The Paris Declaration of 2005\(^1\) recognises that excessive fragmentation of aid at the global, country and sector level is a major impediment to its effectiveness. It calls for “more effective division of labour” as a solution to this problem. Division of labour refers to streamlining and co-ordinating donors’ assistance, for example by reducing the number of active donors in each sector, area or topic or the number of sectors, areas or topics focused on by any one donor in a given partner country. Donors are urged in the Paris Declaration to specialise in areas where they have a comparative advantage and to work collaboratively, for example through programme-based approaches\(^2\) and delegated co-operation. The Paris Declaration recognises that a pragmatic approach to division of labour by donors and partner countries stands to increase complementarity, improve alignment, and reduce transaction costs.

The following eight good practice principles on country-led division of labour and complementarity were approved by the Working Party on Aid Effectiveness at its meeting on 1 April 2009. They were first developed and discussed during a workshop in Pretoria (4-5 February 2008), which included representatives from partner and donor countries, and were further refined by the Task Team on Division of Labour and Complementarity. The text accompanying the principles\(^3\) received further input from:

- the preparatory events for the 3rd High Level Forum (HLF 3) organised by the regional development banks and UNDP;
- the Roundtable 3 on Harmonisation at the HLF 3;
- a discussion forum on the draft good practice principles with broad participation from partner countries in Paris at the meeting of the Working Party on Aid Effectiveness in November 2008; and finally from
- the Working Party on Aid Effectiveness, whose members were invited to comment until 31 January 2009 on the good practice principles.

The term “partner country” is used throughout the document to encompass central government, parliament, local governments, CSOs, research institutes, media and the private sector. This is in line with the definition given in the Accra Agenda for Action.

The good practice principles were submitted for information to the Working Party on Aid Effectiveness for its meetings in July and November 2008. The OECD-DAC Global Forum on Development meeting, in December 2008, also emphasised the importance of moving forward on division of labour and suggested several practical steps to be taken which are now reflected in this document.

This consultation process has ensured that the principles have evolved as practical, inclusive recommendations and that they gained broad acceptance prior to their discussion at the HLF 3. The Accra Agenda for Action\(^4\) 2008 recognises the importance of division of labour, recommends the completion of the good practice principles and states that, “The effectiveness of aid is reduced when there are too many duplicating initiatives, especially at country and
sector levels. We will reduce the fragmentation of aid by improving the complementarity of donors’ efforts and the division of labour among donors...” (§ 17).

The principles therefore come under the framework of the commitments made in Paris and Accra and are designed to be advisory and informative in nature. They summarise emerging standards of good practice in a normative form, as well as hypotheses for further study and analysis. For division of labour to be effective, a tailored, country-specific approach is essential. The principles serve to give guidance to such an approach and should be selected from and adapted as necessary to fit specific in-country contexts.

In a number of partner countries, country-led division of labour processes have already been agreed and are being implemented, either collectively or by a limited group of stakeholders. In addition, some donors have signed up to their own division of labour guidelines, such as the EU’s Code of Conduct on Complementarity and the Division of Labour in Development Policy, or to joint programming initiatives such as the UN’s Development Assistance Frameworks or the Joint Country Assistance Strategies. Cross-country division of labour commitments and activities are also being developed in some areas. The principles below should therefore be seen to complement and build on, rather than to duplicate or replace such existing agreements and commitments, providing practical ideas to facilitate their implementation.

These principles, once adopted by the Working Party on Aid Effectiveness, should also be seen as open to revision and adaptation in due time in light of the experiences in applying them.

The principles apply to in-country division of labour only. The challenges of cross-country division of labour are beyond the scope of this document but they are nevertheless acknowledged and will form the subject of future analysis.
Partner countries committed themselves under the Paris Declaration to articulate their national development strategies and priorities. The participatory development of such strategies and priorities, duly approved by national parliaments, is an essential ingredient of national ownership of aid. Governments should also take the lead in initiating, catalysing and overseeing the division of labour process, given that this will decide how donors provide support to the implementation of the national development strategy. For example, it is recommended that Governments provide clear views on donors’ comparative advantages and the appropriate lead donors for different sectors/areas or topics. However, where Governments wish to delegate this work to other parties such as donors, this should be recognised as their right and respected by all stakeholders. Where a country is in a state of fragility, it may be appropriate for local government, civil society or donors to facilitate the division of labour process.

