funds from the JPF to the various sub-sectors was determined by development partner preference and not always by GoU priorities.

The Danish Embassy functioned as lead donor throughout the programme period.

Lessons learnt:

- (1) The JPF has contributed to coordination, reducing transaction costs (via common planning, common implementation modalities, common accounting system, only one type of progress reporting, and some harmonisation of technical assistance).
- (2) The JPF has allowed timely releases of funds, compared to release of funds from GoU.
- (3) The JPF has contributed to capacity development, including within the NGO sector.
- (4) The JPF has ensured national coverage of most components, as compared to the previous area specific projects, where the scale of intervention in each area was determined by available donor funds rather than the need.
- (5) The JPF has contributed to the promotion of crosscutting issues, in particular gender issues.
- (6) The JPF has been a step towards sector budget support.
- (7) Pre-requisites for DoL like joint programming, sound alignment with partner country etc. had been underestimated at the beginning of the programme. The practical experience of DoL proved much more difficult and time-consuming than what was laid down on paper.
- (8) Being a lead donor has proven to be a difficult task due to the workload involved. Additional resources/capacities are needed for the lead donor, in the form of short term contracts, additional backstopping arrangements with HQ.
- (9) The successor arrangement of the JPF 2003 – 2007, the Joint Water and Sanitation Sector Programme Support 2008 – 2012, combines funding modalities of sector budget support (>50% of the sector budget), basket funding (new JPF), joint technical assistance and funding for joint programme monitoring from Development Partners. All procedures (financial management, procurement etc.) are largely aligned to GoU.

Source: Austria's questionnaire ; Mr Burtscher, ADA, Kampala,

Review of the Joint partnership fund for the water and sanitation sector in Uganda, April 2007

Joint Water and Sanitation Sector Programme Support (2008 – 2012), Programme Document, July 2007

Joint Water and Sanitation Sector Programme Support, Appraisal Report, 31 May 2007

Emerging good practise in managing for development results, OECD

1.26. Program REJUSCO (Restauration de la Justice à l'Est de la RDCongo)

Donors: Belgium (BTC-CBT), NL and UK = 11.5 million euros + 7.5 million euros EC; Belgian Technical cooperation (BTC) acts as implementing agency.²³

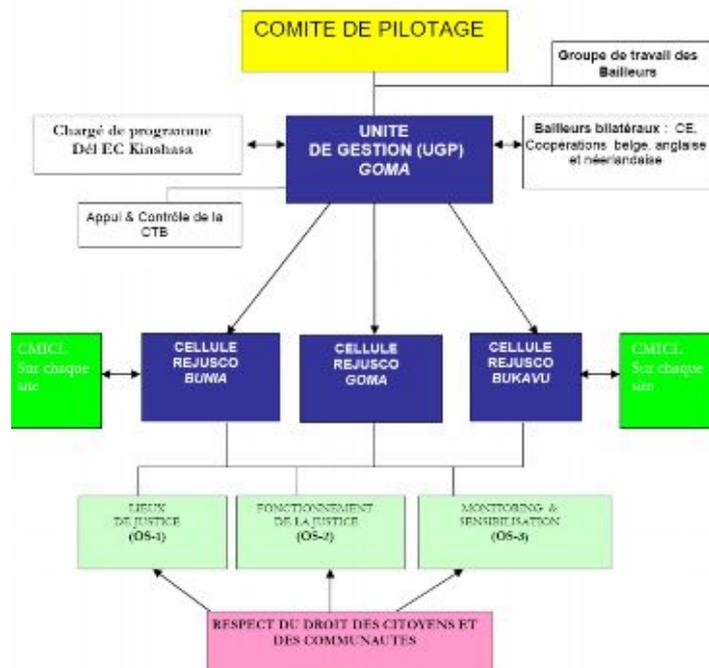
Partner Country: Democratic Republic of the Congo

The EC, DFID, DGCD (Belgium) and DGIS (Netherlands) identified Rejusco (started in 2005) as vehicle for efforts to restore rule of law and justice in Eastern Congo by fighting against impunity. The principal outcomes expected are: insuring fair trials and reinforcement of population trust of justice system.

The Rejusco program aims at facilitating the institution of skills in the administration of justice in the eastern provinces of the DRC, so as to support the establishment of the rule of law. The 4 spheres of activity planned under Rejusco will focus on:

- (i) Building up the operational capacities of the courts;
- (ii) Improving the ways justice is administered;
- (iii) Monitoring and improving knowledge of rights;
- (iv) Supporting the program's running and good management

The BTC implements the Rejusco program on behalf of the Government of DRC, following the Nordic+ “good practices” (of which DFID and DGIS are members).



Lessons Learnt:

- (1) Pilot project initially conducted in Bunia (justice, prisons etc) implemented by BTC, later on joined by EC who topped up with EC funding. This experience and presence of BTC in Eastern Congo (particularly through the AICB (Appui aux Initiatives Communautaires de Base – which ended in March 2007 and which office and material in Bunia were allocated to Rejusco) facilitated this increased support.

²³ Other partners include (as indicated on Rejusco website): All judiciary institutions both civilian and military; Ministries of Justice, Defense and Ex-combatants and Homeland Security Ministry; French Cooperation; UN Mission in DRC (MONUC) Rule of Law and Human Rights sections; Lawyers without Borders (ASF); Human rights NGOs; FARDC; Unions; Universities; Police Schools

- (2) Previous investment/ experience by BTC in the region made the case for its positioning as implementing agency on this project.
- (3) Strong legal basis enabled BTC to truly be the implementing partner²⁴;
- (4) Partnership with other international and local organizations/ agencies intervening on complementary issues while requiring significant amount of work and efforts upstream is highly valuable and further foster cooperation and local ownership.
- (5) This strong cooperation is particularly needed in a highly volatile and sensitive region such as Eastern Congo where donors needs to show a united and coordinated front if any tangible results in favor of peace, security and justice are to be lasting

Sources:

Rejusco website: <http://www.rejusco.org/>

Email contact with Mr. Dirk Deprez (BTC)

Document provided:

- *Rejusco Présentation Programme & Stratégie période de démarrage Comité de Pilotage (Mai 2007)*
- *Set-up opérationnel Document de travail (January 2007)*

²⁴ Official documents setting up the program:

- MoU between DFID and BTC (2006)
- Financing convention between EC and RDC (july 2006)
- Service contract between European Fund for Development (EFD) in DRC and BTC (December 2006)
- Convention between RDC and Belgium regarding Rejusco (December 2006)
- Implementing convention between Belgium and BTC
- Agreement between BTC and the Netherlands (February 2007)

1.27. 1.25. Afghanistan Trust Funds

Donors: Australia, Bahrain, Canada, Denmark, EC/ EU, Finland, Germany, India, Iran, Ireland, Italy, Japan MoF, Japan MoFA, Korea, Kuwait, Luxembourg, Netherlands, New Zealand, Norway NORAD, Norway MOFA, Poland, Portugal, Saudi Arabia, Sweden, Switzerland, Turkey, United Kingdom, USA, UNDP

Partner country: Afghanistan

The donor-community has supported two multi-donor trust funds in Afghanistan:

1. *The Afghanistan Interim Authority Fund (AIAF) from end 2001 until June 2002; the AIAF was administered by UNDP*

The Bonn Agreement made provision for the establishment of the Afghan Interim Authority, which took office on 22 December 2001. The Interim Authority faced the challenge of providing basic social services for citizens and paying civil servants. However, the Interim Authority did not have domestic revenues for these essential costs and needed urgent budgetary assistance from the international community.

The AIAF received over USD 73 million from 24 donors, spent a little over USD 71 millions and transferred the savings to the ARTF.

2. *The Afghanistan Reconstruction Trust Fund (ARTF) since March 2002 and managed by the World Bank*

The ARTF is administered by the World Bank under the supervision of a Management Committee comprising the Asian Development Bank, the Islamic Development Bank, the United Nations Development Program, and the World Bank. A monitoring agent has been recruited to assist in ensuring proper fiduciary management. As of October 2006, 24 donors had paid US\$1.45 billion since the inception of the ARTF. The payments have been quite well spaced out over the lifetime of the fund.

Over US\$814 million had been disbursed to the government of Afghanistan to help cover recurrent costs, and US\$214 million has been disbursed for investment projects.

Lessons learnt:

- (1) Important international mobilization following the international community intervention in Afghanistan quickly translated into strong political and financial commitment that was channeled first through the AIAF and then the ARFT, with clear mandates and administration/ management. However, relations with the UN have been mixed, at least initially: some resentment in UN over non-continuation of UNDP-led fund, while UNDP is on the Management Committee of the ARTF, and UN agencies are important implementing partners for ARTF projects.
- (2) Diversity of donors allowed for risk sharing, also mitigated by implementing agencies with pre-existing structures to handle large MDTF projects.
- (3) The ARTF "piggy-backed" onto the AIAF, establishing two "windows", one for recurrent expenditures, the other for investment projects. The ARTF has received pledges of over USD 1.3 billion from 24 donors in four years. Previous experience of AIAF allowed for ARFT to be jumped start and donors commitment to remain strong;
- (4) Recognition of ARFT as main development partner in Afghanistan allowed for donors to resort to the MDFT as a 'safe, recognized and visible' Division of Labour tool.
- (5) The budget support has been tracked by a Monitoring Agent (MA) in MOF, monitoring and providing advice and capacity building. Insisting on respecting procedures, fiduciary standards while providing funds on-budget has improved quality, transparency and legitimacy of the Government's PFM. The ARTF as funding

channel for budget support has been efficient, and the Bank as fiduciary agent has encouraged more donors to contribute.

