

The Millennium Development Goals at the Midway Point

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The development committee adopted the report drafted by Glenys **KINNOCK** (PSE, UK) on the Millennium Development Goals – the midway point. Whilst underlining that the overarching aim of development cooperation is and must be the fight against poverty, the committee stressed that this fight is not limited to material growth and that democracy-building and the promotion of basic human rights, rule of law and the principles of justice, equity, transparency and accountability must always be central themes of any such cooperation. Members welcome the action taken by many EU countries in writing off the debt of developing countries, but regretted that at the mid-point in the implementation period for the MDGs, ODA from the EU-15 is decreasing as a share of GNI from 0.44% ODA/GNI in 2005 to 0.43% ODA/GNI in 2006. However, they welcomed the fact that aid provided by the Commission rose by 5.7% to €7.5 billion in 2006, reflecting improved disbursement capacity from the higher level of commitments made in recent years.

The report commended those Member States that have reached or exceeded the 0.7% ODA/GNI target and those that are increasing their actual aid levels, but regretted that some EU-15 countries (such as Italy and Portugal) have missed the interim 0.33% target by a large margin in 2006. The worst inflators of aid were Austria (57%), France (52%), Italy (44%), Germany (53%) and the UK (28%). Germany, which holds the Presidencies of both the EU and G8, would not have reached the target of 0.33% ODA/GNI without inflating its aid. The committee called on the EU and the G8 to disaggregate debt cancellation and relief from aid figures in line with the 2002 Monterrey Consensus. It also urged the EU and the G8 to recognise the growing importance of new donors, and in particular China, and to engage these new donors in a dialogue on approaches and standards for external assistance. MEPs called on the Commission to plan for the clear likelihood that the 10th EDF will not be ratified by all 27 Member States before 2010 and should therefore urgently ensure that funds are available during the transitional period (2008–2010).

Debt relief: possibly as many as 60 countries need all of their debts to be cancelled if they are to have any chance of achieving the MDGs and there are yet more countries that require further debt relief. These include a number of countries with “odious debts”, such as those contracted by South Africa’s former apartheid regime. The committee called on countries to meet their obligations to use funds released by debt relief and cancellation transparently and accountably, stressing that long-term debt sustainability will depend upon responsible lending policies, the provision of appropriate financing, the maintenance of sound economic policies, strengthened debt management and sound public and parliamentary accountability of loan contraction, as well as export performance and particularly export diversification. It called on those Member States which are attaching harmful structural conditions to debt relief, such as privatisations, sectoral restructurings, trade and financial liberalisation and links to macroeconomic targets of the International Monetary Fund (IMF), to end this practice.

Financing human and social development: Members urged the EU to increase its ODA commitments to education to fill the €5.3 billion financing gap, and to increase its proportion of global ODA for health from the current 6.6%, in order to help bridge the financing gap of €11.9bn per year of the total estimated €21bn per year needed to fulfil global health spending needs. The African Union (AU) must continue its support for the Abuja Declaration of 2001 which confirms that countries should allocate at least 15% of their national budgets for healthcare. The committee regretted that only two African States have met this promise.

Priorities in human and social development: it is a priority to ensure that 'hard to reach' children – those from conflict affected fragile states, those with disabilities, from remote regions, chronically poor families or those excluded on the grounds of ethnicity – can access their right to basic education. Members deplored the fact that virtually no country in Africa is on track to achieve the MDGs for maternal and child health, and noted that progress on child mortality lags behind other MDGs despite the availability of low cost interventions. They believed that health care infrastructure deserved stable and long term financial support from national budgets and international assistance in order to deliver on the health-related MDGs, such as reducing infant mortality by increasing immunization coverage, reducing maternal mortality by increasing access to skilled professionals, supporting research and development of and access to new diagnostics and therapies, providing safe drinking water and sanitation, and scaling up significantly towards the goal of universal access to prevention, treatment, care and support of HIV/AIDS, Malaria, TB by 2010.

Aid quality and poverty focused development cooperation: the committee believed that micro-financing is one of the most essential instruments in the fight against poverty as it empowers the poor themselves to actively participate in this fight. Gender specific priorities and children's rights need to be re-focused in Community development policy as basic rights and as part of the governance criteria applied under the Cotonou Agreement and elsewhere. MEPs expressed concern about the lack of flexibility in EC programming which defines limited priorities at the start of a programming cycle and then does not allow for new issues to be supported, even if requested directly by partner governments. The long-term goal of development cooperation must be to create the conditions for sustainable economic, social and environmental development. The committee underlined the need to promote public-private growth initiative partnerships, including support measures to small and medium-sized enterprises, to raise productivity and employment.

Trade: the EU must adopt a coherent policy between its trade, fisheries, development cooperation and common agricultural policies to avoid direct or indirect negative impacts on the economy of developing countries. Opening up trade can be one of the most effective drivers of economic growth, but it needs to be complemented by redistributive and social domestic policies in order for poverty to be reduced. The committee called on the EU to make a maximum effort to end the stalemate in the WTO negotiations. It noted that, according to the Chair of the deadlocked Doha Round, in order to facilitate a development friendly agreement, the EU must envisage cutting its trade distorting agricultural export subsidies by an estimated 70% and that agreement on subsidy and tariff cuts must be reached in order that the negotiations are concluded by the end of 2007. In addition, conditions for market access, technical barriers to trade and restrictive Rules of Origin need to be addressed, as do serious capacity constraints.

Lastly, on **budget support**, the report insisted that the EU and partner governments:

- ensure that budget support always takes the form of sector specific budget aid that earmarks money for a specific sector in which the funding should be spent;
- use poverty-related targets that directly measure the outcome of policies instead of budgetary input and output;
- put in place mechanisms and monitoring tools to ensure that an adequate proportion of General Budget Support aid is supporting basic needs, particularly health and education. This must be accompanied by support for capacity building. A percentage of 0.5 % of the granted budget support should be reserved exclusively for civil society watchdogs.