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## **MOTION FOR A RESOLUTION**

further to the Commission statement

pursuant to Rule 37(2) of the Rules of Procedure

by Margrietus J. van den Berg, Carmen Cerdeira Morterero and Bárbara Dührkop Dührkop

on behalf of the PSE Group

on the International Conference on Financing for Development in Monterrey

**European Parliament resolution on the International Conference on Financing for Development in Monterrey**

*The European Parliament,*

- whereas for the first time in history the UN has organised a world summit on Financing for Development,
  - whereas the EU is the biggest donor of aid, a major shareholder in the international financial institutions, and the most important trading partner of the developing countries,
  - having regard to the Göteborg European Council's commitment 'to reach the UN target for official development assistance of 0.7% of GDP as soon as possible and to achieve concrete progress towards reaching this target before the World Summit on Sustainable Development',
  - having regard to the Development Council Declaration of 8 November 2001 on the preparation of the International Conference on Financing for Development (FfD), confirming 'the great importance which the European Union attaches to the success of the FfD and the World Summit for Sustainable Development' in Johannesburg in September 2002,
  - having regard to its resolution of 1 March 2001 on the European Community's development policy, as well as its previous resolutions on debt reduction for developing countries and coherence of EU policies, particularly its resolution of 7 February 2002 on the draft Monterrey compromise,
  - having regard to the OECD documents on the role of development cooperation on the threshold of the twenty-first century, the UN Millennium Declaration, the G8 report on poverty reduction and economic development, and the motions adopted at the Jubilee of Governors and Parliamentarians assembly,
  - having regard to the Brussels Programme of Action for Least Developed Countries (LDCs) and the Barbados Programme of Action for the Sustainable Development of Small Island Developing Countries,
- A. whereas, after the events of 11 September 2001, the Secretary-General of the United Nations, the President of the World Bank, the President of the IMF and several heads of state are demanding an enhanced effort for increased and improved development aid,
- B. whereas the need for adequate development assistance is more urgent than ever, since, according to estimates in the UN Secretary-General's report for the Johannesburg summit,
- 1.2 billion people have less than USD 1 per day to live on;

- 800 million people are suffering from chronic malnutrition;
  - mean life expectancy in developing countries is 62 years (in least developed countries, 51 years), as against 74 years in the industrialised countries; 40% of the world's population are affected by malaria and in Africa alone 2 million people die from AIDS each year; more than 80% of world consumption is accounted for by 20% of the world population and the income of the richest 20%, which was 30 times higher than that of the poorest 20% in 1960, had risen to 82 times higher by 1995;
  - the global population is predicted to increase by about 2.5 billion between 1990 and 2020, with almost 90% of this increase taking place in the developing countries;
  - in 1997 the one third of the world's population living in countries experiencing a shortage of water resources compared with consumption needs could rise to two thirds by 2025, causing tensions and possible conflicts and wars, and render any development efforts futile in the regions concerned; 60% of the poorest people in the least developed countries live in ecologically fragile areas;
  - 130 million children have never attended school, with a further 150 million children who start primary school but leave it before having learnt to read or write, and there are 900 million illiterate people in the developing world,
- C. whereas in Monterrey a draft resolution was agreed upon without any square brackets and the commitments made are a promising step in the desired direction; noting that the commitments made in Monterrey still fall substantially short of the funds required to meet the Millennium Goal of reducing world poverty by 50% by 2015; and regretting that the final Monterrey compromise does not, despite all efforts, reach sufficiently binding obligations with a compulsory timetable,
- D. noting that the World Bank has estimated that if current trends continue, the number of absolute poor in the world will more than double in the next thirty years, and unless more efforts are made to address problems such as poverty, marginalisation, environmental degradation, conflicts, epidemics and migration, the destabilising effects at both local and international level will be severe,
- E. regretting the fact that, since 1992, the 21 richest countries have cut their aid to the developing world by 24%, and public development aid from the industrialised countries has fallen to an all-time low of 0.22 % of their GDP, far below the target of 0.7% recommended in the 1974 UN Resolution on the New International Economic Order,
- F. noting that, as far as aid volume is concerned, the World Bank has estimated that at least a doubling of resources is required if the Millennium Development Goals are to be met,
- G. stressing in particular the need to align more clearly the six focal areas of the Financing for Development conference with sustainable development objectives to be reexamined at the upcoming Johannesburg conference,
- H. recalling that solidarity with the less developed countries constitutes one of the primary