- (6) Ownership and Capacity Development: the Government of the Islamic Republic of Afghanistan has had strong ownership of its national development policies and programs, were vocal supporters of the ARTF, especially for budget support, but had little capacity for implementation.
- (7) Harmonisation and Coordination: the ARTF has been an extremely useful harmonizing instrument for budget support, and contributed to coordination of the national rural development programs. It is unclear to what extent ARTF is contributing to any further harmonisation, since it is so small compared to other resources.

Sources: World Bank and donor sites and reports; Scanteam/Norway, Review of Post-Crisis Multi-Donor Trust Funds (MDFT), Vol. 2: Country Study Annexes, February 2007.

1.28. The Multi-Country Demobilization and Reintegration Program (MDRP) in the Greater Great Lakes region of Central Africa

Donors:

Contributing Donors: Belgium, Canada, Denmark, European Commission, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Sweden, United Kingdom, the World Bank

Other Partners: AfDB, AU , ECCAS/CEEAC, EU, FAO, GCA, ILO, IMF, UNICEF, UN - Department of Political Affair (DPA), UN - Department of Peace Keeping Operations (DPKO), UNDP, UNIFEM, UNESCO, UNHCR, OCHA, MONUC, ONUB, United States, WFP

Partners countries: Angola, Burundi, the Central African Republic, the Democratic Republic of Congo, the Republic of Congo, Rwanda and Uganda.

The MDRP is a sectoral (ex-combatants) and a multi-country/ multi-agency effort that supports the demobilization and reintegration of ex-combatants in the greater Great Lakes region of Central Africa. The largest program of its kind in the world, MDRP currently targets an estimated 450,000 ex-combatants in seven countries.²⁵ The MDRP is funded by World Bank grants and credits, and grants from eleven donors through the MDTF. The program was originally foreseen to run till June 2007, but the program was extended till June 2009 because of the need for more time to complete implementation of some of the national programs.

Lessons learnt:

- (1) The MDRP provided the structure to address a complex and multi-dimensional problem of a highly political nature, as well as a risk sharing mechanism through a World Bank led project.
- (2) The program allowed for donors, partners and the World Bank to present a united front on a question closely connected to security and stability in a sensitive region.
- (3) The strong donors' commitment through the World Bank Secretariat, as well as the good communication between donors proved keys to the success of the Division of Labour and the program itself.
- (4) One major challenge encountered has been the push by some donors for activities not planned for/ MDFT mandate and for which ODA could not be used
- (5) Relations with the UN proved to be complex, varying across country, over time, by agency and by issue, and have at time been quite difficult. Reasons for this are in part structural, in part different roles and differing corporate cultures.
- (6) Donor harmonisation and the use of Division of Labour have largely been successful, though the MDRP is trying to increase the number of donors, reduce its dependency on a few large ones, and avoid legal commitments being undermined by donors suddenly withdrawing financial support, which also weakens the purpose of donor harmonisation.

Sources: World Bank and MDRP sites and reports; Scanteam/Norway, Review of Post-Crisis Multi-Donor Trust Funds (MDFT), Vol. 2: Country Study Annexes, February 2007.

²⁵ The UN system has mandates to deal with peace-keeping operations. The World Bank finances demobilization and reintegration activities. However, it cannot support activities related to the military or police sectors that are excluded by OECD/DAC guidelines. With all resources contributed by MDRP donors to the MDTF also bound by the same limitations, the MDRP cannot fund disarmament but can only provide support once ex-combatants (EXCs) hand over their weapons and thus become eligible for demobilization and reintegration support.

1.29. The Joint Assistance Strategy for Tanzania (JAST) and its General Budget Support (GBS)

Donors: 11 bilateral Development Partners²⁶ together with the European Commission, the World Bank and the African Development Bank. In the Financial Year 2005/06 around \$616 million were disbursed using the GBS facility, directly into the GOT budget, representing around 20% of total GOT expenditure.

Partner country: Tanzania

The GBS is directed to the implementation of the Poverty Reduction Strategy of Tanzania (MKUKUTA in its Swahili acronym). GBS funds are subject to Tanzania's national budget procedures and using a unified assessment framework and a common dialogue process. It provides untied budget support to Tanzania using a unified assessment framework and a common dialogue process. One of the objectives of budget support is to increase the level of discretionary resources available to Government.

This budget support started to operate in Tanzania in 2001, replacing the Multilateral Debt Fund (MDF)²⁷. Following its introduction there has been an increased sense ownership of the development process by the Government together with major contributions made to the alignment process and donor harmonisation. It has also helped focus dialogue on the strategic issues of policy and economic management and as a result made positive contributions to policy design.²⁸

GBS can be considered should also be considered a vector for DoL in the larger scope of the JAST which also seek to promote a clear division of labour within the Government and among development partners, and Government defined and managed Technical Assistance. Since 2006, JAST implementation covers all levels of government in existing national, sector and local processes. Donors have adopted JAST as the basis for guiding their development cooperation with the government in order to further enhance aid effectiveness in Tanzania. Remarkable progress has been observed with regard to aid predictability, both in terms of timely and reliable provision of aid commitments as well as performance of disbursements under General Budget Support (GBS) arrangement.

Lessons learnt:

- (1) The funds go straight into the national budget and the GOT decides how to spend the money, thereby increasing national ownership of development issues. This implies a strong trust and dialogue between development partner and country partner. GBS can also strengthen the parliamentary role for decision making and shifts government accountability from donors to citizens.
- (2) GBS makes aid contributions more predictable and so makes it easier for the GOT to implement its poverty reduction program. It is also credited with saving time and eventually save money as there is one, rather than many, process for reviews, assessment and dialogue with donors. Those benefits have been particularly tangible in the case of Tanzania thanks to donors' commitment to the process and the GoT leading role in implementing it new poverty reduction strategy as well as pushing for

²⁶ Cida, Finland, France, Germany, Ireland, Japan, Netherlands, Norway, Sweden, Switzerland, DFID, USAID

²⁷ In 1999, five donors agreed to provide interim debt relief through the MDF, in which forex was paid to a Trust Fund to support Foreign Debt commitment, thereby releasing funds for budget expenditures. This first experience is said to have eased dialogue with GoT and initiating awareness of donors to the possibility of cutting transaction costs through DoL and providing funding without passing through a trust fund.

²⁸ Joint Evaluation of General Budget Support, Tanzania 1995-2004. April 2005:143-144

GBS as the preferred mode of aid delivery. However, transactions costs have not yet declined as much as expected, possibly due to the relative novelty of those new aid modalities.

- (3) With regard to budget support, the Performance Assessment Frameworks (PAF) have proved a relatively useful tool for monitoring whether the reform process is on track and likely to achieve the planned targets. The previous experience of Partnership Assessment Framework, after the two initial GBS were merged (at the request of the GoT), led to a better understanding on the part of the donors that the requirements to provision of the GBS represented a straightjacket for the GoT, resulting in a revision of the number indicators now lessened to 24 and to limit the number of annual meetings to one (in October). To enhance alignment, it is required that firm GBS commitments are in place no later than six months before the next FY.
- (4) However, the development of integrated, joint monitoring and reporting routines is still an area where progress remains to be done. The PAF remains by and large a donors' construction monitored outside the national strategies like Mkukuta and the JAST, accountable to neither Parliament, nor domestic stakeholders. Furthermore, while some improvements have been made, the release of funds to the GBS is still closely dependent on the monitoring outcomes, and how satisfactory those are considered by donors.
- (5) However, GBS builds on the principle that government is accountable to the Tanzanian citizens and that an active citizenry and Parliament can ensure Government promotes Tanzania's development goals effectively. On that respect, the media is expected crucial role to play in terms of informing the public about achievements and shortcomings. Thus, the predominant donors' role in the monitoring and release of funds can weaken this participative accountability dimension.
- (6) GBS is favored by donors for countries like Tanzania which are politically stable, have carried out successful economic reform programs, have initiated governance reforms and which have shown a strong commitment to poverty reduction and the targets set out in the Millennium Development Goals (MDGs). Tanzania is one of the leading recipients of GBS in the world. This means that while some lessons can be learnt from this case, its replicability as such is limited
- (7) At headquarter level, donors remain concerned about the political risks associated with providing GBS and how accountability can be severely compromised. Many donors, while recognizing the benefits of GBS, see 20-25% as the absolute limit for the share of GBS in overall disbursement to a country over a given period, maintaining the majority of disbursement in the form of project and program support.
- (8) Donors appear to have a problem in providing GBS or General Sector Support without having their Technical Assistance (TA) inside GoT. This is a cause for concern as the JAST calls on the donors not to provide individually or jointly their 'own' TA. GoT rather proposes that resources for TA be pooled in a TA account and that TA should be constituted by Tanzanian citizens in the future. This contention, if not sorted out, could call into question the level of donors' support to the processes.

