



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 22 July 2008 (24.07)
(OR. fr)**

12080/08

**DEVGEN 134
RELEX 554
ACP 135**

NOTE

from: General Secretariat

on: 22 July 2008

No. prev. doc.: 11592/08 + ADD 1

Subject: Third High-Level Forum on Aid Effectiveness (HLF III) – Accra (Ghana),
2 to 4 September 2008 – guidelines for the participation of the European Union

Meeting on 22 July 2008, the General Affairs and External Relations Council and the Representatives of the Governments of the Member States, meeting within the Council, adopted the attached guidelines for the participation of the European Union.

THIRD HIGH LEVEL FORUM ON AID EFFECTIVENESS (HLF -III)

– ACCRA, GHANA, 2– 4 SEPTEMBER 2008

GUIDELINES

FOR THE PARTICIPATION OF

THE EUROPEAN UNION

I. INTRODUCTION

1. The EU is determined that the year 2008 will mark a turning point in collective efforts to eradicate poverty and to promote economic and sustainable development with a view to achieving all MDGs by 2015. As the largest donor, the EU will continue to play a leading role in aid effectiveness aiming to deliver more aid in a better way and to improve progress towards the MDGs.
2. The EU believes the Accra Summit should not be limited to a mere stock taking exercise but should result in open and political dialogue leading to ambitious, measurable and reciprocal actions with a timetable for implementation. In this context, the EU commits to replicating its instrumental role at the 2005 Paris conference by ensuring a strong presence, a European "critical mass" at the Accra Summit, speaking with one voice, rallying behind the same goals.
3. The EU is committed to working together with partner countries, in equal partnership, to make aid better and more effective. In order to enhance democratic ownership of partner countries of their own development agenda and to increase development effectiveness, the EU will facilitate processes for more country led aid effectiveness and prioritise action building upon the list of issues identified by partner countries: ownership; predictability; untying of aid; alignment to country systems; aid allocations, complementarity and division of labour; national and global mutual accountability; managing for development results; incentives for behaviour change; conditionality and capacity development.

4. Thematic and cross cutting issues such as human rights, democratic governance, gender equality, HIV/AIDS and environmental sustainability including climate change must be systematically addressed and operationalized in order to strengthen the impact of development cooperation and sustainability of development results.
5. Furthermore, the EU is committed to an ambitious policy coherence for development agenda, emphasising the importance of synergies with policies other than development cooperation for accelerating progress towards the MDGs.
6. Among the many important themes to be included in the ministerial declaration (*Accra Agenda for Action*), the EU will support in particular the **4 key areas of aid effectiveness** where the Union can really make a difference and have an added value as follows:
 - (a) Division of Labour
 - (b) Use of country systems
 - (c) Predictability of aid
 - (d) Mutual accountability for results, including less conditionality
7. The EU has endorsed the Principles for Good International Engagement in Fragile States and Situations and acknowledges the importance of tailoring aid approaches in countries facing particular challenges of conflict and fragility. The EU recognises that there is more to do in making aid effective in these contexts, specifically in ensuring that donors are aligned behind coherent and appropriate objectives at country level, and that mechanisms are in place, including for flexible financing, to enable support in the critical early recovery period.
8. The EU is willing to promote a common position and a harmonised approach on each theme at the Accra Summit and across the many different preparatory processes for the High Level Forum.

9. The EU reaffirms its intent, beyond the Accra Summit, to make aid effectiveness the way of working for development and to explore means for even more efficient and effective development assistance beyond the Paris Declaration deadline of 2010.

