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## REPORT

on more and better cooperation: the 2006 EU aid effectiveness package  
(2006/2208(INI))

Committee on Development

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on more and better cooperation: the 2006 EU aid effectiveness package (2006/2208(INI))

*The European Parliament,*

- having regard to the Commission communication 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 2 March 2006 entitled 'Financing for development and aid effectiveness – the challenges of scaling up EU aid 2006-2010' (COM(2006)0085),
- having regard to the Commission communication entitled 'Accelerating progress towards attaining the Millennium Development Goals – Financing for Development and Aid Effectiveness' (COM(2005)0133),
- having regard to the Commission communication entitled 'Policy Coherence for Development - Accelerating progress towards attaining the Millennium Development Goals' (COM(2005)0134),
- having regard to the Commission communication entitled 'Speeding up progress towards the Millennium Development Goals - The European Union's contribution' (COM(2005)1032),
- having regard to the conclusions of the General Affairs and External Relations Council meeting of 10 and 11 April 2006 on financing for development and European aid effectiveness,
- having regard to the Rome Declaration on Harmonisation, adopted on 25 February 2003, and the Paris Declaration on Aid Effectiveness, adopted on 2 March 2005 following the High Level Forum on Harmonisation and Alignment for Aid Effectiveness (hereinafter 'Paris Declaration'),
- having regard to its resolution of 16 February 2006 on new financial instruments for development in connection with the Millennium Goals<sup>1</sup>,
- having regard to Resolution A/RES/55/2 of the United Nations (UN) General Assembly on the Millennium Declaration,
- having regard to the report by Jeffrey D. Sachs, Advisor to the UN Secretary-General, entitled 'Investing in development: a practical plan to achieve the Millennium

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<sup>1</sup> Texts Adopted of that date, P6\_TA(2006)0063.

Development Goals',

- having regard to the Monterrey Consensus on Development Finance of 22 March 2002,
- 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<sup>1</sup> (hereinafter 'European Consensus for Development'),
- having regard to the Commission communication entitled 'EU Strategy for Africa: Towards a Euro-African pact to accelerate Africa's development' (COM(2005)0489),
- having regard to its resolution of 17 November 2005 on a development strategy for Africa<sup>2</sup>,
- having regard to the New York Declaration on Innovative Sources of Financing for Development of 14 September 2005, in which 79 States supported the launching of a pilot mechanism in the form of a 'solidarity contribution' on plane tickets,
- having regard to the Landau report on innovative sources of development finance, commissioned by the quadripartite group and published in 2004, and the Atkinson report entitled 'New Sources of Development Finance: Funding the Millennium Development Goals', published in 2004 by the UN,
- having regard to its position of 18 May 2006 on the proposal for a regulation of the European Parliament and of the Council establishing a financing instrument for development and economic cooperation<sup>3</sup>,
- having regard to its resolution of 6 April 2006 on aid effectiveness and corruption in developing countries<sup>4</sup>,
- having regard to its resolution of 12 April 2005 on the role of the European Union in the achievement of the Millennium Development Goals<sup>5</sup>,
- having regard to its resolution of 14 March 2006 on the strategic review of the International Monetary Fund<sup>6</sup>,
- having regard to the communication of 7 June 2006 by the African Group within the WTO Committee on Agriculture on modalities for negotiations on agricultural commodity issues (06-0000) (TN/AG/GEN/18),
- having regard to the report published by the World Bank's Independent Evaluation Group (IEG) in March 2006, entitled 'Assessing World Bank support for trade, 1987-2004',

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<sup>1</sup> OJ C 46, 24.2.2006, p. 1.

<sup>2</sup> Texts Adopted of that date, P6\_TA(2005)0445.

<sup>3</sup> Texts Adopted of that date, P6\_TA(2006)0217.

<sup>4</sup> Texts Adopted of that date, P6\_TA(2006)0141.

<sup>5</sup> OJ C 33 E, 9.2.2006, p. 311.

<sup>6</sup> Texts adopted of that date, P6\_TA(2006)0076.

