

**Roundtable 3: Harmonisation.
Optimising Aid Delivery, Complementarity, Division of Labour**

Summary

While acknowledging the need for further advances in many areas of the broader harmonization agenda, e.g. with regard to programme-based approaches, joint procedures, missions or evaluations, the Roundtable deliberately addressed two topics, which were signalled as priorities from partner or donor countries in the preparatory process of the HLF Accra: (i) **in-country division of labour**, focussing on the bottlenecks to successful division of labour and ways to overcome them; and (ii) **cross-cutting issues** like human rights, gender equality and environmental sustainability and their promotion through harmonized approaches.

Regarding in-country division of labour (DoL) main points of discussion were:

1. **Excessive fragmentation of aid reduces aid effectiveness**, overburdens partner countries, leads to duplications and high transaction costs. Beyond improved complementarity, successful in-country DoL will contribute to enhanced ownership, deeper alignment to country priorities, improved transparency and results-orientation.
2. There was the recognition that a **conscious management of division of labour** is urgently needed in many countries. Division of labour will have to be geared towards achieving better development results, and its contribution towards this goal should be measured.
3. While acknowledging that there will not be one blueprint for successful division of labour processes, it was evident that **good practice elements have emerged** in a number of countries, e.g. Uganda, which should be shared and discussed more widely. Many of these have already been integrated in the international good practice principles on in-country division of labour, such as (i) the importance of partner government leadership to drive the DoL process; (ii) shaping DoL processes in a transparent and inclusive way, allowing a broader set of stakeholders, including civil society, to engage; (iii) establishing lead donor arrangements based on comparative advantage assessments, and not only on the volume of the financial contribution; (iv) the strengthening of aid management capacities by partner governments, if needed, with coordinated external support; (v) the provision of timely and transparent aid information by donors.
4. **Critical challenges** relate to (i) carefully balancing the goals of reducing donor fragmentation and maintaining a sufficient diversity in terms of approaches and instruments; (ii) keeping up – from a civil society point of view – an appropriate mix of funding mechanisms; and (iii) the need to further associate new donors and global programmes with in-country DoL processes.

Regarding the promotion of **cross-cutting issues** through harmonized approaches the main points of discussion included the following:

1. Participants highlighted that **aid harmonisation is not an end in itself**; harmonisation processes and initiatives need to be geared towards the achievement of tangible results impacting positively on the lives of poor women, men and children focusing on the harmonization of outputs and outcomes, rather than of inputs alone.
2. Cross-cutting topics should not be dropped just because they do not seem to fit into a harmonised approach. Donors and partners alike need to firmly integrate human rights, gender equality and environmental sustainability **as goals in their own right, as well as cross-cutting objectives**.

3. **Ways of promoting the so-called cross-cutting issues** through harmonized approaches and the application of aid effectiveness principles are **increasingly documented**. The potentially beneficial relationship was illustrated by the powerful **case examples** provided.
4. Mainstreaming cross-cutting issues seems to be most effective (i) **under partner country leadership** and (ii) through **partner country policies, procedures and institutions**. Committed **donors can facilitate and support** the mainstreaming of cross-cutting issues.
5. **Donors and partners alike need to promote mutual, constructive critique** (probably as part of mutual accountability arrangements) on how they integrate and promote cross-cutting issues.

The Roundtable resulted in the following **conclusions and forward-looking recommendations**:

1. With regard to division of labour, emerging experience and good practice should be systematically reviewed and more widely shared. International **good practice principles were seen as a useful instrument** to further guide in-country DoL processes, the existing draft principles were recommended for consideration by the DAC Working Party on Aid Effectiveness. A concrete suggestion, also resonating well with the respective section of the Accra Agenda for Action, was to further develop a **methodology to measure progress** and outcomes from in-country division of labour processes.
2. When it comes to more systematically merging cross-cutting issues and aid effectiveness principles the general feeling was that - despite convincing individual case examples - more **analysis and collective learning is still needed**. It was apparent that the **level of knowledge and good practice** guidance in this area is **still in its infancy**. One practical suggestion was to **task the DAC to further pursue the necessary groundwork** and the related dissemination and sharing of experience.

