

**DEVELOPMENT CO-OPERATION DIRECTORATE
Development Assistance Committee**

Working Party on Aid Effectiveness

**FOURTH DRAFT OUTCOME DOCUMENT FOR THE FOURTH HIGH-LEVEL FORUM ON AID
EFFECTIVENESS, BUSAN, KOREA, 29 NOVEMBER - 1 DECEMBER 2011**

Proposal by the Chair

11 November 2011

This draft of the outcome document for the Fourth High-Level Forum on Aid Effectiveness (HLF-4) is presented FOR DISCUSSION by the group of sherpas nominated to finalise the outcome document for HLF-4 at its meeting of 18 November 2011.

This version builds on discussions within the Working Party on Aid Effectiveness and the previous draft of the outcome document [DCD/DAC/EFF(2011)13]. It has been revised to reflect areas of consensus identified by the sherpas in their meeting of 4 November 2011, and to incorporate proposals for amendments to the text provided in writing by the sherpas where written inputs suggest a convergence of views among the constituents they represent. Square brackets [] are used to identify text on which no final decision has been reached. A compendium of the written submissions received is available online at <http://www.wpeff.net> [DCD/DAC/EFF(2011)15].

HLF-4 delegations are invited to review this draft and share comments with the sherpas in advance of their meeting of 18 November 2011.

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**BUSAN PARTNERSHIP FOR EFFECTIVE DEVELOPMENT CO-OPERATION
(WORKING TITLE)**

DRAFT

1. We, Heads of State and representatives of developing and developed countries, heads of multilateral and bilateral institutions, representatives of different types of public, private, inter-parliamentary, local and regional organisations meeting here in Busan, Republic of Korea, recognise that we are united by a new partnership that is broader and more inclusive than ever before, founded on shared principles and common goals for effective international development.
2. The world stands at a critical juncture in global development. Poverty and inequality remain the central challenge. The Millennium Declaration set out our universal mandate for development and, with the target date for the Millennium Development Goals less than four years away, the urgency of achieving strong, shared and sustainable growth and decent work in developing countries is paramount. Nowhere is this more urgent than in fragile and conflict-affected states. Political will is vital if these challenges are to be addressed.
3. As we reaffirm our development commitments, we realise that the world has changed profoundly since development co-operation began over 60 years ago. Economic, political, social and technological developments have revolutionised the world in which we live, yet poverty, inequality and hunger persist. Eradicating poverty and tackling the global challenges that have adverse effects on the citizens of developing countries are integral to ensuring the attainment of the Millennium Development Goals and a more robust and resilient global economy for all. Our success depends on the attention we pay to the results and impact of our common efforts and investments as we address challenges such as health pandemics, climate change, economic downturns, food and fuel price crises, conflict, fragility, and vulnerability to shocks and natural disasters.
4. We also have a more complex architecture for development co-operation, characterised by a greater number of state and non-state actors, and co-operation between countries at different stages in their development, many of them middle income countries. South-South and triangular co-operation, new forms of public-private partnership, and modalities and vehicles for investment in development have also become more prominent, complementing North-South forms of co-operation.
5. International development co-operation has achieved many positive results. When we met in Monterrey a decade ago, we recognised that increases in volumes of financing for development must be coupled with more effective action to generate sustainable and transparent results for all citizens. Our dialogue in Busan builds on the foundations laid by previous High-Level Fora, which evidence shows remain relevant, and which have helped to improve the quality of development co-operation. Yet we recognise that progress has been uneven and neither fast nor far-reaching enough. We each reaffirm our respective commitments, and will implement in full the actions to which we have already agreed.

6. We can and must improve and accelerate our efforts. We commit to modernise, deepen and broaden our co-operation, involving state and non-state actors that wish to shape an agenda that has until recently been dominated by a narrower group of aid actors. In Busan, we forge a new global development partnership that embraces diversity and recognises the roles that all stakeholders in co-operation can play to support development.