- having regard to Rule 45 of its Rules of Procedure,
  - having regard to the report of the Committee on Development and the Committee on International Trade and the opinion of the Committee on International Trade (A6-0270/2006),
- A. whereas the European Union supplies more than half of all public aid in the world and is thus the world's largest aid provider; whereas, however, this position does not translate into effective leadership capable of making a difference on the world stage,
  - B. whereas the European Consensus for Development lays the foundations for a shared conception of European Union development policy based on the values, principles, objectives and instruments shared by the Member States, the Council, Parliament and the Commission,
  - C. whereas the overarching objective of this policy is the eradication of poverty in the context of sustainable development, including the achievement of the Millennium Development Goals (MDGs),
  - D. whereas for the first time since the adoption of the European Consensus for Development, the Commission is seeking to ensure strategic planning not only of the aid which it itself delivers and/or administers, but also of the bilateral aid delivered by Member States, in pursuit of the undertakings made in the Paris Declaration (ownership, alignment, harmonisation, managing for results and mutual accountability),
  - E. whereas the lack of consistency between the various EU policies is an obstacle to effective aid provision and, furthermore, is contrary to Article 178 of the Treaty,
  - F. whereas a large number of studies have shown that it is essential to untie aid, particularly food aid, in order to make it more effective,
  - G. whereas ownership of development strategies and programmes by partner countries is one of the basic principles set out in the European Consensus for Development and the Paris Declaration,
  - H. whereas, according to the aforementioned report drawn up by Jeffrey Sachs for the United Nations, an additional amount of at least USD 50 billion per year will be required in order to meet the MDGs by 2015,
  - I. whereas the European Union has undertaken to allocate € 2 billion per year - 1 billion from the Member States and 1 billion from the Commission - to support for developing countries' training capacities,
  - J. whereas in the Council conclusions of 10 and 11 April 2006 the European Union confirmed the commitments made on 24 May 2005 to increasing aid volumes, stating that it would collectively allocate at least 50% of increases in public development aid volumes to Africa; whereas the EU remains the only donor group to have made substantial, measurable and predictable commitments to increasing aid to more than € 84 billion by 2015,

- K. whereas, given the restrictions placed on the European Union budget by the financial perspective for 2007-2013 (Presidency conclusions of the Brussels European Council of 15 and 16 December 2005), most (between 80 and 90%) of the additional aid must come from the Member States,
- L. whereas, although according to the Organisation for Economic Cooperation and Development (OECD) figures for 2005, the European Union appears to be in a good position to meet the objectives for set for 2006, aid provision by four Member States remains below the 0.33% of GNP threshold established in the Barcelona Compromise,
- M. whereas, according to the latest figures produced by the OECD's Development Aid Committee (DAC), the European Union included debt relief (mainly for Iraq and Nigeria) representing a sum of € 9 billion in the development aid figures for 2005, despite the Monterrey Consensus explicitly establishing that funding granted in the form of debt relief should not come from development aid funds normally earmarked direct for developing countries,
- N. whereas, in addition to the problem of artificial inflation of public development aid figures, owing to inefficient management a large proportion of the aid granted by all the EU Member States does not actually reach the target populations in southern countries,
- O. whereas implementation of the commitments made by the G8 at Gleneagles (increasing development aid by USD 50 billion a year by 2010) remains well below what was undertaken, given that effective aid (before taking account of cancellation of the debt of the poorest countries) increased by only USD 5 billion in the last year,
- P. whereas, in order to fulfil its undertakings, the international community has already met twice since September 2005 to continue discussions on innovative sources of development finance,
- Q. whereas the implementation of innovative funding mechanisms would make it possible not only to raise new resources but also to improve the quality of development finance flows, in particular in terms of stability and predictability of resources, which is essential for supporting long-term national strategies,
- R. whereas improving the effectiveness of European development cooperation policy requires the establishment of clear objectives and indicators to measure the progress achieved,
- S. whereas, in the Paris Declaration, donors undertook to set targets for the year 2010 against the twelve indicators established in the declaration and to set up an effective system for monitoring the achievement of these targets by each of the parties,
- T. whereas there is an urgent need to take a sustainable approach to the debt problem, which is a major obstacle to the achievement of the MDGs,
- U. whereas there is an international consensus for moving from an approach based on reduction to an approach based on cancellation of the debt of the poorest countries, as illustrated by the Millennium Declaration and the decision to cancel debts, taken by the

