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

Working Party on Aid Effectiveness

CO-CHAIRS' LETTER TO THE WP-EFF ON BUILDING BLOCK PROPOSALS

6-7 October 2011

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Dear Members of the Working Party on Aid Effectiveness,

We look forward to our next plenary meeting in October. These meetings will be very important in the run-up to HLF-4 as we will discuss the second draft of the HLF-4 outcome document and preparations of ministerial discussions on the post-Busan setting and initiatives to implement HLF-4 outcomes. To this end, we would like to thank you for the proposals received for “building blocks”. To date, we have received 38 proposals on a variety of topics and at various stages in their development (all of which are available on the WP-EFF portal). Knowing that many of you were on leave in August and that members plan to use the October Working Party Meetings week to finalize proposals, we have maintained an element of flexibility and accommodation when reviewing these proposals.

As decided during the July WP-EFF Executive Committee meetings, the WP-EFF Bureau conducted a detailed review of the proposals, based on the agreed criteria that building blocks should be action oriented, game changing, multi-stakeholder championed, partner country led or co-led, and politically supported (details circulated in a message to all WP-EFF members dated 3 August, 2011). Discussions within the Bureau have led us to consider, at this stage, seven areas where possible building blocks could be showcased during the plenary sessions at HLF-4. We recognize further work will be needed to refine each of these concepts.

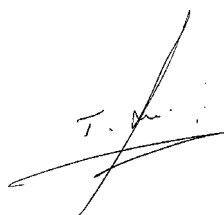
1. **Situations of Conflict and Fragility:** The proposal *“Improving Aid Effectiveness in Fragile States”* sponsored by Timor Leste on behalf of the g7+ and the International Dialogue on Peacebuilding and Statebuilding, with further refinement, can be showcased as a building block. It proposes a clear and far reaching initiative and displays strong partner country leadership.
2. **South-South Cooperation:** We believe there is a basis for a building block in this area, informed by the three proposals received thus far: *“South-South and Triangular cooperation: Unlocking the Potential of Horizontal Partnerships for Better Development Outcomes”*, *“South-South Cooperation and Triangular Cooperation”*, and *“People’s Republic of China Knowledge Sharing Platform: Sharing Experience on South-South Cooperation”*. South-South Cooperation is one of the areas where there is strong partner country interest and it is championed by a diverse range of actors. Further work will be needed to gather support from a wider range of stakeholders and to develop a more specific initiative.
3. **Private Sector and Development:** The proposal *“Public-Private Engagement: Working Smarter Together for Greater Impact”*, co-sponsored by the United States, Germany, the Netherlands, and Sweden, addresses a key theme in the expanded agenda of development effectiveness. However, this proposal would need support from partner countries, explicit private sector participation and clarity on what changes/actions will be expected post-Busan.
4. **Climate Finance:** Subject to further refinement, the proposal—*“Strengthening the Effectiveness of Climate Finance through Country-led Approaches”*, co-sponsored by the Asian Development Bank, Bangladesh, Pacific Island Forum Secretariat, Samoa and UNDP — presents an initiative that addresses a topic of growing importance. However, links with the ongoing process on climate finance (with a meeting in Durban at the end of the year) need to be explicitly demonstrated. The proposal also requires further clarity on commitments.

5. **Transparency:** The proposal “*Pushing the Boundaries on Transparency for Better Predictability, Engagement & Accountability*” co-sponsored by the World Bank, Brazil, the United States, the United Kingdom, Sweden, European Commission, Publish What You Fund, Transparency International, International Budget Partnership, and Collaborative Africa Budget Reform Initiative could serve as an overall concept for a building block. The Bureau supported this proposal as it (i) illustrates reaffirming and further deepening of Paris Declaration and Accra Agenda for Action commitments; (ii) brings together two important aspects of transparency (aid and fiscal); and (iii) is supported by a wide range of actors. However, we recognize the need for more partner countries to take the lead.
6. **Effective Institutions and Country-led Aid Management:** This topic signals the importance of continuing to make progress on the core and unfinished agenda of “using country systems” and goes further by linking the broader governance and institutional agenda. To this end, we think it would be very productive to have a building block that would focus on: capacity and institutional development; country strategies to articulate country needs; use and strengthening of country systems (budget, financial management, procurement, statistical systems); and country-led aid coordination. The numerous related proposals received could be brought together to form a strong building block with clear partner country leadership.
7. **Results and Accountability:** The proposal “*Campaign for Aid Results: Creating the Right Incentives for Change*”, sponsored by DfID and supported by Bangladesh, Canada, Denmark, Germany, the Global Fund, the Netherlands, Sierra Leone, Sweden, Switzerland, and USA, displays a number of possible actions at country and global level for delivering, measuring and demonstrating results. The results proposal together with the proposal “*Mutual accountability*” sponsored by UNDP, Ireland, Tanzania, Rwanda, Ghana and Switzerland, could support a key desirable HLF-4 outcome at country-level.

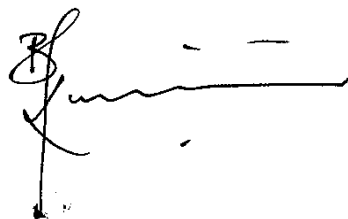
As you are aware, the presentation and discussion of the main building blocks will form an important part of the Busan high level event. However, it is important to emphasise that selecting these seven possible areas for main “building blocks” at this stage does not represent a negative judgment on proposals that are not directly part of them. The promoters of other strong and concrete specific proposals are invited, if they deem it appropriate, to take the initiative to fold them into the building blocks mentioned above and/or to present them at side events during HLF-4. The door is also still open for proposals that would genuinely meet the agreed criteria (i.e., concrete initiatives, high level support, accountability...)

We welcome your support for these selected building blocks and we look forward to a lively discussion and broad WP-EFF endorsement during the Plenary Meetings in October.

Yours Sincerely,



Talaat Abdel-Malek



Bert Koenders

Co-Chairs, Working Party on Aid Effectiveness