# EUROPEAN COUNCIL, 19-20 JUNE 2008

EU COUNCIL SECRETARIAT

## *~FACTSHEET N° 2 ~*

## THE MILLENNIUM DEVELOPMENT GOALS

The European Council will examine progress towards the UN's millennium development goals (MDGs) and look at possible means of accelerating progress, as it agreed last December.

It will focus on three dimensions of the EU's policy:

- increasing the volume of aid;
- increasing aid effectiveness, i.e. the impact of aid in the reduction of poverty;
- taking development into account when implementing other policies - trade, agriculture, environment, security, etc..

Established by world leaders at the UN millennium summit in New York in September 2000, the MDGs consist of eight goals to be reached by 2015: eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and empowering women; reducing child mortality; improving maternal health; combating HIV/AIDS, malaria and other major diseases; ensuring environment sustainability; and developing a global partnership for development.

The European Union is the world's biggest aid donor, collectively (27 member states and the Commission), and has a leading role in the debate on aid and development.

The European Council is expected to consider that all of the MDGs can still be attained in all regions of the world, provided that concerted action is taken immediately and in a sustained way over the seven years that remain for fulfilling them. At the same time, however, it will express concern at under-achievement in many countries and regions, in particular in sub-Saharan Africa.

**P R E S S**

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## Aid volume

In May 2005, the EU committed itself to the UN's aid target of 0.7% of gross national income (GNI) by 2015. Shortly afterwards, the Gleneagles G-8 summit signed up to this target.

To underscore its commitment, the EU took extra steps to bind itself to the target. Firstly, it set itself an intermediate target of 0.56% of GNI by 2010. Secondly, the Council asked the Commission to submit annually a report on progress towards these targets, with a view to holding an annual debate. These are additional steps to which no other countries have committed themselves.

While monitoring of the Gleneagles commitments has shown serious shortfalls globally, the collective EU performance since 2005 has been broadly on target. Aid in 2006 was ahead of the trend, though in 2007 it fell slightly behind; the forecast for 2008 is good. If efforts are sustained, the 2010 and 2015 targets will be met.

Collectively, the EU provided EUR 47 billion in 2007, compared with EUR 35 billion in 2004. The commitment made in 2005 to reaching EUR 66 billion in 2010 was confirmed this year by the Council, at its meeting on 26 and 27 May.

Four countries have *already* reached the 2015 target of 0.7% of GNI, three of which are EU member states, although some EU member states need to strengthen their efforts. In order to keep its commitment alive, the EU has processes to map and monitor progress towards the goals.

The question of financing for development will be reviewed at a UN conference in Doha in November and December.

## Aid effectiveness

To eradicate poverty and achieve the millennium development goals, it is not enough to increase aid volumes. It is also necessary to plan and organise the use of aid so that it has maximum impact. The OECD organised a conference in Paris in 2005 (attended by about 90 countries) that adopted the Paris Declaration on Aid Effectiveness. The EU played a major role in shaping the declaration and is at the forefront in implementing it. The OECD will organise a further conference, in Accra in September, in order to review progress and trace the road ahead.

The Paris Declaration lays down specific principles, stating in particular that:

- developing countries should have national strategies with clear priorities linked to expenditure programmes;
- donors should align their aid with developing countries' strategies;
- aid should be "untied", i.e. there should be no link between the granting of aid and the purchase of goods and services in the donor country by means of that aid;
- aid should be predictable (that is, planned multi-annually);
- donors should work together in order to harmonise and coordinate amongst themselves.

The adoption of these and other principles led to specific actions being identified and to the creation of indicators to measure progress. The EU unilaterally made four additional commitments in 2005.

One of the main steps taken by the EU was the adoption in 2007 of a voluntary code of conduct on the "division of labour", i.e. ensuring the complementarity of aid activities and the division of tasks amongst member states. The code is intended for tackling the problems of duplication, fragmentation and gaps in (member state and Commission) aid programmes. The main ideas are that EU donors should:

- limit their activities to three sectors in each partner country
- work to correct the imbalance between those partners that are relatively neglected (such as fragile states) and those that are relatively well served by aid programmes
- analyse their strengths, focus on their comparative advantages and then concentrate on areas where they can add greatest value.

The EU is unique in having such a code and in starting to implement it. Some member states have begun to scale back in some partner countries and intensify their efforts in others. As a result, the overall development effort in each partner country is maintained, and is now of better quality since it involves fewer but better-coordinated donors, with less bureaucracy and fewer administrative burdens. Last month, the Commission made a proposal to member states on implementation, suggesting to delegate to them its sectors of activity in some partner countries. In return, it expects that member states will delegate some of their activities to the Commission.

In September, it will be time to take stock at the conference in Accra. Current information suggests that, even if the EU has done more than most to implement the Paris Declaration, there will remain much work for donors and beneficiary countries alike.

## Using a range of policies to support development

<u>Agriculture</u>

- The EU's 2003 reform of its common agricultural policy (CAP) has been extended in several stages and now covers virtually all sectors. A number of factors have driven these reforms, one of which was the need to take into account the needs of development policy, for example in the reform of the sugar sector.
- Roughly 85% of CAP funds are spent on rural development programmes and on income support payments that are independent of production but conditional on environmental, animal welfare and food safety criteria. These subsidies are categorised by the WTO as the least trade-distorting for the global markets in which developing countries compete.

- Much-criticised export refunds have been drastically reduced. They were halved between 2000 and 2006, then halved again in 2007 (to about EUR 1.4 billion). With high food prices on global markets, they are in practice virtually inexistent this year. The EU has undertaken to abolish them by 2013 if other countries do likewise with similar export support instruments.
- The EU has no public stocks of beef, butter, milk powder, cereals, etc.. The instruments that create these stocks were substantially changed in the 2003 reforms so that they provide a last-resort safety net that is unlikely to be activated while prices remain high.

Trade

- EU markets are essentially open to developing countries. In 2006:
    - 70% of imports from all developing countries were at zero duty;
    - 88.5% of imports from the least developed countries (LDCs) were at zero duty;
    - 98% of imports from African, Caribbean and Pacific countries were at zero duty.
- During the 2003-05 period, the EU imported EUR 38 billion worth of goods from developing countries, more than the United States, Canada, Japan, Australia and New Zealand combined.
- Imports from developing countries (excluding China) are growing at about 14% annually, including in agriculture (+12%) and textiles (+25% from the LDCs).
- The EU is one of the strongest advocates of an ambitious development dimension to the WTO's Doha round of world trade negotiations. The Doha round aims to increase market access, strengthen rules and integrate developing countries in world trade. Special and differential treatment is foreseen for developing countries. LDCs will be free from market-opening obligations in agriculture, non-agricultural market access and services, whilst other poorer and more vulnerable developing countries will be expected to provide only very limited commitments. LDCs will also benefit from duty-free and quota-free access to developed country markets for 97% of their tariff lines.