G8 in 2005,

1. Draws attention to the genuine progress in terms of effectiveness brought by the proposals set out in the Commission's three recent communications and notes the Council conclusions of 11 April 2006, which take over part of the proposals contained in the three communications;
2. Calls on the Member States and the Commission to work towards aid effectiveness within the wider framework of values enshrined in the Universal Declaration of Human Rights and UN conventions such as the International Covenant on Economic, Social and Cultural Rights;
3. Considers efforts to select 'lead donors' in specific sector areas at country level to be an interesting way forward;
4. Calls on the Member States and the Commission together to make every effort to ensure that the European Union speaks with one voice, in order to establish and sustain a leadership based not only on the size of the amounts allocated to development cooperation but also on increased effectiveness;
5. Considers that, for action against poverty to be effective, a much larger proportion of the public development aid (PDA) granted by international donors should be channelled as a priority towards the poorest countries and populations, and regrets the fact that the Union has no specific targets for doing so;
6. Considers that the fisheries agreements concluded with developing countries should be aimed at improving the ability of those countries to properly manage fisheries in their waters, including to control and monitor fishing activities and to conduct scientific research, rather than simply involve payment for the right to catch fish;
7. Believes that for EU aid to be effective, sufficient policy space for developing countries must be guaranteed and aid effectiveness should be assessed in terms of concrete progress made towards achieving the MDG;
8. Calls on the Commission and all the Member States scrupulously to abide by the objectives and principles established in the European Consensus for Development, particularly the essential objective of combating poverty;
9. Calls on the European Union to defend and promote this policy, which takes due account of human rights and the right of beneficiary states to define their own policies, within all multilateral bodies in which it is represented and in its bilateral relations;
10. Calls on the European Union to incorporate in its development policy the recommendations of the UN Millennium Ecosystem Assessment Report, which state that the destruction of the world's ecosystems will act as a barrier to achieving the MDGs, and to take action to reverse the widespread degradation;
11. Calls on the Member States and the Commission to make every possible effort, together and with the other DAC donors, to support the implementation of the Paris Declaration on

aid effectiveness within this body;

12. Encourages the Member States and the Commission to implement without delay the recommendations made by the Commission and taken over by the Council, which will require making a major effort to change - radically, where necessary - their aid systems and/or their procedures for delivering aid, with a view to significantly enhancing their effectiveness by improving programme coordination and ensuring that measures complement each other and policies are consistent;
13. Stresses that aid effectiveness must be pursued through a two-pronged approach: focusing on process issues such as coordination, complementarity, harmonisation and alignment, but also on content and substance; stresses that issues such as the fight against corruption, capacity-building linked to serious efforts to prevent the brain drain and disaster risk reduction are key areas in this context;
14. Stresses that better coordination should go hand-in-hand with greater complementarity of action involving a better division of work between the Member States themselves and between Member States and the Commission, with a focus at country level and with partner countries in the lead, in order to tackle the problem of orphan countries and sectors, and emphasises the relevance of the Donor Atlas in this connection;
15. Stresses that donor coordination and division of labour must follow the lead of the partner country, the aim being alignment with partner country priorities and procedures;
16. Acknowledges that coordination and division of labour cannot be conducted in isolation; therefore the European Union must not focus exclusively on internal division of labour but always have a donor-wide perspective;
17. Calls on the Member States concerned not to delay in making the budgetary increases required in order to honour the undertakings they have repeatedly made to meet the PDA target of at least 0.56% of GNP by 2010 and 0.7% of GNP by 2015 - without any creative accounting - with the eminently practical aim of releasing additional funding for an effective, enhanced development aid effort, and reminds them of the vital role that they play in this area;
18. Calls on the European Union to note the fact that increasing PDA volumes will be meaningless unless it goes hand-in-hand with a significant improvement in terms of the effectiveness and quality of such aid, and accordingly to help ensure that securing such an improvement becomes an absolute priority in the development cooperation policy of each Member State and of the relevant European institutions;
19. Calls on each Member State to draw up on an annual and fully transparent basis a detailed list making a clear distinction between the sums directly allocated to development aid and those earmarked for other measures that do not come directly within this sphere, such as debt relief, on the basis of a common reference document drafted by the Commission; insists that such sum be specifically excluded from calculations of total expenditures of development aid;
20. Notes that the discussions on the measures that should be deemed to come within the



development aid sphere will be continued in 2007 within the OECD's DAC and concluded at the high-level Summit to be held in Ghana at the beginning of 2008, and emphasises its determination to take an active part in those discussions;

21. Calls on the Commission to provide it with details of the procedures for the conferral of the mandate it exercises within the OECD's DAC, on how the position it upholds within the committee is defined and on the rules governing the organisation and operation of the committee;
22. Urges the members of the OECD's DAC to set targets for 2010 against the twelve indicators established in Paris - in particular with regard to conditionality, mutual responsibility and predictability - and to set up an effective monitoring mechanism;
23. Expresses support for the joint programming initiative proposed by the Commission and taken over by the Council, to be conducted for an initial group of 11 ACP States plus Vietnam and Nicaragua, and takes the view that the programming currently under way for the ACP States could be a good start; underlines, however, the importance of making sure that pilot initiatives do not conflict with ongoing joint measures in the partner countries (such as Joint Assistance Strategies) but rather strengthen existing processes;
24. Notes and appreciates the work which the Commission has done in terms of developing performance indicators for its activities, but notes also that most indicators relate to internal assessments, that budgetary support and sectoral programmes are not evaluated by these indicators and that there are as yet no impact and sustainability indicators to evaluate projects once implemented;
25. 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;
26. Stresses that joint programming must foster a partnership based on national ownership and mutual accountability;
27. Stresses that both aid and trade measures can and must play an important role in achieving the MDGs;
28. Calls on the Commission to undertake a study to examine how Fair Trade could develop into a model for sustainable trade policy which would be capable of stimulating balanced North-South trade, and to identify the obstacles to trade which impact most seriously on the world's poorest;
29. Recognises the importance of a stabilisation of commodity prices for developing countries and calls on the Commission to suggest measures in this regard;
30. Calls on the Commission to clarify the extent to which beneficiary countries and civil society will be in full control of their development policy with the necessary policy space in connection with analysis, diagnosis and the joint strategic policy in order to foster beneficiary countries' response;

