



ACP-EU JOINT PARLIAMENTARY ASSEMBLY

Budapest Declaration

on the Fourth High Level Forum on Aid Effectiveness in Busan, South Korea, 2011.

The 21st Session of the ACP-EU Joint Parliamentary Assembly, meeting in Budapest (Hungary) from 16 to 18 May 2011:

- A. whereas aid effectiveness is about improving lives, cutting poverty and achieving the MDGs,
- B. whereas the Fourth High Level Forum (HLF-4) on Aid Effectiveness, due to take place in Busan, South Korea, from 29 November to 1 December 2011, will conclude the OECD/DAC-led process on aid effectiveness that was launched by the Paris Declaration in 2005 (PD) and followed by the Accra Agenda for Action of 2008 (AAA),
- C. whereas HLF-4 will also chart future directions for more effective development aid and contribute to a new international aid architecture up to the MDG deadline of 2015 and beyond,
- D. whereas the EU and its Member States provide more than half the world's Official Development Assistance (ODA), and thus constitute a significant player in the aid effectiveness agenda,
- E. whereas Article 208 of the Treaty on the functioning of the European Union commits the EU to striving for policy coherence in relation to development,
- F. whereas the Second Revision of the Cotonou Agreement, signed in Ouagadougou, Burkina Faso, on 23 June 2010, subscribes to the aid effectiveness agenda (Preamble, paragraph 12a and Part 1, Article 2) as committed to in the PD on Aid Effectiveness and the AAA; whereas the primary objective of the Cotonou Agreement is the reduction and eventual eradication of poverty,
- G. whereas substantial improvements have been made with respect to aid effectiveness, but whereas there is still a long way to go; whereas the continuation of the aid effectiveness agenda is indispensable for ensuring the implementation of existing commitments, particularly in light of the financial

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crisis, and for considering different and new dimensions of aid and development effectiveness,

1. Stresses that HLF-4 should go beyond a stocktaking exercise and move from pledges to tangible achievements on the implementation of the aid effectiveness agenda, and expects the EU and ACP countries to play a leadership role in achieving this;
2. Recalls the importance of policy coherence for development and of actively promoting common values such as human rights, social justice, the fight against corruption, accountability and gender equality within the aid effectiveness agenda;

I. Predictability of aid

3. Calls on donors to take immediate action on PD and AAA commitments that are hampered only by political will and bureaucracy, e.g. untying aid, predictability of aid, conditionality and transparency;
4. Calls on donor countries to uphold their commitment to providing 0.7 % of GDP/GNI for development aid and to tightening up the definition of ODA;
5. Calls on donors to increase the predictability of aid through reliable multiannual timetables of their financial flows and long-term development agreements with partner countries, based on mutual accountability for development;
6. Recalls the need, in order to achieve the MDGs, to use innovative financing methods, such as the levying of a tax on financial transactions,
7. Calls on donors to better coordinate and harmonise their actions, and to simplify their procedures;

II. Alignment of aid, use of country systems and country ownership

8. Recognises the importance of alignment of aid and use of country systems for the distribution of development aid and in building partner country capacity, promoting ownership, increasing transparency and mutual accountability, and facilitating partner country parliamentary scrutiny;
9. Calls on partner countries to implement a legal framework for the incorporation of aid into the national budget, in order to allow parliamentary scrutiny of aid spending and increased accountability;
10. Calls on donors to increase the proportion of country programmable aid in order to develop country capacity and ownership;
11. Stresses that budget support is one of the best ways to increase aid effectiveness, but that it should be based on national development funding and poverty

reduction plans; encourages the Commission to maintain its dynamic approach on eligibility criteria and to promote a collective EU target for budget support;

12. Calls on donors and partner countries to rapidly implement transparency actions for country-level aid, as ownership is not possible without knowledge;
13. Takes the view that taxation guarantees an independent financial source for sustainable development and constitutes an important link between the governments and citizens of developing countries; calls for the introduction of a viable form of fiscal administration based on taxpayers' ability to pay; recommends that the fight against tax havens – as distinct from jurisdictions with low rates of tax –, tax evasion and illegal transfer of capital be intensified, and that natural resources be transparently managed;

III. The role of Parliaments

14. Emphasises the leading role that national parliaments should play, given that they are in the best position to identify priority sectors, check Country Strategy Papers and audit budget appropriations; calls for the national parliaments to adopt Country Strategy Papers and the annual budget after consulting civil society in advance of the political dialogue with the donor countries, with a view to giving full force to democratic control;
15. Urges parliaments to provide for checks and balances through the scrutiny of budgets, policies and their outcomes and by involving citizens in decision-making through the democratic process;
16. Recalls that parliaments in developing countries lack basic capacities to exercise their role fully; calls on donors, therefore, to provide assistance for capacity building and development at national and regional levels;
17. Proposes that parliamentary capacity be adopted as an indicator of aid and development effectiveness and measured over time in the knowledge that it contributes to sound financial management, sustainable political stability and economic success;
18. Recalls that ownership should allow partner countries to define their own political priorities;

