



**COUNCIL OF
THE EUROPEAN UNION**



EU Common Position for the Fourth High Level Forum on Aid Effectiveness

(Busan, 29 November – 1 December 2011)

- Council conclusions -

*3124th FOREIGN AFFAIRS Development Council meeting
Brussels, 14 November 2011*

The Council adopted the following conclusions:

"Part I: Key messages for Busan

1. The Busan Forum should be a turning point for strengthening aid as a catalyst for effective delivery of development results and seek a new consensus on an inclusive development partnership. Looking beyond aid, Busan should also seek ways to enhance domestic resources mobilization in partner countries thereby helping to reduce aid dependency as a long-term objective.
2. By assessing progress against existing commitments, setting out priorities for the aid and development effectiveness agenda and linking with new global development challenges and partnerships, the Busan Forum will contribute to better quality of aid and increased impact of development financing from all sources. The overall objective is to accelerate the achievement of the Millennium Development Goals and contribute to the establishment of the post-2015 development architecture.
3. In view of the changing global context, the Council endorses the following priorities for the EU and its Member States (hereinafter referred to as the EU) in the negotiations of the Busan outcome document:
 - 3.1 Be inclusive and thus build bridges between different development actors, notably emerging economies, in their pursuit of development results and long-term impact. This aim of reaching out and broadening cooperation with all relevant development partners should strengthen development effectiveness while ensuring that the ambition in the aid effectiveness agenda is not reduced.

P R E S S

- 3.2 Agree on a single outcome document which reaffirms the aid effectiveness principles through focusing and deepening the key commitments of the Rome Declaration on Harmonisation, the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.
 - 3.3 Focus and deepen commitments on results and accountability, ownership, transparency and reduced fragmentation. Predictability, alignment and capacity development are other priority areas. In addition, the Busan outcome document should address risks and joint risk management including shared identification and mitigation of risks.
 - 3.4 Strengthen the engagement of parliaments, local authorities, oversight bodies, the civil society, the academic sector and the independent media as essential stakeholders in development and in promoting democracy, human rights and the rule of law.
 - 3.5 Engage the private sector in aid and development effectiveness in order to advance innovation, create income and jobs, mobilize domestic resources and further develop innovative financial mechanisms.
 - 3.6 Adopt a new approach to fragile and conflict-affected situations, based on effective support for peacebuilding and statebuilding goals agreed jointly at the level of partner countries.
 - 3.7 Prioritise and substantially strengthen implementation at the country-level, led by the partner countries and allow for flexibility according to partner country priorities, local contexts and the inclusion of a wide set of development partners.
 - 3.8 Reduce and streamline the global governance structure and monitoring, and use existing mechanisms and forums to follow up and pursue the aid and development effectiveness agenda.
4. It is important that all relevant development partners including the providers of South-South cooperation, emerging economies, multilateral organizations, private sector and civil society, non-for profit private foundations, implement commitments agreed upon in Busan.

Part II: The European Union's contribution

5. The Council stresses that the EU¹ performs above the average in implementing the Paris and Accra commitments. This is encouraging progress but not satisfactory.
6. With this in mind, the Council emphasises the need to focus and deepen the commitments to achieve concrete and sustainable results. This requires increased political support to the aid and development effectiveness agenda and pursuit of a comprehensive approach.
7. To further deepen the aid effectiveness commitments and strengthen development effectiveness, the EU will promote and support specific initiatives with a view to:

¹ Participants in the Paris Monitoring Survey from the EU were Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom and the Commission.

