



**The Directors General for Development
of the European Union Member States and of the European Commission**

Brussels, 28th October 2010

**NOTE TO THE ATTENTION OF
AMBASSADORS OF EU MEMBER STATES,
HEADS OF EU DELEGATIONS,
HEADS OF EU CO-OPERATION OFFICES
IN DEVELOPING COUNTRIES**

The Directors General for Development of 27 EU MS as well as of the European Commission, met again in Brussels in early July to take stock of progress made on Division of Labour (DoL), particularly in the fast track countries. This joint letter reconfirms our commitment to make aid more effective also through DoL, and signals our appreciation of your efforts. We recognise that implementing DoL is not an easy process, but we want to confirm, with this letter, our commitment to support you in this process.

We have embarked on this stock taking process because we recognise that DoL is largely a political process, but one that is also highly influenced by practical issues at the country level. Therefore, in order to better understand the realities on the ground and address the challenges which you are facing, we invited colleagues from country offices to join us in Brussels for our two previous meetings. This has allowed both headquarters and country office staff to discuss the issues directly, thereby bridging any communication gaps. These frank discussions have provided a useful arena for addressing policy issues within the context of specific DoL country cases.

So far, we have had the opportunity to examine the implementation of DoL in Ethiopia, Bolivia, Vietnam, Mali and Moldova. The insight we have gained from these meetings is very useful. It is clear that the efforts at country level are substantial and we appreciate the seriousness with which the work is being carried out. At the same time, we see that you are still facing a number of challenges, such as the lack of engagement from partner governments and other non-EU donors, differing roles of headquarters and field offices and questions on the interpretation of the EU Code of Conduct on DoL (for example regarding the three sector principle, donor mapping, comparative advantage, sector definitions, donor roles, etc). While these are real challenges, it is important to keep sight of the ultimate objective which is to make our aid more effective and reduce transaction costs for the partner country governments and ourselves. Tackling the problem of aid fragmentation through DoL is an important steppingstone towards this goal.

We agreed that we all have to implement our DoL commitments, and do so without exception in all countries receiving EU aid. We also recognise that we must deal with specific country situations as there is no one-size-fits-all approach. For instance, Mali, as a traditional aid dependent country, needs a different approach than Vietnam, which is moving towards middle income status and where the context of international relationships is changing. This requires

an open dialogue, and a willingness to seek individual solutions for each particular issue related to DoL progress.

For each of the five country cases a way forward was agreed by the EU DGs and these can be referred to in the notes of the meetings which were also forwarded to the country field offices involved. We intend to revert to these country cases at our next meeting in the autumn to review the progress made. We will continue discussing country cases within the same meeting format. In order to guide and support your processes at the country level, we also arrived at some generic conclusions which we would like to share with you.

Firstly, EU donors should engage in DoL based on the principles of the EU Code of Conduct. This includes aiming at focusing their active involvement in a partner country in a maximum of three sectors.¹ It is important to recall that the Code remains the EU's central policy document in terms of this issue. Its guiding principles are fundamental in order to enhance effectiveness by improving overall development results and increase the poverty reduction impact of development cooperation.

Secondly, EU donors should always support partner country ownership and the inclusion of all donors in the DoL process. In situations where leadership and ownership by the partner government needs strengthening, the EU should promote such a process. In any case, the EU should always play an active role in promoting complementarity and division of labour. Also, when some donors are unwilling to engage in the process, actions can and should be taken by the willing donors.

Thirdly, as proposed in the Operational Framework of 2009, we will increase the participation in joint multi-annual programming based on partner countries' development strategies and use EU joint programming as a pragmatic tool to advance division of labour. To this end, we will identify a selected number of countries where the EU will work to implement joint programming with the aim to be fully operational by 2014. Furthermore, as mandated by the Council, the Commission will present a proposal to the Council by 2011 for progressive synchronisation of EU and national programming cycles at partner country level.

Lastly, at times we see there seems to be a tendency to focus on process rather than actually engaging in sector concentration. Process is of course necessary to achieve DoL, but it is not sufficient. At the end of the day, DoL means taking clear political decisions based on sound technical analysis.

At EU headquarters level, we will continue to support the DoL process and consider ways to make progress more quickly. We will also continue dialogue with partner countries and other multilateral and bilateral donors in international fora such as the Working Party on Aid Effectiveness.

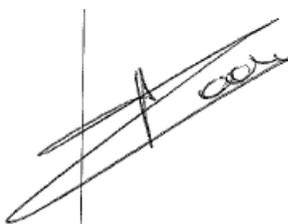
We are rapidly approaching the fourth High Level Forum on Aid Effectiveness to be held in Busan, Korea, at the end of 2011. In Paris and Accra, the EU successfully pushed for a high level of ambition. In Busan we will have to live up to our promises and deliver results on the aid effectiveness agenda, including the DoL approach initiated and led by the EU. For the EU to demonstrate tangible progress collectively, it is essential to ensure the continuous efforts by

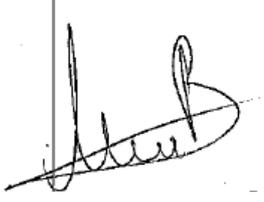
¹ EU Code of Conduct, May 2007, Guiding Principle 1: "EU donors will aim at focussing their active involvement in a partner country on a maximum of three sectors ... In addition to the three sectors, donors can provide general budget support, where conditions permit to do so, support to civil society, and research and education schemes including scholarships. In their selected sectors, donors should mainstream crosscutting issues."

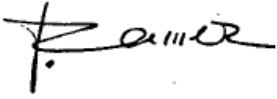
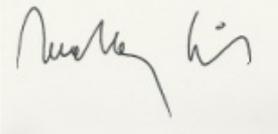
individual EU Member States and the Commission, both in headquarters and at the country level.

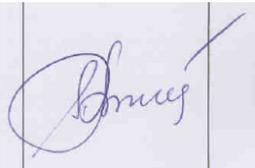
We encourage you to continue to focus on improving DoL and sector concentration and invite you to share and discuss this letter with your in-country EU colleagues.

[Signed 29 DGs]

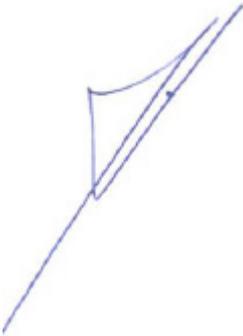
			
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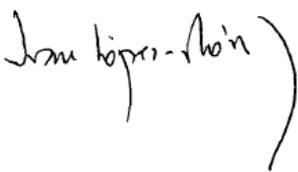
			
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