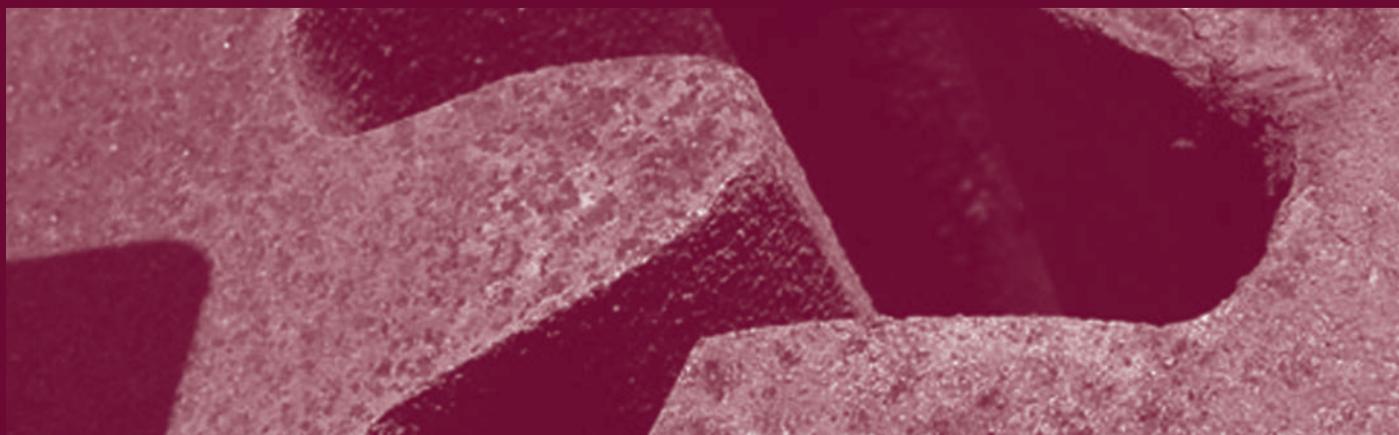


International Division of Labour: A Test Case for the Partnership Paradigm

Analytical framework and methodology for country studies



Nils-Sjard Schulz

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Analytical framework and methodology for country studies

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Acronyms

AAA	Accra Agenda for Action
CDF	Comprehensive Development Framework
CPIA	Country Policy and Institutional Assessment
CoC	Code of Conduct on the Division of Labour
DAC	Development Assistance Committee
DNGO	Development Non-Governmental Organisation
DoL	Division of Labour
ECOSOC	Economic and Social Council of the United Nations
EU	European Union
EUNIDA	European Network of Implementing Development Agencies
HIPC	Heavily Indebted Poor Countries Initiative
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
PD	Paris Declaration on Aid Effectiveness
PRS	Poverty Reduction Strategy
SIDA	Swedish International Development Cooperation Agency
UNDP	United Nations Development Programme
WP-EFF	Working Party on Aid Effectiveness and Donor Practices
WTO	World Trade Organisation

Introduction

The division of labour (DoL) among donors has gained in strength as a key aspect of the aid effectiveness agenda, which is promoted by the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). Two years after the launch of the European Union's Code of Conduct on Complementarity and the Division of Labour, DoL is already a central part of global development policies, and is included as a firm commitment in the Accra Agreement.

Donors and partner countries have made a series of efforts in order to achieve a greater rationality of aid at country level. Nonetheless, the international division of labour, i.e. the geographical distribution of donors among partner countries, is still not supported by good practices or a deeper dialogue at the international level. Some donors, in particular the members of the Nordic Plus group,¹ have already begun concentrating their aid in fewer countries, thus withdrawing aid from previously prioritised countries. Sweden stands out among them, as the country is immersed in multiple phasing out processes after Stockholm's decision in August 2007 drastically to reduce its number of aid recipient countries.

Whilst the international division of labour necessarily entails the withdrawal of a donor from certain geographical contexts, very little attention has been paid to phasing out practices and their implications for the partnership paradigm. Focusing on operational issues, the discourse on division of labour has still not dealt with potential tensions between geographical concentration, on the one hand, and country ownership and mutual accountability, on the other.

The present document serves as the starting point of a research project on the implications of the international division of labour for the partnership paradigm, with the

overarching objective of systematising good phasing out practices based on evidence from different countries, paying special attention to the perceptions of countries affected by this process. Thus, the first part of this document intends to offer an in-depth analysis of international division of labour as a test case for partnership. The second and final part focuses on the design and description of the common methodology to be used in the studies on Swedish phasing out processes.

Part I: Analytical Framework

Paris, Accra and beyond: Emerging global governance

In March 2005, when ministers from 90 countries agreed on a substantial re-orientation of international aid, the terms of the relationship between donors and recipient countries had already undergone deep transformations throughout the previous decade. This evolution dates back to the conditionalities regime and structural adjustment programmes, in vogue until the mid-1990s, leading to the construction of a partnership paradigm, based on a re-negotiation of international development cooperation, which began with the Heavily Indebted Poor Countries Initiative (HIPC) and the Comprehensive Development Framework (CDF), launched by the World Bank in 1999 (Meyer & Schulz 2008). In this sense, the Paris Declaration on Aid Effectiveness (PD) is both a reflection of and a milestone in this process of re-negotiating the interactions between donors and southern countries. The agreement reached in the French capital denotes certain progress in the reform of North-South relations, whilst at the same time establishing principles, commitments and indicators to increase the relevance of aid in terms of development. During the past four years, this aid effectiveness argument has gained special strength in international discourse. Based on rather fragile evidence

¹ The Nordic Plus group is made up of the Scandinavian countries (Denmark, Finland, Norway and Sweden), as well as the United Kingdom (UK), Ireland and the Netherlands. This group of donors meets twice a year at directors' level and has a Joint Action Plan on Harmonisation and Alignment.

(see Stein et al. 2008), a large majority of politicians and development practitioners assume that aid inspired by the PD's five principles is effective in the fight against poverty and more capable of generating human development.

In the context of the III High-Level Forum held in Accra in September 2008, this process has acquired a political dynamic that opens up favourable prospects for the global governance of aid (see Schulz 2008). The global governance of aid is a process in which good practices, standards, financing levels and aid allocation criteria are increasingly based on mutual agreements resulting from a horizontal negotiation process between aid suppliers ("donors") and recipients ("partners"). Implementation is supervised by multilateral bodies on the basis of adequately independent evidence.

Building a deeper North-South partnership faces resistance related to the global system of international relations, for example in areas such as trade, or global public goods including security or the environment. This situation shows that development cooperation does not take place in a political vacuum, nor is it independent from the broader economic-financial environment addressed by the 2005 Monterrey Consensus or the 2008 Doha Declaration, both of which are related to development financing.

Nonetheless, since the Accra Agenda for Action, advances in the global governance of aid are more tangible in terms of the South's more decisive role in negotiations, the growing complexity of the aid architecture, the wish to end aid dependency, and the support for South-South cooperation. With a view to the next High-Level Forum in 2011, important spaces have emerged for southern countries to influence the global aid agenda. Thus, the Development Assistance Committee (DAC) has begun an in-depth reform of the Working Party on Aid Effectiveness and Donor Practices (WP-EFF), due to conclude at the end of March 2009, which will give southern countries a more central role. Six years after its inception, the democratising dynamics in the WP-EFF will improve the South's real capacities to determine some key

thematic areas. The AAA mandate to "develop institutionalised processes for joint and equal partnership" (§30) also alludes to the Development Cooperation Forum of the Economic and Social Council of the United Nations (ECOSOC). This multilateral space created in mid-2007 holds bi-annual meetings and has managed to promote debate on a more horizontal framework for the aid effectiveness agenda (ECOSOC 2008a) and South-South cooperation (ECOSOC 2008b). As it grows stronger, the DCF is expected to complement the role of the WP-EFF with a more political perspective on greater horizontality between North and South.

