



Seminar on EU Division of Labour

Madrid – 24 April 2009

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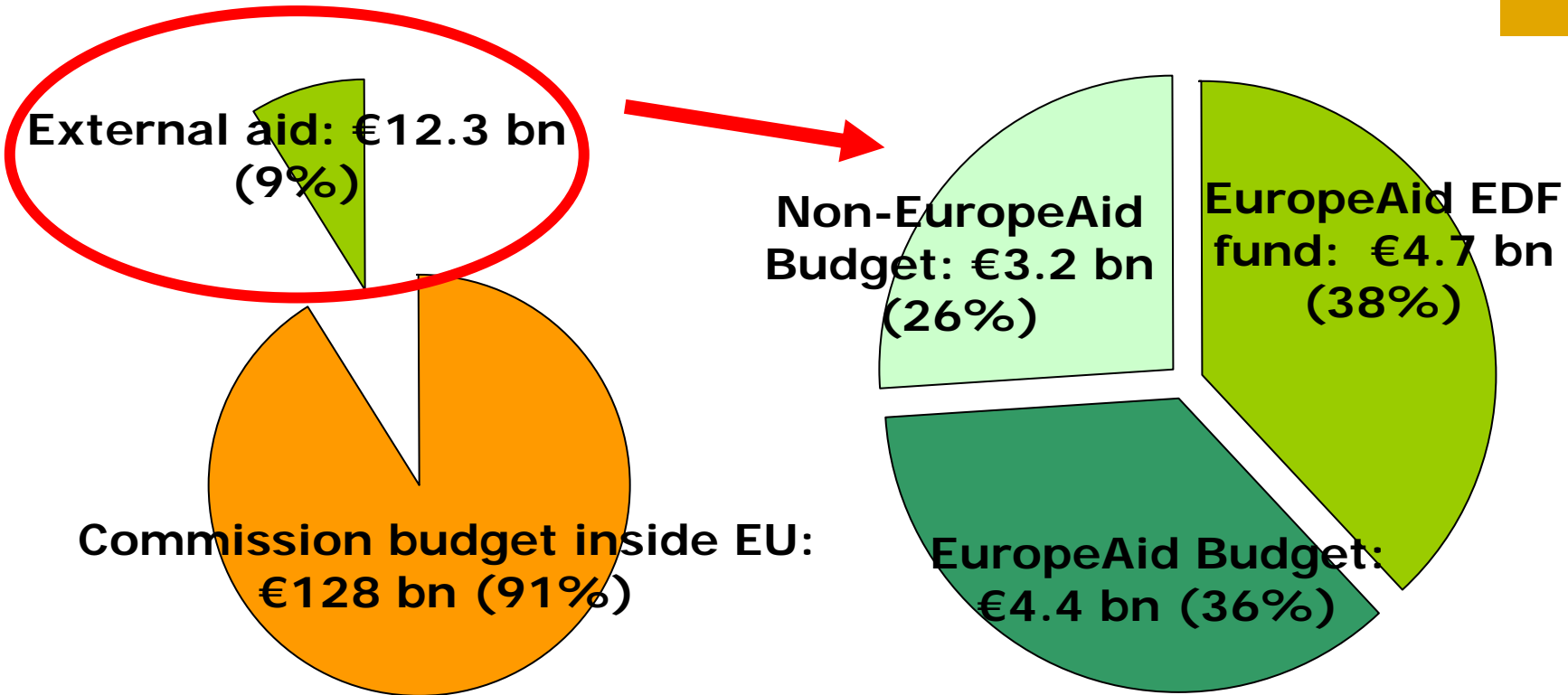
EU the largest donor in the world

- 27 MS + 1 (EC) together responsible for **60% of all development aid** (2007: €46.1 billion)

European Commission:

- **Third largest donor** of development aid: 11.3% after USA and Germany
- **Second largest** donor of humanitarian aid