7. Our partnership is founded on a common set of principles that underpin all forms of development co-operation, while recognising that the ways in which these principles are applied differ across countries at different stages of development, and between the different types of public and private stakeholders involved. Lessons should be shared by all who participate in development co-operation. We welcome the opportunities presented by new and diverse approaches to development co-operation, such as South-South co-operation, the contribution of civil society organisations and private actors, and will work together to build on and learn from their achievements and innovations, recognising their unique characteristics and respective merits.

8. Sustainable development results are the end goal of our commitments to effective co-operation. While development co-operation is only part of the solution, it plays a catalytic and indispensable role in supporting poverty eradication, economic growth and sustainable development. We reaffirm our respective commitments to scale up development co-operation. Over time, we should reduce dependency on aid in a phased manner, always taking into account the consequences for the poorest people and countries. In this process, it is essential to examine the interdependence and coherence of all public policies – not just development policies – to enable countries to make full use of the opportunities presented by international investment and trade, and by expanding their domestic capital markets.

9. As we partner to increase and reinforce development results, we will take action to facilitate, leverage and strengthen the impact of diverse sources of finance to support sustainable and inclusive development, including taxation and domestic resource mobilisation, private investment, aid for trade, philanthropy, non-concessional public funding and climate change financing. At the same time, new financial instruments, investment options, technology and knowledge sharing, and public-private partnerships are urgently needed.

Shared principles to achieve common goals

10. As we embrace the diversity that underpins our partnership in support of development, we share common principles which – consistent with our agreed international commitments on human rights, decent work, gender equality, environmental sustainability and disability – form the foundation of our co-operation for effective development:

- a) *Ownership of development priorities by developing countries.* Partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country-specific situations and needs.
- b) *Focus on results.* Our investments and efforts must have a lasting impact on eradicating poverty, and inequality, on sustainable development, and on developing countries' capacities, consistent with the priorities and policies set out by developing countries themselves.
- c) *Inclusive development partnerships.* Openness and mutual respect lie at the core of effective partnerships that support the achievement of development goals, recognising the different and complementary roles of all actors.

- d) *Accountability to our citizens and to each other.* Mutual accountability and accountability to the intended beneficiaries of our co-operation, our respective citizens, organisations, constituents and shareholders is critical to delivering results.

11. These shared principles will guide our actions to:

- a) Deepen, extend and operationalise the democratic ownership of development policies and processes.
- b) Strengthen our efforts to achieve concrete and sustainable results. This involves better managing for results, monitoring, evaluating and communicating progress, scaling up our support, and leveraging resources and initiatives in support of development results.
- c) Broaden support for South-South and triangular co-operation, and their adaptation to country contexts and needs.
- d) Ensure that our co-operation is transparent and that transparent practices are promoted as a basis for enhanced accountability.
- e) Ensure that our co-operation has a catalytic effect on development by supporting developing countries as they access the full range of available resources in their efforts to facilitate, leverage and strengthen the impact of diverse forms of development finance and activities.

12. We recognise the urgency with which these actions must be implemented. Beginning implementation now – or accelerating efforts where they are ongoing – is essential if our renewed approach to partnership is to have the maximum possible impact on the realisation of the Millennium Development Goals by 2015. To this end, we will:

- a) Develop, in agreement with all actors concerned, appropriate frameworks at the country level for monitoring progress and supporting the implementation of our respective commitments and, in turn, the achievement of lasting development results.
- b) Collaborate to monitor progress in the implementation of our common and individual commitments at the international level, drawing on appropriate indicators and targets linked with the focus of efforts at the country level.
- c) Form a new, inclusive Global Partnership for Effective Development Co-operation to oversee and support at the political level the implementation of the actions agreed here in Busan.

Realising change: collaborative action and differentiated commitments

12.5. Today's complex architecture for development co-operation reflects a world of multi-polar growth in which the sources of development solutions have become geographically diverse. The traditional donor-recipient relationship has given way to a model in which resources and knowledge are shared in a range of directions, between different types of actors and countries at different stages in their development. Many emerging economies have become important providers of development co-operation. The development challenges faced by these countries mean they also benefit from development co-operation provided by others, yet they have increasingly taken upon themselves the responsibility to share experiences and co-operate with other developing countries. At Busan these partners form an integral part of a new and inclusive agenda for effective co-operation, founded on common goals and an aspiration to implement actions in support of these over the longer term.