II. DIVISION OF LABOUR

10. Donor congestion leads to duplication, heavy organisational and administrative burden as well as high transaction costs for both partner countries and donors. It is important to address the imbalances of funding between and within countries for greatest impact on poverty. The division of labour process seeks to reduce the burden by rationalising aid flows and creating economies of scale in order to achieve more effectively development goals. It goes beyond information sharing, consultation and coordination. It is about joint agenda setting, joint decision making, working in a complementary way according to each donor's comparative advantage, including delegated cooperation and lead donor arrangements, joint monitoring and evaluation.
11. The EU believes donors and partner countries should ensure that policy priority areas of human rights, democratic governance, gender equality, environmental sustainability, and HIV/AIDS which cut across all sectors receive due attention in division of labour processes.
12. The EU acknowledges that despite some good practices, progress on the division of labour process across the EU has been too slow and fragmented to date and there is a need to accelerate progress.
13. The EU is convinced that leadership and ownership of in-country division of labour lies first and foremost with partner country governments. Donors should support and encourage partner countries to take this leadership role and to adapt to their own needs and specificities the spirit of the principles set out in the EU Code of Conduct.

14. The EU believes donors should apply division of labour in a pragmatic and flexible way and demonstrate their willingness to do so by reducing the number of sectors where they are active, with no harm to global aid volumes or predictability of aid, and by reviewing their own aid procedures which hinder in-country division of labour processes.
15. The EU is committed to ongoing initiatives aimed at speeding up the division of labour process in partner countries, in particular the EU Fast Tracking of division of labour Initiative, the elaboration of a division of labour Toolkit to guide implementation at country level and the EC proposal to deliver on delegated cooperation and lead donor arrangements. These initiatives all represent key concrete steps towards operationalizing the EU code of conduct.
16. The EU is convinced that it is key to advance by example. In this context, the EU Code of Conduct could serve as a basis and source of inspiration to rally support for adoption of an international set of principles on the division of labour approach in Accra, developed jointly by donors and partner countries and shared by all.
17. With regard to cross country division of labour, the EU envisages a dialogue among Member States on future geographic concentration and country priorities. The EU agrees to operationalise commitments on cross-country complementarity through increased transparency and exchange of information on future spending plans and cooperation. It is important to ensure adequate and predictable funding also in countries in a situation of fragility.
18. The EU calls on donors and partners to agree to develop a methodology by mid 2009 which could include an indicator to measure progress in division of labour and its impact on the effectiveness of the aid delivered with a view to improving allocation of resources within countries and/or across countries.

III. USE OF COUNTRY SYSTEMS

19. It is essential to make the fullest use of partner country systems in order to make administration of aid less burdensome for partner countries, to harmonise donor approaches at country level and align to national policies, procedures and systems. The use of country systems will lead to the strengthening of these systems and this process should be supported by donors. The choice of aid modalities should reduce transaction costs and strengthen country ownership.
20. Partner countries should develop their systems towards meeting international standards. This work should be supported by donors through capacity development.
21. The EU calls upon all donors to systematically use country systems, where conditions allow and to adapt their aid modalities accordingly. Donors should transparently explain why any proposal does not use such systems.
22. The EU calls all donors to aim to channel 50 % or more of government-to-government assistance through country systems, including by increasing the percentage of assistance provided through programme-based approaches, such as budget support or SWAP arrangements.
23. The donors need to commit themselves to avoid establishing any new project implementation units (PIUs) and accelerating the reduction of existing PIUs. Donors will transparently explain any proposal to use PIUs.
24. Donors and partners should also strengthen such important dimensions of in-country good governance as local government, parliament, civil society organisations, and the media.

IV. PREDICTABILITY

25. Greater predictability in aid flow programming, commitment and disbursement is needed to support the more effective absorption and expenditure of aid. This is urgently needed to facilitate the short -, medium and long term planning, budgeting as well as the execution of expenditure by partner countries. In turn improving planning and budgeting by partner countries will allow for more predictability of funding by donors.
26. The impact of improved predictability of ODA will depend on partner countries' capacity to design effective strategies for poverty reduction and MDGs achievement; to translate these strategies into adequate multi-annual budgets; to implement these through efficient resource allocation; and to execute budgets. Partner countries, therefore, need to ensure that the opportunities for greater development effectiveness offered by greater aid predictability are fully exploited.
27. Improved predictability of aid flows and improved budgeting, resource allocation and implementation equally facilitates improved transparency on application of resources. It will enhance the democratic scrutiny of public finance management, enabling partner governments to account to their parliaments and citizens on the full use of (domestic and external) development resources.
28. Therefore the EU calls on all donors to provide full information to partner countries and other donors on annual and multi-annual aid allocations, conditions and disbursements within national budgetary provisions, in time to meet partner countries' national budget cycles and their implementation by 2009. Disbursements should furthermore be planned and, unless duly justified, take place according to mutually agreed timeframes.

