

COMMON DONORS GUIDELINES ON LOCAL DEVELOPMENT IN LEBANON

Objective:

In the aftermath of the July 2006 war, the commitment of the donor community towards Lebanon was further strengthened. Until December 31, 2008, Lebanon has signed “budget support agreements amounting to \$2.133 Million compare to 1.292 Million end of 2007. Project support agreements signed reached \$1.047 Million, while agreements for private sector support amounted to \$1.431 Million”¹. This has covered both humanitarian and developmental assistance, including facilitating the return of displaced persons, reconstruction and rehabilitation, of infrastructure, basic service delivery, improvement of social and economic sectors, psychosocial support, etc. In this respect, the reconstruction and rehabilitation process has been supported through bilateral (loans and grants) and multilateral interventions as well as hundreds of nongovernmental organizations.

Due to the multiplicity of international actors involved, the variety of forms of donor assistance and the emergency perspective in which they operate, coordination efforts have not always been as effective as expected. In some cases donors’ intervention is simply by managing in a direct manner aids in favour of populations, in other cases by accompanying interventions on the territory through the approach of local community technical capacity building and planning and by promoting participatory mechanisms. Many donors believe that harmonization of aid flow and execution practices, as well as monitoring and sharing of ‘lessons learned’ need to be improved. It was through this common assertion that the idea for this paper arose.

The present paper intends to provide donors and international agencies with a “Good Principles” in order to:

- Improve the planning, implementation and coordination of local development programmes among donor agencies to ensure Better use of available resources, both technically and financially,
- Improve coordination and ownership of processes with Lebanese government concerned authorities, and
- Apply the principles of Paris Declaration, Accra and the EU Code of Conduct on the Division of Labour in Development Policy related to coordination, harmonization, accountability and transparency.

This paper does not intend to substitute or challenge the particular strategies, policies or guidelines of the various donors and international agency involved in the humanitarian and developmental process currently taking place in Lebanon.

Background:

In line with the framework of the implementation of the “EU Code of Conduct on the Division of Labour in Development Policy”², efforts to enhance complementarity of interventions and division of labour were initiated last April 2008 during a meeting hosted

¹ Source: International Conference for Support to Lebanon-Paris III, Republic of Lebanon- Ministry of Finance.

² European Commission, February 2007.

at the Embassy of France whereby EU Members States approved to establish a lead donorship structure in three key sectors: Water, Local Development and Environment. Consequently, Germany agreed to assume the overall coordination of the Water Sector, while Italy agreed to provide overall coordination in relation to Local Development and Environment. As a first step, the Embassy of Italy organised a conference on governance and local development³ intended to clarify and harmonize diversified views on and approaches to local development.

The first EU Donor Meeting on Local Development acknowledged the need to focus, in the initial stage, on two key areas:

- Exchange of information on past, present and future actions;
- Initiate a common donors' strategy on how to move forward in this sector, grounded on past experience and shared vision for the future.

Recognizing that Non-EU Members States countries and international organisations are dynamically involved in the local development process, the EU Working Group was broadened to encompass a wider representation of donors and multilateral organisations. Currently, thematic meetings shall regularly include relevant ministries as part of efforts to ensure a national ownership and a regular information exchange.

Finally, a donor meeting to discuss the foreign aid contributions to Northern Lebanon (October 2008) resulted in the following recommendations⁴:

- Resources made available by donors should be optimized.
- Mechanisms for both local and regional coordination should be put in place.
- Donors need to apply 'lessons learned' and identify constraints in order to enhance performance of projects, as well as synergy and communication with government agencies.
- Similar meetings should be organized on a quarterly basis with the involvement of Government on a "theme-day" basis.

Role of the Secretariat of Working Group on Local Development

- Promote a common understanding of "local development"
- Act as a platform for communicating, exchanging and clarifying the respective roles and contributions of members involved in local development (intra-donor, donor-government, donor-local administrations)
- Identify best practices and lessons learned to be shared among members
- Organize periodic meetings on specific- and region-oriented matters
- Provide members with available information and publications related to local development
- Ensure the participation of the concerned government institutions in the meetings
- Encourage members to effectively participate and share a timely updated information on their respective projects and programmes
- Apply the decisions of the working group members.

³ Refer to Conference Report on Governance and Local Development, University Saint Joseph, June 2008.

⁴ Refer to "donors meeting: north of Lebanon" final report, 23 October 2008, Le Meridien Commodore Hotel.

Shared definitions and concepts on local development:

Based upon the outcomes of formerly organised meetings and conferences on local development, the donors working group agreed to adopt a shared understanding of the following definitions and terminologies:

“Local” indicates the characteristics (*or distinctiveness*) of a physical space - known also as the territory - which reflects similarities based on shared surroundings (coastal, mountainous, other) or living conditions.

