

# MDG contracts

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The Committee on Development adopted the own-initiative report drafted by Alain HUTCHISON (PES, BE) on millennium development goal (MDG) contracts. It reasserts that development aid should be based on need and performance and development aid policy should be designed in partnership with the recipient countries. It also reasserts that, to achieve the MDG, donor countries must honour all their commitments and improve the quality of the aid they provide.

**Priority sectors:** the Commission is invited to continue to link its aid in the health and education sectors, in particular basic health care and primary education, to the results achieved in those sectors.

**Aid effectiveness:** MEPs call on the Commission to improve the predictability of budget support by introducing MDG contracts and extending the principles underlying these contracts to a larger number of countries and to sector budget support. The Commission is also invited to maintain high levels of budget support spending, while aiming in particular to increase the provision of budget support for ACP countries' social services sectors and strengthen sector budget support in other regions.

Governments of the developing countries are called upon to increase their health spending to 15% of their national budgets, in accordance with the recommendations set out in the Abuja Declaration, and their education spending to 20% of national budgets, as recommended by the Global Campaign for Education.

**MDG contracts:** noting with interest that the Commission's proposal concerning MDG contracts provides eligible countries with a minimum guaranteed aid level (70% of total commitment), MEPs call on the Commission, therefore, to provide a detailed timetable for the introduction of the contracts. They also call for the adoption of a communication formalising the MDG contract approach and extending it to non-ACP countries which meet the eligibility criteria.

MEPs call on the Commission, in collaboration with partner countries, to match every MDG contract with a series of performance indicators in order to evaluate progress achieved in the implementation of the contract; the inclusion of persons and children with disabilities should also be measured by these indicators.

**Parliaments and civil society – Aid ownership – Transparency:** MEPs asks the Commission and beneficiary countries to ensure the involvement of their parliaments and civil society, including disabled people's organisations, in every stage of the budget support dialogue. The ACP-EU Joint Parliamentary Assembly (JPA) is called upon to play a more active role in defining priorities, negotiating MDG contracts and all other stages of the process.

In addition, MEPs stress that donors, rather than imposing unilateral conditions on recipients, should seek to promote good governance, democracy and stability in recipient countries through transparent criteria established in partnership with these countries. It is recommended that the Commission work towards strengthening the dialogue between donors and recipients, particularly with a view to identifying real needs and sectors in which aid is necessary.

**Selection criteria – creativity and flexibility:** MEPs call on the Commission to make its budget support conditional on results achieved with regard not only to the field of good governance and transparency, but also in terms of defending and upholding human rights, in particular those of the poorest and the excluded, including disabled people, minorities, women and children, and to ensure that budget support is not provided for sectors other than those specified in the MDG contract.

MEPs deplore the fact that the Union's budget support policy for developing countries is increasingly subject to conditions imposed by the IMF being attached to Union development aid considering that such conditionality runs counter to the policies of recipient countries with regard to the ownership principle. They emphasises the need to develop other budget support approaches for countries which are ineligible for MDG contracts, and particularly for countries whose situation is fragile.

**Gender dimension:** the report draws the Commission's attention to the fact that it should imperatively continue to link its budget support to results in beneficiary countries related to gender equality and the promotion of women's rights. It asks that the performance indicators be strengthened in this area in the MDG contracts.