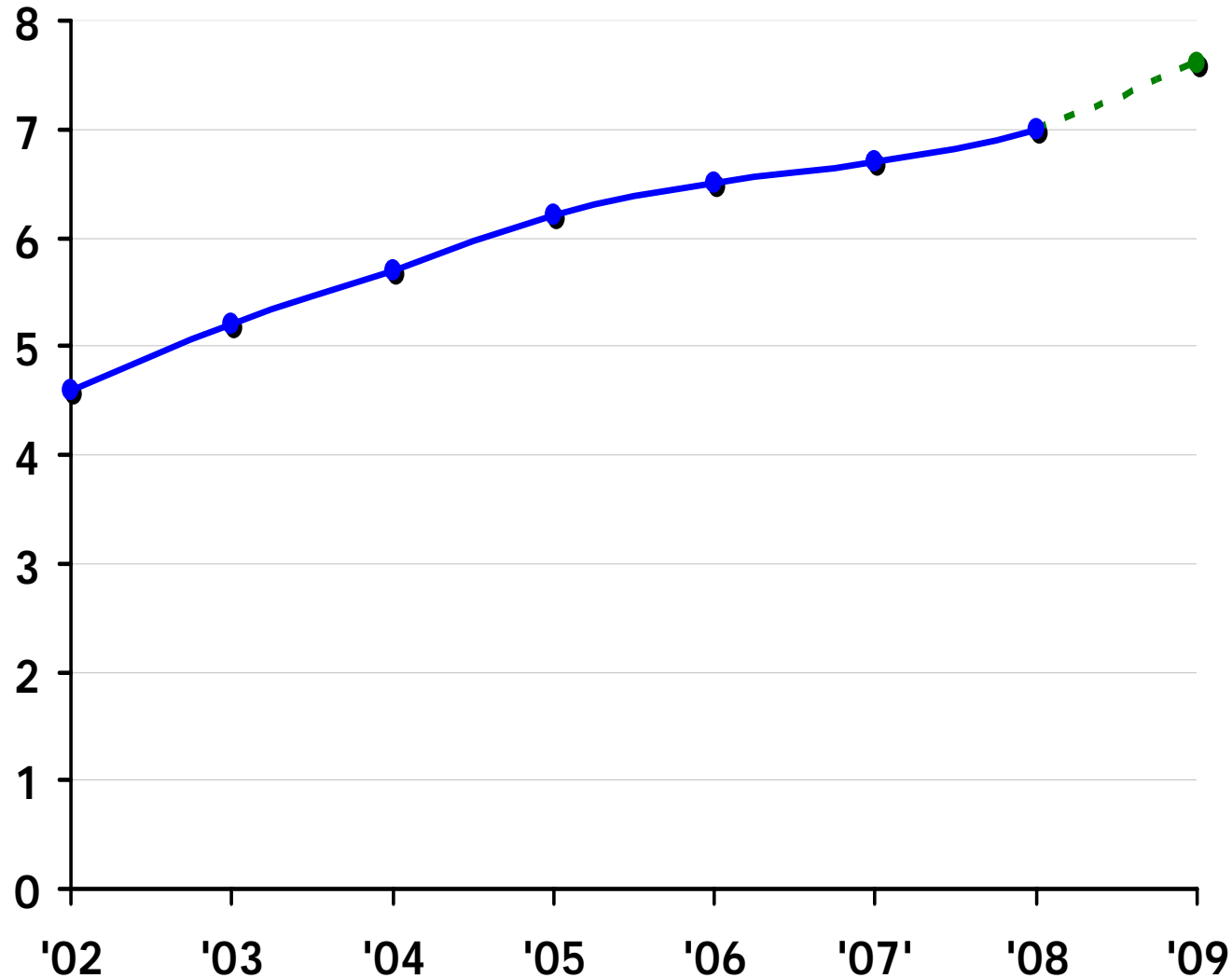
The EC and the external aid budget 2008



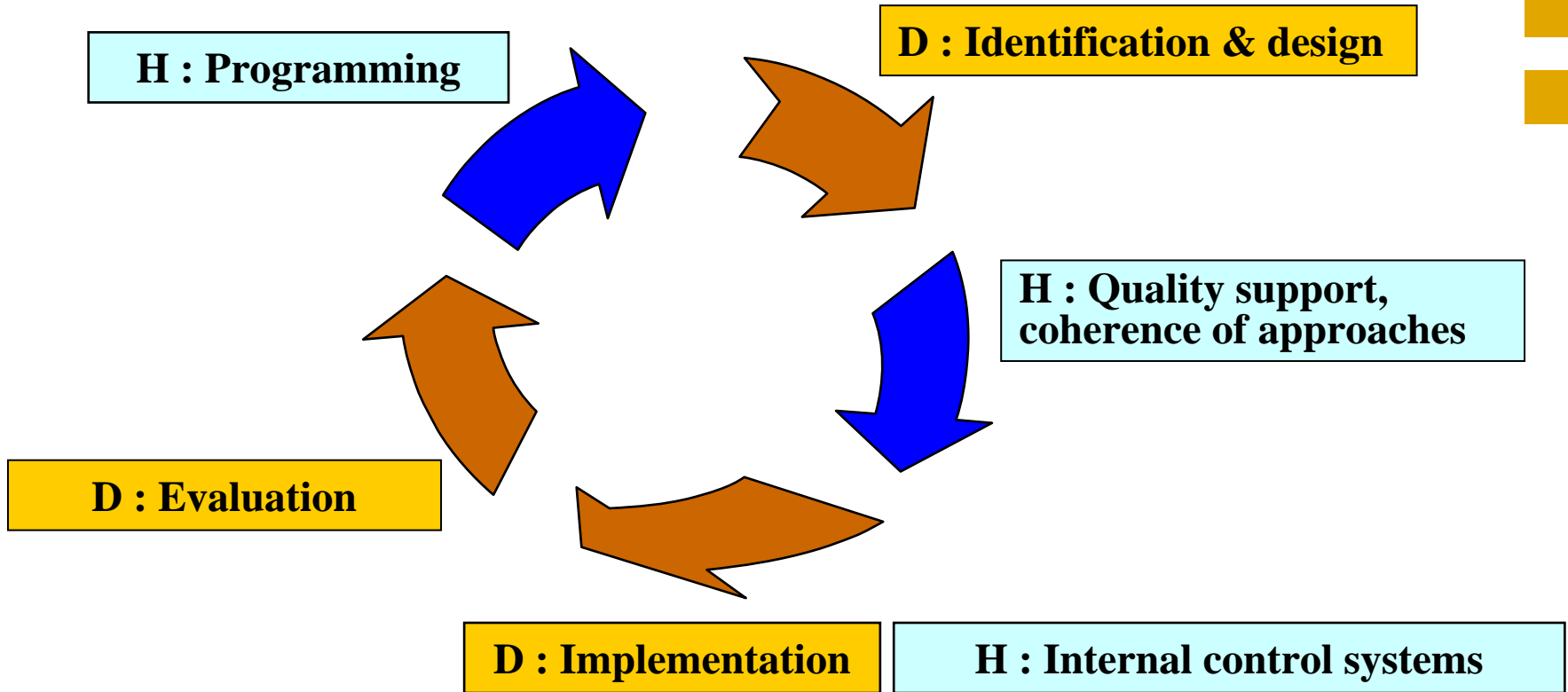
EuropeAid implements external assistance. This excludes pre-accession aid, humanitarian aid, Common Foreign and Security Policy (CFSP) aid, and aid for trade. EC total budget includes European Development Fund (EDF). NB – 2008 provisional figures (Jan 09)

Paid out in 2008: €7 billion

Record year for project implementation



Devolution: division of labour Headquarters / Delegations



83% of the portfolio is directly managed by
the **110** EC Delegations

Topics for discussion

- **Why do we need division of labour**
- **Framework: EU Code of Conduct**
- **Tools**
- **State of play**
- **Challenges**

1. Why do we need division of labour

Some trends in aid by official donors

- **No of donors present:** No of countries with 40+ official donors **ballooned** from zero in 1990 to over 30 today

Try Managing this

Stop TB Partnership



President's Emergency Plan for AIDS Relief (PEPFAR)



Global Alliance to Eliminate Leprosy (GAEL)

