Report

drawn up on behalf of the Committee on Development and Cooperation

on the assessment of Community development policies and the role of the European Parliament

Rapporteur: Mr V. MICHEL
At the sitting of 20 July 1979 the President of the European Parliament referred the motion for a resolution (Doc. 1-239/79), tabled by Sir Frederick Warner pursuant to Rule 25 of the Rules of Procedure on the European Parliament's role in Community development policy to the Committee on Development and Cooperation as the committee responsible and to the Committee on Budgetary Control for its opinion.

At the sitting of 12 December 1979 the President of the European Parliament referred the motion for a resolution (Doc. 1-585/79), tabled by Mrs Cassanmagnago Cerretti, Mrs Rabbethge, Mr Bersani, Mr Michel, Mr Narducci, Mr Vergeer, Mr Pedini and Mr Colleselli pursuant to Rule 25 of the Rules of Procedure on the outcome of the meeting held on 23 October 1979 by the Council of Development Cooperation Ministers to the Committee on Development and Cooperation as the committee responsible and to the Committee on Budgets for its opinion.

The Committee on Development and Cooperation appointed Mr Michel rapporteur for the resolution tabled by Sir Frederick Warner on 25 September 1979 and for the resolution tabled by Mrs Cassanmagnago Cerretti and others on 24 January 1980.

It considered Sir Frederick Warner's motion for a resolution at its meetings of 30 October and 18 December 1979.

At its meeting of 21 October 1980 the committee considered the report submitted by Mr Michel and, on 17 February 1981 unanimously adopted the motion for a resolution, with one abstention.

Present: Mr Poniatowski, chairman; Mr Denis, vice-Chairman; Mr Michel, rapporteur; Mr Barbi (deputizing for Mr Lücker), Mrs Carettoni Romagnoli (deputizing for Mr Pajetta), Mr Estgen (deputizing for Mrs Rabbethge), Mr Ferrero, Mr Planagan (deputizing for Mr Clément), Mr Lezzi, Mr Narducci, Mr Rinsche (deputizing for Mr Wawrzik), Mr Sablé, Mr Sherlock and Mr Taylor (deputizing for Mr Pearce).

The opinions of the Committee on Budgets and the Committee on Budgetary Control are attached.
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A

The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:  

**MOTION FOR A RESOLUTION**

on the assessment of Community development policies and the role of the European Parliament

The European Parliament,

- having regard to the motions for resolutions tabled by Sir Frederick Warner on behalf of the European Democratic Group on the European Parliament's role in Community development policy (Doc. 1-239/79) and by Mrs Cassanmagnago Cerretti and others on the outcome of the meeting held on 23 October 1979 by the Council of Development Cooperation Ministers (Doc. 1-585/79),

- having regard to the report of the Committee on Development and Cooperation and the opinions of the Committee on Budgets and the Committee on Budgetary Control (Doc. 1-942/80),

- anxious to see positive and practical action taken following the debate and resolution on the contribution of the European Community to the fight against hunger in the world, in particular the policies and priorities to be adopted and the improvements to be made in the development aid programmes, including priority for the peoples most in need and for the satisfaction of their fundamental needs, the development of the rural areas, and the need to associate the peoples concerned directly in their own development,

- convinced that development aid will be needed to an increasing extent, in the forthcoming decades, for the peoples of the Third World faced with under-development and hunger, but also to assure the future of the industrialized countries which, in an increasingly interdependent world, must demonstrate real solidarity in progress for everyone,

- aware, however, of the need to guarantee absolutely that the development aid programmes are solidly based, efficiently implemented and have a real, lasting effect on the life of the peoples,

- welcoming the fact that the new Lomé Convention grants much greater importance to assessment of the quality of the aid programmes, in particular by the introduction within the Council of Ministers of an ACP-EEC Committee responsible for examining, on the basis of actual examples, measures likely to improve the implementation of financial and technical cooperation,

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\(^1\)OJ C 265, 13.10.1980, p.37
- recalling its resolution of 7 July 1977 on the discharge to be granted
to the Commission on the activities of the first, second and third European
Development Funds for the 1975 financial year and, in particular, the
confirmation of inadequate Community supervision;

1. Calls on the Commission to examine, together with the parliamentary
committee responsible, a means of improving the objectivity and
practical significance of the annual report on the management of
financial and technical cooperation, a report which the Commission
prepares under the Lomé Convention with the EIB, so as to make this
annual report a real means of assessment;

2. Hopes for closer cooperation with the Committee of the European
Development Fund (EDF), in order to examine and define together the
criteria adopted in granting finance for projects;

3. Invites the Commission to strengthen the structures and facilities of
the specialist assessment service, to enable the latter to achieve
optimum efficiency and be capable of carrying out assessments at its
request or that of its appropriate committees;

4. Calls attention to the need for the Commission to assess EDF projects
in cooperation with the ACP partners, in the interests of greater
efficiency and with a view to encouraging independent assessments by the
ACP administrations themselves;

5. Recognizes the value of the annual report by the Court of Auditors
relating, in particular, to Title 9 of the budget on cooperation with
the developing countries and on the EDF, a report which is both detailed
and complete; hopes that in future the Court and the Commission’s assess-
ment services will cooperate more closely so as to avoid dissipation and
duplication of effort;

6. Welcomes the opportunities for direct collaboration with the Court of
Auditors, the latter having stated its readiness to submit specific
reports to Parliament;

7. Notes that the European Investment Bank (EIB), which has an important
role in development aid which has even been expanded under the new Lomé
Convention, does not undertake any ex-post assessment of the efficiency
of the projects it finances;

