



Federal Ministry
for Economic Cooperation
and Development



THE REPUBLIC OF UGANDA

FIRST WORKSHOP OF THE POST BUSAN BUILDING BLOCK MANAGING DIVERSITY AND REDUCING FRAGMENTATION, Berlin, 14-15 MARCH 2013

Minutes of the meeting

Thursday, 14th March 2013

1. Welcome

Fred Twesiime (Uganda, Ministry of Finance, Planning and Economic Development) and Claudia Hiepe (Germany, Ministry of Economic Cooperation and Development) warmly welcomed the participants to the workshop and extended regards from Lawrence Kiiza (Uganda) and Martina Metz (Germany), both being unable to attend the workshop. The meeting was attended by representatives of the governments of Bangladesh, Cameroon, Finland, France, Germany, Honduras, Madagascar, Malawi, Sweden, Tuvalu and Uganda as well as of the European Commission, the OECD DAC, the German Development Institute and the CSO Partnership for Development Effectiveness.

2. Introduction to the subject

Claudia Hiepe recalls the commitments of the Building Block and those made in paragraph 25 a, b and c of the Busan Outcome Document. She recalls the objectives of the workshop which are

- to share the latest experiences on national and international initiatives for a better management of aid diversity and reduced fragmentation,
- to discuss and agree upon future directions, purpose, working priorities and modalities of the BB, and
- to agree on a light work plan for the BB (see Annex 1) and on individual contributions to it.

Fred Twesiime underpins the challenge and need for partner countries to start initiatives on reducing fragmentation by themselves and not relying on donor driven appeals. A main task of the BB is therefore to document and share examples of country-led initiatives which work, and explore further the impediments and challenges which need to be dealt with.

Comments and suggestions

- Fragmentation has not been included as an indicator in the global monitoring framework of the Global Partnership; currently global monitoring activities are not envisaged.
- Request for a documentation of lessons which have been learnt by the BB member countries and organisations until now.
- Country study on fragmentation in Rwanda exists.
- Monitoring reports on the results of the EU Fast Track Initiative on Division of Labour in 27 countries are available. They reveal interesting insights into feasible (e.g. donor mapping) and more difficult approaches (e.g. comparative advantage assessments).
- Managing diversity clearly shows some progress although country ownership of the process often remains weak. Donor mapping in some countries has led to the identifi-

cation of lead donors, overlaps and orphaned sectors and regions, and clearly contributed to improved sector policy dialogues; however, the expected reduction in transactions costs has only rarely materialized (to some extent for partner countries, hardly for development partners).

- New actors, i.e. emerging economies and non-concessional financing should in future receive more attention in efforts related to managing diversity and fragmentation.

3. Situation at country level – presentation by country representatives (Annex 2, Presentations 1-7)

Guiding questions for country level presentations were: What has been happening in the partner country since Busan? What are the key problems regarding fragmentation? Which initiatives to reduce fragmentation and/or better manage aid diversity exist? What have been the lessons learnt? Which are the partner countries' expectations for the Building Block?

Presentations were made by representatives from Bangladesh, Cameroon, Honduras, Malawi, Madagascar, Uganda and Tuvalu. The following trends emerged:

The need to reduce fragmentation and better manage diversity is felt in all countries presented. Challenges are, e.g.

- the still increasing number of small projects,
- the proliferation of Development Partners' aid over a large number of sectors and their inflexibility to change their engagement in a country,
- limited management and absorption capacities of government institutions,
- lacking definition of priorities by the partner country governments,
- unpredictable DP aid flows,
- insufficient use of country systems,
- lack of South-South knowledge sharing,
- lacking (use of) mutual accountability mechanisms at regional and global levels,
- difficulty to apply SWAPs in sectors other than health or education,
- limited use of Joint Financing Arrangements.

Various instruments and approaches for a better management of aid diversity have been applied such as donor mapping, comparative advantage assessments, lead donor arrangements, the introduction and use of Aid Management Platforms (AMPs) and Aid Information Management Systems (AIMS), sector working groups, SWAPs, PBAs, Joint Missions and Analysis, etc. So far, progress resulting from these approaches has been mixed. Impact on development effectiveness remains unclear in many cases.