On the other hand, the South will be able to open new paths in light of the financial crisis and the global recession, both of which originated in industrialised countries. However, looking ahead to the next High-Level Forum in 2011, much depends on the capacities and the will of southern countries to consolidate their priority agenda in a more concerted fashion (especially at the regional level) and on the basis of best practices and quality standards. In other words, a historic opportunity is emerging to assuage the asymmetries before an ever-weaker North with respect to its control over global agendas. Thus the South now can (and must) move from rhetoric towards action.

Over the next two years, both dimensions of the effectiveness agenda – the technical aspects and its political spirit – will determine the PD's operational implementation and its reinforcement within the AAA. The technical side establishes criteria, practices and norms for alignment (for example, in the use of national public financial management systems and improved predictability of aid flows), harmonisation (by means of programme-based aid and donor coordination), and management for results (such as national statistics systems). The political character deals with overcoming aid-inherent asymmetries, through ownership (leadership of recipient countries in national development policies and aid coordination) and the true heart of the new partnership – mutual accountability (accountability that flows between donors and recipients, and not only from recipients to donors).

However, this double agenda is not free from tension among its different components. First, the weight of technical aspects with respect to political spirit has varied in the different phases of the emerging global governance. Thus, the PD stems from a somewhat technocratic thinking that from 2003 onwards dedicated great efforts towards good practices in donor harmonisation (Rome Declaration) and management for development results (Marrakech Memorandum). Since 2007 (and later clearly reflected in the AAA), the political aspects – ownership and mutual accountability – have become more prominent in a more diversified debate, where southern countries and civil society participate with a stronger voice and well-founded strategies.

Second, the PD's content - sometimes abstract and indecipherable for individuals and institutions that have not participated in the earlier steps and ministerial negotiations - has posed serious difficulties to translating the Paris principles at country level and within donor agencies. The "aid effectiveness pyramid", indicated in a DAC document prior to the Paris High-Level Forum (DAC 2004), has been broadly shared among development cooperation actors, without providing specific didactic value on how to transform the series of principles into a dynamic for real change. Moreover, continuous rotation in governments, ministries and international aid agencies has prevented cumulative learning on the meaning of "Paris" and its principles in different political-institutional contexts, such as in fragile states or middle-income countries. This rotation of personnel has also distorted the structure of the AAA (with three key areas), which does not follow the logic of the PD (based on five principles). In reality, the AAA generates further confusion over the foundation of aid effectiveness. To date, there is still no comprehensive analysis to explain the changes implied by the AAA with respect to the Paris principles, nor is there a debate on potential new principles (such as South-South cooperation). In particular, the priorities that the South managed to introduce in the AAA are lacking in next steps, and the absence of indicators in most of the new or renewed commitments considerably hinders the capacity to implement the contents agreed upon in Ghana's capital.

Thirdly, a key problem of the effectiveness agenda lies in the isolated analysis of each principle that does not allow for an understanding of the interaction among the conceptual pillars. Two central examples account for this lack of comprehensiveness among the Paris principles. On the one hand, the consultations and analytical work for the Accra High-Level Forum were organised separately for each effectiveness principle.² Thus, interaction between the roundtables in Ghana was rather limited (DAC 2008d). On the other hand, the PD monitoring survey strictly follows the table of indicators included as Annex III of the Paris Declaration. Nonetheless, neither the country chapters nor the synthesis report offer an assessment on how the different principles interact (DAC 2008c).

Finally, tensions and contradictions could arise between the technical and political dimensions in an agenda that, far from being consolidated, is in constant evolution. At the operational level, the five principles do not always interact in a harmonious way. The synthesis report of the first phase of the PD monitoring, released just before the Accra High-Level Forum, illustrates some possible contradictions (DAC 2008b, p. 35). For example, the more short-term results-based approach could contrast with improving national capacities in the medium run. On the other hand, if donor harmonisation is not sufficiently based on alignment, this could give rise to tensions with regard to ownership. The CDF evaluation (World Bank 2003a)³ identified similar tensions, indicating that donor harmonisation may undermine effective leadership by partner countries, especially by those that have less coordination capacities (World Bank 2003a, p. 73).

Systematising the implementation of the effectiveness paradigm, the CDF and PD evaluations draw attention to the need to value the interaction between the

² In addition to the Paris Declaration's five principles, Accra included four thematic roundtables: the role of civil society organisations, aid effectiveness in fragile states and conflict situations, sectoral application and the new aid architecture (South-South partners and vertical funds).

³ The CDF is based upon four pillars, similar to the five principles of the Paris Declaration: a long-term holistic development framework, country ownership, country-led partnership and results orientation. In fact, the CDF follow-up carried out by the World Bank (Report on Aid Effectiveness) generates data on the progress of the PD indicators on ownership (indicator 1) and management for results (indicator 11).

effectiveness principles and, in particular, between the technical aspects and political spirit. The following section will describe how donor division of labour, an aspect of harmonisation, can clash with other principles, particularly the more politically sensitive ones – ownership and mutual accountability.

International division of labour: Tensions with the partnership paradigm

In the evolution of the aid effectiveness agenda, donor dispersion and aid fragmentation are key factors that explain the duplication of efforts, high transaction costs and the administrative overburdening of southern countries, the lack of predictability and the scarce information on financial aid flows. In the mid-1990s, a high risk became apparent: development cooperation's new awakening (once the aid fatigue was overcome) would lead to an unsustainable proliferation of individual projects – frequently contradictory – by aid agencies. In order to deal with this problem, harmonisation was identified as an indispensable task that donors should undertake in order to promote a renewed partnership (DAC 1996). As clearly reflected in the World Bank's CDF, harmonisation was not conceived of as an isolated responsibility; rather, it should be oriented towards and based upon the leadership of recipient countries over development policies (World Bank 2003a). In order to ensure this ownership-friendly role, donors should revise their norms, behaviours and institutional practices, for example in terms of more symmetric relations, accountability towards recipients or the decentralisation of decision-making towards partner country offices (World Bank 2003b). This close inter-relation between harmonisation and ownership partially disappeared in the following years, and hence the Rome Declaration on Harmonisation (2003) almost exclusively focused on the operational dimensions, based on good practices on harmonisation identified by the DAC (DAC 2003).⁴

Within this "self-sufficiency" of harmonisation, donors perceived the division of labour as a tool to overcome the fragmentation foreshadowed by virtually all DAC-held peer reviews since 2001. The effectiveness discourse began to borrow some "crude and outdated" arguments from the economic sciences, such as comparative advantages, analysed by David Ricardo and Carlos Marx in the nineteenth century (Munro 2005). Based on this background, some donors started to foment greater sectoral and geographical concentration. During the first five years of the new century, some Nordic Plus countries (Denmark and the Netherlands, in particular) and Germany substantially reduced the number of countries and their sector projection in the rest of priority countries. In all cases, it was a unilateral decision to revise selection criteria with regard to recipient countries, on the basis of comparative advantages and niches identified by each donor in a self-sufficient fashion.

In 2005, the PD introduced the idea on comparative advantages and specialisation niches into the broader context of complementarity. Beyond the self-sufficient concentration of each donor, "a pragmatic approach to division of labour" should be promoted, according to which donors would mutually complement each other with their comparative advantages at a sectoral or national scale, which, in turn, should be based on "clear views" provided by recipient countries (Paris Declaration, §31-33). Connected to the partnership spirit and the principle of ownership, southern countries should identify the donor comparative advantages that would consequently respond to this demand with their aid delivery.