8. Hopes that a closer and more continuous dialogue will be established
with the EIB, amongst other things to define the profitability criteria
adopted by the Bank and the conditions governing the examination of the
projects to be financed;

9. Insists that in regard to development cooperation the Commission and its
Member States should direct their efforts in coordination and
harmonisation towards the a posteriori assessment of the
various Community and bilateral projects within one and the same
country;

1OJ C 183, 1.8.1977, p.54 - 6 - PE 64.592/fin.
10. Calls on the Commission and the bilateral aid authorities in the Member States, in this connection, to extend their combined assessment experience to all the beneficiary developing countries;

11. Considers that both the Commission and the Member States should systematically involve in their assessment policies the non-governmental organizations, support for which by means of co-financing should be increased, as well as the economic and social sectors concerned in the beneficiary countries;

12. Reaffirms the fundamental task which devolves upon it of promoting assessment policies at all levels and instructs its Committee on Development and Cooperation to increase its collaboration with the various institutions which assess aid and to ensure, in drawing up its reports, that it does not merely endorse what the Commission proposes, but examines critically with the help of the various assessment bodies what has actually been done;

13. Considers that its delegation to the Joint Committee of the ACP-EEC Consultative Assembly, with the assistance of its Committee on Development and Cooperation, should, by means of soundings and on the spot investigations during the annual meetings in the ACP countries, study certain development projects which have been completed or are in course of completion in the area where the Joint Committee is meeting;

14. Considers also that such examinations should be undertaken in collaboration with the delegations to Latin America and the ASEAN countries, and hopes that the Committee on Development and Cooperation will be specifically represented on these delegations;

15. Instructs its President to forward this resolution to the Council and the Commission.
B

EXPLANATORY STATEMENT

I.  INTRODUCTION

1. The motion for a resolution tabled by Sir Fred WARNER in July 1979 at the opening sitting of the directly-elected European Parliament was referred to the Committee on Development and Cooperation, which appointed its rapporteur at its first meeting in September 1979. The motion for a resolution is both stimulating and challenging. Although not everybody could agree with all of its assumptions or with the precise emphasis given to each point, its basic tenet is that the Parliament should be more concerned with the evaluation of aid, both in order to improve its effectiveness in the beneficiary countries, and to justify better to the European electorate this expenditure by the donor countries. The motion for a resolution lays particular stress on the role which the European Parliament should play, since it is directly responsible to its electorate, by (it is suggested) examining the operation of the responsible institutions of the Community, such as the European Development Fund and the European Investment Bank, in the expenditure of aid, and, in this connection, it suggests that the Parliament's Committee on Development and Cooperation should report back in a given time (one year is proposed) on the effectiveness of aid in achieving its objectives.

The motion for a resolution tabled in December 1979 by Mrs CASSAN MAGNAGO CERRETTI and other members of the EPP Group on the outcome of the meeting held on 23 October 1979 by the Council of Development Cooperation Ministers has also been referred to the Committee on Development and Cooperation and will be considered together with Sir Frederick Warner's motion for a resolution.

Noting the lack of practical progress in coordinating and harmonizing bilateral development cooperation policies in the Community, Mrs CASSAN MAGNAGO CERRETTI's motion for a resolution suggests that the harmonization effort should concentrate on the evaluation of projects carried out by the European Community and the Member States in the same country. It 'calls therefore on the Commission and the organizations responsible for the management of bilateral aid from the Member States to extend retrospective joint evaluation to all the developing countries' receiving aid. It also asks that non-governmental organizations (NGOs) which should be given more support in the form of cofinancing, should be more closely involved in these evaluations. Finally, it 'Strongly deprecates the fact that European development strategy is largely determined by financial considerations and that its implementation too often depends on the possibility of reimbursement of the aid'.
Mrs CASSANMAGNAGO CERRETTI feels that by concentrating on the evaluation of the projects already carried out and hence on the retrospective coordination of the projects funded by various sources, the European Parliament should effect a major change in our ideas of development and our attitudes towards cooperation.

2. It has become increasingly clear over the years that a good deal of aid effort has not achieved the desired result and that the quality of aid implemented is at least as important as the quantity of aid committed. However, the main aid donors are still largely concerned with the quantity of aid; this stems from the staggering poverty and the vastness of the problem of under-development, where so much urgently needs to be done. Yet there are increasing reports from the field that aid is sometimes misplaced or ineffective: Oxfam's representative outlined to the Committee on Development and Cooperation the negative effects of food aid on the development of the populations concerned at the committee's hearing on Hunger in the World. Thus, it is up to the Parliament to try to bring pressure to bear to increase the evaluation of aid, both by strengthening the already existing instruments of evaluation, and by putting more emphasis on the evaluative aspects of aid.

3. This approach should, however, be carefully considered. While many would agree that the Parliament should be more closely involved in evaluation of Community aid, the key question is how this involvement should be achieved. The aid process is a complex one which cannot always be compared to evaluations of investments in companies in developed countries, for example, which reveal whether a particular investment is producing a satisfactory return. Socio-economic development and economic growth are two different things. The committee should therefore consider whether the aid evaluations carried out by other Community institutions are satisfactory or whether they should be improved.

To this end, it is proposed in this document to look at some of the main methods of evaluation which already exist, so as to see how these existing instruments of evaluation need to be changed and also how the committee itself can, in its own work, put more emphasis on evaluation of aid.
II. METHODS OF EVALUATION OF COMMUNITY AID

(a) The Lomé Convention: the various reports planned

4. The first Lomé Convention specifies in Article 41 that 'The Commission shall submit to the Council of Ministers an annual report on the management of Community financial and technical aid. This report shall be drawn up in collaboration with the European Investment Bank ... for the parts of the report which concern it. It shall in particular show the position as to the commitment, implementation and utilisation of the aid, broken down by type of financing and recipient State'.

