



ROUNDTABLE 3: HARMONISATION

OPTIMISING AID DELIVERY,
COMPLEMENTARITY,
DIVISION OF LABOUR
TUESDAY 2 SEPTEMBER 2008,
2:30 TO 6:00 PM, ACCRA INTERNATIONAL
CONFERENCE CENTRE, PLENARY HALL

BACKGROUND

In the Paris Declaration donors and partner countries alike have committed 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) reduces aid effectiveness and overburdens recipients in many countries and sectors, with the inherent risk of undermining country ownership and leadership. Partner countries have therefore identified complementarity and division of labour as one out of six priorities to be addressed during the 3rd High Level Forum on Aid Effectiveness in Accra.

The outcome of the conference on Strengthening Development Results and Impacts of the Paris Declaration on Aid Effectiveness through Work on Gender Equality, Social Exclusion and Human Rights (Lon-

don, 12-13 March 2008) and the Bonn Workshop on Capacity Development (15-16 May 2008) emphasised the need to strengthen harmonisation efforts so that they go beyond environmental assessments but also touch on areas like gender equality, human rights and capacity development.

MAIN OBJECTIVES OF THE ROUNDTABLE

The Roundtable 3 “Harmonisation: Optimising Aid Delivery, Complementarity, Division of Labour” (RT 3 Harmonisation) addresses the question of how to collectively do business differently at the country level, in order to contribute to improved aid effectiveness. Setting the stage, the Roundtable will tackle the following issues that were selected out of the wider harmonisation agenda and are considered particularly pertinent:

- Division of Labour, in particular in-country dimensions: This includes aspects of better integration of global programmes, addressing global fragmentation of aid, capacity development, and legal requirements for further coordination and cooperation.
- Promoting harmonised approaches on cross-cutting issues: This segment of the RT 3 will reflect on the concern that resources for and operationalisa-

The Paris Declaration also highlights the growing concern over insufficient integration of global programmes and initiatives into partner countries’ broader development agendas. This has a critical bearing on harmonised approaches to alignment.

tion of gender equality, human rights and environmental policy commitments are still inadequate compared to international conventions and agreements.

The RT Harmonisation will address these issues in the following manner:

- Identifying good practice elements and discussing in particular the “good practice principles on in-country division of labour” (for further details on the principles see below) and
- Identifying key bottlenecks and lessons learnt, in order to
- Outline a forward looking framework and next steps to give guidance, and shape the agenda over the short and medium term, looking towards necessary actions for 2010 and HLF 4.

Legal Harmonisation Initiative to support systematic collaboration and reduce transaction costs.

The Bonn Workshop on Capacity Development highlighted the critical role capacities play in fostering sustainable development and national ownership (Bonn Consensus as provided in the conference folder). Capacity development requires fundamental change as developing countries should commit to strengthening their human resources, systems and institutions at all levels, whereas donors should commit to strengthen their own capacity and adapt their approaches to deliver responsive support for capacity development. During the preparation of Roundtable 3, partner countries in particular emphasised the importance of better coordinated support to capacity development for overall aid management purposes, of which division of labour forms an important part. This includes for example the organisation of inclusive processes to elaborate clearly prioritised strategies and policies linked to budgets; the allocation and management of donors' and partners' contributions; and strengthening independent mechanisms that ensure domestic accountability.

Global funds, most of which are in the sectors of health, environment and education, have become increasingly important, particularly to low income countries. Recent experience shows that global funds can effectively complement multi-lateral and bilateral country support programmes to achieve better development results. Integration into harmonisation efforts to better align to partner structures and priorities is vital to ensure the added value of these new financing instruments.

For example in the health sector there are now over a 100 globally active thematic initiatives which have been created over the last few years. They all operate with different financing systems, instruments and a diverse set of standards and goals, which will not necessarily lead to more sustainable public health systems in countries. All contribute to achieving Millennium Development Goals 4, 5 and 6, but they also lead to dramatic transaction costs, and burden political and administrative institutions in partner countries. Therefore, the aim of the International Health Partnership is to combat this effect by country-specific sector planning,

strengthening partner country structures through capacity development, and the integration of financing instruments into these local mechanisms.

Key questions for discussion:

1. What is the main bottleneck in your opinion – name only one – to a better in-country division of labour, and what are necessary and useful steps to avoid / overcome them?
2. How can global programmes and initiatives be better integrated into in-country division of labour processes?
3. What are the most effective approaches to better coordinate and harmonise support for capacity development for overall aid management purposes (on the partner countries' and the donors' side)?
4. How to further promote the necessary legal requirements for more cooperative arrangements?