29. The EU calls for the development and testing of innovative financing modalities to improve predictability in funding. The EU recognises that constitutional requirements and general budget systems may currently limit the room for maneuver of individual donors. The EU encourages donors to address these limitations and their consequences.
30. The EU calls for developing a measurable target to enhance predictability of programmable aid flows for a period of at least three years in advance, based on indicative forecasts and on a rolling basis. In this regard the EU recalls the work of the OECD-DAC on forward looking data on allocations.
31. The EU calls for an extended use and coverage of multi-year country strategy papers, which include multi-annual financial commitments. The donors should increase the use of jointly developed strategies and of joint programming.
32. The EU highlights that the concept of providing more predictable aid in the interest of increasing development effectiveness is at the core of the MDG Contract. This modality of budget support has been adapted by the EC for long-term and predictable general budget support (GBS) under the 10th EDF whenever conditions allow in exchange for greater commitment to monitoring and achieving the MDGs and to improving domestic accountability for budgetary resources. Member States can join in and cooperation with other donors is actively sought.
33. In this context, the EU:
 - (a) stresses the importance of properly taking into account other elements of aid effectiveness, notably alignment to countries own strategies and systems, when seeking greater aid predictability;
 - (b) notes the need for a broad range of actions and instruments over and beyond the need to increase the predictability of budget support
 - (c) recalls the importance of ensuring greater predictability for less well performing countries and for states in situations of fragility whose specific challenges need to be taken into due account.

V. TRANSPARENCY, DOMESTIC ACCOUNTABILITY AND MUTUAL ACCOUNTABILITY

34. The EU believes transparency and accountability of aid are essential means to increase democratic control over finances and to guarantee that aid reaches its intended beneficiaries. Both donors and the partner countries must be accountable for how aid is oriented towards the achievement of development results. Accountability is essential both between donors and recipients, but also towards citizens within partner countries and donors alike. Increased accountability leads to increased trust and more equal partnerships.
35. The EU stresses the importance of accountability for creating an enabling domestic environment for mobilising domestic resources, increasing productivity, reducing capital flight, encouraging the private sector, and attracting and making effective use of international investment and assistance.
36. The EU believes that accountability mechanisms of donors and partner countries should be interlinked and aimed at achieving development results, including human rights, MDGs, poverty reduction, gender equality and women's empowerment, and environmental sustainability.
37. True accountability at the country level implies transparency and inclusiveness of relevant stakeholders in defining development goals and actions and in the monitoring of their financing and implementation. The donors need to support efforts to include parliaments, civil society and other stakeholders, including marginalised groups and women's organizations in the process of strengthening domestic accountability.
38. The EU calls on donors and partner countries to take the necessary measures to provide timely and transparent public information with regard to volume allocation, use and impact of external and internal resources as well as their alignment with national development objectives. The tracking of geographic and sectoral patterns of both internal and external resources is important for a full information and control by the public.

