



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 11 January 2011

18239/10

**DEVGEN 417
RELEX 1148
ACP 341
OCDE 9
COHAFA 118**

NOTE

From: General Secretariat of the Council
To: Delegations

No. prev. docs.: 15912/09 - 11081/10 - 17769/10

Subject: Operational Framework on Aid Effectiveness
- Consolidated text

1. On 17 November 2009, the Council (General Affairs and External Relations) adopted Conclusions on an Operational Framework on Aid Effectiveness.¹
2. On 14 June 2010, the Council (Foreign Affairs/Development Ministers) adopted Council Conclusions on Cross-country Division of Labour adding or replacing a number of elements.²
3. On 9 December 2010, the Council (Foreign Affairs/Development Ministers) adopted Council Conclusions on Transparency Mutual Accountability and Transparency - A Fourth Chapter for the EU Operational Framework on Aid Effectiveness.³

¹ Doc. 15912/09
² Doc. 11081/10
³ Doc. 17769/10

4. The text at Annex is a consolidation of these elements.

 5. Following the entry into force of Treaty on European Union on 1 December 2009, the phrase "The Commission and the EU Member States" has been replaced by "The EU and its Member States" where appropriate.
-

Operational Framework on Aid Effectiveness**Consolidated text****I. DIVISION OF LABOUR**

1. The EU Code of Conduct on Complementarity and Division of Labour in Development Policy presents guiding principles with respective measures, provides guidance to Member States and the Commission and should be speedily implemented in all partner countries in a pragmatic way, taking into account specific situations of partner countries and supporting partner country ownership. The measures below reinforce activities which are already being implemented within the Fast Track Initiative on Division of Labour (FTI-DoL). Further measures should be taken to mitigate hindrances to progress identified within the monitoring system of the FTI-DoL and through in-country missions. These include improving dialogue on DoL, both with partner countries and with other donors, clarifying donor decision-making structures, improving communication between donor headquarter and country level, and collecting necessary information in a more systematic manner, inter alia through a further improvement of the existing monitoring system of the FTI-DoL. Member States and the Commission will use existing mechanisms at the country level, to ensure that ownership rests with the partner country.

2. Better EU complementarity and coordination is crucial to meaningfully reduce aid fragmentation across countries and to address the issue of aid orphans. This commitment also stems from the Code of Conduct. To be effective, such complementarity and coordination should be based on an exchange of information and a dialogue about future engagement and on geographic concentration and country priorities, while recognising that Member States decisions on this issue are sovereign national decisions. It will also improve in-country division of labour processes, where the EU should aim to function as a catalyst with non-EU actors under the leadership and ownership of partner countries. Lead donors arrangements, joint programming and arrangements for delegated cooperation play a key role in strengthening EU coordination and reducing fragmentation.

The EU and its Member States will:

A. Accelerate the Fast Track Initiative on Division of Labour (DoL)

3. Reconfirm their political commitment and the roles as facilitating or supporting donors to promote DoL in Fast Track countries, as outlined in the attached list for information.¹ The list of Fast Track countries remains open for more countries and for facilitating and supporting EU donors. Those Member States who have not yet expressed their readiness to be leading or supporting facilitators at the current stage, but would like to take on that role in the future, are encouraged to do so.
4. By the end of 2009, complete the network of EU DoL facilitating and supporting EU donors at headquarter and country level in the fast-track countries in order to support decision making and continuous dialogue on DoL between headquarters and country level and at headquarters.
5. Agree that facilitating donors, with the assistance of the supporting donors, will, on behalf of the EU donors:
 - a) Actively engage with the partner country government and other donors to promote DoL, to ensure that DoL is on the agenda of the local development community, and that action is taken to achieve real progress (within existing fora when available).
 - b) Support partner country ownership in the definition of national priorities (in a Poverty Reduction Strategy and Medium Term Expenditure Framework or a similar development strategy and budget) and partner government leadership in determining priorities in terms of donor roles and sector involvement. Partner countries will be encouraged to identify the areas for increased or reduced support and to indicate their preferences as to which donors should remain actively involved in each sector.