Sources: Copenhagen Development Consulting. Alignment and Harmonisation: Challenges and Achievements. Occasional Paper May 2007; UNDP Tanzania's website, The Tanzania Development Partners Group (DPG) : <http://www.tzdpg.or.tz/index.php?id=34>

1.30. Partnership General Budget Support in Nicaragua

Donors (signatories of the Joint Financing Arrangement - JFA): the European Commission, Germany, Finland, Norway, the Netherlands, the United Kingdom, Sweden, the World Bank

Partner country: Nicaragua

Several factors created an impetus towards Partnership General Budget Support (PGBS) in Nicaragua. Debt relief under the Heavily Indebted Poor Countries (HIPC) initiative led to preparation of a national poverty reduction strategy and helped to accelerate institutional reforms. It suggested that budget support might have similar influence. Donors were keen to support President Bolaños, elected in 2001, because of his stand against corruption. The Bolaños administration adopted a new approach to aid coordination, based on sector round tables and sector-wide approaches.

In 2003, a group of donors formed the Budget Support Group (BSG), with a rotating leadership. The BSG is the donor forum for discussing budget support. It worked with the government to develop a JFA for budget support, whereby the Government and the donors decided on common procedures for policy dialogue, donor commitment of funds and disbursements, auditing and reporting, monitoring and evaluation, the exchange of information, and cooperation between the Signatories. Nine donors and the Nicaraguan government signed the JFA in mid-2005.

Lessons learnt:

- (1) Harmonised budget support, as set up in the JFA, can be an excellent tool for division of labour.
- (2) Donors who moved to GBS expecting it to reduce workload and staffing needs have found instead that their workloads have increased, in large part because donors still carry out a wide range of projects, though with reduced budgets. Pursuing a GBS program is invariably time-consuming, even if its funding is modest. Similarly, the time required by donors' other projects does not decline proportionately with their size. Hence, only a very significant allocation of aid to general budget support can reduce donors' costs.
- (3) Government transaction costs in using PGBS will be lower than for project aid. But the initial transaction costs of introducing PGBS systems are high.
- (4) In principle, PGBS should increase the predictability of aid flows channelled through the official public expenditure system. However, there is a significant danger of a perverse effect if government failure to meet conditions leads to suspensions or delays in disbursement. So far, PGBS has not succeeded in increasing the predictability of aid.
- (5) PGBS reinforces the trend towards using government accountability systems, but these systems are not themselves always very strong.
- (6) Political and institutional risks are the least well addressed so far in the PGBS design. Notably, corruption is a key concern.

Sources:

Joint Evaluation of General Budget Support 1994-2004, Nicaragua Country report, AFD et al., 2006. www.dfid.gov.uk/aboutdfid/performance/evaluation-news.asp

General Budget Support in Nicaragua – A case study of alternative assistance approach, USAID, 2005. <http://www.devtechsys.com/publications/documents/GeneralBudgetSupport.pdf>

Annex 2 Tools

2.1. Indicator

Division of labour may be analysed, in statistical terms, by a concentration index. Knack and Rahman²⁹ have proposed to use a Herfindhal index. This approach has been used also by Birdsall³⁰. It is proposed here to follow the same approach. One methodological difficulty related to the utilisation of the Herfindhal index is that it is not a decomposable index. Therefore, it does not provide a fully consistent assessment of the various dimensions of division of labour. Therefore, we propose to use instead of the Herfindhal index a decomposable index: **entropy**.³¹ In general terms, one can compute the total entropy of aid flows, and study in a consistent way contributions to this entropy observed in specific dimensions such as cross-sector or cross-country.

The concept of entropy originated in thermodynamics, but it has been applied in social sciences as well, where it is known as the Theil's index. It provides an appropriate measure of the randomness of a system. It is generally used as a metaphor for chaos, disorder or dissipation of energy. In this sense, it seems particularly appropriate to study the lack of division of labour among donors.

We propose to compute entropy using the detailed aid commitment data that are provided by the DAC/CRS³², which are decomposable in three dimensions: donors, recipients and sector. This is the most comprehensive dataset available. In each of these dimensions, entropy measures the lack of division of labour among donors -- the highest the entropy, the weakest the division of labour. The measurement of entropy along specific dimensions can be directly linked to three main dimensions of division of labour that are commonly considered:

Cross-country division of labour: measured, for the average sector, by the entropy of aid flows allocated by the various donors to the average recipient, or possibly to a given recipient.

In-country division of labour: measured, for a given recipient country, by the entropy of aid flows received from the different donors, with a possible decomposition by sector;

Cross-sector division of labour: measured, for the average recipient, by the entropy of aid flows allocated to the various sectors by the donor community as a whole, or possibly by a specific donor;

29 Stephen Knack and Aminur Rahman, Donor Fragmentation and Bureaucratic Quality in Aid Recipients, Background Paper for the World Development report 2004, World Bank.

30 Nancy Birdsall, Seven Deadly Sins –Reflections on Donor Failings, Centre for Global Development, 2004.

31 For a set of values $\{x_i\}$ ($i=1, \dots, n$), Entropy is defined as :

$$E = \sum_{i=1}^n (x_i / x) \ln(x / x_i)$$

where x measures the average of the $\{x_i\}$ series.

32 The CRS data base, accessible from the OECD web site at

http://www.oecd.org/document/0/0,2340,en_2649_34447_37679488_1_1_1_1,00.html

Tables A1 and A2 below report results of calculation of Cross-country and in-country division of labour. In order to normalise the results, we computed the indicator in percentage of the maximum possible value. We also define threshold of low, intermediate and high levels, based on value of the entropy indicator computed in the following hypothetical situations: each recipient has only one donor, with all recipients of equal size (low entropy); each recipient has 5 donors, with all recipients and donors of equal size (intermediate entropy); each recipient has 10 donors, with all recipients and donors of equal size (high entropy).

***Table A1: Aid fragmentation by donor in 2005
(concept of cross-country division of labour)***

Donor	entropy
UNICEF	86%
UNAIDS	85%
EC	84%
Sweden	76%
Switzerland	73%
Spain	71%
Norway	71%
France	68%
Netherlands	68%
Luxembourg	68%
IDA	67%
Germany	67%
Finland	65%
GFATM	65%
Canada	64%
Ireland	64%
New Zealand	64%
Japan	62%
Belgium	62%
Denmark	62%
IFAD	61%
United Kingdom	59%
AfDF	59%
United States	56%
Australia	56%
Greece	52%
AsDF	44%
Portugal	41%
Italy	35%

Source: aid fragmentation computed by authors based on DAC CRS data base

Table A1 shows a contrasted picture, where Sweden, Switzerland, Spain, Norway, France, Netherlands, Luxemburg, Germany and Finland have a relatively highly fragmented distribution of aid, while several bilateral donors, notably Australia, Austria, Greece, Italy, Portugal and United States have a rather concentrated distribution.

**TableA2: Fragmentation of aid received by recipients
(concept of in-country division of labour), 2005**

Countries with low to moderate aid fragmentation		Countries with moderate to high aid fragmentation		countries with high aid fragmentation
Algeria	Papua New Guinea	Afghanistan	Kyrgyz Rep.	Albania
Antigua & Barbuda	Samoa	Argentina	Laos	Angola
Azerbaijan	Sao Tome & Principe	Armenia	Lebanon	Bangladesh
Barbados	Saudi Arabia	Belarus	Liberia	Benin
Belize	Seychelles	Bhutan	Libya	Bolivia
Botswana	Solomon Islands	Brazil	Macedonia	Bosnia-Herzegovina
Colombia	St. Helena	Cambodia	Malawi	Burkina Faso
Comoros	St. Kitts-Nevis	Cameroon	Maldives	Burundi
Congo, Rep.	St. Lucia	Cape Verde	Mauritania	Congo, Dem. Rep.
Cook Islands	St. Vincent & Grenadines	Central African Rep.	Moldova	Ghana
Cote d'Ivoire	Suriname	Chad	Mongolia	Kenya
Croatia	Swaziland	Chile	Namibia	Madagascar
Dominica	Thailand	China	Nepal	Mali
Equatorial Guinea	Tokelau	Costa Rica	Niger	Mozambique
Fiji	Tonga	Cuba	Nigeria	Myanmar
Gabon	Trinidad & Tobago	Djibouti	Pakistan	Nicaragua
Gambia	Tunisia	Dominican Republic	Panama	Palestinian Adm. Area
Grenada	Turkey	Ecuador	Paraguay	Philippines
Guyana	Turkmenistan	Egypt	Peru	Rwanda
Jamaica	Tuvalu	El Salvador	Sierra Leone	Senegal
Jordan	Vanuatu	Eritrea	Sudan	Serbia
Kiribati	Wallis & Futuna	Ethiopia	Syria	Somalia
Lesotho		Georgia	Tajikistan	South Africa
Malaysia		Guatemala	Timor-Leste	Sri Lanka
Marshall Islands		Guinea	Togo	Tanzania
Mauritius		Guinea-Bissau	Ukraine	Uganda
Mexico		Haiti	Uruguay	
Micronesia		Honduras	Uzbekistan	
Montserrat		India	Venezuela	
Morocco		Indonesia	Viet Nam	
Nauru		Iran	Yemen	
Niue		Iraq	Zambia	
Oman		Kazakhstan	Zimbabwe	
Palau		Korea, Dem. Rep.		

