

## ROUNDTABLE 3: HARMONISATION

# ISSUE PAPER ON COMPLEMENTARITY AND DIVISION OF LABOUR

## 1. INTRODUCTION

This Issue Paper serves as a supplementary to the Concept Note for Round Table 3 Harmonisation (see conference folder) in order to provide more in-depth information on some essential elements of complementarity and division of labour, as well as on experience and good practice already available internationally.

During a workshop in South Africa<sup>1</sup> participants from Bangladesh, Burkina Faso, Cameroon, Ghana, Senegal, South Africa, Uganda, and Zambia exchanged their views on various challenges for starting and sustaining good division of labour processes, as well as good practices. This wealth of experience as well as the informative discussions during the regional preparatory events for the Accra HLF 3 provides a basis for Round Table 3. In the further preparation process for the Accra High Level Forum 3 a Task Team under the Working Party on Aid Effectiveness has developed international good practice principles of in-country division of labour (see conference folder). This paper also intends to demonstrate the relevance of these principles.

The emergence of new global programmes and donors changes the aid architecture and has numerous effects in-country for the harmonisation agenda. They can effectively complement multilateral and bilateral development assistance to achieve development objectives<sup>2</sup>. Financing instruments, such as the Global Fund to Fight AIDS, TB and Malaria, have become major channels for funding to

developing countries. While there are many good practices (for example wide inclusive country ownership, strong managing by results), challenges for global program funds continue to exist. Many of these challenges are no different to those of other development financiers.

## 2. BOTTLENECKS FOR DIVISION OF LABOUR PROCESSES

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.

Division of labour on the other hand is a tool which opens up an opportunity for partner countries to enhance their ownership and leadership in organising inclusive processes to elaborate clearly prioritised strategies and policies, linked to budgets. This includes the allocation and management of donors' and partners' contributions, the implementation of the strategies and policies at different government levels as well as overall management for development results.

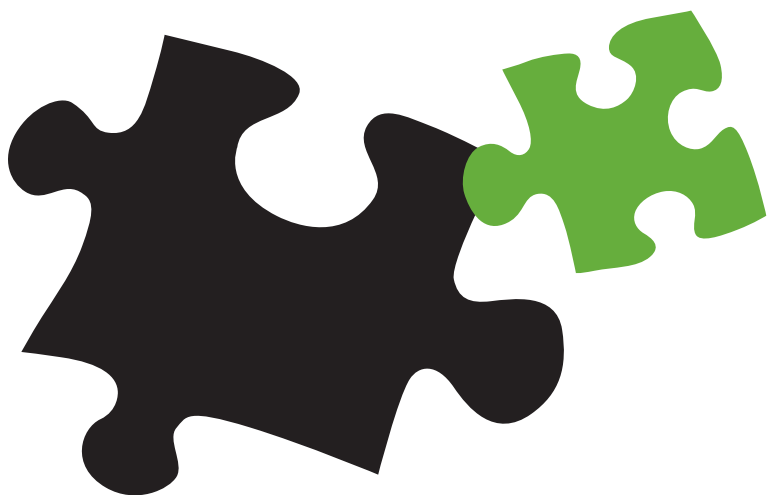
**In the various fora where division of labour has been discussed, a large range of benefits (direct and immediate as**

<sup>1</sup>) February 2008; workshop results available on → [http://www.bmz.de/en/zentrales\\_downloadarchiv/grundsaeetze\\_und\\_ziele/080418\\_Workshop\\_Proceedings\\_Final\\_Draft.pdf](http://www.bmz.de/en/zentrales_downloadarchiv/grundsaeetze_und_ziele/080418_Workshop_Proceedings_Final_Draft.pdf)

<sup>2</sup>) "Global Program Funds: What have we learned?" July 2008, Concessional Finance and Global Partnerships Vice-Presidency, World Bank

