Fourth high level forum on aid effectiveness

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The Committee on Development adopted the own-initiative report by Cristian Dan PREDA (EPP, RO) on the 4th High Level Forum on Aid Effectiveness (HLF-4) in Busan, which is expected to map out future commitments aimed at making development aid more effective, and to help develop a new international aid architecture in the run-up to the 2015 deadline for achieving the Millennium Development Goals (MDG) and beyond. Members stress the need for the EU to adopt an **ambitious position at HLF-4** and hope that the latter will send high-level representatives to Busan. They believe that HLF-4 will be a success if it results in a **strong commitment to aid effectiveness, reflected in clear and measurable objectives with a precise timetable for their realisation**. Mindful of the implementation deficits of the Paris Declaration and the Accra Agenda for Action on Aid Effectiveness (AAA), they underline the importance of development 'ownership' following a bottom-up approach, of non-fragmentation of aid and, involving parliaments and civil society at both national and international level. If it is to be effective, aid should be evaluated in terms of its concrete contribution towards achieving development goals and not only in term of inputs, and must embrace fully the principle of 'democratic ownership', which means that development strategies must be driven by the countries themselves and reflect a commitment on the part of all national stakeholders.

In this regard, the committee notes that the governments of developing countries have not left their parliaments and civil societies the necessary room for manoeuvre to allow genuine ownership. The EU is urged to strengthen the commitments set out in the Paris Declaration and the AAA by promoting **democratic ownership of development policies.** Donor and recipient countries are asked to take immediate action to honour their commitments under the Paris Declaration and the AAA, the only obstacles to which are political will, bureaucracy and high transaction costs, for instance as regards the untying of aid, aid predictability, conditionality and transparency. Members emphasise, in particular, the need to put into practice the commitment made in the AAA whereby, in the context of bilateral cooperation between governments, donors undertake to draw first and foremost on their national systems, and to make aid flows more predictable.

Donor countries are urged to give **priority to local and regional public procurement**. Members stress that sustainable growth is being hampered by certain procurement practices on the part of donors, which disregard the local economy. Members stress also that the involvement of local authorities and civil society organisations in development policies is essential in order to achieve the MDGs and ensure good governance. They call on donors and partner countries to place the emphasis on greater recognition of the involvement of parliaments, local authorities and civil society, and on more transparent use of national systems

Welcoming the adoption of **the EU Code of Conduct on the Division of Labour in Development Policy** , the committee stresses that its principles have not been fully implemented to date owing to a lack of political will, which is preventing optimum use of European aid. It calls on the EU to speed up the Fast Track Initiative on Division of Labour – in particular as regards concentration by sector – by means of reorganisation and joint programming, and to encourage the use of national systems in an effort to fulfil the undertaking given in the Paris Declaration to make greater use of aid **delivery mechanisms based on ownership, inter alia through budget support. Whilst welcoming the Commission initiative outlined in the Green Paper on budget** support, Members call for budget support eligibility criteria to be tightened up so as to prevent departures from agreed approaches and the misuse of this type of aid, with due account being taken of factors such as a country's corruption index rating.

The report goes on to stress the need for **aid transparency** and calls on the Commission and Member States to adopt an ambitious stance on aid transparency by promoting at international level mechanisms that seek to establish global standards in this area, such as the International Aid Transparency Initiative (IATI).

It also stresses that the HLF-4 should also lay the foundations for a more inclusive global partnership for development, by **involving emerging donors** more closely, in particular those countries whose approach is not governed by the global norms on aid effectiveness. The EU should take a leading role in this respect in order to ensure that aid from such countries is in accordance with agreed international principles in terms of official development assistance. This should not lead to any watering down of aid effectiveness and the basic principles underpinning it. The European Parliament should continue to be involved in the ongoing recasting of the aid effectiveness programme, including through appropriate participation in the Busan meeting.

Members point out that **aid effectiveness requires poor countries to be able to mobilise domestic revenues**. They urge the EU once again, therefore, to make the fight against tax havens and tax evasion its utmost priority, while also promoting alternative sources of development finance, for example through the introduction of a financial transaction tax. The EU is urged give developing countries more help with tax reforms, thereby supporting the establishment of effective, efficient, fair and sustainable tax systems, which should have the effect of reducing poverty and aid dependency.

Lastly, the committee points out that all governments – donor and recipient – are bound by **human rights obligations**, which are crucial in order to ensure effective development. It urges the EU, therefore, to advocate in Busan for the introduction of binding measures which will ensure that aid provision complies with human rights agreements.