Source: Author's calculation based on DAC/CRS database

Obviously, our indicator has limits, which are related to the nature of data available for its computation:

- As suggested by the recent OECD note on aid concentration and fragmentation, it would be preferable to compute this indicator using only programmable aid flows, instead of all aid flows³³.

³³ OECD, Development Cooperation Directorate and Development Centre, Toward Better Division of Labour: Concentration and Fragmentation of Aid, 2007, COM/DCD/DEV(2007)5

- The DAC CRS does not identify delegated cooperation: bilateral aid is reported based on disbursements (or commitments) by a donor in favour of a recipient, whether this aid is directly administered by the donor, or delegated to another donor. In contrast, aid that is given via a multilateral organisation is properly reported as transferred to this other donor rather than directly to the recipient. The only solution would be to introduce in the CRS a further dimension, reporting which donor administers aid when such aid is delegated.
- Basket funding and alignment are not taken into account: when several donors provide financing to a project/programme that is administered using the partner's procedures, this contributes to DoL. In this respect complementary indicators have been provided by OECD/DAC in its 2006 Survey on Monitoring the Paris Declaration, specifically how much aid for the government sectors uses country public financial management and procurement systems. (See Table A3)
- A third limitation of the aid concentration indicators is that they concern only aid flows, while the issue of DoL is broader than that. It concerns also in particular the time spent by both the donors and the partners in their various transactions. The transaction cost of aid increases in absence of DoL, insofar as the partner countries must duplicate transactions with each and every donor involved. The OECD DAC survey provides useful indicators on how many donor missions are coordinated, on how much country analysis is coordinated, and on the number of project implementation units that are parallel to country structures, which are also useful complementary indicators for our analysis (see Table A3).

Table A3: Aid fragmentation and its mitigation by harmonisation procedures

	aid fragment . 1996	aid fragment . 2005	Use of recipient PFM system	Use of recipient procurement system	Coordinated missions	Coordinated country analysis	Number of PIUs parallel to country structures
Mozambique	89%	78%	36%	38%	46%	63%	40
Nicaragua	60%	78%	44%	28%	9%	53%	107
Tanzania	74%	75%	66%	61%	17%	38%	56
Kenya	58%	74%	47%	45%	9%	32%	17
Rwanda	72%	74%	39%	46%	9%	36%	48
Senegal	71%	72%	23%	29%	15%	40%	23
Burundi	75%	72%	24%	19%	24%	55%	37
Mali	71%	72%	29%	45%	7%	30%	65
Bolivia	80%	71%	26%	15%	17%	30%	66
Uganda	76%	70%	60%	54%	17%	40%	54
Burkina Faso	64%	70%	45%	60%	17%	45%	131
Albania	56%	69%	14%	6%	9%	22%	57
South Africa	74%	69%	38%	44%	19%	75%	15
Ghana	62%	68%	62%	52%	20%	40%	45
Benin	65%	68%	52%	64%	14%	38%	29
Bangladesh	68%	67%	53%	48%	19%	38%	38
Congo DR	46%	67%	13%	31%	38%	35%	34
Cambodia	70%	66%	10%	6%	26%	64%	56
Ethiopia	80%	65%	45%	43%	27%	50%	103
Yemen	41%	64%	10%	13%	26%	55%	29
Niger	58%	63%	27%	49%	21%	40%	52
Mauritania	59%	62%	4%	20%	14%	59%	23
Moldova		61%	25%	25%	20%	50%	43
Mongolia	59%	61%	49%	26%	3%	35%	80
Malawi	64%	61%	55%	35%	24%	60%	69
Zambia	70%	60%	34%	44%	15%	46%	24
Kyrgyz Rep	48%	60%	3%	2%	23%	53%	85
Viet Nam	64%	60%	32%	33%	10%	24%	111
Honduras	56%	57%	26%	5%	22%	45%	52
Egypt	52%	55%	28%	25%	18%	40%	100
Afghanistan	64%	54%	44%	44%	26%	34%	28
Dominican Rep	55%	54%	2%	5%	20%	48%	50
Cape Verde	63%	53%	64%	53%	11%	34%	10
Peru	27%	52%	43%	44%	11%	15%	55

Source: aid fragmentation computed by authors based on DAC CRS data base. Other data come from the DAC 2006 survey on monitoring the Paris declaration

2.2. EU Code of Conduct on Complementarity and DoL 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.

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 sectors³⁴, 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,
- 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).

³⁴ 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.

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 scaling-up 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 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 needs to be given to linking relief and rehabilitation to long term development.

Guiding Principle 9 – Analyze 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 decentralized structures to facilitate complementarity and coordination on the ground, institutional incentives to staff and redeployment of financial and human resources.

2.3. Example of questionnaire on comparative advantages: Tanzania in 2005

To be completed by each donor

Please complete the form electronically. For more information on the background and purpose of this questionnaire please refer to the explanatory note.

Please Note — This questionnaire merges the SPA questionnaire on budget support and the DAC questionnaire on harmonisation and alignment. Mindful of minimising the burden of completing these questionnaires, the SPA and the DAC have decided to manage joint operations in all of the countries where both surveys are being carried out concurrently. This includes six African countries: Ethiopia, Tanzania, Mozambique, Senegal, Niger & Zambia. Sections A, B & C are part of the DAC Survey only, while section D is part of the SPA survey. This questionnaire has sought to avoid duplication of questions between both surveys. For more information please refer to the explanatory note.

The aim of **Part 2** is to measure progress made by individual donors in improving aid practices that deliver more effective and harmonised support to partner countries. Once completed, the questionnaire will be communicated by the lead facilitator to the OECD Secretariat by **30th of July** at the latest.

Please indicate:

- Country: [Type here]
- Name of donor: [Type here]
- Date: [Type here]

Contact details of person filling-in questionnaire:

- Name: [Type here]
- Telephone: [Type here]
- Email: [Type here]

SECTION A: OWNERSHIP

- **Indicator 1** — Partner countries set their agenda for greater harmonisation and alignment.

Little progress is to be expected in the area of harmonisation and alignment if the partner government does not clearly state its agenda in this area — this is referred to as a country-based action plan in the Rome Declaration on harmonisation. This agenda sets out the government's expectations and priorities with regard to how donors provide development assistance and might include topics such as modalities for disbursing and notifying development assistance and definition of the principles for interacting with the donor community etc. In some countries the agenda might have already been established for some time (e.g. Uganda's PEAP and Partnership Principles), in others, work is still underway. Where such agendas have been established, the questions below seek to measure the extent to which donors are currently implementing it (*Part 1 of the questionnaire examines whether the partner government has established such an agenda*).

1a) Support for harmonisation agenda — Where government has established a plan on harmonisation & alignment (<i>See Part 1 question 1a</i>) your agency is currently implementing it.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	Your agency (i) fully endorses the government's agenda and (ii) is currently implementing it.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	Your agency has serious reservations with regard to it, or might only be implementing minor aspects.
<input type="checkbox"/> Cannot answer	<i>E.g. government has not set its agenda (See Part 1 indicator 1a).</i>

➤ **Indicator 2 — Partner countries lead national co-ordination processes.**

For harmonisation and alignment to be effective it should be coordinated directly by the partner government. The institutional set-up for coordinating aid will typically vary from one country to another. In some cases, the Ministry of Economy will perform co-ordination of aid at country level. In others, it will be the office of the Prime Minister. Regardless of the institutional set-up, the existence of an appropriate framework for dialogue and co-ordination is an important feature of country ownership over in-country development activities. This indicator seeks to measure the extent to which donors take an active part in donor co-ordination processes (*Part 1 examines whether the partner government has established government-led co-ordination process*).

2a) Participation in donor co-ordination — Where a formalised process of donor co-ordination has been established your agency actively takes part or is represented at donor coordination meetings.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	Your agency regularly attends or is represented at these meetings.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	Your agency is never or seldom represented at these meetings.
<input type="checkbox"/> Cannot answer	<i>E.g. there is no formal donor co-ordination process (see Part 1, question 2a)</i>

➤ **Indicator 3: [Is covered only in Part 1 and/or Part 3 of the questionnaire]**

SECTION B: ALIGNMENT

➤ **Indicator 4 — Donors' country assistance strategies are aligned with poverty reduction strategies or equivalent national development plan**

One of the fundamental principles of the harmonisation and alignment agenda is that donors should support country-owned, country-led poverty reduction strategies (PRS) — or equivalent national development plan— and base their programming on the needs and priorities identified in these. This indicator seeks to measure how this principle has been put into practice by donors and how this translates into action on the ground (*Part 1 seeks to ascertain whether the systems have been established*).