39. Donors should provide coordinated support for strengthening capacity for aid management, particularly for the capture, analysis and use of data.
40. The EU will keep paying particular attention to development education and raising awareness among its citizens and calls on donors to strengthen the participation of their own parliaments and citizens in the development agenda.
41. Mutual accountability is critically dependent on alignment, ownership, and the reform of conditionnalités. The EU reaffirms the importance of implementing strengthened mutual accountability mechanisms at the country, regional and international level. Existing international monitoring mechanisms in this regard need to be strengthened and in-country statistical capacity to allow such monitoring supported.
42. The EU is committed to strengthening the voice of partner countries, within individual mechanisms and the international system as a whole including emerging donors and global funds.
43. Domestic stakeholders should also be included in the efforts to reach an agreement on ways to create a more collaborative, complementary and credible system for the mutual accountability of aid.
44. The EU commits to making the EU annual reporting process, in particular on financing for development, an example of best practice in transparency and accountability, to enhancing the use of independent disaggregated evidence and analysis and to strengthening public and parliamentary scrutiny and debate on progress. The EU calls on other donors to move into the same direction.
45. Donor and partner-country peer-review mechanisms, such as the African Peer Review Mechanism and the DAC peer review, should be encouraged and supported. Self-assessments should be a part of peer reviews and their use should be intensified.

- 46 The EU is open to independent reviews of donor and partner countries behaviour and of aid relationships and agrees to promote the use of credible, independent non official scrutiny and analysis from e.g. think tanks, civil society and other stakeholders in international and national fora.

VI. CONDITIONALITY AND MANAGEMENT FOR DEVELOPMENT RESULTS

Conditionality

47. The EU underlines that human rights, democracy and rule of law are fundamental underlying principles for each development agreement. Environment sustainability and gender equality are also key objectives of development cooperation.
48. The EU recognises the importance of mutually agreed development goals and performance targets, as they are the basis for planning, implementation and monitoring joint efforts as well as for the respective mutual and domestic accountability.
49. While donors need assurances that aid reaches its intended beneficiaries, the EU believes that within the current aid architecture where multiple actors set their own *a priori* conditions, conditionality has become a problem. The EU is convinced that conditionality must be reformed in order to give partner countries the necessary sovereignty on their development strategies. Donors and partner countries should work together in a partnership. Imposed conditions should be avoided.

50. The EU believes that conditions should be based on development goals and performance targets, drawn from partner countries own plans, strategies and policies and confirmed in mutual agreements between partner countries and donors. Conditions should be designed in a transparent manner so as to make them more effective at improving predictability, allow for a maximum degree of partner countries policy options and promote sustainable development results. There is a need to move away from unilaterally imposed policy conditions towards mutually agreed commitments formulated in terms of performance measures and outcomes. This will also enable the dialogue between partner countries and donors to become more focussed on key development issues and results rather than individual donor conditionalities.
51. The EU maintains that discussion on results to be achieved and conditions attached may pave the way for policy dialogue not only between donors, ministries of finance and sectoral ministries, but also within the democratic structures of the partner country societies, involving parliaments and civil society. In this way mutual and domestic accountability can be enhanced.
52. All conditions for the application of aid resources should be made public and transparently communicated. This would enable country monitoring of conditionality policy, practices, and performance.
53. Conditions at country level should be reviewed and harmonised and incoherency of conditions reduced immediately in order to make them more manageable. Harmonisation of donor conditionality should however not be a goal in itself, but should be linked to alignment to the reform agenda of the partner country.

54. The EU calls on donors to work on the reduction of the number of unilateral conditionalities, while maintaining their quality, and to focus on key areas of policies and reforms. Donors should agree to reform, streamline and harmonise the design and implementation of conditionality with a view to increasing ownership, predictability, transparency and democratic scrutiny of conditions for the use of aid resources. This work could lead to defining a common code on conditionality building upon best practices, relevant international agreements and development goals.

Management for development results (MfDR)

55. A condition for good management is reliable data and functioning statistical systems, which make it possible to review development outcomes. However, the demand for results and indicators is often addressed with ad-hoc and short-term solutions that do not always use country systems nor meaningfully contribute to the creation of sustainable capacity in partner countries. Partner countries' efforts to strengthen statistical systems should therefore be supported in a harmonised manner.
56. Donor monitoring should be aligned with country monitoring systems and focus should be expanded from financial benchmarking to an enhanced focus on results. Partner country monitoring systems for national development and sector policies should be supported.
57. A stronger culture and incentives for MfDR are needed. Results information will be used as analytical tools and inform decision-making processes. The donors should support partner countries to collect, process and disseminate comparable data.
58. The donors should move towards joint approaches in using indicators, developed together with partner countries. Good practices on using indicators should be developed. Donors should strive to harmonise the indicators used by different donors at the country level.