- a. Establish an EU Transparency Guarantee to increase accountability and predictability, strengthen democratic ownership and improve development results.
 - b. Implement joint programming at the country level to reduce aid fragmentation and promote harmonization.
 - c. Strengthen delivery, accountability, measurement and demonstration of sustainable results.
 - d. Commit to a new approach to situations of conflicts and fragility.
 - e. Deepen Public-Private engagement for development impact.
8. Aid and development effectiveness will be further strengthened in the context of the EU development policy and future financial instruments.²

Part III : Detailed elements of the Common EU position

I. Mixed results, uneven progress, successes and opportunities

9. The EU has taken due note of the findings of the Independent Evaluation and the Monitoring Survey of the Paris Declaration and the Monitoring Survey of Fragile States Principles. These findings should provide the basis for future priorities.
10. The evidence confirms that among the five aid effectiveness principles country ownership has advanced furthest. Alignment and harmonisation have progressed unevenly, while the use of partner country systems has not increased despite improvements in those systems. Managing for development results and mutual accountability have advanced least. The trend in aid predictability has even reversed as compared to 2005. Overall, progress is slow as only one out of 13 targets has been achieved globally: coordinated technical cooperation.
11. According to the Survey of the Paris Declaration, the performance of the EU with regard to the Paris and Accra commitments is good in joint technical cooperation and in using country systems for public finance management and procurement. The EU has been less successful in alignment, predictability and use of programme-based approaches. Aid fragmentation and proliferation, which increased both at EU level and globally between 2005 and 2009, and transparency remain challenges.
12. Overall, the EU performs above the global donor average in Paris targets. However, the evidence shows that progress within the EU is uneven and there is more work ahead to make aid and other development financing more effective. With this in mind, the Council welcomes the Commission's Communication on a proposal for the EU common Position in Busan³.

² Reference is made to the development policy and financial instruments under the EU budget or managed by the European Commission.

³ Proposal for the EU Common Position for the 4th High Level Forum on Aid Effectiveness, Busan. Commission Communication, Brussels, 7.9.2011 COM(2011) 541 final. (Doc. 13927/11)

II. Deepening aid effectiveness for development results

Ownership

13. The EU underlines that partner country ownership is fundamental for aid to achieve sustainable development results and acknowledges the progress made by many partner countries. Systematic reference should be made to democratic ownership where partner countries are responsible for promoting an enabling environment for the civil society and multi-stakeholder consultations to build development consensus. Strengthening the role of parliaments, local authorities, civil society organisations, national audit institutions and the media is crucial in this context.
14. Participation of women and women's organizations as well as measures to promote gender equality are essential to achieve equitable and effective development.
15. Democratic ownership should also address capacity development and strengthened country systems, including institutional and human resources as well as effective institutions, which respect human rights, good governance and the rule of law. Donors should provide their capacity development support according to local priorities, demand and context. The EU calls on partner countries and development partners to increase the emphasis on harmonised and results based conditionality.
16. The fight against corruption and risk management should be a joint responsibility of partner countries and all development partners.

Results and Accountability

17. Achieving sustainable development results is the overall objective of the aid effectiveness agenda. The EU stresses that while Paris and Accra affirmed the importance of managing aid to get results, in Busan the ability to deliver, measure, demonstrate and account for sustainable results should be at centre stage. Consequently, corresponding operational and explicit joint commitments should be integrated in country results frameworks. However, the pressure to deliver results must not compromise the longer term process of developing partner countries' capacities to plan, deliver, measure, demonstrate and account for sustainable development results.
18. Partner countries and development partners should commit to common results frameworks with a manageable number of development outcome indicators at the country level based on partner countries' national development strategies and sector plans. Partner countries and development partners should agree on joint assessment and joint risk management frameworks which include aid and development effectiveness indicators to assess performance and identify risks.
19. The aid effectiveness agenda should also focus on enhancing accountability for development results through the strengthening and full use of country-led accountability and transparency mechanisms. Priority actions should aim at strengthening key institutions and existing efforts, including development of statistical capacities (including through the initiative Paris21⁴) and to reinforce partner countries' monitoring and evaluation capacities to track development

⁴ The Partnership in Statistics for Development in the 21st Century (PARIS21).
<http://www.paris21.org>

results and impact as well as capacity to hold government to account. This includes ensuring that public financial management mechanisms and expenditure tracking systems are gender-responsive and that data disaggregated by sex are collected and used. The EU believes that donor assessments of results should be based, to the extent possible, on partner countries' reports on results.

