

**“Getting involved- The role of Parliamentarians to ensure Aid Effectiveness”  
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**Intro**

Let me thank the organizer for the invitation and especially thanks to Mrs. Bayr

1. As Director for Europe of the Millennium Campaign and having been a campaigner for development for the last 15 years, let me start by reaffirming why the Millennium Development Goals are so important.
2. The Millennium Development Goals continue to be THE unique opportunity to end poverty. They have achievable, time bound and locally defined targets.
3. Until last October the world was on track to achieve at least the first Millennium Goal of halving the number of extreme poor and was coming close in several others. The present crisis is wiping out some of the hard fought progress. In a nutshell, investments have decreased significantly (FDI to developing countries is estimated to decrease by 32% during 2009), access to credit in poor countries has been reduced and so has the demand for their products; growth prospects are dim (for example the OECD estimates only 2.4 % growth for SSA); and lastly remittances are also steadily decreasing. As the latest estimates by FAO and other UN agencies indicate, the number of hungry people in the world is projected to reach an all time high in 2009: 1.02 billion people, while in 2008 there were an estimated 915 million people suffering from hunger. As a result of the grim global economic situation, there are expectations that some donors will reduce their aid budgets.
4. Many of you in this room and out-there are questioning if we will reach the MDGs at all and if it is worth continuing the hard fight considering the crisis we are in.
5. Let me firmly underline that today more than ever we need the MDG framework; and –more specifically as I am addressing a donor country context, let me say that in the current scenario, while there may be a few potential excuses for timely delivery on the AID QUANTITY side; there are JUST NO excuses to NOT improve the effectiveness of aid, the issue at the core of today’s agenda.
6. Resources are going to be scarcer and scarcer, domestic constituencies are under pressure due to the impact of the crises within Europe; therefore it becomes crucial to ensure that every cent on ODA is well spent.

## MDGs

7. How do the MDGs fit in the new aid architecture?
8. Primary responsibility in achieving Goal 1-7 is with developing countries: they have to improve policies, ensure pro-poor and transparent public expenditures and pro-poor labour-intensive growth, and fight corruption. And developing country governments have to be accountable to their own citizens for all this.
9. On the other hand, donor countries must fulfill Goal 8, which means increase the quantity of their aid; improve the effectiveness of their aid and make global trade rules fairer.
10. On the quantity side: European donors have agreed indeed to reach a minimum timetable of 0.51% by 2010 and 0.7% by 2015.

The pledges made implied lifting aid from USD 80 billion in 2004 to USD 130 billion in 2010. Since, ODA has declined in 2006 and 2007 and then rose by about 10 percent in real terms in 2008 to reach USD 119.8 billion. On top of this, let's not forget that the real value of commitments has been reduced due to recession. This comes as a result of the real devaluation of various currencies such as the US dollar, the British Pound, etc. and thus a shrinking of gross national incomes. Given that ODA is calculated as a percentage of GNI, and since most donor countries' GNIs have been decreasing, the value of commitments taken as percentage of GNI is also expected to decrease.

11. Currently, only five countries have met their internationally-agreed aid targets (Denmark, Luxembourg, The Netherlands, Norway and Sweden). The rest are still lagging behind; some countries are performing better than others: for instance, despite the economic crisis Germany has committed to increase its resources; on the contrary, there is also the "desperate" case of my own country, Italy, which has cut the Ministry of Foreign Affairs component of ODA by 56% last June, before the crisis erupted.

## Aid effectiveness

12. But, as I mentioned earlier, today is even more important to talk about Aid Effectiveness.
13. What this means? We, the donor community, must implement a paradigm shift: We should stop thinking that donors develop developing countries — but rather that it is developing countries that must develop themselves.
14. Donors must stop planting national flags and building schools or hospitals. They must stop thinking about development projects as "their" projects.
15. Rich countries have agreed under Goal 8 to support home-grown poverty reduction strategies, to allow priorities to be defined locally and to ensure the recipient Governments are accountable to their own citizens first, instead of to us foreign donors.
16. So donors must ensure that they respect and support developing country ownership.