Comments and questions

- Regarding incentives for and impediments to a reduction of fragmentation, the participants noted that partner countries are in many cases reluctant to urge donors to re-allocate their aid, as they fear to lose concessional funds. At the same time, donors have shown inflexibility in switching sectors and changing their existing country portfolio, for reasons which still need to be comprehensively examined. Also, partner countries often chose a too ambitious approach wanting to harmonise all sectors at once. The harmonisation sector by sector has proven more effective.
- An observation was made regarding the different approaches that were used by various Building Blocks: while the BB on Results & Accountability simply recommends partner governments to introduce and strengthen the use of country results and accountability frameworks, the BB on Fragmentation/Diversity seems to approach the issue at hand in much broader and exploratory way. An explanation given was refer-

ring to the fact that results orientation is under the sole responsibility of partner governments, whereas fragmentation requires exercises involving both donors and partner countries.

4. Exchange on other initiatives related to the BB

Presentations on the status of their work and future plans of relevance for the BB were made by representatives of the OECD/ DAC, the EU Commission and the Civil Society Organizations' Partnership for Development Effectiveness (CPDE), followed by brief statements of bilateral organizations.

Presentation by OECD/DAC (Annex 2 – Presentation 8)

Flash results of the 2011 Aid Report: based on a study of 150 countries, the volume of aid seems to stagnate; average of 26 donors per country and 78 countries per donor; multilateral funding is on the rise; earmarked funds through multilateral agencies increases fragmentation; to avoid: single-donor trust funds.

Principles for the reduction of multilateral proliferation have been formulated by the OECD/DAC for further consideration. Furthermore OECD/DAC has compiled a methodology for identifying potentially under-aided countries which would require field-testing.

Comments and questions

- The forthcoming DAC Multilateral Aid Report contains principles on how to reduce fragmentation; what are the consequences of the report, what are the reactions of the BB and how does OECD/DAC intend to take it further?
- Issue of under-aided countries will be further explored in a study by the German Development Institute (DIE)
- Within the Senior Level Donor Meeting (SLDM) on Multilateral Reform, BMZ has initiated a study on the incentive structures underlying multilateral trust funds.
- All ongoing studies shall be shared within the BB for further discussion.

Presentation by EU joint programming (Annex 2 – Presentation 9)

The EU has started piloting of Joint Programming since Busan. Joint Programming comprises a joint analysis of partner country's national development strategies, a joint response to this strategy (ideally including sector allocations from all donors who participate in joint programming), division of labour agreements regarding the selection of priority sectors and progressive synchronization of programming cycles with the partner country's national planning cycle (which usually depends on the national election cycle). Overall EU heads of missions in partner countries consider joint programming useful in a considerable number of partner countries. The approach is therefore currently scaled-up beyond the initial six pilot countries, over the next four years up to 40 countries.

Presentation by CPDE (Annex 2 – Presentation 10)

The global CSO Partnership for Development Effectiveness (CPDE) has recently been created. It is an open platform that now represents BetterAid members (over 2000) as well as Open Forum members. Its aim is the promotion of development effectiveness in CSO's own work, as well as in the work of its partners.

Information from Statements of Development Partners:

- The next SLDM on multilateral reform will take place in Berlin on 29-30 April 2013; 17 bilateral donors will be present; one input into the meeting will be the BMZ funded study on multilateral proliferation.
- France has conducted a study on fragmentation and will make field tests (results to be shared with BB). Jointly with the Development Gateway Foundation it is developing a tool for measuring and graphic display of fragmentation based on data from national aid information management systems.
- France is also engaged in the “Mutual Reliance Initiative” of three European Development Banks (AFD, KfW and EIB), mutually recognizing standards and procedures for loan preparation.
- France, Finland, Sweden and Germany are supporters of joint programming.
- Combating fragmentation is one of five priorities of Finland’s Development Cooperation Plan.
- With a view to reduce fragmentation of Swedish aid, Sweden initiated in 2007 a process to reduce the number of partner countries from 67 to 33, a process that will be completed by the end of 2013. In addition, a decision has been taken to phase out Burkina Faso by 2016.

5. The participants’ vision for the BB

The objective of this session was to deepen the common understanding regarding the vision and strategic orientation of the BB. Participants discussed table-wise the following guiding questions:

- How can the BB assist you in your work related to managing diversity and reducing fragmentation?
- Which other contributions would you expect from the BB?

Group work was followed by reporting back to the plenary.

Results of the working groups were clustered by facilitators and presented to the plenary the following day. The presented version was discussed and adjusted with regard to the BB’s main functions. Results are being fed into the revised and consolidated Light Work Plan of the BB which will be dispatched later and under a separate cover.