5. It is interesting to note that the same article gave the job of examining whether the objectives of financial and technical cooperation were being achieved to the Council of Ministers, and that the report from the Commission was in fact not intended for the Parliament at all. The Commission, acting on its own initiative, began the practice of sending copies to Parliament, but the prime purpose of the report is information for the Council of Ministers and the ACP States, so that aid policy can be reviewed on an annual basis.

It should also be noted that under the Convention, the Council of Ministers is to submit an annual report to the ACP-EEC Consultative Assembly. In 1979, the Council omitted to submit this report.

6. In the new Convention, far more attention is given to qualitative evaluation of aid programmes. Chapter 3 of Title VII on Financial and Technical Cooperation concerns ACP and EEC responsibilities and Article 108(6) of this Chapter establishes an ACP-EEC Committee which '... shall be set up within the Council of Ministers to study, in general terms and on the basis of specific examples, suitable measures to improve the implementation of financial and technical cooperation, notably by accelerating and streamlining procedures'. The tasks of the Committee are then specified very closely - collecting information on existing procedures, examining specific difficulties, considering the annual report (which is mentioned in the new Convention in Article 119), making proposals for improvements in the implementation of aid, and examining specific problems which are causing difficulties and bottlenecks.

7. The Committee has the specific function of examining '... the Annual Report on the management of Community financial and technical aid, which shall be forwarded to it by the Commission pursuant to Article 119(2). It shall draw up, for the attention of the Council of Ministers, recommendations and resolutions relating to measures directed towards attainment of the objectives of financial and technical cooperation, within the framework of the powers conferred upon it by that council. It shall draw up an annual report giving
details of programmes, which shall be examined by the Council at its annual meeting on the definition of the policy and guidelines for financial and technical cooperation referred to in Article 119'. (Article 108(6)(f))

8. Thus, the new Convention represents a significant improvement on the old one, in that it makes it possible to avoid the kind of problems which regularly arise at the implementation stage, i.e. after the commitment stage. The Report for which Article 41 of the old Convention provides was a succinct document, which the Commission produced from information provided by its various services, delegations in the countries concerned, and with the aid of the European Investment Bank. The information on which this summary is based is itself enormous - the documentation could be measured in metres rather than volumes. (One estimate from a Commission official is that some two to three thousand project reports from various sources form the basis of the final report.)

9. On the other hand, the Article 41 Report is not a critical report; it is a factual analysis of what had been done during the year. Aid programmes take a number of years to implement, so the effectiveness of a programme can very rarely be judged in the same year that it is introduced - indeed some projects, particularly those involving rural development, may take six years or even longer to come to fruition. Equally, the report did not evaluate projects under way so much as simply state whether or how far they had progressed.

10. Under the new Convention, with the establishment of a Committee within the Council of Ministers which has the specific function of looking at the implementation of Community aid in the ACP countries, tackling the problems as they arise, and of producing a report on the Commission's annual report, it is clear that far more emphasis will be given to the effectiveness of aid programmes. The Community and the ACP States have learnt that the implementation of aid effectively is at least as important as appropriate commitment of aid.

The impression one gains from contacts with the Commission is that the annual report referred to in Article 41 of Lomé I and Article 119 of Lomé II is something of a necessary burden, which is to be carried out as a matter of form. Moreover, since it is based on information provided by the Commission itself, it is clearly not a report which will highlight failures, but will perhaps even omit them. Thus, the committee should perhaps consider, with the Commission, how this report could be amplified and made more useful as an evaluative tool.

1 It would be useful if the ACP-EEC Committee's report could be attached as a matter of course to the annual report which the Council of Ministers is required to submit to the Consultative Assembly.
In the context of the European Development Fund, the EDF Committee, which has its own internal regulations and which is chaired by the Commission and composed of experts, usually financial specialists, appointed by the Member States, was set up to examine the way EDF appropriations are allocated and utilized. The EDF Committee examines all reports from the Council, the Commission, and the European Investment Bank and is able to call upon the evidence of experts if necessary. The Committee's basic function is to agree proposals for EDF aid in the light of the objectives sought, taking into account all relevant factors which could affect the programme concerned. Under Article 4 of its internal regulations, the Committee is to be informed of difficulties or delays in the execution of projects or programmes and a procedure exists for dealing with these. The Committee can ask for an evaluation of projects, and in certain cases, will agree a proposal only on the basis that half the money will be provided for the project with the balance to be provided after it has studied the evaluation.

The work of the EDF Committee should perhaps also be accorded more attention by the Parliament, with perhaps an annual exchange of views between the EDF Committee and the Committee on Development and Cooperation.

