

Accelerating the Fast Track Initiative on Division of Labour

Mozambique; EU Joint Action Plan

March 2010

Introduction.

With reference to the Council conclusions on an Operational Framework on Aid Effectiveness (Brussels, 17 November 2009), the EU Member States (EU-MS) and the Delegation of the European Union would like to propose the following **joint action plan** and timeframe for the implementation of the Division of Labour (DoL) in Mozambique.

The Operational Framework (OF) contains three main subjects:

- I. Division of Labour
- II. Use of Country systems
- III. Technical Cooperation for Enhanced Capacity Development

In all three main subjects work is already underway and in some subjects results, in particular on sectors of concentration and use of country systems, have been achieved. This not only implies the EU, but other donors as well. The OF contains a rich amount of ideas/suggestions/proposals in the area of aid effectiveness which, when fully implemented, would no doubt lead to a much enhanced effectiveness of aid. We consider it our task, in Mozambique, to use this OF as a basis for further work, taking into account country specific circumstances and the various processes already underway.

For ease of reference, but without going into much detail (see the various attachments), the following main achievements can be mentioned.

1. A well established institutional framework around the provision of General Budget Support (GBS) involving nineteen donors (the so called G19) with the UN and the US as associate members. It is interesting to note that all EU-MS, including the Delegation of the European Union, that have a presence in the country (fourteen) provide GBS and thus are members of the G19. This institutional framework, which is based on a Memorandum of Understanding (MoU), focuses on the Mozambican PRSP (PARPA II). The results to be achieved by the Government of Mozambique (GoM) are monitored annually (around 40 targets and indicators are used). Also the behaviour of the G19 donors is monitored in terms of their commitments to GBS (based on 20 targets and indicators, some of which are directly related to the Paris and Accra agenda, inter alia the reduction of the number of project implementation units, coordinated technical cooperation, use of country systems, joint missions). The political and policy dialogue with GoM on the implementation of the PARPA II, including the underlying principles of GBS, is based on the GBS MoU. In addition, the EU political dialogue is also subject to the relevant provisions of Cotonou.
2. A well established institutional framework around sector support (in particular Sector Budget Support (SBS)/Common Funds) in which many sector working groups are involved. Where

possible and relevant, sector targets and indicators are monitored annually and dialogue with GoM is based on the implementation of agreed upon sector strategies. Results of the sector dialogue, including issues that surpass the sector, are fed into the dialogue related to GBS.

3. All donors enter the information on aid in a database called ODAMOZ, managed by GoM, that allows predictability and transparency.
4. The developments described under 1 and 2 and 3 are good examples of achievements with regard to mutual accountability.
5. The Task Force on Working Groups and Division of Labour (TFWGDL, which consists of the Heads of Development Cooperation of Canada, France/AFD, Germany and the Netherlands - chair-), carries out on an annual basis a mapping of the country assistance strategies of the G19 donors, USA, UN and Japan. This includes information on sectors of concentration, exit strategies, delegated cooperation, silent partnerships and a self assessment of donors' comparative advantages. It is worth mentioning in this regard that sector concentration is indeed taking place, not only among EU-MS but also among non-EU donors. As can be seen from the annex on sector concentration, already twelve out of fourteen EU-MS (including the Delegation of the European Union) will concentrate their efforts in three or less sectors by 2012. In addition, also non-EU-MS are concentrating their efforts in fewer sectors; Switzerland (three sectors) and Norway (three). Also, an annual donor mapping is carried out on the sector working groups and sub-working groups. This exercise includes a mapping of the chairs, type of members (active/silent). It is interesting to note that the number of WGs tends to be large and the number of donor staff involved increases. This issue is one of the action points, see below.
6. To stimulate the effectiveness of the WGs, a good practices paper was agreed by the G19. Moreover, newly arrived Heads of Development Cooperation (HoC) of donors, as well as new chairs of WGs are trained by the TFWGDL on their roles and on the good practices with regard to WGs.
7. The G19 have recently approved a proposal by the TFWGDL on joint missions. This paper will be forwarded to the various WGs for implementation.
8. GoM has prepared an aid policy that is still to be approved by the Council of Ministers. The donors have sent to GoM a set of comments on the draft of this document. One of them is that division of labour is not addressed in the aid policy. Decisions on DoL are taken by the donors for the moment, without any general discussion with GoM.

The EU-MS, including the Delegation, had a separate meeting in November 2009 to discuss and agree

upon eight areas with regard to aid effectiveness/DoL, taking the Operational framework (Annex 1 of the abovementioned council conclusions) as a reference point. These same issues were also agreed upon during a G19 HoCs meeting in February 2010 and therefore form the basis of the joint action plan.

It should be noted, however, that government involvement in discussions about aid effectiveness and DoL leaves much to be desired. As mentioned above, GoM still has to publish its aid coordination policy. In the absence of this policy, government officers are reluctant to discuss aid policy issues with donors. We will continue to seek that dialogue.

Joint Action Plan.

In terms of results achieved and processes underway on aid effectiveness, we consider the bottle as not yet half full. The EU in Mozambique decided to concentrate in the near future on the nine subjects elaborated below. These nine subjects are not cast in stone. If necessary we will revise this action plan, for instance if new subjects pop up that require attention. The strategy of the EU in Mozambique is to be joint front-runners in aid effectiveness, while at the same we realize that it does not make sense to be too far ahead of the other troops. To this end, we will always bring joint EU-proposals to the G19 for approval, realizing that an element of compromise might have to be taken into account, and we are happy to note that countries such Canada, Norway and Switzerland are 'allied forces'.

