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DIRECTORATE B
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**The European Development policy
and the Millennium Development Goals**

Introduction

The European Union is the biggest donor worldwide with 55% of Official Development Assistance (ODA) and the biggest trading partner of the developing world. Amongst many other projects the EU has developed a unique partnership with 77 developing countries in the African, Caribbean and Pacific (ACP) Regions called the Cotonou agreement. This agreement takes together trade, aid and political relations and provides a comprehensive framework for mutual partnership.

Millennium Development Goals (MDGs)

The Millennium Declaration was adopted in September 2000 by 189 world leaders who committed to "*free all men, women and children from the abject and dehumanizing conditions of extreme poverty*" by the year 2015. For that purpose, eight Millennium Development Goals have been drawn:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

In light of limited progress towards the Millennium Development Goals, in particular in sub-Saharan Africa, the EU undertook to reinforce its political lead in development. In June 2005, the European Council decided to increase the Official Development Aid provided by Member States to an average of 0.56% of GNI by 2010, which will deliver an extra of approx. €20 billion per year by 2010, and to 0.7% in 2015.

In 2005, the Commission, the European Parliament and the Council signed the first common Development Policy Statement (called the European Consensus), to increase of the efficiency of EU aid through coordination and harmonisation between Member States. Also in December, The European Council agreed on an EU Strategy for Africa, to focus more on this continent, which should receive at least 50% of the aid increase.

The European Consensus on Development

The European Consensus on Development is a policy statement jointly adopted by the Council and the representatives of the governments of the Member States meeting within the Council, the European Commission and the European Parliament, on the 20 December 2005. It reflects the European Union willingness to make a decisive contribution to the eradication of poverty in the world and to help build a more peaceful and equitable world.

The first part of the Statement, named *the European Union Vision of Development*, sets out common objectives and principles for development cooperation. It reaffirms EU commitment to poverty eradication, ownership, partnership, delivering more and better aid and promoting policy coherence for development. It will guide Community and Member States development cooperation activities in all developing countries, in a spirit of complementarity.

The primary and overarching objective is the eradication of poverty in the context of sustainable development, in line with the international agenda, the *Millennium Development Goals* in particular. It considers poverty in its multidimensional aspects, in its economic, social and environmental dimensions. Therefore its eradication requires supporting poor people in all developing countries. EU development cooperation will promote common values and effective multilateralism. The common principles of development cooperation activities are ownership and partnership, in-depth political dialogue, participation of civil society, gender equality and a continuous engagement towards preventing state fragility. The EU has committed to increase aid budgets and to achieve 0.7% of GNI by 2015. The EU will provide more but also better aid, through the implementation and monitoring of its commitments on *aid effectiveness* in all developing countries, including setting concrete targets for 2010. Debt reduction will be used where necessary and the untying of aid will be further promoted. The EU will advance policy coherence for development in a number of areas. It acknowledges the contribution of development cooperation to addressing global challenges and making globalisation a positive force for all of mankind

The second part of the Declaration, entitled *the European Community Development Policy*, defines how the Community will implement the European vision on development set out in the first part, for the resources entrusted to the Community.

The Community promotes a differentiated approach based on the particular country or region needs, priorities and assets. In all its activities the Community will apply a strengthened approach to mainstreaming the following cross-cutting issues: democracy, good governance, human rights, the rights of children and indigenous peoples; gender equality; environmental sustainability; and the fight against HIV/AIDS. Support to global funds and initiatives that are clearly linked to the Millennium Development Goals and to global public goods will continue. The commitments for improved policy coherence for development will be reflected in a rolling work programme to be prepared by the Commission and the Member States. Community decisions and choices of aid modalities will be tailored to countries' need and contexts; where conditions allow, budget support will be the preferred modality. The reform of external assistance launched in 2000 has speed up the implementation of Community assistance and improved the quality of aid delivery. Further improvements will continue to be made. The

Commission will therefore fully take into account the lessons drawn from the assessment of the 2000 EC Development Policy and will ensure the *European Consensus on Development* is applied consistently in Community development programmes in all developing countries.

The Parliament was fully involved in the drafting of the consensus through its rapporteur, Anders Wijkman. It adopted a resolution, before the final signature, on 17 November 2005. The EP stressed the need for capacity-building in the public and in the private sector, and the need to associate parliaments from beneficiary countries in the planning and scrutinising of development policy. MEPs also think that the EU should address the lack of coherence between other policy areas and development policy.

The strategies for Africa, Caribbean and Pacific

On 12 October 2005, the Commission adopted an *EU Strategy for Africa* which focuses on key requirements for sustainable development such as peace and security, good and effective governance, trade, interconnectivity, social cohesion and environmental sustainability. In addition it reaffirms the commitment to increase EU aid and to improve its effectiveness. The Parliament adopted a resolution on the strategy, the 17 November 2005. Among many other issues the Parliament notes that fragile States must be approached using policy instruments compatible with the prevailing circumstances and that budget aid must carefully be assessed on a case by case basis. It recognises that donor community efforts should complement the shift and impact of renewed African self-confidence manifested in the newly created institutions, the AU and the regional bodies. MEPs also reaffirmed that political will, in donor countries as well as in Africa, is the key factor for reaching the MDGs. On 15/16 December 2005, the European Council adopted the strategy, stressing the need for an enhanced political dialogue.

On 2 March 2006, the Commission adopted a communication on the *EU Strategy for the Caribbean*. The strategy proposes a political partnership based on shared values, in particular on good governance, aims to address economic and environmental opportunities and vulnerabilities and to promote social cohesion and combating poverty. Indeed the Caribbean region has embarked on a path of regional integration and economic diversification, restructuring and reform. In its strategy, the Commission supports this development as a means to harness the opportunities of globalisation by the mostly small and economically vulnerable Caribbean states. The Parliament should adopt a resolution on this strategy in the coming weeks.

Another communication concerning the Pacific region should be released in May 2006.

Aid Effectiveness Package

In 2005, the European Union committed itself to radically improve the impact of its development cooperation through initiatives for more aid, delivered faster and more effectively, in order to meet the challenges of the Millennium Development Goals. The purpose of the "aid effectiveness package" adopted by the Commission on 2 March 2006 is to translate these commitments into action. For this purpose an action plan containing nine concrete, time-bound deliverables is proposed. Some actions, like the precise mapping of EU assistance through regional donor atlases, the support of local coordination processes and the development of a common framework for programming of assistance, may be launched immediately. Other, such as the proposed co-financing mechanism for EU funds, may be implemented within the next four years. The Parliament will also adopt a report on the three communications.