In particular, partner governments need to ensure that parliaments and all other relevant stakeholders – for example local authorities, civil society, and the private sector – participate in the division of labour process, taking account of their views, utilising their expertise and gaining their buy-in in order to ensure that the actions subsequently initiated are inclusive, practical and sustainable. Donors should contribute to building the partner governments’ capacity in this regard.

Donors are committed under the Paris Declaration to align their assistance with national development strategies, while at the same time honouring commitments made to over-arching development targets (such as the Millennium Development Goals) and to address cross-cutting issues such as human rights, gender equality and environmental sustainability. Donors should therefore respect partner countries’ leadership of the division of labour process. If a lead donor option is chosen, donors should co-operate with that lead as defined and agreed in the country context and vest the necessary authority in that donor. A lead donor, in turn, will fully consult with all other donors, drawing consensus to the maximum extent possible, and identifying any points on which consensus cannot be reached. A lead donor will facilitate and co-ordinate the dialogue between the donor community and the partner country.

For division of labour to be effective, it should observe commitments on predictability. This is in line with the Accra Agenda for Action which commits donors to provide “regular and timely information on (donors’) three- to five-year expenditure and/or implementation plans”. It is therefore recommended that to the extent possible, the terms of donors’ commitments mirror the period of the national development strategy. At the same time, both Governments and donors recognise that priorities on either side may change as an outcome of democratic processes. Where such changes lead, for example, to a donor wishing to alter its priorities for involvement, this should be done in a staged and managed way in order to ensure the minimum possible disruption to the overall support provided to the country in question.
By rationalising their activities, while at the same time linking them up with the work of other donors behind an agreed government strategy, donors and partner countries stand to:

- Achieve more by gaining economies of scale as they concentrate their resources on a restricted number of sectors/areas as opposed to spreading their resources thinly over many different activities, each with its own overhead costs.
- Achieve better results by concentrating their active work (i.e. the projects and programmes that they manage themselves) on areas where they have particular expertise, thus doing more of what they do best.
- Achieve better results in sectors, areas or topics where they are not specialists by delegating their work to donors who do have expertise, thus becoming a silent partner.
- Eliminate overlap and duplication through concentration and address neglected sectors, areas or topics.
- Reduce the administrative costs to the partner country by limiting the number of different programmes, donors, agreements, ways of working, conditionalities, meetings, missions and reports that the latter has to deal with in any given sector, area or topic.
- Facilitate informed management decision-making by making it easier to ascertain exactly what is going on – who is doing what, where, how and why and what results are being achieved. This simplification aids all stakeholders to play a fuller role in participatory and public decision-making.  

Reflecting the above, early evidence indicates that division of labour has the potential to bring savings in both human and financial costs as better use is made of the overall resources provided by donors to a given country. In accordance with Principle 6 below, there is a strong bias towards retaining any human and financial savings from a rationalisation within the country concerned to be utilised for additional efforts towards implementing the national development strategy and for delivering on agreed international and regional commitments and goals.
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PRINCIPLE 3: Optimal Use of Development Resources

“Partner countries and donors should commit to avoiding duplication and fragmentation and ensuring the optimal use of development resources in the locations, sectors and thematic areas where they work and in the aid modalities through which they channel their assistance.”

A statement of intent by the partner country and donors (including headquarters as appropriate) addressing the objectives at the outset of a division of labour process can help to guide further work.

A key first step in the division of labour process is mapping of the existing situation in terms of all donors’ current engagement, perceived comparative advantages (and the justifications for these), programming cycles and preferred future lead, active and silent roles. A peer review of claimed comparatives advantages and intended future lead, active and silent roles can then follow.

A key issue is the definition of what constitutes a sector, area or topic. A pragmatic approach is called for and one based on the definitions used in the national development strategy is recommended. Cross-cutting issues such as human rights, gender equality, social aspects and environmental sustainability can be treated separately or in an integrated way with the other sectors, areas or topics. The identification of clear responsibilities for the partner country and for donors is recommended in order to monitor these cross-cutting issues and their adequate consideration in the division of labour process. Lead donors should be asked to assure that cross-cutting issues receive due consideration.

Where lead donors arrangements are to be established, clear roles and criteria need to be agreed prior to finalising which donor will lead in each sector/area. This is especially important given the sensitivity of the lead donor role which implies leading policy dialogue with government and other partner country development actors – it is essential that the roles and ways of working established ensure that other donors’ voices are fully heard and that their views and interests are taken into account. These roles and criteria should draw on existing work such as the definitions supplied in the background papers for Roundtable 3, on Harmonisation, at the HLF 3 in Accra. Roles may differ in the same country depending on the area, sector or topic concerned.