**well as indirect and more medium-term) have already been identified:**

- Where development partners have withdrawn from some sectors, reduced duplication, a better balance between sectors or regions, and strengthened sector dialogue and communication about priorities, strategies and financial flows instead of project micromanagement have taken place;
- Government officials have been able to report reduced transactions costs (or a redistribution of transaction costs from partner countries to development partners) for example regarding meetings with individual development partners as well as dealing with their administrative requirements;
- This was also due to improved lead, active, silent and background donor arrangements, which have also expanded (for further infor-



mation and a generic Terms of Reference for these arrangements, see the Note on Lead, Active, Silent and Background Donors in the conference folder);

- Better balances between sectors, regions and thematic areas have been found due to improved transparency and clarity about funds provided, and subsequent shifts;
- A better coordinated and focused political dialogue on national strategies and policy issues already has in part and will increasingly replace a more technical dialogue;
- Improved planning and results orientation are anticipated, particularly given better instruments for these purposes and improved alignment with national plans and joint assistance strategies.

Processes that have been started in a number of partner countries demonstrate the challenges which persist:

- Political trust is required on the part of all actors;
- Good governance and democratic ownership will provide the necessary stable environment;
- Development partners' domestic policies and priorities, as well as public pressure, can divert leadership from the field level;

- Development partners need incentives to withdraw from overcrowded sectors / regions or thematic areas<sup>3</sup> or to strengthen programs in other sectors / regions or thematic areas;
- Governments' capacities and resources to lead, coordinate and manage aid are crucial;
- A continued presence and active involvement of "Champions" (partners and development partners) for the harmonisation agenda will be a key factor in seeing the process through.

The political, procedural, and technical challenges as well as the particularly important aspect of developing capacities required for an overall well-managed development agenda, demonstrate that a division of labour process will benefit from

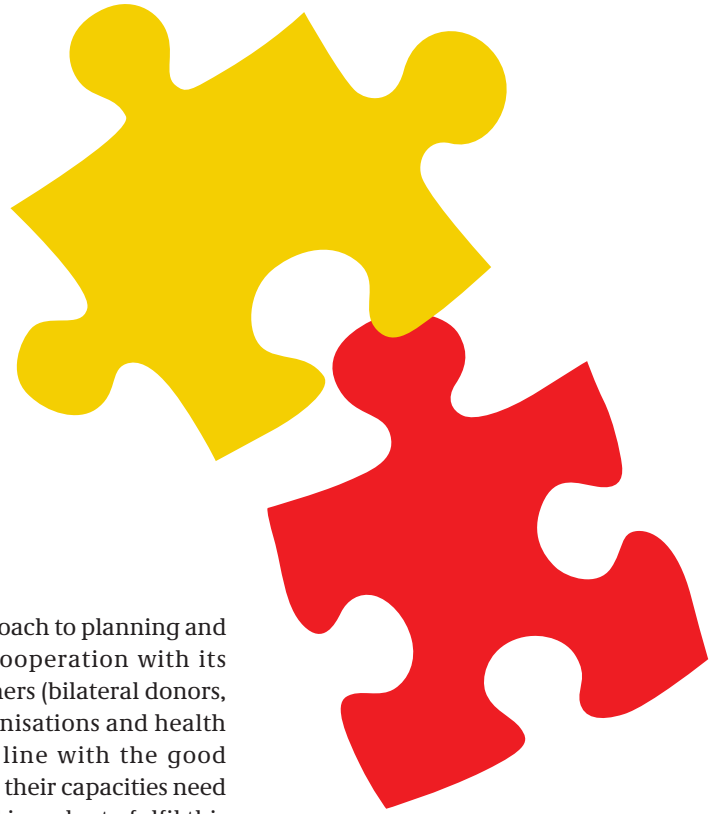
a number of elements already in place in a country: a functioning policy and institutional infrastructure will help to start a division of labour process. In particular, operationalised, budgeted and prioritised national policies and strategies with a results framework, Joint Assistance Strategies, a regular budget process, formal coordination and dialogue platforms for government, development partners and civil society in the form of sector working groups, and good information systems to inform about financial flows are all useful. It was, however, pointed out conversely that infrastructure not yet fully developed and functioning might well benefit from carrying out this process. This applies, for example, to sector working groups or improved information systems.

