

ACP-EU JOINT PARLIAMENTARY ASSEMBLY

RESOLUTION¹

ACP-EU 100.300/08/fin

on aid effectiveness and defining official development assistance

The ACP-EU Joint Parliamentary Assembly,

- meeting in Port Moresby (Papua New Guinea) from 25 to 28 November 2008,
- having regard to Article 17(1) of its Rules of Procedure,
- having regard to the objectives of the ACP-EU Partnership Agreement signed in Cotonou on 23 June 2000,
- having regard to the UN Millennium Declaration of 8 September 2000, which sets out the Millennium Development Goals (MDGs) as objectives established jointly by the international community for the elimination of poverty, and to the UN Millennium Development Goals Report 2007,
- having regard to the joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the European Commission on European Union Development Policy: 'The European Consensus' (the European Consensus for Development) signed on 20 December 2005,
- having regard to the Paris Declaration on Aid Effectiveness of 2 March 2005,
- having regard to the Monterrey Consensus adopted at the UN International Conference on Financing for Development of 21 and 22 March 2002,
- having regard to the Communication from the Commission of 28 February 2007 entitled 'EU Code of Conduct on Division of Labour in Development Policy' (COM(2007)0072),
- having regard to the Communication from the Commission of 9 April 2008 entitled 'The EU - a global partner for development. Speeding up progress towards the Millennium Development Goals' (COM(2008)0177),
- having regard to the main findings and recommendations of the OECD Development Assistance Committee (DAC) in the 2007 Peer Review of the European Community,
- having regard to the conclusions of the GAERC (May 2008) and of the Council (June 2008),
- having regard to the outcome of the Third High-Level Forum on Aid Effectiveness, held in Accra from 2 to 4 September 2008,
- having regard to the Accra Declaration adopted by the ACP Heads of State and Government on 3 October 2008,

¹ Adopted by the ACP-EU Joint Parliamentary Assembly on 28 November 2008 in Port Moresby (Papua New Guinea).

- having regard to the report of its Committee on Economic Development, Finance and Trade (ACP-EU/100.300/08/fin.),
- A. whereas the aid effectiveness agenda should deliver concrete advances in the eradication of poverty and inequality and help partner countries to attain the MDGs and meet internationally agreed human rights standards,
- B. whereas the major limitation of the Paris Declaration definition of ownership is the lack of explicit recognition of the importance of democratic ownership, especially the role of civil society organisations and local authorities, and of a clear commitment regarding the role of parliaments,
- C. whereas the EU has made important commitments on gender equality which must be followed through; whereas, however, the gender dimension is still being taken into account to only a limited extent in the debate on aid effectiveness,
- D. whereas scaling up aid volumes and improving aid effectiveness are equally important, and whereas progress is needed on both quantitative and qualitative aspects of aid to achieve the MDGs, with particular reference to the health and gender-related MDGs, which are hardly showing any progress at all and are key to fulfilling these commitments,
- E. whereas recent OECD figures show that overall EU aid decreased significantly in 2007, and whereas aid figures are often inflated by including debt relief and funds that do not reach the populations of partner countries,
- F. whereas donor and partner countries must adhere to the highest standards of openness and transparency, especially donors as regards their budget estimates of aid flows, which otherwise cannot be reflected in the annual budget estimates of the partner countries, thereby severely reducing parliaments' ability to scrutinise government development policies and the partner countries' capacity to make long-term investments,
- G. whereas tied aid seriously undermines aid transparency and raises the cost of goods and services by up to 30%, according to World Bank estimates,
- H. whereas donors remain reluctant to use country systems, and progress has been extremely slow in this respect; whereas this is a key component of ownership, and whereas alignment and is essential for strengthening capacity building and developing local markets,
- I. whereas the international aid system is becoming more complex, with the creation of vertical structures and the arrival of new public and private actors who often work outside existing codes and coordination mechanisms,
- J. whereas budget support can contribute to ownership, to building institutional capacity and to improving accountability and scrutiny by domestic stakeholders; whereas, however, its success is determined by governments' capacity to plan, execute and account for their public spending,
- K. whereas partner countries often face hundreds of results-based and policy conditionalities, which may in some cases be contradictory and set by a variety of donors and which can place an unmanageable burden on partner countries, thereby diminishing country ownership and governments' accountability to their citizens and parliaments,