Two years later, in 2007, this complementarity among donors was brought to the forefront with the approval of the Code of Conduct on the Division of Labour (CoC) by the European Council (Council of the European Union 2007). Since the European Consensus on Development (2005), the EU Donor Atlas and the aid effectiveness package (2006), the old continent has presented itself as the ideal terrain to make progress in terms of coordination and complementarity, given its experience in supranational *modus operandi* (Schulz 2007b). As

⁴ These included coordinated support to national development strategies, delegated cooperation, information sharing, improved staff preparation and organisational incentives, and demand-driven technical assistance.

one of the flagships of the German presidency of the European Council during the first half of 2007 (Schulz 2007a), the CoC identifies three types of complementarity:⁵

- At country level, each EU donor will focus its activities on a maximum of three sectors, while each sector will receive aid from a maximum of five EU donors.
- Cross-country complementarity will rationalise the deployment of EU donors by reducing the number of priority countries of each and improving aid allocation to “orphan” countries.
- Cross-sector complementarity is based on the self-assessment of donors regarding their comparative advantages and thematic areas of strength.

One of the CoC’s central concerns lies in the problematic of “aid orphans”, which cross-country complementarity aims to tackle. The so-called “orphans” are southern countries that, in spite of their great needs, mainly related to their institutional fragility, receive very little international aid. In comparison to these neglected cases, there are a series of “donor darlings” that benefit from considerable donor concentration, despite frequently having made substantial development advances. As it is a sensitive problem related to resource allocation and the selection of recipient countries, a concerted response to revise existing imbalances (not only needs-based but also in relation to absorption capacities and national governance) was required by the donor community (DAC 2007b). By means of the CoC, the EU decided to pay special attention to a more balanced deployment of its member states and the Commission within the framework of the High-Level UN Dialogue on Financing for Development (Council of the European Union 2007). However, the operational implications, described in a European Commission staff working paper (2007), centred on the country level, with

⁵ In the original proposal of the European Commission to the European Council (COM(2007)72), vertical complementarity (coordination of organisations and sub-national, national, regional and international initiatives) and instrument complementarity were also included, albeit not being reflected in the Council-approved CoC (9558/07). Still, these dimensions are again present in the Compendium of Good Practice drafted by France and the European Commission (DAC 2007).

some specific activities to improve empirical evidence of the current geographical distribution of European donors.

Subsequently, CoC implementation has achieved advances mostly in complementarity at the country level and between bilateral European donors, in addition to some basic interaction agreements with the European Commission (see below). It is also at this level that the first doubts were raised regarding the consonance between division of labour and the philosophy of the PD, particularly concerning ownership. A weakness of the CoC’s conceptual approach lies in its concentration on operational issues, which goes hand in hand with a certain insensitiveness towards more political aspects. Thus, CoC general principles alter the formulation of the PD (see above) towards a more ambiguous and even contradictory conceptualisation. For example, the ownership-related principle states that “the assumption and leadership of country-level division of labour should first and foremost lie with the partner country’s government”, but “if such leadership and responsibility do not exist, the EU should promote such a process” while also “providing capacity building support to the partner countries to enable them to take on this responsibility.” For its part, the first guiding principle stipulates that the comparative advantages of each donor should be identified by “the partner country government and other donors”.

Both principles raise doubts about the actual leadership of southern countries. For example, the development of national capacities usually requires long-term investment; however, there is certain pressure for the EU to advance an initiative to build its common development policy. This situation could incentivise the deployment of the donor community without greater involvement of the recipient countries, especially when the latter lack the will or capacity to lead this process. In practice, some recipient countries, such as Bangladesh, Bolivia, Cambodia, Laos and Nicaragua, have already expressed concerns over the limited space available to them to lead in-country complementarity processes, given the donor-driven character of the latter (Commission of the European Communities 2008a) and

the risks of constrained negotiation power (WECA 2008). The PD evaluation report also warns that “[giving] excessive priority to harmonisation among donors is [...] increasingly seen as running counter to ownership as well”, and adds that “it remains to be seen how an important new mechanism such as the European Union Code of Conduct on Division of Labour will manage these potential risks” (DAC 2008b, p. 36).

This potential tension with the ownership principle has not prevented donors from heavily investing in the continuous promotion of the division of labour. Throughout 2007, the European Commission created a toolkit for the division of labour at the country level, which is divided into three phases: assessment of the initial degree of fragmentation, agreement on necessary improvements, and implementation of the agreed improvements (Commission of the European Communities 2008b). Within this framework, the Fast Track Initiative on Division of Labour, led by Germany and the European Commission, is promoted. The initiative aims at encouraging more immediate improvements in country-level division of labour and is implemented in around 31 recipient countries (GTZ 2008). Another similar process relates to delegated cooperation and the corresponding agreements between donors. Since 2005, Nordic Plus donors have advanced in the conceptualisation of delegated cooperation (Nordic Plus 2005 and 2006). In 2008, the European Commission, for its part, prepared a guidance note on the legal and operative framework in order to facilitate and certify a bi-directional delegated cooperation between bilateral and communitarian development cooperation (Commission of the European Communities 2008c). Several European agencies have come together in the European Network of Implementing Development Agencies (EUNIDA) to promote delegated cooperation and co-financing agreements related to this instrument. Nevertheless, all of these initiatives have produced no substantial changes in the factors conditioning the leadership of the recipient country where donor activity will be re-distributed. Thus, the guidance note on delegated cooperation equates aid effectiveness with the EU’s political visibility as the main bases of delegated cooperation (Commission of the European Communities

2008c, p. 3), but it is less clear with regard to national leadership, for example when deciding which donor could or should take the lead in a certain sector or programme. The toolkit maintains the ambiguity of the CoC’s general principles in relation to the role of recipient countries. In this sense, it indicates that “leadership of a DoL process may be less evident. [Partner country governments] have had less time to internalise the objectives, and its implications. Therefore, in cases where the partner country is not yet in the lead, or ready to take the lead, it should be taken on board as early as possible in any DoL process started by donors” (Commission of the European Communities 2008b, p. 14).

At the DAC level, in-country division of labour has found a rapid entrance into the aid effectiveness agenda. Within the WP-EFF, the Task Team on Rationalising Aid and Fostering Complementarity was created. From February 2007, the European Commission and France prepared a Compendium on Good Practices on Division of Labour, coordinated with the DAC (DAC 2007a). This desk study, which is almost exclusively focused on a donor perspective, gathers experiences concerning in-country complementarity and, to a lesser extent, cross-sector division of labour. Its first draft, presented at the Accra High-Level Forum, confirms some tensions between the division of labour at the country level and the principle of ownership, especially if carried out with insufficient alignment (DAC 2008a).

At the III High-Level Forum in Accra, division of labour was awarded a privileged place in the EU agenda as a whole, as well as that of Germany in particular, which, together with Uganda, co-chaired the roundtable on harmonisation and leads the WP-EFF task team. The conclusions of this roundtable centred on the promotion of eight International Good Practice Principles on In-Country Division of Labour (HLF 2008), previously agreed upon in a workshop with donors and recipients held in Pretoria in February 2008. It also warns that “the urgency, which may drive donors to forge ahead with division of labour exercises on their own, may impair ownership and country leadership” (DAC 2008d, p. 55). This explains why article 17 of the AAA is very explicit with regard to country leadership (“developing

countries will lead in determining the optimal roles of donors in supporting their development efforts", §17a) and in relation to the collaboration between donors and southern countries to complete good practices in "country led division of labour" (§17b). For its part, cross-country complementarity – improved geographical aid allocation – will be subjected to an international dialogue between North and South to begin in June (§17c). In this context, the AAA also urges paying greater attention to the so-called aid orphans (§17d). A highly relevant aspect for southern countries is the appeal to ensure that "new arrangements on the division of labour will not result in individual developing countries receiving less aid" (§17a).