<sup>3</sup>) "Thematic areas" is used as a generic term to cover cross-cutting issues like gender, human rights, and environmental sustainability

### 3. SPECIFIC CHALLENGES FOR GLOBAL FUNDS PROGRAMMES

In line with efforts to work within the principles of the Paris Declaration, global program funds are increasingly finding ways to better harmonise and align their assistance to country priorities and systems. For instance, concerning funding cycles: with its structure and modes of funding, the Global Fund is challenged with a tension which derives from the goal of country ownership gained via country-designed and country managed programs on the one hand, and from the institu-

tional imperatives for financial due diligence and the exercise of fiduciary responsibility on the other. These tensions are central to applying the full package of the Paris Principles including country ownership and accountability. The Global Fund must find ways through partnerships to fulfil the demanding roles that it must play, in order to maintain fiduciary responsibility, due diligence and good global governance; otherwise the potential for significant effects the Global Fund



could have, not only on the three diseases, but on improving division of labour and reforming the international development architecture may be limited.

Concerning harmonising for alignment, it has been pointed out that it is also the partner countries' responsibility to apply

a harmonised approach to planning and coordination in cooperation with its development partners (bilateral donors, international organisations and health partnerships). In line with the good practice principles, their capacities need to be strengthened in order to fulfil this demanding role.

## 4. GOOD PRACTICE TO DATE

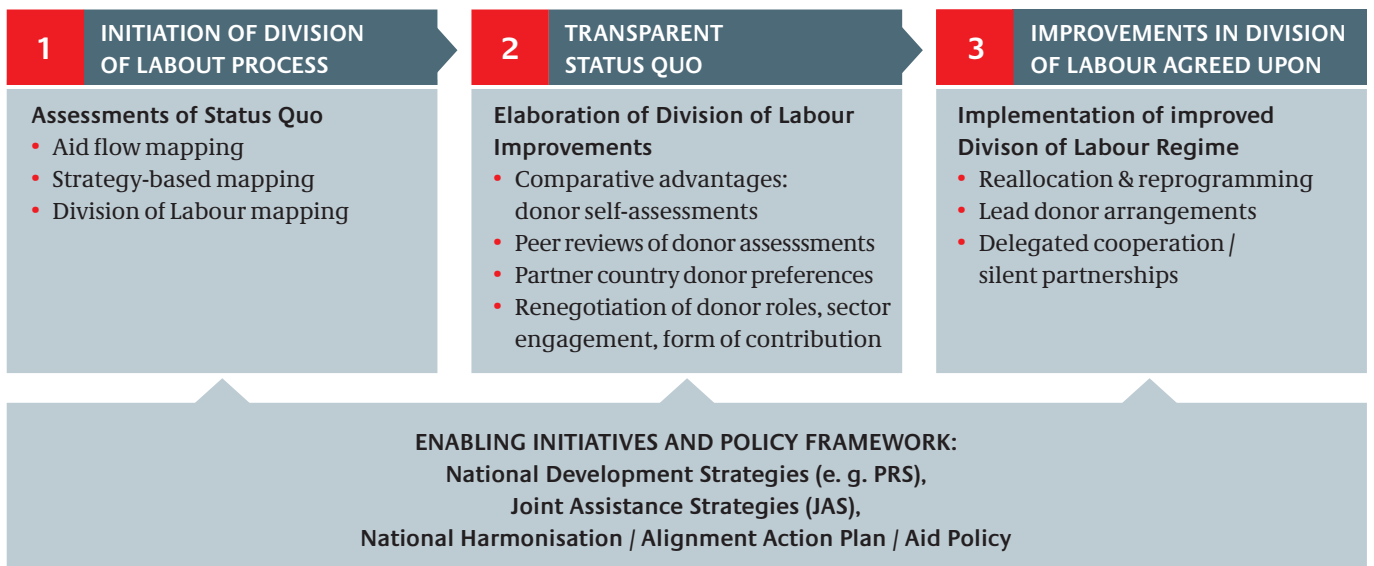
A number of the above mentioned challenges for division of labour can be tackled in the very act of designing the division of labour process. Some common stages and elements that have been identified for the elaboration and implementation of Division of Labour agree-

