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on the follow-up to the Paris Declaration of 2005 on Aid Effectiveness
(2008/0000(INI))

Committee on Development

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the follow-up to the Paris Declaration of 2005 on Aid Effectiveness (2008/0000(INI))

The European Parliament,

- having regard to Article 180 of the Treaty of Lisbon (the new Treaty),
- having regard to the Communication from the Commission to the Council and the European Parliament entitled 'EU Code of Conduct on Division of Labour in Development Policy' (COM(2007)0072),
- having regard to the Communication from the Commission entitled 'EU Aid: Delivering more, better and faster' (COM(2006)0087),
- having regard to the Communication from the Commission to the Council and the European Parliament entitled 'Increasing the impact of EU aid: a common framework for drafting country strategy papers and joint multiannual programming' (COM(2006)0088),
- having regard to the Communication from the Commission to the Council and the European Parliament of entitled 'Financing for development and aid effectiveness – the challenges of scaling up EU aid 2006-2010' (COM(2006)0085),
- having regard to the Communication from the Commission to the Council and the European Parliament entitled 'Accelerating progress towards attaining the Millennium Development Goals – Financing for Development and Aid Effectiveness' (COM(2005)0133),
- having regard to the Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee entitled 'Policy Coherence for Development - Accelerating progress towards attaining the Millennium Development Goals' (COM(2005)0134),
- having regard to the Communication from the Commission to the Council and the European Parliament entitled 'Translating the Monterrey Consensus into practice: the contribution by the European Union' (COM (2004)0150),
- having regard to the Joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy: 'The European Consensus' (the European Consensus for Development) signed on 20 December 2005¹,
- having regard to the Rome Declaration on Harmonisation, adopted on 25 February 2003 following the High Level Forum on Harmonisation in Rome, and the Paris Declaration on Aid Effectiveness, adopted on 2 March 2005 following the High Level Forum on Harmonisation and Alignment for Aid Effectiveness in Paris (Paris Declaration),

¹ OL C 46, 24.2.2006, p. 1.

- having regard to Resolution A/RES/55/2 of the United Nations (UN) General Assembly on the UN Millennium Declaration,
 - having regard to the Monterrey Consensus adopted at the UN Conference on Financing for Development of 21-22 March 2002,
 - having regard to the main findings and recommendations of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) in the 2007 Peer Review of the European Community,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Development (A6-0000/2008),
- A. whereas the current focus on aid effectiveness has led to the conclusion that development aid is underperforming as a result of too little coordination among donors and the existence of too many projects and programmes with different procedures,
 - B. whereas this situation leads to low levels of ownership, less effective programmes and developing countries being greatly overloaded with donor demands,
 - C. whereas the EU supplies more than half of all Official Development Assistance (ODA) in the world and has the capacity to become the most effective donor,
 - D. whereas the overarching objective of EU development policy is the eradication of poverty within the context of the new aid architecture, aiming at the achievement of the Millennium Development Goals (MDGs),
 - E. whereas the Commission wants to be a proponent of the aid effectiveness agenda, in respect of which it has two closely related aims: (i) to implement the Paris Declaration and improve the quality of its own aid programmes; and (ii) to help Member States to implement the Paris Declaration and improve their own aid effectiveness,
 - F. whereas the EU commitments to give more and better aid should include increase of its aid to 0,56% Official Development Assistance (ODA) / Gross National Income by 2010, development of new and more predictable and less volatile aid mechanisms along with promotion of better coordination and complementarity by working towards joint multi-annual programming based on partner countries' plans and systems, further untying aid and reform of technical assistance to respond to national priorities,
 - G. whereas Article 188 D of the Treaty of Lisbon requires that the Union's development cooperation policy and that of the Member States complement and reinforce each other', requiring the Member States and the Union to strive towards enhanced donor coordination and a better division of labour, which will contribute to greater aid effectiveness;
 - H. whereas there is a risk that the ambitious objectives of the European Consensus for Development, including other political ones like migration and trade, could diffuse a

focus on development and undermine the consensus achieved in the international aid agenda on poverty reduction as a result of lack of consistency between the various EU policies,