Even though article 17 is very specific with regard to some deadlines, AAA commitments are less detailed than the provisions of the European CoC and it remains to be seen to what extent the European paradigm will determine the global process at the WP-EFF level. Its task team will be in charge of promoting good practices and preparing the international dialogue, where southern countries will be able to voice their views. In this context, the integration of this task team in the WP-EFF cluster on Transparent and Responsible Aid is very relevant, as there it will come into close contact with very sensitive priorities for southern countries, such as predictability and conditionality.⁶

The dialogue on the international division of labour (that is, in-country complementarity) will have to face challenges beyond tensions and operational difficulties at the country level. Whilst the DAC reports analysed financial imbalances in the geographical distribution of donors (DAC 2007b and 2008e), the Accra commitments demand greater advances in the short run in the international division of labour, which, in the words of the European Commission, "touches on very political and institutional issues" (Commission of the European Communities 2008a). This comment mainly refers to the internal obstacles in donor countries when

⁶ The WP-EFF will be reformed during its own meeting in April 2009 and will organise its tasks around four clusters – Ownership and Accountability, Country Systems, Transparent and Responsible Aid, and Assessing Progress. These will be complemented with a series of work streams.

it comes to reducing the number of priority countries (see also Mührle 2007, p. 27).⁷

However, the problem resides in the scarce attention paid to these more sensitive aspects in the emerging analysis on the division of labour so far. In this sense, there is an important vacuum in the current discourse on what the geographical concentration of donors actually implies in practice: donor exit and phasing out from previous priority countries, as well as its practices and impact. Only the CoC and the toolkit superficially mention the need for "responsible exit strategies prepared with the partner country" (Council of the European Union 2007), always referring to in-country division of labour. In other words, donor exit from a recipient country still does not seem to merit attention in the debates among politicians and practitioners.

However, as demonstrated in the following section, in-country division of labour directly affects the political spirit of the effectiveness agenda, that is, ownership and mutual accountability.

Phasing out practices: Implications for ownership and mutual accountability

International division of labour refers to the geographical complementarity through which donors intend to overcome imbalances in aid allocation among recipient countries. "Aid orphans", in particular some fragile states such as Guinea, Uzbekistan and Yemen, receive aid flows that do not fulfil their needs (DAC 2007b), in comparison to "donor darlings" such as Burkina Faso, Ghana, Kenya, Mali, Mozambique, Senegal and Vietnam (Commission of the European Communities 2008, p. 24), where international cooperation has a larger presence than in other countries with similar development levels.

⁷ A clear example can be found in the debates on the geographical concentration of Spain in the realm of the consultation for its new 2009-2012 Master Plan, which, in principle, is highly committed to aid effectiveness. It was only possible to achieve a limited reduction in the number of priority countries – from 56 to 50 –, owing precisely to internal pressures to maintain a highly diversified projection in the South (Meyer 2009).

However, given the apparent need to revise global aid allocations, a more efficient geographical distribution of donors is faced with a severe conceptual limitation. The international aid system is not equivalent to a “job market” where specific demand (from recipients) orients specialised supply (from donors) through global mechanisms. In addition, given the absence of a social or organisational-bureaucratic foundation, division of labour among donors does not share similarities with the specialisation processes described by Émile Durkheim or Max Weber at the beginning of the twentieth century. In fact, geographical concentration depends fundamentally on sovereign decisions and unilateral political preferences (Mührle 2007, p. 26). In other words, these decisions are usually taken in an isolated fashion, and so in addition to the fight against poverty, they focus on other priorities of strategic concern to donor countries, such as commercial and trade interests, energy security, migration flows or the fight against terrorism.

While this tension between “allotting the pie and committing to effectiveness” (Schulz 2007b) affects the dynamics of aid allocation and the selection process of southern countries, doubts also remain with regard to the implications of geographical concentration for recipient countries. The aid effectiveness discourse tends to emphasise a positive terminology (in this case, concentration) as opposed to problems expressed through a negative terminology (for example, fragmentation), without taking into account that a positive term can describe processes that include aspects with negative connotations, such as, in the case of concentration, “cut”, “eliminate” or “stop” (Munro 2005). This explains why (with the exception of a brief reference by the CoC and the toolkit) the debate on the division of labour and its practices avoids analysing inherent aspects of cross-country complementarity: donor exit and the phasing out of aid. Along these lines, a recent joint evaluation by Nordic donors indicated that exit “attract[s] scant attention and form[s] a neglected part of development cooperation”, even though the number of exiting donors is increasing, especially among bilateral donors (Jerve & Slob 2008a, p. 3). The same study also warned against bad exit management,

especially in aid-dependent countries in which the “consequences [...] were severe, in some cases even disastrous” (Jerve & Slob 2008b, p. 13).

One of the central mandates of the AAA is to advance towards greater donor coordination in terms of geographical distribution, on the basis of the modest progress taking place so far in the European arena. Nevertheless, the implications of exit and phasing out practices for the North-South partnership have not yet been explored in a systematic way. This weakness of the discourse on cross-country complementarity might generate tensions between the way international division of labour is managed on the one hand, and the partnership spirit of the Paris agenda, on the other. These incongruities may intensify if the global governance of aid advances without the spirit of partnership having achieved the necessary level of institutionalisation. In other words, the international division of labour must be consistent with a more central role for the southern countries and their perceptions. This means that the existing multilateral structures, particularly within WP-EFF and ECOSOC/CDF, need to continue to invest in an equal representation of donors and recipients that allows for the negotiation of cross-country aid allocation based on shared criteria between North and South.

From a politically sensitive perspective, it seems evident that the quality of the partnership between a southern country and its donor community varies substantially according to how phasing out is implemented by one or more donors. As explained above, ownership and mutual accountability are essential ingredients for the partnership paradigm. Thus, it is necessary to analyse and assess phasing out practices according to their coherence with the principles of ownership and mutual accountability.

In practical terms, exit consists of different phasing out practices that encompass all phases, from decision-making to post-exit conditions (see Jerve & Slob 2008b).

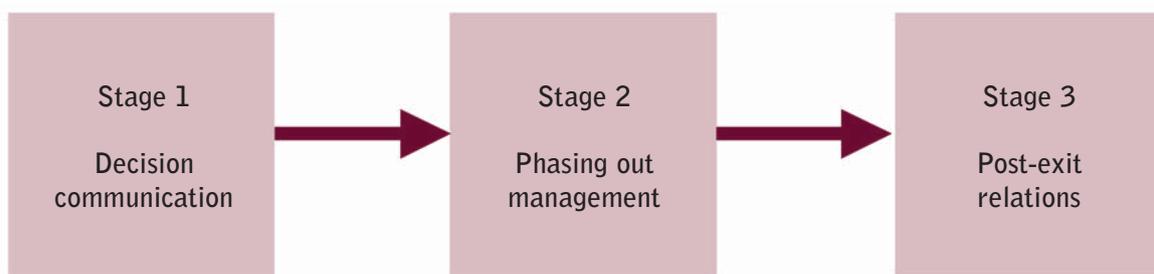
In this context, the adaptability of the decision to exit constitutes one of the major challenges, since there is

still no consensus on who will decide upon the geographical concentration of a donor. On this issue, the CoC focuses on creating a clearer image of the current aid allocations of European donors, in order to improve future strategic planning, “while recognising that Member State decisions on this issue are sovereign national decisions”. The AAA, for its part, only urges dialogue on cross-country complementarity, without indicating which institutional platform could be used in order to ensure a broader participation of southern countries. Given that the emerging global governance still requires greater consolidation of the multilateral framework, it seems likely that geographical concentration will continue to be a foreign policy-

related decision taken by each donor individually in the medium run.⁸ Depending on the advances regarding the improvement of mutual accountability at the international level (see Droop et al. 2008), in practice this unilateral decision would be nourished with empirical analyses and debate generated in the different multilateral bodies, such as the EU, WP-EFF or the UN High-Level Dialogue on Financing for Development.