Improving the quality and effectiveness of development co-operation

13. Progress has been made in advancing the aid effectiveness agenda, yet major challenges persist. Evidence has shown that – despite the challenges encountered in the implementation of our respective commitments – many of the principles underpinning the Paris Declaration on Aid Effectiveness and Accra Agenda for Action have contributed to higher quality, more transparent and effective development co-operation.

14. We will sustain our high-level political engagement to ensure that the commitments made here in Busan are implemented. Within this context, those of us that endorsed the mutually agreed actions set out in Paris and Accra will intensify our efforts to implement them in full. Drawing on the evidence generated through periodic monitoring and the independent evaluation of the Paris Declaration, we will be guided by a focus on sustainable results that meet the priority needs of developing countries and their citizens, and will make the urgent changes needed to improve the effectiveness of our partnerships for development.

Ownership, results and accountability

15. Together, we will increase our focus on development outcomes and results. To this end:

- a) Developing countries' efforts and plans to strengthen core institutions and policies will be supported through approaches that aim to manage – rather than avoid – risk, including through the development of joint risk management frameworks with providers of development co-operation.
- b) Transparent, country-led results frameworks and platforms will be adopted as common tools to assess performance with all concerned actors, based on a manageable number of outcome indicators drawn from the development priorities and goals articulated by developing countries. Providers of development co-operation will not impose additional frameworks, objectives or performance indicators on developing countries.
- c) We will partner to implement an Action Plan to enhance capacity for statistics to monitor progress, evaluate impact, ensure sound, results-focused public sector management, and highlight strategic issues for policy decisions.
- d) As we deepen our efforts to ensure that mutual assessment reviews are in place in all developing countries, we encourage the active participation of all development co-operation actors in these processes at the country level.

- e) Those of us who committed – through the Accra Agenda for Action – to further untie aid will accelerate our efforts in this area, [committing to untie all aid by 2015. In addition to increasing value for money, untying presents opportunities for business development, employment and income generation in developing countries. We will improve the quality, consistency and transparency of reporting on the tying status of aid].

16. [Effective institutions and policies are essential for sustainable development. Institutions fulfilling core state functions must be reformed and strengthened, alongside the policies and practices of providers of development co-operation, to facilitate the leveraging of aid resources by partner countries. Developing countries will lead in efforts to strengthen these institutions, adapting to local context and differing stages of development. The use of country systems remains central to our efforts to build effective institutions. To this end, we will build on the commitments set out in the Paris Declaration and Accra Agenda for Action to:

- a) Support the implementation of institutional and policy changes led by developing countries, resulting in the effective resource mobilisation and service delivery, including national and sub-national institutions, parliaments and civil society.
- b) Assess country institutions, systems and capacity development needs, led by developing countries.
- c) Support the development of improved evidence on institutional performance, to inform policy formulation, implementation and accountability, led by developing countries.
- d) Deepen our learning on the determinants of success for institutional reform, engaging in the exchange of knowledge and experience at the regional and global levels.]

17. We must accelerate our efforts to achieve gender equality and the empowerment of women through development programmes grounded in country priorities, recognising that gender equality and women's empowerment are critical to achieving development results. Reducing gender inequality is both an end in its own right, and a prerequisite for sustainable and inclusive growth. As we redouble our efforts to implement existing commitments we will:

- a) Accelerate and deepen efforts to collect, disseminate, harmonise and make full use of data disaggregated by sex to inform policy decisions and guide investments, ensuring in turn that public expenditures are targeted appropriately to benefit both women and men.
- b) Integrate targets for gender equality and women's empowerment in accountability mechanisms, grounded in international and regional commitments.
- c) Address gender equality and women's empowerment in all aspects of our development efforts, including peacebuilding and statebuilding.

