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REPORT

on the follow-up to the Monterrey Conference of 2002 on financing for Development
(2008/2050(INI))

Committee on Development

Rapporteur: Thijs Berman

CONTENTS

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the follow-up to the Monterrey Conference of 2002 on financing for Development (2008/2050(INI))

The European Parliament,

– having regard to the Monterrey Consensus, adopted by the International Conference on Financing for Development (FfD) in Monterrey, Mexico, on 18-22 March 2002,

– having regard to the commitments made by Member States at the European Council in Barcelona on 14 March 2002 (Barcelona commitments),

– having regard to its resolution of 25 April 2002 on the financing of development aid[1],

– having regard to its resolution of 7 February 2002 on the financing of development aid[2],

– having regard to the Joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy: 'The European Consensus'[3] signed on 20 December 2005,

– having regard to the Commission Communication of 9 April 2008 on speeding up progress towards the Millennium Development Goals (COM(2008)0177),

– having regard to the Commission Communication of 4 April 2007 entitled 'Keeping Europe's promises on Financing for Development' (COM(2007)0164),

– having regard to the Commission Communication of 2 March 2006 entitled 'Financing for development and aid effectiveness – the challenges of scaling up EU aid 2006-2010' (COM(2006)0085),

– having regard to the Commission Communication of 12 April 2005 entitled 'Accelerating progress towards attaining the Millennium Development Goals – Financing for Development and Aid Effectiveness' (COM(2005)0133),

– having regard to the Communication of 5 March 2004 from the Commission to the Council and the European Parliament entitled 'Translating the Monterrey Consensus into practice: the contribution by the European Union' (COM(2004)0150),

– having regard to the Council conclusions of 14 March 2002 on the United Nations (UN) Conference on Financing for Development (Monterrey),

– having regard to the Millennium Development Goals (MDGs) adopted at the United Nations Millennium Summit in New York on 6-8 September 2000, and reaffirmed at

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[1] OJ C 131 E, 5.6.2003, p. 164.
[2] OJ C 284 E, 21.11.2002, p. 315.
[3] OJ C 46, 24.2.2006, p. 1.

subsequent UN Conferences, notably the Monterrey Conference on Financing for Development,

– having regard to the commitment made at the Göteborg European Council on 15-16 June 2001 for Member States to reach the UN target for Official Development Assistance (ODA) of 0,7% of Gross National Income (GNI),

– having regard to the Commission Communication of 2 March 2006 entitled 'EU Aid: Delivering more, better and faster' (COM(2006)0087),

– having regard to its resolution of 22 May 2008 on the follow-up to the Paris Declaration of 2005 on Aid Effectiveness[1],

– having regard to Rule 45 of its Rules of Procedure,

– having regard to the report of the Committee on Development and the opinion of the Committee on Budgets (A6-0310/2008),

A. whereas for the second time in history the UN is organising an International Conference on Financing for Development, aimed at bringing together Heads of State and Government and not only development but also finance ministers, as well as representatives from the international financial organisations, private banking and business and civil society, to examine the progress that has been made since the first World Summit on Financing for Development held in 2002 in Monterrey,

B. whereas, to achieve the MDGs, there is a need for greatly increased financing,

C. whereas financing for development should be defined as the most cost-effective way to respond to the world's development needs and global insecurities,

D. whereas the need for adequate predictable and sustainable financial resources is more urgent than ever, especially taking account of the challenge of climate change and its implications, including natural disasters, and the particular vulnerability of developing countries,

E. whereas the EU is the world's biggest aid donor, a major shareholder in the international financial institutions, and the most important trading partner for developing countries,

F. whereas the EU has committed itself to a clear and mandatory timeframe for reaching the 0.56% of GNI target by 2010 and the 0.7% of GNI target by 2015,

G. whereas, if current trends regarding Member States' ODA levels continue, some Member States will not meet the targets to which they are committed of 0.51% for the EU 15 (i.e. the Member States part of the EU prior to the 2004 enlargement) and 0.17% for the EU 12 (i.e. the Member States which acceded to the EU on 1 May 2004 and 1 January 2007) of GNI by 2010,

