Towards more and better EU Aid: the 2006 aid effectiveness package

2006/2208(INI) - 28/09/2006 - Text adopted by Parliament, single reading

The European Parliament adopted, by 521 votes in favour to 20 against with 8 abstentions, a resolution based on the own-initiative report Alain **Hutchinson** (PES, BE) on the 2006 EU aid effectiveness package. It pointed out that, whilst the EU supplies more than half of all public aid in the world and is thus the world's largest aid provider, this position does not translate into effective leadership capable of making a difference on the world stage. Member States and the Commission together must 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. 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. Parliament stressed 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. 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. The focus must be at country level and with partner countries in the lead, in order to tackle the problem of orphan countries and sectors. EU aid effectiveness policy should include 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.

For EU aid and action against poverty to be effective:

- a much larger proportion of the ODA granted by international donors should be channelled as a priority towards the poorest countries and populations;

- sufficient policy space must be guaranteed for developing countries and aid effectiveness should be assessed in terms of concrete progress made towards achieving the MDG;

- the Commission and all Member States must scrupulously abide by the objectives and principles established in the European Consensus on Development, particularly the essential objective of combating poverty;

- every possible effort must be made to support the implementation of the Paris Declaration on aid effectiveness within the DAC. In addition, members of the OECD's DAC must set targets for 2010 against the twelve indicators established in the Paris Declaration - in particular with regard to conditionality, mutual responsibility and predictability - and set up an effective monitoring mechanism.

Parliament called 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 ODA target of at least 0.56% of GNI by 2010 and 0.7% of GNI by 2015 - without any creative accounting. The EU must note, however, that the fact that increasing ODA volumes will be meaningless unless it goes hand-in-hand with a significant improvement in terms of the effectiveness and quality of such aid. Parliament called on each Member State to draw up on an annual 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 its scope, such as debt relief, on the basis of a common reference document drafted by the Commission. Such sums should be specifically excluded from calculations of total expenditures of development aid.

The Commission and Member States were urged 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.

Parliament went on to regret that, unlike the Commission, some Member States have failed to make satisfactory progress in honouring their undertakings progressively to untie development aid, despite the fact that this is eagerly awaited by local producers and the general population in southern countries. Member States should immediately to untie food aid for the least-developed countries (LDCs), as recommended by the OECD.

Lastly, Parliament expressed its concern that the EU budget support policy for developing countries is increasingly subject to the conditionalities of international financial institutions (IFIs). This forces these countries to fulfil International Monetary Fund (IMF) conditions in order to secure EU development aid. Such centralised conditionality is in contradiction with beneficiary countries' ownership policy.