

# BACKGROUND ON GOAL 8 AND UN MILLENNIUM CAMPAIGN EUROPE POLICY DEMANDS



## INCREASE AID

European governments - among other OECD donors - have committed to spending 0.7% of their gross national income (GNI) on official development assistance (ODA). Specifically, in 2005, the EU-15 Member States committed to a minimum timetable for increasing aid to 0.51% of their GNI by 2010 and to 0.7% by 2015, the year the Millennium Development Goals have to be achieved. At the same time, the ten new Member States pledged they would strive to contribute at least 0.17 % of GNI by 2010, rising to 0.33% in 2015. The collective EU target was thus set at 0.56% by 2010.

Despite the reaffirmations of commitments, ODA volumes are far less than what was promised five years ago. Only nine EU countries are expected to meet or exceed the 0.51% minimum for 2010; according to latest figures by the OECD, Austria (0.37%), Germany (0.40%), Greece (0.21%), France (0.46%), Italy (0.20%) and Portugal (0.34%) will not reach this level in 2010. With an EU collective effort standing at a meagre 0.42% of GNI in 2008 and an expected level of 0.48% in 2010, about €20 billion more<sup>1</sup> are needed this year to reach the 0.56% target. Moreover, so far only five EU countries have met the 0.7% target: Sweden (1.03%), Luxembourg (1%), Denmark (0.83%), the Netherlands (0.8%), and possibly Belgium as of this year. The underperformance of many donor governments is threatening the achievement of the MDGs. Unprecedented efforts must be made to increase aid.

In light of the above, we request European governments to:

- **Establish a binding timetable with incremental annual growth rates clearly showing how they plan to reach the agreed 0.7%;**
- **Agree to a new collective interim target of 0.63% minimum by 2012;**
- **Ensure that any resources from innovative financing mechanisms and those to be used to fight climate change will be additional to ODA .**

## IMPROVE AID EFFECTIVENESS

Not only must aid levels be increased, but the quality of assistance must also be improved to achieve the MDGs. In both the "*Paris Declaration*" and the "*Accra Agenda for Action*", donor countries have agreed to reform, simplify and harmonize the way they deliver aid and to support partner country ownership of development processes. EU Member States have also

agreed to a division of labour among each other through the 'EU Code of Conduct', which has come into effect in 2007. Implementation of these commitments could significantly increase the effectiveness of aid.

Currently, only half of ODA can actually be used by recipient countries to achieve the Millennium Development Goals. Frequently aid is given to the same recipient country by a large number of donors (30 donors on average per recipient country); however, the large number of donors - each with their own priorities and procedures - is relatively inefficient and entails high transaction costs for recipients with weak institutional capacity.

An effective division of labour among European governments and with their partner countries therefore promises important benefits. However, as the EU Code of Conduct is so far a voluntary, flexible, and self-policing mechanism, European governments have not yet stepped up and held themselves and each other accountable for its implementation, nor have they translated the division of labour principles spelled out in this agreement into real action in the field.

In order to do so, national political objectives and visibility must be put aside. Too often donors use development assistance to accomplish foreign policy objectives, which discourages them from withdrawing from politically attractive countries and sectors. European citizens and taxpayers are not interested in seeing their 'national flag'; rather they want to see the results of development cooperation translated into an effective reduction of poverty.

In light of the above, we ask European governments to:

- **Ensure unification of procedures (e.g. public financial management, accounting, auditing, procurement, results frameworks and monitoring);**
- **Ensure division of labour by focusing bilateral assistance on fewer sectors and fewer partner countries - as agreed in the EU Code of Conduct - by 2011;**
- **Agree on a binding timetable and measurable indicators to monitor progress.**

These steps must be done in dialogues with partner countries, thereby ensuring that the principle of ownership is respected.

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<sup>1</sup> Currently EU aid is €50 billion.

## REFORM EU TRADE AND AGRICULTURAL POLICIES

Seventy percent of the world's poor live in rural areas. A healthy agricultural sector is therefore of paramount importance for sustainable development and food security. However, rich countries' trade and agricultural policies, e.g. the European Common Agricultural Policy (CAP), have over the years led to agricultural overproduction, pushing down world prices and dumping products abroad. As a result, these policies have perpetuated poverty and underdevelopment, destroying productive capacities and deterring agricultural investments. The EU and its members will soon start the negotiations for the next EU budget 2013-2020; the amount of resources earmarked for agriculture will have implication on the ambition and scope of any future CAP reform.

At the same time, by imposing high tariffs and other protectionist measures on agricultural imports, EU trade policies have also denied poor farmers fair access to European markets. For instance, the 'Everything But Arms' (EBA) initiative, in theory provides 50 Least Developed Countries (LDCs) with duty free, quota free market access for specific products. However, for a product to qualify under this initiative, the requirements are manifold and many LDC producers are not able to cope with the complexity of the rules affecting their exports. Thus, very little exporting opportunities are gained through this initiative.

Lastly, the failure to reach a pro-development agreement in the Doha Round of multilateral trade negotiations represents a major gap in strengthening the partnership between Northern and Southern governments for the achievement of the MDGs and it continues to deprive developing countries to gain the benefits of greater trade opportunities.

In light of the above, we ask European governments to:

- **Reform the EU Common Agricultural Policy so that it no longer prevents poor producers from lifting themselves out of poverty by** (i) bringing a halt to the dumping of subsidized produce in the developing world and ending all trade-distorting support by 2013; (ii) abiding to the principles of transparency and accountability vis-a-vis citizens in a timely, accessible and detailed fashion; (iii) reverting subsidy resources from wealthy farmers to farmers living in poverty in Europe and abroad, and (iv) ensuring environmental protection and rural development.
- **Increase export opportunities of developing countries through a simplified and expanded "Everything But Arms" initiative by** (i) increasing market access to farmers from the South; (ii) simplifying bureaucratic procedures, and (iii) lowering import tariffs and lifting other protectionist instruments that limit **the flow of goods from developing countries.**

- **Lead the process for a successful pro-poor conclusion of the Doha trade negotiations.**

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