Vertical initiatives such as global funds should also be considered in division of labour work. They should be full participants in any division of labour process. Therefore, such initiatives and funds should also be represented in the relevant partner country-donor co-ordination mechanisms in the countries where they operate.

A division of labour process may lead to donors exiting from certain sectors, areas or topics. Particular attention should be paid to ensuring that such exits are executed in a responsible, mutually agreed, staged and transparent manner so as not to leave gaps or cause unpredictability in aid flows. Division of labour arrangements should not lead to donors offering a partner country only a single, undesired option for aid delivery in any one sector, area or topic.

Reliable, updated, easy-to-use management information systems are vital to facilitate the division of labour process, as they can alert partner countries and donors to overlaps and gaps while also helping to increase the visibility of work, the transparency of aid and the accountability of donors and governments to citizens, tracking progress against promises. It is therefore recommended that governments and donors invest in creating search able on-line databases of on-going and planned
work. Many examples are already available online and new systems should build on the experience of these. Systems should be designed so as to strengthen the data system the government already uses and integrate donors’ initiatives into national development programmes and multi-year expenditure frameworks, for example by requiring that the data for each initiative includes information on its fit with relevant national strategies and policies and its contribution to the national budget.

Existing national co-ordination structures between partner country and donors generally are the best option for taking division of labour forward, capitalising on their legitimacy and momentum, as opposed to establishing new platforms. For example, it can be envisaged that the lead donor for a sector co-chairs (with partner country representatives) the relevant sectoral working group in the national co-ordination structure. It may still be useful however to establish for example a body made up of representatives from government, donors and civil society to advise and support the co-ordination structure in taking forward its division of labour work.

It may be beneficial that division of labour be integrated with other aid effectiveness measures in order to form a coherent package of initiatives which serves to meet the commitments made in the Paris Declaration and the Accra Agenda for Action without creating bureaucratic structures that deter progress instead of promoting it.
It may be anticipated that donors or the partner country do not initially agree on certain division of labour issues, for example on who should be a lead donor in a particular sector, area or topic or on where a particular donor’s comparative advantages lie. Negotiation, pragmatism and flexibility are therefore essential components of the division of labour process. Negotiations must take place in a transparent, mutually-inclusive manner and should involve civil society and the private sector wherever this will add value; the co-ordination structure between partner country and donors may be used as the platform for such discussions.

The specific country context, the partner country’s preferences, and each active donor’s mandate and current portfolio should all be taken into account during negotiations. For example, any timetable for sectoral re-allocation must take account of the constraints present in terms of existing commitments - most donors have fixed programming cycles and so it is only possible for them to substantially alter their involvement at the beginning of a new programming period. Donors’ staffing must also be considered as sectoral re-alignment may well call for changes. In accordance with the key contents of Principle 2 on comparative advantage and complementarity, parties concerned with division of labour in a country may wish to increase exchange and pooling of donors’ skills and expertise. Such exchanges may be one means of donors helping to develop the capacity of new and emerging donors when requested. Given the commitment to country ownership made by donors, country preferences must take priority in these processes.

Pragmatic and flexible solutions as opposed to blueprints are vital, guided by the overarching principle of making development activities more efficient and effective so that they cost less and deliver more. This implies that donors’ headquarters delegate sufficient authority to their field offices to take, and follow, decisions on sectoral concentration and to adjust these in line with in-country developments, i.e. to be given an empowered negotiator role.

Good communication between donors’ headquarters and their field offices is also essential to ensure a common position so that commitments made in-country are not later challenged or reversed by capitals.
PRINCIPLE 5: Capacity Development

“As division of labour aims at more effective use of aid, donors should commit to harmonise and better co-ordinate their support for capacity development for overall aid management by the partner country.”

One of the key objectives of division of labour is to improve aid management and to ensure that such management, along with the overall oversight of aid, rests in national as opposed to donor hands. Where such national capacity for managing aid is not yet present in a partner country, donors should seek to build it in order to ensure the sustainability of division of labour.