4a) Reliance on PRS — Where a PRS, or equivalent national development plan, has been established (<i>see Part 1 question 4a</i>), your agency relies on it to programme development assistance.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	Your agency fully endorses the framework and is currently implementing it.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	Your agency has serious reservations with regard to it, or might only be implementing minor aspects.
<input type="checkbox"/> Cannot answer	E.g. a PRS has not been established (<i>See Part 1 question 4a</i>).

4b) Annual Progress Review (APR) — Where an annual progress review (APR) of a poverty reduction strategy (or equivalent national development plan) has been established (<i>see Part 1 question 4c</i>) it influenced your agency's decisions to allocate resources between, or within, key policy sectors (education, health, water etc.).	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	APR influenced to a large extent your agency's allocation of resources.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	APR did not influence your agency's allocation of resources.
<input type="checkbox"/> Cannot answer	E.g. An APR was not organised (<i>see Part 1 question 4c</i>).

- **Indicator 5** — Budget support is programmed and disbursed in accordance with partner countries' priorities and budget procedures.

One important aspect of alignment is donors' ability to deliver budget support in accordance with partner countries' budget procedures and over a time-frame that is consistent with partner countries financial planning horizon.

5a) Multi-annual funding commitments — When providing budget support, your agency makes multi-annual funding commitments (subject to performance) to enable the partner government to plan its medium term macro-economic and fiscal projections.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	My agency currently makes multi-annual funding commitments.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	My agency does not make multi-annual funding commitments.

5a) Multi-annual funding commitments — When providing budget support, your agency makes multi-annual funding commitments (subject to performance) to enable the partner government to plan its medium term macro-economic and fiscal projections.	
<input type="checkbox"/> Cannot answer	<i>E.g. my agency does not provide budget support.</i>

5b) Timely commitments of budget support — Did the commitments made in 2003 take place at a time that allowed the partner government to take them into account in their budget preparation?	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	My agency currently notifies government on its annual commitments on budget support in time for it to feed into budget preparation and before the start of the next budget cycle.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	My agency does not currently notify government etc.
<input type="checkbox"/> Cannot answer	<i>E.g. my agency does not provide budget support.</i>

[Question 5c covered in Section D]

- **Indicator 6** — Project support is increasingly delivered through partner countries' systems and procedures.

One of the cornerstones of the harmonisation and alignment agenda is that development assistance should be provided in ways that build partner countries' sustainable capacity to develop, implement and account for these policies to their people and legislature. Reliance on partner countries' systems and procedures, where these provide reasonable assurance that external resources are used for agreed purposes, is likely to enhance achievement of sustainable improvement in government performance. Reliance on partner country systems is most relevant when donors provide project or sector support (see indicator 8 below for sector support) — funds released directly into partner countries' budgets are nearly always managed in accordance with the recipient's procedures and systems. The question below seeks to establish the proportion of donors' project support that relies on national procedures.

6a) Use of country systems — What is the approximate number of projects (in percentage of total portfolio) that rely on countries national systems and procedures (e.g. not using 'ring-fencing', project implementation units, donor procedures etc.)?		
<i>Please tick boxes for following categories:</i>		
1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	i) Procurement 1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	ii) Disbursement 1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer
		iii) Reporting (financial & non-financial) 1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer

6a) Use of country systems — What is the approximate number of projects (in percentage of total portfolio) that rely on countries national systems and procedures (e.g. not using ‘ring-fencing’, project implementation units, donor procedures etc.)?		
1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	iv) Monitoring & Evaluation. v) Audit.	1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer
vi) Environmental Impact Assessment (EIA) [Where these are required]		
Comments : Should you wish to provide additional comments please complete boxes below:		
i) Procurement: [Type here]		
ii) Disbursement: [Type here]		
iii) Reporting (financial & non-financial): [Type here]		
iv) Monitoring & Evaluation: [Type here]		
v) Audit: [Type here]		
vi) Environmental Impact Assessment (EIA): [Type here]		

➤ Indicator 7: [Is covered only in Part 1 of the questionnaire]

SECTION C: HARMONISATION

➤ Indicator 8 — Donors support sector approaches in key policy areas.

A sector approach is a partnership between government and donors in key policy sectors such as education, health, water etc. The aim of this partnership is to improve the effectiveness of development policies and broaden Government ownership over public sector policy and allocation of resources. It also seeks to increase the coherence between policy, spending and results. To be achieved, these objectives typically require establishing five building blocks: (i) a clear sector policy (ii) a medium term expenditure programme (iii) a formalised process of donor co-ordination (iv) a performance monitoring system and (v) an agreed process for harmonising systems and procedures. In providing support to sector approaches donors might rely on a variety of funding arrangements including stand-alone projects. The purpose of the questions below is to examine the extent to which donors are currently supporting systems that are already in place (*Part 1 seeks to ascertain whether the systems have been established*).

8a) Areas of support at sector level — In which of the following sectors is your agency currently active?	
4 Point Scale	Indicative criteria for rating
1 Yes	Your agency currently provides development assistance (funds, technical assistance, in-kind aid, etc) to one of the sectors below.
2 Qualified yes	[Please qualify answer in comment box below]
3 Qualified no	[Please qualify answer in comment box below]
4 No	Your agency is not active in this area.

8a) Areas of support at sector level — In which of the following sectors is your agency currently active?		
Cannot answer	E.g. not active in the sector.	
<i>Please tick boxes for following categories:</i>		
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	i) Health Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	ii) Education Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	iii) Water Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	iv) Transport/Road Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	v) Rural Development / Agriculture.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
Comments -- If you have ticked box 2 or 3 please qualify your response in less than 150 words:		
i) Health Sector: : [Type here]		
ii) Education Sector: [Type here]		
iii) Water Sector: [Type here]		
iv) Transport/Road Sector: [Type here]		
v) Rural Development / Agriculture: [Type here]		
vi) Other: : [Type here]		

8b) Reliance on sector policy — Where clear sector policies and strategies have been established (see Part I), your agency relies on these to programme development assistance at sector level.		
4 Point Scale	Indicative criteria for rating	
1 Yes	Your agency fully endorses the sector policy and is currently implementing relevant parts of it.	
2 Qualified yes	[Please qualify answer in comment box below]	
3 Qualified no	[Please qualify answer in comment box below]	
4 No	Your agency has serious reservations with regard to it, or might only be implementing minor aspects.	
Cannot answer	E.g. not active in the sector.	
<i>Please tick boxes for following categories:</i>		
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	i) Health Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	ii) Education Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	iii) Water Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	iv) Transport/Road Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	v) Rural Development / Agriculture.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	vi) Other.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer

8b) Reliance on sector policy — Where clear sector policies and strategies have been established (see Part 1), your agency relies on these to programme development assistance at sector level.

3 <input type="checkbox"/> Qualified no	3 <input type="checkbox"/> Qualified no Agriculture.	3 <input type="checkbox"/> Qualified no
4 <input type="checkbox"/> No	4 <input type="checkbox"/> No	4 <input type="checkbox"/> No
0 <input type="checkbox"/> Cannot answer	0 <input type="checkbox"/> <input checked="" type="checkbox"/> Cannot answer	0 <input type="checkbox"/> Cannot answer

Comments -- If you have ticked box 2 or 3 please qualify your response in less than 150 words:

i) Health Sector: [Type here]

ii) Education Sector: [Type here]

iii) Water Sector: [Type here]

iv) Transport/Road Sector: [Type here]

v) Rural Development / Agriculture: [Type here]

vi) Other: [Type here]

8c) Medium term expenditure programme — where medium term expenditure programmes have been established (see Part 1 question 9b) what percentage of your agency's sector activities is currently integrated in the medium term expenditure programme.

Please tick boxes for following categories:

1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	i) Health.	1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	ii) Education.	1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	iii) Water.
1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	iv) Transport/Road.	1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	v) Rural Development / Agriculture.	1 <input type="checkbox"/> 0% 2 <input type="checkbox"/> 1%-20% 3 <input type="checkbox"/> 21%-40% 4 <input type="checkbox"/> 41%-60% 5 <input type="checkbox"/> 61%-80% 6 <input type="checkbox"/> 81%-99% 7 <input type="checkbox"/> 100% <input type="checkbox"/> Cannot answer	vi) Other.

8d) Formalised process of donor co-ordination — Where a formalised process of donor co-ordination has been established at sector level (see Part 1 of the questionnaire); your agency regularly participates in donor co-ordination meetings.

4 Point Scale	Indicative criteria for rating
1 Yes	Your agency regularly attends (or is represented at) these meetings.
2 Qualified yes	[Please qualify answer in comment box below]
3 Qualified no	[Please qualify answer in comment box below]
4 No	Your agency seldom attends (or is represented at) these meetings.

8d) Formalised process of donor co-ordination — Where a formalised process of donor co-ordination has been established at sector level (see Part 1 of the questionnaire); your agency regularly participates in donor co-ordination meetings.