III. EX-POST EVALUATIONS

In addition to the above ongoing evaluative work, the Commission carries out ex-post evaluations in line with Parliament's request in its resolution of 7 July 1977 granting the discharge for 1975. The purpose of these reports, which are produced by a specialist service within the Commission, is precisely to check on the qualitative value of aid. The service produces detailed reports by country, by sector and by aid instrument. These reports are based on field visits and the opinions of independent experts who provide the highly technical information necessary. The field work is carried out in close liaison with the competent authorities of the developing countries and, as far as possible, in cooperation with their experts. For example, during 1979, the service produced an ex-post evaluation of investment projects financed by Community aid in the drinking water supply sector, drawing up basic principles for future policy. This followed a similar evaluation of capital-intensive projects financed by the EDF in the health sector. The Commission's specialist service is currently working on the production of a report on the results of an overall evaluation of Community aid, which will concentrate on an effectiveness analysis, including macro-economic effects such as support for national and regional development policies, impact on the main economic sectors, effects on integration, effects on the development of fiscal resources, effects on financial resources and capital movements, effects on balance of payments and on dependence on foreign countries. It

1 See Doc. VIII/374 (78) Fr-rev.2 concerning the Commission's ex-post evaluation activities.
2 These joint evaluations are provided for by Article 57 of the First Lomé Convention and Article 118(2) of the second. PE 64.592/fin.
will also consider effects on the welfare of the population and structural effects, both at national and grass roots level. The second part of the report will assess the efficiency of the services concerned in the Community, in the recipient states, and at the level of local communities or other national implementing bodies.

13. This report, which has not yet been finalized, will analyse the ways in which Community aid can increase the effectiveness and efficiency of projects and it will make specific recommendations on the basic objectives of Community aid, aid strategy, forms of action, financing methods and terms, aid-granting procedures, and technical assistance guidelines.

14. Reports from this specialist Commission service are distributed to Member States, the EDF Committee, the ACP States, and the European Parliament. Since the reports are not produced by the Commission services responsible for carrying out the particular projects, they are largely objective, and thus provide a valuable and highly reliable evaluation of general and specific Community aid.

The results of the evaluation are discussed by experts from the Member States and then by experts from the ACP countries. The conclusions of the specialist evaluations in the fields of health and of drinking water supply were discussed with experts from the ACP and the Community in Freetown in 1978 and Bamako in 1979 at the invitation of the Commission.

The conclusions of these evaluations are translated into 'basic principles' of operation aimed at increasing the effectiveness of future projects. The Commission puts these principles to the ACP-EEC Council of Ministers, which at its meeting in Nairobi on 8 and 9 May 1980, approved the principles worked out for the fields of health and of drinking water supply and asked the relevant authorities of the Community and the ACP States to take account of them when devising, processing, implementing, operating and evaluating new projects in these fields. In this way evaluation makes it possible for rules on financial and technical cooperation to be worked out jointly on the basis of previous experience.

15. The Commission specialist service, however, suffers from a lack of staff (it consists of two officials and its 1980 budget was reduced from 500,000 EUA to 250,000 EUA (before the rejection of the budget)). Thus it is that a number of projects which were scheduled to be evaluated (such as an evaluation of Stabex) in 1980 had to be postponed, and although the service is theoretically available to carry out specialist work for other institutions - for example the Parliament could ask the Commission for a study on a particular subject - it is extremely unlikely that with the present funds and staff available the service could cope with more work. Fortunately, the Council modified its position during the examination of the 1981 budget and it was possible to increase the appropriations earmarked for project evaluations to 650,000 EUA. However, on 2 July 1980 the Commission decided to adhere rigidly to the recommendations of the Spierenburg report by abolishing the specialist evaluation service. 

PE 64.592/fin.
spite of the expertise acquired by this service, which was responsible for managing and supervising the work of ten external experts on average.

This vital sector of the Commission is thus severely impeded from doing very valuable work, and it is up to the European Parliament to insist that if aid evaluation is to be taken seriously, the specialised service in the Commission concerned should be given adequate status and the resources necessary to perform its function.

IV. THE COURT OF AUDITORS

16. The Court of Auditors produces an annual report, based on Article 206 of the Treaty, which covers all aspects of the Community budget, and thus includes a chapter on cooperation with developing countries (Title 9 of the budget) and a chapter on the European Development Fund. The method by which this report is produced is that the comments of the Court are forwarded to the relevant Community institution which has the right to reply, and both the comment and reply are contained in the final report which is printed in the Official Journal. The European Parliament writes a report on this report annually. ¹

17. The value and scope of the Court's reports should not be underestimated. From the beginning the Court has deliberately undertaken more than a mere financial audit, at the risk of duplicating the work of the evaluation service. A decision will therefore have to be taken on the division of work between these two bodies, particularly if the evaluation service regains its freedom of action and all its resources.

18. With regard to the Lomé Convention, the Court aims to visit five to six countries per year at present, and, subject to obtaining more staff, will be able to visit more countries in future so that all 58 ACP States could be visited over a five to six year period. The latest report, which covers the year 1978 includes information based on three visits to associated countries, and it will be seen that the comments made are extremely detailed, searching and based on first-hand knowledge of the situation by experts. For example, the report includes references to a road construction project in one of the three countries visited and cites detailed facts such as that '. . . a 75 km section of road was financed from the first EDF to the amount of 1,397,000 EUA and was finally accepted in 1966. Owing to lack of maintenance, this road had to be completely rebuilt in 1968 from credits provided by the International Bank for Reconstruction and Development (IBRD)' (paragraph 3.32 (a)). Further on, it comments that '. . . two bridges, undoubtedly for reasons of economy, had been fitted out in such a way as to present a real danger for users'.

¹ The Committee on Development and Cooperation is asked for its opinion.

- 14 - PE 64.592/fin.
19. It will be seen from the Court's report that the Court of Auditors does not confine itself to examining accounts; it does not act as an auditor in the sense in which that term is understood in certain Member States, but far more as an evaluative body which is concerned with the efficiency and effectiveness of expenditure.