Initiative on Public-Private Partnerships for Health



Accelerating Access Initiative

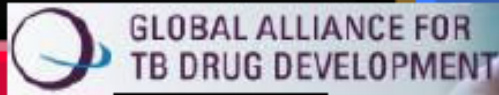
SECURE THE FUTURE®



Medicines for Malaria Venture



Global Polio Eradication Initiative



The European Malaria Vaccine Initiative



Global Campaign for MICROBICIDES Hope for African Children Initiative



US Presidential Initiative **FIGHTING MALARIA** SAVING LIVES IN AFRICA



Schistosomiasis Control Initiative



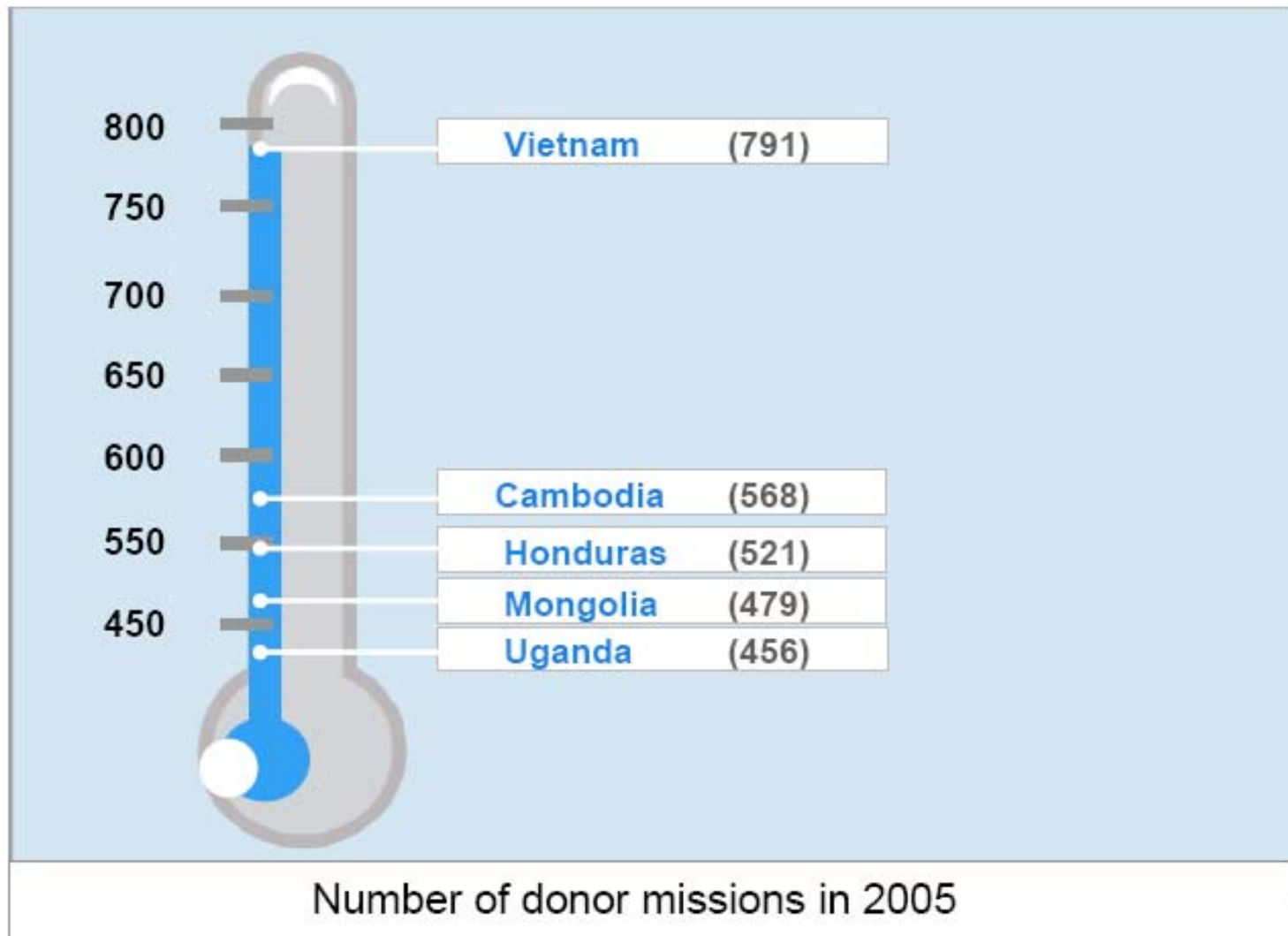
Some trends in aid by official donors

- **No of donors present:** No of countries with 40+ official donors **ballooned** from zero in 1990 to over 30 today
- **Size of programmes:** Average size of aid activities **dropped** from \$2.5 million in 1997 to \$1.5 million in 2004
- **Number of programmes:** Total number of activities **surged** from 20,000 in 1997 to 60,000 in 2004
- **Number of missions:** Paris baseline survey: “the total number of missions is **strikingly high** for some countries and some donors”