Third High Level Forum on Aid Effectiveness, Accra, Sep 2-4 2008

Roundtable 3: Harmonisation. Optimising Aid Delivery, Complementarity, Division of Labour

DRAFT Synthesis Report

1. Background

In the Paris Declaration donors and partner countries alike have committed themselves to “eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible” (para. 3iv.). This commitment is spelt out in the declaration’s harmonisation chapter and includes in particular a more effective division of labour at global, country and sector levels and promotion of a harmonised approach to environmental assessments. Excessive fragmentation of aid at all levels is understood as reducing aid effectiveness and overburdening recipients in many countries and sectors, with the inherent risk of impairing ownership and country leadership. Therefore, partner countries identified complementarity and division of labour as one out of six priorities to be addressed during the High Level Forum 3 in Accra.

In preparation of the HLF, the OECD/DAC Task team on complementarity/rationalizing aid delivery under the Working Party on Aid Effectiveness had developed draft “good practice principles on in-country division of labour”. A basis for these principles was first laid in a workshop in Pretoria in February 2008 with strong partner country participation, and they were further developed and finalised in the Task Team, in which partner countries are also represented (South Africa, Uganda, and Cambodia alongside the World Bank, African Development Bank, European Commission, USA, and Germany as chair), and submitted to the Working Party on Aid Effectiveness for their meeting 9-11 July 2008.

In this context, **Roundtable 3 “Harmonisation: Optimising aid delivery, complementarity, division of labour”** (RT Harmonisation) addressed the question of how to collectively do business differently at the country level, in order to contribute to improved aid effectiveness. The Roundtable tackled in particular the following issues that were selected out of the wider harmonisation agenda as they were considered as being particularly pertinent:

- **Division of Labour (DoL), in particular the in-country dimension:** The current system of delivery of Official Development Assistance is characterised by a high degree of overlap, both at global and at sector levels. Aid fragmentation therefore is an issue for both donors and partner countries alike. This includes aspects of the better integration of global programmes as well as capacity development and legal requirements for further coordination and cooperation
- **Promoting harmonised approaches on cross-cutting issues:** Improved aid effectiveness will not lead to better development results, as long as gender inequalities persist, environmental damage is accepted, or human rights are abused. However, cross-cutting issues are widely perceived as losing out in the world of new aid modalities and experience shows that in division of labour processes there exists a particular danger of cross-cutting issues not reaching the operational level.

The Roundtable Harmonisation tackled these issues in the following manner:

- Learning from good practice elements and cases, e.g. the “good practice principles on in-country division of labour principles”;
- Identifying key bottlenecks and lessons learnt;
- Outlining forward looking recommendations and steps to further shape the agenda over the short and medium term, looking towards necessary actions for 2010 and the 4th HLF.

2. The Roundtable Process

The Roundtable took place in form of two consecutive panel discussions. By means of an introduction a short documentary with voices on aid effectiveness from practitioners in several partner countries was screened. Subsequently the two co-chairs of the Roundtable, Ms. Ingrid-Gabriela Hoven (Director General at the Federal Ministry for Economic Cooperation and Development, Germany) and Mr. Keith Muhakanizi (Deputy Secretary to the Treasury, Ministry of Finance, Planning and Economic Development, Uganda) introduced the topics to the audience and framed the debate. The Roundtable discussion was structured into two sessions:

- During the **first session** on division of labour the panellists were asked to address bottlenecks to a better in-country division of labour and discuss necessary and useful steps to avoid or overcome them. As a first input Mr. Richard Ssewakiryanga (Ministry of Finance, Planning and Economic Development, Uganda) presented the experience with in-country division of labour in Uganda. Introductory statements from Mr. Talaat Abdel-Malek (Advisor to the Ministry of International Cooperation, Egypt, and Member of the Partner Country Contact Group for HLF 3) and Mr. Daniel Low-Beer (Director, Global Fund to Fight AIDS, Tuberculosis and Malaria) touched upon questions of how to strengthen aid management capacities for both partner country and donors and how to integrate global programmes into the division of labour at country level. Following on to this first round of statements, two rounds of contributions were invited from the audience. Numerous comments, experience and suggestions were shared, engaging the panellists in a lively debate. Mr. Hassane Cisse (Chief Counsel, Legal Vice-Presidency, The World Bank) concluded the session with a short presentation on the Legal Harmonisation Initiative which was launched by international financial institutions, bilateral donors and several UN agencies in February 2008.
- The **second session** was opened by a rap music performance of young Ghanaian musicians. Inspired by the aid-effectiveness message of the song, the panellists engaged in a lively discussion on how to mainstream cross-cutting issues like human rights, gender equality and environmental sustainability in the context of growing harmonisation among development partners. Ms. Erlinda Capones (Director Social Development, National Economic Development Authority, Philippines) presented the Philippine Harmonised Gender and Development Guidelines which were jointly prepared by the Philippine Government and the development partners in order to enhance development effectiveness and gender equality results. The experience from Philippines resonated well with the statements of the other panellists, Mr. Le Hoai Nam (Ministry of Natural Resources and Environment, Vietnam) and Mr. Ashfaq Khalfan (“Right to Water Programme”, Centre on Housing Rights and Evictions, Geneva), both of which provided further examples on how cross-cutting issues like environmental sustainability and human rights can be promoted via an harmonized approach using partner country systems and government leadership. After these introductory statements, the Moderator entertained a number of questions from the audience reflecting on statements made by panellists.

Ms. Hoven and Mr. Muhakanizi concluded the roundtable with a succinct wrap-up of the main points of debate, highlighting major outcomes of the Roundtable and priorities for future action.

3. Main Points of the Discussions

In their introduction the two co-chairs set out the rationale for choosing the two main topics for deliberation at the roundtable:

- In-country Division of Labour: Excessive and ever more increasing fragmentation of aid delivery prevails in many partner countries, as evidenced by recent surveys and statistical analyses. Decisive steps are needed to increase aid effectiveness, reduce duplication of efforts and the resulting burden put on partner countries in terms of managing aid delivery. As experience from some countries shows it is possible to improve complementarity and rationalize aid delivery by donors, while maintaining the overall funding levels. Increasing coordination and reducing the number of active donors in a given sector or countries also helps the broader aid effectiveness agenda, in terms of donor coordination, harmonized procedures and alignment to country priorities and systems. Already the Paris Declaration had specified the obligation to further improve on complementarity and division of labour among donors. And in 2007 an “EU Code of Conduct” was agreed upon which laid the foundation for a better operational division of labour among EU donors. Still, partner countries considered substantial advances in respect to a more rational division of labour of key importance. Partly in response to this, the DAC task team composed of representatives from partner countries and donors had submitted a set of “International Good Practice Principles on In-Country Division of Labour” for consideration.
- Cross-cutting Issues and Harmonization: Aid is considered to be truly effective when it improves the life of the poor. Millennium Development Goal 3 in particular commits donors and partner countries alike to the promotion of gender equality and empowerment of women and measures the development success against achieving these goals. The Millennium Declaration also firmly establishes the political framework as a pre-requisite for a successful development. Thus, aid effectiveness and good development results are not possible, if gender inequalities persist, environmental damage is accepted, or human rights are abused. Despite the longstanding recognition of the importance of these key development policy goals, they had according to many observers not received adequate attention in the aid effectiveness framework and new aid modalities. And even when their pivotal role for arriving at development results was acknowledged, an apparent gap exists when it comes to good practice knowledge and practical guidance regarding the promotion and operational integration of the so-called cross-cutting issues in the context of aid effectiveness initiatives. In order to improve on this situation two international workshops (in Dublin 2007 and in London 2008) were devoted to the nexus of cross-cutting issues and aid effectiveness and helped to raise awareness and share good practice of the relevance of this neglected dimension.

Panel 1: In-Country Division of Labour

The first panel of the Roundtable discussed the issue of in-country division of labour, focussing on main bottlenecks to successful division of labour and ways to overcome them.