¹ A list of facilitating and supporting donors as of November 2009 is annexed for information.

- c) Work with partner countries and all donors in gathering the necessary information and take preparatory action for DoL, i.e. mapping of ‘who does what’, if possible based on existing aid-management systems of partner countries.
- d) Encourage self-assessments concerning which donors have comparative advantages in which sectors, and establishing what opportunities for action exist in terms of donor programme cycles and lead donor arrangements.
- e) Organise joint meetings or joint in-country missions, at the appropriate level, in order to fill remaining information gaps, identify bottlenecks and facilitate decision-making and agreement on the next steps for DoL, with the partner government, local EU representatives and other donors. By the end of 2009, lead facilitators will jointly develop a tentative calendar for these events, based on inputs from partner countries, when available.
- f) Building on existing work, and additional action in line with measures described above, develop, by 31 March 2010, a joint action plan and timeframe per FTI - DoL country for the implementation of DoL. The plan is to be based on the Code of Conduct and the Toolkit for Division of Labour, also taking into account the International Good Practice Principles for Country-Led Division of Labour². The joint action plan should be coordinated with partner countries and other donors with a view to being integrated into Joint Assistance Strategies where these exist.
- g) Promoting an exchange of views on joint multi-annual programming by:
 - (i) facilitating the implementation of the Common Framework for drafting Country Strategy Papers and Joint Multi-Annual Planning of March 2006³ including taking a lead in formulating recommendations for the process described in point B.7 below,

² The Good Practice paper submitted to the OECD/DAC Working Party on Aid Effectiveness sets out eight principles on country-led DoL and complementarity. See <http://www.oecd.org/dataoecd/32/21/43408412.pdf>

³ Council Conclusions on Financing for Development and Aid Effectiveness: delivering more, better and faster (doc. 8243/1/06 REV 1 of 7.04.2006). See also doc. 7068/06.

- (ii) seeking to develop Joint Assistance Strategies in all FTI-DoL partner countries,
- (iii) consulting other EU donors at country level on multi-annual programming documents and during the identification phase in order to increase synergies and limit stand-alone actions;

while both seeking to limit the use of vertical funds or facilities outside multi-annual programming and respecting the priorities agreed with partner country governments. Shifts in policy priorities should be accommodated through reprogramming, thus avoiding the proliferation of ad hoc interventions.

- 6. To support this country-level process, EU meetings will be arranged initially on a trial basis, where i) facilitating EU donors will report on how they are progressing and ii) further steps will be discussed for selected country cases with the involvement of representatives from the local EU Delegations/embassies/country offices. The results of the joint monitoring process of the FTI-DoL will provide a possible basis for the selection of country cases.

B. Pursue Sector-Concentration through Redeployment and Joint Programming

- 7. Pursue the commitments in the Code of Conduct to sector concentration within their respective country programming processes. Develop, implement and exchange information on responsible sector exit plans for enhanced sector concentration ⁴, based on a dialogue with partner governments and other donors as well as on an impact analysis of potential financing gaps.

⁴ The specificities of the ENPI (European Neighbourhood and Partnership Instrument) managed by the Commission will be taken into account.

8. Increase participation in joint multi-annual programming based on partner countries' development strategies and use the EU joint programming as a pragmatic tool to advance division of labour. To this end, identify, by July 2010, a selected number of countries where the EU will work to implement joint programming with the aim to be fully operational by 2014, starting within the Fast Track DoL countries. The joint programming will be carried out in line with the 2006 Common Framework for drafting Country Strategy Papers and Joint Multi-Annual Planning. This process should be flexible and open, building on existing analysis, processes and arrangements, to the maximum extent possible including donor-wide participation. Whenever the development of common strategies is already under way, such as Joint Assistance Strategies or similar processes, EU Joint Programming will complement, strengthen, and whenever possible, be part of these existing processes, in order to avoid unnecessary parallel processes.