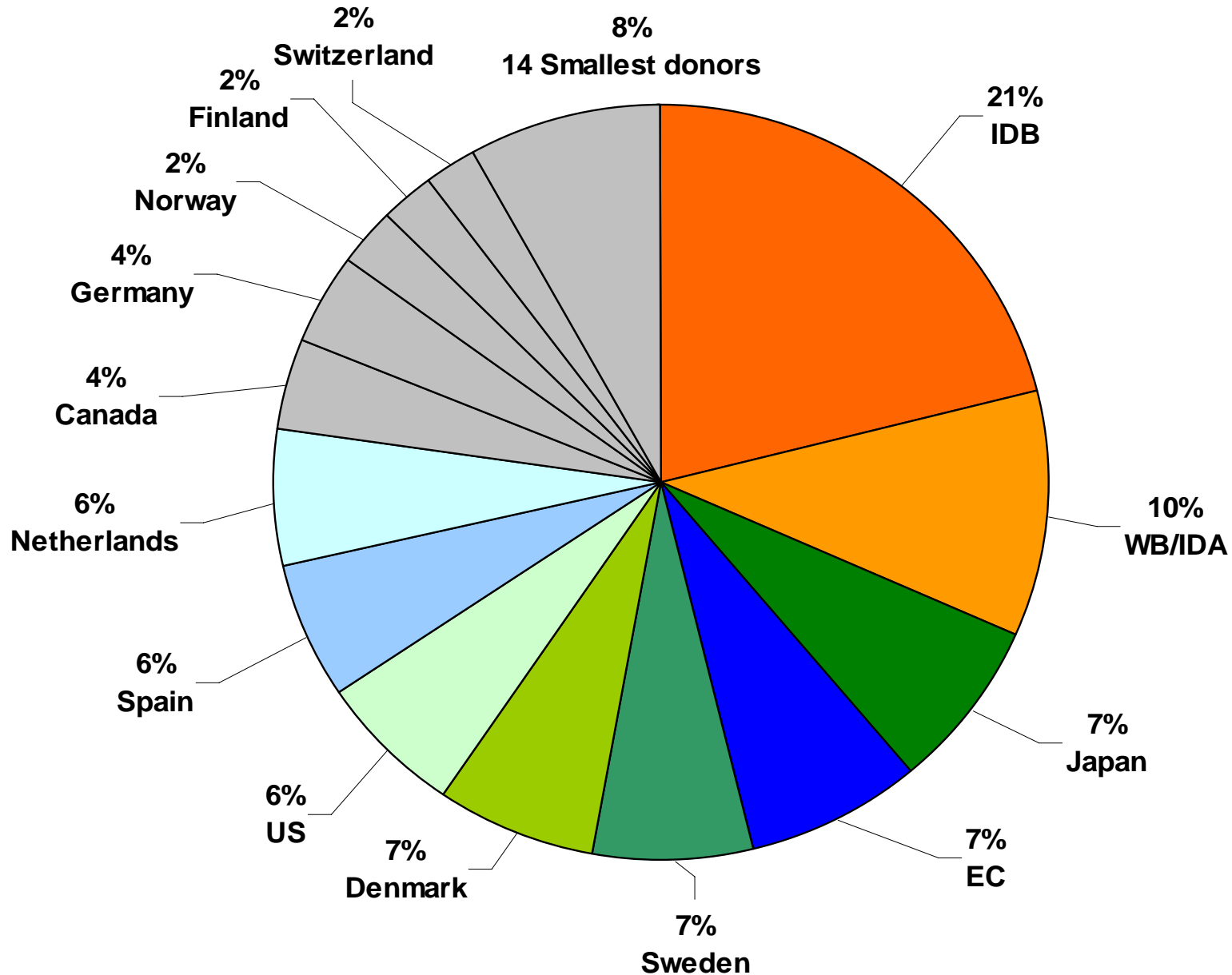


Is aid cost effective?

10 453 missions in 34 countries in 2005



Aid fragmentation in Nicaragua



Ethiopia : Which Donors are in Which Sectors?