H. whereas programmable aid to Africa is rising despite the general decrease in ODA in

[1] Texts adopted, P6_TA(2008)0237

2007,

I. whereas significant new development challenges have recently emerged, including climate change, structural changes in commodity markets and in particular those for food and oil, and important new trends in South-South cooperation, including support for infrastructure by China in Africa and lending by the Brazilian Development Bank BNDES in Latin America,

J. whereas financial services in many developing countries are underdeveloped as a result of many factors including restrictions on supply of services, lack of legal certainty and property rights,

1. Reaffirms its commitment to poverty eradication, sustainable development and the achievement of the MDGs, as the only way to bring about social justice and improved quality of life for the approximately one billion people globally who live in extreme poverty, defined as an income of less than one US dollar a day;

2. Calls on Member States to place a clear division between development spending and spending on foreign policy interests and in this regard ODA should be in line with the criteria for ODA established by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC) and the OECD/DAC recommendations on untying ODA;

3. Underlines the absolute need for the EU to aim for the highest level of coordination in order to achieve coherence with other Community policies (environment, migration, human rights, agriculture, etc.) and avoid duplication of work and inconsistency of activities;

4. Recalls that the immediate and necessary actions to be taken by the EU to tackle the dramatic consequences of the soaring food prices in developing countries should not be understood and carried out as part of the financial efforts required by the Monterrey Consensus; therefore looks forward to a concrete proposal from the Commission on the use of emergency funds;

5. Stresses that the excessive and disproportionate administrative burden in some of the partner countries impairs the effectiveness of development aid; fears that it risks jeopardising the achievement of the MDGs;

6. Notes that the EU still has to find the right balance between two contradictory approaches towards development aid: on the one hand, to trust partner countries in the adequate allocation of the funds and to help their administrations develop the right tools for implementation of the funds; on the other hand, to earmark the financial aid in order to avoid misuse or ineffective allocation of the aid;

Volumes of ODA

7. Points out that the EU is the world's leading donor in ODA, representing almost 60% of the world official development aid, and welcomes the fact that the EU share of global ODA has been increasing over the years; nevertheless requests the Commission to provide clear and transparent data on the share of the EU budget devoted to EU

development aid in order to assess the follow-up of the Monterrey Consensus by all European donors; also expresses its regret that the level of EU financial contributions to developing countries lacks visibility and invites the Commission to develop appropriate and targeted communication and information tools to increase the visibility of EU development aid;

8. Welcomes the fact that the EU met its binding ODA target of the EU average of 0.39% of GNI by 2006, but notes the alarming decrease in EU aid in 2007 from EUR 47.7 billion in 2006 (0.41% of EU collective GNI) to EUR 46.1 billion in 2007 (0.38% of EU collective GNI) and calls upon Member States to raise ODA volumes to achieve their promised target of 0.56% of GNI in 2010;

9. Insists that reductions in Member States' reported ODA should not take place again; points out that the EU will have given EUR 75 billion less than was promised for the period 2005-2010 if the current trend continues;

10. Expresses serious concern that a majority of the Member States (18 out of 27, especially Latvia, Italy, Portugal, Greece and the Czech Republic) were unable to raise their level of ODA between 2006 and 2007 and that there has even been a dramatic reduction of over 10% in a number of countries such as Belgium, France and the United Kingdom; calls on Member States to fulfil the ODA volumes to which they are committed; notes with satisfaction that some Member States (Denmark, Ireland, Luxembourg, Spain, Sweden and the Netherlands) are certain to reach their ODA targets for 2010, and is confident that these Member States will maintain their high levels of ODA;

11. Welcomes the firm stance of the Commission on the efforts to be concentrated on both the quantity and the quality of development aid from Member States, and strongly supports its warning against the potential highly negative consequences of the Member States' failing to fulfil their financial commitments; calls on the Commission to use its expertise and authority to convince other public and private donors to honour their financial promises;

12. Is extremely concerned that some Member States are backloading ODA increases, leading to a net loss for developing countries of more than EUR 17 billion;