31. Believes that national and regional development policies must be democratically set by the beneficiary countries themselves and that democratically elected parliaments should exercise closer scrutiny of programme implementation;
32. Stresses the important role played by transparency and action against corruption in enhancing aid effectiveness; draws attention, in this connection, to the recommendations set out in its resolution of 6 April 2006 on aid effectiveness and corruption in developing countries and reaffirms its support for the 'Publish What You Pay' campaign, which is calling on multinationals to publish details of payments made to governments;
33. Reiterates its recommendations on aid effectiveness and corruption in developing countries and calls on the Commission and the Council to reserve an appropriate percentage of budget aid for civil society watchdogs, to establish an international system of blacklisting to prevent banks from lending money to corrupt regimes, to ban procurement contracts with companies that have been involved in corrupt activities within a developing country, and to urge all Member States to ratify the 2003 UN Convention against Corruption;
34. Refers, in addition, to the importance of good governance and of a stable, established rule of law, as well as of transparent and predictable regulatory, legal and institutional structures as necessary prerequisites for a climate that is favourable to economic development;
35. Calls on the Commission and the Member States to develop decentralised cooperation conducted directly with local entities in developing countries;
36. Considers that cofinancing could act as a catalyst for European funding and thereby help to bring about the emergence of a genuinely European development cooperation policy;
37. Notes the Commission's proposal to promote the setting-up of a flexible and sustainable instrument for the achievement of the MDGs and calls for further details to be provided regarding the operation and management procedures for this instrument;
38. Regrets, unlike the Commission, that some Member States have failed to make satisfactory progress in honouring their undertakings progressively to untie<sup>1</sup> development aid, despite the fact that this is eagerly awaited by local producers and the general population in southern countries, which could draw great benefits from it; calls on the Member States immediately to untie food aid, and the delivery thereof, for the least-developed countries, as is recommended by the OECD;
39. Expresses its concern that the EU budget support policy for developing countries is increasingly subject to the conditionalities of international financial institutions, which forces these countries to fulfil International Monetary Fund (IMF) conditions in order to secure EU development aid; considers that this centralised conditionality is in contradiction with beneficiary countries' ownership policy;
40. Calls on the Commission and the Member States to ensure that stakeholders in beneficiary

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<sup>1</sup> i.e. not to lay down conditions concerning the origin of or arrangements for the delivery of such aid.

countries, including civil society organisations, are supplied with the information required in order to make it easier for them to gain access to the programmes on offer;

41. Calls on the Commission and the Member States to promote co-development initiatives, this term being taken to mean the promotion of the potential represented by migrant communities established in developed countries to serve the development of their country of origin;
42. Calls on the Commission and the Member States to involve in development programmes skilled persons from the diasporas wishing to provide practical support and to work in their country of origin in order to bring their skills to bear in development-related work in those countries;
43. Stresses that, in order to improve effective aid reflected by real progress on the ground, innovative financial instruments and additional resources are absolutely essential and cannot replace the undertakings already made in terms of ODA;
44. Warmly welcomes the EU's firm intention to set up innovative systems as regards financing for development, designed to guarantee aid that is stable, effective and predictable;
45. Stresses that the Commission should not be viewed as the twenty-sixth EU donor; instead, the comparative advantage of Community aid should be defined; reiterates the importance of the areas identified in the European Consensus for Development, such as the EU's global presence, the size of its development cooperation budget, the strengthening of policy coherence, the promotion of development best practice, the facilitation of coordination and harmonisation and the promotion of democracy and human rights etc; calls on the European Union clearly to state its position on this matter;
46. Calls on the parliaments of the Member States to exercise closer scrutiny of the funding granted and of the implementation of bilateral cooperation programmes;
47. Deplores the fact that the HIPC (Highly Indebted Poor Countries) initiative has not brought a lasting solution to the debt problem and that the debt situation of most of the countries concerned has not improved, as shown by the report of the World Bank's Independent Evaluation Group of March 2006;
48. Welcomes the initiative taken by Norway to commission a World Bank and United Nations study on the key issue of the illegitimacy of the debt and encourages the European Union and the Member States to promote this initiative in international forums so that the issue becomes internationally recognised and that audits are carried out on the 'odious debt' nature of certain bilateral debts of Member States with a view to their cancellation;
49. Regrets that the Council is not prepared to provide new money for aid and trade measures in the Financial Framework for 2007-2013; considers that such measures must not be funded at the expense of other activities aimed at achieving the MDGs; considers that this would be incoherent and unacceptable at a time when new funding instruments and new money are essential;

