

EUROPEAN PARLIAMENT

2004



2009

Committee on Budgets

2006/2079(INI)

28.11.2006

OPINION

of the Committee on Budgets

for the Committee on Development

on aid for developing countries from budgetary resources
(2006/2079(INI))

Draftswoman: Ingeborg Gräßle

(*) Enhanced cooperation between committees – Rule 47 of the Rules of Procedure

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SUGGESTIONS

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

- A. whereas effective recipient state structures, both in terms of a functioning democracy with respect for fundamental freedoms, human rights and political pluralism and in terms of budgetary processes, expenditure competency and service provision that are accountable, are central to the instrument's effectiveness,
- B. whereas a functioning parliamentary democracy with respect for fundamental freedoms and human rights, including political pluralism, and an effective public financial management system are a prerequisite for budget support, which should be assessed by its degrees of good governance, democratically elected parliamentary scrutiny and rule of law, government accountability, competence, and its well defined macroeconomic, developmental and sectoral policies and the degree of openness and transparency of its public procurement,
 - 1. Calls on the Commission and the Member States to use budget support only under clearly objectifiable criteria and under the condition that the country is a functioning democracy with respect for fundamental freedoms, human rights and the rule of law, including political pluralism and independence of the judiciary system , and to assess fully all risks involved;
 - 2. Calls on the Commission to assess at regular intervals the effectiveness of budget aid in combating poverty from the point of view of value-for-money cost effectiveness, and to show progress on the part of the third-country beneficiaries in independently administering the budget aid; in doing so, it should distinguish between general and sector-specific budget aid, so that more clarity is achieved with regard to the effectiveness of the various aid instruments in reducing poverty; the administrative costs of budget and project aid must also be evaluated; the aim should be to be in a position to give a reasoned account of when each instrument should be used;
 - 3. Is concerned that the Court of Auditors (CoA) found that Articles 61(2) and 67 of Cotonou were often given a broad and subjective interpretation;
 - 4. Calls on the Commission to combat the shortcomings in control and supervision by introducing an external control for budget aid (for example via the Court of Auditors); the Commission should be encouraged to take the initiative of setting up a joint supervisory institution together with the other large financial donors;
 - 5. Calls on the Commission and the beneficiary countries to provide regular information to the general public in this sector, in order to make the impact of budget aid visible to the European taxpayer and to raise awareness for the necessity of development cooperation in general and the effects of budget support in particular, to counter general allegations of misuse of funds and to inform on the basic requirements for the use of this instrument and also on the cases where this instrument has proven ineffective. The Commission is urged to improve the visibility of the EU in

development aid and to document and demonstrate the progress made by beneficiary third countries in administering budget aid independently;

6. In order to support the beneficiary countries' own budgetary control mechanisms, the parliament of any given beneficiary country should participate in adopting the budget, and the budget law should be published. The budget aid should be evaluated annually by the parliament in terms of the progress achieved;
7. Calls on the Commission to state how budget aid can be limited in time. The ultimate aim of the instrument must be to build up the self-sufficiency of the beneficiary country; the Commission should state over what (reasonable) timescale this can be achieved.

PROCEDURE

Title	Aid for developing countries from budgetary resources
Procedure number	2006/2079(INI)
Committee responsible	DEVE
Committee(s) asked for opinion(s) Date announced in plenary	BUDG 6.4.2006
Enhanced cooperation Date announced in plenary	6.4.2006
Drafts(wo)man Date appointed	Ingeborg Gräßle 20.9.2004
Previous drafts(wo)man/men	
Discussed in committee	6.11.2006 27.11.2006
Date adopted	27.11.2006
Result of final vote	for: 16 against: 0 abstentions: 0
Members present for the final vote	Reimer Böge, Salvador Garriga Polledo, Neena Gill, Ingeborg Gräßle, Catherine Guy-Quint, Jutta Haug, Alain Lamassoure, Janusz Lewandowski, Vladimír Maňka, Jan Mulder, Giovanni Pittella, Nina Škottová, László Surján, Yannick Vaugrenard, Ralf Walter
Substitutes present for the final vote	Peter Šťastný
Substitutes under Rule 178(2) present for the final vote	
Comments (available in one language only)	...