Cannot answer	E.g. not active in the sector.	
Please tick boxes for following categories:		
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	i) Health Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
		ii) Education Sector.
		iii) Water Sector.
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	iv) Transport/Road Sector.	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer
		v) Rural Development / Agriculture.
		vi) Other.
Comments -- If you have ticked box 2 or 3 please qualify your response in less than 150 words:		
i) Health Sector: [Type here]		
ii) Education Sector: [Type here]		
iii) Water Sector: [Type here]		
iv) Transport/Road Sector: [Type here]		
v) Rural Development / Agriculture: [Type here]		
vi) Other: [Type here]		

8e) Performance monitoring system — Where a performance monitoring system has been established (see Part 1) your agency relies on the performance monitoring system for its reporting needs.

4 Point Scale	Indicative criteria for rating
1 Yes	Your agency relies on the performance monitoring system for its main reporting needs and does not create additional requirements on the partner country for its reporting needs.
2 Qualified yes	[Please qualify answer in comment box below]
3 Qualified no	[Please qualify answer in comment box below]
4 No	Your agency relies on other reporting mechanisms for its reporting needs.
Cannot answer	E.g. not active in the sector.
Please tick boxes for following categories:	
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	i) Health Sector.
	ii) Education Sector.
	iii) Water Sector.
1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> Qualified yes 3 <input type="checkbox"/> Qualified no 4 <input type="checkbox"/> No 0 <input type="checkbox"/> Cannot answer	iv) Transport/Road Sector.
	v) Rural Development / Agriculture.
	vi) Other.

8e) Performance monitoring system — Where a performance monitoring system has been established (see Part 1) your agency relies on the performance monitoring system for its reporting needs.		
3 <input type="checkbox"/> Qualified no	3 <input type="checkbox"/> Qualified no Agriculture.	3 <input type="checkbox"/> Qualified no
4 <input type="checkbox"/> No	4 <input type="checkbox"/> No	4 <input type="checkbox"/> No
0 <input type="checkbox"/> Cannot answer	0 <input type="checkbox"/> Cannot answer	0 <input type="checkbox"/> Cannot answer
Comments -- If you have ticked box 2 or 3 please qualify your response in less than 150 words:		
i) Health Sector: [Type here]		
ii) Education Sector: [Type here]		
iii) Water Sector: [Type here]		
iv) Transport/Road Sector: [Type here]		
v) Rural Development / Agriculture: [Type here]		
vi) Other: [Type here]		

➤ **Indicator 9 — Agreements on delegated co-operation.**

Delegated cooperation occurs when one donor — a *lead donor* — acts with authority on behalf of one or more other donors — the *delegating donor*. The Rome High-Level Forum on harmonisation encouraged donors to intensify their efforts to work through delegated co-operation at country level as a means of reducing transaction costs and enhance aid effectiveness through greater use of the comparative advantages of individual donors. The level and form of delegation might vary considerably, ranging from responsibility for one element of the project cycle to a complete sector programme or even a country programme. This indicator seeks to identify the number of agreements on delegated cooperation in a specific country. A number of donors have already agreed on arrangements for delegating cooperation including the following illustrative examples:

- Canada agreed to delegate responsibility to the UK in to act on its behalf in assisting the Government of Madya Pradesh (India) with the formulation of medium-term state health sector strategy.
- ‘Agency A’ and ‘Agency B’ both support sector programmes in Health and Education in an African country. ‘Agency A’ has delegated its donor role to ‘Agency B’ in Health, while ‘Agency A’ manages on behalf of ‘Agency B’ interests in the Education Sector. Level of delegation includes: channelling of financial contributions, reporting etc.

9a) Agreements on delegated cooperation — Your agency has an agreement to perform specific tasks on behalf of one or more agencies and is currently being implemented (<i>see examples above</i>).	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	My agency has a formal agreement on delegated cooperation with another development agency.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	My agency does not have an agreement on delegated cooperation.
<input type="checkbox"/> Cannot answer	

➤ Indicator 10 — Number of donor missions.

The Rome Declaration on Harmonisation invited donors to reduce the number of missions undertaken by donors in partner countries. In the context of this survey, donor missions have been defined as follows:

- Missions are undertaken by officials from the head office to the recipient country.
- Missions involve a request from donors to meet with officials from the recipient country of destination (i.e. this excludes workshops, conferences and informal meetings).

10a) Number of missions — How many missions has your organisation undertaken in 2003? (<i>see definition above</i>).	
Answers	Indicative criteria for rating
<i>[Type here]</i>	Please indicate exact number of missions.
1 <input type="checkbox"/> None 2 <input type="checkbox"/> 1-3 missions 3 <input type="checkbox"/> 4-10 4 <input type="checkbox"/> 11-20 5 <input type="checkbox"/> 21-50 6 <input type="checkbox"/> 50 or more 7 <input type="checkbox"/> 4-10 8 <input type="checkbox"/> Cannot answer	...or provide approximate value by ticking one of the boxes below.
<i>[Type here]</i>	How many of these were undertaken jointly with another donor organisation?

➤ Indicator 11: [Is covered only in Part 1 of the questionnaire]

➤ Indicator 12 — Donors disclose information on planned and actual aid flows.

Providing partner governments with full information on aid flows enables them to integrate development assistance into macro-economic and budgetary management and to improve planning and conduct of their development policies. This indicator seeks to ascertain progress in the notification of aid flows.

12a) Multi-annual framework — Your agency notifies government on the indicative envelopes it expects to release over a three year period (or longer) – this might include clarifying the circumstances under which it might provide it.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	<input checked="" type="checkbox"/> Programme clarifies your agency's activities over a three year period . <input checked="" type="checkbox"/> Programme provides information on the indicative envelopes it expects to release within the multi-annual framework in order to match government's medium term budget framework. This might include clarifying the circumstances under which it might provide it. <input checked="" type="checkbox"/> Programme is comprehensive ; it covers all forms of development assistance: budget support, sector support, project support & technical assistance.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>

12a) Multi-annual framework — Your agency notifies government on the indicative envelopes it expects to release over a three year period (or longer) – this might include clarifying the circumstances under which it might provide it.	
4 <input type="checkbox"/> No	My agency does not have a multi-annual framework for notifying government on aid flows.
<input type="checkbox"/> Cannot answer	

12b) Notification of actual disbursements — Your agency provides comprehensive and regular information on in-country disbursements.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	<input checked="" type="checkbox"/> Notification is comprehensive ; it covers all of the development activities funded by your agency including budget support, sector support, project support & technical assistance. <input checked="" type="checkbox"/> Notification is regular and timely ; it is made available to government every quarter or in accordance with government’s notification procedures when these have been established. <input checked="" type="checkbox"/> Information is disclosed in a format (i.e. system of classification) that is fully consistent with government’s procedures with regard to notification of aid flows.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	None of the above criteria apply.
<input type="checkbox"/> Cannot answer	

➤ **Indicator 13 — Donors share analytic work at country level.**

Country analytic work encompasses the analysis and advice necessary to strengthen policy dialogue, develop and implement country strategies in support of sound development assistance. It typically includes country/sector studies and strategies, country/sector evaluations, discussion papers etc. Good analytic work is essential for well-focused development policy and programmes. Donors have a role ensuring that analytic work they commission is disseminated and more readily available (subject to disclosure policies). One way of ensuring dissemination of documents is by releasing analytic work on public websites such as the *Country Analytic Website* (www.countryanalyticwork.net).

13a) Sharing work — Your country office / embassy regularly makes available on internet (www.countryanalyticwork.net) analytic work that it commissions or produces at country level.	
4 Point Scale	Indicative criteria for rating
1 <input type="checkbox"/> Yes	It regularly uploads documents on Country Analytic Website or other web-based repositories of analytic work.
2 <input type="checkbox"/> Qualified yes	<i>Please qualify your response in less than 150 words: [Type here]</i>
3 <input type="checkbox"/> Qualified no	<i>Please qualify your response in less than 150 words: [Type here]</i>
4 <input type="checkbox"/> No	Your agency does not regularly disseminate key analytic documents.

13a) Sharing work — Your country office / embassy regularly makes available on internet (www.countryanalyticwork.net) analytic work that it commissions or produces at country level.

Cannot answer

SECTION D: BUDGET SUPPORT QUESTIONS

➤ Segment B: Amount of support provided

Question B1: Please enter amounts committed and disbursed in the following table, using donor's currency and recipient's budget year?

Recipient's budget Year	Amount committed to be disbursed in year	Amount from this sum actually disbursed within year	Amount from this sum disbursed in following year
2003 (or 2003/04)	[]	[]	[]
2004 (or 2004/05)	[]		

Please complete the remainder of the form only if support was committed for disbursement in 2003 or 2003/04.

➤ Segment C: Disbursement difficulties



Question C1 -- Have you had difficulties in disbursing your assistance at the planned date?