50. Highlights the importance of the 'Aid for Trade' initiative, which is designed to help developing countries build on their trade capacity and implement agreements concluded within the WTO so as to take advantage of such agreements and boost their trade, making it easier for them to take part in international trade; in that connection, reiterates its support for the new 'Aid for Trade' budget line, which increases both transparency and democratic control;
51. Welcomes the Commission's proposal to strengthen coordination in the area of trade-related development cooperation; stresses, in this context, the need for improved donor-wide coordination measures in general, and at field level in particular; stresses the need for the EU to pool its development aid efforts with those of other international donors;
52. Considers that EU support in the context of sugar aid to the ACP countries is necessary in order for those countries to be able to adapt to the new constraints resulting from the reform of the European sugar regime; takes the view, on the other hand, that the budget allocated for restructuring aid must not be to the detriment of other activities conducted as part of the EU's development policy, in particular as regards spending on the MDGs;
53. Reminds the Commission of its promise to give developing countries a 'Round for Free' in the WTO; calls on the Commission and the Council to do their utmost to prevent the least developed countries (LDCs) becoming the victims of the interests of strong trading blocs;
54. Recognises that the Commission and the ACP countries want to achieve enhanced effectiveness through strengthened regional cooperation via the Economic Partnership Agreements (EPAs); calls, in this respect, for the necessary safeguards and a realistic timetable for gradual and asymmetric trade opening, to ensure that EPAs stimulate economic growth in the ACP countries in an effective way;
55. Calls on all developed countries and all advanced developing countries to follow the example set by the EU's 'Everything but Arms' initiative by ensuring that market access for the LDCs is completely tax- and quota-free;
56. Refers to the Commission report which shows that the LDCs benefit least from the EU's preference system; calls on the Commission to take new measures to enable the poorest countries to derive the greatest possible benefit from EU trade preferences;
57. Believes that, although the amount of financial aid earmarked by the European Union is important, it is also important to address substantive reforms of global financial and commercial institutions in order to incorporate a multidimensional and rights- based approach;
58. Recalls its aforementioned resolution on the strategic review of the IMF, in which it called on the Member States to work towards a single voting constituency, starting as a Euro constituency, with a view, in the longer term, to securing consistent European representation, involving the Ecofin Council Presidency and the Commission, subject to the European Parliament's scrutiny;
59. Calls for a revision of the operation of International Financial Institutions (IFIs), the first step being to bring the voting system into line with the current situation, by giving added

weight to developing countries and revising the currently unbalanced composition of constituencies;

60. Calls on IFIs, in view of many United Nations reports, including the aforementioned Sachs report, to ensure that the sustainable nature of the debt of developing countries be taken to mean the debt level enabling a country to achieve the MDGs without increasing its indebtedness, and asks the representatives of Member States in the IFIs to call for the term to be redefined in this way;
61. Recalls the suggestion contained in its aforementioned resolution on the strategic review of the IMF that the conditionality linked to IFI aid and loans be defined in the context of improved cooperation with the UN's institutions, and recognises that this conditionality has, in many cases, had a negative impact on the socio-economic indicators of developing countries;
62. Proposes setting up a working group on European aid effectiveness and monitoring of the European Consensus for Development, comprising the members of the Committee on Development, calls on the Commission, the Member States, development NGOs, representatives of civil society and trade union organisations to take part, and suggests, therefore, that a number of countries should be selected as 'case studies' in order to provide Parliament and its Committee on Development with a much better picture of efforts and results at national level;
63. Stresses that it is absolutely essential that the Union more systematically conduct policies that are consistent among themselves and welcomes the fact that this issue of consistency between the various policies of the European Union has been entered on the Finnish Presidency's agenda, a Presidency in which it places the highest expectations;
64. Stresses the importance for the effectiveness of aid, particularly at local level, of coherence between the various EU policy areas and of the requisite levels of coordination and complementarity between the EU and its Member States as regards policies; considers that a lack of coherence conflicts with Article 178 of the EC Treaty;
65. Considers that the EU aid effectiveness policy should include a coherence between Trade, Development Cooperation and the Common Agricultural and Fisheries Policies in order to avoid direct or indirect adverse effects on the economies of developing countries;
66. Instructs its President to forward this resolution to the Council and the Commission.