18. Parliaments and local governments play critical roles in linking citizens with government, and in ensuring broad-based and democratic ownership of countries' development agendas. To facilitate their contribution, we will:

- a) Accelerate and deepen the implementation of existing commitments to strengthen the role of parliaments in ensuring oversight of development processes, including by supporting capacity development – backed by adequate resources and clear action plans.
- b) Further support local government to enable it to assume more fully its role going beyond service delivery, enhancing participation and accountability at sub-national levels.

19. Civil society organisations (CSOs) play a vital role in enabling people to claim their rights, in shaping development policies and new partnerships and overseeing their implementation. They also provide services in areas that are complementary to or go beyond those provided for by states. Recognising this, we will:

- a) Implement fully our respective commitments to enable civil society organisations to exercise their roles as independent development actors, with a particular focus on an enabling environment that maximises the contributions of CSOs to development.
- b) Encourage CSOs to implement practices that strengthen their accountability and contribution to development effectiveness, guided by the Istanbul Principles and the International Framework for CSO Development Effectiveness.

Transparent and responsible co-operation

20. We will work to improve the availability and public accessibility of information on development co-operation and other development resources, building on our respective commitments in this area. We will also work to make development co-operation more predictable in its nature. To this end, we will:

- a) Make [the full range of] information on publicly funded development activities, their financing, terms and conditions, and contribution to development results, publicly available.
- b) Focus, at the country level, on establishing transparent public financial management and aid information management systems, and strengthen the capacities of all relevant stakeholders to make better use of this information in decision-making and to promote accountability.
- c) Implement a common, open standard [format] for electronic publication of timely, comprehensive and forward-looking information on resources provided through development co-operation, [building on the achievements of the International Aid Transparency Initiative and the statistical reporting efforts of the OECD-DAC, which are complementary]. This standard must meet the information needs of partner countries and key non-state actors. We will agree on this standard and publish our respective schedules to implement it by December 2012, ensuring full implementation by December 2015.
- d) Providers of development co-operation that endorsed the Accra Agenda for Action will implement fully their commitments relating to medium-term predictability of financing, [introducing structural and legal reforms where needed]. By 2013, these providers will make available the regular and timely rolling three- to five-year forward expenditure and/or implementation plans agreed in Accra to all developing countries with which they co-operate. Other actors will aim to provide developing countries with timely and relevant information on their intentions with regard to future co-operation over the medium term.

21. We welcome the diversity of development co-operation actors. As we work to enhance the effectiveness and impact of our efforts, providers of development co-operation have a responsibility to reduce fragmentation and curb the proliferation of aid instruments, while developing countries should lead consultation and co-ordination efforts to agree on effective actions at the country level. We will ensure that our efforts to reduce fragmentation do not lead to a reduction in the resources available to support development in any given country. To this end:

- a) We will make greater use of country-led co-ordination arrangements, as well as programme-based approaches, joint programming and various forms of delegated co-operation.
- b) We will improve the coherence of our policies on multilateral institutions, global funds and programmes and the positions that our representatives take in their governing bodies. We will make effective use of existing multilateral funding channels, focusing on those that are performing well, and will work to reduce the proliferation of these channels. [By the end of 2012, we will agree on guidelines / principles / targets to guide our joint efforts.] As they continue to implement their respective commitments on effectiveness, multilateral organisations, global funds and programmes will participate fully in co-ordination and mutual accountability mechanisms at the country, regional and global levels.
- c) We will accelerate efforts to address the issue of countries that receive insufficient assistance, agreeing – by the end of 2012 – on principles that will guide our actions to address this challenge. These efforts will encompass all resource flows benefiting development.
- d) Providers of development co-operation will deepen and accelerate efforts to address the problem of insufficient delegation of authority to their field staff. They will review all aspects of their operations, including delegation of financial authority, staffing, and roles and responsibilities in the design and implementation of development programmes, and implement measures that address the remaining bottlenecks.

