



INTER-PARLIAMENTARY UNION
118th Assembly and related meetings
Cape Town (South Africa), 13 – 18 April 2008



Second Standing Committee on
Sustainable Development,
Finance and Trade

C-II/118/DR-rev
22 February 2008

PARLIAMENTARY OVERSIGHT OF STATE POLICIES ON FOREIGN AID

***Revised preliminary draft resolution submitted by the co-Rapporteurs
Mr. François-Xavier de Donnea (Belgium) and Mr. Epiphane P.B. Quenum (Benin)***

The 118th Assembly of the Inter-Parliamentary Union,

- (1) *Recalling* the United Nations Millennium Declaration of 8 September 2000 and the Millennium Development Goals (MDGs), which constitute poverty elimination targets mutually agreed by the international community,
- (2) *Recalling* the Final Declaration of the International Conference on Financing for Development held in Monterrey (Mexico) in 2002, and the Paris Declaration of 2 March 2005 on Aid Effectiveness,
- (3) *Recalling* the global human development reports issued by the United Nations Development Programme (UNDP), in particular the 2005 report, "International cooperation at a crossroads: Aid, trade and security in an unequal world",
- (4) *Recalling* the report "Investing in Development: a practical plan to achieve the Millennium Goals", by Professor Jeffrey D. Sachs, Director of the United Nations Millennium Project,
- (5) *Recalling* the resolutions of the Inter-Parliamentary Union (IPU), in particular those adopted at the 92nd Inter-Parliamentary Conference (Copenhagen, 1994) on "International co-operation and national action to support social and economic development and efforts to combat poverty", the 104th Inter-Parliamentary Conference (Jakarta, 2000) on "Financing for development and a new paradigm of economic and social development designed to eradicate poverty", the 107th Inter-Parliamentary Conference (Marrakech, 2002) on "The role of parliaments in developing public policy in an era of globalization, multilateral institutions and international trade agreements", the 112th IPU Assembly (Manila, 2005) on "The role of parliaments in establishing innovative international financing and trading mechanisms to address the problem of debt and achieve the Millennium Development Goals", and the 115th IPU Assembly (Geneva, 2006) on "The role of parliaments in overseeing the achievement of the Millennium Development Goals, in particular with regard to the problem of debt and the eradication of poverty and corruption",

- (6) *Underscoring* that primary responsibility for development lies with the developing countries,
- (7) *Recalling* that all sustainable development and the eradication of poverty are necessarily based also on economic growth in developing countries, a determining factor in the creation of productive jobs, in particular in agriculture,
- (8) *Emphasizing* that recognition by the developing countries of that responsibility is no reason for developed countries and those with emerging economies not to meet their obligation to fight underdevelopment and poverty or their official development assistance (ODA) commitments,
- (9) *Recalling* the conclusions of the Parliamentary Panel on governance in the Least Developed Countries, held in New York on 15 September 2006 on the occasion of the meeting organized jointly by the IPU and the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS),
- (10) *Deeply concerned* by that fact that indicators show that the MDGs are unlikely to be met in several parts of the world, in particular in Africa,
- (11) *Recalling* that the fight to reduce poverty worldwide will only bear fruit if the attention paid to the least developed countries does not preclude poverty-reduction efforts being made in other developing nations, in particular middle-income countries,
- (12) *Observing* that, in many countries, foreign aid is a crucial component of the national budget for effective implementation of the MDGs and the fight against poverty,
- (13) *Deeply concerned* by the fact that, at present, financing for the MDGs, and thus their fulfilment by 2015, is not assured, although some progress has been made,
- (14) *Observing* that most countries have yet to honour their pledge to increase their ODA to 0.7 per cent of gross national product (GNP), although some have promised to do so in the next few years,
- (15) *Noting* that the rise in volume of ODA, while vital, will only serve its purpose if the donor and beneficiary countries undertake to significantly improve the quality and effectiveness of such aid,
- (16) *Noting* that ODA allocations to economic infrastructure and the production sectors fell from 48 per cent of total ODA pledged to the least developed countries in the early 1990s to 24 per cent between 2002 and 2004,
- (17) *Aware* that parliaments in the donor countries play a major role in decisions on their respective country's budget allocation for development aid and on its geographical and sectoral allocation,
- (18) *Mindful* that beneficiary country parliaments play a crucial part in promoting the eight MDGs, and that they must adopt the requisite legislation, approve the appropriate budget allocations and oversee the use thereof by the executive branch,