6. Recap of discussion of the first day

Fred Twesiime, the co-chair of the BB, introduced the second day of the workshop by summarizing discussions of the first:

- After Busan it seems that in many countries the situation has “iced” and general progress towards an increase of aid effectiveness has slowed. However, a new momentum seems to be picking up.
- Regarding a more effective management of aid diversity / reduction of fragmentation, there is a need for a clearer political leadership and partner country ownership, and, at global level, of political buy-in. Partner countries need to come up with their *own* initiatives and must not wait to be approached.
- There is a need for a strengthened coordination at partner country level as well as within the Building Blocks. Many donors are not yet on board and need to be further involved in efforts to adjust / direct aid flows in a more coherent manner. For this, partner countries need to develop plans! *“A Light work plan for the BB, heavy work plans on partner country levels”*.
- Donors need to walk the talk and bring other development partners on board.
- There seems to be the need to develop a tool box of how to manage diversity and reduce fragmentation at country level. Promising activities in single partner countries

need to be brought into the BB and shared (e.g. Madagascar study on donors' comparative advantages).

- Regarding the Building Block, it is important that a mechanism is found to ensure the sustainability of the BB. Fragmentation is missing in the Global Monitoring Framework: this should be tabled at the GP Steering Committee Meeting.
- Finally, the question remains to be discussed: shall we concentrate on Reducing Fragmentation? Or rather Managing Diversity? Or both?

7. Reviewing the “draft work plan”: scope and main activities of the BB

Participants were invited to discuss at their tables the following questions:

- What should be the main areas of activity of the BB?
- Is the light work plan complete and clear? Any suggested additions, modifications?
- Which priority tasks for 2013 do you see?

Co-chairs were tasked, as a follow-up to the workshop, to feed the results of the discussion into a revised and consolidated Light Work Plan of the BB. The final version of the Revised Work Plan will be dispatched later and under a separate cover.

Important points of discussion regarding the work plan

- The BB and its work plan should reflect 2 timelines complementing each other, one running from today until the GP ministerial meeting expected to take place during the 4th quarter of 2013 and another running from today until the GP ministerial meeting likely to be called during spring 2015 which marks also the end of the immediate post-Busan period.
- There was agreement, that an important outstanding task of the BB should be directed towards assessing progress and bringing evidence and good practice to the attention of policy-makers. An important achievement of the BB would be to contribute evidence and policy recommendations to the due consideration of progress on relevant Busan § 25 by the 1st Ministerial meeting of the GP.
- However, participants emphasized that the BB should strike a balance between working towards processes at global level and the concrete fostering and supporting of ongoing processes at country level (e.g. peer reviewing the elaboration of a national action plan in Madagascar; Honduras' need to establish a better institutional memory in view of the fact that the government will be changing later this year by creating and engaging mixed stakeholder round-tables).
- As an immediate follow-up to the workshop there was strong support to the proposal for the BB to draft and agree a one-page-note directed to the GP and the Steering Committee in particular, requesting due consideration to be given to commitments related to fragmentation at the 1st Ministerial meeting. Luca de Fraia was mandated to draft and submit this one-pager for consideration by the BB members.
- In order to gauge the waters regarding the interest of BB members for particular work plan activities, members were asked to fill in a table signalling which future BB activities they would like to support as lead, co-lead or back-up support.

8. Working modalities of the BB

- **Chairing arrangements:** Uganda and Germany confirm their availability to keep serving as co-chairs of the BB until the 2015 GP ministerial meeting. The BB members mandated the co-chairs for their term.
- **Working arrangements:**

