

## ROUNDTABLE 3: HARMONISATION

# INTERNATIONAL GOOD PRACTICE PRINCIPLES ON IN-COUNTRY DIVISION OF LABOUR



The Paris Declaration (2005) addresses the excessive fragmentation of aid at global, country or sector level as a major contributing factor which impairs aid effectiveness. It committed donors and partner countries alike to a pragmatic approach to division of labour in order to increase complementarity, improve alignment, and reduce transaction costs. In a number of partner countries in-country division of labour processes have been agreed and are being implemented.

The following eight good practice principles were first developed and discussed during a workshop in Pretoria (4-5th February 2008) with the participation of partner countries as well as various interested donors with the aim to summarize emerging standards of good practice into a normative form. These were further refined in three meetings of the core group on Rationalizing Aid Delivery / Fostering Complementarity on 22 February, 4 April and 12 June 2008 and submitted to the Working Party on Aid Effectiveness for their meeting 9-11 July 2008.

In preparing for the HLF 3 in Accra (2-4th September 2008) these good practice principles were circulated for wide consultation, particularly during the regional preparatory events organised by the regional development banks. This has served to ensure high practical relevance, facilitated broad acceptance and laid the ground for these principles to be discussed and welcomed during the High Level Forum 3 in Accra.

The proposed good practice principles apply to in-country division of labour only. The challenges of cross-country division of labour, in particular communicating headquarters' decisions in a timely and transparent manner and aligning global programmes and initiatives with partner countries' national development strategies, are recognized, but are beyond the scope of the proposed principles. Donors are encouraged to continuously strive to improve their decision-making processes, particularly to make them more transparent and participatory.

### PROVISO

Should either partner countries or donors individually or collectively have already agreed to similar commitments (for example through existing aid policies or partnership principles in some countries, as well as the European Union's Code of Conduct on Complementarity and Division of Labour or the United Nations Development Assistance Framework (UNDAF) guidelines at country level) these principles will – where appropriate – complement and build on those existing commitments.



## 1. DEVELOPMENT RESULTS CAN BE IMPROVED WHEN DONORS INDIVIDUALLY AND COLLECTIVELY RATIONALIZE THEIR ACTIVITIES AT THE COUNTRY LEVEL

Improved selectivity and complementarity reduces transaction costs and minimizes duplication. Early evidence indicates savings in both human and financial costs. These savings can be used for further implementing national development strategies<sup>1</sup> expanding or accelerating the achievement of defined results and delivering on agreed international and regional commitments and goals<sup>2</sup>. A division of

labour process will also help generate more transparent information on both partner and donor financial flows for the public. This enables better-informed decision-making regarding public choices through participatory processes.

<sup>1</sup>) This term includes overarching poverty reduction as well as sector, geographic or thematic strategies.

<sup>2</sup>) This refers to international development goals such as the MDGs and the other internationally agreed development goals, human rights standards and principles but also regional commitments and goals such as the African Charter on Human and Peoples Rights and its related protocols and the AU-Solemn Declaration on Gender Equality in Africa, as well as environmental conventions and agreements.

## 2. PARTNER COUNTRIES SHOULD LEAD THE DIVISION OF LABOUR PROCESS IN DIALOGUE WITH DONORS, ENABLING CIVIL SOCIETY AND PRIVATE SECTOR TO PARTICIPATE IN A TRANSPARENT MANNER

The partner countries committed themselves under the Paris Declaration to articulate their national development strategies and respective priorities. They take the lead in mapping donors' activities, provide clear views on their respective comparative advantages and designate lead and active roles of donors, based on the mapping and expressed donor preferences. The government needs to ensure that all stakeholders – political actors, civil society, and private sector – participate in the process to the extent that they develop ownership for the results of the process. In the case of countries in situations of fragility these tasks could wholly or in parts be transferred to local level government, civil society or a donor as an

interim measure, depending on the country's circumstances.

The donors are committed under the Paris Declaration to align their assistance with the national development strategies and commitments made including those on overarching development goals and cross-cutting issues such as human rights, gender equality and environmental sustainability. They respect the partner countries' leadership in the division of labour process. Donors define their respective comparative advantage on the basis of a self-assessment and peer-review. They will cooperate with a lead donor as defined in the country context (if appointed) and vest the necessary authority in that donor.

A lead donor, in turn, will fully consult with all other donors, reaching consensus to the maximum extent possible, and identifying any points on which consensus could not be reached. Donors and partner countries alike commit themselves long-term as reliable indicative commitments in a multi-year framework are essential for a successful division of labour process.

In the spirit of partnership all participants recognise and respect that priorities on either the partner country or donors' side can change as an outcome of democratic processes. In either case it may substantially affect their role in the division of labour process.

