



GOVERNMENT PROPOSAL ON DONORS' DIVISION OF LABOUR

2010 Development Partners Retreat
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Outline

- Rationale
 - Criteria considered
 - Methodology
 - Key considerations
 - Division of labour proposal by donor
 - Next steps
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Rationale

- ▶ Donor preferences tend to prevail when determining sectors of intervention
 - ▶ Risk of under-investment in productive sectors threatening to undermine full implementation of the EDPRS
 - ▶ Some sectors are over-crowded resulting in increased transaction costs from multiple partners
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An evolving international context....

- ▶ The EU in its 2755 General Affairs Council Meeting held in Luxembourg, (2006) stated that” ... In any case, the EU should always play an active role in promoting complementarity and division of labour.....”
 - ▶ Accra Agenda for Action (2008) commits GoR and donors to enhance division of labour.
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Anticipated benefits

- ▶ Reduced transaction costs via more streamlined donor relations, reduced missions and better coordinated policy dialogue;
 - ▶ Better financial management and reporting by reducing multiple requirements;
 - ▶ Reduction of donor overhead costs through pooling / delegation of specialist advisory staff in country offices;
 - ▶ Improved quality of program delivery and management through increased use of delegated cooperation / silent partnerships;
 - ▶ Reduced risk of duplication of efforts and easier coordination through easier tracking of aid.
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Criteria

- ▶ Financial/Budget gap for EDPRS priority sectors
 - ▶ Ability to provide preferred aid modality
 - ▶ Historical track record in sector & contribution to key development results
 - ▶ Mandate of donor (e.g. vertical funds or UN system, GF)
 - ▶ Donor's record against a range of aid effectiveness indicators as stipulated in the Donor Performance Assessment Framework in a given sector
 - ▶ Donor expertise and experience globally
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Methodology

- ▶ Questionnaires sent to be filled by DPs
 - ▶ Interviews conducted
 - ▶ Where information on status of cooperation was available, donors were not contacted
 - ▶ 3 active sectors per donor but a donor may decide to be active in less than three sectors and delegate cooperation
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DIVISION OF LABOUR PROPOSAL



Status of Response by Donors on DoL

- ▶ Most donors responded though quality of answers varied greatly
- ▶ Except for China and Switzerland

Total Received	11
Remaining	2
Response Rate	85%

Table 1: Current Sectors of Intervention

	Decentralization	Public Administration	Justice Reconciliation, Law and Order	CDF	Manufacturing, Services & off-farm industry	Forestry, Land and Environment	Agriculture	Water and Sanitation	Energy	Transport and ICT	Youth, Sports&Culture	Employment and capacity building	Social protection	Health & population	Education
BE	X		X				X	X	X					X	X
Canada				X	X		X					X			X
Germany	X		X	X								X		X	
Japan							X	X							X
NL			X			X			X			X			X
Sweden	X	X	X			X							X		X
DFID	X					X	X					X	X	X	X
US	X	X					X	X				X	X	X	
ADB							X	X	X	X			X		X
EC			X				X	X		X					
WB	X			X	X		X	X	X	X			X	X	X



Analysis

- ▶ On average, one donor is active in six sectors, this may cause management problems on the side of donors and government
- ▶ Key sectors like Transport and ICT , Manufacturing, Services and off-farm industry: currently starved due to concentration in sectors like decentralization & education.
- ▶ This creates imbalances and impedes EDPRS implementation



DoL should not affect.....

- ▶ Support to basket funds (eg. PFM, NISR)
- ▶ Support to exceptional Expenditures (eg. Demobilization, Regional projects, Emergency assistance)
- ▶ Projects/ programs under current strategies
- ▶ Total aid to the country

Table II: Proposed sectors for future support

	Decentralization	Justice Reconciliation, Law and Order	CDF	Manufacturing, Services & off- farm industry	Forestry, Land and Environment	Agriculture	Water and Sanitation	Energy	Transport and ICT	Youth, Sports& Culture	Employment and capacity building	Social protection	Health & population	Education
Belgium					X			X					X	
Canada	X		X			X								
Germany			X								X			X
Japan						X			X					X
NL		X	X					X						
Sweden					X							X		X
DIFD												X	X	X
US											X		X	
ADB						X	X		X					
EC		X							X					
WB						X		X	X					

Proposed Silent Partnerships

- ▶ We encourages silent partnerships already undertaken by some donors

Donor in silent partnership	Sector	Delegated donor	Comment
Japan	Water & Sanitation	ADB	Proposal
Belgium	Justice Reconciliation Law and Order	Netherlands	Already ongoing
Belgium	Education	UK	Already ongoing
Netherlands	Education	UK	Already ongoing
ADB	Education	UK	Proposal
EC	Water & Sanitation	ADB	Proposal
EC	Energy	World Bank	Proposal
UK	Health	Belgium	Proposal



Quality of aid

- ▶ Modality of delivery
 - ▶ Sector Budget Support:
 - ▶ Pooled funding through Sector Wide Approaches
 - ▶ Program based approach
 - ▶ Project support only when above modalities failed or for large infrastructure projects



Quality of aid (cont' d)

- ▶ No Parallel Project Implementation Unit
- ▶ Not more than 2 different “projects” by donor by sector (except large infrastructure projects)
- ▶ Use of country systems (Procurement, Financial Management, M&E reporting).
 - ▶ How do we get there?



Next steps

- ▶ Comments from 2010 DPR discussions to be integrated and final version presented in the first DPCG of 2010
- ▶ Final draft communicated officially to DPs, line ministries and local governments
- ▶ Continued dialogue with GoR and partners on matters related to implementation of DoL
- ▶ This DoL will be the basis for the next round of development cooperation
- ▶ The final DoL proposal will be integrated in the Aid Policy Procedures Manual



Thank you for your kind attention