



EU Report  
on Millennium Development Goals  
2000-2004

EU contribution to the review of the MDGs  
at the UN 2005 High Level Event



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**EU Report on Millennium Development Goals 2000 – 2004**

**EU contribution to the review of the MDGs at the UN 2005 High Level Event**

COMMISSION STAFF WORKING DOCUMENT

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## 1. INTRODUCTION

In September 2005, the UN General Assembly will review the progress made by UN Members in the implementation of the Millennium Declaration, and the global development agenda agreed at the Millennium Summit of 2000. It will look at contributions of both developed and developing countries towards attaining the Millennium Development Goals (MDGs), and will discuss how to accelerate progress in view of ensuring that the MDGs will be reached by all countries by 2015 at the latest.

In preparation for this UN High Level Event the European Commission services have compiled this **EU Synthesis Report**. The report explains how the EU, as the world's biggest donor and major trading partner, has contributed towards past progress on the MDGs. The report is based on the **national reports** prepared in 2004 and 2005 by the EU Member States<sup>1</sup> and (in the case of the EC report) by the Commission<sup>2</sup>. It follows the common EU reporting format agreed in June 2004.

This synthesis report describes the major contributions, efforts and activities of the EU and its Member States in support of the MDGs. It provides information on the extent to which the EU has focused its strategies, procedures and instruments on the achievement of the MDGs. It gives examples of specific EU contributions to MDG1-7. It sets out, in some statistical detail, what the EU has invested in the global partnership for development of MDG8 and in ensuring environmental sustainability within the EU (MDG7, target 9). Finally, it lists some specific actions that are currently foreseen to enhance the implementation of the MDGs. Through this report the EU aims to reconfirm to its citizens, its NGOs and civil society, its development cooperation partners and the global community at large its full and continued commitment to the MDGs. In this context the report also aims at raising public awareness and support and at stimulating debate on MDGs and the EU's responsibilities and capacities in this framework.

This synthesis report does not pretend to provide a complete picture of the EU contribution. The full description of the many initiatives of EU Member States is found in the national reports, which add up to more than 730 pages of text. The synthesis report does not aim either to attribute progress on MDGs to EU inputs. The EU is fully aware that if one donor builds a road, a second constructs a hospital and the third pays for doctors and vaccines, it is impossible to say which of them can claim to have brought down child mortality. As a matter of fact the EU would argue that all of them contributed, but that eventually the success can only be attributed to the developing country that implements the vaccination policy and programmes.

Together with this synthesis report the Commission is also presenting, in separate documents, proposals for further EU political commitments and actions in the context of the MDGs. These Commission Communications deal with (1) **accelerating progress towards attaining the MDGs**<sup>3</sup>, (2) **financing for development and aid effectiveness**<sup>4</sup>, (3) **policy coherence for development**<sup>5</sup>. These proposals – that are not discussed in this report – will provide the basis for the actual EU policy response to the MDG challenge for the period 2005-2010.

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<sup>1</sup> See annex, for full list of prepared reports.

<sup>2</sup> *EC Report on Millennium Development Goals 2000 – 2004*, October 2004, SEC(2004)1379.

<sup>3</sup> Communication on *Accelerating progress towards attaining the MDGs*, April 2005.

<sup>4</sup> Communication on *Financing for development and aid effectiveness*, April 2005.

<sup>5</sup> Communication on *Policy coherence for development*, April 2005.

## 2. FOCUS OF EU DEVELOPMENT POLICIES AND INSTRUMENTS

### 2.1. Development policies

#### 2.1.1. Converging objectives

During the 1990's the policies and practices of development cooperation were gradually integrated into a new global development framework aimed at poverty eradication, promotion of gender equality, access to primary education, improving health and provision of other basic services, as well as sustainable development, and the establishment of global partnerships. The EU and its Member States have been major forces in this process.