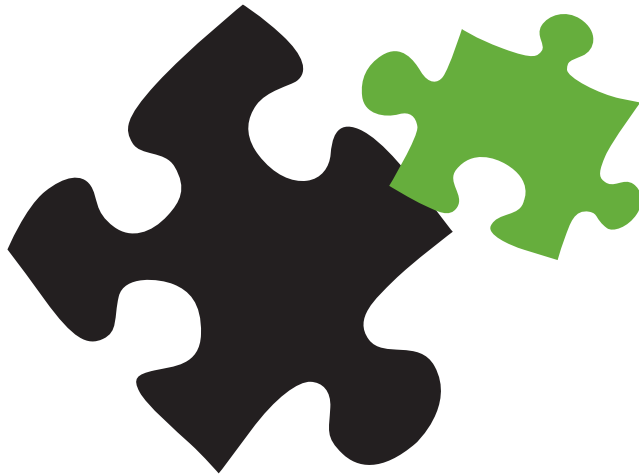
ments are shown in the following figure (see also good practice principles 2 to 4).

Inclusiveness in these stages will increase trust, as will transparency particularly when designing and undertaking the donor mapping (see the note on donor map-

ping in the conference folder) and comparative advantage exercises with peer reviews, and subsequent negotiations. In order to achieve a stable and supportive environment, politicians, parliamentarians – at national and local levels – as well as civil society should be fully informed

### COMMON STAGES AND ELEMENTS FOR THE DIVISION OF LABOUR PROCESS





and involved at early stages. This will also ensure as far as possible that the process will be carried through. Otherwise, key government institutions that might harbour unhealthy suspicions about the purpose of the exercise, could work to bring it to a halt (see good practice principle 6 and 8).

It should be noted in this context that division of labour is only a tool to more effective use of aid: an enhanced policy framework of operationalised strategies and priorities, as well as an institutional set-up will facilitate these processes – and vice versa. Key for managing this overall development framework is sufficient capacity: for partners and development partners alike. Development partners, therefore, should commit to harmonise and better coordinate their support for capacity development not only for division of labour processes, but for overall aid management purposes (see good practice principle 5).

A number of good practice examples already exist: the Zambian and Ugandan examples (see case studies in conference folder) highlight how negotiations about comparative advantages and donor presence in sectors can be based on objective and peer-reviewed facts and figures, increasing the pressure to make sometimes painful decisions. A dialogue in the concerned partner countries under strong leadership from the government will also contribute to an in-country led process, less prone to being influenced by domestic donor policies. Strengthening field offices and embassies will speed up local processes (see good practice principle 4).

Disengagement still seems a very difficult option for many development partners in all countries. The phenomenon can be largely traced to long-term relationships and on-going commitments (see good practice principle 6 on the neutral effect of division of labour on the overall aid volume). Examples from Burkina Faso show that silent or background donor arrangements (see the Note on Lead, Active, Silent and Background Donors in the conference folder) as well as delegated cooperation are methods to ensure that development partners, while possibly preparing for a with-drawal from the sector or region, can still demonstrate support for this sector to their home constituencies. Phasing-out periods providing space for a responsible disengagement will also assist in making these difficult decisions.

For global program funds, particular starting points on country level for harmonisation and alignment and for a subsequent improvement of labour division are the recognition and use of existing development policies and programs, planning and coordinating mechanisms, financial systems and results frameworks as the key basis for funding decisions. They should continue to seek a more strategic division of labour amongst each other and among bilateral, multilateral and other partners, e.g. through the negotiation of Partnership Frameworks and enhance the dialogue with national and bilateral partners, especially where in-country division of labour processes are on-going.

A number of concrete steps have already been undertaken: The Global Fund for

example transparently measures the Paris Principles, has created The Global Programs Learning Group<sup>4</sup>, to improve aid effectiveness and is committing to key actions in Accra (including direct support of national strategies).

<sup>4</sup>) The Global Programs Learning Group promotes good aid effectiveness practices among participating global programs working in a variety of sectors. Founded in 2006, it includes the Global Fund to fight AIDS, TB and Malaria, GAVI Alliance, Global Environment Facility, Fast Track Initiative for Education and the CGIAR group for agriculture.