20. The EU stresses that results and mutual accountability frameworks should be led by partner countries, used universally to monitor progress towards achieving development results as well as donor performance and be tailored to specific contexts. Partner countries and donors should strengthen results-based decision-making for development. Development of these frameworks should be transparent and inclusive of civil society and other relevant actors.

Transparency and Predictability

21. The Busan outcome document should contain a reconfirmation of the Accra commitments on transparency from all development partners, including non-DAC donors, to publicly disclose regular, detailed, and timely information on commitments, disbursements, allocation, conditions and results.
22. The Busan outcome document should include a commitment to disclose all indicative country specific information of the OECD/DAC Forward Spending exercise⁵, and to add more detailed information at the sector level.
23. Partner countries should clearly commit to transparency on available development resources including the publication of national budgets, expenditure and audit reports.
24. The outcome document should also encourage donors to address constraints to allow multi-year budgeting of development cooperation and to recognize the importance of meeting complementary global reporting and publishing standards based on the DAC CRS++ standard (i.e. the DAC's expanded Creditor Reporting System with its concepts, definitions, classifications and verification procedures) and the International Aid Transparency Initiative, respectively. The aim should be to meet inclusiveness, manageability and implementation by December 2015. In this context, the EU encourages the DAC to become an international hub for transparency.
25. Promote increased transparency as an issue of key priority in the multilateral development institutions, including the UN system and the development banks, as well as other partners funded by the EU.
26. The EU will commit to an 'EU Transparency Guarantee'⁶ based on the transparency commitments adopted in the EU Operational Framework on Aid Effectiveness⁷.

⁵ For those States who are not yet members of the OECD/DAC this will be implemented taking account of steps required to enable such reporting and the provision of forward looking information on aid allocations. When reporting and publicly disclosing the information on their aid volume and allocations, these states will strive to follow the respective methodologies laid out by the OECD/DAC.

⁶ See Annex I.

⁷ EU Operational Framework on Aid Effectiveness – Consolidated text. (Doc. 18239/10).

Reduced Fragmentation

27. Aid fragmentation still poses challenges and the situation may further deteriorate given the increasing number and diversity of actors involved. Therefore, the Busan Forum should look for opportunities to address these, recognising that political decision making is essential for success. All development partners, including multilateral organisations, need to move from individual country strategies towards partner country-led joint assistance strategies among those donors and partners that have the political will to work together.
28. The multilateral aid architecture should be streamlined. The EU reconfirms the Accra commitment to self-restraint with regard to avoiding further proliferation of global and thematic programmes or vertical funds. Donors should use and strengthen the existing channels.
29. The EU acknowledges that partner countries' management capacities are crucial for aid coordination and management, including in-country division of labour and that they need to be strengthened based on demand. Experience and knowledge sharing through regional platforms can be one way forward.
30. The Busan outcome document can also have a particular added value in promoting cross-country division of labour and global high-level debate with special consideration for under-funded countries based on the analytical work of the DAC on fragmentation and forward-looking plans of aid allocations.
31. The global high-level political dialogue on these issues stipulated in the Accra Agenda for Action should begin in Busan, based on the work of the DAC on fragmentation and forward-looking plans of aid allocations. With regard to the situation of under-funded countries, this dialogue should include a discussion on the complementary roles of bi- and multilateral donors.
32. The EU commits to a high degree of flexible and increasingly decentralized forms of development cooperation to enable joint and inclusive approaches at country level.
33. In order to show leadership in Busan and beyond and as a response to the increased fragmentation and proliferation, the EU will improve and strengthen joint programming⁸ at the country level under the leadership of partner countries wherever possible.