In a first country case presentation **Mr. Richard Ssewakiryanga from the Ministry of Finance, Planning and Economic Development in Uganda** shared the experience with a division of labour process at sector-level. He stressed the importance of the right “policy infrastructure” for meaningful division of labour discussions (a well-prioritized national poverty reduction strategy operationalised through outcome indicators, respective sector strategies and budgetary frameworks at different levels). The other important pre-condition was the existing “institutional infrastructure”, which ensured institutional space for DoL deliberations and building of trust among donors and partner government officials (e.g. the local development partner group, joint sector working groups, developed sector-wide approaches, joint missions, reviews and analytical work). Main stages of the division of labour exercise in Uganda comprised (i) a robust aid information mapping, (ii) the link of financial aid information to the national budget and the MTEF, (iii) a comparative advantage assessment for donors and (iv) negotiation of division of labour arrangements, ranging from the re-allocation of some donor contributions, to increased use of forms of delegated cooperation to the establishment of lead donor arrangements. The presentation highlighted as benefits directly related to the DoL process (i) greater transparency on aid flows, (ii) reduction of transaction costs for the partner government, (iii) more “rational”, results-oriented aid allocations, (iv) use of donor contributions according to their comparative advantage, (v) greater alignment of external contributions with Governments priorities and programmes. In terms of challenges the presentation highlighted (i) the absence of new donors and alternative sources of finance (e.g. some vertical funds) which were not part of the current DoL process; (ii) the unbalanced support to “darling sectors” at the expense of others; (iii) the need for more standardized definitions of lead, silent, supportive donor roles; (iv) the perceived ganging-up of donors, when they coordinate their positions and support without sufficient government guidance and leadership; (v) the need for developing indicators to measure progress and impact of the DoL process. Overall, the presentation identified strong government leadership as the most important variable for successful and beneficial in-country division of labour processes.

In the following contributions from the panel, **Mr. Talaat Abdel-Malek, Adviser to the Ministry of International Cooperation in Egypt**, stressed the need to “manage” the division of labour more actively to cope with excessive fragmentation of aid. In his view, both the partner government and the donors have to upgrade their capacities to engage successfully in division of labour processes, which would include a complete change of mind set at the donor’s side to accept and respect the guidance by Government, e.g. when it comes to assuming a less prominent role in a given sector. In addition, he questioned the merit of the “lead donor” concept, if it is only based on the overall financial volume that a donor contributes.

Mr. Daniel Low-Beer from Global Fund to Fight AIDS, Tuberculosis and Malaria emphasized the need to focus harmonization and division of labour processes not only on inputs, but on outputs and results. In this respect, he suggested the drawing-up of inclusive results-oriented country plans. He pointed out that global funds provide a suitable instrument also for upstream harmonisation at the global level rather than pursuing harmonisation only at country level. However, Global Programs will in his view also continue to act on aid effectiveness at country level, harmonize better with development partners and engage further with in-country division of labour processes. In order to arrive at a more rational and coordinated aid delivery a spirit of joint learning and action is needed for all partners, be they partner countries, bi- and multilateral institutions, civil society, and global programs.

Mr. Hassane Cisse from the Legal Vice-Presidency at the World Bank concluded the input of the panel by introducing the recently launched Legal Harmonization Initiative that the World Bank is jointly

facilitating with numerous bilateral donors and multilateral organizations. Its aim is to further the harmonization of procedures and formats of MoU's, financing agreements, delegated cooperation agreements, anti-corruption clauses and social/ environmental assessments. Working groups for each of these issues have been established, as has a "rapid response" mechanism among the participating organizations to swiftly deal with emerging problems and bottlenecks to harmonized approaches.

From the floor, a considerable number of participants of the Roundtable added pertinent questions, comments and their own experience with the topic, which in turn triggered lively responses from the panellists. The main points and conclusions of the panel, which were summarized by the co-chair, Mr. Muhakanizi, at the end of the Roundtable, comprised the following:

1. Overall, participants agreed that **excessive fragmentation of aid reduces aid effectiveness** and overburdens partner countries, leads to duplications and high transaction costs.
2. Conscious **management of division of labour** is urgently needed in many countries, although not an end in itself. Ultimately, division of labour should contribute to better development results by improved complementarity, alignment to country priorities and frameworks, improved transparency, mutual accountability and results-oriented management.
3. Both the Uganda case presentation and contributions by participants illustrated that **good practice elements have emerged** in a number of countries. These elements should be shared more widely for the benefit of countries just starting the process. While acknowledging that there will not be one blueprint for successful division of labour processes, the **Good Practice Principles on In-country Division of Labour** elaborated by the DAC task team were seen to respond to the perceived need for guidance. Once agreed upon internationally, they could become a significant reference point to both partner countries and donors.
4. In-country division of labour processes should, wherever possible, be **driven by partner governments**. These processes need to be transparent and inclusive, allowing a broader set of stakeholders, e.g. civil society to engage. In-country division of labour processes tend to be more effective, if they are linked to budgetary framework and clearly relate to results-based national development strategies.
5. A number of **risks and challenges** of division of labour processes were addressed:
 - The **urgency**, which may drive donors to forge ahead with division of labour exercises on their own, **may impair ownership** and country leadership.
 - The **assessment of comparative advantages** of donors is a technically demanding and politically sensitive issue. The volume of financial contributions should not constitute the sole criteria in this process. Expertise in a given sector, experience from neighbouring countries, staff capacity and behavioural aspects should also be taken into account. In this respect, it was suggested that the **competencies and responsibilities of a "lead donor"** in a sector will have to be more fully explored. Although the assessment is based on agreed criteria and regularly reviewed by peers, the partner country should have the final say in assigning and discussing future contributions of donors.
 - Successful division of labour processes rely on **transparent aid information and aid management capacities**. Frequently, partner countries lack sufficient capacities in these areas, and donor support has to be better coordinated and aligned to partner country priorities and capacity development efforts. But also donors themselves will have to upgrade their capacities for better harmonisation, greater predictability and building on their comparative advantage. In addition, donors will have to provide timely and realistic information on aid disbursements and commitments. Panellists and participants of the Roundtable agreed on the importance of capacity development support, particularly referring the value of south-south and triangular cooperation.

- Division of labour processes will have to carefully balance the goal of reducing fragmentation of donor support and maintaining a sufficient diversity – in terms of approaches, instruments and aid channels. As an optimum, a “**situation of managed diversity**” should be the result. Participants, in particular civil society representatives, highlighted the relevance of maintaining a mix of funding mechanisms during division of labour processes.
- New development actors, such as **Global Programmes** and **emerging donors**, have in the past shown some reluctance to engage in in-country division of labour processes. However, some global programmes already work toward increased alignment and harmonisation, e.g. by better integrating and harmonizing their contribution into sector strategies.

Panel 2: Cross-cutting Issues and Harmonization

The second panel of the Roundtable reflected on the relevance of the cross-cutting issues human rights, gender equality and environmental sustainability for the aid effectiveness agenda, and the link to harmonization efforts more particularly. The lead question was to identify the main opportunities – and the enabling environment factors - for integrating cross-cutting issues as part of harmonization and aid effectiveness initiatives.

The panel opened with the country case presentation on the national Gender and Development (GAD) Guidelines by **Ms. Erlinda Capones from the National Economic and Development Authority of the Philippines**. The presentation very well exemplified how gender as a cross-cutting issue can be mainstreamed by making use of the partner country system and regulations. Initially, the Philippines Government was faced with the proliferation of GAD guidelines elaborated individually by many donors and donor-supported projects. However, the “Women in Development and Nation-Building Act” triggered the development of harmonized GAD guidelines (and a set of sector GAD checklists) by the Philippines Government which became mandatory for all Ministries and Agencies and was adopted as the common standard for reporting on gender-responsiveness of programmes and projects by most donor organizations. As a result there exist now harmonized and simplified tools for gender mainstreaming in all stages of the project cycle; the quality of projects in the area of gender and development has been enhanced; the monitoring of the extent of gender-responsiveness of ODA-assisted programmes and projects has been facilitated. Overall, the country case illustrated how harmonization and mainstreaming of the cross-cutting issues can be advanced under a decisive Government leadership and the alignment of donors to Government-set standards. The presentation also analyzed as enabling factors (i) the continued support of senior officials and “policy champions” within Government, (ii) the importance of supportive donors and a functioning thematic GAD network which helped to strengthen Government leadership on the issue and to foster co-ownership of donors of the GAD guidelines, (iii) the need for a broad consultative process to ensure acceptability and appropriateness of guidelines to various sector and (iv) the continuous provision of capability building on the use of the guidelines.

In his introductory statement **Mr. Le Houai Nam from the Ministry of Natural Resources and Environment in Vietnam** added a very similar experience, where harmonization of different donor approaches in the area of Strategic Environmental Assessment (SEA) occurred as result of Government leadership combined with successive alignment of donors to the new legal framework enacted by the Government. Important enabling factors were again (i) the broad institutional platform established for SEA capacity building, (ii) the spreading and learning from of SEA pilots, and the continuous exchange among different actors help to establish trust, common understanding and harmonization, (iii) the

combined effort of few convinced donors that targeted their assistance towards building policies, systems and capacities for environmental sustainability of the Vietnamese Government.

