

Monitoring Report

EU Fast Track Initiative on Division of Labour and Complementarity

Monitoring of the Status Quo (November 2008)

*A product of the EU Technical Seminar on Division of Labour and Complementarity
30.1.2009*

(I) Introduction

The EU Fast Track Initiative on Division of Labour and Complementarity (FTDoL) aims to support a selected group of partner countries in the process of implementing in-country Division of Labour (DoL). Implementing the initiative, EU Member States (MS) and the European Commission (COM) systematically cooperate with partner countries on the ground, using the principles of the EU Code of Conduct on DoL (CoC) as their main point of reference. By increasing the effectiveness of aid delivery through better DoL, the FTDoL aims at achieving better development results.

In December 2008, members of the FTDoL met in Brussels to discuss future activities of the initiative, in particular regarding progress-monitoring of in-country DoL processes. In preparation of this technical seminar a short questionnaire was sent to the EU donor country facilitators of the FTDoL in November 2008. The aim of this first questionnaire was to assess the status quo of DoL implementation in the respective partner countries, to find out who is participating so far and what first outcomes the DoL-processes had on overall aid effectiveness in the partner country. This short report gives a draft summary of the main findings of the questionnaire.

The questionnaire¹ was sent out to 32 Fast Track Countries² at the end of November 2008. Due to the short period of time provided for answering, the response rate was only about 70%. We received answers from the country facilitators in the following 21 partner countries: Bolivia, Nicaragua, Cambodia, Vietnam, Bangladesh, Kyrgyz Republic, Ukraine Mongolia, Ghana, Tanzania, Mozambique, Madagascar, Ethiopia, Uganda, Zambia, Rwanda, Burundi, Benin, Cameroon, CAR and Mali. General statements but not the completed questionnaires were sent back by the country facilitators in Haiti and Senegal.

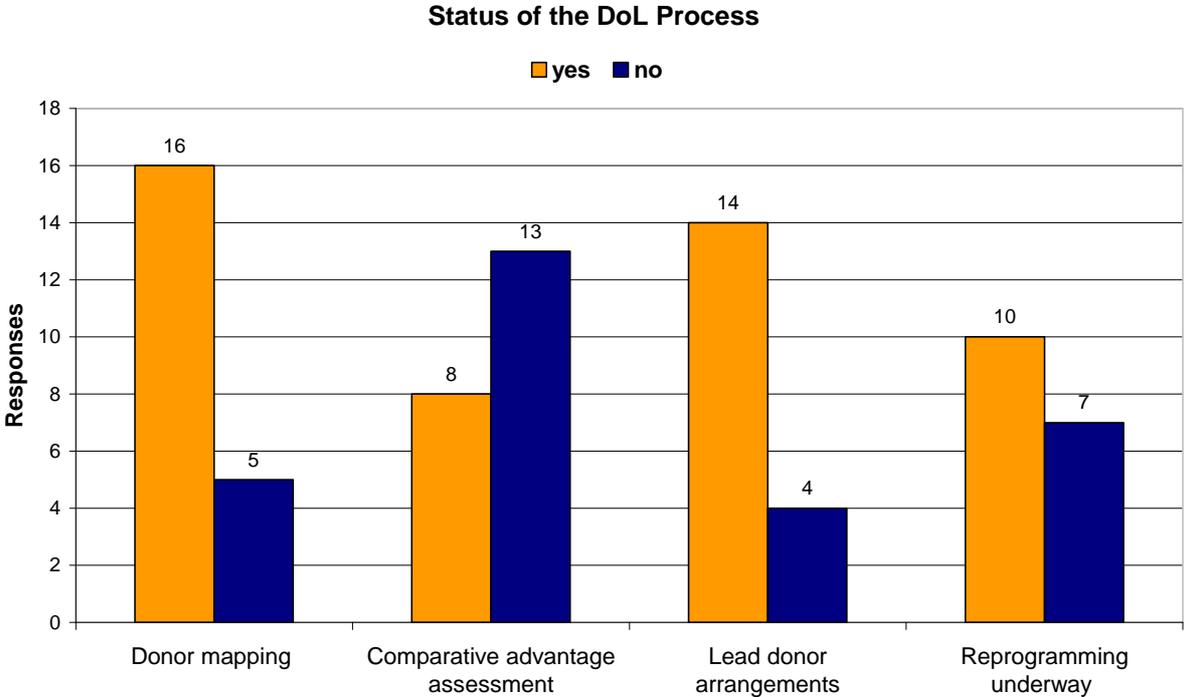
The Fast Track Countries vary considerably in regard to their aid dependency and the number of donors present. Looking at the findings of this monitoring exercise, we need to

¹ A copy of the questionnaire is attached in Annex 1

² The Fast Track Countries are: Bolivia, Nicaragua, Haiti, Bangladesh, Cambodia, Pakistan, Vietnam, Laos, Albania, Kyrgyz Republic, FYROM, Moldova, Ukraine, Mongolia, Benin, Burkina Faso, Burundi,

take this fact into account as well as the time constraints which did not allow to verify some inconsistencies³ in the responses received.