- I. whereas this situation could be an obstacle to effective aid provision and contrary to Article 178 of the EC Treaty,
- J. whereas the aid system is getting increasingly complex, marked by a proliferation of aid channels, fragmentation of aid flows, increased earmarking of aid, emerging economies becoming more powerful actors in the cooperation with developing countries, therefore leading to the fragmentation of aid and overlapping donor activities at global, country or sector level,
- K. whereas in the coming years, the institutional challenge is how to best integrate the 12 new members of the EU in their role as emerging donors, as some of these donors find it difficult to conform to the standard development co-operation guidelines of the aid system promoted by the Development Assistance Committee of the OECD,
- L. whereas the current system of allocating aid too often falls short, with many poor countries and critical issues receiving small aid allocations,
- M. whereas the EU is committed to tackling the question of ‘orphaned’ or neglected countries in the context of its above-mentioned Code of Conduct on Division of Labour, beginning to look at allocations into situations of fragility,
- N. whereas the European Parliament, through the scrutiny mechanism of the Development Cooperation instrument (DCI), and individual Member States have expressed concern that the primary objective of poverty eradication is not always reflected in field delivery,
- O. whereas a large number of studies have shown that effective accountability for the use of aid involving citizen participation is one of the main indicators of aid effectiveness but still, aid is suffering from lack of transparency and openness,
- P. whereas aid is often disbursed according to donors’ own priorities and timetables, without making sufficient efforts to respect and conform to national planning and development priorities, or the national budgeting timeframe, which makes very difficult for recipients to prepare effective budgets, or to plan ahead, and makes it hard for parliaments, civil society and others to monitor aid flows and effectiveness,
- Q. whereas the use of country systems is a key component of aid effectiveness and is deemed to be an important means of increasing partner countries’ ownership over policy design and delivery; whereas, therefore, using country systems is expected to strengthen partner countries' national development strategies and implementation frameworks,
- R. whereas according to a recent Survey on Monitoring the Paris Declaration by OECD, the lack of demand-driven technical assistance is a key issue for developing country governments as much technical assistance continues to be tied and overpriced, and is often ineffective at building local capacity as established in Article 31 of the DCI,

- S. whereas the role of national parliaments is paramount to raising awareness and pushing for reform of the aid architecture, i.e. through the debate and approval of development frameworks and budgets, allocation of funding to poverty related sectors and holding governments to account for delivering on the Paris Declaration,
- T. whereas the European Union must ensure that the aid effectiveness agenda resulting from the Accra High Level Forum on Aid Effectiveness to be held in September 2008 is focussed on the reduction and, in the long term, the eradication of poverty,
1. Calls on the Member States and the Commission together to make every effort to ensure that the EU speaks with one voice, to align aid delivery and to make their actions more harmonized, transparent and collectively effective;
 2. Stresses that the Commission will need to maintain the integrity of the development agenda and emphasise the effective implementation of priority policies, including a clear focus on results;
 3. Calls on the Commission to help integrate new members into the increasingly coordinated, international approaches to development policy and delivery with the appropriate mechanisms;
 4. Recognises the importance that better reporting of the results to the European Parliament and the Member States can help build confidence in Community programmes and permit more strategic forms of oversight;
 5. Calls on the Commission and the Member States jointly to identify performance indicators geared to the MDG indicators, in particular with regard to budgetary aid, so that national parliaments and local civil society, as well as the European Parliament, can trace back the results of EU contributions;
 6. Calls on the Commission to ensure greater reliance on countries' public financial management systems where there is assurance that aid will be used for intended purposes, in order to facilitate both ownership and poverty reduction;
 7. Supports the role that the Commission is playing in order to harmonize development co-operation among Member States in headquarters and in the field;
 8. Calls on the Commission to continue to simplify procedures, to further decentralise responsibility and to provide the delegations with sufficient capacity (staff and skills) to fulfil their responsibilities;
 9. Stresses the need for developing guidelines and methodology for monitoring the Paris Declaration in order to improve collective understanding of the Paris agenda and ensure the consistent aggregation of information on indicators across the main countries receiving aid;
 10. Stresses the need to elaborate a medium-term monitoring plan to review progress and promote action-oriented steps to encourage reliance on country level monitoring; enable

synergies between national and international monitoring efforts; and reduce potential duplication of efforts in the monitoring of the Paris Declaration commitments made by the EU;

11. Calls on the Commission to improve the clarity of the definitions (ODA sectorial allocation) so as to improve consistency of the results and reduce the transaction costs of managing the Commission and Member States data at country level;
12. Calls on the Commission and the Members States to completely untie their aid in line with the DAC recommendation of 2001 for countries eligible under the European Development Fund (EDF) and with Article 31 of the DCI Regulation;
13. Stresses the need to disburse aid according to partners' own priorities and timetables, and conform to national planning and development priorities, or the national budgeting timeframe;
14. Stresses that better coordination between the Commission and Members States should tackle the problem of orphan countries and sectors, and emphasises the relevance of an updated and refined version of the Donor Atlas in this connection;
15. Recognises the need to intensify the Commission's consultations with civil society partners in headquarters and in the field through better structured meetings on policy, strategic programming and aid effectiveness issues;
16. Stresses the need to involve Local Authorities of both Members States and EU partners in the process of achieving the goals of the Paris Declaration;
17. Considers that increasing transparency of information on aid flows is a critical objective for improving the effective use of aid and mutual accountability;
18. Calls on the Commission and the Members States to make progress in this area by supporting the establishment of accounting standards for disclosure requirements of external assistance and by working with civil society organisations, national parliaments and international organisations to set out good practice in recording aid flows in national budgets;
19. Stresses the need to make a multi-year (3 years or more) aid commitments by the Commission and the Members States based on clear and transparent criteria agreed with partner countries, and the delivery of those commitments on schedule, in a transparent manner;
20. Recognises the importance to set targets in order to gradually accomplish that 100% of technical assistance is demand-driven and aligned to partners national strategies;
21. Notes that Aid reform is only one of the steps that the EU must take along with making its trade, security, migration, agriculture and other policies coherently work to benefit developing countries and promoting a fair international financial and trade system in favour of development;

22. Instructs its President to forward this resolution to the Council, the Commission, the Development Assistance Committee of the OECD, and the national parliaments of the Member States.