The third input for this panel came from **Mr. Ashfaq Khalfan from the Centre on Housing Rights and Evictions in Geneva**. Again, the panellist reported an experience on how the development of guidelines for a rights-based approach to water became the basis for the water sector reform by the Kenyan Government and a harmonized approach for donor support. As a result, important donors have already aligned to the guidelines and made significant reallocations in their funding priorities (increased funding for slum rehabilitation). The rights-based approach builds essentially on the empowerment of the poor and increases downward accountability. While civil society participation is nowadays frequently practiced, even at the Third High Level Forum, the voice of the poor (the “demand side” of service delivery) is according to the panellist all-too-often still absent when it comes to sector reforms and policy debates.

In contributions from the floor participants still showed some disappointment about the lack of integration of cross-cutting issues in the harmonization and aid effectiveness agenda. The following main points of discussion and conclusions were summarized by the Co-Chair of this panel, Ms. Hoven:

1. Participants highlighted that **aid harmonisation is not an end in itself**; processes and action need to be geared towards the achievement of tangible results impacting positively on the lives of poor women, men and children rather than focusing on the harmonization of inputs alone.
2. Cross-Cutting topics should not be dropped just because they do not seem to fit into a harmonised approach. Donors and partners alike need to **firmly integrate human rights, gender equality and environmental sustainability as goals in their own right as well as cross-cutting objectives**.
3. There was a visible consensus that mainstreaming cross-cutting issues in the partner country is most effective (i) **under partner country leadership** and (ii) **through partner country policies, procedures and institutions**. Committed donors can facilitate and support the mainstreaming of cross-cutting issues.
4. Setting and **measuring results for cross-cutting issues** are critical for effective mainstreaming/implementation processes, as are the development of capacities and provision of incentives for staff to engage and follow through on these issues.
5. **Donors and partners alike need to promote mutual, constructive critique** on how they integrate cross-cutting issues. They can do so by agreeing on some form of benchmarking and peer review processes to hold one another accountable on their commitments to human rights, gender equality and environmental sustainability.

4. Conclusions

Both panels of the Roundtable focussed on very pertinent and innovative topics, which are key to the further elaboration of the aid effectiveness agenda.

- At country level, implementation of division of labour processes is currently being stepped up in many partner countries, and the **need for guidance, sharing of experience and capacity development** became evident in many contributions. Successful in-country division of labour can help the implementation of the broader harmonization efforts and results in tangible reductions in transaction costs, preventing wasteful duplication of efforts etc. But not only that: from the Roundtable it became clear that stringently managed in-country division of labour processes can similarly make substantial contributions to implementation of the broader aid effectiveness agenda, i.e. foster genuine ownership of partner countries, improve alignment of donors to country priorities, as well as contribute to improved managing for development results in the partner countries.
- Regarding cross-cutting issues, the Roundtable exemplified how aid effectiveness principles can successfully be applied to support the mainstreaming of gender equality, environmental sustainability and human rights in partner countries. However, it became similarly apparent that the **level of knowledge and good practice** guidance in this area is **still in its infancy**.

The Roundtable concluded with the following **forward-looking recommendations**:

1. With regard to division of labour, emerging experience and good practice should be more systematically reviewed and widely shared. International **good practice principles were seen as a useful instrument** to further guide the in-country processes, the existing draft principles were recommended for consideration by the DAC Working Party on Aid Effectiveness (as stipulated in the Accra Agenda for Action). An important suggestion from the Uganda case presentation is to further develop a **methodology to measure progress** and outcomes from in-country division of labour processes.
2. The **relevance** of the so-called cross-cutting issues for the aid effectiveness agenda has been **recognized. Examples** of how they can be mainstreamed through the application of aid effectiveness principles (ownership, alignment, harmonization, results, mutual accountability) are **increasingly documented**. However, when it comes to more systematically merging cross-cutting issues and aid effectiveness principles the general feeling was that much **analysis and collective learning is still needed**. One practical suggestion was to **task the DAC to further pursue this necessary groundwork** and the related dissemination and sharing of experience.