Promoting sustainable development in situations of conflict and fragility

22. Fragile states are for the large part off track to meet the Millennium Development Goals. Achieving them will depend on our collective ability to understand the unique challenges facing fragile states, overcome these challenges, and promote foundations for lasting development. We endorse the five Peacebuilding and Statebuilding Goals – which prioritise inclusive politics, security, justice, economic foundations and the strengthening of countries' resource bases and revenues – as a new global framework through which the foundations for the achievement of the MDGs will be laid in these settings. We recognise the New Deal agreed by the International Dialogue on Peacebuilding and Statebuilding as a means through which the achievement of these goals will be supported. In doing so, we commit to:

- a) Develop joint plans at the country level, based on common assessments of fragility, and defining common priorities for the transition from fragility to sustainable development and human security, along with the means through which these plans will be implemented.
- b) Develop and implement co-operation agreements to ensure that peace processes and political dialogue relating to conflict or fragility are sufficiently funded.
- c) Develop and use tools to assess the specific risks associated with co-operation in fragile situations, conducting joint risk assessments, and using national systems to the maximum extent possible.

- d) Develop and use [effective and accountable] emergency or fast-track procedures within co-operation agencies for financial management and procurement in fragile situations to improve the speed and flexibility with which assistance is provided.

Partnering to strengthen resilience and reduce vulnerability in the face of adversity

23. We must ensure that development strategies and programmes prioritise building resilience among people and societies at risk from shocks, especially in highly vulnerable settings such as small island developing states. Investing in resilience and risk reduction increases the value and sustainability of our development efforts. To this end:

- a) Developing countries will lead in integrating resilience to shocks and measures for disaster management within their own policies and strategies.
- b) Responding to the needs articulated by developing countries, we will work together to invest in shock resistant infrastructure and social protection systems for at-risk communities; also, we will increase the resources, planning and skills for disaster management at the national and regional levels.

From effective aid to co-operation for effective development

24. Aid is only part of the solution to development. It is now time to broaden our focus and attention from aid effectiveness to the challenges of effective development. This calls for a new vision for development. Within this vision:

- a) Development is driven by strong, sustainable and inclusive growth;
- b) Governments raise their own revenues to finance their development needs and, in turn, are accountable to their citizens for the development results they achieve;
- c) Effective state and non-state institutions design and implement their own reforms and hold each other to account;
- d) Developing countries increasingly integrate, both regionally and globally, creating economies of scale that will help them better compete in the global economy.

To realise this vision, we will rethink what aid should be spent on and how, in ways that are consistent with agreed international rights, norms and standards, so that aid catalyses development.

South-south and triangular co-operation for sustainable development

25. The inputs to sustainable development extend well beyond financial co-operation to the knowledge and development experience of all actors and countries. South-South and triangular co-operation in particular have the potential to transform developing countries' policies and approaches to service delivery by bringing effective, locally owned solutions that are appropriate to country contexts.

26. We recognise that many countries engaged in South-South co-operation both provide and receive resources and expertise at the same time, and that this should enrich co-operation without affecting a country's eligibility to receive assistance from others. We will strengthen the sharing of knowledge and mutual learning by:

- a) Scaling up – where appropriate – the use of triangular approaches to development co-operation.

- b) Making fuller use of South-South and triangular co-operation, recognising the success of these approaches to date.
- c) Encouraging the development of networks for knowledge exchange, peer learning and co-ordination among South-South co-operation actors as a means of facilitating access to important knowledge pools by developing countries.

Private sector and development

27. We recognise the central role of the private sector in advancing innovation, creating wealth, income and jobs and mobilising domestic resources. To this end, we will:

- a) Engage with representative business associations, trade unions and others to improve the legal, regulatory and administrative environment for the development of private investment; and also to ensure a sound policy and regulatory environment for increased foreign direct investment, public-private partnerships, the strengthening of value chains in an equitable manner, and the scaling up of efforts in support of development goals.
- b) Ensure the participation of the private sector in the design and implementation of development policies and strategies to foster sustainable growth.
- c) Further develop innovative financial mechanisms to mobilise private finance for shared development goals.
- d) Promote “aid for trade” as an engine of sustainable development, to help address market failures, strengthen access to capital markets, and to promote approaches that mitigate risk faced by private sector actors.
- e) Invite representatives of the public and private sectors and related organisations to play an active role in exploring how to advance both development and business outcomes so that they are mutually reinforcing.