Thus, considering that the decision to exit constitutes a *fait accompli* for the affected southern country, both the recipient and the donor face a phasing out process divided into the following steps:

Figure 1: Phasing out stages



In these three stages, the exiting donor carries out different activities that, as a whole, constitute the phasing out process. In a broader sense, these measures constitute phasing out practices that can influence partnership principles as follows:

Ownership and leadership: Impact on national capacities

Ownership and leadership of the country affected by donor exit tend to be very difficult to ensure in phasing out, especially if the exit decision was taken unilaterally and without previous consultation on behalf of the donor. Thus, the way phasing out is implemented can influence national capacities in terms

of development planning and aid coordination; probably alters the relations and dialogue with the donor community; changes the environment for implicating national actors beyond the national government; and can have consequences for the level of use of new aid modalities.

In this sense, practices in terms of decision communication (stage 1) can strengthen or weaken ownership. An early and transparent dialogue between the donor and the national government will tend to create opportunities for the national government to integrate donor exit into its planning and coordination processes. If, in addition, the form of phasing out is

⁸ However, there are also exits that correspond to other incentives. India, which urged less important donors to withdraw their aid, is a very specific case (Jerve & Slob 2008b).

negotiated and consulted, prospects of finding viable alternatives for the resources withdrawn by the exiting donor might be increased. On the other hand, confuse, late and rigid communication may undermine the recipient country's capacity to absorb this phasing out within a strategy for the medium term.

During phasing out management (stage 2), the recipient country's room for manoeuvre depends on the adaptability of the chosen phase out strategy. If, in addition, withdrawal includes the strengthening of national capacities and supports the substitution of the exiting donor's resources by those of another donor, then there is a greater margin to integrate donor exit into the processes led by the recipient country. In contrast, hasty and rigid phasing out management tends to weaken the national government's potential to appropriate the exit process and see it as an opportunity for improved planning.

Finally, the terrain upon which post-exit relations (stage 3) are built is highly relevant for the recipient country's leadership. If the international community participates as a whole in the phasing out process and new modalities of cooperation are introduced, for example by means of delegated cooperation, it is likely that the national government will be able to identify enough alternatives to the exiting donor's resources. On the contrary, if the donor concentrates on the closure of its projects and programmes without a vision that goes beyond the moment of definitive exit, the ownership of the recipient country may be damaged by subsequent losses in the corresponding sectors and focal groups.

All in all, the manner of exiting from a recipient country has an impact on the ownership and leadership of the recipient country and vice-versa. Phasing out practices can reinforce or hinder national capacities to integrate donor exit into development planning and aid coordination, especially with respect to absorbing the phasing out of aid with national resources or those from other donors.

Mutual accountability: Impact on the development partnership

If the exit decision is taken by the donor unilaterally, the basis of the exit process is not coherent with mutual

accountability, which is inspired by horizontal agreements. Nevertheless, once initiated, phasing out practices determine, in particular, the degree to which the donor complies with its responsibility in the medium run, for example with respect to predictability, the honouring of commitments, the protection of vulnerable groups and sensitive sectors, and the sustainability of programmes and advances already achieved in terms of aid effectiveness. Similarly, this process deeply affects future horizontal relations, that is, those that go beyond aid.

Thus, decision communication (stage 1) by a high political representative can create an environment of mutual respect that facilitates future bilateral relations. If an active dialogue between the donor community and the national government on the former's exit is promoted from the beginning, it is likely that the process will be perceived as an opportunity to invite other donors to take on the exiting donor's responsibilities. However, bureaucratic and isolated communication of the decision may create serious setbacks in the results achieved in aid effectiveness.

Honouring formal agreements and informal commitments is essential for phasing out management (stage 2) to foster mutual accountability and, in particular, predictability. Securing the advances already made in PD implementation, frequently linked to an ongoing state modernisation process, will ideally encourage other donors to commit to assuming quotas in the use of national systems, including general budget support and sector wide approaches. On the contrary, isolated phasing out management, with little respect for existing agreements, will weaken bilateral relations and risks reducing the progress made in terms of aid effectiveness.

Post-exit relations (stage 3) are key for mutual accountability. The phasing out process may direct specific efforts towards the sustainability of programmes in sensitive sectors and with particularly vulnerable populations. Nonetheless, transforming aid relations may result in other types of cooperation that may favour a broader partnership (for example, in

commercial, cultural and academic terms, among others). However, an exit that causes risks, damages and losses in delicate areas for the country's development would clash with effectiveness commitments, while the lack of alternative aid relations would reflect a very weak degree of partnership.

In summary, the practices implemented by an exiting donor are closely related to the extent to which it fulfils the commitments made at country level and with respect to the aid effectiveness agenda. These practices are of special relevance in the post-exit phase, when the degree of partnership between North and South beyond aid is revealed.

Sweden's engagement with geographical concentration

Nordic Plus donors constitute the group that is most committed to the aid effectiveness agenda and the promotion of innovative mechanisms in development cooperation. For most international aid actors, Sweden is a first class reference, particularly in terms of the delicate aspects of international cooperation (such as governance, dialogue with civil society, human rights or gender equality). The Scandinavian country is classified in different rankings as one of the countries that best fulfils international commitments. Thus, in its 2008 Humanitarian Response Index, DARA International once again ranked Sweden as the most coherent donor with respect to the 23 Principles of Good Humanitarian Donorship. Also in 2008, the Nordic country was classified second in the Centre for Global Development's Commitment to Development Index. In the latter, Sweden scored highest in terms of the quantity and quality of development aid. The survey data from the 2008 PD monitoring are not so clear-cut, even though they do indicate that Sweden is, in general, above average in the fulfilment of the aid effectiveness commitments (DAC 2008c).

Albeit a country which has historically offered a broad geographical diversity of aid reaching 120 countries, Sweden had its first phase out experience when it

started to withdraw its aid during the nineties owing to three fundamental reasons (Ekengren & Lindahl 2006, pp. 47-48):

- the "graduation" of a recipient country in terms of development (for example, Cape Verde in 2000, Botswana in 1998, Chile in 2000 and El Salvador in 2005);
- an unacceptable deterioration of governance and/or the human rights situation (Guinea Bissau in 2000, and Eritrea and Zimbabwe in 2001); and
- the end of a transition process (Estonia, Latvia, Lithuania and Poland in 2004)

Within its commitment to aid effectiveness and the framework of the debates on donor harmonisation, Stockholm was in favour of a greater concentration of its aid. Under the initiative of the Swedish parliament, the government of the social democrat Göran Persson (1996-2006) drafted a new Policy for Global Development, approved by the Riksdag in December 2003. One of the key aspects of this new policy is its mandate to concentrate Swedish aid in the poorest countries, especially in the African continent (Ministry of Foreign Affairs of Sweden 2003). These dynamics also affected the 2005 DAC peer review of Swedish cooperation, which demanded greater geographical concentration and a stricter selection of sectors (DAC 2005). In August 2007, the current Swedish government, headed by the liberal conservative Fredrik Reinfeldt, announced that Swedish cooperation would be geographically concentrated in a total of 33 countries, which would entail exiting from not fewer than 30 countries, mostly by the end of 2010.

The Swedish government justified this drastic geographical concentration on the grounds of the need to focus its aid in the African continent and Eastern Europe, where Swedish cooperation would centre its efforts on the sectors of peace and security, as well as democracy and human rights. The future 33 priority countries are divided into three categories: long-term development cooperation, cooperation in conflict and post-conflict situations, and support to reforms.

Of the 30 countries affected by Sweden's exit, seven will benefit from "selective cooperation in prioritised areas", whilst in the other 23, "relations other than bilateral development cooperation" will be promoted, which could be developed "in various ways" (Ministry of Foreign Affairs of Sweden 2007a, pp. 8-9).