PROMOTING HARMONISED APPROACHES ON CROSS-CUTTING ISSUES

Aid is generally 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. But the Millennium Declaration also firmly establishes the political framework as a prerequisite 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. However, cross-cutting issues are at risk of losing out in the world of new aid modalities. With a number of notable exceptions that can be cited as good practice, they have so far been rather neglected as a key issue within development sector policies, strategies and practices. Experience shows that in division of labour processes there exists a particular danger of cross-cutting issues not reaching the operational level. One of the key recommendations from the London conference for example was, therefore, that

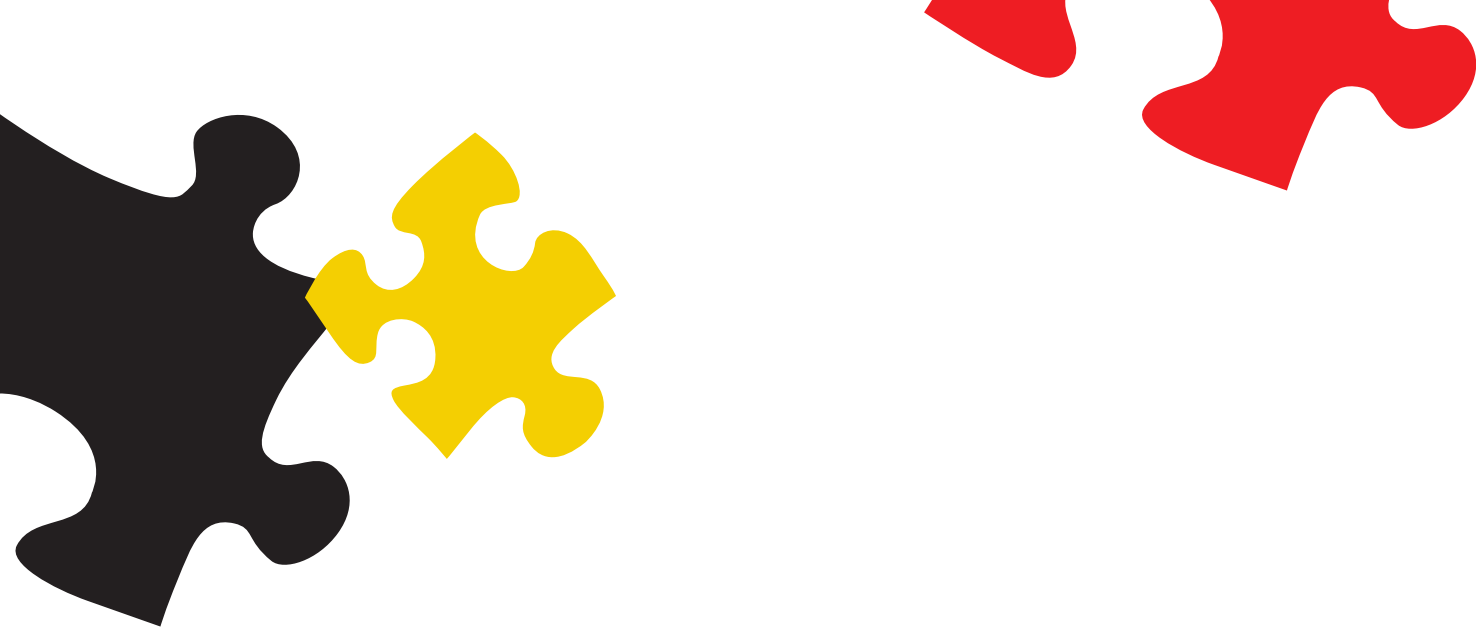
it is most effective to have at least one agency in relevant sectors with technical competence and committed staff to lead in the division of labour process.

There is a strong feeling that what is now needed is a jointly agreed focus on results and impact; on harmonised and supportive partnerships and modalities for work. A key concern is how to take decisive action that is consistent and supportive of the principle of harmonisation.

Key questions for discussion:

1. What are the main opportunities for implementing cross-cutting issues and what beneficial circumstances should be in place?
2. What are effective instruments to ensure harmonised approaches to cross-cutting issues?





THE ROUNDTABLE AGENDA

DIVISION OF LABOUR

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. Statistical analysis from the OECD / DAC (2007) shows the extent of fragmentation:

- At the sectoral level significant fragmentation can be observed for example in the health sector in many partner countries. Vietnam in 2005 had 25 donors in the health sector, and in 21 countries more than 15 donors combined represent only 10% of the country programmable aid in this sector. On the other hand, aid fragmentation with respect to economic infrastructure was an issue only in five countries.
- The same study data, provided for the global level, showed that 37 recipient countries had 24 donors or more. These were mainly countries in Sub-Saharan Africa and Asia. In Vietnam for example 29 donors had cooperation programmes and yet the total contribution of 19 of these donors amounted to just 10% of country programmable aid. The ever increasing number of donors in some countries may weaken their