13. Welcomes the approach of some Member States to develop binding multi-annual timetables for increasing ODA levels to meet the UN target of 0.7% by 2015; asks Member States that have not yet done so to disclose their multi-annual timetables as quickly as possible; stresses that Member States should adopt these prior to the forthcoming International Conference on Financing for Development and fulfil their commitments;

14. Observes that the 2007 decreases in reported aid levels are due in some cases to the artificial boosting of figures in 2006 by debt relief; calls on Member States to increase ODA levels in a sustainable manner by concentrating on figures with the debt relief component removed;

15. Views as totally unacceptable the discrepancy between the frequent pledges of increased financial assistance and the considerably lower sums that are actually disbursed and is

concerned that some Member States are demonstrating aid fatigue;

16. Stresses the fact that consultation with partner governments, national parliaments and civil society organisations is crucial in the decision making on ODA volumes and destinations;

Speed, flexibility, predictability and sustainability of financial flows

17. Stresses that assistance needs to be delivered in a timely manner and expresses dissatisfaction that the processes for delivery are often subject to undue delays;

18. Stresses the need to balance flexibility in the delivery of cooperation funds, in order to respond to changing circumstances, such as rising food prices with the imperative for predictable funding to allow partner countries to plan for sustainable development and climate change adaptation and mitigation;

19. Calls strongly for the clear observance of the principles of responsible lending and financing, to make lending and financing operations sustainable in terms of economic and environmental development along and in line with the equator principles; calls on the Commission to participate in establishing such principles and press in international fora for binding measures to put them into practice in such a way that their coverage extends to new development actors from public and private sectors;

Debt and capital flight

20. Fully endorses efforts by developing countries to maintain long-term debt sustainability and to implement the initiative for ***very*** Heavily Indebted Poor Countries (HIPC), which is of key importance to fulfil the MDGs; regrets, however, that the debt relief plans exclude a large number of countries for which debt remains an obstacle to fulfilling the MDGs; stresses the need for an urgent international debate on expanding the reduction of international measures to a number of indebted countries currently excluded from the HIPC initiative;

21. Calls on the Commission to address the issue of 'odious' or illegitimate debts, meaning debts having arisen from irresponsible, self-interested, reckless or unfair lending and the principles of responsible finance in bilateral and multilateral negotiations on debt relief; welcomes the Commission's call for action to limit the rights of commercial creditors and vulture funds to be repaid, in the event of judicial proceedings;

22. Calls on all Member States to adhere to the framework of debt sustainability and push for its development to take account of a country's internal debt and financial requirements; calls on all Member States to recognise that lender liability does not just involve compliance with the sustainability framework, but also entails:

    - taking into consideration the vulnerability of borrowing countries to external shocks, making provision in such cases for the possibility of suspending or easing repayment;

    - incorporating transparency requirements, for both parties, in borrowing agreements;

- exercising greater vigilance in ensuring that the borrowing does not contribute to human rights violations or an increase in corruption;

23. Urges the EU to promote international efforts which aim to put in place some form of international insolvency procedures or fair and transparent arbitration procedure to deal efficiently and equitably with any future debt crisis;

24. Regrets that the Commission does not place more emphasis on the mobilisation of internal resources to finance development, as these are sources of greater autonomy for developing countries; encourages Member States to be fully involved in the extractive industries transparency initiative and to call for it to be strengthened; calls on the Commission to ask the International Accounting Standards Board (IASB) to include among these international accounting standards a country-by-country reporting requirement on the activities of multinational companies in all sectors;

25. Regrets that the Commission communication package on aid effectiveness[1] does not mention capital flight as a risk factor for the economies of developing countries; points out that capital flight does serious damage to the development of sustainable economic systems in developing countries and points out that each year tax evasion costs developing countries more than they receive in the form of ODA; calls on the Commission to include measures to prevent capital flight in its policies, as required by the Monterrey Consensus, including a frank analysis of the causes of capital flight, with the goal of closing down tax havens, some of which are located within the EU or operate in close connection with Member States;