In September 2000 world leaders from 189 nations agreed and signed the UN Millennium Declaration, binding them inter alia to a global project to decisively reduce extreme poverty in all its key dimensions. The Millennium Development Goals (MDGs) that derive from the development part of the Declaration provide an agenda for global action. This agenda and the outcomes of the World Social Summit, the World Summit on Sustainable Development, the Doha Development Agenda and the Monterrey Consensus are mutually supportive processes and essential building blocks of a worldwide partnership for sustainable development.

The EU has expressed its full commitment and dedication to the MDGs on several occasions. In June 2004, immediately after the accession of ten new Member States, the European Council declared that *'The Union must continue to strengthen its leadership role in the fight against global poverty. The European Council expresses its concern at the faltering progress towards the achievement of the Millennium Development Goals, especially in Africa. It reiterates that the EU will intensify its efforts to fulfil the commitments undertaken in Monterrey, including through the exploration of innovative sources of financing, and will strongly support UN attempts to accelerate progress towards the achievement of the Goals'*<sup>6</sup>.

The EU objective of poverty eradication and its commitment towards internationally agreed development objectives are also enshrined in the new EU Constitution<sup>7</sup>.

#### EU Constitution

*'(...) Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty. (...) The Union and the Member States shall comply with the commitments and take account of the objectives they have approved in the context of the United Nations and other competent international organisations.'* (art. III-316)

*'(...) The Union shall define and pursue common policies and actions, and shall work for a high degree of cooperation in all fields of international relations, in order to (...) foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty (...).'* (art. III-292)

<sup>6</sup> Conclusions European Council, Brussels, 17-18 June 2004.

<sup>7</sup> The Treaty establishing a Constitution for Europe has been signed in Rome on 29 October 2004 and shall enter into force on 1 November 2006 if all Member States have ratified it.

### 2.1.2. Alignment of EU development policies with MDGs

Since 2000 EU Member States and the Commission have made, or are in the process of making, an effort to better align their development cooperation policies and practices to the overall objectives of poverty eradication and the achievement of the MDGs. The national MDG reports give the full details on this process. The following are short extracts of what each of these reports say on this issue:

**Austria:** Austria's *Development Co-operation Act 2002/2003* defines as general objectives the elimination of poverty, maintenance of peace and human security and protection of the environment. The rolling Three-Year Programme on Austrian Development Policy 2005-07 refers to the MDGs as the overriding orientation for development cooperation. Since 2000, Austria pursues the poverty reduction objective by prioritizing the poorest countries, especially needy regions and disadvantaged target groups. Strategy documents are under review to effectively enhance such a pro-poor policy.

**Belgium:** The *Law on International Cooperation* of May 1999 formulates the global objective of Belgian development assistance as "sustainable human development", to be achieved through poverty reduction based on a partnership approach. This coincides with the vision of the Millennium Declaration. Belgium concentrates its cooperation on a few selected domains: basic health care including reproductive health, basic education, agriculture and food security, basic infrastructure and the reconstruction of society. Gender equality and the empowerment of women, social economy and environmental sustainability are considered cross-sectoral themes.

**Czech Republic:** In January 2002, the government adopted the *Concept of Czech ODA for 2002-2007*, defining principles and priorities of development cooperation, and adopting a multidimensional approach to the concept of poverty reduction. In April 2004, the government approved the new *Guidelines for Providing Development Assistance* that regulate the co-ordination and management of aid.

**Cyprus**<sup>8</sup>: Cyprus development cooperation is provided in the form of technical assistance and humanitarian aid, especially in the field of vocational training in Africa. Cyprus is in the final stage of establishing the appropriate legal framework.

**Denmark:** The Danish development strategy, established in the light of the Millennium Declaration, is closely linked to all the MDGs, and in particular to the MDGs on health, education and gender. Key priorities are outlined in the Government's 5 year rolling strategic plan *Vision for New Priorities in Danish Development assistance 2005-2009*. A number of crosscutting themes are built into Danish's development cooperation: women's participation in development, environment, promotion of democracy and human rights. The poverty orientation of Denmark's aid is further reflected in the choice of programme countries, which are amongst the poorest in the world.

