



Embassy of the
Federal Republic of Germany
Accra

Joachim Schmitt
Counsellor Development Cooperation



**Presentation on Division of Labour (DoL)
for the Consultative Group / Annual Partnership Meeting on June 30, 2008**
(Final draft as of June 28, 2008)

Joint Presentation on behalf of G-JAS-partners:

Main Focus: DoL, added by some remarks on the Ghana Aid Policy

Division of Labour:

1. Agreed in Paris Declaration on Aid Effectiveness and Ghana-Joint Assistance Strategy

2. **Rationale** behind Division of Labour Exercise:
 - a) Better Alignment with GoG-Priorities, as outlined in country and sector plans - no over or under funding of sectors; also improving predictability of donor engagement and funding;
 - b) Strengthen joint dialogue and communication between Government and DP's;
 - c) Create bigger programmes and benefit from economies of scale;
 - d) all of the above leading to reduction of transaction costs.

3. **Process so far:**
 - a) DP's took initiative after last year's CG/APM to start the process; GoG/MoFEP was always informed and agreed that DP's take process forward;
 - b) DoL-Survey amongst DP's to get full picture of sectors supported (aligned to GPRS II focal areas), aid instruments used, disbursements planned and future plans to change instruments or to withdraw from sectors was conducted;
 - c) Between February and May a local external consultant, based on jointly agreed ToR, met with MoFEP, all heads of Cooperation, all MDA Counterparts of the existing Working Groups as well as with 14 Sector Working Groups (exceptions: M&E, Harmonization and Aid Effectiveness and MDBS) to review the current status of DoL in Ghana – Draft Report is part of the CG documentation;
 - d) First meeting on Draft Report took place in MoFEP, but there hasn't yet been time to discuss findings in more detail in a Stakeholder Workshop nor to agree jointly on next steps.

4. **Main findings:**

- a) There seem to be **two ways to make progress on DoL:**
 - i) improve the way how we work with each other and/or
 - ii) agree on the number of active partners in each sector based on sector needs and adequacy and effectiveness of DP response;
- b) **In both areas processes are ongoing and we have already made progress over the last few years:**
 - i) In many (but by far not all!) sectors, GPRS II and sector policies provide a good frame for DP's support, Sector-Wide Approaches have been developed, pool- or basket funding arrangements are in place or new sector budget support programmes have been developed – these frames provide a good basis for targeted and aligned DP-support;
 - ii) Due to the G-JAS, better information sharing, e.g., through the annually updated DP-Resource Envelope, the work of Sector Groups and for a number of DP's general instructions from headquarters to concentrate on less sectors or to agree on silent partnerships, the overall number of DP's is slowly coming down in many sectors and the size of individual projects/ programmes is increasing.
- c) At the same time, the draft report highlights a number of **challenges and deficiencies:**
 - i) The current architecture of Sector Groups doesn't cover all GPRS II Focus areas; employment is one prominent example which is not clearly located in any of the groups;
 - ii) Some GPRS II Focus Areas receive little or no support, among others important areas such as Urban Development and Population Management; in general alignment with resources and GoG priorities needs to be discussed further;
 - iii) Even within Sector Groups, not all DP-activities are covered; in a number of cases it was difficult to align (especially cross-cutting) DP-activities to sectors; there still is a challenge to get a full picture, agreed by all, who does what and where.
 - iv) There is still an average of 12 DP's in each sector working group (with 6 DP's being the lowest number in PSR and 16 the highest in Agriculture);
 - v) The level and quality of aid coordination and the aid instruments used vary significantly from sector to sector;
 - vi) There are big differences in the way the sector working groups operate with respect to participation, leadership, internal structure and level of harmonization, e.g. expressed through joint programming or missions;
 - vii) The capacity of some MDAs in planning, costing and implementing activities is limited and the accuracy of Medium Term Expenditure Framework needs to be developed further;
 - viii) Overall, the aid architecture, the allocation of resources and the alignment to GoG priorities often seems to be rather the result of a number of historic developments and individual decisions rather than the outcome of an at least mainly GoG driven and structured process.

5. **Some (preliminary) lessons drawn from these findings**

- a) While DoL is an already ongoing process in Ghana there is a lot of potential to speed up the process and to achieve better results through a more coordinated and actively driven process – from our point of view GoG needs to be in the driver seat to achieve optimal results;
- b) There is no blue print for DoL: the sectors involved vary in their nature (some clearly defined, others overarching) and in the level and kind of DP-support needed; on the other side, DP's have different levels of financial engagement in Ghana and have different strengths across various criteria; we also need to distinguish between different types of involvement in a sector, e.g. along lead, active, background or silence partners;
- c) Therefore, DoL should be the result of actively taken political decisions: DP's should focus and specialize to build comparative advantages; the number of sectors for each DP should be related to the overall volume of aid provided and DoL should not reduce aid recourses, but rather balance it better and more focused aligned to GoG priorities;
- d) Besides looking at numbers of DP's in certain sectors and their level of engagement, DoL can also be more effective by working further on SWAP's and strengthening the aid coordination structures;

6. **Open issues:**

There are various issues that should be addressed, many of which have clear and close interlinkages with the Ghana Aid Policy.

To mention a few:

- a) Joint agreement on the aid architecture, including clear decisions what will be discussed where;
- b) How will the new Long Term National Development Plan change GoG's priorities and will this influence the aid architecture? Is GoG willing to develop SWAp-arrangements in all sectors?
- c) Standard or minimum criteria for the work of sector working groups; the Sector Group Guidelines jointly agreed in April 2007 could provide a good basis, but still needs to be rolled across MDA's and all sector working groups;
- d) Discussion of the scope of stakeholders we like to include in our discussions and DoL: also new partners like China, Korea or India? Ghanaian non-state actors like Parliamentarians, Private Sector Representatives or NGO's? How about non-governmental development cooperation, often out of control of official bilateral DP's? Again , the needs and possibilities in different sectors may vary.
- e) Preferred aid modalities and criteria for their use – while we recognize GoG's preference for budget support, we clearly see the scope and need for balancing this with the use of other aid modalities as well;
- f) Number of development partners in the different sectors, including the type of their engagement – is GoG comfortable with the current situation. Are there any preferences for certain DP's in certain sectors?

7. **Proposed next steps:**

- a) Join processes of Ghana Aid Policy and DoL under GoG ownership
- b) Stakeholder Workshop in the next weeks (before HLF) to agree on Road Map
- c) Joint Task Force to implement the Road Map

Ghana Aid Policy:

- 1.) We very much welcome GoG's initiative which will provide an important framework for all DP's!
- 2.) We support GoG's intention to finalize and approve the policy before the HLF;
- 3.) We only received the draft policy document mid last-week and have not yet had the time for internal joint discussions among the G-JAS partners, so I won't comment on behalf of all partners. Some may want to bring in their views during the discussion ahead of us. - We commit ourselves to provide joint comments of G-JAS partners within the next couple of weeks;
- 4.) We propose to also work on a road map for the implementation of the Aid Policy and merge the DoL process into this;
- 5.) We also propose to give priority to one area where we see the need for discussion and agreements between GoG and DP's as well as the possibility of quick wins: this is the structure and quality of our dialogue with respect to the work of the sector groups and the MDDBS as well as the overall dialogue beyond these established structures. As you may be aware, there have been some discussions amongst G-JAS partners how to best use and interlink all levels of representation on our side, including the Heads of Mission and Heads of Cooperation who have just recently given themselves clear Terms of Reference. We would like to share these with GoG and agree on criteria for the sector dialogue (including leadership on both sides and participation) as well as which issues should be discussed where.

Joachim Schmitt