## EXPLANATORY STATEMENT

Over the last minute, in fact less than a minute, 11 children have died as a result of hunger and poverty. By tomorrow morning, 16 000 more will have died. Welcome to the real world. It was in the face of such developments that the 21st century opened with a declaration of solidarity unprecedented in the history of mankind, namely the Millennium Development Declaration, made at the world's largest-ever meeting of Heads of State and Government. In adopting this declaration, which contained eight priority goals, leaders from all around the world undertook to take all the necessary measures to reduce poverty and extreme poverty by half by 2015, to improve the health of billions of people, to halt the spread of major diseases such as malaria and HIV/AIDS and to slow down environmental degradation. This was an important step for the EU, the world's main donor group. It was also an important step for Africa, whose social, economic and simply human situation is considered by all to be catastrophic, and more especially for Sub-Saharan Africa.

In 2005, on the occasion of the first assessment of the Millennium Goals and on the basis of the unsatisfactory results recorded over five years and the alarming prospects for southern countries, the European Union made important undertakings and acted as a driving force in promoting sustainable human and social development at the G8 meetings and the World Summit. In this context, it decided to make a strong gesture by adopting its European Consensus for Development and drawing up a new strategy for Africa, a new hope for millions of people. 2005 was therefore a year of powerful gestures. 2006 will have to be the year of their practical implementation.

Among the new goals which the Union has set itself with respect to development cooperation, the issue which is the subject of this report concerns the improvement of the actual delivery of European aid to southern countries. Improvements are essential in this area, and all of us hope that this will enable significant progress to be made in the implementation of the Millennium Goals. The three Commission communications that make up the aid effectiveness package are a first practical step in the process set in motion by this new project. This is also the first time that the Commission is aiming at strategic planning not only of the aid which it itself delivers and/or administers, but also of the bilateral aid delivered by Member States which continue to play a vital role in the cooperation sphere.

Although these three communications are a positive development in that they treat the issue of improving effectiveness as a priority, it must be said that they do not contain any indication of how the expected progress in terms of effectiveness is to be assessed nor how the EU intends to finance its lofty ambitions. At the same time, it must also be said that, despite the commitments made, EU Member States included in the 2005 development aid programme a whole set of initiatives of questionable relevance (leaving aside the grand principles contained in the European Consensus for Development) to what can reasonably be considered as development cooperation in the commonly accepted meaning of the term, i.e. forms of solidarity resulting in tangible progress that is of direct benefit to the world's poorest populations.

Apart from the problem of the artificial inflation of the PDA amounts actually allocated to

specific development policies, it should be noted that a large proportion of the aid granted by all the EU Member States does not actually reach the people of southern countries for whom it is intended because the aid actually paid is less than what was promised, because planning or distribution proves inadequate, because of excessive administrative costs or because money is diverted owing to corruption. All this raises serious questions regarding the manner in which we cooperate and should prompt us to look very closely at other fundamental issues such as the transaction costs imposed on countries in receipt of EU aid, the coordination of the Union's various cooperation programmes, the harmonisation of aid procedures and systems, complementarity between the different measures, consistency between the European Union's policies, the untying of development aid for the benefit of local producers and southern populations, joint programming and time frames. On this last point, it should be noted that the forthcoming EPA negotiations within the 10th EDF will serve as an initial test to assess the implementation of joint programming. Answering these questions will also entail answering a further question, namely whether, in the area of development, the UE should in future be considered as a 26th Member State or as a coordinating body.

As everyone knows, the financial perspective adopted by the Council on 19 December 2005 provide no guarantee of appropriate funds to meet the expectations raised by the new agreements concluded with partner countries, and the Council is unwilling to make new resources available for development aid in the budget for 2007-2013. Substantial resources are required, and the new development cooperation measures must not be implemented at the expense of other activities that are needed in order to meet the Millennium Goals. Here again, in terms of effectiveness, the major disparity between the commitments made by the European Union and the resources which it allocates to meeting them is a cause for concern.

In this connection, one cannot over-emphasise the need to honour the commitment we have made to meeting the collective target of at least 0.7% of the GNP of all the Member States and the EU, with the eminently practical aim of releasing additional funding for an effective, enhanced development aid effort. Furthermore, there is now an urgent need not only to devise innovative financial instruments but also to ensure that they are properly implemented, and to honour the commitments made in May 2005, on the understanding that 90% of the additional funding must be provided by the Member States. Against this background, effective, coordinated aid is more important than ever if the EU is to take advantage of its position as the largest donor to make a significant contribution to changing the world in line with the values it espouses and the objectives it pursues as regards sustainable development and global progress shared by all.