(19) *Considering* that transparent government reporting to parliament on the use and impact of public funds to reduce poverty will further encourage donors to increase their aid,

(20) *Observing* that many beneficiary country parliaments are in practice relatively ineffective, in particular because they lack the necessary institutional, administrative and legislative resources,

(21) *Convinced* that the effectiveness of financing for development will only increase if the beneficiary countries promote democracy, the rule of law and good governance while fighting corruption,

(22) *Stressing* that, insofar as the donors are tending less and less to tie aid and are having greater recourse to sectoral budget aid, budget oversight bodies must be developed in the beneficiary countries, in particular in parliaments, that are independent of the executive branch,

(23) *Considering* that oversight by a democratically elected parliament cannot be effective if opposition groups are barred from participating in parliamentary bodies,

(24) *Underscoring* that the Paris Declaration on Aid Effectiveness provides that:

- ◆ The role of parliamentary bodies in drawing up and overseeing national development strategies must be strengthened;
- ◆ The donors and the partner countries have a mutual responsibility in terms of development outcomes;
- ◆ Aid must be aligned on the national development strategies, institutions and procedures of the partner countries,

1. *Invites* donor country parliaments to pursue their efforts to honour the longstanding commitment reaffirmed in Monterrey to increase ODA to the target of 0.7 per cent of GNP, following the schedule of annual increases in the cooperation budget needed to attain that goal, and to guarantee that they will sustain that effort beyond 2015;
2. *Invites* donor country parliaments to ensure that their governments pledge to increase real aid, i.e. not or only partly to take into account operations that "inflate" official ODA levels, such as debt cancellation and reduction and, generally speaking, all forms of aid that do not constitute an actual transfer of resources;
3. *Invites* donor country parliaments to continue giving thought to alternative modes of financing for development that make it possible to increase aid beyond the amounts pledged as ODA;
4. *Invites* donor country parliaments to ensure that their respective governments act transparently when allocating budget resources for development cooperation;
5. *Invites* donor country parliaments to strengthen parliamentary oversight of their respective government's foreign policy while ensuring that the policies of other departments likely to have a direct or indirect impact on developing countries are aligned with it;

6. *Recommends* that these parliaments further require that their respective governments provide annual reports on their development policy, the strategies implemented to achieve the MDGs and the results of negotiations with the beneficiary countries;
7. *Urges* donor country parliaments to require that their respective governments set aside a portion of their annual budgets for the MDGs and for the poorest countries and peoples, in accordance with the Millennium Declaration and the Monterrey Consensus;
8. *Invites* donor country parliaments to make legal provision for foreign aid, so as to limit the possibility that the amounts will be reallocated as circumstances change;
9. *Invites* donor country parliaments and governments to take the requisite legal and administrative measures to untie their development aid;
10. *Encourages* donor country parliaments to debate whether or not to concentrate their aid on a limited number of countries and sectors so as to heighten its effectiveness, and to build expertise and specialized knowledge while ensuring that certain countries are not excluded from international aid;
11. *Requests* donor country parliaments and governments to help eradicate poverty in middle-income countries as well;
12. *Suggests* that donor country parliaments set up specialized committees or working groups to actively monitor and oversee their government's development aid activities;
13. *Suggests* that those committees undertake a more general review of national aid policy, with the involvement of civil society, by organizing hearings, conferences, etc.;
14. *Invites* the members of the specialized parliamentary committees in the donor countries to visit projects and other cooperation initiatives so as to ascertain the impact of aid programmes and obtain better information on the needs and challenges on the ground;
15. *Recommends* that donor country parliaments ensure that a sufficient portion of the budget is set aside for efforts to heighten public awareness of the MDGs and their financing;
16. *Invites* donor country parliaments and governments to establish innovative initiatives with a view to maintaining and strengthening civil society's solidarity with the countries of the South, for example by establishing a voluntary development cooperation service;
17. *Encourages* donor country parliaments to help actively reinforce, via bilateral or multilateral mechanisms, the effectiveness of parliaments in the beneficiary countries;