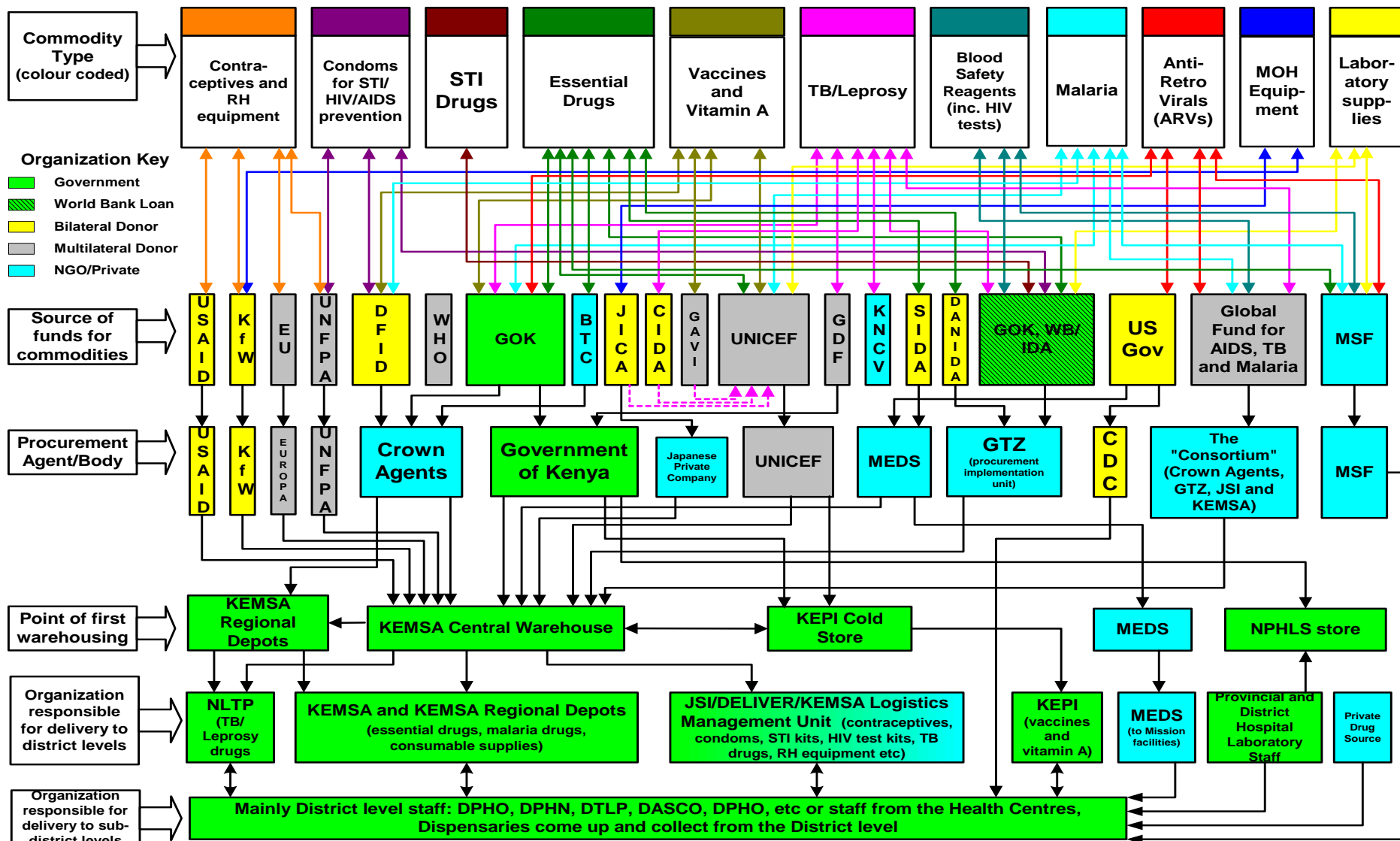
	Agri		Child		Educ		Env		Gender		Gov		Health		HIV		Infra		Mining		Pastoral		Popul		Regio		Tourism		Trade		Urban		Youth		TOTAL BILAT	TOTAL MULT	
	B	M	B	M	B	M	B	M	B	M	B	M	B	M	B	M	B	M	B	M	B	M	B	M	B	M	B	M	B	M	B	M					
AfDB	B	M			B				B			M	B				B	M																	6	3	
Austria	B										M	B	M			B																			3	2	
CIIDA	B	M									B	M	M																						2	3	
DFID		M				M	M				B	M	M		M		M			B															2	7	
EC	B	M	B		B	M	B			M	B	M	B	M	B		B	M			B														10	6	
Finland					B						B					B																			3	0	
France		M	B		B		B		B		B			M		M	B			B				M	B		B		B		B				12	4	
Germany	B	M			B	M					B						M											B		B	M				5	4	
Ireland	B	M							B	M	B	M	B	M	B	M								B	M											6	6
Italy	B	M	B		B	M				M	B	M	B	M	B	M	B								B	M										9	7
IFC	B				B		B				B	M	B				B												B	M					7	2	
Netherlands	B	M			B	M	B		B	M	B	M	B	M	B	M							B	M												9	8
Norway	B	M					M	B			M					B		B			B															5	3
Spain		M				M			B	M				B	M																					2	4
Sweden	B	M	B		B	M			B	M	B	M	B		B											M										8	5
UNDP	B						B		B	M	B	M				M																				5	3
USAID	B	M			B		B				B	M	B		B	M					B		B				B									10	3
WFP	B	M			B	M	B	M	B		B		B	M	B		B	M			B		B		B		B									14	6
TOTAL BILAT	14	14	4	0	11	8	7	3	9	7	14	14	11	10	8	7	9	5	0	0	6	0	4	3	3	2	3	0	11	2	3	1	1	0	TRUE	TRUE	