- With regard to next meeting it was felt that an opportune moment for a next physical meeting of the BB could arise in the margins of the 1st Ministerial meeting of the GP during the fourth quarter of 2013 (e.g. idea to organize a BB sponsored side-event during the 1st Ministerial meeting).
 - Priority should be given to virtual meetings by means of video- or tele-conferences.
 - Otherwise, work of the BB should be carried out in dedicated small working groups, working through electronic communication or physical meetings, as needed.
 - Regional meetings were perceived as effective ways to support exchange of knowledge, peer learning and collecting documented experience. A small number of country-level and regional meetings could be organized (1-2 in 2013 and 1-2 in 2014). There was a special appeal for funding in this regard to members of the BB. France, Finland and EU Commission will come back to the request after having discussed the matter at headquarters.
- **BB Communication:** Various options for organizing electronic communication between the BB members and with an extended constituency were discussed.
 - It was agreed that for the time being BB internal communication would work via an email distribution list.
 - With regard to broader communication efforts the co-chairs have taken the charge to find out the most promising combination of existing technical solutions (such as a BB site integrated into the GP web-site, library of the BB on the public DAC web-page and/or on the Capacity for Development Website of UNDP).
 - Communication channels to GP: Channels for conveying messages from the BB through to the GP steering committee were discussed, focussing particularly also on those members of the BB who are directly represented at the GP steering committee, i.e. (i) Bangladesh; (ii) the OECD/DAC; (iii) the EU Commission, representing the EU constituency.
 - The co-chairs will contact and link-up with other BBs to identify issues of common concern and scope possibilities to coordinate outreach-plans, issue a joint newsletters, jointly organize webinars etc..

9. Wrap-up and next steps

The following immediate steps for follow up to the workshop were defined:

- Draft one-pager to be circulated by Luca de Fraia to BB members latest on Monday evening, 18th March and send to GP chairs and SC members by Wednesday, 20th March.
- Consolidated work-plan version and draft minutes to be ready for circulation before end of March
- Small working groups to be composed according to tasks in the work plan; already three tasks were identified during the meeting (on §25 monitoring, on regional meetings, on reaching out to the GP and the 1st Ministerial meeting); BB member to identify their collaboration.
- Co-Chairs to contact other BB and address cooperation synergies and a common contact to the GP.
- A next video-conference shall be organized by the chairs by end of April 2013.

Short feedback of participants to the organizers of the meeting.

The Co-Chairs expressed their gratitude for the active participation and the many contributions by participants, formally closed the meeting and led participants to a farewell lunch.

List of participants

Bangladesh	Ahmed Monowar	Joint Secretary, National Project Manager, Aid Effectiveness Unit, Economic Relations Division, Ministry of Finance
Cameroon	Ferdinand Fokou	Member of the Paris Declaration Implementation follow-up unit in Cameroon; Ministry of Economy, Planning and Regional Development
Honduras	Karoline Pacheco	Vice-Minister, Development Planning, Ministry of Planning (SEPLAN)
Madagascar	Isaora Zefania Romalahy	Head / Aid Coordination Permanent Secretariat, Office of the Prime Minister; Facilitator of the Post-Busan Interministerial Committee of the Government of Madagascar
Malawi	Betty Ngoma	Assistant Director, Debt and Aid Division, Ministry of Finance
Tuvalu	Lototasi Vaguna	Senior Aid Adviser, Planning and Budget Department, Ministry of Finance and Economic Development
Uganda	Fred Twesiime	Aid Liaison Department, Ministry of Finance, Planning and Economic Development
Finland	Ulla Järvelä-Seppinen	Senior Advisor, Department for Development Policy, Ministry for Foreign Affairs
France	Julie Vaillé	Officer, Strategic Monitoring, Coherence and Effectiveness of ODA, Ministry of Foreign Affairs
Germany	Claudia Hiepe	BMZ, Desk Officer, Division 212, Development Effectiveness, Quality standards and -management, Knowledge Transfer
Germany	Rachel Folz	BMZ, Desk Officer, Division 410, Multilateral Development Policy
Germany	Frank Vollmer	Researcher, Deutsches Institut für Entwicklungspolitik (DIE/ GDI), Tulpenfeld 6, 53113 Bonn
Sweden	Anna Holmryd	Special Advisor, Department for Management of Development Cooperation, Ministry for Foreign Affairs (14 th March)
ActionAid/CSO	Luca de Fraia	Deputy Secretary General, Action Aid Italy; representative CSO Partnership for Development Effectiveness (CPDE)
European Commission	Jost Kadel	Policy Adviser, European Commission, DEVCO
OECD DCD/DAC	Suzanne Steensen	Manager, Aid Architecture and Financing Team. Development Co-operation Directorate
OECD DCD/DAC	Fredrik Ericsson	Statistical Analysts, Aid Architecture and Financing Team, Development Co-operation Directorate
Germany	Natascha Schmähling	KfW, Sector Support Project Aid Effectiveness
Germany	Reinhard Bodemeyer	GIZ, Sector Support Project Aid Effectiveness (rapporteur)
Germany	Reiner Forster	GIZ, Head of Sector Support Project Aid Effectiveness

Annex 1 - Building Block „Managing Diversity & Reducing Fragmentation“ Light Work Plan, April 16, 2013

Core Functions of the BB

The Building Block shall closely examine the question of how international aid fragmentation and proliferation can be reduced and capacities for managing the diversity of international aid improved. This shall take place particularly in line with §25 of the Busan Outcome Document.