“Community” is a group of people who share a given geographical setting organized around common rights, regulations, language, values, interests, traditions, and cultural heritage.

“Local development” can be described as the spontaneous collective process of sustainability deeply rooted in a territory to which are associated, and thereby recognized, networks of social, economic, environmental and cultural players, acting altogether in a project of common culture which objective is to achieve a shared well-being for the benefit of mankind. Such project can be of social, economic, environmental and/or cultural nature.

“Decentralised cooperation, territorial planning, and local governance” are various applications utilized in the framework of local development.

“Lebanon” being an upper-middle income country characterized by multifaceted confessional, political, social and cultural diversity, as well as distinct rural and urban areas.

“Development in Lebanon” does not and cannot dissociate the local context from the national framework which endeavours to develop a national land use-plan, a legal framework for decentralized administration, and a national strategy for local development.

“Local administrations in Lebanon” are characterised by divergent contexts in terms of size, capacity and leadership.

“Local development actors in Lebanon” include the government agencies, local administrations, political local actors (e.g. locally elected, parties and members of the Parliament), civil society including associative actors (NGOs, CBOs, syndicates), faith based organisations, social movements, families and tribes, Lebanese Diaspora as well as supporting donors and international organizations.

“Sustainability” is based upon bringing together economic, financial, environmental and political factors in the country.

Donors’ contribution to local development in Lebanon:

Local Development shall be seen as a process instead of a mere project implementation. It requires from both the donor(s) and implementing partner(s) a commitment, long-term follow-up, interest, involvement and active participation. Coordination among donors is essential to ensure harmony and synergy of actions performed at national, regional and local levels through promoting an overall vision on local development. Initiatives aimed at increasing local ownership, donor alignment and aid harmonization shall be supported.

On the other hand, the Lebanese Government shall be encouraged to actively promote and regulate development at local level, encouraging national and local staff to effectively take part in capacity development, accountability, transparency and public finance management.

Therefore, donors and multilateral organisations active in the field of local development agree to abide by the following general principles, grouped by sectors of coordination mechanisms:

A number of national/regional coordination meetings are organized; local development being a core of interest of these events:

- *Donors Meeting on Local Development and Environment*
- *Small Grants Meeting*
- *UN Regional Coordination Meeting (South)*
- *Coordination Meeting of Nahr El Bared and surrounding Lebanese Villages*

A- Donors-donors:

- Donors are encouraged to regularly participate in coordination mechanisms held nationally, regionally and/or locally for adequate assistance delivery. In circumstances where a presence is not possible, donors are encouraged to provide explicit and updated information on their interventions as a mean to avoid overlapping and duplication with other donors.
- Donors are encouraged to host the coordination meeting on local development and environment in their premises. The Italian Embassy will ensure the necessary support through its Secretariat to guarantee the success of the meeting.
- Donors are encouraged to formulate jointly funded projects which take into consideration the comparative advantage and expertise of the involved donors. Projects based on a strategic intervention leading to positive capacity development are recommended.
- Donors are encouraged to develop initiatives that involve components of a soft (planning, capacity building, technical assistance, etc.) and hard nature (execution based on planning exercises, dialogue and action groups). In case a project fails to include both components, donors are invited to jointly collaborate to ensure a win-win situation.
- Common assessment missions shall be organized and held in order to increase resource efficiency and reduce redundant stress exerted on national partners and end beneficiaries (national administrations, local communities).
- Regardless of the size of the initiative to be undertaken (small, medium or large-sized grants), available reports on assessment and evaluation as well as quantitative-oriented reports shall be shared with other donors working (or willing to work) in the same sector/ geographic area of intervention. Donors shall engage their respective implementing partners, both national and international, to apply similar practices.
- Donors shall share with their respective international and national non-governmental partner organizations the principles and decisions taken during the donors' coordination mechanisms, in order to ensure a coherent process of decision implementation at field level.
- Meaningful and effective monitoring and evaluation procedures shall be applied. Focus shall not only be on qualitative outcomes but also on quantitative evaluation of project deliverables.
- Internationally-funded initiatives shall promote empowerment, creation of synergies, avoid corruption, and strengthen social dialogue.
- Impartial and transparent selection procedures shall be applied.

- Clientelism within local governance systems and disempowerment of communities/ individuals shall be avoided.
- Internationally-financed projects shall be chosen on the basis of ensuring a lasting result, either by creating infrastructure or building on-going capacity.