17. The presence of **Hon. Videira** here today is of particular relevance to the point I have just made; I am sure she would agree for instance with the claim that accountability for spending aid should be with the Mozambican Parliament, and not be subjected to earmarks and conditions from the donor side.
18. For this to happen, donors and developing countries must work together in such a way to be jointly and mutually responsible for development results. This principle was first recognised in 2005 when officials from donor agencies and recipient countries agreed on a set of concrete steps which were then spelled out in the Paris Declaration on Aid Effectiveness.
19. The Paris Declaration laid out a practical, action-oriented roadmap based on five fundamental principles to improve the quality of aid and its impact on development.
20. It also called for an international monitoring system to ensure that donors and recipients hold each other accountable – a feature that is unique with relation to other international agreements.
21. By fully implementing these principles (ownership, alignment, harmonisation, managing for results and mutual accountability), the countries and organisations that endorsed the Declaration can make an enormous difference in making aid more effective.
22. After Paris came Accra in 2008. The main contribution of the Accra Agenda to Action to the aid effectiveness agenda was the role of parliamentary oversight in the delivery of aid; and I would like to praise Austria on this as I am aware that it was a major actor in pushing for the inclusion of MPs in the Accra Conference, thereby signalling a strong recognition of the active role MPs should play.
23. I will talk more about the importance of parliamentarians later on in my speech, but for the time being I would like to continue to stay on the subject of aid effectiveness and Goal 8.
24. There is also a very important document to ensure implementation of this agenda; that the EU Code of Conduct on Complementarity and Division of Labour agreed in 2007, under the German Presidency. This agreement calls for a **division of labour among EU member states** and the EC which aims to avoid duplication and overlapping of actions by focusing on the comparative advantages of each donor.
25. Indeed each donor is called to reduce the number of sectors and countries it supports through bilateral aid. By doing so, on one side it can tremendously reduce transaction costs, and at the same time it can minimise the headache for recipient countries which should not have to deal with a multiplicity of donors, each having its own demands, hobbies and procedures.
26. Managing and reporting on hundreds of donor projects can also undermine local capacity by creating massive and wasteful administration costs for recipient countries.
27. I would like to quote what the former minister for International Development in Norway – Hilde Johnson – once said: “We the donors, with our short-sighted funding and flag waiving, are part of the problem: the

donor circus. Too much focus on flags and visibility and too little concern for the end results. This is why we as donors decided to reform the way we work...”

## Trade

28. Besides quantity and quality, Goal 8 is also about trade - or better – fairer trade rules. For these to be put in place donor countries' Ministers for Trade should talk with their Ministers of Foreign Affairs, as well as other actors implementing development policies. Internal policy coherence is imperative for the achievement of the MDGs.
29. High tariffs on agricultural products and high agricultural subsidies, which I know is also the case for Austria, not only exacerbate poverty in poor countries, but also contribute in degrading our landscape in Europe and represent a cost for taxpayers and consumers; not to mention that the present CAP policies support farmers that are already rich rather than helping poor farmers in Europe.
30. Two thirds of the world's poor still live in rural areas and are dependent upon agriculture for their livelihoods. Ensuring that we provide poor producers in developing countries the opportunity to earn themselves a livelihood by reforming our trade policies is extremely important.

## Austria example

31. Now, having highlighted the fundamentals of Goal 8, I would like to put them into practice on the specific case of Austria.
32. I read with interest the recent peer review of Austria prepared by the OECD/DAC: I was pleased to learn of the improvements made and I was especially pleased to find out about the approval of poverty reduction guidelines at the beginning of this year which shows a clear signal of Austria's prioritizing this objective in its policy agenda.
33. However, I am also aware of the big challenges still facing Austrian aid:

### Quantity Side:

34. At 42% of GNI, Austrian ODA needs a sharp increase if it wants to meet the 2010 target of 0.51%. At this moment in time - in which the economic crisis, already exacerbated by a food crisis, is having a devastating impact on poor countries pushing millions of people into poverty, particularly in Africa where there are no social safety nets - it is especially important to raise ODA volumes.
35. Debt relief still counted for 40% of ODA in 2008. I was glad to see that it has decreased from previous years (it was over half in 2005-2007) but it remains higher than any other DAC member. As you very well know, if we exclude debt relief from the picture, the ODA/ratio would drop to almost half its present figure.

### Quality side:

36. Austria must make aid more predictable, and not just the small portion (8%) overseen by ADA. The 2010 target set in the Paris Declaration calls for a reduction of 50% per year of the amount of expected aid that is un-disbursed. I can assure you that developing a plan which contains annual targets for reaching commitments will be extremely beneficial for your partner countries as it would enable them to better manage their development.
37. Austria must also untie completely (now 13% is still tied). All donors should de-link aid completely from their economic interest. Not only tied aid is prone to corruption but also untying aid can increase its value significantly. Your knowledge – as parliamentarians - and approval or better, non-approval of conditionalities on aid imposed by your government are essential elements to hold your government to account and to ensure democratic oversight of spending.
38. Austria must increase the ratio of its country programmable aid (CPA) – that proportion of aid that developing countries can allocate or programme freely according to their needs - which at the moment stands at a mere 10% for Austria. Most European countries have higher CPAs, including Italy (!!!) which is at 21% (Germany 30%, France 32%, Spain 35%, UK 37%, Portugal 65%...to name a few), and even the average CPA of all bilateral aid provided by OECD members – although minimal – is considerably higher than Austria's, standing at 46%.
39. I do pleasantly acknowledge that Austria has recently showed efforts in implementing the guidelines provided in the Code of Conduct by reducing its priority countries and phasing out involvement in, or exiting completely from several.
40. In addition, the OECD 2008 Survey on Monitoring the Paris Declaration shows some of the progress made by donors in implementing the aid effectiveness agenda in recent years. Based upon the responses of nine partner countries, it finds that in 2005 Austria conducted 33 percent of its country analyses jointly with other donors, and in 2007 this ratio raised to 53 percent.
41. However, Austria did not show much progress in conducting joint missions with other donors as only 14 percent of Austria's missions to partner countries were conducted jointly with other donors, and in 2007 none (0%) were conducted jointly. The 2010 target for joint field missions is 40%.
42. The same survey also showed that Austria has worked towards reducing fragmentation and transaction costs by concentrating its aid at sector level at least in some countries. A clear example is the one of Vietnam: with 29 donors, 17 of them accounting for just 10% of its aid. Twenty four of these donors are in the health sector and Austria, which ranks as the smallest donor with 0.04 of all aid to Vietnam, ranks as third in the health sector, with 9.3% of aid to health in Vietnam.
43. I praise Austria for the work done so far, and I would like to urge you to continue the good work by being an even more active player in the division of labour as envisioned in the Code of Conduct.
44. But all in all, Austria has quite a bit of homework to do.