B = Bilateral project ■ = Sector has > 5 donors with bilateral projects / Donor has bilateral projects in > 3 sectors.
M = Multidonor programme or budget support
 = Missing data **NB** DFID's bilateral involvement is in food security rather than agriculture in the broader sense.

At sector level: Procurement chain of donors in health in Kenya

Commodity Logistics System in Kenya (as of April 2004)

Constructed and produced by Steve Kinzett, JSI/Kenya - please communicate any inaccuracies to skinzett@cb.jsikenya.com or telephone 2727210



2. Framework: EU Code of Conduct



The European Consensus on Development

December 2005

Code of conduct: Guiding Principles (1)

- **GP** (Guiding principle) **1**:
 - **maximum of three sectors in-country** (+ GBS, support for civil society, education scholarships)
 - **comparative advantage** of each donor self assessed, endorsed by partner government and recognised by other donors
 - **partner countries to identify** areas for increased or reduced support and **which donor to remain engaged in sector**
 - **long term engagement** in sectors

Code of conduct: Guiding Principles (2)

- **GP 2: redeploy funds in country** based on local negotiations (either use delegated cooperation, or redeploy into GBS, or exit responsibly redeploying funds in 3 priority sectors)
- **GP 3:** in each sector establish **lead donor** for all donor coordination to reduce transaction cost of government
- **GP 4: Delegated cooperation** arrangements
- **GP 5:** in priority sectors relevant to poverty reduction **ensure adequate EU donor support**

Code of conduct: Guiding Principles (3)

- **GP 6:** Apply principles to **regional level**
- **GP 7:** **limited number of priority countries**
- **GP 8:** **address 'orphans' gap** (often fragile states)
- **GP 11:** **deepen reform:** decentralised structure, institutional incentives and redeployment of financial and human resources

Guiding principle 4: Delegated Cooperation

“If a given sector is considered strategic for the partner country or the donor, **EU donors may enter into a delegated cooperation/** partnership with another donor and thereby **delegate authority** to the other donor to act on its behalf **in terms of administration of funds** and / or **sector policy dialogue** with the partner government. [...]”

3. Tools

Main steps

- 12/2007 and 05/2008: **new legal framework** for EC development cooperation
- 05/2008: Council called for further efforts to **fast-track division of labour**
- 05/2008: Commissioner Michel's proposals for **more delegated cooperation**
- 01/2009: **toolkit** for division of labour; **AIDCO Action Plan**

EC Legal framework

Entity	Management mode	Legal instruments	Procedures
1. international organisation	joint management	standard contribution agreement	procedures of the international organisation
2. public or public service mission	indirect centralised management	delegation agreement	choice between the EC rules or that of the delegated body
3. beneficiary country	decentralised management	financing agreement	choice between the EC rules, that of the beneficiary country or that of other donor
4. European Commission	N/A	transfer agreement	Commission's rules

EC Approach as delegating donor: required assessment

- **Art 56 assessment approved (6):** ADA (Austria), BTC-CTB (Belgium), AfD (France), KfW & GTZ (Germany), SONA (Netherland Antilles)
- **Assessment started (8):** Danida (Denmark), MoFA Finland, FCI (France), Lux-Development (Luxembourg), MoFA Netherlands, IPAD (Portugal), Sida (Sweden), DFID (United Kingdom)
- **Other potential (~ 28):** EU MS institutions: public or public-service mission , national or federal level, specialised in technical or financial development cooperation, implement cooperation activities without subcontracting entire programmes or projects to other entities

EC principles for delegated cooperation (1)

- Agreement by **partner country**
- **Two or more donors** have agreed to fund partner country program
- For EC participation: **within its strategies and programming**
- One of the donors has **technical and financial management capacity** and **will to lead**
- Fund managing donor ensures **continuous presence in programme sector**

EC principles for delegated cooperation (2)