C. Monitor Progress Systematically at Headquarters and Country Level

9. Building on all existing data, including OECD/DAC statistics on past, current and future activities, the Monterrey reporting process (beginning spring 2010) and the monitoring of FTI-DoL, assess:
- a) evidence of (increased) sector concentration of each EU donor at the country level by including statistics on past, current and future flows of country programmable aid;
 - b) progress on DoL processes, including joint programming, at the country level, including lessons learnt;
 - c) which activities are undertaken by facilitating donors at headquarters and country level to support DoL;
 - d) the experience of delegated cooperation;
 - e) how EU donors have integrated DoL in their strategic planning processes;
 - f) evidence of reduced transaction costs through DoL, for instance through improved policy dialogue, rationalised aid delivery, and contribution to aid and development effectiveness;
 - g) the role of partner countries and the participation of non-EU donors.

The monitoring processes will be coordinated and assessments will be discussed at technical and Council levels.

D. Cooperate on Training Activities for DoL

10. Provide staff training and guidance, jointly where feasible, to promote DoL at headquarters and in partner countries.⁵

E. Cross-country Division of Labour: Reducing aid fragmentation and donor proliferation

11. Through the annual Monterrey questionnaire and drawing on OECD-DAC data, share and exchange information on geographic concentration, country priorities and exits, including on-going processes, with a view to drawing up a map of opportunities to maximise impact of EU donors or to inform possible joint national decisions. The Commission will disseminate all answers to the Member States. The Commission will prepare together with Member States and with input by OECD/DAC experts where appropriate, relevant questions to feed into the annual questionnaire.
12. Meet each year at expert level to analyse and discuss the results of the exchange of information with a view to in particular reducing cross-country aid fragmentation and donor proliferation. The objective of this exchange of information is to ensure that national sovereign decisions are taken on an informed basis including by taking into account other Member States' intentions and opportunities for EU impact, among others. Those decisions will also aim at addressing together the orphans' gap and improving situations where partner countries are lagging behind in their ability to achieve the Millennium Development Goals.

⁵ In this context, existing initiatives/programmes such as Train4Dev (Joint Donors' Competence Development Network) could be used. This is an open forum for donor agencies and multilateral organisations, comprising more than 25 members. Train4Dev operates through an annual meeting, with sub-groups working on priority themes, and through organising joint learning events and open courses.

13. This could be done, for example, by providing additional resources to respective partner countries or as a temporary solution delegating cooperation to another Member State, or to the Commission. Member States should strive for better geographic concentration and clear country priorities, while the Commission should play a more active role in orphan countries taking advantage of its global presence.
14. Keep the Council informed of the results of this annual exercise.
15. In line with the Paris Declaration and the Accra Agenda for Action, bear in mind the following principles during this process:
 - a) ensuring a neutral or beneficial impact on overall aid volumes.
 - b) giving special consideration to those Member States that have joined EU since 2004 who may approach the issue of cross country division of labour from an entry, rather than an exit perspective.
 - c) communicating immediately with relevant partners when the EU has a preliminary view of how to implement cross country Division of labour, in order to enrich donors' decision-making processes by integrating partner's views.

II. USE OF COUNTRY SYSTEMS

1. The Use of Country Systems is important to alignment. The Accra Agenda for Action (AAA) requires donors to use country systems as the first option to make the administration of aid less burdensome for partner countries, to harmonise donor approaches at country level and align to national policies, procedures and systems. Donors are also asked to immediately share plans on how to undertake this commitment. The AAA further states that successful development depends to a large extent on a government's capacity to implement its policies and manage public resources through its own institutions and systems. Progress in improving the quality of country systems varies considerably among countries; and even when there are good-quality country systems, donors often do not use them.

2. The AAA defines country systems in a broad way. In certain partner countries it will be necessary to start with the partial alignment to country systems in line with the AAA while taking necessary actions to strengthen them and increase their use.
3. The European Consensus on Development encourages the use of budget support where circumstances permit, thus, making full use of country systems. At present, a large proportion of EU development assistance is provided through projects. Therefore, taking steps to increase the use of country systems for project support is also a key priority, while working towards increased use of programme based approaches as called for in the Paris Declaration and the AAA.
4. While the following measures address the increased use of partner country systems, similar approaches can be explored in relation to regional or other multilateral organisations.