## MPs

45. I would like to speak now a little bit about the role of Parliaments and let me say that I am especially pleased to be talking to Parliamentarians as I am firmly convinced about the crucial role you have to end poverty.
46. As you know very well it is you who approve the budgets and approve how to spend it; and it is you who approve aid figures; Therefore, you have the power and the obligation to monitor the government actions on this issue and to influence public opinion.
47. In fact, debate on development and the MDGs should be generated here in the Parliament. The existence of a Development Policy Committee in the Austrian Parliament is already very good news. And I think you are doing a tremendous job with the organization of seminars in the framework of the North-South Dialogue.
48. There are many other activities that Parliamentarians can engage in to raise public awareness of development issues and to hold governments to account. I will just highlight a few examples as I do not want to take space from the next speaker who will talk about this point precisely.
49. One example is to hold comprehensive debates with the government around key reports. One of the most informative of these reports of course is the OECD/DAC peer review. As this report for Austria came out just last month, if you have not yet done so, I would strongly advise you to discuss it with your government and really debate over the recommendations provided in this report.
50. Another example comes from the Netherlands, where twenty five years ago the Parliament established the practice of having a parliamentary debate ahead of all major international meetings, to ensure that the government pursues a development agenda in these meetings...and it sends a coherent message.
51. At the end of the day, let's be frank, domestic policies are hardly influenced by yet another international gathering, but by persistent oversight of Parliamentarians and well organised domestic constituencies that demand change from national governments.

## Public support

52. My last topic for today, and which is very much linked to the role you Parliamentarians play, is public support. The DAC peer review in its recommendations suggested that major actors involved in development cooperation in Austria develop - I quote - "a comprehensive and well-targeted communication and advocacy strategy that promotes public and political debate about development in Austria."
53. Statistics show that public support in Austria for helping poor people in the South is quite high, at 77% in 2007. However, the long tradition of solidarity from your citizens, has not yet fully translated into political support for development assistance.

54. There is no point in spending more of your taxpayers' money, if you, the elected representatives, cannot ensure them that that money is actually spent on what the Austrian electorate clearly wants it to be spent on: achieving the MDGs.
55. The Millennium Goals put a human face on development efforts and have proven to be of great value as a framework for citizen's mobilisation. Last year, for instance, on 17 October, which is the international day for the eradication of poverty, the UN Millennium Campaign mobilised more than 116 million people during our biggest mobilisation event of the year – The Stand Up, Take Action – where people 'Stood Up' for these Goals, breaking all records.
56. You – Parliamentarians – are the elected representatives of your citizens. You express your citizens' will. You embody public accountability. Together with your citizens you must ensure that your government is responsive and accountable for the promises made in the Millennium Declaration, and reconfirmed in many international meetings since then.
57. Of course it is hard to continue to sustain high public support during the economic downturn. While in Europe people lose their houses, jobs and pensions, sustained effort and political leadership is needed to explain that while we can't afford our banks and corporations to fail, we definitely cannot allow our efforts to help achieve the MDGs to fail either.
58. And one thing is very clear to me: we will continue to need the Millennium Goals framework more than ever for any public support to survive these times.
59. Remember that aid is an expression of shared humanity; solidarity is no less valued or valid in times of recession. On the contrary, it is precisely when basic human rights – to life, food, health or education – are most in danger, that the moral case for aid is strongest.
60. The Brandt Commission on International Development Issues – which was envisioned in the late 70s to improve relations between the North and the South – presented the vivid image that rich and poor countries were on the same vessel: if the end containing developing countries were to sink, then inevitably the end containing developed countries would follow. This is even truer in today's globalised world and in the present recession: we sink or swim together.
61. Thank you.