(II) Status of the DoL process in the partner countries



Donor mapping was concluded in 16 of the 21 countries⁴ for which we received feedback. This shows that the usefulness of a systematic analysis of the current donor involvement is widely acknowledged. In some of the countries, donor mappings were part of earlier exercises, i.e. part of the preparation of Joint Assistant Strategies. For these countries, it is recommended to make donor mapping a regular exercise to measure progress in regard to DoL. The countries which have not yet conducted a mapping-exercise are planning to have one in the near future. Some countries reported problems with the complexity and diversity of sectors.

In 8 countries donors have already undertaken an assessment of their comparative advantages. Their responses regarding overall partner involvement in the DoL process⁵ makes us assume that most of the assessments were mere donor exercises with little partner country involvement. Self-assessments can only be an initial step prior to a more

Cameroon, CAR, Ethiopia, Ghana, Kenya, Madagascar, Malawi, Mali, Mozambique, Rwanda, Senegal, Sierra Leone, Tanzania, Uganda and Zambia.

³ For example, in contrast to the answers we received we have information that donor mappings for the Kyrgyz Republic and Bangladesh exist.

⁴ Wherever the number of responses in the following graphs is less than 21 some country facilitators did not answer the respective question.

⁵ See paragraph 3 below.

holistic assessment involving the partner government or third parties. After all, the relatively low number of countries which undertook comparative advantage assessments shows clearly that in most countries the identification of lead donors and the first steps in re-programming of aid were not led by a systematic assessment of advantages and disadvantages.

Lead donor arrangements have been agreed upon in the majority of countries (in 14 countries in most sectors). The roles of lead donors, however, seem to vary from country to country and even from sector to sector. This underlines the necessity to develop a common understanding of the different roles donors may assume within a harmonised development cooperation setting (both on a national and global level)⁶.

In most countries delegated cooperation still seems to be in its infancy, with only 9 country facilitators reporting that donors in their respective Fast Track Country use this instrument. In some countries, however, a number of agreements on delegated cooperation and silent partnerships (Mozambique, Vietnam, Ghana, Zambia, Rwanda, Benin and Nicaragua) have been concluded, partly at least due to the EU COM's initiative for delegated cooperation.

(III) Participation of donors and partner countries in the DoL process

Limited ownership by partner country governments still seems to be one of the major obstacles for DoL processes. In two-thirds of the countries (13 out of 21) the partner government plays a rather passive role, either generally – and passively - approving progress which was triggered by donor initiative or even showing no interest at all (1 out of 21). Nevertheless there are examples of positive partner commitment, namely in Ghana and Zambia. In Tanzania and Rwanda, the governments lead the processes.

Three main reasons for weak ownership of partner governments can be identified:

1. Fear to loose influence regarding the re-programming of ODA. This is especially true for sector ministries which often prefer a more pluralistic environment with direct contact to donors.
2. Low aid management capacities on the partner side.
3. Low political priority of development cooperation.

As a consequence, it is recommended to address more systematically concerns and perceived risks by individuals and institutions from partner countries. It is also recommended

⁶ A first attempt to come to a common understanding for the different donor roles was made by the OECD/DAC Task Team on Complementarity and Division of Labour and presented at the HLF in Accra: <http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1210008992554/4968817-1219870888132/B03-Lead,Active,Silent-and-Background-Donors.pdf>

to provide capacity development for aid management (in particular division of labour / enhancing complementarity).