20. The Court's 1978 report also covers non-Lomé cooperation, making specific criticisms and comments on food aid, particularly on aid management. For example, it mentions that food aid is managed in a very complex way, with responsibility divided up in various fora. The Commission's development aid departments prepare programmes and conclude all the agreements. The middle stages are left to the Directorate-General responsible for agriculture, which is itself divided into several sections depending on the product in question (cereals or dairy produce) or the stage of implementation (tenders or financial management of agreements). The Court feels that this process is unnecessarily complex, although the Commission's reply indicates that this system has the advantage of using existing mechanisms in the EEC and Member States for the supply and financing of agricultural products as part of food aid.

21. The Court also draws attention to various mishaps in transporting food aid. For example, a cargo of 500 tonnes of skim milk powder, sent via Hamburg on 30 June 1978 and destined for Mozambique arrived in Maputo on 6 October 1978.

The Court is also critical of controls on food aid utilization in recipient countries, pointing to delays in distribution and the inadequacy of means of transport. The Court suggests that checks should be carried out to make sure that aid operations are running smoothly.

22. The Court's report also covers other aspects of Title 9, such as aid to non-associated developing countries; specific cooperation projects, such as the agreement concluded with UNRWA; Community participation in projects undertaken by non-governmental bodies (NGOs); and emergency disaster aid.

The Court is also at the disposal of other Community institutions which might request a specific report, and, indeed, is currently producing a report on food aid requested by the European Parliament's Budgetary Control Committee.
23. Representatives of the Court of Auditors have in the past been invited to committee meetings to give their views on particular subjects, and have expressed willingness to produce reports for the Parliament, and to work in close cooperation with Parliament in drawing up parliamentary reports. It should be possible to arrange for representatives of the Court to provide explanations and further information to relevant committees at the time the annual report is submitted, and for criticisms made by the Court of other institutions to be discussed in committee, with all parties present.

V. THE EUROPEAN INVESTMENT BANK

24. Among Community institutions, the European Investment Bank plays a significant role in development aid. The Bank provides this aid from its own resources, i.e. funds raised in the market and thus not taxpayers' money, and it also grants loans from the resources of the European Development Fund to the Lomé countries, and funds projects in Maghreb and Mashreq countries pursuant to the financial protocols. Thus, to some extent it must inevitably be seen as an autonomous institution, although it must account for the budget appropriations it receives for interest rate subsidies on loans provided out of resources, other than its own. The Bank is sometimes thought to be somewhat aloof, as though it were not part of the Community system. In point of fact this is not true, as it works in conjunction with the Commission in drawing up aid programmes; however, the Bank itself is totally outside the control of the European Parliament.

25. In practice, the Bank has a working relationship with the Commission, and, as has been said above, has a representative on the EDF Committee and provides information for the report referred to in Article 41 of Lomé I and Article 119 of Lomé II. Loan requests which emanate from developing countries must be directed through the government of the country concerned, and the Commission is called upon to give an opinion on the request. If the government concerned vetos the request, the Bank does not proceed with the consideration of the application. If the Commission gives a negative opinion the Bank can, notwithstanding this, proceed with consideration of the application.

1It should be stressed that lending by the EIB on its own account has been increased in the new Lomé Convention, with 685 million EUA available in the form of normal loans at reduced rates for Lomé II as against 390 million EUA for Lomé I. The EIB is also entering a new sphere, by making available loans outside the scope of the Convention for the mining and energy sectors up to a ceiling of 200 million EUA for the duration of the Convention.
26. The Bank is active with the Commission in identifying and agreeing the Lomé indicative aid programmes; projects are submitted to the so-called 'Article 22 Committee' which consists of representatives of the Member States and the Bank (an ad hoc Committee of similar nature consists for the Maghreb and Mashreq countries).

27. The Bank's specialist services investigate all projects for which financing has been requested on the basis of criteria normally applied by financial institutions. The economic, technical, financial, commercial and social aspects of each project, as well as its environmental impact, are examined. The EIB attaches great importance not only to the financial viability of a project, but also to the economic impact it may have in the country concerned.

Once the applications have been processed, the detailed projects financed partly from budgetary resources are referred for an opinion to a committee composed of representatives of the governments of the Member States on which the Commission is also represented. Finally, all the applications for financing are submitted for approval to the Board of Directors (17 members appointed by the Member States, 1 by the Commission). Once a project is approved, a contract is negotiated containing the appropriate provisions for monitoring the implementation of the project.

28. The recipient country must account at every stage for its expenditure, and the Bank has a department which monitors the development of each project, to ensure maximum efficiency in carrying out the activity. Thus, for example, a tendering procedure is used to ensure competitive pricing, and the Bank has its own Research Department and a Technical Advisory Service on which the operational services can call in the event of difficulties. Problems in carrying out projects can be referred to the Bank's Board.

29. Once a project is complete, the Bank continues to maintain general surveillance, particularly while loan repayments are being made. There is, however, no ex-post evaluation of the effectiveness of Bank projects, nor is there a system of reappraisal of the project in the light of the target originally set, such as exists at the World Bank. Instead of this, a report is produced which as it were closes the dossier, noting any changes that may have occurred in the market situation, the effect on the country or sector concerned, or on employment or production.

30. A great deal of the Bank's financing is carried out with other partners, such as the World Bank, the Asian Development Bank, the International Finance Corporation, the Arab Bank for Development, and other multilateral
and bilateral agencies, and all these parties are at least equally concerned for the effectiveness of the aid which they have co-financed with the European Investment Bank.

31. The Bank is also increasingly providing what it calls 'global loans', particularly in industrial fields, whereby it provides finance to a national development bank, which is free to finance projects selected by it. However, in this case as well, the European Investment Bank reserves the right to approve the individual project proposals so that there is no loss of control.