26. Notes, in particular, that according to the World Bank the illegal component of this capital flight amounts to 1 000 to 1 600 billion USD each year, half of which comes from developing countries; supports the international efforts made to freeze and recover stolen assets and asks those Member States that have not done so to ratify the United Nations Convention against corruption; deplores that similar efforts are not being made to combat tax evasion and asks the Commission and Member States to promote the global extension of the principle of the automatic exchange of tax information, to ask that the Code of Conduct on tax evasion currently being drawn up at the United Nations Economic and Social Council (ECOSOC) be annexed to the Doha declaration and to support the transformation of the UN taxation committee into a genuine intergovernmental body equipped with additional resources to conduct the international fight against tax evasion alongside the OECD;

Innovative financing mechanisms

27. Welcomes the proposals for innovative financing mechanisms put forward by the Member States and calls on the Commission to examine them against the benchmarks of ease of practical implementation, sustainability, additionality, transaction costs and effectiveness; calls for financial mechanisms and instruments that provide new funding and do not put future financial flows at risk;

28. Calls for financial mechanisms and instruments which provide measures to leverage private money as stated in the Monterrey Consensus and deploy credit guarantees;

29. Calls on the Commission greatly to enhance funding of climate change adaptation and mitigation measures in developing countries, in particular of the Global Climate Change Alliance; emphasises the acute need for funding beyond current ODA flows as ODA alone should not provide an adequate response to measures for adaptation and mitigation for climate change in developing countries; stresses that innovative finance mechanisms should be developed urgently for this purpose, such as levies on aviation and oil trading, as well as by earmarking of auctioning revenues from the EU Emissions Trading System (EU ETS);

30. Welcomes the Commission's proposal to establish a Global Climate Financing Mechanism, based on the principal of frontloading aid to finance mitigation and adaptation measures in developing countries; calls on Member States and the Commission to make substantial financial commitments in order to implement the proposal urgently;

31. Calls on the Commission and Member States to earmark at least 25% of future auctioning revenues from the EU ETS to finance climate change adaptation and mitigation measures in developing countries;

32. Calls on the Commission to develop access to finance for small-scale entrepreneurs and farmers, as a means of increasing food production and providing a sustainable solution to the food crisis;

33. Calls on the European Investment Bank (EIB) to investigate possibilities for the immediate setting up of a guarantee fund in support of micro-credit and risk-hedging schemes that respond closely to the needs of local food producers in poorer developing countries;

34. Welcomes the proposal to set up a multi-donor gender fund that was launched at the UN and would be managed by the United Nations Development Fund for Women (UNIFEM), with the aim of promoting and funding gender equality policies in developing countries; calls on the Council and the Commission to examine and endorse this international initiative;

35. Calls for a redoubling of efforts to encourage the development of financial services, given that the banking sector has the potential to unleash local financing for development and that furthermore a stable financial services sector is the best way to combat capital flight;

36. Calls on all stakeholders to appreciate fully the enormous potential of revenues from natural resources; in this regard sees it as essential that resource industries are transparent; considers that, while the Extractive Industries Transparency Initiative (EITI) and the Kimberley Process are moving in the right direction, much more needs to be done to encourage the transparent management of resource industries and their revenues;

Reforming international systems

37. Calls upon the Council and the Commission to include the European Development Fund in the EU budget at the 2008/2009 Midterm Review, in order to enhance the democratic legitimacy of an important part of EU development policy and its budget;

38. Notes the first step taken in April 2008 towards the better representation of developing countries within the IMF; regrets that a wealth-based weighting continues to govern the breakdown of voting rights at the IMF; calls on the Commission and Member States to demonstrate their interest in double-majority decision-making (shareholders/states) within the institution responsible for international financial stability, the IMF;

39. Calls on the Commission and Member States to use the above-mentioned Follow-up International Conference on Financing for Development, which is to be held in Doha from 29 November to 2 December 2008, as an opportunity to present a common EU position on development aimed at achieving the MDGs through a sustainable approach;

40. Calls on Member States to undertake a rapid and ambitious reform of the World Bank so that those most directly concerned by its programmes are better represented;

41. Instructs its President to forward this resolution to the Council, the Commission, the UN Secretary-General, and the heads of the World Trade Organization, the International Monetary Fund, the World Bank Group and the UN Economic and Social Council.