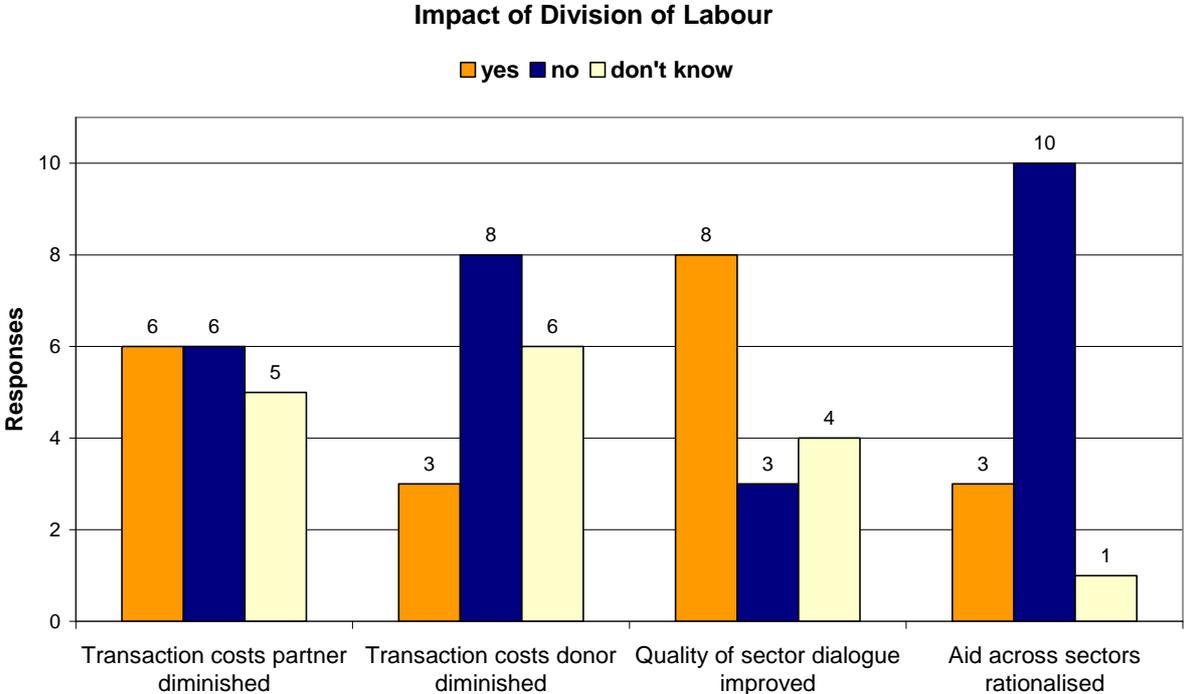
In the partner countries covered by this report, nearly all EU donors (including the EU COM) participate in the DoL process. Donors active in partner countries, but not actually present on the ground may face challenges to making progress on DoL.

In most countries non-EU-donors are also involved in the DoL exercises (in 15 out of 21 countries). However, especially multilateral donors and some bilateral donors appear to be reluctant to stronger engagement.

(IV) Towards measuring the outcomes of DoL processes

This report is a first attempt to get an idea of the perceived outcomes of DoL. Due to the early stage of the DoL process in many countries it is difficult to assess whether DoL already shows first results in regard to overall development effectiveness. We therefore asked the country facilitators to give an educated guess on the impact they expect.

Theoretically one would assume that a better DoL leads to lower transaction costs, both for the partner country and donors. Effects are also expected regarding the quality of sector policy dialogue between partner country and donors and the rationalisation of aid across sectors.



The survey shows that only few of the positive effects can so far be observed. Regarding transaction costs for the partner, there seems to be a mixed picture. Donors only rarely

report reduced transaction costs. Comments suggest that even the opposite is the case with a growing number of donor meetings causing transaction costs to rise in the beginning.

Better coordination amongst donors seems to have a positive effect on the quality of sector dialogue. Especially the preparation of donor or aid flow mappings and the establishment of lead donor arrangements seem to have a direct impact on the quality of the sector policy dialogues.

The low number of countries in which DoL already led to a rationalisation of aid across sectors indicates that the re-programming process needs time. The survey also shows that fears of partner countries that the overall aid volume might diminish are not justified. Country facilitators report no reduction of aid in the course of the DoL process. Most facilitators replied that the aid volume remained stable.

(V) Obstacles and enabling factors for the DoL process

(V.I) Obstacles

Country facilitators identified a number of obstacles which complicated the process. First and foremost they named the problem of **limited ownership by partner governments** as a major handicap for the process. In some countries ownership by central ministries (ministry of finance, ministry of planning) is considerably higher than by sector ministries. At the same time changes in political leadership of the partner country might have direct and indirect implications for the field of development cooperation. Once again one has to keep in mind the different reasons for low ownership by the government mentioned above.