The EU and its Member States will:

A. Use Country Systems as the First Option

5. Regularly review aid portfolios to facilitate increased use of country systems and to respond to the Paris Declaration commitment on increased use of programme-based approaches.
6. Conduct assessments to be available by June 2010, to identify internal constraints, i.e. legal, procedural, political, cultural, staff training etc., including incentives to using partner country systems, consider using the self-assessment tool and good practice guidance on donor incentives developed on behalf of WP-EFF, undertake an analysis of action to be taken and address constraints so that the use of country systems by EU donors can be increased, where applicable, by end 2010.

7. In cases where only partial alignment to country systems is possible, consider on plan, on budget, on parliament and on report⁶ as a minimum level of use of systems for all country programmable aid to state institutions.
8. Review the design of aid instruments, irrespective of modality, so that use of country systems is considered the first option, while ensuring adequate control of and accountability for development assistance. Measures to be undertaken include:
 - a) introducing a section in internal project and programme documents outlining i) where country systems can be used and how this will be implemented and ii) where country systems cannot be used, what measures have been put in place to overcome this constraint and stating transparently the reasons for not using the systems,
 - b) considering for each phase in the planning, programming and project cycle the use of country systems as the first option, identifying opportunities to make use of all or parts of the country's system, and
 - c) share information with the partner country government, other donors and relevant stakeholders on efforts made to increase the use of country systems.
9. The Commission and Member States will initiate a dialogue towards a coordinated approach on budget support by early 2010.
10. Promote a better understanding of the benefits of using country systems and the developmental risks of not using them, for example by assembling best practices, gathering data and evidence and conducting case studies. The work should be done in close coordination with the Working Party on Aid Effectiveness.

⁶ i.e. that all aid is integrated into spending agencies' strategic planning, reported in the budget document, included in revenues and expenditures approved by parliament and included in ex-post reports by the government.

11. By the end of 2010, collect good practice examples on the use of country systems in practice. Experiences of using country systems in monitoring and evaluation should be collected with a view to develop international guidelines in relevant fora.
12. Provide staff training and guidance, jointly where feasible, for increasing use of country systems at headquarters and in partner countries.⁷
13. Support partner-country capacity development for improving the quality of country systems.

B. Undertake joint Assessments to Promote the Use of Country Systems

14. Support partner countries in leading joint multi-year diagnostic work programmes to assess Public Finance Management (PFM), in coordination with the OECD/DAC taskforces on PFM and procurement.
15. Adopt the PEFA Performance Measurement Framework (PMF) as the EU instrument of preference in assessing the quality of PFM and encourage its further use and development by partner countries and donors in accordance with guidance from the PEFA Secretariat.
16. Work towards harmonisation of assessments by:
 - a) using existing common tools to the fullest extent, with PEFA as the point of departure. Pending a fully harmonised EU approach, the European Commission's diagnostic tools, as well as those of Member States, are available for use by all EU donors;

⁷ In this context, existing initiatives/programmes such as Train4Dev could be used.

b) working together to further develop and harmonise methodologies for assessing country systems for the use of project support, based on the PEFA PMF and internationally accepted standards. To this end, the Commission is encouraged to address this issue in the context of the forthcoming review of the Financial Regulation applying to the EC general budget. Coordination with ongoing work at the international level within the Working Party on Aid Effectiveness should be ensured. Other donors' approaches should also be taken into consideration, and further work could be carried out through joint evaluations, studies and reviews.

17. Make assessments made by one EU donor available for use by other EU donors in order to avoid duplication and unnecessary demands on partner countries. For instance, assessments made by the Commission in accordance with its financial regulations would be at the disposal of Member States for their decisions, and vice versa, subject to appropriate arrangements being established, taking into account relevant and specific legal requirements of Member States.