Alignment

34. The evidence confirms that aligning with partner countries' national priorities and using their systems makes aid more effective. Furthermore, aligning with partner country priorities, partner country national planning and budget cycles and using country systems are important in supporting partner countries' ownership and leadership.
35. The EU stresses that partner country governments have the lead in strengthening country systems while the identification and mitigation of risks should be done jointly by partner countries and donors.
36. The EU calls upon all development partners, including multilateral organisations, funds, programmes and vertical funds to reaffirm their current commitment to align with partner

⁸ See Annex II

countries' national development plans, and to use and strengthen, together with partner countries, country systems for all aid modalities for more effective institutions and policies. Use of country systems does not refer solely to budget support but is equally important for other aid modalities including project support.

Countries in Fragile and Conflict Situations

37. The Busan outcome document should address situations of conflict and fragility as a global challenge to development and poverty reduction and the fact that fragile states are lagging furthest behind in achieving the MDGs.
38. While reaffirming the principles of the UNSCR 1325 and 1820, the principles of Good Humanitarian Donorship (GHD), the Fragile States principles, and the Accra Agenda for Action's emphasis on inclusive ownership, the Busan outcome document should underline the need, where possible, for a closer and more effective relationship between these policy areas and related actions both at policy and operational levels.
39. Monitoring of the Fragile States Principles show that, while aid effectiveness principles remain relevant in situations of fragility, their implementation needs to be gradual and tailored to specific challenges stemming for example from weak ownership and capacities and the urgent needs for basic service delivery.
40. The EU acknowledges and supports the importance of the work on International Dialogue of Statebuilding and Peacebuilding and the growing leadership of conflict affected and fragile states, known as the g7+.
41. The EU considers that the Busan outcome document should contain a reference to the International Dialogue on Peacebuilding and Statebuilding. It should also make an explicit reference to the five goals of the Monrovia Roadmap on Peacebuilding and Statebuilding which commit to a new way of operating in situations of conflict and fragility. Cooperation and international engagement in these situations should generate results that are aligned with nationally owned peacebuilding and statebuilding objectives, be transparent, rapid, predictable, flexible and responsive to contextualised challenges for development results and poverty reduction, manage risk jointly and effectively, and strengthen national capacities and the use of country systems.
42. The EU calls upon donors to adapt their procedures for decision-making, funding and implementation to the specific challenges of situations of fragility. It also calls for the endorsement of the DAC guidance on state building, transition financing and risk management in fragile situations.
43. The EU calls upon partners in conflict-affected and fragile situations to provide the necessary political leadership to ensure inclusive political dialogue, transparency and the development of local capacities.

III. Partnership for Impact – Development Effectiveness Agenda

44. The evidence suggests that aid effectiveness principles are relevant beyond their present scope and can bring added value to wide partnerships as well as other sources of development financing.
45. Contributing to sustainable development results is relevant to all stakeholders providing development financing. The Busan Forum should include an exchange between different actors in order to share experiences in achieving results. Based on this, the Busan outcome document could establish shared principles and differentiated commitments building upon the aid effectiveness principles.

Role of Emerging Economies and South-South Cooperation

46. The Busan outcome document should confirm the growing importance of South-South and triangular cooperation for development. It should seek to further build the understanding of the respective advantages, complementarities and synergies between South-South and North-South cooperation based on transparency regarding development financing flows. The EU stresses the importance of partner countries and emerging economies defining how the aid and development effectiveness agenda relates to South-South cooperation and how this agenda can benefit from the lessons of South-South cooperation.
47. The Busan outcome document should also recognise that South-South cooperation, like North-South and triangular cooperation, is wider than financial cooperation and also includes capacity development and knowledge sharing as well as underline the role of regional platforms for knowledge-sharing on successful development experiences, capacity development and aid management practices. The EU invites providers of South-South cooperation to take part in country-led processes to improve aid and development effectiveness.

Civil Society Organisations, Local Authorities and Private Foundations

48. Building on the results of the Structured Dialogue, the Busan outcome should reaffirm the recognition of civil society organisations (CSOs) as independent actors in their own right, the need to strengthen a conducive regulatory and legal environment for civil society, and the role of local actors in initiating specific interventions supportive of local needs.
49. The EU recognises the efforts made by civil society organisations and local authorities from donor and partner countries to enhance the accountability, transparency and integrity of their operations, and calls upon them to continue these efforts based on self-regulatory mechanisms such as the Istanbul CSO development effectiveness principles.
50. Private foundations should also be called upon to make adaptations to the Istanbul principles to fit their activities and partnerships. International CSOs and private foundations, when acting as donors, should promote local ownership by acknowledging the lead of local civil society in identifying local development needs.