Other obstacles include the following:

- **Reluctance by donors to limit involvement in certain sectors.** Sometimes the field offices are pushed by headquarters to stay or get newly involved in certain “attractive” sectors. Another reason might be the self-interest of aid agencies and program managers to save “their” programs. All in all there is reluctance by donors to move away from an internal focus of their planning and to suffer the “loss of power” that this is perceived to bring.
- **Unclear donor roles.** On the one hand due to the vague definition of the terms *lead*, *active*, *background* and *silent donor* and on the other hand due to the reluctance of donors to respect their roles.
- **Limited capacities on donor side.** Especially the role of lead donor comes along with substantial duties and responsibilities. In some sectors it is difficult to find donors who are both willing and bring the necessary capacity to lead the sector dialogue from the donor side.

- **Lack of information.** In some countries there is still not enough information on what donors do, how they do it and in which sectors they are involved. Donor mappings are of different quality and scope.
- **Involvement of other donors.** While involvement of EU-donors is usually quite high, certain non-EU-donors seem to have problems with DoL. Without integrating those players, the DoL process in many countries will not have the impact everyone hopes for.
- **Legal and administrative barriers on donor side.** Many donors still face problems regarding their rules and procedures if they want to get engaged in delegated cooperation. This involves also other aspects of the harmonisation agenda like joint missions and reporting.

(V.II) Enabling factors

While there are considerable obstacles for DoL processes in the respective countries there are also a number of enabling factors. Some of them are only relevant for a certain country; others appeared to be crucial in a number of countries.

- As much as limited government ownership can be a problem for DoL, **strong government leadership** can be an enabling factor. As a good example one can name Zambia.
- Some answers imply that connecting the question of DoL with the allocation of additional funds could motivate partner governments to develop a stronger commitment for DoL.
- Many country facilitators also perceived the clear targets of the **EU Code of Conduct** as an important enabling factor.

Most facilitators see a **positive role for headquarters** (HQs) in facilitating the process in their countries. Among the issues they would like to have addressed from the HQs are the following:

- Better promote the DoL with **multilaterals and other (non-EU) bilaterals** motivating them to join the respective processes.
- To support the embassies and aid agencies by disseminating information on good practices and tools (e.g. the EU Toolkit).
- To support DoL with more **human resources** and better **staff training** for new field officers.
- To accelerate the **adjustment of legal, financial and administrative procedures** for deeper DoL (e.g. delegated cooperation).

- To **delegate more responsibility to the embassies and country offices** with regard to the decisions on sector involvement and reprogramming.

(VI) Conclusion

In spite of the diversity of the responses received, there are some overall conclusions which can be drawn:

- **Limited government ownership** still is the major stumbling block in most of the countries where little progress is observed. Although there is no quick and general formula to address this challenge, some guidelines should be followed: All efforts regarding DoL should involve not just central ministries (e.g. ministry of finance or ministry of planning) but also important sector ministries at an early stage. This might help the sector ministries to understand the advantages of DoL and complementarity and engage in a constructive manner. More convincing evidence needs to be communicated to partner governments that better division of labour and complementarity will not lead to less aid in total. The positive country cases (e.g. Zambia) could be communicated more widely.
- Closely related to the topic of government ownership is the **question of how fast donors proceed in the process of division of labour**. If donors push the agenda to rigidly, the danger of leaving the partners behind is high. As long as DoL/complementarity is wrongly perceived as a topic which mainly serves the interests of donors, the motivation of partner countries to get involved will be low.
- Some of the answers received show that **not in every country the DoL process is integrated in the broader harmonisation process**. This might be due to the EU making the first step by agreeing upon the EU Code of Conduct. Nevertheless it is of vital importance that the EU efforts on DoL are not perceived as a separate process but as being integrated into the existing aid effectiveness and development endeavours.
- Implementation of **DoL and harmonisation in general is not a given fact once they have been agreed on**. All donors need to be reminded constantly - by the partner government and other donors - of what has been agreed and should be implemented. Regular monitoring is necessary.
- During the whole process of harmonisation and division of labour we all have to keep in mind that **harmonisation is not an end in itself** but only a vehicle to achieve first, higher aid effectiveness, then higher development effectiveness. Therefore we have to constantly monitor what impacts we achieve by the steps we take in regard to division of labour. In some countries with low donor engagement we have to be careful not to engage in DoL just for the sake of the exercise itself.

Annex 1: Questionnaire send out to country facilitators

EU Fast Track Initiative on Division of Labour

Reporting format on the implementation of division of labour processes in partner countries of the EU Fast Track Initiative

To be completed by the in-country facilitators of the EU Fast Track Initiative in coordination with the EU donors present in the partner country.