B- Donors- Central Government:

- A government authority shall be identified to co-lead the machinery of the working group meetings. In the case of local development, the role of the Ministry of Interior and Municipalities/ Directorate General of Municipalities shall be empowered to properly assume this role. Other administrations presently involved in the context of local development projects (e.g. Office of Minister of State for Administrative Reform, Council for Development and Reconstruction) shall be involved in these meetings to raise intra-governmental coordination and ownership responsibility on one hand, and lessen donors initiatives fragmentation due a multiplicity of nationally involved stakeholders.
- The Ministry of Interior and Municipalities can benefit from the donors working group platform on local development as a room where collective discussions on the Ministry's needs can be raised, thus avoiding potential individual meetings solicited by donors.
- Donors are highly encouraged to get acquainted with existing national regulations, policies and instruments. In case such documents are solely available in Arabic language, donors are encouraged to jointly collaborate to reproduce them in a language that would enable them and their partners to fully understand and cope with the Lebanese context.
- A common database on local development initiatives shall be set at governmental level, supported by donors through an adequate and updated provision of information.
- Participation of both national and local actors in project early development shall be pursued with the aim of improving the living conditions of the local populations, as the end beneficiaries.
- Central government shall be involved in the design, implementation and follow up of internationally funded initiatives in order to ensure national ownership, reduce the gap between center and periphery as well as to promote the extension of Lebanese central authority to the periphery.
- Local programmes and projects shall be inserted within a national and/or regional vision or a plan, when available.
- Donors should avoid supporting the delivery of local services in a way that could jeopardize the national and sectoral policies and approaches

C- Donors, central government and local administrations:

- Donors shall encourage and accompany the decentralization process.
- Donors shall jointly contribute to the development of policies and tools aiming at reducing territorial discrepancies. Regional plans are encouraged to be further developed taking into consideration the National Land Use Plan (SDATL).
- It should be proven that local administrations, in the absence of constant and somehow predictable funds, can or want to go along with the process of participatory programming as to the use of resources put at disposal (or directly managed) by donors. Local administrations shall be involved in project identification, design and management. They shall assume the cost sharing

- responsibility in order to increase their accountability and active involvement, and reduce dependency on international aid.
- Internationally funded projects shall develop capacities of local administrations. Capacity building initiatives shall not be limited to elected council members but to reinforce the set-up of local committees.
 - Donors are encouraged to co-finance projects aimed at improving cooperation between central and local level.
 - Donors are invited to regularly organize/ participate in meetings intended to explain their particular policies, procedures and conditions of funding to national and local government agencies.
 - The capacity of planning and managing the financial resources by municipalities could be increased by a common approach to be adopted by donors for a mechanism designed to support them. In this context, it is possible to identify a process that allows central governmental authorities to fully participate in support operations to municipalities and donors to promote an efficient process of systems and procedures harmonization.

D- Donors-local communities:

- Donors shall avoid usage of concepts and terms which are unknown to or not fully assimilated by the communities / beneficiaries (participatory approach, common vision, active participation, cross-cutting needs, multi-sectoral projects etc). Instead, the use of vocabulary that builds trust and confidence with the communities/ beneficiaries and does not isolate them from the process shall be highly encouraged.
- Donors shall encourage initiatives aimed at public awareness and culture of local development.
- Project sensitivity concerning issues of gender, age, vulnerability, confession and environment is considered to be central to sustainable development.
- Projects have to be locally formulated, discussed, written and implemented. In this regard direct contacts with the local communities to formulate the projects according to their needs for development are encouraged.
- (DO NO HARM Policy) to local populations shall be applied when implementing a project at local level.

Action plan for donors involved in the local development working group in Lebanon:

- To develop a yearly national donors' performance report on coordination, harmonization and alignment to assess the viability and the level of interaction of donors towards these principles and guidelines.
- To agree on a common Monitoring and Evaluation Strategy, including common indicators for assessing donor interventions for local development.
- To establish and regularly update a database and a map of related projects.
- To develop guidelines related to administrative and legal modalities for working at the level of related central and decentralized departments.

AGREED TARGETS FOR 12 INDICATORS OF PROGRESS
BASELINE & SUGGESTED TARGETS FOR THE 12 INDICATORS OF PROGRESS
- PARIS DECLARATION ON AID EFFECTIVENESS-