**Estonia:** Estonian objectives and priorities for development co-operation policy are based on the MDGs. They are outlined in the *Principles of Estonian Development Co-operation* approved by the Parliament in January 2003.

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<sup>8</sup> Cyprus did not produce a MDG report. The information in this paragraph has been provided by Cyprus's Ministry of Foreign Affairs.

**Finland:** The *Resolution on Development Policy* of February 2004 reaffirms Finland's commitment to the Millennium Declaration and the MDGs, and provides an updated framework for the implementation of development cooperation. Eradication of extreme poverty has been articulated as the overarching objective of development cooperation, in line with the MDGs. The new Development Policy gives increased emphasis to policy coherence, value added and partnerships with non-state actors, with a particular focus on new initiatives to promote private sector involvement and cooperation between institutions.

**France:** France aims at a precise focusing of its development cooperation on the achievement of the MDGs. With this view, the Interministerial Committee for International Cooperation and Development decided in July 2004 to have a more selective country programming and better focused sectoral strategies. In consistency with the MDGs, these multiannual strategies will focus on basic education, water and sanitation, health and AIDS, agriculture and food security, development of infrastructure in Sub-Saharan Africa, environment and biodiversity.

**Germany:** The Millennium Declaration, including the MDGs, guide the medium-term design of German development cooperation. Poverty reduction, peace building and achieving justice in globalisation are the main goals of German development policy. The German government's *Program of Action 2015*, published in April 2001, describes German contributions to the Millennium Declaration and provides a development policy framework for the fight against poverty. The MDGs are embodied in the objectives of German development policy.

**Greece:** The legal basis for the Greek development cooperation was established by law in 1999. The objective of poverty reduction and the achievement of the MDGs are at the core of Greece's development policy. The current policy framework specifies sectoral and geographical priorities, where Greece can provide comparative advantages. A series of key priorities for future action are identified in this context, including health, primary education and gender.

**Hungary:** The *Concept Paper of the Hungarian development co-operation policy* of July 2001 sets out the institutional, legal and financial framework of Hungarian development cooperation. Poverty reduction is Hungary's principal development goal, and its policy concentrates on areas where Hungary can offer comparative advantages, such as transition processes, education, health, agriculture and water management.

**Ireland:** The report of the Ireland Aid Review Committee, approved by the Government in 2002, endorsed the MDG framework and reiterated Irish commitment to poverty reduction. All of the policies and activities of the Irish development programme are judged against this commitment and in their ability to achieve progress towards the MDGs. The programme also focuses on sectors critical to the success of the MDGs: education, health, HIV/AIDS, water and sanitation. Gender and environmental sustainability are addressed as crosscutting issues.

**Italy:** Italy's development cooperation is inspired by the Millennium Declaration and the MDGs. Italy's policy is essentially intended to achieve the objectives of eliminating poverty and fostering economic and social development, along with the promotion of health, starting with the fight against the major diseases, especially in Africa.

**Latvia:** The Latvian government adopted the *Basic Principles for Development Co-operation Policy* in February 2003. These set out the sectors of support, such as sharing its reform experiences. With its *Policy Plan for 2005*, Latvia has now launched its first bilateral development cooperation programs.



**Lithuania:** The government of Lithuania approved in May 2003 a Policy Paper for the provision of development assistance for the period 2003-2005. The overall objectives of Lithuanian development cooperation policy are based on the Millennium Declaration.

**Luxembourg:** Poverty reduction and sustainable development are key objectives in Luxembourg's development cooperation programme. Luxembourg seeks to contribute to the achievement of the MDGs. Its development cooperation action concentrates on the areas of education, basic health, water as well as rural development. Special emphasis is also given to gender, environment and the transfer of knowledge.

**Malta<sup>9</sup>:** Malta's objectives and priorities for development co-operation policy are based on the goals set out in the UN Millennium Declaration. Malta has recently established a Unit for Development Cooperation within the Ministry of Foreign Affairs and is in the final stage of developing a comprehensive development policy.