The countries selected for "relations other than bilateral development cooperation" include some of the historical partners of Swedish cooperation, such as Nicaragua, as well as contexts in which Sweden's role was decisive in the most recent development process, such as Honduras. The group of future recipients of "selective cooperation" is composed of the emerging economies of China, India and South Africa, as well as Vietnam and Indonesia, among other countries.

The Swedish government based the selection of the remaining priority countries on four "decisive factors": need for aid; environment prone to aid effectiveness; commitment towards human rights and democratisation; and the added value of Swedish cooperation. However, official documents admit that the selection process is, above all, a "political decision", albeit one founded on a "well-balanced basis" (Ministry of Foreign Affairs of Sweden 2007b, p. 1).

This precision over criteria and factors notwithstanding, the decision-making process caused some confusion. At the national level, the former director of the Swedish International Development Cooperation Agency (SIDA), Göran Holmqvist, echoed the assessment of Swedish public opinion that the process "has gone too quickly and [...] has not been open enough or allowed for sufficient consultation"; he did not hide the fact that exiting from countries such as Honduras and Nicaragua was a "painful" decision. For their part, 13 Swedish non-governmental organisations (NGOs) indicated in an open letter that they could neither participate in the design of the criteria nor in the previous studies of the concentration process (Swedish Red Cross et al 2007). Along these lines, the Christian cooperation consortium and one of the most important representatives of Swedish civil society, Diakonia, criticised the decision-making process for its lack of transparency and

considered "regrettable that the knowledge and experience among Swedish NGOs has not been considered" (Diakonia 2007).

In some countries affected by Sweden's exit, critical political situations emerged with national governments which had been given six months notice, but were not consulted, about their status as countries eligible for Swedish exit. In the midst of the severe deterioration in relations between the Daniel Ortega administration and the donor community, in Nicaragua there were moments of great political and diplomatic tension (Schulz 2007c) that endured until the closing of the Swedish embassy in Managua in August 2008.⁹ In Honduras, a "political hurricane" unfolded in the national media, as many national analysts deemed Sweden's exit to be a punishment to the government of Manuel Zelaya Rosales.¹⁰ Finally, a SIDA study on cooperation with Vietnam indicated that the decision to exit "was non-transparent and did not involve any open debate with partner countries and other stakeholders" (Forsberg & Kokko 2008, p. 48), whilst the future Swedish-Vietnamese relationship will depend on investments that "safeguard Sweden's good reputation in Vietnam" (Forsberg & Kokko 2008, p. 51).

In addition, coordination and consultation with European donors were limited to explaining the process during bilateral and international meetings (Ministry of Foreign Affairs of Sweden 2007a, p. 11), and Sweden's experience has still not been systematised at the European or DAC levels. This approach of geographical concentration was already prevalent in the earlier phases. The Nordic countries' joint evaluation shows that all 14 exits by four donors (Denmark, Norway, Netherlands and Sweden) were based on unilateral decisions (Jerve & Slob 2008a, p. 13). Nevertheless, the lack of strategic coordination of exit within the donor coordination groups in affected countries and the absence of a broader debate in international platforms seem to contradict the CoC's forecast that "the Member

⁹ See "Alemán y Ortega contra Zetterberg", *El Nuevo Diario*, Managua, 25 August 2008.

¹⁰ See "Suecia lo anunció hace 6 meses", *El Heraldo de Honduras*, 31 August 2007.

States and the Commission will use existing co-ordination mechanisms in the field to render operational implementation of the Code of Conduct" (Council of the European Union 2007, p. 4).

The unilateral approach towards the exit decision seems to be a natural consequence of development cooperation's very character as part of the sovereign foreign policy of each donor country (Schulz 2007b). Seemingly, it clashes with the principles of partnership (Jerve & Slob 2008a, p. 13), which is likely be one of the central issues that the dialogue on the international division of labour envisaged by the AAA will need to resolve. Thus, one of the key themes of this dialogue should be finding formulae to ensure that decisions on geographical concentration are taken coherently with the emerging global governance of aid.

With a view to establishing the underlying principles of its exit practices, the Swedish government raised the need to "design exit strategies adapted to each specific situation", based on the following principles (Ministry of Foreign Affairs of Sweden 2007a, p. 10):

- the fulfilment of contractual conditions;
- suitable transition mechanisms for ongoing projects and programmes, including transfer to local partners or other donors;
- the sustainability of investments that have been made; and
- clarity regarding phase out periods, which should not exceed three years.

On this operative basis, SIDA country offices have drafted phase out plans in all countries affected by the Swedish exit. These plans are part of what has been described in the previous section as the first phasing out stage; the fact that this is founded on the principles of the North-South partnership is very relevant to the implications of exiting for leadership and mutual accountability.

This process whereby a donor is pioneering in ensuring greater horizontality between donors and recipients is creating valuable experiences in different national

contexts. The main key to this process lies in the phasing out practices and their coherence with the political spirit of the effectiveness agenda. The Swedish government intends to carry out "continuous revision" of the geographical concentration process, and there is no doubt that more systematised feedback, based on structured evidence, can be a key input to the implementation of the European CoC and the dynamics at the DAC level envisaged by the AAA. These lessons are of even greater relevance given that Sweden will hold the European presidency in the second semester of 2009, during which aid effectiveness in general, and the CoC in particular, will be two central issues of the development policies agenda.

Part II: Methodology

Using the analytical background described in the first part, this study intends to assess the implications of the international division of labour for the Paris agenda. In particular, the aim is to analyse how and to what extent donor phasing out practices impact on country ownership and mutual accountability. Taking advantage of the geographical concentration process that Swedish development cooperation is undergoing, this research study will undertake a total of five case studies, with the objective of identifying good practices that can be of value to other donors, as well as to the recipient countries affected by donor exit. The case studies will serve to produce a recommendations report and, with this end in mind, will follow a common methodological approach, to be explained in the following pages.

Between geographical concentration and partnership: Southern perspectives

The discourse on the international division of labour has still not managed to integrate the perspectives of southern countries as an essential dimension to ensure a geographical concentration that is consistent with the

political spirit of the Paris agenda. The country studies will try to actively involve not only the national government, the exiting donor and the donor community, but also the bodies in charge of implementing previously financed programmes, the civil society, academia and the mass media (see the "Research process" section below).

The case studies have been selected on the basis of the following criteria:

Countries affected by the decision of the Swedish government to exit

Three cases come from the group of 30 countries where Swedish aid is to be phased out. Two of the affected countries come under the category of "relations other than bilateral development cooperation", and one is due to receive "selective cooperation". As test cases, two countries that are still priority countries for Swedish cooperation will be included, even though they are due to receive more sector-focused aid. One of these countries is integrated in a cluster of delegated cooperation with the Norwegian cooperation.

Diversity of background and characteristics of exit

Contexts where Swedish exit was preceded by different steps, such as previous sectoral concentration and/or

delegated cooperation, will be included. At the same time, and on the basis of an *ad-hoc* assessment, the selected countries reflect the diversity of characteristics of exit and its impact on the relationship between the exiting donor and the affected country.

Geographical diversity

Different geographical contexts will be studied in order to facilitate comparison and to obtain common lessons. A certain margin is given with respect to the level of human development reached, the degree of aid dependency and the advances in aid coordination.

Relevance for other European donors, especially Spanish development cooperation

The research encompasses recipient countries that are of potential relevance to other European donors in general and to Spanish development cooperation in particular. This relevance to other donors can be threefold: (a) the recipient is seen as a potential future exit candidate; (b) the donor will be directly affected by Sweden's exit, for example in terms of joint programmes; or (c) the donor envisages commencing or broadening its cooperation with the affected country.