IV. Engagement of non-state actors and local authorities

19. Calls on the EU and the partner countries to deepen and broaden the structured dialogue process for civil society organisation (CSO) and local authority engagement so as to ensure their full and meaningful participation in the

planning, implementation, monitoring and assessment of budgets and programmes;

20. Stresses that the territorial approach and multi-level governance are key elements in more effective development strategies; calls therefore on the EU and the partner countries to take better account of territories as a sphere of public action;
21. Calls on donors and partner countries to fully evaluate and deepen the Paris and Accra commitments through reforms based on democratic ownership and support for CSOs and local authorities;
22. Also underlines the role of independent legal systems and free media in fostering good governance and accountability;

V. New development partnerships

23. Recognises that 72 % of the world's poorest people live in middle-income countries (MICs)¹; recognises that MICs require a different form of development partnership that focuses more on inclusive growth, economic diversification, redistribution of wealth, and the promotion of development effectiveness through South-South cooperation and of peer learning and sharing of development experience;
24. Recalls the need for aid adapted to the specificities and needs of fragile states, lower-income post-conflict countries and small island developing states (SIDs), and for strengthened efforts to cooperate with the poorest countries;
25. Calls for aid to target the poorest people and not just the poorest countries;
26. Emphasises that aid should be looked upon as a catalyst, and not a means, of development; recognises that the ultimate purpose of aid is to attain a state where aid is no longer necessary;

VI. Division of labour

27. Calls on the EU to take a leading role on division of labour (DoL) in the context of HLF-4 and to step up its efforts to increase donor coordination and DoL, accompanied by measures in favour of democratic ownership, the assumption of responsibility and better aid quality;
28. Stresses the need to solve the problems of so-called 'darling' and 'orphan' countries and neglect of crucial sectors such as health, education, social cohesion and gender equality;

¹ Sumner, A (2011) 'The New Bottom Billion: What If Most of the World's Poor Live in Middle-Income Countries?', *Center for Global Development, CGD Brief March 2011*, [Online] Available at: www.cgdev.org Accessed on 7 April 2011.

29. Welcomes the adoption of the EU Code of Conduct on Division of Labour in Development Policy by the General Affairs and External Relations Council on 15 May 2007 and points out that the EU's failure to fully implement the principles contained in the Code of Conduct on Division of Labour (DoL) misses the opportunity to make savings of up to EUR 6 billion²;
30. Calls for the EU to revise its DoL policies to ensure that non-sector-specific, cross-cutting issues such as human rights and gender equality are not neglected;

VII. Private sector as a development actor

31. Recognises the growing involvement of private sector stakeholders in development partnerships; recognises the benefits of incorporating private sector development aid into aid effectiveness agreements, but also the need to clarify what roles the private sector could and should play and to link them to the achievement of MDGs and to sustainable development, as well as to the primary responsibility of the public sector; underlines the importance of not moving back to tied aid in this context;
32. Emphasises the importance of transparency and assessment of the impact of private sector development actors on development outcomes;
33. Calls on donors to utilise aid to catalyse development of the domestic private sector, improve domestic regulatory institutions for the private sector and promote private sector development that incorporates the poorest populations and contributes to development objectives;

VIII. Beyond Busan

34. Emphasises the importance of sustaining momentum on aid and development effectiveness beyond Busan;
35. Recommends continuing to monitor and evaluate the implementation of, and progress towards, the commitments of the PD and the AAA; recommends that the next survey be conducted to coincide with the deadline of the MDGs in order to complement global reviews of development progress at this time;
36. Emphasises the importance of embedding aid effectiveness in a development effectiveness framework that prioritises overall development outcomes and includes policy coherence for development and the involvement of Regional Economic Communities (RECs) in order to better take into account the regional dimensions of aid and development effectiveness;

² European Commission (2009) *Aid Effectiveness Agenda: Benefits of a European Approach*, A Study Prepared by HTSPE for the EC.

37. Requests that an inclusive 'Busan Compact' be launched at HLF-4, which brings together specific time-bound commitments and initiates fundamental reforms in the global governance of development cooperation;
38. Notes the emergence of new development actors, including individual countries whose approach is not governed by European cooperation standards, and calls for a political, inclusive approach to those countries with a view to achieving a transparent overall development-cooperation dynamic.