



**COUNCIL OF
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Subject : **Complementarity and Division of Labour: preparations for the Orientation Debate on Aid Effectiveness**
- Conclusions of the Council and the Representatives of the Governments of the Member States meeting within the Council on EU guidelines on complementarity and division of labour

At its meeting on 17 October 2006, the General Affairs and External Relations Council, in its formation of Foreign Affairs and Development Ministers, and the Representatives of the Governments of Member States meeting within the Council, adopted the Conclusions set out in the Annex to this note.

**CONCLUSIONS OF THE COUNCIL AND OF THE REPRESENTATIVES OF THE
GOVERNMENTS OF THE MEMBER STATES MEETING WITHIN THE COUNCIL**

ON

EU GUIDING PRINCIPLES ON COMPLEMENTARITY AND DIVISION OF LABOUR

Objective

- i) The objective of complementarity and division of labour is to improve aid effectiveness, in line with the European Consensus on Development and the Paris Declaration of 2005, with a view to strengthening the impact of EU aid, including by reducing transaction costs; first for partner countries, but gradually also for donors.

General principles

- ii) The Member States and the Commission commit themselves to further progress on complementarity and division of labour, including closer cooperation among them, in line with the following general principles:
 - a) The primary leadership and ownership in in-country division of labour should first and foremost lie in the partner country governments. If such leadership and ownership do not exist, the EU should advance such a process. In any case, the EU should always play an active role in promoting complementarity and division of labour. All initiatives need to be open for other donors, built on existing processes whenever possible, and readily transferred to the government whenever appropriate. The EU should provide capacity building support to the partner countries to enable them taking the responsibility

- b) It is crucial that the division of labour is not implemented at the expense of global aid volumes or predictability of aid flows and is done in collaboration with the partner countries.
- c) Implementation needs to be based on country-level priorities and needs, on a long-term perspective as well as a pragmatic and well-sequenced approach.
- d) It is recognised that the EU donors share common development objectives, vision, values and principles. When limiting the involvement of Member States or the Commission in a partner country or sector, situations where all EU donors are absent from a strategic sector for poverty reduction should be avoided.
- e) While implementation needs to be based at field-level, political commitment and adequate support and impetus need to be made both in headquarters and in the field. It is also important to improve coordination between the field-level and the headquarters to ensure a coherent approach. This should not, however, undermine the partner country leadership and ownership.
- f) Comparative advantage is not based primarily on financial resources available but also on a wide range of issues such as geographic or thematic expertise. Therefore, each Member State has a role to play.

In-country complementarity

The Member States and the Commission

- iii) commit themselves to focus their participation only in a limited number of sectors or themes in each partner country and to further discuss, *inter alia*,
 - the number and nature of sectors

- the nature of interventions (*e.g.* support to government, NGO and civil society)
 - the choice of instruments (*e.g.* budget support, basket funding, programmes, projects)
 - the implementing modalities (*e.g.* support in other sectors through lead donors, delegated cooperation arrangements or pulling-out from the non-focal sectors on the basis of exit strategies).
- iv) are committed to implement the joint programming framework as set out in the April 2006 conclusions¹. A medium to long-term perspective is needed including special efforts to synchronise programming schedules based on the partner countries' national planning and budget cycles (*e.g.* PRSs). In this respect, a more flexible time-schedule for the programming of Community assistance, including the 10th EDF, would be welcome (for example, increased flexibility in the preparation of the governance profiles).
- v) should encourage partner countries to provide clear views on donors' comparative advantage and on how to achieve donor complementarity at country or sector level².

Cross-country complementarity

- vi) While acknowledging the Commission's added value provided through its global presence, the Member States and the Commission should address the current imbalance in resources provided to aid "*darlings*" and "*orphans*" and avoid the creation of new imbalances. They should assess aid levels using relevant, forward-looking data to establish a basis for well-informed and evidence-based decisions. This needs to be done in dialogue with other donors and relevant international bodies

¹ Doc. 8388/06, paragraphs 46-53, p. 12-13

² Paragraph 34 of Paris Declaration on Aid effectiveness of March 2005

vii) The Member States should reinforce the geographical focus of their assistance to avoid spreading their resources too thinly. This process should be informed by a dialogue within the EU, taking into account the broader donor engagement. They commit themselves to further discuss how to provide their support *inter alia* through delegated cooperation arrangements or by redeployment from the non-focal countries on the basis of responsible strategies.

Cross-sector complementarity:

viii) The Member States and the Commission should deepen the self-assessments of their comparative advantages and relative strengths. Adequate flexibility is needed in order to face emerging challenges.

ix) The Commission will further develop its expertise and capacities in the areas where it has comparative advantages, paying particular attention to building the necessary capacity and expertise at the country level³.

Other dimensions of complementarity

x) The Member States and the Commission should further discuss other dimensions of complementarity, including vertical and cross modalities and instruments, primarily in the context of ongoing discussions in relevant international fora.

³ Text in line with paragraph 70 of European Consensus on Development

Implementation

As first elements of implementation, the Member States and the Commission

- xi) should consider implications of a division of labour on resources (including staff) and strive to benefit from complementarity arrangements. Close collaboration amongst donors needs to be promoted in order to achieve optimal resource use both in headquarters and the field,
- xii) should increasingly use joint statements that can clarify the purpose, modalities and outcome of the division of labour for information to their domestic audiences,
- xiii) should increasingly present the collective EU contribution in a particular country, to be used in international fora, within the EU as well as in partner countries.

Follow-up process

The incoming Presidencies and the Commission are invited to continue the above outlined process as a shared responsibility, on the basis of the work carried out so far by the current and previous Presidencies and the Commission and with full participation of all Member States.

The Member States and the Commission should define in future discussions concrete steps and processes in order to operationalise the guiding principles defined in these Conclusions. The Council invites the Commission to present by February 2007 a communication on complementarity and division of labour based on the above guiding principles and in full consultation with Member States.

In adopting these conclusions, the Council refers to the following conclusions and statements:

- Paris Declaration on Aid Effectiveness of March 2005, paragraphs 33-35 -
<http://www.oecd.org/dataoecd/53/38/34579826.pdf>
- 2005 Joint Development Policy Statement (European Consensus for Development), paragraphs 30-34, OJEU C46, 24.2.2006, p. 6
- 2005 EU Strategy on Africa (The EU and Africa: Towards a Strategic Partnership) (doc. 15961/05, paragraph 6(f), p. 4)
- Council and Member States Conclusions of April 2006 on Financing for Development and Aid Effectiveness: Delivering more, better and faster (doc. 8388/06, paragraphs 55-57, p. 14)