The following participating countries in the study have been selected:

Country	Gross National Income (GNI) in Purchasing Power Parity (PPP) (USD) in 2006	Net ODA (millions USD) in 2006	% Aid dependency (Net ODA/GNI) in 2006	Ranking in the 2008 Human Development Index (total: 177 countries)	Country Policy and Institutional Assessment (CPIA) in 2007	Harmonisation process, ranking (out of 55 countries) and progress of PD indicator 9 in 2008	Process initiated by Sweden
Bolivia	2,890	581	5.4%	111 (medium)	3.7	23 (40%)	Sector concentration, no exit scheduled (test case)
Honduras	3,540	587	6.6%	117 (medium)	3.8	44 (17%)	Phase-out ("relations other than development cooperation")
Malawi *	720	669	30.9%	162 (low)	3.4	21 (42%)	Phase-out ("relations other than development cooperation")
Malí *	1,130	829	13.9%	168 (low)	3.7	22 (41%)	Sector concentration, no exit scheduled (test case)
Vietnam	3,300	1,846	3.1%	114 (medium)	3.8	9 (58%)	Phase-out ("selective cooperation")

* In Malawi and Mali, Sweden implemented delegated cooperation together with Norway.

Sources

GNI: 2007 and 2008 World Development Reports, World Bank

Net ODA / aid dependency: Aid at a Glance, Development Assistance Committee (DAC), Organisation for Economic Cooperation and Development (OECD)

Human development: 2008 Human Development Index, United Nations Development Programme (UNDP)

CPIA: IDA Resource Allocation Index (IRAI) 2007, World Bank

Indicator 9 of the Paris Declaration on Aid Effectiveness ("How much aid is programme-based?"): 2008 Survey on Monitoring the Paris Declaration – Making Aid More Effective by 2010, DAC, OECD.

Concepts and definitions

The following paragraphs systematically explain concepts and define the terms to be used in this study, particularly in its hypotheses.

Exit

Description: Based on the premises of the effectiveness agenda and harmonisation, in particular, donors have committed to rationalising aid through greater geographical concentration. This concentration, which is particularly relevant for bilateral donors, must also facilitate broader complementarity – that is, an improved division of labour, on the basis of donors' respective advantages in different national and regional contexts. Given that the majority of donors have conventionally divided their development cooperation funds among several dozens of countries, the only way to promote division of labour consists in the exit, or phase out, of a donor from a previous aid recipient country. Exits are carried out by means of phasing out practices that include post-exit perspectives and, as a whole, represent the exit model. Phasing out management refers to the exit's nucleus, that is, planning and implementing the exit process. This research study will focus on the implications of donor phasing out practices for the Paris agenda.

Definition: Exit is a process through which a donor withdraws its bilateral development aid within a clearly established period of time from a previously prioritised country.

Essential features:

These equate to phasing out practices:

- Donors communicate the decision to exit (transparency and communication).
- An interaction process takes place with national actors (dialogue, negotiation and consultation).
- The type of phasing out is decided and planned (phasing out management: planning and type).
- Phasing out is implemented (exit management: implementation).
- New conditions are created for programmes and

projects previously supported by the exiting donor (post-exit perspectives: sustainability).

- Relations between the national government and exiting donor are transformed (post-exit perspectives: bilateral relations).

Aid effectiveness agenda

Description: The Paris Declaration on Aid Effectiveness (PD) represents an inter-governmental agreement, adopted in March 2005, which is part of the re-negotiation of the global governance of aid. Its objective is to establish mutually agreed standards and rules, the implementation of which should be supervised by multilateral bodies. In general, it aims to ensure that international aid contributes to the effective development of recipient countries. The five principles defined by the PD correspond to two essential dimensions: on the one hand, the technical aspects establish good practices in the principles of alignment, harmonisation and management for results; on the other hand, through ownership and mutual accountability, the political spirit aims to overcome the asymmetries inherent in aid. Both principles form the core of the partnership between donors and recipients. The Accra Agenda for Action (AAA), agreed in September 2008, reinforces some dynamics that were first set in motion with the PD, such as the strengthening of the role of southern countries in the international aid architecture. As a whole, the Paris agenda (which includes the PD and the AAA) is an intermediate step in the process of building more horizontal relations between North and South.

Definition: The Paris agenda promotes more horizontal relations between southern governments and northern donors on the basis of (a) good practices and (b) a partnership-based political spirit.

Essential features:

- It is a long-term process that forms part of global governance dynamics in other areas, including those most relevant for development, such as financial markets, combating climate change, trade and foreign direct investments.

- In the normative context, donors and recipients aspire jointly to define standards and rules for international aid, even if the role of donors is more predominant in practice.
- It lacks contractual elements that exist in other areas (for example, the World Trade Organisation, WTO). Enforcement of the Paris agenda is difficult, but at the same time it represents a globally accepted reference.
- The technical aspects and political spirit are not always in consonance and some principles (such as harmonisation) can clash with others (such as ownership).

Ownership

Description: Ownership refers to the leadership of a recipient country over public development policies and the aid coordination oriented to support these policies. Created in response to the scarce effectiveness of conditionalities and the imposition of policies by donors, ownership has been related since the mid-1990s to the design and implementation of national development strategies (some expressed in poverty reduction strategies) by the national governments of recipient countries, generally through consultation with civil society. Formally, it is measured through the operational aspects of national strategies, such as adequately linking the budget to a Medium Term Expenditure Framework (MTEF), prioritising objectives and providing a high degree of overall consolidation. However, ownership also includes a highly political component that refers to the recipient's domestic dynamics (for example, democratic quality or the degree of inclusion of civil society, parliaments and sub-national authorities, among others), as well as to relations between the national government and the donor community. This latter dimension, the leadership and strengthening of the national government as an ingredient of the North-South partnership, constitutes the principal approach of this research study towards ownership.

Definition: Ownership is found in the effective leadership of the national government over its development policies

and the coordination of donor efforts, thus constituting a key element for more horizontal relations between North and South.

Essential features:

- National development planning is led by the national government.
- The coordination of international aid is led by the national government.
- There is an intense horizontal dialogue between the national government and donors, using existing spaces to ensure the leadership of the national government and the effective contribution of donors.
- The capacities of national actors at all levels and, in particular, with respect to development promotion, are reinforced and create a greater independence of aid.
- The different national systems (public financial management, procurement, statistics and M&E) are strengthened and eventually create the compulsory framework for channelling aid.
- National actors are willing and have the opportunity and capacity to influence the design, implementation and evaluation of public policies oriented towards development promotion.
- The leadership of the national government can benefit from the use of new aid modalities, including delegated and triangular cooperation.

Mutual accountability

Description: Together with ownership, mutual accountability comprises the nucleus of the partnership between donors and aid recipients. Following the definition of the Paris agenda, the main contribution of mutual accountability lies in adding to partnership elements capable of overcoming the asymmetries in aid. In this sense, the establishment of frameworks for mutual assessment is envisaged (so far, only at the level of recipient countries), which, beyond revising the progress in recipient countries, will also measure the advances and performance of donors with respect to the Paris agenda. Therefore, the intention is to create accountability flows both from recipients to donors and from donors to recipients. However, this mutual

accountability does not envisage contractual elements or a sanctions system, and also lacks joint institutions to solve potential disagreements or conflicts. In the context of this evaluation, mutual accountability focuses on the performance of exiting donors against the commitments of the Paris agenda.

Definition: Mutual accountability establishes a basis for the partnership between donors and recipients, going beyond the traditional accountability chain (recipient => donor) to add the responsibility of donors to be accountable to recipients with regard to fulfilling acquired commitments.

