



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Budgetary Control

2010/2300(INI)

31.3.2011

OPINION

of the Committee on Budgetary Control

for the Committee on Development

on the future of EU budget support to developing countries
(2010/2300(INI))

Rapporteur: Bart Staes

PA_NonLeg

SUGGESTIONS

The Committee on Budgetary Control calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Is aware that budget support is a controversially discussed instrument of development, implying opportunities and challenges; acknowledges that it respects development principles by increasing ownership and enhancing dialogue between partners and donors, and provides the advantage of low transaction costs while at the same time involving the risk of misappropriation and unwanted use of funds when public finance management by recipient countries is not sufficiently transparent, accountable and effective; stresses that budget support is not the right answer to every situation and should never be perceived as the sole option;
2. Calls on the Commission to ensure, before budget support is granted, that the aims of the intervention are part of the national programmes of the recipient country and that the principles of coordination, complementarity and coherence in relation to other donors are respected, as well as additionality to the resources allocated by the recipient country;
3. With a view to ensuring the relevance of EU budget support, calls on the Commission to streamline its programming and design process by improving the preparation and documentation of decisions to launch budget support operations and, given resource constraints in Delegations, which often limit their capacity to perform certain activities, calls on the Commission to provide sufficient qualified staff for the implementation process, as budget support requires different analytical skills from project and programme financing;
4. Calls on the Commission to formulate the objectives in a way which makes it possible to measure the effectiveness of the programmes and to hold the Commission accountable; urges the Commission to take due account of a given recipient country's priority capacity-building needs;
5. Reiterates its previous calls on the Commission to move from control over inputs to the checking of results against indicators, by improving its reporting system so that it concentrates on the effectiveness of the programmes;
6. With a view to reducing the risks in public finance management associated with budget support programmes, calls on the Commission to put in place an efficient risk management system;
7. Is concerned that the Court of Auditors ('the Court') in its Annual Report on the activities funded by the Eighth, Ninth and Tenth European Development Funds (EDFs) for the financial year 2009 found budget support payments to be affected by a high frequency of non-quantifiable errors due to the lack of formalised and structured demonstration of compliance with payment conditions; at the same time takes note of and welcomes a substantial improvement in the demonstration of eligibility noted by

the Court under the Tenth EDF owing to the clearer assessment frameworks that are now routinely used;

8. Calls on the Commission to ensure that the specific conditions for performance-based variable tranches clearly specify the indicators, targets, calculation methods and verification sources and that Delegations' reports provide a structured and formalised demonstration of public finance management progress by clearly setting the criteria against which progress is to be assessed, the progress made and the reasons why the reform programme may have not been implemented according to plan;
9. Calls on the Commission to take all necessary measures in order to combat corruption in the recipient countries, including suspension of disbursements if necessary; in this context calls on the Commission to maintain a close and regular dialogue with partner governments on corruption issues and pay sufficient attention to the capacity-building needs of particular recipient countries in terms of accountability and anti-corruption mechanisms; notes that among the 27 ACP countries that are not in a fragile situation and for which general budget support (GBS) has been planned in the country strategy papers for the Tenth EDF, 12 of them, on the basis of the 2009 Corruption Perception Index by Transparency International, are classified as having 'rampant corruption', and of the six Latin American and Asian countries with GBS programmes, five of them have the same classification;
10. Reiterates its opinion that the involvement of national parliaments, civil society and local authorities in partner countries is indispensable for achieving genuine ownership of the process, and repeats its call on the Commission to make every effort to improve dialogue with these bodies at all the different stages of the programming process;
11. In this respect, insists on the effective implementation of the requirement contained in Article 25(b) of Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation ('the DCI Regulation')¹, which stipulates that 'the Commission shall consistently use an approach based on results and performance indicators and shall clearly define and monitor its conditionality and support efforts of partner countries to develop parliamentary control and audit capacities and to increase transparency and public access to information', and urges the Commission to extend these provisions to include budget support to the beneficiary countries of the European Development Fund (the ACP countries), to which – so far – only the more technical criteria of Article 61(2) of the Cotonou Agreement apply.

¹ OJ L 37, 27.12.2006, p. 41.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	28.3.2011
Result of final vote	+: 15 -: 1 0: 0
Members present for the final vote	Marta Andreasen, Jean-Pierre Audy, Inés Ayala Sender, Jorgo Chatzimarkakis, Luigi de Magistris, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Ville Itälä, Cătălin Sorin Ivan, Iliana Ivanova, Elisabeth Köstinger, Monica Luisa Macovei, Bart Staes
Substitutes present for the final vote	Monika Hohlmeier, Véronique Mathieu, Derek Vaughan
Substitutes under Rule 187(2) present for the final vote	Karin Kadenbach, Evgeni Kirilov, Brian Simpson