**Netherlands:** In the policy memorandum *Mutual Interest, Mutual Responsibilities: Dutch development cooperation policy for the coming years* of October 2003, the Dutch government confirms the central role of sustainable poverty reduction in its policy, stating that the MDGs are the means to achieve this objective. Development cooperation concentrates on four priority themes: education, sexual and reproductive health and rights, fight against HIV/AIDS and environment and water.

**Poland:** The *Strategy of Poland's Development Co-operation* of October 2003 mentions poverty reduction and sustainable development as its overriding objectives. The Strategy outlines the future institutional system of aid policy and management structure that is envisaged to be in force as from 2005.

**Portugal:** Portugal has been pursuing its development policy in line with the MDGs. With a view to achieve the ultimate goal of reducing poverty, Portugal's priorities are on education, health, governance, civil society and social services. Portugal focuses its aid on the least developed countries, mainly the five Portuguese-speaking African countries and East-Timor.

**Slovak Republic:** The establishment of the Slovak Republic aid mechanism was completed in 2003, and now includes strategic documents, an institutional structure, human resources and a legal framework. The Slovak Medium-Term Strategy sets the basis for a Slovak development cooperation programme. The Slovak Republic gave its unconditional support to the MDGs.

**Slovenia:** Slovenia focuses its development cooperation on countries in South East Europe and aims to assist them in building up capacities and reconstructing their societies. This approach is based on the Government decision in 1999 concerning the Stability Pact for South East Europe and is following the principles incorporated in meeting the MDGs.

**Spain:** The fight against poverty is the main objective of the new *Master Plan for Spanish Cooperation 2005-2008*, which aims to align itself with the objectives established in the Millennium Declaration and the MDGs. The Plan includes a commitment to increased funds to LDCs, particularly in Sub-Saharan Africa; and a greater focus on basic education, gender, water and basic sanitation. The new Master Plan confirms the principles and objectives

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<sup>9</sup> Malta did not produce a MDG report. The information in this paragraph has been provided by Malta's Ministry of Foreign Affairs.

established by current international commitments, and is in line with the Spanish *Law on International Cooperation for Development* passed in 1998.

**Sweden:** *Sweden's Policy for Global Development*, adopted by Parliament in December 2003, has a single common goal for all policy areas: to contribute to equitable and sustainable global development. It forms the basis for a coherent Swedish policy for global development. This overall policy has the aim to contribute to the fulfilment of the Millennium Declaration and the MDGs. In the particular context of development cooperation Swedish policy efforts are targeted at contributing to an environment supportive of poor people's own efforts to improve their quality of life.

**United Kingdom:** The UK Government has expressed its commitment to the reduction and elimination of poverty through international partnership. Its development policy is focused around efforts to accelerate progress towards achievement of the MDGs. The Department for International Development (DFID) has made the MDGs the main focus of all its work. Development policy is set out in a series of White Papers and through the *International Development Act*, which came into force in June 2002, and which establishes the legal basis for UK development assistance.

**European Community:** Since November 2000 the Community has had a single overall framework which guides its development policy and cooperation with developing countries<sup>10</sup>. The EC policy statement is compatible with the Millennium Declaration objectives and orientations, in particular with the overall objective of the reduction and eventual eradication of poverty. In early 2005, the Commission has initiated a process to review the 2000 development policy statement, in view of further enhancing its effectiveness and its alignment with internationally agreed commitments, including the MDGs.

### 2.1.3. *Measuring progress towards the MDGs*

As explained in the introduction of this report, the EU does not aim to attribute progress on MDGs to specific donor inputs. EU policies can contribute to establishing the right basis and providing the necessary means to allow developing countries to achieve the MDGs. But eventual progress is made by developing countries, not by donors.

This is not to say that the EU should not try to measure actual **progress** towards the MDGs. It should, and it does. The Commission, in close collaboration with the EU Member States and international organisations such as the World Bank, UNDP and the OECD/DAC, has identified a core set of ten **key indicators**<sup>11</sup>, drawn from the list of 48 MDG indicators. The indicators were selected on the basis of data availability, reliability and the frequency with which they were included by countries for their PRSP monitoring.

