

EURODAD response to the EU External Relations Council Conclusions

Brussels, 27th May 2008

The Development Ministers from the 27 EU Member States (MS) just resumed their meeting in Brussels. While the Council should be given credit for reaffirming previous commitments on the volumes and effectiveness of European aid, unsurprisingly, the weak language in the conclusions released few hours ago show a blatant failure of the 27 Ministers to go beyond the commitments made in the previous years and clearly indicate how they intend to reach them.

On aid volumes

The Ministers faced a tough negotiation between few European countries which wanted to agree upon binding annual timetables whereby all Member States would indicate their committed year on year aid increases to reach 2010 and 2015 targets, and a good number which were reticent to reach such agreement. As in any other EU negotiation, lack of consensus has resulted in a rather weak common minimum denominator whereby the Council “strongly encourages Member States to establish, as soon as possible and mindful of the Doha Review Conference, rolling multi-annual indicative timetables that illustrate how Member States aim to reach ... their respective ODA targets.” However, the battle on this issue is not lost yet. The discussion has been deferred to the European Council to take place in June 18th and 19th where a more ambitious agreement could, hopefully, be taken.

On accelerating the achievement of the Millennium Development Goals

While Ministers have proved to have a good dose of optimism by affirming that “MDGs could still be achieved in all regions, including Africa”, this has not been matched with similar doses of commitment. Language on MDGs is vague and further commitments are also deferred to the Council meeting in June, when the EU will have to approve and Agenda for Action on the MDGs.

On the Monterrey process on Financing for Development

Again, the Financing for Development (FfD) section is more concerned with preserving the current FfD commitments rather than a confident attitude showing global leadership to agree to further much-needed steps. Disappointingly, the Ministers focus on the need to assess progress made, take further implementation measures and they only mention in passing “new challenges and emerging issues.”

While they mention the need for national ownership and “an enabling domestic environment ... for mobilizing domestic resources, increasing productivity, reducing capital flight, encouraging the private sector, and attracting and making effective

use of international investment and assistance”, the conclusions suffer from a crying silence with regards to concrete European commitments to address issues such as capital flight or appropriate regulation of the global financial system to tackle vulnerabilities of developing countries and avoid reverse flows. On debt relief, the conclusions provide support to the limited and flawed HIPC and MDRI initiatives and are silent on the need to open the debate for more ambitious debt relief commitments or more progressive responsible lending frameworks.

Likewise, there is no concrete proposal to consolidate the European representation at the International Financial Institutions. The conclusions “welcome the reform package that has recently been agreed in the International Monetary Fund”, which civil society has repeatedly criticized because of its marginal impact and its failure to strengthen the voice and vote of developing countries within the IFIs.

On food prices

In light of the ongoing dramatic food crisis, the Ministers have succeeded in including this issue in the Council Conclusions, pointing at both short term and long term responses. While the document recognises that the current crisis has been “caused by a combination of factors”, it fails to acknowledge any share of responsibility that the EU may have had in contributing to the crisis through both its subsidies from the Common Agricultural Policy and its liberalisation drive of developing countries’ trade systems.

While it is important, in the short term, to “mobilize resources to finance ... food aid (and) safety nets for the poor”, and “encourage and promote more investment in agriculture and rural development in LDCs”, it is crucial to stress the need for a shift towards food sovereignty which allows least developed countries to take the most appropriate policy measures and refrains from forcing onto them liberalisation and privatisation reforms of the agriculture and trade sectors, as well as unfair competition from highly subsidised European agricultural products.

On aid effectiveness

Though the European Council alludes to some achievements in improving aid – such as agreeing an EU code of conduct on division of labour – it clearly states that “progress is still too slow and fragmented in the field”. The Council also recognises that “accelerating the implementation of commitments made in the Paris Agenda and formulating new actionable commitments is needed”.

However, one does get the sense that the EU is deferring decision time to Accra given that today’s council conclusions commit the EU to hardly any “concrete results and deliverables” that they are advocating. They outline four priority areas which the EU will focus on: enhanced use of country systems, predictability of aid, mutual accountability for development results, and division of labour.