32. The European Investment Bank's experience in the field of development finance stretches back to the Sixties, when the first financial protocols with Greece (1962) and Turkey (1963) and the first Yaoundé Convention (1964) were concluded. However, the European Parliament must pay greater attention to the EIB's policy and, in particular, to its almost exclusively financial criteria. It would be useful for the Community and the recipient states to have more information regarding the Bank's appraisal procedure for development projects. It would also be desirable for the European Parliament and the Bank to have closer and more regular discussions in this connection, as this could improve the quality and consistency of the various aids granted. It is to be hoped that such a 'dialogue' will be established, although there is no legal obligation in this respect.

VI. THE EUROPEAN PARLIAMENT

33. The European Parliament can conduct its own evaluations of projects. The Committee on Budgetary Control, which was set up to monitor the management of Community funds, already plays a role in this field. However, financial monitoring of the management of funds is not enough, and the Committee on Development and Cooperation could try to carry out more comprehensive evaluations to assess the long-term effectiveness of the projects or their effectiveness in terms of development.

It should be remembered that members of the Committee on Development and Cooperation can obtain valuable information when attending the annual meetings of the Joint Committee of the ACP-EEC Assembly in Africa. On these occasions they should be able to conduct spot-checks on any of the projects relating to the region in which the ACP-EEC Joint Committee is meeting, so that they can see for themselves what progress is being made. The members could then draft a report to be discussed by the committee itself and then with the Commission. In this way the missions could be exploited to the full and would be more than mere tourist trips or ceremonial occasions.
34. Parliament can also play an important role in the ACP-EEC Consultative Assembly debate on the annual report on activities of the ACP-EEC Council of Ministers for which the Lomé Convention provides. The Joint Committee (explicitly mentioned in the new Convention) appoints a rapporteur on this, and it could be an important part of his or her job to examine the qualitative effects of aid during the year.

35. The report is the most important annual opportunity for Members of Parliament and representatives of ACP States to jointly discuss the implementation of the Lomé Convention. In the past, these reports have sometimes been somewhat academic, since they were produced by rapporteurs with a secretariat based in Luxembourg. There was thus little opportunity for the rapporteur to discover the problems of aid implementation in the 60 ACP countries concerned, since the feedback of evaluation comes into the Commission and the ACP-EEC Council of Ministers where it is subject to a certain filtering process. The committee should consider whether it would not be appropriate for the Joint Committee to have its own independent secretariat, as appears to be envisaged by Article 175(9) of the second Convention which states:

"The secretariat duties and other work necessary to the functioning of the Consultative Assembly shall be carried out on the basis of parity and in accordance with the conditions laid down in the Rules of Procedure of the Consultative Assembly."

At present, the secretariat of the Committee on Development and Cooperation doubles up as the secretariat of the Joint Committee, and the secretariat of the Consultative Assembly is not concerned with matters of substance, but rather with the organization of the annual meeting and other questions of procedure and protocol.

36. Finally, regular meetings in the Joint Committee with the representatives of the economic and social life of the Community and the ACP countries provide the Members of the European Parliament with a unique opportunity to involve the various social groups in the Lomé countries more closely in these evaluations. These people can provide views on the real impact of many development projects, which, while lacking administrative and diplomatic expertise, are extremely practical and enlightening, particularly as to the possibility of participation by local communities and social organizations in the programmes and projects which are intended to benefit them in the first place.
VII. COMMISSION REPORTS IN SPECIFIC FIELDS

37. The Commission also produces reports on specific areas of activity which are especially useful in evaluating the effectiveness of Community aid. For example, a report was produced in October 1979 on the administration of the programmes of technical and financial assistance to non-associated developing countries for 1976/77/78. This detailed the history of the programme, its guidelines, nature and coverage, presented the sectoral and geographical distribution of the aid and provided information on the execution of the programme. It also highlighted in its conclusions some of the problems which had been encountered and reasons for these, pointing out that this was a new venture for the Community and that the Commission was obliged to cooperate with the national administrations of a large number of recipient countries, as well as Community or international aid agencies. The report also makes the valid point that to a large extent the relative slowness of programme execution is an unavoidable consequence of the programme's underlying objectives of directing aid to meet the needs of the poorest sections of the rural populations of the world's poorest countries.

38. The Commission also produces annually a report on relations with non-governmental organizations (NGOs) active in the field of development, with special reference to the cofinancing of projects. The report covers cofinancing of NGO projects in the developing countries, development education, other NGO activities, financing of the NGO liaison committee and coordination of the relations with the NGOs.

Of late, importance has come to be attached to the evaluation of NGO projects. As Mr VERGEER points out in his working document for the Working Party on Hunger in the World on financial and technical cooperation with the developing countries with a view to the development of agricultural regions (Doc. 1-341/80, Annex I), 'one cannot but welcome the decision taken at the end of 1979 to set up joint EDF-NGO evaluation teams to carry out joint assessments of the results of their respective micro-projects.' The initial conclusions of these evaluations already show how the policies pursued and the working methods applied can be improved.

39. The Commission also produces an annual report on the operation of Stabex. A summary report is also to be produced on the first five years' operation of Stabex. Further, the Commission will ask for an ex-post evaluation on the effects of Stabex for particular countries, notably those which benefit from Stabex each year, or which have received one or two large transfers under Stabex. However, owing to the reduction in funds available for the specialist service concerned, this proposal has been postponed. It would be highly desirable to earmark in the 1981 budget the amount needed to carry out these evaluations.