For-profit Private Sector

51. The Busan outcome document should emphasise the importance of inclusive economic growth, local private sector development and public-private partnerships for achieving the MDGs. This will require promoting an enabling environment for private sector development,

capacity development in and with private sector, support for public-private partnerships as well as options for aid to act as a catalyst to raise private investments for inclusive, pro-poor growth.

52. The Busan outcome document should include common partnership principles for private sector involvement identified together with the private sector representatives. Increased cooperation should be based on the aid effectiveness principles. In this context the EU calls on the private sector to take an active role in development cooperation through the promotion of joint innovation and inclusive business models, partnerships between the public and the private sector and corporate social responsibility practices. It also calls on development partners to further develop and increase the use of innovative financial instruments and blending of grants and loans that enhance the catalytic role of aid in promoting private sector engagement and private sector development. The EU underlines the importance of regular engagement, based on existing initiatives where possible, of the private sector in dialogue at the country level on how cooperation between the public and the private sectors best contribute to development effectiveness.

International Climate Change Finance

53. The EU endorses the application of the aid effectiveness principles to climate change finance and stresses the importance of a similar endorsement in the Copenhagen-Cancun-Durban process. Lessons learned from the application of the Paris and Accra Principles have much to offer in enhancing the development effectiveness of climate change interventions and should contribute to defining the framework for climate change finance within the process of the United Nations Framework Convention on Climate Change (UNFCCC).
54. The EU calls upon the Green Climate Fund to include the aid effectiveness principles in its design and operation and for entities providing climate finance to agree a common approach for reporting of climate finance as an essential component of monitoring reporting and verification (MRV). Through the successful application of MRV transparency, accountability, completeness, comparability and accuracy of climate finance will be enhanced.

IV. Governance and monitoring

55. The EU underlines the need for the Busan Forum to take sufficiently detailed decisions on aid effectiveness governance to avoid lengthy discussions after the Forum.
56. The overriding principles should be to strengthen a partner-led, country level implementation, enhance political support for implementation and streamline global monitoring and governance structure.
57. The aid effectiveness governance should include different development partners and link country level implementation with global efforts. However, the EU does not support the establishment of new global governance structures. The existing structures, notably UN, WB/IMF, regional structures, G20 and DAC should be used as forums to discuss aid effectiveness implementation and to strengthen wide development partnerships. Care should be taken to ensure civil society and private sector participation.

58. The EU stresses the need to prioritise and strengthen partner led implementation at the country level. Country level implementation should be strengthened through partner-country-led 'country compacts' in which partner countries, based on existing development plans and multi-stakeholder consultation, agree with their development partners - beyond the DAC-donors - on locally adapted Busan priorities and targets, using the existing local mechanisms for monitoring and mutual accountability. 'Country compacts' should be kept lean and simple without creating another layer of bureaucracy.
59. Any role for the OECD/DAC hosted Working Party on Aid Effectiveness (WP-EFF) after Busan should be streamlined, limited to core functions and its current clusters should be terminated. Busan building blocks should not be the basis for a new cluster structure. The WP-EFF should be tasked to facilitate country level implementation and to conduct global monitoring together with the DAC. The WP-EFF and the DAC should also facilitate the flow of information between the country level and relevant global development policy forums.
60. The UN Development Cooperation Forum should focus on strengthening international mutual accountability at the global level.
61. No new global indicators should be developed at this point of time. The focus should be on country level implementation and monitoring. Development of global indicators should be done in connection with the post-MDG development policy work.
62. The next global monitoring exercise should be conducted in connection with the 2015 deadline for the Millennium Development Goals (MDG). The Paris indicators should reflect the country-led and focused agenda and importance placed on the continued measurement of long-term progress using appropriate baselines. Other sources of evidence should be used as effectively as possible to track the results and impact of aid. Country level monitoring, in turn, should be based on existing local mechanisms. Generic lessons should be distilled at the global level through the WP-EFF and the DAC.

