

**DRAFT DOHA OUTCOME DOCUMENT**  
**on Reviewing the Implementation of the Monterrey Consensus**

**International financial and technical cooperation Chapter - EU proposals - October 17**

31. We reaffirm the role of Official Development Assistance (ODA) **as a complement to and a leverage for other sources of financing for development** in supporting development and facilitating the achievement of the IADGs, including the MDGs. ODA is particularly important for the countries of Africa, LDCs, LLDCs and SIDS, and it also often constitutes a critical element in peace building efforts. We are encouraged by good practices carried out to strengthen the partnership between developing and developed countries based on the principle of national ownership and leadership. **Developed and developing countries have agreed that strengthening national leadership and ownership of development processes and outcomes is a major priority. We are encouraged that some progress has already been made towards this goal and that strong commitment to redoubling this effort was expressed at the recent Accra High Level Forum on Aid effectiveness.**

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32. We are encouraged by the recovery of ODA from its declining trend before the Monterrey Conference. Since the Conference, there has been a significant turn-around in the overall volume of aid flows. ODA in real terms doubled between 2001 and 2007, **and a significant part of this doubling of aid comprised growing debt relief.** However, we note with concern the overall decline in ODA in 2006 and 2007. The aid absorptive capacity of developing countries has **begun to increase significantly** as a result of their improved domestic policies. We are encouraged that some donor countries have already made ODA commitments, such as the EU for 0.56% of GNI for ODA by 2010 and 0.7 % by 2015. We also welcome **the reaffirmed commitments by the G-8 countries in Hokkaido, Japan, to working to fulfil their commitments on ODA made at Gleneagles. The OECD/DAC estimated the global increase of ODA by 2010 at around US\$ 50 billion a year**. The full implementation of these **commitments** is vital to substantially boost the resources available to push forward the international development agenda.

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33. We recognize that major efforts are still needed for achievement of the IADGs, including MDGs. Developing countries must formulate and implement effective national development strategies and the international community must increase its support substantially **and take urgent measures to raise the rate of increase of aid disbursements to meet their existing commitments.** It is equally important that countries that have not already formulated timetables or reached 0.7 % of GNI as ODA do so. We once more urge all developed countries that have not yet done so to make definite efforts to achieve the target of 0.7 % of GNI as ODA to developing countries, including the specific target of 0.15 % to 0.20 % of GNI for LDCs, **(delete comma, 2010 refer to the commitment for LDCs)** by 2010. Addressing the current

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high food and energy prices and implementing climate change-related actions carries a deep developmental connection and makes it ever more urgent to fully meet all the pre-existing cooperation targets. This will require considerable additional **financial flows**.

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34. We also welcome increasing efforts by recipient and donor countries to make ODA more effective. The High-level Forums on Aid Effectiveness, which produced the 2005 Paris Declaration and this year's Accra Agenda for Action, are critical steps forward in this regard by stressing the fundamental **principles** of ownership, alignment, harmonization, managing for results and mutual accountability. **We call for the full implementation by all development actors of their commitments at Paris and Accra in order to contribute to more effective and efficient aid delivery and greatly improved outcomes - including - as donors - by untying aid, at the maximum extent, increasing programme-based approaches, using country system as the first option for aid programmes in support for activities managed by the public sector, changing the nature of conditionality to support ownership, improving mutual accountability and transparency, and making aid more predictable by providing developing countries with regular and timely information on their rolling 3- to 5-years forward expenditure and/or implementation plans, and - as developing countries - by strengthening national institutions, systems and capacity to ensure the best results of aid, by strengthening leadership of their own development and by engaging with their parliaments and citizens in shaping those policies.**