### **3. PARTNER COUNTRIES AND DONORS SHOULD COMMIT TO AVOIDING DUPLICATION AND FRAGMENTATION, ENSURING THE OPTIMAL USE OF DEVELOPMENT RESOURCES IN THE SECTORS, THEMATIC AREAS, GEOGRAPHICAL UNITS OR AID MODALITIES<sup>3</sup>**

In practical terms, this means limiting the number of donors in a given category. Partner countries and donors are committed to carefully consider potential loss (financial and operational know-how) in achieving overarching development goals and taking into account cross cutting issues, while aligning to national priorities. In special cases, optimal use of resources can also be improved by introducing more efficient ways of cooperation amongst donors in the given category. Each country context will need specific approaches.

Taking into consideration the specific country context and each donor's man-

date, in principle, partner countries and donors commit to concentrate the number of categories each donor is active in, based on its comparative advantage and/or partner country preference.

Exits from any given category are executed in a responsible, mutually agreed upon and transparent manner.

Partner countries continuously build stronger information and data systems disaggregated by sex in order to allow strategic allocation of both partner and donor funds, to ensure a dynamic process and plan more effectively for social inclu-

sion. Partner countries and donors collaborate in mapping their financial and technical contributions onto the multi-year expenditure frameworks and national development strategies, thus giving visibility to their engagements and their accountability to commonly agreed development goals and commitments and to jointly identify over-funded sectors or regions as well as gaps.

<sup>3</sup>) Depending on which category the respective partner country uses

### **4. NEGOTIATIONS ARE A NECESSARY COMPONENT FOR FINALISING THE PROCESS, AND FLEXIBILITY ON BOTH SIDES IS REQUIRED. ALL ACTORS ARE COMMITTED TO PRAGMATIC AND WORKABLE SOLUTIONS**

In order to protect the integrity of the partner countries' national development strategies and priorities that are in line with commitments mentioned under Principle 2, country preferences take priority and the final decision will be with the partner country. Individual donors should not attempt to influence these decisions by using their own aid as leverage.

Donors commit themselves to an in-country process, led by the partner country,

and will strengthen the communication between field/country level and headquarters in order to limit divergences between headquarters and field level. Decentralised field offices with sufficient capacity to negotiate will be ideally placed to participate effectively. In the absence of fully decentralised offices, field level is given an adequately flexible mandate to negotiate and adapt to the local situation.

### **5. AS DIVISION OF LABOUR IS ONLY A TOOL TO MORE EFFECTIVE USE OF AID, DONORS COMMIT TO HARMONISE AND BETTER COORDINATE THEIR SUPPORT FOR CAPACITY DEVELOPMENT FOR OVERALL AID MANAGEMENT PURPOSES**

This means in particular to enhance capacities for country ownership and leadership in organising inclusive processes to elaborate clearly prioritised strategies and policies, linked to budgets. This also includes the allocation and management of donors' and partners' contributions, the capacities for implementing the defined strategies and policies at different levels as well overall managing for development results and support for strength-

ening independent mechanisms that ensure domestic accountability. Donors will assure that the necessary capacity development of their field offices is undertaken to allow a successful division of labour process.





## **6. THE IMPACT OF A DIVISION OF LABOUR PROCESS ON OVERALL COUNTRY AID VOLUME SHOULD BE NEUTRAL**

Concerns regarding a reduction in the overall amount of aid to the country, or regarding insufficient flow to any given category frequently provoke reservations about division of labour. To minimize these concerns, partner countries and donors should aim at ensuring that the division of labour itself will have no net effect on overall aid volume to any particular country, and that any reallocation between categories is an affirmative choice by all actors in the process.

To the extent that the division of labour exercise results in resource savings, these should be channelled through the partner countries' preferred aid modality. A number of African countries indicated this as being general budget support, as it affords them the most flexible instrument of reallocation. Silent partnerships or delegated cooperation arrangements are also available options.

## **7. PARTNER COUNTRIES AND DONORS SHOULD MEASURE THE ADDED VALUE OF DIVISION OF LABOUR**

They should identify performance measures which capture the costs and benefits as well as shortfalls and gaps, and agree on a monitoring process.

## **8. PARTNER COUNTRIES AND DONORS SHOULD COMMUNICATE THE ADDED VALUE OF DIVISION OF LABOUR**

Experience has shown that a successful division of labour process needs to engage politicians and various other stakeholders, especially national and regional legislative bodies. These bodies need to be informed from the beginning, and expected results must be demonstrated to

them in a convincing manner. Therefore, a communication strategy needs to be developed which places division of labour within a wider development effectiveness agenda, in order to articulate benefits and gains at different levels (political, technical, sectoral, human) early on.