59. The EU will avoid a proliferation of competing systems for reporting, monitoring and evaluation, in favour of aligning with national systems. When using budget support, conditionalities should be harmonised in the framework of Performance Assessment Frameworks (PAF), which should be made more results-oriented, notably through the inclusion of results indicators in them.

VII. SITUATIONS OF FRAGILITY AND CONFLICT

60. Situations of fragility and conflict constitute a major challenge to peace and sustainable development. In these countries, dialogue and coordination between donors is often less organised, and/or the partner country involvement in coordination is limited or absent. Moreover, the capacity of the government to manage aid is usually quite limited, rendering the reduction of the organisational and administrative burden even more pressing than in other aid recipient countries. In this context, the ownership principle remains relevant and must be addressed.
61. The EU believes in enhanced democratic governance approaches to situations of fragility and conflict through the development of a strong and inclusive political dialogue.
62. The EU believes enhanced dialogue on cross country division of labour is required in order to address the current imbalance in resources provided to aid "orphan" and "darling" countries and to prevent at an early stage the creation of orphan countries, bearing in mind that "orphaned" or neglected countries are often in a situation of fragility.
63. The EU is committed to comprehensive dialogue on future geographic concentration and country priorities and invites other donors to take up this discussion. In post-conflict situations, beyond development, diplomacy and defence (3Ds) and Whole-of-Government Approaches, the EU encourages donors to promote alignment between development assistance and humanitarian aid.

64. The EU supports increased transparency and exchange of information on future spending plans and cooperation.

65. The EU supports the following key actions:

- At country level, develop a set of realistic and coherent objectives on state-building and peace-building in situations of fragility and conflict to establish strategies for targeted and complementary development assistance, and agree a monitoring framework for measuring progress. This should be informed by an international consensus building process between donors and partners on these objectives as prerequisites for development.
- Engage with other partners to monitor donors' collective and individual implementation of the Principles for Good International Engagement in Fragile States and Situations, evaluate their applicability and share results as part of regular performance reports on implementing the Paris Declaration.
- Address situations of fragility and conflict through the upcoming EU Action Plans.
- Conduct jointly and share at country level assessments of the causes and drivers of conflict, fragility, governance and capacity and use these as the basis for political dialogue, policy and strategy development and programming design;
- Achieve, in dealing with post-conflict and reconstruction, greater coherence in policy and programming, including fostering strategic partnerships with the UN system and emerging donors.
- Explore with developing countries, beyond Accra, options for flexible and rapid funding modalities, on a pooled basis where appropriate, to bridge humanitarian, recovery and longer term development phases and to support prevention, stabilisation, peace building and state building;
- Provide demand-driven, tailored and coordinated capacity development support (preferably locally or regionally recruited) for core state functions and for early and sustained recovery. Interim measures should be appropriately sequenced and lead to sustainable capacities and local institutions.

66. The EU commits to work with partners beyond the Accra Summit to find ways to implement the above commitments.

VIII. INTERNATIONAL AID ARCHITECTURE

67. The modern aid architecture is made of a complex set of donors that play different roles. Bilateral and multilateral donors, civil society organisations, private foundations and local authorities have variety of instruments which can be indispensable to adapt the aid supply to varied demand. Emerging donors' activities and increased South-South cooperation introduce important new opportunities that should be utilised. Partner country leadership needs to be ensured, regardless of the modality to be used.
68. With an increasing number of donors and financing mechanisms, the aid architecture is however becoming exceedingly difficult to manage and administrate. Competition amongst donors in the same countries and sectors lead to increased transaction costs. The number of missions, consultations and reports is becoming overwhelming for some partner countries to manage. It is inconsistent to burden the developing countries in this way while at the same time claiming to increase their capacities and promote transparency.
69. A more effective and coherent aid architecture would allow faster progress towards achieving the MDGs by 2015. The EU will encourage all donors, including emerging donors to progressively increase the volume and improve the quality of their ODA.
70. The EU fully supports the UN efforts to simplify and harmonise the activities of the UN-family through a system-wide coherence reform. An important measure of the reform is how it will make UN-action at the country level more coherent and effective.
71. The EU believes it is essential to consider financing through existing financing mechanisms before creating new vertical funds. Any new mechanism should incorporate a sunset clause to avoid congestion of the aid landscape and not result in fragmentation of aid at the country level.