C. Support Broad Country Ownership and Domestic Accountability

18. Support the role of parliaments in the budget process in partner countries by strengthening their capacity, improving the accessibility and transparency of budget documentation, and supporting the engagement of parliaments in the discussion on development finance, also in the framework of existing dialogues with partner countries. This includes allowing financial aid from EU donors to be subject to democratic scrutiny within the partner country processes.

19. Support the role of parliaments, civil society, the media, supreme audit institutions, and public procurement monitoring agencies, in holding governments accountable for public expenditure.

D. Monitor Progress, Learn Lessons and Communicate Results

20. Provide selected key information in the context of the annual Monterrey Questionnaire on progress regarding the use of country systems for all aid modalities and a summary analysis on reasons for not using country systems, in addition to information provided in the Paris Declaration Monitoring Survey. The responses will be discussed in 2010 at technical level and in the Council following the annual publication of the Monterrey follow-up report. This should result in an EU dialogue on enhancing the use of country systems and comparing practices following the elements presented in these guiding principles.
21. Engage in dialogue with partner countries and other donors at the country and international level in established fora, notably the Working Party on Aid Effectiveness, to account for results and progress with the use of country systems. At country level, the EU will promote and support partner-led transparent annual reviews and discussions on the use of country systems. These discussions should take place within existing joint consultative mechanisms where possible. Where fora for enhancing mutual accountability on use of country systems do not exist, their establishment should be supported. Such dialogue should aim to specify good donor practices and standard government procedures for the use of country systems, including for project support. Relevant stakeholders, such as parliaments, local authorities, supreme audit institutions, public procurement monitoring agencies and civil society should be included in the dialogue as appropriate. Support should be provided to mutual accountability mechanisms at country level to become a forum where aid effectiveness commitments, including use of country systems, are discussed and where local actions are agreed.
22. Initiate or continue dialogue with their respective parliaments and national audit offices on the use of country systems and its implications and benefits.
23. Identify and formulate joint communication messages on the commitments to use country systems and the lessons learnt, and share experience as well as make information accessible to the wider public on individual performance on the use of country systems, e.g. from the Paris Declaration Survey.

III. TECHNICAL COOPERATION FOR ENHANCED CAPACITY DEVELOPMENT

1. The Accra Agenda for Action (AAA) asserts that without robust capacity – strong institutions, systems and local expertise – developing countries cannot fully own and manage their development processes. EU donors will therefore aim to harmonise their approaches on technical cooperation in accordance with the AAA, and jointly provide resources to mobilise expertise. Harmonisation needs to address all aspects of technical cooperation. The key elements of the EU approach are ownership and leadership by partner countries, a demand-led approach where technical cooperation is not provided by default, and results orientation and focus on Capacity Development.
2. The Council welcomes the ongoing initiative of the Commission to map the specific transition experience of several Member States, and looks forward to specific proposals in this respect by the end of 2009. The Council invites Member States and the Commission to use where appropriate the transition experience in technical cooperation, as well as in broader development cooperation programmes, to support capacity building in partner countries.

The EU and its Member States will:

A. Promote Alignment, Country-Owned Management of Technical Cooperation and the Use of Local and Regional Expertise

3. Align technical cooperation (TC) to partner country policies and plans and, as a first option, use partner country systems, and work through partner country institutions. In line with the AAA, a broad approach to country systems is used, in order to:
 - a) Use partner country's regular accountability structures, financing channels, implementation systems and results monitoring and reporting systems and link TC to the regular plan and budget. Donors will strive to harmonise their reporting and accountability requirements and align them to the systems used by partner countries.

- b) Assist the partner in gradually building capacities to establish country-led systems and strengthen institutions with a view to fully managing TC, in cases where the use of country systems for TC is not yet possible.
4. Promote partner country leadership in making needs assessments and in defining the type of TC that best fits their needs. If requested, assist the partners in defining the needs, expected results and preparing Terms of Reference (TORs) for TC, and undertake joint preparations under the partner country's leadership. If the partner receives TC in-kind, the management and accountability mechanisms should ensure ownership.
5. Make the costs associated with the provision of TC transparent (including the costs of providing TC in kind) and follow the principle of cost-sharing (including the provision of partner resources).
6. Adapt donor procedures and regulations to enable partners to use local and regional resources and expertise when these are considered adequate.
7. Explore possibilities for triangular cooperation arrangements and institutional twinning, whereby local and regional TC providers are included. Where needed and possible, strengthen individual and institutional capacities in delivering South-South cooperation, including through triangular cooperation.