EXPLANATORY STATEMENT

An outstanding issue on the International development agenda: Financing for Development

At the International Financing for Development Conference in Monterrey in March 2002, the international community adopted the Monterrey Consensus, which concentrated on the following main concerns:

- Mobilising domestic financial resources for development;
- Mobilising international resources for development (Foreign Direct Investment (FDI) and other private flows);
- International trade as an engine for development;
- Increasing international financial and technical cooperation for development;
- External debt;
- Systemic issues - promoting coherence and consistency of the international monetary, financial and trading systems in support of development.

The first Follow-up Conference on Financing for Development will take place in Doha (Qatar) from 29 November to 2 December 2008. This summit provides the opportunity to take stock of the progress made since the Monterrey Consensus was adopted.

The EU continues to take the lead in international Development Financing as the biggest international donor for development, providing more than 50% of Official Development Assistance (ODA) worldwide.

The Commission's Report on the EU progress on the Monterrey Consensus was published in March 2008[1]. The Council Conclusions on Financing for Development were published on 25 May 2008.

Time-limited ODA targets 2010 and 2015

In 2006 the EU achieved its agreed individual target of dedicating 0.39% (EU15) of its collective GNI to ODA. The next major ODA target to meet is 0.56% of the EU collective GNI by 2010.[2] However, it is a serious problem that in 2007 the ODA volumes of several Member States fell dramatically - in line with the current global trend in development finance, followed also by Japan and the United States. Moreover, some Member States cut their financial efforts to meet the 2010 and 2015 targets and slowed down their rates of increasing ODA.

While the general fall in ODA will hopefully be a one-off occurrence, - and your rapporteur insists Member States should ensure it is. The slowing down of increases is set to reduce the total amount of ODA delivered to developing countries over the coming years. Finland and

[1] Communication "The EU - a global partner for development Speeding up progress towards the Millennium Development Goals" (COM (2008) 177/3) and Commission Staff Working Paper "The Monterrey process on Financing for Development - the European Union's contribution to Doha and beyond Annual progress report 2008" (SEC (2008) 432/2).

[2] EU15 target 2010: 0.51% ODA/GNI (2015 0.7%); EU12 target 2010: 0.17 % ODA/GNI (2015 0.33%).

France, for example, used to have national policies and commitments that were more ambitious than those of the EU, but in 2007 they reduced their target to align themselves with the EU calendar. This will inevitably harm the EU collective target. It is estimated that during the period 2006-2010 approximately over €17 billion of ODA will be completely lost. The EU collective targets will only be met if some of the larger Member States reach ODA levels above the target. Your rapporteur is seriously concerned that recent developments may make it difficult to fulfil the commitments.

A significant and wholehearted change of course has to take place to prove that all Member States are committed to achieving the pledged ODA targets, and hence improving the possibility of reaching the MDGs. Your rapporteur calls on Member States that have not already done so to introduce fixed financial target timetables before the Doha conference takes place.

External debt and capital flight

Inclusion of debt-relief in ODA figures was one of the main reasons for the reduction in EU ODA levels in 2007, so your rapporteur calls on Member States to concentrate on ODA figures with the debt-relief component removed. However, equally important are issues of long-term debt sustainability and responsible lending principles.

Irresponsible lending and financing poses a great danger for the economic stability of developing countries and is highly counterproductive for the establishment of long-term debt sustainability. Examples of such practices include aggressive litigation by commercial creditors and distressed debt funds that place burdens on the budgets of the developing countries concerned. Responsible finance and lending may be a way to ensure debt sustainability, and can also be used to encourage sustainable, ecologically friendly development and decent work in developing countries.

Capital flight and tax havens are also a big issue on the financing for development agenda, as they tend to have serious effects for external debt. Means to prevent capital flight may include installing more effective control systems (especially through systems of taxation) in developing countries, making the rich in developing countries aware of their duties, as well as encouraging ownership and seeking to ensure that the money is not diverted to tax havens (including those inside the EU). Meanwhile, the most effective way to prevent capital flight from developing countries involves fostering stable, peaceful and democratic environments, where the Rule of Law ensures respect of commercial contracts, bank accounts and property rights to all citizens.