Essential features:

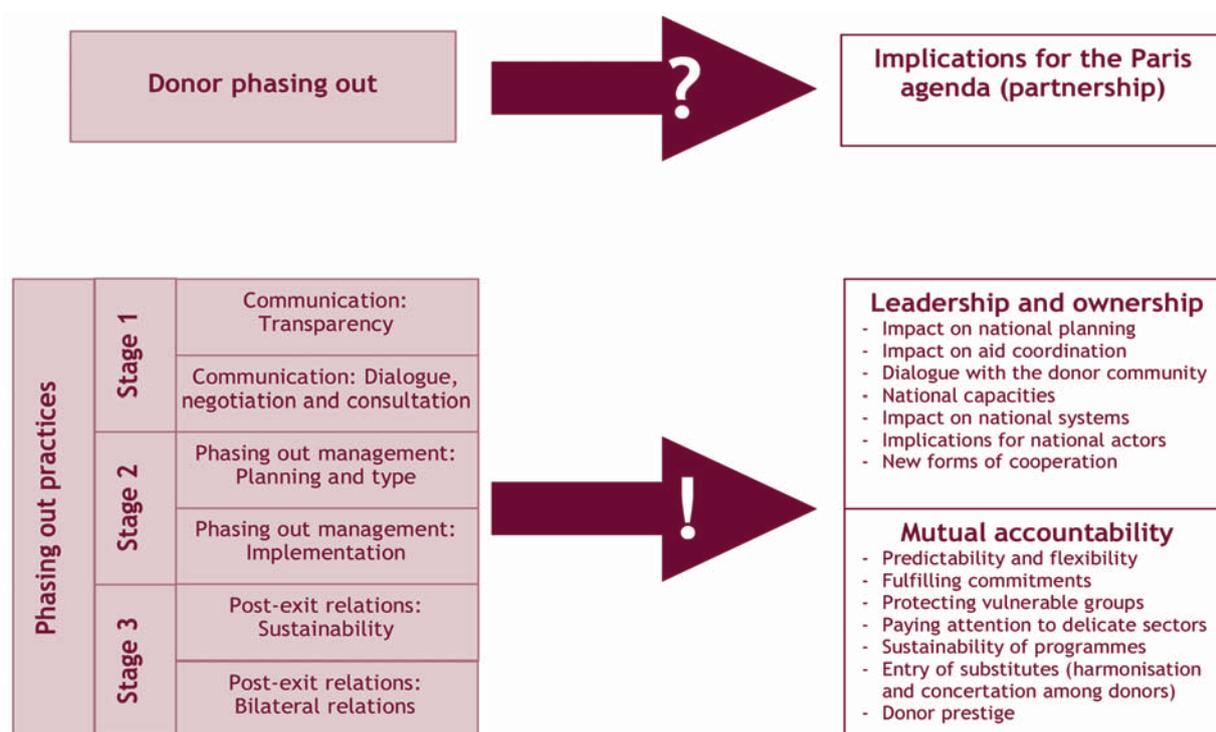
- Decisions about aid are taken in a predictable and flexible manner.
- Both the national government and the exiting donor honour acquired commitments, formal or informal.
- Development cooperation pays special attention to the protection of vulnerable groups.
- Development cooperation will try to promote sectors that are sensitive to human development in the country.

- The aim is to ensure the maximum sustainability of international aid programmes so that they can be transferred to national bodies.
- The donor community is capable of complementing its efforts and, if necessary, substituting the efforts of an exiting donor.
- The fulfilment of commitments and its practices in a recipient country determine the prestige of a donor country.

Hypothesis summary

The main hypothesis of this research project is that the exit practices of a donor relevantly affect the degree of ownership and mutual accountability, both of which are key aspects of the horizontal relationship between donors and recipients promoted by the Paris agenda.

The diagram below describes practices in donor phasing out and the dimensions of the Paris agenda where this has an impact.



Research process: Country studies

The research process is composed of the following phases:

1. the design of the analytical framework and methodology (the present document);
2. the draft and publication of five country studies, including Bolivia, Honduras, Malawi, Mali and Vietnam;
3. debate events to be held at the European and international levels; and
4. the publication of a synthesis report with conclusions and recommendations.

In this sense, the country studies are incorporated into a broader research process, to which they will contribute perspectives from national actors, to be gathered and systematised under a common methodology. The methodological guidelines described here are to be used in all case studies, with the objective of facilitating consistent comparison among the different contents and the drafting of global conclusions and recommendations in the synthesis report. Still, it is worth noting that the framework has enough flexibility to adapt this methodology to the specific conditions and characteristics of each country under study.

For the management of the country studies, FRIDE will rely on national coordinators with expertise on the new aid architecture promoted by the PD. The national coordinators' specific contribution will consist of leading the country studies, in some phases jointly with the FRIDE coordinator, and facilitating the process of mobilisation and validation with national actors. In addition, national coordinators will be responsible for ensuring the active participation of the corresponding Swedish and Spanish development cooperation offices.¹¹

¹¹ In addition, it is envisaged that national coordinators will participate in a second phase of activities to distribute and provide follow-up to the project's conclusions and recommendations, which will be held in Bonn, Stockholm and Madrid.

Methodology for the country studies

The following methodological instruments, which should facilitate triangularisation, will be used for the country studies:

Desk research

In a first phase, the national coordinator will gather (national) context-specific data and a bibliography, with reference to the role and weight of Swedish development cooperation, the PD implementation process, the debate on the division of labour, the already published reactions to Swedish development cooperation's decision to phase out and to the process itself, and existing contracts and agreements. In addition to databases, studies, reports and other analytical documents, more informal sources such as the mass media, positions of different actors, government declarations and communications issued by donors may be included. Furthermore, the national coordinator's prior knowledge is of vital importance, particularly with regard to informal unpublished information. These sources will be systematised in the form of a draft country study written by the national coordinator, following the suggested structure and prior to the interviews and the workshop.

Interviews

Jointly with FRIDE's research coordinator, at least 15 interviews will be carried out with relevant actors in the country under study. These will follow a common semi-open format and will last between 30 and 90 minutes, depending on availability. In each national context, questions will be agreed upon previously (checklist). The groups of interviewees will include at least the following:

- four representatives from the international cooperation section and, if necessary, other departments from the Swedish embassy;
- four representatives from the national government;

- three representatives from national bodies in charge of implementing Swedish development cooperation programmes;
- three representatives from other donors (including at least one representative from the Spanish development cooperation); and
- one representative from civil society and academia, with expertise on the relations between the national government and the donor community

In some cases a telephone interview may be arranged, for example with expatriates currently residing in other countries.

Workshop

Upon concluding the research phase in the country under study, a workshop, of 2-3 hours duration, will be held with approximately 10-20 participants, including representatives from the Swedish development cooperation, the national government and national implementing bodies. The workshop will consist of a brief presentation and key questions for debate. The aim will be to provide a flexible space for reflection and shared debate between the national government and the donor country, with a focus on mutual learning and identifying good phasing out practices. Thus, the use of methodologies such as (positive) scenario building, which allow for a better understanding of the role of each actor in the phasing out process, is recommended.

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The international division of labour - i.e. the geographical distribution of donors among partner countries - has become a key aspect of the aid effectiveness agenda, set out by the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). However, it is still to be backed by good practices and a more in-depth dialogue at the international level.

In spite of the fact that the international division of labour necessarily entails the phasing out of donors from certain geographical contexts, little attention has been paid to how this process is carried out (its practices) and the resulting implications for the partnership between North and South. In its focus on procedures, the debate on the division of labour has still not dealt with possible tensions between geographical concentration on the one hand, and the leadership of recipient countries and mutual accountability on the other hand.

This Working Paper serves as a starting point for research into the implications of the division of labour for the partnership between North and South. By systematising the ongoing Swedish experiences in phasing out from previous partner countries, the objective of this research is to systematise good practices on phasing out, based on the evidence gathered in the five country studies. Special attention will thus be paid to the perspectives of the countries affected by this process.

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