All donors agreed under the Paris declaration the importance of **using developing country systems**. The Council reiterates this here but only calls on European governments to “systematically use country systems, where conditions allow, and adapt their aid modalities accordingly”. Hopefully before September, the EU can agree a concrete and ambitious target – which does indeed go beyond the current Paris indicators to really “facilitate further progress”. For a priority area, this commitment is currently very weak.

There appears to be somewhat more commitment to making aid more **predictable**. The Council calls on Member States to “continue to extend the use and coverage of multi-year country strategy papers, to include multi-annual commitments in those country strategy papers and to increase the number of jointly developed strategies”. Furthermore they encourage donors to agree a “measurable target for medium term predictability at the HLF-3 in Accra.” The promising and much talked about MDG contract proposal also gets some rather guarded support from EU member states.

Mutual accountability is one of the areas where least progress has been made under the Paris Declaration. There is support for the Council to include “parliaments, civil society and other stakeholders, including marginalised groups in this process, in order to strengthen domestic accountability.” The Council partly supports CSOs demands for more donor transparency about aid. The Council calls on donors to “to provide timely and transparent public information with regard to allocation, use and impact of external and internal resources as well as their alignment with national development objectives.” Again though, the commitment is rather woolly, and does not specifically address the need for much better disaggregated information about aid allocation and transparent negotiations at the country level.

Whilst the Council alludes to the non-system and lack of credibility of the international aid architecture and “recognises the need to strengthen existing international monitoring mechanisms”, no concrete commitments are made. The EU, as collectively the largest donor, should of course be leading the way on reforming aid accountability at the international level.

Conditionality reform is one of the key priority areas for developing countries for Accra this year and there is some commitment by the EU on this area. The Council “recognises that the donor community should reduce the number of unilateral conditionalities” although it does not recognise the problem of the collective burden of conditionality that is often experienced by developing countries. However the EU does agree to “reform, streamline and harmonise the design and implementation of conditionality”.

Technical assistance continues to make up a huge proportion of aid – the OECD has estimated it could be as much as 50% - and much of its impact on addressing sustainable development is questionable at best. The failure by the EU to commit to anything substantive at all to address this pressing issue is extremely disappointing.

The EU should be using their “leading role as the world's largest donor” to move the debate forwards on **untying aid**. The EU announced that they will “promote further untying of aid going beyond existing OECD recommendations, especially for food aid”, but they then go on to effectively support the implementation of the current DAC recommendation.

The Council does recognise the problem of **vertical funds** and calls on member states to “consider financing through existing financing mechanisms before creating new vertical funds”. Reading between the lines of today’s press conference, it would seem that there are some countries supporting the idea for a new specific fund for agriculture, with others clearly against.

Looking forwards to **Accra**, the EU makes a number of recommendations for the Accra agenda for action. These include recommendations that the AAA:

- Includes **strong and actionable commitments** to the implementation of overarching development goals and cross-cutting issues, such as human rights, democratic governance, gender equality and environmental sustainability, and **concrete proposals** to these ends.
- Ensures **ambitious** and **concrete commitments** on promoting aid predictability, division of labour, results oriented management, mutual accountability and the use of country systems, including the two additional commitments on incentives for change in donor behaviour and capacity development, put forward by partner countries.

The EU must be held to these recommendations and needs to put more concrete commitments on the table itself if it is to remain a credible leading donor.

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The debate over the pros and cons of **vertical funds** is very current. On this the Council calls on member states to “consider financing through existing financing mechanisms before creating new vertical funds”. Reading between the lines of today’s press conference, it would seem that there are some countries supporting the idea for a new specific fund for agriculture, with others clearly against.

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Today’s conclusions lack some of those strong, concrete and actionable commitments that the EU itself is calling for. The EU must be held to these recommendations and needs to put more concrete commitments on the table itself for Accra if it is to remain a credible leading donor.