

ANDRIS PIEBALGS

MEMBER OF THE EUROPEAN COMMISSION

Brussels, 20.04.2011

Sir,

I refer to the article published in your newspaper on Sunday 17th April, entitled "Euro billions wasted in African failures". The issues that are raised, and in particular the importance of ensuring value for money from development spending, resulting in real alleviation of poverty amongst the world's poorest citizens, are of great importance. However, the picture that you paint regarding the Commission's work is far from accurate.

The article argues that "EU (...) gives billions to corrupt governments without checking how the money is spent". This is incorrect; the EU's approach to development policy, including support, is subject to the careful scrutiny of both the European Parliament and the 27 EU Member States, as is the choice of individual programmes supported by the Commission. In addition, all projects are identified and developed hand-in-hand with the developing country in question to ensure ownership of and participation in the programme.

The manner in which programmes are carried out is also subject to strict delivery mechanisms and control systems, which are regularly audited by external auditors, the Court of Auditors, and the European Parliament. At no time has any of these independent and respected authorities found any cases of EU funds being diverted into corruption. In its most recent annual audit of payments, the Court of Auditors found no material error, and the European Parliament's Accounts' Committee cleared the Commission's performance in a 20-to-1 vote in favour.

I would also like to point out that the Commission's focus on poverty alleviation, and its commitment to strong and effective management of programmes and spending, has been internationally recognised. For example, the UK Government has recently undertaken a review of the bodies with which it cooperates in the development field, and found the Commission's performance "very good" regarding African Caribbean and Pacific countries and "good" in the rest of the world, noting that "There is strong internal management, though with complex oversight structures." The Report went on to state that "the European Development Fund is one of the best performing funds as far as poverty alleviation is concerned" and that the "the European Development Fund is strong on wealth creation, MDGs and governance, with evidence of delivery".

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In addition, we are making every effort to ensure full transparency regarding the work that we carry out; such transparency is in itself an important tool to ensure effective value for money. This has also been recognised by the UK organisation "Publish what you Fund" which ranked the European Commission in 4th position (out of 30) in its first Aid Transparency Assessment of donors in February this year.

Another argument raised in your article is that the EU has insufficient focus on the world's very poorest citizens. It is true that, as other major donors, not all EU financing directed to third countries goes to "Least Developed Countries". Part of it goes to neighbour countries and candidate countries. However, out of the two key development instruments managed by the European Commission, the European Development Fund and the Development Cooperation Instrument, an overall 69% of the funding directly goes to Least Developed and low Income Countries.

It is also true that we have a real interest in fighting poverty on the EU's borders, for example in Northern Africa and Central and Eastern Europe, where poverty breeds insecurity and illegal migration. Only by helping these countries create stable democracies with economic chances for its citizens will we address the root causes of these problems, which are of interest to us all. For example, I am presently in the Ukraine, where the EU will take the lead in contributing to international efforts to fund the long-term safe treatment of the Chernobyl plant; again of interest to us all and a long-term commitment in the EU's interest.

So, the Commission manages thousands of projects each year, with the clear objective of poverty alleviation. There is always room for improvement – no one working closely in the development field should argue that every single project is perfect, and I am determined to ensure that the EU continues to improve in delivering "high impact" aid that makes a huge and visible impact in eliminating poverty. This is why I launched an EU-wide consultation of the future of EU development policy at the end of last year. We have listened to the views of a range of public and private-sector development actors and are now putting specific proposals together to take us forward.

I would like to comment on a few projects highlighted in your article, where I suggest a misleading impression is given.

The description of the Central Medical Store in Sierra Leone far from reflects the reality on the ground. Whilst I recognize that the project has suffered from some delays, it has now been functioning since June 2010, with UNICEF managing its daily activities. It provides healthcare and medicines to sick people everyday. An independent evaluation of the project by Parsons Brinckerhoff of 12 January 2011 indicates that the project represents "The best quality of work done". UNICEF has confirmed that medicines for a value of about \$9 million have transited in the Central Store, and new supplies of medicines for the Free Health Care Initiative with a value of over \$9 million are due to arrive in May. Needless to say, this Central Medical Store is critical for the implementation of the Free Health Care Initiative which was launched last year, with encouraging success. In such difficult operating circumstances, I think that you can understand why the independent evaluation considers this project successful. I cannot and will not simply withdraw from countries where operating conditions are far from ideal, and I will combine this determination to help the world's poorest with a resolve to continue to insist on the highest possible delivery standards.

In Mali, the Commission indeed funds a Migration Centre whose primary objective is to provide legal advice to Mali citizens who wish to go and legally work in the EU, establish a clear picture of migration patterns and to facilitate the involvement of the Malians abroad in the development of their home country. It does not aim at finding Mali citizens a job. First results show that around 4000 people have been assisted by this centre. We will continue to evaluate the efficiency of this project, but the conclusions of the article are not a fair reflection of reality. Such projects are essential if we are to stem the rise of illegal immigration; this is a difficult issue, but not one that we can simply ignore.

Let me now turn on the issue of budget support, where the Commission may provide funds to certain governments in the developing world that meet minimum conditions of governance and good administration, to carry out jointly agreed actions and objectives, subject to strict targets, monitoring and controls.

Working through budget support helps us to assist countries to reform their own government administrations, fight corruption, start to bring in their own tax revenue and to progressively stand on their own feet. It is widely recognised as the best tool we have to end poverty by attacking the source, not just the symptoms, and many Member States are also making increasing use of this mechanism. It is not without difficulties, but attracts very widespread support among donors and charities with which the Commission works, such as Oxfam. It also provides the strongest platform that we have to insist on the respect of human rights.

Your article refers to the report published by the Court of Auditors in March. This report does not contain any elements leading to the conclusion of a misuse of support, or fraud, or of cases of EU aid being diverted into corruption practices. It rightly invites the Commission to continue improve its design and approach of the budget support mechanism, to make it even more efficient and measurable. This is precisely what I have started to prepare through a public consultation launched last November. I appreciate that budget support is a sensitive mechanism, but when used carefully, its added value compared with the traditional project-based approach to aid is unanimously recognised

It is also worth noting that should serious concerns be raised on the use of budget support during a given programme, the Commission can simply freeze its disbursements. In Malawi, for instance, the Commission withheld its payments in the second half of 2010 pending clarification on concerns related to the management of the government. In March 2010, the Commission and the Member States concluded that aid could be resumed based on an IMF report; support had shown its value in improving standards of governance, something that a project-based approach would never have achieved. In Uganda, we are currently checking the situation and support is presently put on hold; it is regrettable that you did not make this clearer in your report.

I hope that these clarifications are helpful to permit a more balanced view of the Commission's work in this area; the EU has been contributing to fighting poverty for decades; its efforts have saved many millions of lives and provided chances for countless people. It will continue to do so, and a fair assessment of the work carried out by both the Commission and the Member States agencies is essential; strong and effective aid is vital not just for developing countries, but it is key to our own interests and beliefs.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andris Piebalgs', with a long horizontal stroke extending to the right.

Andris Piebalgs
European Commissioner for Development Policy