The BB shall concentrate its efforts on the **following functions**:

1. **Encourage and support partner country action**
2. **Information exchange, experience sharing, peer review and learning**
3. **Support the monitoring of the Busan commitments (§25)**
4. **Support production and communication of evidence to key stakeholders**
5. **Ensuring political buy-in and extending the network**

Milestones and priority deliverables of the BB for 2013 include:

- **Contributing to and advocating for adequate consideration of the Busan time-bound commitments on fragmentation/diversity by the 1st Ministerial level meeting of the Global Partnership for Effective Development Co-operation in late 2013.**
- Providing **peer advice and support to country-level processes and events**, as requested by BB partner countries.
- **Sharing and compiling good practice examples and lessons learned by at least 8 partner countries** regarding their country-led activities to manage diversity and reduce fragmentation; including a comparative analysis of success factors, impediments and incentives by 7/2013.
- Providing a **monitoring report on the Busan commitments related to managing diversity and reducing fragmentation by 8/2013**, and including above partner country inputs.

Key Tasks

The following key tasks will be pursued over the 2 coming years (current planning timeframe of BB until 03/2015).

1. Encourage and support partner country action	
Activities	Time frame
a. Provide feedback, peer advice and backing to country-level initiatives, incl. national action plans.	On request
b. Demonstrate and share country efforts in national/regional seminars	continuous
c. Partner country members to identify capacity development needs to improve donor coordination in-country; other members to identify TA/resources that could be made available to partner countries	

2. Information exchange, experience sharing, peer review and learning	
Activities	Time frame
a. Develop concept for systematic information exchange and experience sharing	Draft concept by end of April 2013
b. Provide regular information on on-going initiatives and state of play; via email distribution list;	On-going
c. Document and share experiences and good practice examples, including on Joint Programming	Continuous
d. Support regional and national level workshops for peer learning and catalysing country-level action and as resource base for input to global monitoring	Continuous; Concept note on regional workshop incl. resourcing by May 2013; Workshops in 2013/14
e. Act as a reference group for on-going initiatives; Systematically share on-going analytical or policy work for peer reviewing and "reality check", e.g. on aid orphans methodology; on SLDM issue paper etc.	On request

3. Support monitoring of Busan commitments §25 as contribution to Busan overall monitoring report	
Activities	Time Frame
a. Prepare concept note for monitoring progress of the 3 Busan commitments (§25 a,b,c)	Draft for review by April 20, 2013
b. Propose and review indicator(s): quick review of tools for country-level monitoring (OECD, Development Gateway indicators etc.)	Set of Indicators by end of May
c. Draft and review §25 monitoring report which reflects figures from global and country level monitoring, as well as experiences by partner country representatives and other members of the BB	first draft ready by 7/2013; final by 8/2013
d. Disseminate §25 monitoring report to JST, GP and other fora	From 7/2013 on

4. Support production and communication of evidence to key stakeholders	
Activities	Time frame
a. Inventorize on-going and planned analytical work and identify synergies and gaps	End May 2013
b. Coordinate and co-operate in planned country case studies (start with sharing and commenting on ToRs/ approach)	
c. Draw conclusions and make recommendations on factors of success for reducing fragmentation and managing diversity and on impediments and role incentives; Applying a reality check of analytical and policy work in BB member countries , in particular partner countries	First round by July 2013; 2 nd round in 2014.
d. Identify opportunities for dissemination and identify/utilize champions	June 2013

5. Ensuring political buy-in and extending the network	
Activities	Time frame
a. Prepare and implement an outreach plan to broader community and supporters, including south-south providers and private sector	Draft plan for review by end April
b. Strengthening the link between the work of the Building Block and the Global Partnership/ its Steering Committee <ul style="list-style-type: none"> i. by conveying BB statements and work to SC and ministerial meeting for consideration of §25 a,b,c and existing products (principle for reducing multilateral proliferation; aid orphans watchlist), through advocacy and joining forces with other BBs 	Papers ready by 9/2013
c. Feeding key messages into other fora (e.g. DAC, UNDCF)	continuous

Annex 2 - Workshop Presentations - Please refer to separate file