objectives of EU development cooperation policy,

- I. whereas good governance, sound economic policies, gender equality, respect for the environment and solid democratic institutions are important conditions for sustained economic growth,
- J. whereas the European Union, in its role as a major donor and in view of its recognised awareness of the aspirations of developing countries, made an important contribution to the success of the Conference on Financing for Development through the positive initiatives which it agreed to at its Barcelona summit and presented at the Conference itself,
- K. whereas Official Development Assistance (ODA) and debt reduction are complementary resources, and reinforced debt relief or additional financial support for the highly indebted poor countries and other poor indebted countries is urgently needed, building on the existing Heavily Indebted Poor Countries (HIPC) initiative,
- L. whereas poverty eradication can only be successful if it is made a priority not only for the donor community, through increased aid, but also for the internal policies of the developing countries concerned, and whereas involvement in programming and implementation by civil society and the private sector as equal and essential players in development processes is a key factor in the success of development strategies,
- M. whereas currently EU development policy is funded through two separate instruments – the European Development Fund and the EU budget –, an arrangement which, in combination with the poor reporting system for EU development cooperation activities and the lack of coordination of the EU development policies and those of the Member States, makes it very difficult to establish a clear picture of overall EU development efforts, as well as to exercise democratic control,
  1. Reaffirms its commitment to poverty eradication, sustainable development and the achievement of the development goals as set out at the Millennium Summit and the UN Conferences, notably the Monterrey conference on financing development;
  2. Calls on the Council, above and beyond its commitment at the Barcelona summit, to establish in agreement with the Member States a firm timetable for increasing each Member State's public contribution to development policy to 0.7% of its GNP; welcomes the fact that the Council is encouraging the Commission to focus development cooperation more on action to combat poverty; calls on the Spanish presidency to ensure that these goals are fully met; wishes to see rigorous checks subsequently introduced to verify compliance with such a timetable;
  3. Reiterates its commitment to the UN Millennium Declaration to reduce poverty by half, to provide full coverage of basic education for all children and to reduce the infant mortality rate by two thirds by 2015;
  4. Welcomes the interim report of the Commission to the European Parliament and the Council as a contribution to the forthcoming Johannesburg meeting on sustainable

development, which should be linked to an overall strategy towards coherence in global efforts for development; asks to be closely associated in these preparations;

5. Notes the issues for consideration presented by the Commission in connection with the exchange of ideas that took place in New York in October within the framework of the Preparatory Committee for the Conference on Financing for Development, in particular with regard to the following points:
  - (a) the volume of official development aid,
  - (b) global public goods,
  - (c) innovative sources of financing;
6. Reiterates its opinion that the WTO round should focus its attention on the need for development;
7. Emphasises that trade liberalisation aiming at economic growth must be carried out within a framework that guarantees equity among and within countries and the sustainable use of the environment and its resources;
8. Considers that in principle EU development assistance should be open to all developing countries, but that particular attention must be given to the poorest and least developed countries by ensuring that 70 % of the EU development cooperation budget is aimed at supporting the poorest and the least developed countries;
9. Calls on the industrialised countries to explore new and innovative ways to promote technology cooperation and technology transfer with developing countries, notably LDCs, to bridge the digital divide and to facilitate 'technological leapfrogging' in areas such as energy, transport, waste management, water management, trade, agriculture and sanitary standards;
10. Believes that countries need to continue their efforts to achieve a transparent, stable and predictable investment climate, with proper contract enforcement and respect for property rights, in order to encourage inflows of productive capital;
11. Believes that trade is the single most important external source of development financing, and that trade barriers, subsidies and other trade-distorting measures, particularly in sectors of special export interest to developing countries, including agriculture, must be eliminated; notes in this context a series of problems of special export interest for developing countries, such as lack of recognition of intellectual property rights for the protection of traditional knowledge;
12. Considers micro-finance and credit for micro, small and medium-sized enterprises, including those in rural areas, particularly for women, to be an important means of enhancing the social and economic impact of the financial sector;
13. Urges business to take into account not only the economic and financial, but also the social, gender equality, educational, health and environmental implications of their

undertakings;

14. Stresses the limitations of the initiative taken at the Cologne Summit in 1999 with a view to cancelling the debt of the HIPC's (Heavily Indebted Poor Countries), which represents a first step, but is being implemented too slowly and concerns only a minority of countries; calls on the Commission to draw up a proposal for the conversion of debt involving contractual arrangements to promote useful and verifiable investments that will benefit the population in order to provide a framework for real debt reduction;
15. Welcomes in particular the Monterrey appeal to donor countries to ensure that resources provided for debt relief are additional to existing ODA resources (§45) and calls on the EU to reaffirm its commitment to this principle through a Council decision;
16. Calls on the Council to support wider participation and democratic scrutiny in the decision-making organs of international finance institutions, as well as in forums which manage the global governability of the economy, and the FAO;
17. Calls particular attention to the need to address food security problems in poor regions of the world, implying special assistance to small farmers in the form of credits, appropriate technology, improved extension services, etc.;
18. Deplores the fact that no clear reference is made in the Monterrey compromise to the importance of mobilising additional resources in support of meeting global public needs, such as the fight against poverty-related diseases – notably HIV/Aids, malaria and TB –, environment and climate protection, prevention of international crime, etc.; considers it necessary, particularly in this respect, to involve civil society's expertise and the advice of international parliamentarians in conferences of this kind;
19. Recognises the important role of export agencies in financing for development but insists that they should be guided by social and environmental criteria in their lending and that export credits should be consistent with mainstreaming countries' debt sustainability;
20. Reaffirms the EU commitment to taking as a benchmark the aim that 35 % of the EU development budget for 2002 should be spent on education and health as fundamental elements in poverty eradication;
21. Calls on the Council to agree to the incorporation of the European Development Fund into the EU budget in order to establish a transparent overall financial framework for EU development assistance;
22. Instructs its President to forward this resolution to the Commission, the Council, the governments and parliaments of the Member States and applicant countries, the Secretary-General of the United Nations, the IMF and the World Bank.