The Committee on Development and Cooperation each year prepares reports on all these reports.
40. One of the key elements of Stabex, enshrined in Article 20 of the first Convention was that "...the recipient ACP State shall decide how the resources will be used. It shall inform the Commission annually of the use to which it has put the resources transferred". Under the new Convention, the issue, which is now dealt with in Article 41, is presented as follows:

"The recipient ACP State shall decide how the resources will be used, subject to compliance with the objectives laid down in Article 23". Article 23 sets out the specific objectives of Stabex and states that "...transfers must be devoted to maintaining financial flows in the sector in question or, for the purpose of permitting diversification, directed towards other appropriate sectors and used for economic and social development".

41. The reason for this change of emphasis is clear and should not perhaps be laboured. The Commission believes that the operation of Stabex under the first Lomé Convention was effective and useful, but quite clearly there were some cases where the funds received were not put to uses implied by the system.

42. The Commission also produces a report annually on food aid at the time of its proposals for the following years' programme. This report has been somewhat summary and the management of food aid has been criticised on many occasions, which was one of the reasons that Parliament requested the Court of Auditors to produce a report on the subject.

VIII. CONCLUSIONS

43. This report has so far summarily sketched some of the methods by which various Community institutions attempt to provide evaluations of Community aid.

It should be clear, however, that although these instruments exist, there is considerable scope for improving and sharpening them.

44. This is the fundamental and first duty of the European Parliament, namely to urge improvements in certain areas where evaluation is being carried out. It is evident that the Commission's specialist service for ex-post evaluations is inadequately staffed and funded and that it should, as soon as possible, regain its status as an independent specialist service, which it lost after the unfortunate Commission decision of 2 July 1980. The Commission should give it more resources if it is to help ensure that there is real cooperation on a more equal footing with the ACP countries on evaluation and that these countries acquire their own evaluation services.
It is also evident that there is a lack of coordination between the work carried out by different institutions. One of the problems in this connection is that Parliamentary reports on Commission proposals are often produced in a great hurry in order to meet timetables set by the Commission, so that the rapporteur concerned does not have the opportunity to discuss the subject with other interested bodies.

45. The second basic feature to emerge is that the Parliament should itself give greater emphasis to the evaluation of aid. The Committee on Development and Cooperation should take far more interest in evaluation work carried out by other institutions, and encourage greater activity in this sphere.

Thus there appear to be two practical lines of action:

(a) the Committee on Development and Cooperation should itself instigate more work in the field of evaluation. This could be done by perhaps establishing a sub-committee with special responsibility for examining various reports on evaluation of projects, measuring achievements against objectives, defining new objectives in the light of changing situations, establishing contacts with other institutions and conducting meetings to which representatives of the Commission, Court of Auditors and the European Investment Bank, as well as outside experts, could be called. It could then report to the full committee, perhaps on an annual basis, on the work done, which could lead to the adoption of a report to be presented to Parliament. This procedure would require additional staff in the secretariat; it should also be coordinated with the work of the Committee on Budgetary Control.

(b) the second approach is that there should be a philosophical change. It would be that the Committee on Development and Cooperation should attempt to put more emphasis on qualitative evaluation of development policy, which means that its own reports could be drawn up in conjunction with the already existing bodies which are concerned with aid evaluation. This means a better liaison between the committee and the bodies concerned. The essential factor should be that the committee could give itself enough time to prepare reports which would be far more substantive and probing than is at present the case when reports have to be hustled to meet a deadline. In this way far greater emphasis could be laid on the quality of aid which is so necessary, rather than simply increasing the volume of aid committed.
46. The committee's rapporteur believes that both these courses of action should be pursued (although further discussion is required as to the exact means). As was stated at the beginning of this report, which took up the points made in the resolutions tabled by Sir Frederick Warner and by Mrs Cassanmagnago Cerretti and others, proper evaluation of aid is essential, and it is for the Parliament to press for a change of emphasis from more quantity of commitments to quality of implementation. The real value of the committee's work is to act as a watchdog of what has been done, rather than a rubber stamp for what is proposed. Your rapporteur feels that the issue raised by Sir Frederick Warner and subsequently by Mrs Cassanmagnago Cerretti and others is of vital interest in the difficult years which lie ahead, when development aid is certain to be increasingly needed by the developing countries, judging by the outcome of Parliament's major debate of 16 and 17 September 1980 on the fight against hunger in the world, but when it will also be increasingly criticised by certain sectors in the developed countries which are going through serious structural and economic problems and by some egotistical and short-sighted politicians.

In the years to come the European Parliament will have the vital task of persuading these national groups and public opinion in general. If these efforts are to be successful, they must be based on sound and independent evaluations of our aid policies.
ANNEX I

MOTION FOR A RESOLUTION (Doc. 1-239/79)
tabled by Sir Fred WARNER
on behalf of the European Democratic Group
pursuant to Rule 25 of the Rules of Procedure
on the European Parliament's role in Community development policy

The European Parliament,
- welcoming the progress made in the negotiations for a successor to the Lomé Convention,
- anticipating the timely implementation of this agreement,
- bearing in mind that under the provisions of the original Lomé Convention, the sum of 3,500 million EUA was committed in loans and grants for development within the recipient countries and that it is proposed that 5,600 million EUA should be made available in the next five years for such commitments,
- affirming that the purpose of all such aids and grants must be to increase and strengthen the economic independence, the technological and managerial capabilities and the capacity of the developing countries to generate their own wealth, and trade effectively on world markets,
- recognising that all monies in aid as loans or grants under the Community's development programmes ultimately derive from the consumers and the taxpayers in the Member countries of the EEC,
- conscious of the responsibility of Parliament for ensuring the proper and strictly controlled expenditure of such monies and their use for the purposes intended,

1. believes that the European Parliament should play a greater role in monitoring the allocation and use of funds in aid under the Lomé Convention;
2. therefore requests its Committee on Development to examine the operation of the responsible institutions of the Community such as the European Development Fund and the European Investment Bank, in the expenditure of such funds;
3. instructs the Committee to report to the Parliament within one year on the above matters and in particular on the effectiveness of the Community's development funds in promoting the growth of economic independence, technological and managerial capabilities and the capacity of developing countries to generate their own wealth;
4. requests its President to forward this resolution to the Presidents of the Commission and the Council of Ministers for information.