1. *Overcrowded/orphan sectors.* In the past donor coordination on decisions to enter and/or exit a sector (and to reduce the number of non-focal sectors) was lacking. It was agreed that donors should do much better in this regard, since e.g. leaving a sector almost always also entails a reduction of the donor's financial envelope for that sector (though not necessarily a reduction of the total envelope available for the country). Informing and consulting with other donors, as well as with GoM, is now a prerequisite. In March 2010 the German embassy already organized a first session in this regard with all donors intending in 2010 to prepare a new multi-annual strategy or to carry out a mid-term review.
Timeframe: 2010 and 2011; continuous
2. *Non-focal sectors.* All partners should avoid non-focal sectors to promote aid effectiveness and not to dilute the agreement on maximum three sectors of intervention.
Timeframe: 2010 and 2011; continuous
3. *Comparative advantage.* Since donors have already presented a self assessment of their comparative advantage, as part of the annual mapping on country strategies, it was decided not to undertake further work in this area and to use the data, which is freely available (see annex), as it is. EU-donors will actively use their comparative advantages as a base for their future multi-annual strategic plans for Mozambique.
Timeframe: 2010 and beyond

4. *Delegated Cooperation/Silent Partnerships*. Given the experiences in Mozambique as well as in other countries on delegation cooperation/silent partnerships it was decided not to generally stimulate the use of this instrument, but, instead, leave it to individual donors if they wish to do so. The general, and shared, experience with this instrument is that it takes often very long to prepare (sometime up to two years) while gains in terms of reduction of transaction costs are not very high.

Timeframe: 2010 and beyond.

5. *Working groups*. There is a clear need to restructure the Working Groups. They tend to increase every year, some are functioning in a sub-optimal way, some do not adequately reflect government structure and/or policy, and the number of donor staff involved increases annually with its concomitant micro-management. A group of Heads of Development Cooperation (HoCs) is currently preparing a proposal to restructure the system. Some restructuring can be carried out by the donors themselves, some require consultations with GoM. It is worth noting that in this regard discussions have already been initiated with Government in relation to the health and education sectors.

Timeframe:

- Discussion of first proposal by EU-HoCs in March 2010. *Status: carried out*
- Approval of a joint EU-proposal to the G19 by EU-HoCs in April 2010
- Discussions and approval of proposal by G19 in May 2010
- Consultation with GoM
- Implementation: 2010 and 2011.

6. *Reducing the number of government related activities*. International research has shown that, although more and more donors join in GBS and in SBS/common funds, the number of activities financed by donors to support the GoM keeps on increasing, leading to ever increasing government transaction costs. A group of HoCs is currently drafting a proposal to reduce the number of activities.

Time Frame:

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- implementation: 2010 and beyond.

7. *Stimulate joint analytical work*. Many donors carry out analytical work for themselves. Often, without knowing, donors carry out the same work (such as e.g. internal assessments, reviews, evaluations) independently, leading to increased costs for all of them and above all for GoM. It also occurs frequently that donors do not (or cannot) share the results of their analytical work with others. There is scope for improvement in this area and a group of HoCs is preparing a proposal to better streamline joint analytical work. In relation to those countries referred to in Paragraph 1 (those preparing country strategy papers) consideration is being given to how these could also coordinate around analytical work in preparation for

these strategies.

Time Frame:

- Discussion of first proposal by EU-HoCs in March 2010. *Status: carried out*
- Approval of a joint EU-proposal to the G19 by EU-HoCs in April 2010
- Discussions and approval of proposal by G19 in May 2010
- implementation: 2010 and beyond.

8. *Streamline work on Technical Cooperation/Technical Assistance (TC/TA) related to GoM.*

The coordination of technical cooperation/technical assistance to GoM is generally lacking, while we all realize that the amount of funds involved is large, as well as the variety of implementation mechanisms, and that the number of technical assistance (both long and short term) is huge. In order to get an overview of the work on TC/TA, a mapping exercise is currently underway. Each donor is requested to fill a form (we have adapted for this matter a form proposed by the European Commission in Brussels) with their financing (in preparation, under implementation and finalized) on TC/TA. This mapping exercise also includes non-G19 donors such as the UN and the US (USAID and MCC). The purpose of this mapping exercise is to develop proposals on better streamlining TC/TA. It is realized that this is a sensitive area, on which many attempts have been made in the past, and that it may take time to reach joint and implementable conclusions.

Timeframe:

- Report on mapping exercise on TC/TA: Mid-April 2010
- Discussion on this report by EU-HoCs: End of April 2010
- Discussion on this report by G19 HoCs: June 2010.
- Development of proposals by TFWGDL: June 2010- September 2010
- Approval of a joint EU-proposal to the G19 by EU-HoCs: October 2010.
- Approval of proposal by G19 HoCs: October/November 2010
- Implementation of decisions: 2011 and beyond.

9. *Dialogue with GoM.* The Task Force will continue to seek a dialogue with GoM on the abovementioned issues. This might result in changes of this plan of course, in order to incorporate GoM wishes.

This Joint Action Plan will be implemented at the EU level at a first stage, then at the G19 level (with its associates). To monitor it, a short bi-annual report will be prepared, discussed and disseminated.

List of annexes.

Report on PAPs PAF, March 2009 and March 2010 (not yet available)

Mapping exercise; end of 2008, end of 2009, (three tables: donor strategies, sectors of concentration, working groups)

Country-Level Questionnaire on the implementation of Division of Labour (October 2009)