Country:

In-Country-Facilitator:

Date:

1. Status of the process:																										
1.a. Donor mapping concluded?	Yes <input type="checkbox"/> No <input type="checkbox"/>																									
1.b. Comparative advantages identified?	Yes <input type="checkbox"/> No <input type="checkbox"/>																									
1.c. Lead donor arrangements established?	Yes <input type="checkbox"/> No <input type="checkbox"/> <i>If yes, in all relevant sectors?</i> <input type="checkbox"/> <i>If yes, in some important sectors?</i> <input type="checkbox"/> <i>Please name the sectors:</i>																									
1.d. Reprogramming underway (do donors concentrate their aid in focal sectors including withdrawal from non-focal sectors and/or delegated cooperation)?	Yes <input type="checkbox"/> No <input type="checkbox"/>																									
If yes: Please name donors (in case of delegated cooperation also if they play active or silent role) and sectors if data is available:	<table border="1"> <thead> <tr> <th>Donor</th> <th>Sector</th> <th>active</th> <th>or</th> <th>passive</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>	Donor	Sector	active	or	passive	<input type="checkbox"/>																			
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Comments on 1.a, b, c and d:																										
1.e. What have you in your role as in-country facilitator undertaken to promote the implementation of division of labour in the partner country?																										
2. Participation in the process:																										
2.a. Commitment by the partner country government																										
(i) Strong leading role and directing the process:	<input type="checkbox"/>																									
(ii) Cooperative positive commitment, facilitating the process in close dialogue with donors:	<input type="checkbox"/>																									
(iii) Passive role, generally approving progress triggered by donor initiative:	<input type="checkbox"/>																									
(iv) No interest in the division of labour, not approving progress:	<input type="checkbox"/>																									
2.b. Participation by donors																										
Do all EU-donors in the partner country participate in the division of labour process?	Yes <input type="checkbox"/> No <input type="checkbox"/>																									
Do non-EU-donors participate?	Yes <input type="checkbox"/> No <input type="checkbox"/>																									
Please name non-EU-donors with weak commitment for division of labour:																										
Comments on 2.a and b:																										
3. Towards measuring impact of division of labour processes:																										
If there is no clear evidence on the issues please give an educated guess																										
3.a. Have transaction costs diminished?																										

(i) For the partner:	Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know <input type="checkbox"/> Educated guess:
(ii) For the donors:	Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know <input type="checkbox"/> Educated guess:
3.b. Has the quality of sector policy dialogue improved?	Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know <input type="checkbox"/> Educated guess:
3.c. Changes in the overall aid volume since the beginning of the division of labour process:	The partner country receives... (1) more aid <input type="checkbox"/> (2) less aid <input type="checkbox"/> (3) same volume <input type="checkbox"/> Don't know <input type="checkbox"/> Educated guess:
3.d. Aid across sectors is rationalized (less orphan and/or over-crowded sectors, needs and priorities are adequately addressed):	Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know <input type="checkbox"/> Educated guess:
Justify your answers on 3.a,b,c,d,e:	
4. General comments	
4.a. What have been the major obstacles in the process so far? Do you envisage more obstacles in the future?	
4.b. What have been the enabling factors so far? Do you see a role of headquarters in facilitating progress?	
4.c. Any other comment:	
5. Suggestions to improve the questionnaire	

Please send this questionnaire until December 5, 2008, to the Facilitators of the Fast Track Initiative:

Commission (DG Development)

Sibylle Tepper

Sibylle.TEPPER@ec.europa.eu

and

Germany (BMZ, Ministry for Economic Cooperation and Development)

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Thank you for your participation!

Annex 2: Extract of some of the results of the monitoring Nov/Dec 2008

		Yes	No	Don't know	No answer
1.a	Donor mapping	16	5	-	-
1.b	Comparative advantage assessment	8	13	-	-
1.c	Lead donor arrangements	14	4	-	3
1.d	Reprogramming underway	10	7	-	4

		No interest	Passive role, but generally approving	Positive commitment	Leading role
2.a	Commitment of partner government	1	13	5	2

			Yes	No	Don't know	No answer
2.b	Participation by donors	EU	17	3	-	1
		non-EU	15	4	-	2
3.a (1)	Transaction costs partner diminished		6	6	5	4
3.a (2)	Transaction costs donor diminished		3	8	6	4
3.b	Quality of sector dialogue improved		8	3	4	6

		Same volume	More aid	Don't know	No answer
3.c	Aid volume	7	3	4	5

		Yes	No	Don't know	No answer
3.d	Aid across sectors rationalised	3	10	1	7