- Ensuring **political visibility** and **impact** of **EU** actions
- Quantifiable **efficiency** gain and **reduced transaction costs** for partner countries
- **Large programmes** and not part of a project identified by another donor
- **Appropriate visibility** of each of involved donors ensured
- **Reciprocity**: not one way only; however not on case by case basis

Fast Tracking Division of Labour (1)

- May 2008: EU Council called for further efforts **to fast-track division of labour** in partner countries
- **30 partner countries** selected
- Implementation should respect **local decision-making processes**
- Key drivers: **solid political will** and a **resolute engagement** of the highest decision-making levels in donor headquarters
- **Germany** and **COM** responsible for **overall coordination** at HQ level

Fast Tracking Division of Labour (2)

Current country list

(in brackets lead facilitating MS if existing)

- **Latin America:** Bolivia (DK, **ES**), Nicaragua (**EC**), Haiti (**ES**)
- **Asia:** Bangladesh (**EC**, NL), Cambodia (DE), Laos, Mongolia, Vietnam (**EC**)
- **Europe:** Albania (IT, SE), Kyrgyz Republic (UK), FYROM (SL), Moldova
- **Africa:** Benin (FR), Burkina Faso (DE), Burundi (NL), Cameroon, Central African Republic (FR), Ethiopia (**EC**), Ghana (DE), Kenya (DK), Madagascar, Malawi, Mali (FR, NL), Mozambique (**EC**), Rwanda (UK), Senegal, Sierra Leone, Tanzania (**EC**), Uganda, Zambia (DE)

Division of Labour: Action Plan AIDCO

- **Engagement** with other donors and partner countries **through OECD/DAC process**
- Further sector **concentration** of EC programmes through **Mid Term Review**
- Action **plans for 6 countries** where EC is leading
- EU DoL network and regular **technical seminars**
- **Regional seminars** with MS
- Targeted **training** for Geo-Coordination
- In-country **support missions**

4. State of play

Fast tracking monitoring (1)

- 21 countries monitored



- Donor **mapping** and **self-assessment** of comparative advantage well under way
BUT: sometimes only provide general or superficial data
- **Lead donor arrangements** in place
BUT: seem to vary across countries and sectors

Fast tracking monitoring (2)



- **Lack of ownership by partner country** (political environment, fear of aid reduction and donors' ganging up)
- **Reluctance** by all donors to concentrate on **fewer sectors**
- Reluctance by **non-EU-donors** (UN, WB, Japan, US)
- Delegated cooperation in its infancy
- HQs sending **contradictory signals**

Delegated cooperation in practice

Overview at beginning of April 2009
(**still work in progress**)

- **44 in pipeline** at different stages (31 delegation agreement & 13 transfer agreement): some will not be finalised
 - Preliminary discussions with partner: 13
 - Identification fiche prepared: 9
 - Financing proposal prepared: 2
 - Financing decision taken: 4
 - Delegation or Transfer Agreement signed: **2**
- Africa: 29; Asia: 7; Latin America: 4

5. Challenges

Challenges (1)

- **In-country** division of labour
 - Increase Partner Country **ownership**
 - Increase **information sharing** between donors (in particular: reliable donor mapping and comparative advantage)
 - Increase **EU dialogue / coordination** on division of labour (too often: political choice and not a decision towards an effective development)
 - **Agree on road map** for DoL (e.g.: donor JAS)
 - **Ask for HQ support**: problem solving workshop, guidance, decision making

Challenges (2)

- **International (or cross-country)** division of labour
 - **Big gap** between (general) concepts and reality on the ground : necessity to fill the vacuum in the current dialogue on what the geographical concentration of donors implies in practice
 - **Decision taken in isolated way, based on other considerations** than fight against poverty or aid effectiveness (trade interests, energy security, migration flows...)
- **Use delegated cooperation** if it is to facilitate a real and wider DoL process (**and not as ad hoc modality**)

Challenges (3)

Specifically on Delegated cooperation

- Delegated cooperation as part of wider division of labour
- Communication with partner country
- Too small scale; only two donors
- Balance in contribution of leading and delegated
- Legal formulation of templates → Treaties NL/UK
- Administrative costs and fees

Challenges (4)

For the Spanish Presidency

- A **coordinated approach** on Division of Labour with **Swedish** (2nd half 2009) and **Belgian** (2nd half 2010)
- **Report to the Council** on progress on Division of Labour in May 2010
- Fast tracking: **improve the linkages between capitals and field**
- Delegated cooperation: an **common EU approach?**