Yes / No Please indicate Yes or No

Question C2: If yes, please indicate the principal reason for the difficulty (tick one box only)

Yes / No Government failed to meet policy-related conditions

Yes / No Government delay in meeting administrative processing conditions

Yes / No Administrative problems on the donor side

Other Please specify: [Type here]

Question C3: What secondary factor contributed to the difficulty? (tick one box only)

Yes / No Government failed to meet policy-related conditions

Yes / No Government delay in meeting administrative processing conditions

Yes / No Administrative problems on the donor side

Other Please specify: [Type here]

➤ Segment D: Adequacy of PRS reporting

Question D1 -- Did the most recent PRS Annual Progress Report provide the quantity and quality of information necessary for you to take financing decisions without having to ask Government for additional information or reports?

Yes / No Please indicate Yes or No

Question D2: If not, why not?
[Type here]

➤ Segment E: Predictability of Funding

Question E1: Which specific measures did you use (in recipient's 2003 or 2003/04 budget year) to maximise predictability of your budget support/BoP support?	
<input type="checkbox"/> Yes / <input type="checkbox"/> No	a) Multi-year commitments are made
<input type="checkbox"/> Yes / <input type="checkbox"/> No	b) Government is informed about future disbursements in time for inclusion in budget preparation [If yes, please say when you informed them: [Type here]
<input type="checkbox"/> Yes / <input type="checkbox"/> No	c) Disbursements are firmly committed for year N+1 in year N.
<input type="checkbox"/> Yes / <input type="checkbox"/> No	d) Timing of disbursements is coordinated with Government budgetary requirements.
<input type="checkbox"/> Yes / <input type="checkbox"/> No	e) The total number of conditionalities is minimised
	f) Other, please specify: [Type here]

➤ Segment F: Conditionality

Question F1: In which areas does your support have conditionality ³⁵ ?	
<input type="checkbox"/> Yes / <input type="checkbox"/> No	a) Fiduciary/public financial management
<input type="checkbox"/> Yes / <input type="checkbox"/> No	b) Political governance
<input type="checkbox"/> Yes / <input type="checkbox"/> No	c) Macro-economic
<input type="checkbox"/> Yes / <input type="checkbox"/> No	d) Sector policy measures
<input type="checkbox"/> Yes / <input type="checkbox"/> No	e) Sector results

Question F2: In each case where you have answered yes, how were the conditions derived? [Please read carefully and tick <u>one box only</u> for each area of conditionality.]	
Fiduciary/public financial management	
1 <input type="checkbox"/>	Text of conditionality is <u>drawn entirely</u> from the PRSP or PRS Annual Progress Report.
2 <input type="checkbox"/>	Text of conditionality is drawn <u>partly</u> from the PRSP or PRS Annual Progress Report, and partly from another Government document (for example, the IMF programme or an action plan for improving public financial management) <i>In this case, please name the other document: [Type here]</i>

³⁵ Conditionality refers to factors that the donor documentation states will directly influence disbursement decisions. These factors may be precisely specified or more loosely worded. They may include actions or undertakings on policy or process, and performance measures, benchmarks or indicators of various sorts, including results indicators. It includes making a "general assessment" of the area, in such a way that no single factor is considered on its own, so long as the assessment is guided by a policy matrix or other instrument that specifies what factors are to be reviewed. Where a donor makes assessments that are not specified in this way, please answer "no" to the questions at F1, and provide further information at F4.

Question F2: In each case where you have answered yes, how were the conditions derived? [*Please read carefully and tick one box only for each area of conditionality.*]

3 <input type="checkbox"/>	Text is not drawn <u>at all</u> from PRSP or PRS-APR but is drawn largely from another Government document (for example, the IMF programme or an action plan for improving public financial management) <i>In this case, please name the other document: [Type here]</i>
4 <input type="checkbox"/>	Conditionality is mainly not drawn from any document but is broadly consistent with measures in the PRSP, PRS-APR or other Government document <i>If the most relevant document is not the PRSP, PRS-APR, please name the other document: [Type here]</i>
5 <input type="checkbox"/>	Conditionality is additional to measures in the PRSP, PRS-APR and other Government documents (that is, the issue is not mentioned in those documents)

Political governance

1 <input type="checkbox"/>	Text of conditionality is <u>drawn entirely</u> from the PRSP or PRS Annual Progress Report.
2 <input type="checkbox"/>	Text of conditionality is drawn <u>partly</u> from the PRSP or PRS Annual Progress Report, and partly from another Government document (for example, a governance matrix) <i>In this case, please name the other document: [Type here]</i>
3 <input type="checkbox"/>	Text is not drawn <u>at all</u> from PRSP or PRS-APR but is drawn largely from another Government document (for example, a governance matrix) <i>In this case, please name the other document: [Type here]</i>
4 <input type="checkbox"/>	Conditionality is mainly not drawn from any document but is broadly consistent with measures in the PRSP, PRS-APR or other Government document <i>If the most relevant document is not the PRSP, PRS-APR, please name the other document: [Type here]</i>
5 <input type="checkbox"/>	Conditionality is <u>additional</u> to measures in the PRSP, PRS-APR and other Government documents (that is, the issue is not mentioned in those documents)

Macro-economic

1 <input type="checkbox"/>	Text of conditionality is <u>drawn entirely</u> from the PRSP or PRS Annual Progress Report.
2 <input type="checkbox"/>	Text of conditionality is drawn <u>partly</u> from the PRSP or PRS Annual Progress Report, and partly from another Government document (for example, the IMF programme or a Government strategy for macro-economic management) <i>In this case, please name the other document: [Type here]</i>
3 <input type="checkbox"/>	Text is not drawn <u>at all</u> from PRSP or PRS-APR but is drawn largely from another Government document (for example, the IMF programme or a Government strategy for macro-economic management) <i>In this case, please name the other document: [Type here]</i>
4 <input type="checkbox"/>	Conditionality is mainly not drawn from any document but is broadly consistent with measures in the PRSP, PRS-APR or other Government document <i>If the most relevant document is not the PRSP, PRS-APR, please name the other document: [Type here]</i>

Question F2: In each case where you have answered yes, how were the conditions derived? [*Please read carefully and tick one box only for each area of conditionality.*]

5 <input type="checkbox"/>	Conditionality is <i>additional</i> to measures in the PRSP, PRS-APR and other Government documents (that is, the issue is not mentioned in those documents)
----------------------------	--

Sector policy measures

1 <input type="checkbox"/>	Text of conditionality is <u>drawn entirely</u> from the PRSP or PRS Annual Progress Report.
2 <input type="checkbox"/>	Text of conditionality is drawn <u>partly</u> from the PRSP or PRS Annual Progress Report, and partly from another Government document (for example, the IMF programme or an action plan for improving public financial management) <i>In this case, please name the other document: [Type here]</i>
3 <input type="checkbox"/>	Text is not drawn <u>at all</u> from PRSP or PRS-APR but is drawn largely from another Government document (for example, the IMF programme or an action plan for improving public financial management) <i>In this case, please name the other document: [Type here]</i>
4 <input type="checkbox"/>	Conditionality is mainly not drawn from any document but is broadly consistent with measures in the PRSP, PRS-APR or other Government document <i>If the most relevant document is not the PRSP, PRS-APR, please name the other document: [Type here]</i>
5 <input type="checkbox"/>	Conditionality is <u>additional</u> to measures in the PRSP, PRS-APR and other Government documents (that is, the issue is not mentioned in those documents)

Sector results

1 <input type="checkbox"/>	Text of conditionality is <u>drawn entirely</u> from the PRSP or PRS Annual Progress Report.
2 <input type="checkbox"/>	Text of conditionality is drawn <i>partly</i> from the PRSP or PRS Annual Progress Report, and partly from another Government document (for example, a sector strategy, policy statement or review) <i>In this case, please name the other document: [Type here]</i>
3 <input type="checkbox"/>	Text is not drawn <u>at all</u> from PRSP or PRS-APR but is drawn largely from another Government document (for example, a sector strategy, policy statement or review) <i>In this case, please name the other document: [Type here]</i>
4 <input type="checkbox"/>	Conditionality is mainly not drawn from any document but is broadly consistent with measures in the PRSP, PRS-APR or other Government document <i>If the most relevant document is not the PRSP, PRS-APR, please name the other document: [Type here]</i>
5 <input type="checkbox"/>	Conditionality is <i>additional</i> to measures in the PRSP, PRS-APR and other Government documents (that is, the issue is not mentioned in those documents)

Question F3: In each case, how were the conditions agreed? (Tick one box for each area of conditionality):

Fiduciary/public financial management

1 <input type="checkbox"/>	Agreed with Government bilaterally.
----------------------------	-------------------------------------

Question F3: In each case, how were the conditions agreed? (Tick one box for each area of conditionality):

2 <input type="checkbox"/>	Agreed with Government multilaterally.
3 <input type="checkbox"/>	Set by donor without discussing with recipient
4 <input type="checkbox"/>	Other, please specify: <i>[Type here]</i>

Political governance

1 <input type="checkbox"/>	Agreed with Government bilaterally.
2 <input type="checkbox"/>	Agreed with Government multilaterally.
3 <input type="checkbox"/>	Set by donor without discussing with recipient
4 <input type="checkbox"/>	Other, please specify: <i>[Type here]</i>

Macro-economic

1 <input type="checkbox"/>	Agreed with Government bilaterally.
2 <input type="checkbox"/>	Agreed with Government multilaterally.
3 <input type="checkbox"/>	Set by donor without discussing with recipient
4 <input type="checkbox"/>	Other, please specify: <i>[Type here]</i>

Sector policy measures

1 <input type="checkbox"/>	Agreed with Government bilaterally.
2 <input type="checkbox"/>	Agreed with Government multilaterally.
3 <input type="checkbox"/>	Set by donor without discussing with recipient
4 <input type="checkbox"/>	Other, please specify: <i>[Type here]</i>

Sector results

1 <input type="checkbox"/>	Agreed with Government bilaterally.
2 <input type="checkbox"/>	Agreed with Government multilaterally.
3 <input type="checkbox"/>	Set by donor without discussing with recipient
4 <input type="checkbox"/>	Other, please specify: <i>[Type here]</i>

Question F4: Any additional information on your approach to conditionality?