Combating corruption and illicit flows

28. Corruption is a global plague that seriously undermines development, diverting resources that could be harnessed to finance development, damaging the quality of governance institutions, and threatening human security. It often fuels crime and illicit goods, and contributes to conflict and fragility. We will intensify our joint efforts to fight corruption and illicit flows, consistent with the UN Convention Against Corruption and other agreements to which we are party, such as the OECD Anti-Bribery Convention. To this end, we will:

- a) Implement fully our respective commitments to eradicate corruption, enforcing a culture of zero tolerance for all corrupt practices. This includes efforts to improve fiscal transparency, strengthen independent enforcement mechanisms, and extend protection for whistleblowers.
- b) Accelerate our individual efforts to combat illicit financial flows by strengthening anti money laundering measures, addressing tax evasion, strengthening national policies, legal frameworks and institutional arrangements for the tracing, freezing and recovery of illegal assets. This includes enacting laws and policies that facilitate improved international co-operation.

Climate change finance

29. Global climate change finance is expected to increase substantially in the medium-term. Recognising that this is a rapidly growing resource flow that brings with it new opportunities and challenges, we will endeavour to promote coherence, transparency and predictability across our approaches for the effective delivery of climate finance and broader development co-operation, including to:

- a) Continue to support national climate change policy and planning as an integral part of developing countries' overall national development plans, and ensure that – where appropriate – these measures are financed, delivered and monitored through developing countries' systems in a transparent manner.
- b) Continue to share lessons learned in development effectiveness with those entities engaged in climate activities and ensure that broader development co-operation is also informed by innovations in the delivery of climate finance.

The road ahead: Partnering for progress towards and beyond the MDGs

30. We will hold each other to account for making progress against the commitments and actions agreed in Busan, alongside those set out in the Paris Declaration on Aid Effectiveness and Accra Agenda for Action. To this end, we will:

- a) At the level of individual developing countries, agree on frameworks for monitoring progress and promoting mutual accountability in our efforts to improve the effectiveness of our co-operation and, in turn, development processes. These frameworks and the indicators and targets agreed will respond to the specific context and needs of individual countries, and will be grounded in their aid and development policies. The results of these exercises will be published on a regular basis.
- b) Agree, by June 2012, on a [limited] set of relevant indicators and targets through which we will monitor progress and support international accountability for the implementation of our commitments, building on the initiatives led by developing countries, and informed by existing international efforts to monitor aid effectiveness. We will publish the results of these exercises [on an annual basis].
- c) Support initiatives led by developing countries that strengthen their capacities to monitor progress and evaluate the impact of efforts to improve development effectiveness.

31. We accept that the strengthening of our co-operation and the adherence to both common goals and differentiated actions calls for continued high-level political support, as well as an inclusive space for dialogue, mutual learning and accountability at the global level. Regional organisations can and should play an important role in supporting implementation at the country level, and in linking country priorities with global efforts. To this end, we will:

- a) Establish a new and inclusive Global Partnership for Effective Development Co-operation to support and ensure accountability for the implementation of commitments at the political level. This Partnership will offer an open platform that embraces diversity, providing a forum for the exchange of knowledge and the regular review of progress.
- b) Agree, by June 2012, on the working arrangements for the Global Partnership, including its membership and opportunities for regular ministerial-level engagement that complements the work of other fora, including the UN Development Cooperation Forum.
- c) Call on the Organisation for Economic Co-operation and Development and the United Nations Development Programme to support the effective functioning of the Global Partnership, building on their collaboration to date and their respective mandates and areas of comparative advantage.

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