New Challenges

Climate change is one of the more recent challenges facing development assistance. The major aim of development policy is to eradicate poverty. Climate change, among other major global insecurities, is an issue which has a significant impact on less developed countries that are especially vulnerable to external shocks (e.g. natural disasters, pandemics).[1] However, funding for reducing the effects of climate change is most appropriately viewed as a means by which industrialised countries help to repair damage they have themselves caused in

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[1] There is a trend to move from defining cooperation in terms of solidarity towards viewing it as the cheapest way to address with global challenges such as pandemics (e.g. SARS), migration and security problems.

developing countries. It should not therefore be taken from existing ODA commitments but must be additional to them. In this respect, your rapporteur shares the view expressed by Development Commissioner Louis Michel that existing development funds should not be used to finance the combat against climate change in Least Developed Countries. Discussions are taking place between the EU and the World Bank about the possibility of raising a major long-term loan to help the poorest countries fund crucial measures to fight climate change.[1] Your rapporteur expects the EU to take the lead in this debate.

The current international explosion of food prices is an additional challenge that must be addressed. Rural development, especially in the sense of agricultural development is already becoming increasingly important and will inevitably have a higher profile on the international development agenda in the coming years. Obstacles to agricultural development in developing countries need to be tackled. Local agriculture, in particular, has to be supported. Small-scale farmers must rapidly be provided with access to loans in order to improve their businesses and increase their production.

Another new challenge is found in the appearance of new emerging actors on the international development finance scene, notably China, Brazil and Saudi Arabia, as well as a number of private donors.[2] There are concerns about the policies applied by some new donors towards the implementation of their cooperation.

Mobilising private development finance

Private capital flows to developing countries are on the rise. They are estimated to be about six times higher than the total amount of reported ODA (even without correcting for debt relief), amounting to approximately USD 600 billion.

Private flows account for about 80% to the total financial flows to Africa: in 2007 FDI in Africa increased about 200% over 2004.

It would clearly be beneficial to harness some of this private funding towards the objective of development, and your rapporteur suggests this might be achieved through the use of innovative public-private partnerships. The EU has to actively promote the Equator Principles by which an important number of banks worldwide aim at respecting sustainability criteria in investing policies.

Aid effectiveness

The untying of aid, reducing of transaction costs and more flexibility and speed in bureaucratic procedures remain the major issues concerning to the effectiveness of aid. Your rapporteur has, however, sought to minimise the inclusion of these issues in his report to avoid overlap with the report on Aid Effectiveness by his colleague Johan Van Hecke.

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[1] Discussions include the idea that industrialised countries will borrow money on the international capital markets and advance it to developing countries in order to support the reduction of greenhouse gas emissions in their countries and to protect them from environmental damage.

[2] China's support for infrastructure in Africa is now greater the World Bank, the African development Bank and all the western bilaterals put together" - similarly, "in Latin America, the Brazilian development bank (BNDES) has a loan commitment which is now larger than the World Bank and the Inter-American Development Bank put together" OECD Roundtable on Banking on Development report, February 2008.

Systemic Issues

The voice of developing countries needs to be strengthened in the decision-making processes within international financial and economic institutions.

The posts of the World Bank President and IMF Managing Director are not yet open to all countries. A large number of EU Member States (14) has expressed support for reforms that would make the posts available to nationals of all countries.

In the Board of the World Bank, a particular problem is that the 46 Sub-Saharan African countries suffer a serious lack of representation. Whereas other regions with fewer countries have at least three seats, the developing countries in the Sub-Saharan region are represented by only two seats. Your rapporteur considers this situation unacceptable and proposes that it should be remedied.