72. The EU invites the OECD to establish guidelines outlining how and when it may be appropriate to set up new funds. To support this process, the EU calls for existing vertical funds to demonstrate the value added they provide to delivering results.
73. Donors and partners should ensure that all vertical/global funds should have strict adherence to the principles of the Paris Declaration and avoid adding additional transaction costs and undermining local systems
74. The EU calls on all stakeholders to intensify the dialogue on how aid can be best delivered. The EU calls in particular for those donors and partner countries which have not yet done so to sign up to and implement the Paris Declaration. Other stakeholders, such as the civil society, local authorities and the private sector, should be guided in their actions by the Paris Declaration as closely as possible and enter into similar commitments. All stakeholders should further ensure coherence between aid and other forms of cooperation and other policies, striving for synergy to obtain optimal and sustainable development results.
75. Due attention should be paid to the regional coherence of instruments. This includes a possible role for regional actors, such as regional economic communities (REC).

IX. ROLE OF CIVIL SOCIETY

76. To date, civil society has been the "missing link" in the Paris Declaration. The EU has long recognised the diversity of civil society's roles: as watchdog, implementer, aid donor, recipient, civil society is a development actor in its own right with a distinct yet complementary role to play alongside governments and donors.

77. The EU welcomes and commends the efforts of the Advisory Group on Civil Society and Aid Effectiveness set up by the OECD-DAC WP-EFF which has been coordinating dialogue among civil society, donors and developing country governments in the lead-up to the Accra Summit. This has been an inclusive multi-stakeholder process which has resulted in valuable analysis of civil society and its involvement in the aid effectiveness agenda.
78. The EU welcomes ongoing efforts of civil society organisations themselves who have been active in the lead up to Accra as well as those of local authorities and the private sector. The EU calls on these stakeholders to become more involved in aid effectiveness processes and to translate their efforts into concrete commitments at Accra aimed at improving their own development effectiveness.
79. The EU is committed to engaging with civil society organisations to support them in examining their own aid effectiveness and in exploring ways to maximise their specific added value and complementarity in applying and enriching the Paris Declaration.
80. The EU supports civil society in promoting the concept of "democratic ownership" which implies that development strategies are defined by partner country governments in collaboration and consultation with local stakeholders. Real democratic ownership will only be possible if all actors are integrated on a continuous basis into national strategic planning, implementation, and assessment frameworks. Donors should encourage such processes, including through capacity building to civil society organisations.
81. As an active part of the international aid architecture, the EU believes it is essential move beyond recognition and improved understanding of civil society organisations to a more forward looking agenda where these stakeholders are both systematically involved in general discussions on aid effectiveness and as active partners in implementation of the division of labour process on the ground.

X. CAPACITY DEVELOPMENT

82. Partner countries should be supported in integrating capacity development as a core element of national, sector and thematic development efforts. Partner countries should be able to take the lead in identifying and determining priorities for capacity development, aiming at creating sustainable domestic institutional structures based on local resources. Donors should assure that their support to capacity development of partner countries, including technical cooperation, is needs-based and/or demand driven and integrated in the national strategies and programs, including sector programs for local development and decentralisation and civil service reform.
83. The growing importance of South-South cooperation and the experiences of emerging donors in capacity development should be recognised. The EU underlines notably the potential of making use of the experiences of those EU Member States that have recently gone through a structural reform and democratisation process.
84. The EU calls on donors to adopt a long-term perspective to their support to capacity development and to take the effects on incentives for local expertise into account. In technical assistance earmarking should be avoided as much as possible.
85. Technical cooperation can make a major contribution to poverty reduction. However to be effective it needs to be country led and harmonised in order not to burden partner countries with a multitude of different donor approaches and priorities. Therefore the EU calls on other donors to join the EU commitment to provide all capacity development support through coordinated programmes with an increasing use of multi-donor arrangements.
86. The EU calls for the development of guidelines on technical assistance in order to make capacity development support better coordinated, more needs-driven and better integrated in the overall development programme framework.