Making our aid more effective also, inevitably, calls for methods better tailored to the needs expressed by developing countries. This involves aligning our aid with the national strategies, institutions and procedures of the beneficiary countries or implementing new aid arrangements, such as technical assistance and general and sectoral budgetary support. With a view to ensuring that the aid granted is allocated in the best possible manner, the beneficiary countries must, naturally, be able to demonstrate that they have reliable mechanisms and democratic structures - in short, the good governance required in order to manage such financial support. But this in itself requires support (for example, in action against corruption) and applies to all involved (mutual accountability), including donor countries. Where it considers the systems and procedures to be too unreliable, the European Union could take appropriate measures to consolidate them rather than undermining them by creating parallel

structures. Generally speaking, partner countries are willing to accept that building up their own capacities with the help of donors is an essential factor in their development. However, those involved on the ground say that there has been some loss in commitment on the part of the beneficiary countries, which are apparently finding it increasingly difficult to claim ownership of the strategies and programmes targeted at them. This situation is a further indication that major efforts are still required of us if we are to make our aid more effective.

Our report would not be complete if it failed to draw attention to the central role played by the international financial institutions and organisations (the World Bank, the International Monetary Fund, regional banks, etc.) in making our aid more effective. Calls on the European Union clearly to state its position on whether, in connection with development-related matters, the Commission should be considered a twenty-sixth Member State or a coordinating body

2005 was a year in which great promises were made to secure a significant improvement in the lives of the populations of the world's poorest countries. If we want to be proud to be Europeans, we must now ensure that 2006 is the year in which those promises are kept.



13.7.2006

## **OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE**

for the Committee on Development

on more and better cooperation: the 2006 aid effectiveness package  
(2006/2208(INI))

Draftsman: Margrietus van den Berg

### **SUGGESTIONS**

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

1. Stresses that both aid and trade measures can and must play an important role in achieving the Millennium Development Goals (MDGs);
2. Emphasises the importance of strengthening the supply side of trade; therefore states that trade capacity-building in developing countries must provide for an increase in the effects of aid as regards poverty reduction with a view to attaining the MDGs;
3. Regrets that the Council is not prepared to provide new money for aid and trade measures in the Financial Framework for 2007-2013; considers that such measures must not be funded at the expense of other activities aimed at achieve the MDGs; considers that this would be incoherent and unacceptable at a time when new funding instruments and new money are essential;
4. Highlights the importance of the 'Aid for Trade' initiative, which is designed to help developing countries build on their trade capacity and implement WTO agreements so as to take advantage of such agreements and boost their trade, making it easier for them to take part in international trade; in that connection, reiterates its support for the new 'Aid for Trade' budget line, which increases both transparency and democratic control;
5. Warmly welcomes the EU's firm intention to set up innovative systems as regards financing for development, designed to guarantee aid that is stable, effective and predictable;
6. Recognises the importance of a stabilisation of commodity prices for developing countries

and calls on the Commission to suggest measures in this regard;

7. Stresses the importance for the effectiveness of aid, particularly at local level, of coherence between the various EU policy areas and of the requisite levels of coordination and complementarity between the EU and its Member States as regards policies; considers that a lack of coherence conflicts with Article 178 of the EC Treaty;
8. Stresses in particular that trade opening must be complemented by flanking measures in terms of environmental legislation to avoid large-scale pollution as well as degradation of vital eco-systems on which the livelihoods of the poor ultimately depend;
9. Welcomes the Commission's proposal to strengthen coordination in the area of trade-related development cooperation; stresses, in this context, the need for improved donor-wide coordination measures in general, and at field level in particular; stresses the need for the EU to pool its development aid efforts with those of other international donors;
10. Considers that EU support in the context of sugar aid to the ACP countries is necessary in order for those countries to be able to adapt to the new constraints resulting from the reform of the European sugar regime; takes the view, on the other hand, that the budget allocated for restructuring aid must not be to the detriment of other activities conducted as part of the EU's development policy, in particular as regards spending on the MDGs;
11. Stresses the importance, in the interests of effective aid, of transparency and the fight against corruption; takes the view that corruption is a major obstacle to the effective mobilisation and allocation of funds intended to make sustainable economic development possible; refers in this connection to the recommendations in its resolution of 6 April 2006 on aid effectiveness and corruption in developing countries<sup>1</sup>;
12. Refers, in addition, to the importance of good governance and of a stable, established rule of law, as well as of transparent and predictable regulatory, legal and institutional structures as necessary prerequisites for a climate that is favourable to economic development;
13. Reminds the Commission of its promise to give developing countries a 'Round for Free' in the WTO; calls on the Commission and the Council to do their utmost to prevent the least developed countries (LDCs) becoming the victims of the interests of strong trading blocs;
14. Recognises that the Commission and the ACP countries want to achieve enhanced effectiveness through strengthened regional cooperation via the Economic Partnership Agreements (EPAs); calls, in this respect, for the necessary safeguards and a realistic timetable for gradual and asymmetric trade opening, to ensure that EPAs stimulate economic growth in the ACP countries in an effective way;
15. Emphasises that, in the context of international trade negotiations, the WTO, via the ambitious goals it has set itself – such as the gradual removal of agricultural subsidies by 2013 – is making development and controlled globalisation possible under the Doha Round;