Supporting the development of on-line management information systems, as mentioned above, is one effective way to build partner country capacity for managing and tracking aid. The establishment or reinforcement of a formal partner country-donor co-ordination structure with sectoral, area or topical working groups can also help to meet this goal while facilitating and entrenching the division of labour process. Such working groups are generally the means by which programme-based approaches are co-ordinated. Representatives from civil society and the private sector should also be included in such working groups wherever they add value.¹⁴
As outlined above, division of labour may involve the withdrawal of donors from some sectors, areas or topics and a decrease in the number of individual stand-alone programmes and projects. This can understandably lead to concerns in-country about overall aid volumes decreasing. Donors should therefore be especially careful to ensure that “new arrangements on the division of labour will not result in individual developing countries receiving less aid”…\(^\text{15}\) (§ 17a). This point is explicitly recognised in the Accra Agenda for Action.

On this basis and in accordance with \textit{Principle 2}, there is a strong bias towards re-allocating financial resources which are withdrawn from one sector, area or topic into another sector rather than withdrawing them from the country. They can be utilised for additional efforts towards implementing the national development strategy\(^\text{16}\) and for delivering on agreed international and regional commitments and goals.\(^\text{17}\)

Multi-year assistance commitments made in bilateral agreements between a country and each of its donors (rolling three- to five-year forward expenditure and/or implementation plans, AAA, § 26) serve as the basis for discussion on the impact of the division of labour process on aid volume. Normally, these commitments are publicly available in a management information system if the country uses one.

It is expected that as more aid may be channelled through programme-based approaches the overall amount of “active aid”, \textit{i.e.} which is spent on actual implementation rather than on overheads and administration, should increase. The division of labour process has shown preliminary results of better co-ordination, with overlaps eliminated and gaps plugged, and therefore an increase in the volume of effective aid. In this way the process is expected to lead to the quantity of aid being at least maintained while the quality is raised.
PRINCIPLE 7: Monitoring and Evaluation

"Partner countries and donors should monitor and evaluate the added value of division of labour.

Monitoring and evaluation of the added value of division of labour can help to increase momentum, raise buy-in for the process and, at the same time, act as a guide to where further efforts are needed by highlighting problems and costs. For this purpose, adequate methods and indicators should be developed.

As far as possible, the measurement of these indicators should be undertaken using existing structures and systems in order to avoid creating new layers of bureaucracy. Including division of labour in existing monitoring, evaluation and accountability mechanisms also serves to further mainstream and legitimise the process.
Experience has shown that a successful division of labour process needs to engage politicians, national and regional legislative bodies, civil society and the private sector. On the donor side, commitment from headquarters is vital. These stakeholders need to be informed of intentions and progress from the outset and their support and endorsement gained to move forward. Their views and experience should also be used to inform and enrich the process.

Suggestions for implementation of this principle include:

- A public launch of the process by the partner country, donors and other stakeholders is suggested in order to gain momentum, increase transparency and exert a degree of peer pressure upon all parties to meet the commitments made. This launch should present a timed action plan encompassing the concrete steps to be taken, results expected and should subsequently be used to provide mutual accountability.

- As the process is rolled out, the results achieved should be communicated clearly and effectively by governments and donors with the agreed indicators used to monitor progress. Gains should be quantified and expressed in monetary terms wherever possible. A dedicated communication strategy, designed and overseen by governments and donors is recommended in order to achieve this.
2 Programme-based approaches can also include budget support.
3 The text accompanying the principles is based on evidence and assumptions to be tested.
4 http://www.oecd.org/dataoecd/58/16/41202012.pdf
5 It should be ensured that this process takes full account of new and emerging donors and seeks to leverage the particular expertise and innovation that they can offer.
6 Accra Agenda for Action http://www.un.org/millenniumgoals
7 This is in line with commitments made by donors and partner countries to improve predictability and transparency as affirmed in the Accra Agenda for Action (§ 24 and 26).
8 This term includes the overarching poverty reduction strategy of a country as well as sector, geographic, local government and thematic strategies in addition to work carried out by CSOs and community-based initiatives.
9 This refers to international development goals such as the MDGs, human rights standards and principles, and 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.
10 A menu of potential sources of comparative advantage can usefully be provided to donors to guide their justifications.
11 Lead donor arrangements should be sector / area specific and in some cases more than one lead donor may be required for a sector / area with tasks divided between them.
13 http://www.aidinfo.org/aid-information/information-resources
14 For further information on programme-based approaches, see also results of Roundtable 8 Enhancing Results by Applying the Paris Declaration at Sectoral Level of the Accra HLF.
15 AAA, § 17 (a)
16 This term includes the overarching poverty reduction strategy of a country as well as sector, geographic, local government and thematic strategies in addition to work carried out by CSOs and community-based initiatives.
17 This refers to international development goals such as the MDGs, human rights standards and principles, and 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.