- L. whereas technical assistance may amount to as much as 50% of aid, but much of it continues to be tied, overpriced and ineffective in building local capacity and ownership,
 - M. whereas a steadily rising proportion of the most vulnerable sections of society will become still more vulnerable,
 - N. whereas the economic and environmental vulnerability of small island developing states (SIDSs) and land-locked ACP states to multiple crises can lead to serious adverse social and environmental consequences and poor economic resilience, and can adversely affect those states' capacity to pursue sustainable development goals and successfully undertake much-needed economic reform,
 - O. whereas the international community has rightly made great efforts to cooperate with the poorest countries; whereas this has not been accompanied by similar efforts for middle-income countries (MICs), in particular the net food- and fuel-importing SIDSs, and whereas such countries risk falling back into low-income country status unless adequate and timely measures are taken to help them to address their needs,
1. Welcomes the advances made as regards political commitments in the Accra Agenda for Action (AAA) and stresses the need for ambitious implementation of that agenda, moving from concepts and political pledges to tangible and measurable achievements as regards implementation of the Paris Declaration principles; expects the EU to engage more proactively and to play a leadership role in improving aid effectiveness worldwide;
 2. Calls on the EU and ACP countries to actively promote the common values and priorities defined in the revised Cotonou Partnership Agreement, such as poverty reduction, gender equality, sustainable economic, social and environmental development, regional integration, promotion of peace, security and a democracy respectful of human rights, within the Aid Effectiveness Agenda;
 3. Stresses that democracy provides the best foundation for sustainable development, peace and security; calls, therefore, for EU-ACP cooperation to prioritise democracy promotion, allowing transparent, inclusive and accountable decision-making as one important means of increasing aid effectiveness;
 4. Urges the European Commission and Member States to use a broader definition of coherence than that set out in the AAA, in order to ensure more development policy coherence in European policies such as agriculture, fisheries, trade, energy, environment, climate change, security and migration, to assess the impact of those policies on development and to ensure appropriate reform in order to prevent those policies from creating non-tariff barriers and undermining the attainment of the MDGs and the objectives of the EPAs;
 5. Stresses that, although the Paris Declaration is driving the debate on aid effectiveness, the Cotonou Partnership Agreement and the Paris Declaration can mutually reinforce each other, since the former is also a model for effective development cooperation;

Ensure democratic ownership and accountability

6. Stresses that the concept of ownership in the Paris Declaration should, in line with the

Cotonou Partnership Agreement, be broadened to include democratic ownership (including national parliaments, local governments, civil societies, an independent judiciary and the media), so as to allow increased transparency and mutual accountability based on clear and monitorable indicators and to ensure that the objectives of development aid are met;

7. Welcomes the recognition in the AAA of the significant role of parliaments and local governments in the development process; calls on donors and partner governments to ensure that parliaments and local government play a proper role in ensuring the effectiveness of aid by supporting ownership, providing checks and balances through the scrutiny of budgets, policies and their outcomes, and involving citizens in development decisions through the democratic process;
8. Also welcomes the recognition in the AAA of the significant role of civil society in the development process; calls on donors and partner governments to provide for full and meaningful participation by civil society in planning, implementing, monitoring and assessing budgets and programmes, and to create the conditions it requires to play its proper role;
9. Calls on donors and partner countries to take into account the disproportionate impact that poverty has on women and to ensure that gender equality, women's empowerment and women's rights are fully incorporated into national development processes; regrets that the AAA does not identify mechanisms for implementing gender equality and women's empowerment and does not include progress indicators therefor;
10. Regrets that the AAA fails to translate the Paris Declaration commitment to involving parliaments, civil society organisations and local authorities into practical measures; expects the EU to respect partner countries' leadership and help strengthen their capacity to exercise it, and urges the EU and partner countries to develop practical action plans to ensure democratic ownership and to agree upon progress indicators;

Scale up for more effective aid

11. Welcomes the Council conclusions reaffirming the commitment to achieving its collective official development assistance (ODA) target of 0.56% in 2010 and 0.7% in 2015; calls for new commitments to ambitious multiannual timetables, in order to be able to measure the gradual rise in aid budgets;
12. Urges the European Commission and Member States to ensure that there is no broadening of ODA definitions to include non-aid items such as military spending; calls on the European Commission and Member States to separate spending on debt relief from other ODA reporting, and to not to include money spent in Europe on students and refugees in calculations of total development aid expenditure;
13. Insists that donors allocate aid in a transparent, accountable manner and that predictability in flows, programming and disbursement be dramatically increased, notably by drawing up reliable multi-annual timetables and ensuring in-year predictability; welcomes the AAA rolling programming initiative, which ensures medium-term predictability;