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<sup>1</sup> *Texts adopted* of that date, P6\_TA(2006)0141.

16. Calls on all developed countries and all advanced developing countries to follow the example set by the EU's 'Everything but Arms' initiative by ensuring that market access for the LDCs is completely tax- and quota-free;
17. Refers to the Commission report which shows that the LDCs benefit least from the EU's preference system; calls on the Commission to take new measures to enable the poorest countries to derive the greatest possible benefit from EU trade preferences.

## PROCEDURE

<b>Title</b>	More and better cooperation: the 2006 aid effectiveness package
<b>Procedure number</b>	2006/2208(INI)
<b>Committee responsible</b>	DEVE
<b>Opinion by</b> Date announced in plenary	INTA 7.9.2006
<b>Enhanced cooperation – date announced in plenary</b>	
<b>Drafts(wo)man</b> Date appointed	Margrietus van den Berg 19.4.2006
<b>Previous drafts(wo)man</b>	
<b>Discussed in committee</b>	29.5.2006      19.6.2006
<b>Date adopted</b>	12.7.2006
<b>Result of final vote</b>	+:                    25 –:                    1 0:                    1
<b>Members present for the final vote</b>	Francisco Assis, Jean-Pierre Audy, Enrique Barón Crespo, Daniel Caspary, Giulietto Chiesa, Christofer Fjellner, Béla Glattfelder, Jacky Henin, Syed Kamall, Sajjad Karim, Alain Lipietz, Helmuth Markov, Javier Moreno Sánchez, Georgios Papastamkos, Godelieve Quisthoudt-Rowohl, Bogusław Rogalski, Peter Šťastný, Robert Sturdy, Gianluca Susta, Johan Van Hecke, Zbigniew Zaleski
<b>Substitute(s) present for the final vote</b>	Margrietus van den Berg, Elisa Ferreira, Eugenijus Maldeikis, Antolín Sánchez Presedo, Mauro Zani
<b>Substitute(s) under Rule 178(2) present for the final vote</b>	
<b>Comments (available in one language only)</b>	...

## PROCEDURE

<b>Title</b>	More and better cooperation: the 2006 aid effectiveness package		
<b>Procedure number</b>	2006/2208(INI)		
<b>Committee responsible</b> Date authorisation announced in plenary	DEVE 7.9.2006		
<b>Committee(s) asked for opinion(s)</b> Date announced in plenary	AFET 7.9.2006	INTA 7.9.2006	BUDG 7.9.2006
<b>Not delivering opinion(s)</b> Date of decision	AFET 29.8.2006	BUDG 6.9.2006	
<b>Enhanced cooperation</b> Date announced in plenary			
<b>Rapporteur(s)</b> Date appointed	Alain Hutchinson 21.3.2006		
<b>Previous rapporteur(s)</b>			
<b>Discussed in committee</b>	11.7.2006	28.8.2006	
<b>Date adopted</b>	28.8.2006		
<b>Résultat of finl vote</b>	+: -: 0:	27 0 0	
<b>Members present for the final vote</b>	Margrete Auken, Alessandro Battilocchio, Thierry Cornillet, Nirj Deva, Alexandra Dobolyi, Fernando Fernández Martín, Michael Gahler, Filip Andrzej Kaczmarek, Ģirts Valdis Kristovskis, Miguel Angel Martínez Martínez, Luisa Morgantini, Horst Posdorf, Pierre Schapira, Frithjof Schmidt, Jürgen Schröder, Feleknas Uca		
<b>Substitute(s) present for the final vote</b>	John Bowis, Milan Gaľa, Ana Maria Gomes, Alain Hutchinson, Jan Jerzy Kułakowski, Bernard Lehideux, Manolis Mavrommatis, Miloslav Ransdorf, Karin Scheele, Anders Wijkman, Zbigniew Zaleski		
<b>Substitute(s) under Rule 178(2) present for the final vote</b>			
<b>Date tabled</b>	12.9.2006		
<b>Comments (available in one language only)</b>			