B. Avoid Donor-Driven Parallel “Project Implementation Units” and Parallel Incentive Systems

8. Avoid setting up new Parallel Implementing Units (PIUs)⁸. Map existing PIUs with partners, analyse critically their rationale and formulate a road map for their gradual phasing-out or integration into the regular accountability structures while taking into account the capacity of local partners.

⁸ The definition/criteria used by the OECD/DAC for Parallel PIU will be used.

9. Address incentive-related issues with partners as part of capacity development (CD). Use existing national remuneration and incentive systems in a harmonised way or, when this is not possible, assist in reforming existing systems, in particular by addressing civil sector reform, with a view to make the intervention sustainable. Avoid parallel remuneration systems and topping up.

C. Adapt the Provision of Technical Cooperation to Contexts of Fragility

10. Take a pro-active role in analysing and designing TC responses where partners cannot sufficiently take the lead. The provision and management of TC will be interim in nature and sequenced in time. TC will be provided in a way that stimulates the partner to take ownership of the TC process.
11. Enhance the internal coherence of TC provision originating from different national departments, e.g. security, foreign affairs, development. This support should be coordinated and harmonised with that of other donors.

D. Undertake Follow-up and Monitoring

12. Monitor and selectively report on the implementation of international and EU commitments on TC in line with this EU approach. Every effort should be made to ensure partner country involvement in the monitoring. Actions taken should be reported on an annual basis through the Monterrey report, in addition to the Paris Declaration monitoring process, and avoiding unnecessary duplication.
13. Use existing EU mechanisms, including at country level, as well as aid effectiveness and capacity development networks to facilitate the implementation of this approach. This facilitation may include the formulation of guidelines of good practice examples.
14. Engage in overall joint learning on improving TC provision, including on reducing PIU's, through joint evaluations, studies, and knowledge management initiatives, e.g. electronic discussion fora.

15. Actively promote training within the different Capacity Development learning networks. Where appropriate, this will be done in partnership with existing initiatives by the OECD/DAC as well as those organised by multilateral institutions.⁹
16. Communicate this EU approach widely with a view to sensitising stakeholders and to get support for the implementation of the EU measures.
17. Encourage linking with the DAC and CD networks, in particular those with Southern representation, such as the CD Alliance¹⁰, for implementing all actions mentioned above, also with a view to a proper stocktaking of progress in the run-up to the High Level Forum on Aid Effectiveness in 2011.

IV. ACCOUNTABILITY AND TRANSPARENCY

1. Transparency and accountability are essential components 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, taking steps to increase the provision of aid information in country systems and processes is a key priority.

⁹ Reference is made to initiatives such as those by the OECD/DAC, LenCD, Train4Dev, as well as those organised by other multilateral institutions. On Train4Dev, see footnote 10. The Learning Network on Capacity Development (LenCD) is an informal network of analysts and practitioners aimed at creating a global community of practice around capacity development. The network has contributed to raising awareness and promoting advocacy on capacity development, especially in the context of the AAA.

¹⁰ The CD Alliance is a Southern-led partnership forum for partner country political leaders to discuss capacity priorities and challenges as articulated in the AAA. The CD Alliance includes senior policy makers from partner countries, donor agencies and key multilateral institutions engaged in capacity development.

