

'The Role of the European Parliament in setting governance standards in aid recipient countries'

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I. The Role of the European Parliament

The role of the European Parliament (EP) in setting governance standards in aid recipient countries can be summarised in one word: **scrutiny**. The Parliament plays an important role in 1) scrutinising the implementation of development cooperation funds and 2) monitoring governance standards and progress towards democracy in developing countries.

a. Scrutiny of development cooperation funds

A process called **democratic scrutiny** allows the EP to make an assessment of all Country Strategy Papers, Regional Strategy Papers and Thematic Strategy Papers and the respective Multi-Annual Action Plans of the **DCI** - the Development Cooperation Instrument, which has a financial envelope of € 10,057 billion (excluding thematic funds) for 2007-2013, covering 47 countries in Latin America, Asia and Central Asia, the Gulf region and South Africa. I have myself participated in this scrutiny. This procedure is carried out by EP working groups, which have exchanges of information with the Commission. After the assessment, the EP decides may decide to vote on a resolution, when it concludes that the Commission has gone beyond its implementing powers. It has happened in several occasions. In such cases, the Commission must either change the proposed actions or justify why these do indeed serve development purposes. For instance, I remember a case when the EP persuaded the Commission to drop a project related to a gas field in Iraq, since it considered that this action would not contribute to fighting poverty, which the main aim of the DCI. This shows that the voice of the Parliament matters.

With regard to the **EDF** (the European Development Fund is the key instrument through which aid is provided to the 79 ACP countries, in the context of the Cotonou Agreement, and has available € 22.7 billion for 2007-2013, which correspond to an average annual funding of €3.7 billion per year), there is at the moment no space for in-depth scrutiny of the Parliament, since this fund remains outside the Community budget. The Parliament and the Commission have been asking for the so-called '*budgetarisation*' of the EDF for some time and I hope the Member States will reconsider this option, now that the Lisbon Treaty leaves a door open for that to happen. This would increase transparency and contribute to a more democratic implementation of EU funds in all aid recipient countries.

With the **Lisbon Treaty**, the role of the Parliament can be strengthened, especially if Council, Commission and Parliament agree on the scope for application of the so-called delegated acts (this is a rather technical discussion that is currently taking place and I will go into the details but just wanted to highlight the potential for an increasing importance of the role of the EP).

b. Monitoring governance standards and progress towards democracy in developing countries

The European Parliament also monitors governance standards and progress towards democracy in developing countries.

Members of the European Parliament (MEPs) working in the EP Foreign Affairs and Development Committees constantly **monitor governance-related indicators** in aid recipient countries, such as respect for human rights and basic freedoms, anti-corruption efforts, justice and security sector reforms, gender equality, management of natural resources, strengthened roles of national parliaments, local authorities and civil society organisations, etc.. These issues are frequently on the agenda of debates of inter-parliamentary bodies such as the Joint Parliamentary Assembly ACP-EU, the Euro-Mediterranean Parliamentary Assembly, the Euro-Latin American Parliamentary Assembly or the Inter-parliamentary Delegation to the Pan-African Parliament.

A very important tool to monitor progress towards democracy is Election Observation. I have participated in several EP **Election Observation Missions** (EOMs), including in Angola, Timor-Leste, RDC, etc. I was head of the EU EOM to Ethiopia in 2005.

II. EU Development Policy and Governance Standards in aid recipient countries

Having talked about the role of the EP in setting governance standards in aid recipient countries, I cannot refrain from making just a couple of brief comments on the role of the **European Commission (EC) and Member States**, since they implement development cooperation.

The EC is responsible for ensuring aid effectiveness and promoting good governance in third countries. This responsibility matters even more since the EC has set the goal of channelling half of EU programmable aid through **budget support**. To face such a challenge, the EC has, for instance, developed the so-called **Governance Initiative and the Incentive Tranche**, which is an incentive mechanism that gives ACP countries access to additional funding on the basis of their commitment to deliver governance reforms - a total of €2.7 billion from the 10th European Development Fund was reserved for such incentives. Despite some criticism (mainly related to the fact that the tranche is attributed upon commitment to pursue reforms and not after reforms have taken place) and controversy regarding the criteria evaluated in the governance profiles (not all criteria is consensual – such as aspects related to the management of migration flows - and I certainly agree with those that defend that human rights should have a more prominent place in such evaluations), this initiative is a step forward towards positive conditionality, which I believe should guide all EU aid disbursements.

The European Union is the largest aid donor. In 2008, the EU provided €49 billion Euros in Official Development Assistance (ODA) - approximately 60% of all global aid. If the EU wants to preserve its credibility as a donor, its Member States must comply with the promises made in terms of ODA and **the EU must not close the eyes to human rights abuses or poor governance**, when aid disbursements are decided. Cases like Ethiopia are an outraging example of double standards: while preaching good governance, the EU closes the eyes to serious breaches of human rights committed by the government in this 'aid darling' country (considered a good example in terms of development), which receives considerable fund from the EU.

Obviously, it is not only up to the EU to take action. The Member States, who are themselves responsible for aid disbursements, also play an important role - and the national parliaments must scrutinise such aid disbursements. In what concerns **Portugal**, a 2007 OCDE report on the application of the Anti-Bribery Convention in Portugal, underlines the low level of awareness of IPAD staff about the foreign bribery offence and their duty to report on any criminal offence to the prosecuting authorities as well as the absence of guidelines or training on the identification and reporting of corruption abroad. The OCDE therefore recommends *"that Portugal take awareness raising measures targeting IPAD staff and IPAD public and private sector partners about issues related to the offence of foreign bribery, including on prevention, detection and reporting"*.

III. Conclusion: Looking ahead

We are now at a crossroads of EU external action: the currently undergoing creation of the **European External Action Service** (EEAS) is a unique opportunity to put good governance and human rights back at the centre of EU external action. That would require an EEAS properly staffed with experts in governance and human rights, with adequate weight in the institutional structure both in Brussels and in the EU Delegations throughout the world.

To conclude, I believe the **EP plays a crucial role** in scrutinising governance standards in aid recipient countries. And this role **can, should and probably will continue to be strengthened** in the future.

We, in the European Parliament, are doing what we can to contribute to this. For instance, in what regards in particular the fight against corruption, the EP recently passed a **Written Declaration**, initiated by myself and other colleagues, about the EU's efforts in the fight against corruption. And I have - also with other MEPs from different countries and political groups - launched an **Anti-Corruption Petition**, which *"urges the European Commission and Member States to propose legislation and to come forward with mechanisms to fight corruption in general and in particular in EU relations with third countries"*. The petition proposes various concrete actions to fight corruption, namely with regard to developing countries, such as:

- *"The EU should strengthen monitoring mechanisms to ensure that EU development aid, including budget support, is used in a transparent and accountable manner by the governments that receive it.*
- *The EU should publish what it gives, providing timely, accessible, relevant, uniform, disaggregated and easy to understand data on aid disbursements.*
- *The EU should better coordinate its efforts to halt tax evasion and the illicit financial activities that are made possible through use of "offshore heavens" and advocate, at the global level, for strict regulation and control of off-shores.*
- *The EU, the US and other partners should share a list of officials (and their immediate family members) against whom there is credible evidence of corrupt activity; targeted individuals should be ineligible for ownership of property in EU Member States and the assets of targeted individuals held in European bank accounts should be frozen".*

These are just a few examples of the many measures proposed. I would welcome you to sign this petition at www.stopcorruption.eu.

Thank you.