87. The use of parallel project implementation units should be avoided in favour of arrangements that are accountable to national structures and that promote the development of capacity.
88. Capacity development should make use to the extent possible of local resources and expertise, so that investments in capacity development strengthen existing knowledge and expertise in the country and region. The EU calls for special attention to country-led capacity development and to utilising local or regional services and expertise.
89. The use of regional approaches in capacity development should be encouraged as they allow economies of scale, exchange of experience and greater likelihood to have consistent approaches amongst neighbouring countries.
90. Partner countries should own and manage technical cooperation-supported projects and programmes in accordance with internationally agreed principles from the identification to the implementation phase, including the management and review of results, and be actively involved in procurement.
91. Technical cooperation support should build on a thorough understanding of the political, socio-cultural, sectoral and institutional context.
92. Donors and partner countries should commit to enable the capacity development not only of civil servants, but also of civil society, the private sector and elected officials and other relevant stakeholders in order for them to play their development roles more fully
93. The design of technical cooperation should ensure that inputs/activities are linked to targeted outputs that in turn lead to sustainable development outcomes. Appropriate indicators should be agreed upon in advance to monitor the implementation.
94. Alternatives to consultancies, such as twinning arrangements and knowledge transfer beyond standard training approaches should be considered.

95. In situations of fragility external partners will provide tailored and coordinated capacity development support for core functions of state earlier and for a longer period, appropriately sequenced and harmonised in operational practice to minimise distortions and unsustainable structures.

XI. INCENTIVES

96. In the Paris Declaration, donors and partner countries jointly committed to reform procedures and strengthen incentives – including for recruitment, appraisal and training – for management and staff to work towards harmonisation and alignment and development results.

97. The EU believes all development partners must change behaviour. The EU welcomes the definition and promotes the use of new international guidelines on incentives to ensure aid effectiveness principles are "owned" throughout organisations, taking into account specificities of different aid agencies.

98. The EU commits to streamlining processes and to encouraging staff to systematically integrate aid effectiveness into their work programmes, structures and reporting mechanisms in order to promote the importance of aid effectiveness as the way of working for development.

99. The EU commits to removing outstanding obstacles (legal impediments, corporate practice) and staff incentives which work against the Paris Declaration commitments.

100. The EU believes it is essential to respond to partner country concerns concerning the significant gap between headquarter policies and country level practices.

XII. UNTYING OF AID

101. The EU believes that tying aid so that procurement occurs from a restricted pool of sources does not deliver best value for that aid. Untying aid can offer better value for money, meaning more can be delivered for the same amount.
102. Untying aid can also contribute to promoting a more efficient use of partner countries' own resources and know-how, thus creating an additional advantage for local capacity development.
103. Despite some positive advances in untying aid, the EU encourages specific commitments by all donors to provide untied aid.
104. The EU promotes further untying of aid going beyond existing OECD recommendations, especially for food aid, but also in the context of the 2001 OECD/DAC recommendations on untying aid to LDCs, in particular on the proposal to extend coverage of the 2001 recommendation to the non-LDC HIPC. The EU encourages all donors to elaborate individual plans to further untie their aid, subject to the results of a transparent impact evaluation of existing measures.
105. The EU underlines that to maximize the positive impact of untying, corporate social responsibility should be included in aid tenders and supports the inclusion of provisions related to Corporate Social Responsibility within the 2001 recommendation. The EU invites all donors, including emerging donors, to adhere to this recommendation.

=====