18. *Considers* that donor country parliaments must ensure that some of the aid goes towards improving the working conditions of beneficiary country parliamentarians (parliamentary infrastructure, libraries, information technology, capacity for specialized research, etc.) and training in the analysis of public finances, budgets and development programmes;
19. *Considers* that beneficiary country parliaments must be systematically associated with the programming, follow-up and evaluation of the impact of cooperation, and that their involvement is essential to guaranteeing the achievement of the goal to reduce poverty;
20. *Encourages* beneficiary country governments to develop incisive growth strategies for the elimination of poverty and to submit them to their parliaments for approval: once the parliament and the government have agreed and decided on the strategies, parliament must use them to hold the government to account;
21. *Invites* beneficiary country parliaments to ensure that their respective governments set up a legal and institutional framework and a macro economic and sectoral policy that stimulates growth by encouraging a spirit of entrepreneurship and private investment on which sustainable development is predicated;
22. *Recommends* that beneficiary country parliaments consult civil society when evaluating and overseeing aid programmes, so as to take into account people's genuine needs;
23. *Invites* beneficiary country parliaments to debate, within the framework of the IPU, the role they effectively play in defining their country's Poverty Reduction Strategy Paper (PRSP) and overseeing its implementation;
24. *Requests* that the oversight capacity of those parliaments be strengthened in particular by creating or reinforcing a "national audit office" or other independent bodies able to oversee public finances and budget implementation;
25. *Asks* the political groups in parliament to ensure that both the majority and the opposition take part in the conduct of such parliamentary bodies;
26. *Stresses* that, insofar as the increase in ODA is a necessary but insufficient condition for the achievement of the MDGs, it is essential that both donor and beneficiary country parliaments ensure that such increases are backed by a gradual but substantial improvement in good governance and the fight against corruption throughout the community of nations;
27. *Invites* donor and beneficiary country governments and parliaments to ensure that, each year, a substantial part of the public aid received serves to strengthen the democratic institutions and core functions of the State;
28. *Invites* donor and beneficiary country governments and parliaments to adopt transparent procedures forwarding procurement contracts in the allocation of ODA to tangible development and humanitarian aid projects;

29. *Recommends* that governments adopt and all parliaments ratify the international and regional conventions aimed at preventing and fighting corruption, in particular as concerns money laundering and control of tax havens;
30. *Recalls* that parliaments and governments must ensure the quality and independence of the judicial institutions required to fight corruption effectively;
31. *Invites* governments and parliaments to ensure that the penalties applicable to those convicted of active and passive corruption act as deterrents;
32. *Suggests* that an institutional dialogue on the conditions likely to make aid more effective be initiated among donor country and beneficiary country parliaments, both bilaterally and multilaterally, within the IPU in particular;
33. *Recommends* that governments and parliaments supervise activities and follow-up to development cooperation commitments, using peer review mechanisms (as does the Development Assistance Committee of the Organisation for Economic Co-operation and Development) that allow the members to examine each other's practices;
34. *Invites* regional and sub-regional parliaments to promote and immediately start the exchange of information and best practices in terms of cooperation strategies and initiatives, with a view to strengthening the role of parliaments, and *further invites* governments to facilitate such exchanges in cooperation with national parliaments and the United Nations system;
35. *Encourages* the committees in charge of development policy in donor and beneficiary country parliaments to exchange information and coordinate their policies;
36. *Recalls* that the Third High Level Forum on Aid Effectiveness will be held in 2008 in Ghana;
37. *Advocates* a more active role for the United Nations and the reinforcement of the Economic and Social Council (ECOSOC) and its Development Cooperation Forum (DCF) as the best framework for strengthening the coherence and effectiveness of global development cooperation.