[Type here]

Any additional comments?

[Type here]

Thank you.

2.4. Example of Donor matrix: Donor matrix in Zambia

Proposed Sector CP Presence by GRZ version June 13th 2006

Sector from NDP	Lead Ministry	China (proposed)	ADB	BADEA	EC (excl. EIB)	IMF	KUWAIT FUND	OPEC	UN SYSTEMS	WB	CANADA	DENMARK	FINLAND	FRANCE	GERMANY	IRELAND	JAPAN	NETHERLANDS	NORWAY	SWEDEN	UK	USA	Total lead/active	
Agriculture	MACO		●		●				●	■							●	●	○	■		■	●	8
Decentralization	MLGH								●	■		○			■	●	■	○				●	○	6
Education	MoE		○	○	●				●	●	●	●	●			■	●	■	●	●		●	●	10
Energy	MEWD				○				○	■							●	●	●	●	●			4
Gender	CO-GIDD								■									●	●	●			●	4
Governance	MOJ				●				■	●		●	○		●	●		●	●	■		■	●	10
Health	MOH				●				■	●	●	●	●			●	●	●		■	■	■	●	9
Housing	MLGH, MOL									●											●	●	●	2
HIV/Aids	MOH								■	●	○					○	●	●	●	●		■	■	7
Macro-economics	MOFNP				■	●			○	■		○	●		●	○	●	●	●	●	●	■	○	9
Private Sector Dev.	CO-DSC/MCTI				■				●	■	○		●			○	●	■		●	○	●	●	7
Social Protection	MCDSS		●						●	○					■							■	●	4
Science and Tech.	MTEVT									●														0
Tourism	MTENR									■							●		■				●	4
Water (WR and WSS)	MEWD/MLGH		●		○				●	●		■			■	●	●	○						7
Transport	MWS/MCT		●		■		●		●	●		●			●	●	●		○					7
Environment	MTENR								●	●		○	■						●					4
Total lead responsibilities				3				4	6		1	1			2	1	1	2	2	2	2	5	2	

■ Non-signature to the WHIP MoU.

■ Lead CP

● Active CP

○ Background CP

● Phasing out

Annex 3 Other: DoL questionnaire and list of acronyms

3.1. List of donors who filled out the questionnaire

EC Countries

Complete

France
Spain
Portugal
Ireland
UK
Latvia
Austria
Finland
Greece
Poland
Belgium
Denmark
The Netherlands

Contact or other relevant source of information provided

Germany

Non EC Countries

Complete

New Zealand
Japan
Switzerland
Canada
Australia

Contact and/ or other relevant source of information provided

USAID (Contact and info on BiH)
Norway (contact)

Multilateral Organizations

Complete

World Bank

Contact and/ or other relevant source of information provided

UNDP and UN Working Group on Aid Effectiveness
(Contact)

3.2. Questionnaire sent to the donors

*Study for the preparation of an OECD-DAC Compendium on emerging good practices of
Division of Labour between Donors
(Commissioned by the European Commission)*

Donors' Questionnaire

This information will be used exclusively for the purpose of this report and will be kept confidential to the members of the team carrying out the study

What are the instruments of division of labour you may be currently using - such as lead donor arrangements, delegated cooperation modalities, etc....?

Do these instruments operate at country level (i.e. joint programming exercises), and/or at sector level within a given country?

*Have you voluntarily focused your development assistance operations on a limited number of sectors?
If so, according to which principles, guidelines, and/or mechanism of coordination?*

***Do you participate in Pool Funding?
If so, where, with which donors and in which sectors?***

***Do you contribute to (multi-donor) Trust Funds of multilateral institutions - such as the World Bank, the United Nations, etc?
If so, do the(se) Trust Fund(s) include a significant number of other donors - thereby qualifying as an instrument of division of labour (avoiding multiplication of bilateral "special purpose" trust funds in multilateral institutions).
Do you believe multi donor Trust Funds are effective coordination mechanisms?***

***Could you please mention two/three examples of successful division of labour mechanisms with other donors - specifying country, possibly sector(s), time periods, partners, the financial amount(s) involved, and the type of mechanism(s)?
What were the key ingredients or "drivers" of this successful experience?
Which obstacles or "bottlenecks" did you overcome and how?***

Could you please mention any donor country and/or multilateral organisation that you consider as an inspiring example in terms of division of labour among donors in aid delivery operations?

Please feel free to make any comments or give any additional information that is not covered by the above questions.

Thank you for your collaboration

3.3. List of acronyms and abbreviations

ACP	African, Caribbean and Pacific States
ADA	Austrian Development Agency
AE	Aid Effectiveness
AECI	Agencia Española de Cooperación Internacional
AFD	Agence Française de Développement
ARTF	Afghanistan Reconstruction Trust Fund
AusAID	Australian Agency for International Development
BCPR	UNDP - Bureau for Crisis Prevention and Recovery
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (=German Federal Ministry of Economic Cooperation and Development)
BTC	Belgian Technical Cooperation
CAS	Country Assistance Strategy (WB)
CDF	Caisse Française de Développement
CIDA	Canadian International Development Agency
DAC	Development Assistance Committee (of the OECD)
DANIDA	Danish International Development Agency (within the Danish MFA)
DC	Delegated Cooperation
DED	Deutscher Entwicklungsdienst (German Development Service)
DFA	Department of Foreign Affairs
DfID	UK Department for International Development
DGIS	Directorate-General for International Cooperation (within the Dutch MFA)
DGCS	Directorate General for Development Cooperation (within the Italian MFA)
DoL	Division of Labour
DWD	Directorate of Water and Development (Uganda)
DRC	Democratic Republic of Congo
EC	European Commission
EDF	European Development Fund
EIB	European Investment Bank
EU	European Union
EUNIDA	European Network of Implementing Development Agencies
FAMSI	Fondo Andaluz de Municipios para la Solidaridad Internacional
FIIAPP	Fundación Internacional y para Iberoamérica de Administración y Políticas Públicas
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (= Netherlands Development Finance Company)
FP	Financial Perspectives
GAERC	General Affairs and External Relations Council
GBS	General Budget Support
GNI	Gross National Income
GoNU	Government of National Unity (Sudan)
GoSS	Government of Southern Sudan
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
Hellenic Aid	International Development Cooperation Department (within the Greek MFA)
HQ	Headquarters
HUN-IDA	Hungarian International Development Assistance (within the Hungarian MFA)
IDA	International Development Association
InWEnt	Internationale Weiterbildung und Entwicklung gGmbH (Capacity Building International)
Irish Aid	Ireland's Development Cooperation Directorate (within the Irish DFA)
IPAD	Instituto Português de Apoio ao Desenvolvimento
JAM	Joint Assessment Mission
JAS	Joint Assistance Strategy
JFA	Joint Financing Arrangement
JSM	Joint Supervision Mission
JPF	Joint Programming Framework
JICA	Japan International Cooperation Agency

JLA	Joint Local Arrangement
KfW	Kreditanstalt für Wiederaufbau
LUX-Development	Luxembourg Agency for Development Cooperation
MDFT	Multi-Donor Trust Fund
MFA	Ministry of Foreign Affairs
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MWE	Ministry of Water and Environment (Uganda)
MPI	Ministry of Planning and Investment (Vietnam)
MS	Member States
NGO	Non-Governmental Organization
NL	Netherlands
OCT	Overseas Countries and Territories
ODACE	Official Development Assistance Program for Central Europe
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PMT/ U	Project Management Team/ Unit
PPP	Public Private Partnership
PSD	Private Sector Development (Zambia)
PD	Paris Declaration
PRS	Poverty Reduction Strategy
REJUSCO	Programme de Restauration de la Justice à l'Est de la République Démocratique du Congo
RP	Rehabilitation Program
RPP	Regional Partnership Program
SBS	Sector Budget Support
SC	Steering Committee
SDC	Swiss Agency for Development and Cooperation (within the Swiss MFA)
SECO	Swiss State Secretariat for Economic Affairs
SIDA	Swedish International Development Agency
SP	Silent Partnership
SWGs	Sector Working Groups
TA	Technical Assistance
TIM	Temporary International Mechanism
TF	Trust Fund
TFG	Transitional Federal Government (in Somalia)
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Program
US	United States
WB	World Bank