18.6.2008

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Development

on the follow-up of the Monterrey Conference of 2002 on Financing for Development (2008/2050(INI))

Draftswoman: Anne E. Jensen

SUGGESTIONS

The Committee on Budgets calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

The European Parliament,

– having regard to the Monterrey Consensus adopted by the International Conference on Financing for Development in March 2002,

– having regard to the European Consensus adopted by the Council, the representatives of the Member States within the Council, the European Parliament and the Commission in December 2005,

– having regard to the Communication from the Commission on speeding up progress towards the Millennium Development Goals (COM(2008)0177 of 9 April 2008),

1. Points out that the EU is the world's leading donor in development aid, representing almost 60% of the world official development aid, and welcomes the fact that the EC part is increasing over the years; nevertheless requests the Commission to provide clear and transparent data on the share of the Community budget in EU development aid in order to assess the follow-up of the Monterrey Consensus by all European donors; also expresses its regret that the level of EU financial contributions to developing countries lacks visibility and invites the Commission to develop appropriate and targeted communication and information tools to increase the visibility of EU development aid;

2. Is however deeply concerned by the negative trend both in absolute terms and as a proportion of GNI (decrease of EUR 1 589 million representing a drop of 3,33%, totalling 0,38% of EU GNI in 2007 compared to 0,41% in 2006), for the first year, in EU development aid; recalls that the European Consensus of 2005, agreed upon by all Member States and EU Institutions, confirmed the target of 0,56% of GNI in 2010 and 0,70% in 2015 for EU development aid;

3. Welcomes the firm stance of the Commission on the efforts to be concentrated on both the quantity and the quality of development aid from Member States, and strongly supports its warning against the potential highly negative consequences of the Member States' failing to fulfil their financial commitments; calls on the Commission to use its expertise and authority to convince other public and private donors to honour their financial promises;

4. Underlines the absolute need for the EU to aim for the highest level of coordination in order to achieve coherence with other Community policies (environment, migration, Human Rights, agriculture, etc.) and avoid duplication of work and inconsistency of activities;

5. Recalls that the immediate and necessary actions to be taken by the EU to tackle the dramatic consequences of the soaring of food prices in developing countries should not be understood and carried out as part of the financial efforts required by the Monterrey Consensus; therefore looks forward to a concrete proposal from the Commission on the use of emergency funds;

6. Stresses that the excessive and disproportionate administrative burden in some of the partner countries impairs the effectiveness of development aid; fears that it risks jeopardising the achievement of the Millennium Development Goals;

7. Notes that the European Union still has to find the right balance between two contradictory approaches towards development aid: on the one hand, to trust partner countries in the adequate allocation of the funds and to help their administrations develop the right tools for implementation of the funds; on the other hand, to earmark the financial aid in order to avoid misuse or ineffective allocation of the aid.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	16.6.2008
Result of final vote	+: 15 –: 0 0: 0
Members present for the final vote	Reimer Böge, Salvador Garriga Polledo, Ingeborg Gräßle, László Surján, Herbert Bösch, Costas Botopoulos, Brigitte Douay, Vicente Miguel Garcés Ramón, Louis Grech, Catherine Guy-Quint, Jutta Haug, Cătălin-Ioan Nechifor, Kyösti Virrankoski
Substitute(s) present for the final vote	Thijs Berman, Bárbara Dührkop Dührkop
Substitute(s) under Rule 178(2) present for the final vote	

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	25.6.2008
Result of final vote	+: 28 –: 0 0: 0
Members present for the final vote	Thijs Berman, Danutė Budreikaitė, Marie-Arlette Carlotti, Thierry Cornillet, Corina Creţu, Nirj Deva, Beniamino Donnici, Fernando Fernández Martín, Juan Fraile Cantón, Alain Hutchinson, Romana Jordan Cizelj, Filip Kaczmarek, Glenys Kinnock, Maria Martens, Gay Mitchell, Luisa Morgantini, Horst Posdorf, José Ribeiro e Castro, Pierre Schapira, Frithjof Schmidt, Jürgen Schröder, Feleknas Uca, Johan Van Hecke, Jan Zahradil
Substitute(s) present for the final vote	John Bowis, Françoise Castex, Ana Maria Gomes, Miguel Angel Martínez Martínez, Mihaela Popa