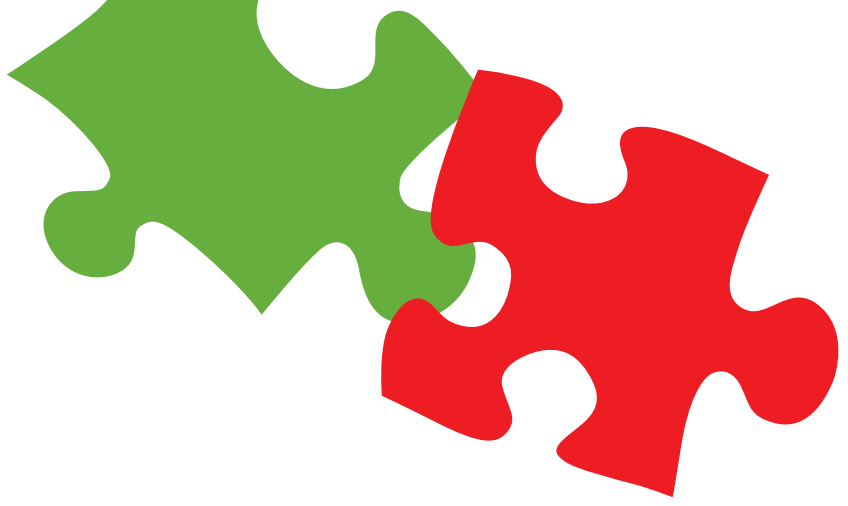
ownership, as it places a burden on limited institutional capacity. At the same time partner countries, particularly those in situations of fragility, may not receive the necessary funds.

Other issues adding to this burden are the high frequency of missions (sometimes even during mutually agreed mission free periods) or reports, which have not been well coordinated with other donors.

Experience shows that development results can be improved when donors together with partner countries individually and collectively rationalise their activities, particularly at the country level. Various country examples (to name but a few: Zambia, Uganda, Mozambique, Cambodia, where an increased selectivity and complementarity have already been achieved) demonstrate that reduced transaction costs and less duplication will save both human and financial costs. These savings can – and more importantly – have been used for further implementing national development strategies. It is important to note, though, that while fragmentation is a concern, the degree of fragmentation varies by country, sector and region. In fact, in some sectors – such as infrastructure and agriculture – there may actually be the need to diversify the number of donors.

To jump-start and strengthen the Division of Labour process at field level, the OECD/DAC Task Team on Complementarity/Rationalizing Aid Delivery under the Working Party on Aid Effectiveness has developed “good practice principles on in-country division of labour” (as provided in the conference folder) intended to be discussed and welcomed during the High Level Forum 3 in Accra. A basis for these principles was first laid in a workshop in Pretoria 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 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.

The challenge is to apply these principles in order to rationalise donor activities under the leadership of the partner country in over-crowded sectors, regions or thematic areas while maintaining (or increasing) the overall volume of financing. This will likely require more cooperative arrangements: The set-up of Programme-based Approaches, of other joint donor financing schemes and trust fund arrangements pose new challenges to the aid effectiveness agenda. In recognition of this, the World Bank has launched a



FEATURES OF THE ROUNDTABLE

I. KICK-OFF AUDIO-VISUAL PRESENTATION

Short, clear and lively documentary (5 minutes slide show): Interviews across several partner countries with ordinary citizens as well as officials to set the stage and provide a reference for the expectations vis-a-vis the participants.

II. TWO PANEL DISCUSSIONS USING TV DEBATE FORMAT: REVIEW OF SPECIFIC TOPICS (IN-COUNTRY DIVISION OF LABOUR AND CROSS-CUTTING ISSUES)

There will be two panel discussions with key speakers (partner country and donor representatives, including global funds) invited on the basis of their background and experience / expertise in the selected topics.

III. SELECTED SPOTLIGHT INTERVENTIONS DURING THE PANEL DISCUSSIONS: ACTION-ORIENTED CONCLUSIONS

Three special “spotlight” debates will be opened during the panel discussion by short presentations of case studies and/or positions on certain issues that the Panel should take up and elaborate on.

These spotlights are focusing on the selected main topics, e.g.

- a. Enhancing complementarity through in-country division of labour: case study Zambia
- b. Harmonisation around gender equity, environmental sustainability, human rights: case study Philippines on gender mainstreaming
- c. A short presentation on the Action Plan of the Legal Harmonisation Initiative and first achievements

A rap song will address the aid effectiveness and harmonisation issues from the perspective of Ghanaian youth.

IV. CONCLUSION ON ACTIONS TO BE TAKEN

Wrap-up of the sessions, formulation of conclusions and next steps regarding the concrete issues on harmonisation discussed during the Roundtable.

V. OUTPUT

Synthesis report underpinning the AAA statement and outlining its operational implications and follow up activities.

MAIN SPEAKERS INCLUDE:

- Mr. Talaat Abdel-Malek, Egyptian Member of the Partner Country Contact Group for HLF
- Mrs. Erlinda Capones, Director Social Development, National Economic Development Authority, Philippines
- Mr. Daniel Low-Ber, Director Performance Unit, Global Fund to Fight AIDS, Tuberculosis and Malaria
- Mr. Tran Hong Ha, Vice Minister, Ministry of Natural Resources and Environment, Vietnam
- Mrs. Ingrid-Gabriela Hoven, Director General, Federal Ministry for Economic Cooperation and Development, Germany (Co-Chair)
- Mr. Keith Muhakanizi, Deputy Secretary to Treasury, Ministry of Finance, Planning and Economic Development, Uganda (Co-Chair)
- Mr. James Mulungushi, Permanent Secretary, Ministry of Finance and National Planning, Zambia
- Moderator: Paddy Coulter, Communications Director of the Oxford Poverty & Human Development Initiative (OPHI) at the University of Oxford