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ANNEX II

11 December 1979

MOTION FOR A RESOLUTION (Doc. 1-585/79)
tabled by Mrs CASSANMAGNAGO CERRETTI, Mrs RABBETHGE, Mr BERSANI, Mr MICHEL, Mr NARDUCCI, Mr VERGEER, Mr PEDINI and Mr COLLESELLI
pursuant to Rule 25 of the Rules of Procedure
on the outcome of the meeting held on 23 October 1979 by the Council of Development Cooperation Ministers

The European Parliament,

- recalling previous recommendations on the coordination and harmonization of the development policies of the Member States,
- referring to its resolution of 7.7.1977 which supported the Commission with regard to the activities of the first, second and third ESF for the 1975 financial year and, in particular, its reference to the inadequacy of Community supervision,
- noting the infrequency of Councils of Development Cooperation Ministers and their academic rather than practical nature,

1. Calls on the Council to report to it on the practical conclusions drawn from the meeting of the Development Cooperation Council of 23 October 1979 in Luxembourg, with particular reference to priority areas such as the continuation of the North-South dialogue, the extension of financial and technical aid to include non-associated developing countries, the management of food aid and the problem of world hunger;

2. Requests the Commission to draw up new proposals for the coordination and harmonization of bilateral development cooperation policies;

3. Points out in this connection that such harmonization can best be carried out by retrospective evaluation of the development programmes of the Member States and the Community which will make it possible to gauge the impact of aid on the recipient countries;

4. Calls therefore on the Commission and the organizations responsible for the management of bilateral aid from the Member States to extend retrospective joint evaluation to all the developing countries in which Europe has implemented cooperation programmes;

5. Hopes that the Member States will increase their aid to non-government organizations belonging to the Member States or the recipient countries and give them greater say in their policies and their assessments;

6. Strongly deplores the fact that European development strategy is largely determined by financial considerations and that its implementation too often depends on the possibility of reimbursement of the aid;

7. Calls therefore on the Community to play a more consistent and active role vis-à-vis the developing countries by taking joint practical action in keeping with the spirit of solidarity behind the Lomé Conventions.
OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

Letter from the chairman of the Committee on Budgetary Control to
Mr Michel PONIATOWSKI, chairman of the Committee on Development and Cooperation

30 September 1980

Dear Mr Chairman,

At its meeting of 29 and 30 September 1980 the Committee on Budgetary Control adopted an opinion for the Committee on Development and Cooperation on 'the European Parliament's role in Community development policy.' (doc. 1-239/79).

The Committee on Budgetary Control unreservedly approved paragraph 1 of this resolution which calls for a greater role by Parliament in monitoring the allocation and use of aid under the Convention of Lomé. In this connection it would remind Members of Parliament's repeated demands that the EDF should be formally included in the Budget. It would therefore ask the Committee on Development and Cooperation to ensure that the conciliation procedure requested by the Parliament on this question (O.J. No C85 p. 47) on 12 March is carried through to completion.
On the question of the control of the use of aid under the Convention of Lomé, the Committee on Budgetary Control felt that it should repeat the call it made during the 1978 discharge procedure for close cooperation between the two Committees in order to make the fullest and most efficient possible scrutiny of the documents forwarded to Parliament for monitoring the use of appropriations, and the discharge in particular.

Yours faithfully,

(sgd) Heinrich AIGNER

Present: Mr Aigner, chairman; Mr Price, vice-chairman;
Mrs Boserup, vice-chairman; Mr Früh (deputizing for
Mr Ryan), Mr Gabert, Mr Gouthier, Mr Hamilius,
Mr Irmer, Mr Kellet-Bowman, Mr Nielsen, Mr Notenboom,
Mr d'Ormesson, and Mr Taylor.
OPINION OF THE COMMITTEE ON BUDGETS

Letter from the chairman to Mr PONIATOWSKI, chairman of the Committee on Development and Cooperation

Strasbourg, 7 April 1981

Subject: Motion for a resolution tabled by Mr CASSANMAGNAGO CERRETTI and others pursuant to Rule 25 of the Rules of Procedure on the outcome of the meeting held on 23 October 1979 by the Council of Development and Cooperation Ministers (Doc. 1-585/79)

Dear Mr Poniatowski,

The Committee on Budgets considered this motion for a resolution at its meeting of 19 and 20 March 1981.

It took the view that no budgetary matters were touched upon in the motion for a resolution, apart from the undisputed remark in paragraph 6. It therefore decided that no detailed opinion was needed.

Yours sincerely,

(sgd) Erwin LANGE

Present: Mr LANGE, chairman; Mr NOTENBOOM and Mr SPINELLI, vice-chairmen; Mr ADONNINO, Mr ANSQUER, Mr BALFE, Mr BARBI, Mr BONDE, Mr DANKERT, Mr FICH, Mr FORTH, Mr GEORGIADIS, Mrs HOFF, Mr HORD, Mr R. JACKSON, Mr NEWTON DUNN Mr NORD, Mr PEARCE, (deputizing for Mr HOWELL), Mr Konrad SCHON, Mr SCRIVENER, Mr SIMONNET, Mr J.M. TAYLOR