EXPLANATORY STATEMENT

The concept of aid effectiveness has acquired growing importance in international discussions, so much that we could speak of and 'international aid effectiveness agenda'. This agenda, established by the Paris Declaration in 2005 draws attention to the big picture, to ensure that the ultimate objectives of the aid system as a whole are being met; that the international aid system remains true to its primary purpose, that is, fight against poverty; and that all parties concerned have a framework for enquiring into broad lessons of good practice and establishing a consensus on how aid could be improved.

What is more interesting is that the Paris Declaration goes further by establishing specific commitments intended to promote enhanced aid effectiveness, based on international negotiations and dialogue, mutual accountability, and a set of indicators for tracking progress.

In September 2008, ministers from all countries, heads of development agencies and civil society organisations from around the world will gather in Accra for the Third High-Level Forum (HLF) on Aid Effectiveness (2-4 September). Their common objective is to help developing countries and marginalised people in their fight against poverty by making aid more transparent, accountable and results-oriented.

Expectations are that the Forum will agree on an Accra Action Agenda identifying concrete steps to accelerate the implementation of the Paris Declaration. A first round of monitoring conducted in 2006 suggests that important efforts are still needed if we are to achieve the commitments agreed in the Paris Declaration and realise the full potential for improving development effectiveness at the country level.

As the central thrust of discussions in the Accra HLF will be the implementation of the Paris Declaration, it is thus important that the European Union, and especially the European Parliament, consider how its own work will contribute to this implementation process and how the aid effectiveness principles embedded in the Paris Declaration have contributed, so far, to deliver more and better aid. Therefore, the aim of this report is to establish a common position of the European Parliament on the run up for the Accra HLF which could be of valuable use in the aid effectiveness debate among the European development actors.

Principles such as the need to respect and promote local ownership, to align with partner-driven priorities, to make use of local systems, to harmonize donor efforts, to focus on results and to hold partners mutually accountable, are clearly relevant to a wide range of development actors and activities, including the EU, who has made major efforts over the last three years to promote scaling up of country-level poverty reduction efforts; more harmonized aid efforts aligned around country priorities; strengthening the institutional apparatus of partner governments, and better coordination of the resources and the efforts delivered by the Commission and the Member States through labour division.

Notwithstanding all the progress made so far, the picture is far from idyllic. A large number of recent reports confirm that there are still obstacles lying ahead:

1. The cost of uncoordinated aid is very high. There are too many actors with competing objectives, especially in the poorest and most aid-dependent countries, leading to high transaction costs.
2. There is still slow progress in untying of aid and technical co-operation is still too much donor-driven.
3. Good headquarters policies are not always matched by in-country practices.
4. There is a need to strengthen country ownership. Mainly a partner responsibility, donors can assist by capacity development and alignment on country programmes and systems.
5. A lot of work needs to be done in managing for results. Mutual accountability, a key concept in the Paris Agenda, calls for performance assessment frameworks and improved incentive systems in both partner and donor countries.

As the world's leading aid donor, the EU has a key role to play as the central pillar of the international aid architecture. It must ensure that its own aid is spent effectively, and show leadership in the international arena by promoting much-needed reforms to aid practices, so that aid can play an effective role in the fight against global poverty.

The EU has made efforts to comply with the new Aid agenda through its new proposal of MDG's an increased budget support, the improvement of country systems and the predictability of EC aid. It is also putting forward the concept of division of labour and managements for results, which it hopes would gain the support of European member states and ensure a progressive and consolidated European voice in Accra. All this progress has been most welcomed, but should be followed by concrete actions at field level and accompanied by the decisive steps in favour of democratic ownership, accountability and better aid quality outlined in this report.

The recommendations included in this report cover a wide range of key areas such as the increase, predictability and coordination of EU's aid; the alignment with partner countries' plans and systems; the untying of aid and the reform of Technical Assistance.

In 2005, the European Union committed itself to radically improve the impact of its development cooperation through initiatives for more aid, delivered faster and more effectively. However, we should not forget that Aid reform is only one of the steps that the EU must take along with making its trade, security, migration, agriculture and other policies coherently work to benefit developing countries and promoting a fair international financial and trade system in favour of development.