Fourth high level forum on aid effectiveness

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The European Parliament adopted a resolution on the 4th High Level Forum on Aid Effectiveness (HLF-4) in Busan (South Korea).

This resolution 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) of 2015 and beyond.

Parliament stresses the need for the EU to adopt an **ambitious position at HLF-4** and hopes that the latter will send high-level representatives to Busan. It believes 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), Members 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.

Fight against tax havens: Parliament points out that aid effectiveness requires poor countries to be able to mobilise domestic revenues. It urges 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**. Likewise, it urges the EU to 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.

Aid commitment: Parliament points out that one of the prerequisites in order to fulfil the 'aid effectiveness agenda' is to 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. It urges the EU to strengthen the commitments set out in the Paris Declaration and the AAA by promoting democratic ownership of development policies, planning and measures through full engagement with, and accountability to, all development stakeholders.

Parliament believes that HLF-4 will be a success if it results in a strong commitment to aid effectiveness, reflected in clear and measureable objectives with a precise timetable for their realisation. It is mindful of the implementation deficits of the Paris Declaration and AAA and underlines the importance of development 'ownership' following a bottom-up approach, of non-fragmentation of aid and, as well as of setting up strong, effective and independent follow-up enforcement mechanisms, involving parliaments and civil society at both national and international level.

It also stresses 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. Members note that, although the AAA recognises them as 'development actors in their own right', many civil society organisations are faced with policies and practices that are undermining their role as development actors.

In this context, they call, more broadly, 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.

Parliament underlines the importance of a differentiated approach to aid effectiveness, taking into account the level of development of the receiving countries (least developed, fragile and middle-income) and their specific needs. It highlights that, given the high number of fragile states and the fact that they are the furthest away from achieving the MDGs, accounting for 75% of the deficit, it is important that special attention is given to this issue.

Donor countries: Parliament calls, more broadly, 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. It stresses that sustainable growth is being hampered by certain procurement practices on the part of donors, which disregard the local economy. Parliament also urges donor countries to **give priority to local and regional public procurement**.

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.

Code of conduct and budget support: welcoming the adoption of **the EU Code of Conduct on the Division of Labour in Development Policy**, Parliament 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.

Transparency: Parliament stresses 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). The resolution maintains that, in view of its role in exercising democratic scrutiny, Parliament should continue to be involved in the ongoing recasting of the aid effectiveness programme, including through **appropriate participation in the Busan meeting**.

Poverty eradication: Parliament points out that **development aid is not in itself enough to eradicate poverty** and that it should address its causes, rather than its symptoms. It emphasizes the need for more effective aid as part of a development process which seeks to create, in recipient countries, strong, environmentally friendly economies in which access to basic social services is guaranteed for everyone and, ultimately, to reduce dependence on aid. It stresses, in that connection, the importance of creating a climate conducive to decent work creation, entrepreneurship and innovation in recipient countries.

Respecting Human Rights: Parliament 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.

Lastly, Parliament calls: (i) on partner governments to value and step up efforts towards decentralisation (political, administrative and fiscal) and to enhance coordination between local and national development planning processes by contributing to complementarity and specialisation, with due regard for local autonomy; (ii) on donor countries to coordinate and harmonise their efforts more effectively, to streamline their procedures and to work towards closer cooperation with private donors; (iii) for the need to place greater emphasis on indicators showing the impact of aid on development and on how effectively it contributes to eradicating poverty, promoting gender equality, reducing inequalities and creating wealth; (iv) for gender equality to be a priority in the shaping of development policies.