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35. We note that the aid architecture has significantly changed in the current decade. New official and non-official donors and novel partnership approaches, which transcend the traditional donor-recipient modality, have emerged. The flow of resources involved continues to increase significantly. This underscores the need for alignment, harmonization, coordination and ownership. We shall pursue efforts, both in the United Nations and in collaboration with other relevant institutions, such as, in particular, OECD/DAC, to advance cooperation among this growing community of partners. **In particular, new development actors should be encouraged to work in close cooperation with the international community to ensure that the above-mentioned principles are enforced in a coherent way, including in particular through adopting, using and implementing the principles of the Paris Declaration and the Accra Agenda for Action.** We shall also strive to provide **demand-driven capacity development** for the incorporation of good aid policies by recipient countries in their national development strategies, **and to improve allocation of resources within sectors, within countries and across countries, paying special attention to countries in fragile situation. All resources should be used in accordance with the aim of sustainable development.**

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36. This increasing complexity of aid flows and the large number of new **and emerging** donors have made the task of tracking and assessing such flows more difficult. There is a growing need for more concrete and universal ways to keep track of aid quantity, quality and effectiveness, giving due regard to already existing schemes and peer review mechanisms.

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37. Aid can play a catalytic role in removing constraints to growth such as enhancing social and physical infrastructure, technological innovation, empowering women, **preserving environment** and combating pockets of poverty. Aid can also be an important factor in triangular cooperation schemes that reinforce South-South cooperation. **The importance of South-South and triangular cooperation is rapidly increasing. Cooperation between developing countries provides much needed additional resources to the implementation of development programmes. Therefore, the convergence of South-South and North-South cooperation is a priority. In South-South cooperation, the principles and criteria, concerning e.g. quality and effectiveness, that have been internationally accepted, should be applied.** We will explore new and more effective assistance modalities to enhance the catalytic role of aid, in particular for LDCs. **We will take determined steps to increase resources for gender equality.** We will also seek innovative ways of better targeting middle-income countries. Regional cooperation could also be strengthened as an effective vehicle for mobilizing resources for development, *inter alia* by strengthening and developing regional financial institutions to assist in upgrading critical sectors.

38. We welcome the considerable progress made since the Monterrey Conference in the area of innovative sources of finance. Due to the initiatives by the “Group for Action against Hunger and Poverty” and, later, the “Leading Group on Solidarity Levies”, a number of new innovative financing sources have become a reality, or are in an advanced stage towards implementation, such as, *inter alia*, the International Finance Facility for Immunization (IFFIm), **the pilote Advance Market Commitments**, and the airline ticket solidarity levy, which finances the international drug purchase facility UNTAID to help combat AIDS, tuberculosis and malaria **and schemes that use proceeds from emission trading to finance development. Recently, a high level Declaration against hunger and poverty and a task force on innovative finance for health systems strengthening were launched at the UN high level event on MDGs. We invite the UN to take special attention to the issue of innovative mechanisms with a view to producing a progress report by the next UN General Assembly, taking into account all existing initiatives. We encourage the scaling up of the implementation of innovative sources of finance.** We acknowledge that these funds should **increase, supplement and not be a substitute for traditional sources of finance and should be disbursed in accordance with developing countries priorities**. We recognize the value of continuing consensus-building on current initiatives while further exploring and evaluating the validity of other

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proposed innovative sources of finance by governments, non-governmental organizations and civil society.

39. We underline the importance of the role of the United Nations system through its operational activities in delivering effective capacity-building support for development with long-term sustainability. This is particularly important for LDCs. Given that the level of core funding inevitably affects the ability of the United Nations system to fulfill this mandate, we urge donor countries and other countries in a position to do so to substantially increase their voluntary contributions to the core/regular budgets of the United Nations development system. **We welcome the efforts to improve efficiency, coherence and effectiveness of the UN development system, including through Delivering as One approach.**

40. The multilateral development banks, including the World Bank, regional and sub-regional development banks and other financial institutions, have proven that they constitute a key source of financing for development. They provide strategic resources, **including** in the form of technical assistance for areas such as institution building and promotion of good governance practices, and play an important role in enhancing the integration of developing countries in the world economy and in supporting regional integration and other cooperation efforts. We will endeavor to strengthen these institutions as part of the measures for further implementation of the Monterrey Consensus. **At the same time, these institutions should continue to explore innovative ways to use their capital to leverage additional finance to accelerate progress towards the MDGs, while perserving their capital and ensuring their activity is profitable.**

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