

## **P5\_TA(2002)0208**

### **Financing of development aid**

#### **European Parliament resolution on the financing of development aid**

*The European Parliament,*

- having regard to the Göteborg European Council’s commitment ‘to reach the UN target for official development assistance (ODA) 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 Preparations for the UN Conference on Financing for Development (FfD), confirming ‘the great importance which the European Union attaches to the success of 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<sup>1</sup> as well as its previous resolutions on debt reduction for developing countries and the coherence of EU policies, in particular its resolution of 7 February 2002 on the financing of development aid<sup>2</sup>,
  - having regard to the OECD documents on the role of development cooperation on the threshold of the 21st century, the UN Millennium Declaration, the G8 report on poverty reduction and economic development, and the motions adopted at the Politicians’ and Governors’ Jubilee assembly,
  - having regard to the Brussels Programme of Action for LDCs and the Barbados Programme of Action for the Sustainable Development of Small Island Developing Countries,
  - having regard to the ACP-EU Joint Parliamentary Assembly session held in Cape Town from 18 to 21 March 2002,
- A. recognising that for the first time in history the UN organised a World Summit on Financing for Development and that the conference organisers tried to gather not only development but also finance ministers, as well as the international financial organisations, private banking and business and representatives of civil society around one table, from 18 to 21 March 2002,
- B. 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, so that resources are doubled to meet the Millennium Development Goals,

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<sup>1</sup> OJ C 277, 1.10.2001, p. 130.

<sup>2</sup> P5\_TA(2002)0056.

- C. whereas the need for adequate development assistance is more urgent than ever since, according to estimates by various international agencies:
- 1.2 billion people live on less than USD 1 per day,
  - 800 million people are suffering from chronic malnutrition,
  - mean life expectancy in developing countries (62 years) is much lower than in most industrialised countries,
  - 40% of the world's population is affected by communicable diseases such as malaria and in Africa alone 2 million people die of AIDS each year,
  - more than 80% of global consumption is accounted for by 20% of the world's population,
  - the income of the richest 20% has risen from being 30 times to 82 times that of the poorest 20%,
  - 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,
  - 60% of the poorest people live in ecologically fragile areas,
  - 33% of the world's poorest people are currently experiencing a shortage of water resources and this situation is worsening, such that almost 60% of the poorest populations will be affected by 2025,
  - there are 900 million illiterate people today, with 130 million children never attending school and a further 150 million having had to leave before they achieve literacy,
- D. appreciating the fact that the Monterrey Consensus recognises worthwhile objectives designed to eradicate poverty, but regretting that there are no binding obligations with a time-frame for implementation,
- E. acknowledging that the World Bank has estimated that in the next thirty years the world's poor will double in number and, unless action is taken to address poverty, marginalisation, environmental degradation, conflicts, epidemics and migration, there will be severe global economic and political instability,
- F. regretting the fact that, since 1992, the 21 richest countries have cut their aid to the developing world by 24% and official development assistance 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,
- G. whereas the EU's average ODA contribution dropped from 0.45% in 1990 to 0.33% in 2001,

- H. emphasising that good democratic governance, rule of law, sound economic policies, active encouragement of private-sector businesses, gender equality, respect for the environment and a vibrant civil society are important conditions for sustained economic growth,
- I. appreciating the EU's major role as the largest donor and its valuable contribution to the Monterrey Conference in securing commitment by example in declaring its intention to increase development finance substantially over a fixed time-frame,
- J. acknowledging the value of debt relief for the Heavily Indebted Poor Countries (HIPC)s, but urging further action for those most vulnerable countries devastated by diseases and natural disasters,
- K. noting that the EU's development policy, which is funded through two separate instruments (the European Development Fund and the EU budget), needs to be reformed so that there is better coordination in policy formulation, parliamentary scrutiny and implementation between the Commission, the Parliament and the Member States,
  - 1. Considers the Monterrey consensus as a step in the right direction, while stressing the EU's determination to go beyond that consensus, towards meeting the challenges for which the conference was convened;
  - 2. Reaffirms its commitment to poverty eradication, sustainable development, and the achievement of the development goals set out at the Millennium Summit and at the UN conferences, notably the Monterrey conference on financing for development;
  - 3. Welcomes an increase of Official Development Aid by the EU, pledging to reach 'at least' a USD 20 billion increase by 2006 and USD 7 billion a year more from 2006 onwards in a low-growth scenario, as well as that of the United States, on USD 10 billion until 2007 and USD 5 billion annually from 2007 onwards;
  - 4. Takes note that the EU decision on 0.33% ODA should now form part of the 'acquis communautaire' and represents a target which all future Member States will have to reach;
  - 5. Welcomes the fact that the EU has, for the first time, set a binding Official Development Aid target for Member States, which is intended to bring the Community average up to 0.39% of GDP by 2006, as an interim step towards reaching the UN target of 0.7% of GDP, as Denmark, the Netherlands, Luxembourg and Sweden have already done; 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;
  - 6. Calls on the EU to decide on a mandatory time-frame for reaching the 0.7% of GDP goal by 2010 as one of its contributions to the Johannesburg World Summit on Sustainable Development at the end of August 2002;

7. 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;
8. Notes the issues for consideration presented by the Commission in connection with the exchange of ideas which took place in New York in October 2001 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;
9. Reiterates its opinion that the WTO round should focus its attention on the need for development;
10. Emphasises that trade liberalisation aimed at economic growth must be carried out within a framework that guarantees equity for countries and promotes sustainable use of the environment and its resources;
11. Calls on the industrialised countries to explore new and innovative ways to promote technology cooperation and technology transfer with developing countries, notably LDCs, bridge the digital divide and facilitate 'technological leapfrogging' in areas such as energy, transport, waste management, water management, trade, agriculture and sanitation;
12. Believes that countries need to continue their efforts to achieve a transparent, stable and predictable investment climate, in order to encourage productive private inward investment;
13. Believes that trade is one of the most important external sources 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, should be assessed with a view to being eliminated;
14. Considers micro-finance for the self-employed and low-interest credit for SMEs, especially for women and for rural economic development, to be essential for any programme of poverty eradication in developing countries;
15. Welcomes in particular the Monterrey appeal to donor countries to ensure that resources provided for debt relief are additional to existing Official Development Assistance (ODA) resources and calls on the EU to reaffirm its commitment to this principle through a Council decision;
16. Reaffirms the EU undertaking that 35 % of the 2002 EU development budget should be spent on education and health, as fundamental elements in poverty eradication;

17. 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;
18. Instructs its President to forward this resolution to the Council, the Commission, the governments and parliaments of the Member States, developing countries and the candidate countries, the Secretary-General of the United Nations and its agencies, the IMF and the World Bank.