**The Council Conclusions on the EU Common Position
for the Fourth High Level Forum on Aid Effectiveness**

European Union Transparency Guarantee

Transparency is an essential component of aid effectiveness. In the Accra Agenda for Action, donors and partner countries agreed to provide timely and detailed information on current and future aid flows in order to enable more accurate budget, accounting and audit by developing countries. Therefore, the European Union and its Member States (hereinafter referred to as the EU) are taking steps to increase the provision of aid information in country systems and processes as a key priority.

In order to increase aid transparency, the EU will:

- Publicly disclose information on aid volume and allocation, ensuring that data is internationally comparable and can be easily accessed, shared and published.
- Make available to all stakeholders indicative forward-looking information on development expenditure at country level on an annual basis.
- Make available to partner countries disaggregated information on all relevant aid flows, so as to enable partner countries to report them in their national budget documents and thus facilitate transparency towards parliaments, civil society and citizens.

The EU will also promote better transparency of aid at international level and

- Promote the strengthened capacity of the OECD/DAC in statistics and analysis on global aid flows allowing DAC to become an international hub for transparency.
- Encourage increased cooperation by international aid transparency initiatives, including IATI, with the OECD/DAC, working towards meeting complementary global reporting and publishing standards based on the DAC CRS++ standard (i.e. the DAC's expanded Creditor Reporting System with its concepts, definitions, classifications and verification procedures) and the International Aid Transparency Initiative, respectively.
- Promote increased transparency as an issue of key priority in the multilateral development institutions, including the UN system and the development banks, as well as other partners we fund.

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European Union strengthening Joint Multi-annual Programming

Context

The EU and its Member States (hereinafter referred to as the EU) have adopted a framework for joint programming and repeatedly expressed commitment to move forward on joint programming of their external assistance to partner countries.⁹ Joint programming has started (Haiti, South Sudan) and will be proposed to take place in further partner countries to be identified, in line with the EU Operational Framework on Aid Effectiveness.¹⁰

Joint multi-annual programming:

- enhances the effectiveness and coherence of EU and Member States' aid,
- increases the impact and delivering better results,
- reduces fragmentation,
- increases transparency, predictability and accountability,
- is open to all relevant development stakeholders.

Scope

Joint programming is a process whereby the EU takes strategic decisions based on a comprehensive view of European and other donors' support to a given partner country. Joint programming respects Member States' sovereign decisions e.g. on choice of partner countries and level of financial allocations in these countries. The core elements of joint programming are:

- joint analysis of and joint response to a partner country's national development strategy identifying priority sectors of intervention,
- in-country division of labour: who is working in which sectors,
- indicative financial allocation per sector and donor.

Joint programming does therefore not encompass bilateral implementation plans. It allows the EU and the Member States to substitute their individual country strategies.

⁹ See Council Conclusions 2006, 2007, 2009 and 2010.

¹⁰ EU Operational Framework on Aid Effectiveness – Consolidated text. Doc. No 18239/10.

Principles

- Joint programming is led by the partner country wherever possible, is based on a partner country's national development strategy and is aligned to the partner country's strategy and programming cycles.
 - Joint programming is kept simple and pragmatic and conducted at partner country level in order to respond to specific needs and the situation on the ground.
 - Participation by all Member States who are present in a given partner country strengthens the coherence of the EU's action. All other Member States are invited to contribute for the purpose of reinforcing joint EU external action. Joint programming should build on the comparative advantages of all EU donors.
 - The EU will keep joint programming flexible and avoid parallel processes where, for example, donor-wide strategies exist or are being developed. While joint programming is not meant to be an exclusive EU process, the EU will act as a driving force".
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