



Thematic Session on Managing Fragmentation

4th High-Level Forum on Aid Effectiveness

Busan, Republic of Korea

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BEXCO Centre

I. Key objectives

An increasing number and diversity of stakeholders invest in development at the country level, contributing financial resources, capacity building and knowledge to achieve development goals. At the same time, the proliferation of donors at the country and sector levels pose critical challenges to the effectiveness and impact of development co-operation due to often fragmented efforts.

This fact was acknowledged in the Paris Declaration (2005), which called for a pragmatic approach to the division of labour to increase complementarity and decrease transaction costs. The scope was broadened to international division of labour across countries in the Accra Agenda for Action (2008), also committing donors to use existing channels for aid delivery before separate new ones are created.

Despite these commitments, fragmentation – or the growing number of donors contributing relatively small volumes of aid – continues to increase in all regions except the Americas. On this basis, the objective of the thematic session was to define and initiate new priority areas for collective action, while engaging a broad partnership of actors.

II. Moderators and participants

Moderator: **Ms. Alison Evans**, Overseas Development Institute

Panellists:

- **Mr. Brian Atwood**, Chair, Development Assistance Committee, OECD
- **Mr. Friedel Eggelmeyer**, Director-General, BMZ, Germany
- **Ms. Maria Kiwanuka**, Minister of Finance, Planning and Economic Development, Uganda
- **Mr. Kosti Manibe Ngai**, Minister of Finance and Economic Planning, South Sudan
- **Mr. Ronald Nkusi**, Director, External Finance, Ministry of Finance and Economic Planning, Rwanda
- **Mr. Vincent O'Neill**, Director of Policy, Planning and Effectiveness, Irish Aid – Department of Foreign Affairs, Ireland.
- **Ms. Lidia Fromm** for **Mr. Julio Raudales Torres**, Minister of Planning and Development Co-operation, Honduras
- **Mr. Michael Von der Schulenberg**, Executive Representative of the Secretary General and Head of the UN Integrated Peacebuilding Mission in Sierra Leone (UNIPSIL), on behalf of the UNDG
- **Mr. Serge Tomasi**, Co-Chair G20 Development Working Group; Director of Global Economy and Dev. Strategies, Ministry for Foreign Affairs, France

III. Key issues

- Despite efforts and joint initiatives, fragmentation continues to increase, but given that aid allocations are not static, there is always a window of opportunity to address this problem. Some political incentives for doing so include global commitments, peer reviews and institutional processes that engage actors around common initiatives. Trends in multilateral aid show a



proliferation of overlapping multilateral programmes and trust funds, also pointing to the incoherence of the system.

- Partner countries (Uganda, Honduras, Rwanda, South Sudan) reaffirmed the fact that aid comes in too many small slices from too many donors with different conditionalities, creating high transaction costs and making it difficult for partner country governments to own and manage their development.
- Partner countries familiar with donor exits insisted on the “disconnect” between headquarters and country offices and the importance of considering the non-financial relationship with donors, especially with regards to governance and human rights.
- The Government of Rwanda explained how they led the division of labour process in their country backed by the political commitment founded on the country’s medium-term development strategy. They initiated the process by evaluating the number of donors in crowded sectors and limiting the sector investment from donors on the basis of criteria (experience in the sector, volume of resources, donor mandates). Throughout the process the GoR used a matrix to negotiate priorities and to secure political buy-in.
- Ireland spoke of its presence in fewer than 20 countries, mostly in sub-Saharan Africa and indicated that this concentration made both political sense (parliamentarians demanded rationalisation) and economic sense, but required strong country leadership and good co-operation structures with other partners. They argued that the centralised structure may actually limit the “disconnect” between headquarters and country offices since decentralised structures may give the impression that the country office has more authority than is actually the case.
- Bilateral donors are also responsible for the incoherence of the system. They have country-level programmes, and simultaneously fund global funds, the UN system, trust funds and MDBs and these channels can undermine each other.
- To give an example of fragmented efforts in Sierra Leone, 32 different strategy documents written by UN entities, bilateral donors and the government were consolidated into a single joint strategy called “Agenda for Change” jointly written by all actors in-country.
- France raised the question of global coherence given that each donor uses different allocation keys, leading to a situation of under-aided countries. EU joint programming was discussed as a response to aid fragmentation to deliver more efficient, coherent and visible aid
- The South Sudanese minister threw into relief the challenges faced by a new and fragile state. Speaking of the legal requirement that all government expenditures are recorded on budget, and the tension this creates with donors who want to find a way around this, he indicated the problem his government faces in terms of accountability and political manoeuvring since a project for a certain constituency may not be on budget.

IV. Main conclusions and possible next steps

Panellists and the moderator referred to possible steps forward in their conclusions:

- Set country-level indicators that monitor proliferation and the sector division of labour;
- Make more use of pooled mechanisms and joint programming;
- Greater transparency on the part of donors (including NGOs) on volume and conditionalities;

There was general consensus that many of the technical complications are known, as are some of the solutions. Now was the right time to move this agenda forward with political will. Finally, the moderator highlighted how development partners need to respect that just as they choose to concentrate on certain countries, partner countries have the right to choose their friends and how many of them!