Sustained economic growth for sustainable development

14. Stresses that one indicator of aid effectiveness is the extent to which it contributes to creating a strong economy that protects the environment and in which nobody is deprived of basic social services;
15. Calls for development cooperation better to address barriers to economic growth, such as a lack of foreign direct investment, capital flight and high administrative hurdles for small and medium-sized businesses;
16. Calls in this context for development policies promoting the transfer of know-how, competition and sound macroeconomic policies, as well as minimising red tape for businesses, respecting or introducing property rights and combating corruption;
17. Stresses that fair trade can be one of the most effective means of driving sustainable economic development, underpinned by adequate accompanying measures to address adjustment-related costs and finance social-safety-net and empowerment programmes, but that it needs to be complemented by redistributive and social policies to ensure that the benefits are equitably shared;
18. Regrets that little progress is being made as regards the use of country systems (only a small percentage of ODA goes through country budget systems, whereas donors had promised 50% by 2010) and that even in countries with properly functioning country systems, donors are not willing to use those systems; urges donor countries to speed up alignment of their aid to country systems to the maximum possible extent, to strengthen government systems and to increase the amount of aid used for general and sectoral budget support in cases where good economic and political governance exists, ensuring full budget transparency and accountability; stresses that budget support should under no circumstances be provided where there is widespread corruption;
19. Welcomes the fact that the AAA refers to a number of development actors other than bilateral donors; stresses that one of the big challenges in the run-up to 2011 will be to extend the Paris Declaration principles to cover vertical funds and the new donors, so as to ensure genuine coordination amongst donors and alignment with the partner countries;
20. Calls on partner governments to base budget support on a sound national poverty reduction plan that strengthens domestic accountability, financial management and monitoring through systematic and committed strategic engagement with national parliaments, local governments and non-state actors, something which is extremely limited at present;
21. Welcomes the European Commission's intention to ensure a more predictable form of budget support in the longer term by using MDG contracts for well-performing countries, but stresses that this requires a strong commitment to achieving the MDGs on the part of partner countries and that continuous monitoring with a strong focus on results is needed;

22. Welcomes the fact that the AAA mentions that the OECD-DAC donors will extend coverage of the 2001 DAC Recommendation on Untying Aid to non-LDC heavily indebted poor countries (HIPCs); urges the European Commission and Member States to make a real commitment to untying all aid to ACP countries by 2010, including technical assistance, which must reflect national priorities and specificities, public procurement, food aid and food aid transport and storage;
23. Calls on the European Commission to apply gender mainstreaming in the budgetary process by linking disbursement of variable tranches to improvements in gender-disaggregated indicators; calls on partner countries to incorporate a gender perspective at all levels of the budgetary process and to stimulate a wider dialogue with women's organisations;
24. Calls on the European Commission and Member States to go beyond the AAA and drastically reduce the number of conditionalities and phase out economic policy conditionality, and instead to use mutually agreed contracts reflecting a common understanding on key priorities that link disbursements to performance and policy outcomes, focusing in particular on the MDGs, and to set up a real timetable for this process; calls on the EU and its Member States to use their influence to convince the World Bank and the International Monetary Fund to move towards the same transition, especially at a time when most ACP states risk being adversely affected by the multiple crises impacting on the world economy;

Division of labour and donor coordination

25. Calls on the European Commission and Member States to significantly step up their efforts to increase donor coordination and improve the division of labour by aligning multilateral and bilateral aid with national processes, democratic ownership, accountability, harmonisation, joint analysis, programming and delivery, and to drastically reduce the number of Program Implementation Units; notes the AAA initiative to start dialogue on international division of labour across countries by June 2009;
26. Hopes that the 2008 donor atlas will help to inform and influence more ambitious donor coordination, and in particular to resolve the 'darling' and 'orphan' countries problem and the neglect shown for crucial sectors such as health, energy, education, social cohesion, gender equality and agriculture; welcomes the fact that the AAA also states that donors will work to address the issue of countries that receive insufficient aid and ensure that new arrangements on the division of labour will not result in individual developing countries receiving less aid;
27. Calls for capacity-building in all ministries in order to endure greater effectiveness in health, education and gender equality through budget support spending, as country ownership is too often limited to the Ministry of Finance;
28. Recognises the need for more sustained aid to fragile states and lower-income post-conflict countries; welcomes the fact that the AAA urges donors and partner countries to adapt the Paris Declaration to the OECD-DAC Principles for Good International Engagement in Fragile States and Conflict Situations, but underlines the need to build a strong civil society in both fragile and vulnerable states;
29. Considers, however, that greater and better-targeted efforts need to be made to increase

support to middle-income ACP states, and calls for the early adoption and implementation of an agreement on systematic and predictable provision of aid that will effectively address the specific needs of those states, in order to enable them to continue along their sustainable development path;

30. Welcomes the fact that the donor community has committed itself to stepping up efforts to cooperate with the poorest countries and that Africa's share of programmable aid is rising as a result of the commitment to double ODA to Africa by 2010, especially now, with the rise in fuel and food prices and the effects of global climate changes, which could negate all the efforts already made;
31. Commends the work carried out by the Commonwealth Secretariat and the Islands and Small States Institute of the University of Malta in developing vulnerability and resilience indices and expects the EU to take a leading role in implementing the indices and designing a new framework for systematic assistance to SIDSs and landlocked developing countries; proposes that small states in particular should plan a vulnerability and resilience profile in conjunction with the preparation of the Medium-Term Development Strategy;
32. Calls on the European Commission and Member States to make a strong common EU commitment at the Doha Conference regarding both the quantity and quality of development aid, with the aim of achieving the MDGs through a sustainable approach and clear roadmaps for meeting their ODA commitments, both individually and collectively, notwithstanding the current financial crisis;
33. Instructs its Co-Presidents to forward this resolution to the ACP-EU Council of Ministers, the European Commission, the Council Presidency, the African Union, the Pan-African Parliament, the national and regional parliaments, the ACP regional organisations and the OECD Development Assistance Committee.