The EU and its Member States¹¹ will:

A. Increase aid transparency

2. Publicly disclose information on aid volume and allocation following the OECD/DAC Creditor Reporting System (CRS) standard format, ensuring that data is internationally comparable. The EU and its Member States will further explore the possibility of using Transparent Aid (TR AID)¹² to ensure that information can be easily accessed, shared and, eventually, published¹³:
 - a) In the first phase, starting in 2011 with a view to the HLF4 in Busan, on a voluntary basis, with freedom on the chosen data format;
 - b) On the basis of an assessment of their experience in the first phase, which will take place by the end of 2012, the EU and its Member States will decide whether to move to a full-fledged EU-wide roll-out of TR AID.
3. Respecting Member States' national programming cycles, make available among EU Member States, to partner countries and to the OECD/DAC Secretariat indicative forward-looking information on development expenditure at country level, on an annual basis, starting at the end of 2011:

¹¹ For those Member 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 Member States will strive to follow the respective methodologies laid out by the OECD/DAC.

¹² TR AID is a web-based system currently used by the Commission that combines data from multiple sources and provides easy access to comprehensive information so that the data can be used for reporting or decision-making.

¹³ TR AID Rules of Operation, to be drafted jointly by the EU and the participating Member States, will clearly specify the nature of the data made available, e.g. preliminary and indicative or validated and final.

- a) Based, at a minimum, on the DAC Survey on Donors' Forward Spending Plans methodology disclosing at least three, and up to five year forward-looking data on global aid spending, where available, but working towards full compliance;
 - b) Disclosing at least three, and up to five year forward-looking aid allocations sector by sector where available, but working towards full compliance.
 - c) Working towards the provision of forward-looking data to partner countries on approved projects, such as in the format proposed by CRS/DAC or IATI.
4. 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.
 5. Promote the strengthened capacity of the OECD/DAC to regularly make available statistics and analysis on global aid flows in a timely manner in an open format accessible to the general public.
 6. Encourage increased cooperation by international aid transparency initiatives, including IATI, with the OECD/DAC, working towards consensus on a common international standard.
 7. Call upon the Commission to make the EU Annual Report on Financing for Development a model of transparency and accountability by using the Monterrey questionnaire process to track progress at headquarters and country level.
 8. 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.

B. Strengthen mutual and domestic accountability

The EU and its Member States will, under the ownership and leadership of partner countries, and where possible including all donors:

At national level:

9. Promote the establishment of a joint framework for monitoring respective joint commitments of donors and partner countries on aid effectiveness, building upon existing systems and processes such as the format of and lessons learned from the Paris Declaration Monitoring Survey and PEFA¹⁴, whenever possible¹⁵:
 - a) The EU Delegation will organise a meeting to agree which donor will initiate discussions on mutual accountability; synergies with the FTI facilitators should be sought.
 - b) EU Delegations together with Member States will identify existing Performance Assessment Frameworks in partner countries. Where these do not exist yet, the EU will support their speedy establishment under partner country leadership, within partners countries' priorities and targets, and where they do exist, the EU will work to enhance them as necessary, in order to regularly review donor and partner country performance on their country level aid effectiveness commitments. Member States will encourage partner country leadership in this process.

¹⁴ Launched in 2005, the Public Expenditure and Financial Accountability (PEFA) initiative has developed the Public Financial Management (PFM) Performance Measurement Framework, an indicator-based assessment tool. PEFA reports, which have been produced on over 60 countries, provide detailed accounts of the performance of PFM systems along various dimensions.

¹⁵ In the case of EU candidate countries and potential candidates the Annual Report on the Instrument for Pre-Accession and the joint monitoring committees form a basis for aspects of a Performance assessment framework. These vehicles can be adapted to more systematically provide relevant data such as financial analysis and data on aid effectiveness commitments.