INDICATORS		SUGGESTED TARGETS	
1	Partners have operational development strategies	At least 75% of partner countries have operational development strategies	
2a	Reliable PFM systems	Half of partner countries move up at least one measure (i.e. 0.5 points) on the PFM/CPIA scale of performance	
2b	Reliable procurement systems	One-third of partner countries move up at least one measure (i.e. from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator	
3	Aid flows are aligned on national priorities	Halve the gap - halve the proportion of aid flows to government sector not reported on government budget(s) (with at least 85% reported on budget)	
4	Strengthen capacity by coordinated support	50% of technical cooperation flows are implemented through coordinated programmes consistent with national development strategies.	
5a	Use of country PFM systems (% of aid)	<i>Population "A" Countries</i> - Partner countries with a score of 5 or above on the PFM/CPIA scale of performance (see indicator 2a)	Reduce the gap by two-thirds - A two-thirds reduction in the proportion of flows to the public sector not using partner countries PFM systems.
		<i>Population "B" Countries</i> - Partner countries with a score between 3.5 and 5 on the PFM/CPIA scale of performance (see indicator 2a)	Reduce the gap by one-third - A one-third reduction in the proportion of flows to the public sector not using partner countries' PFM systems.
5a	Use of country PFM systems (% of donors)	<i>Population "A" countries</i> - Partner countries with a score of 5 or above on the PFM/CPIA scale of performance (see Indicator 2a).	All donors use partner countries PFM systems.
		<i>Population "B" Countries</i> - Partner countries with a score between 3.5 and 5 on the PFM/CPIA scale of performance (see indicator 2a)	90% of donors use partner countries' PFM systems.
5b	Use of country procurement systems (% of aid)	<i>Population "A" countries</i> - Partner countries with a score of "A" on the Procurement scale of performance (see Indicator 2b)	Reduce the gap by two-thirds - A two-thirds reduction in the proportion of flows to the public sector not using partner countries' procurement systems.
		<i>Population "B" countries</i> - Partner countries with a score of "B" on the Procurement of scale of performance (see Indicator 2b).	Reduce the gap by one-third - A one-third reduction in the proportion of flows to the public sector not using partner countries' procurement systems.
5b	Use of country procurement systems (% of donors)	<i>Population "A" countries</i> - Partner countries with a score of "A" on the Procurement scale of performance (see Indicator 2b)	All donors use partner countries procurement systems.
		<i>Population "B" countries</i> - Partner countries with a score of "B" on the Procurement of scale of performance (see Indicator 2b).	90% of donors use partner countries' procurement systems.
6	Avoiding parallel PIUs	Reduce by two-thirds the stock of parallel PIUs	
7	Aid is more predictable	Halve the gap - halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.	
8	Aid is untied	Continued progress over time	
9	Use of common arrangements	66% of aid flows are provided in the context of programme-based approaches.	
10a	Missions to the field	40% of donor missions to the field are joint.	
10b	Country analytic work	66% of country analytic work is joint.	
11	Result-oriented frameworks	Reduce the gap by one-third - Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.	
12	Mutual accountability	All partner countries have mutual assessment reviews in place.	

EU CODE OF CONDUCT ON COMPLEMENTARITY AND THE DIVISION OF LABOUR IN DEVELOPMENT POLICY

The Code of Conduct defines the operational principles of complementarity in the field of Development cooperation. In the absence of an internationally recognized definition of complementarity, the Commission defines it as the optimal division of labor between various actors in order to achieve optimum use of human and financial resources. This implies that each actor focuses its assistance on areas where it can add most value, given what others are doing.

The Code is based on good practices from the field and was drafted in collaboration with Member States' experts. It builds on the principles contained in the Paris Declaration on the effectiveness of development aid (ownership, alignment, harmonization, management by results and mutual responsibility) and on the complementary objectives and values stressed in the European Consensus.

The Code of Conduct consists of eleven guiding principles:

- Concentrate the activities on a limited number of national sectors (focal sectors). EU donors should confine their assistance in a partner country to two sectors in which they offer the best comparative advantage, as recognized by the government of the partner country and the other donors. Apart from these two sectors, donors can provide budget support and finance programmes relating to civil society, research and education;
- Redeploy into other activities in-country (non-focal sectors). As regards the non-focal sectors, donors should either remain committed through a delegated cooperation/partnership agreement or redeploy the resources becoming available in general budget support or exit from the sector in a responsible manner;
- Encourage the establishment, in each priority sector, of a lead donorship arrangement responsible for coordination between all the donors in the sector, with a view to reducing the transaction costs;
- Encourage the establishment of delegated cooperation/partnership arrangements through which a donor has the power to act on behalf of other donors concerning the administration of funds and dialogue with the partner government on the policy to be implemented in the sector concerned;
- Ensure appropriate support in the strategic sectors. At least one donor should be actively involved in each sector considered relevant for poverty reduction. In addition, there should be a maximum of three to five active donors for each sector;
- Replicate this division of labor at regional level through the application of the principles of the in-country division of labor in cooperation with the partner regional bodies;
- Designate a limited number of priority countries for each donor through dialogue within the EU;
- Grant adequate funding to the countries which are overlooked as far as aid is concerned and which are often fragile countries whose stabilization would have positive repercussions for the region as a whole;
- Analyze and expand areas of strength: the EU donors should deepen the evaluations of their comparative advantages with a view to greater specialization;
- Pursue progress on other aspects of complementarity, such as its vertical and cross-modality/instruments dimensions;
- Deepen the reforms of the aid systems: the changes suggested by the Code require reforms of a structural nature and in terms of human resources.