- c) To ensure relevance, efficiency and effectiveness, the joint Performance Assessment Framework should be established on the basis of the following guiding principles:
- Avoid duplication: it should take place within existing joint consultative mechanisms, where these are already in place, and can be gradually developed in line with the local context and available capacity;
 - Inclusiveness: it should aim to include all donors, regardless of the aid modalities used, as well as the national budget authorities;
 - Reciprocity: it should cover both donor commitments and partner country commitments;
 - Comparability: it should monitor performance of individual donors in a comparable manner;
 - Regularity: assessments should be undertaken on a regular basis, aligned with the partner country's systems and timing;
 - Self-reporting: donors and the government should commit to provide data of their operations in-country on a regular basis measured against locally determined criteria.
- d) These Performance Assessment Frameworks should be assessed by EU delegations and Member States in time to share first results of the country level joint performance by November 2011, and to carry out necessary adjustments, together with the partner country, taking into account the ongoing work of the OECD/DAC.
- e) The implementation of these joint commitments will feed into the ongoing policy dialogues between donors and partner countries at project, sector and national levels. The EU will also use policy dialogue to encourage public debate so as to hold both donors and governments accountable.

10. Support the role of civil society organisations including women's groups, as well as the media, local governments, parliaments and national audit institutions, in holding partner country governments and donors to account, including the provision of necessary capacity development support. The EU and its Member States will support more inclusive frameworks for a strengthened involvement of partner countries, including local authorities, parliaments, civil society and the private sector.
11. Explore the feasibility of developing proposals in 2011 to further action on strengthening domestic accountability, which is key to ensuring effective governance, leads to better mutual accountability and, ultimately, is the best guarantee for an effective use of resources for development. These proposals will be based on a mapping and analysis of good practices in the field of domestic accountability and take into account ongoing work of the Working Party on Aid Effectiveness and GOVNET¹⁶ hosted by the OECD/DAC.
12. Where the EU and/or its Member States are already engaged or choose to engage in separate country level mutual accountability processes to ensure delivery of rapid and visible results while more comprehensive negotiations are ongoing, the EU and/or those Member States will ensure that such processes both support and lay the basis for a comprehensive mutual accountability agreement.

¹⁶ The DAC Network on Governance (GOVNET) aims to improve the effectiveness of donor assistance in support of democratic governance in developing countries. It provides a forum for DAC members and partner countries to identify good practice and develop policy and analytical tools.

At international level:

The EU and its Member States will:

13. Coordinate their position in discussions on international mutual accountability under different fora, including the UN Development Cooperation Forum, the Working Party on Aid Effectiveness and the DAC. This includes supporting efforts by the Development Cooperation Forum on mutual accountability.

 14. Integrate the findings of the national mutual accountability frameworks of the concerned partner countries in the DAC Peer Reviews of donors.
-

List of FTI partner countries and facilitating/supporting donors

EU donor country	Lead Facilitator in:	Supporting Facilitator in:
BE	Burundi	-
CZ	-	Mongolia, Moldova
DE	Burkina Faso, Cambodia, Ghana, Sierra Leone (co-lead with IE), Zambia	Cameroon, Mozambique, Tanzania, Uganda
DK	Benin, Bolivia (co-lead with ES), Kenya	Bangladesh, Burkina Faso, Cambodia, Ghana, Mozambique, Nicaragua, Tanzania,
FR	Cameroon, Central African Republic, Madagascar, Mali (co-lead with NL),	Burkina Faso, Ghana, Mozambique, Senegal, Vietnam
IE	Sierra Leone (co-lead with DE)	Ethiopia, Mozambique, Uganda, Tanzania, Vietnam,
IT	Albania	Bolivia, Ethiopia, Kenya, Mozambique, Senegal
LU	-	Nicaragua, Burkina Faso
NL	Bangladesh (co-lead with EC), Mali (co-lead with FR), Mozambique	Benin, Bolivia, Burkina Faso, Burundi, Ghana, Mozambique, Nicaragua, Senegal, Tanzania, Uganda, Zambia
ES	Bolivia (co-lead with DK), Haiti	-
PT	-	Mozambique
SE	Serbia, Ukraine	Bangladesh
SI	FYROM	-
UK	Kyrgyz Republic, Rwanda	Ethiopia, Kenya, Moldova, Sierra Leone
EC	Bangladesh (co-lead with NL), Ethiopia, Nicaragua, Tanzania, Vietnam	Benin, Bolivia, Burundi, Cambodia, Central African Republic, Ghana, Haiti, Laos, Malawi, Mali, Mozambique, Zambia