From 2003 onwards the Commission started to use the ten key indicators to assess the performance of the countries and regions where it provides development assistance<sup>12</sup>. In order to further focus on the outcomes in relation to the MDGs, the Commission has also put in

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<sup>10</sup> Declaration by the Council and the Commission on the European Community's development policy, Ref 13458/00 of 16 October 2000.

<sup>11</sup> (1) Proportion of the population below \$1 a day; (2) Prevalence of child malnutrition (underweight children) under-five years of age; (3) Net enrolment ratio in primary education; (4) Primary completion rate; (5) Ratio of girls to boys in primary, secondary and tertiary education; (6) Under 5 mortality rate; (7) Proportion of 1 year old children immunised against measles; (8) Proportion of births attended by skilled health personnel; (9) HIV prevalence among 15-24 years old pregnant women; (10) Proportion of the population with sustainable access to an improved water source.

<sup>12</sup> Additional efforts are undertaken to disaggregate the indicators in order to enhance pro-poor monitoring.

place indicator frameworks and established a methodology for measuring progress in health and education in the countries where these are given support by the EC. All indicators are progressively being incorporated into Country Strategy Papers (CSPs) through the annual and mid-term reviews, to ensure a more systematic analysis of results achieved in terms of poverty reduction.

While useful as a measuring tool, indicators do not tell the full story. Not everything can be measured. MDGs are closely **interrelated**, and development strategies rarely target just one objective. To give just a few examples: combating HIV/AIDS is impossible without addressing women's empowerment as a central concern. Reducing the proportion of people living in extreme poverty or suffering from hunger requires sustainable water use in agriculture and combating land degradation. Lack of access to clean water and sanitation has a major impact on health, notably child mortality, and adds to the burden of already strained public health budgets.

Moreover, it should be underlined that many EU interventions contribute to creating a **conducive climate** for achieving the MDGs, although they are not reflected in any of the indicators mentioned above. Yet, these interventions are essential to accelerating progress towards the MDGs. Examples: the EC and other Member States' choice to provide a larger share of its assistance in the form of **budget support** allows the financing of recurrent costs, and gives the EU a stake in discussions on government budget priorities. The fact that an important proportion of EC development cooperation is targeted at the **transport** sector helps developing countries to create an indispensable infrastructure basis for economic development and effective delivery of basic services.

It is also clear that the MDGs cannot be achieved in conditions of chronic insecurity, which is often linked to government failures. The importance of assisting partner countries in addressing the **root causes of conflict** at the earliest possible stage has been promoted by the EU in recognition of the links between governance, peace, security, environmental resources and development.

## 2.2. Aid effectiveness

The objective of enhanced aid effectiveness, and in particular of coordination and complementarity between EU and Member States' development policies, has a firm legal basis in the new EU Constitution.

### EU Constitution

*'(...) The Union's development cooperation policy and that of the Member States shall complement and reinforce each other (...).'* (art. III-316)

*'In order to promote the complementarity and efficiency of their action, the Union and the Member States shall coordinate their policies on development cooperation and shall consult each other on their aid programmes, including in international organisations and during international conferences. They may undertake joint action. Member States shall contribute if necessary to the implementation of Union aid programmes.'* (art. III-318-1)

There is a strong EU commitment to enhance the quality and effectiveness of aid. Issues that are mentioned in the national MDG reports include: **coordination** of donor policies; ensuring **complementarity** and avoiding duplication between donor interventions; **harmonisation** and simplification of donors' procedures, strategies and activities; aligning aid with **developing countries' priorities**, procedures and practices; ensuring rationalisation to **reduce**

**transaction costs** and administrative burden for developing countries; apply lessons of **best practice**.

### 2.2.1. *Converging objectives*

In March 2002, the European Council in Barcelona adopted a series of commitments to increase the quantity and quality of EU development assistance (see section 4.2.1. of this report). One of these so-called **Barcelona commitments** focuses on aid effectiveness. It called on the EU and its Member States to ‘*improve aid effectiveness through donor coordination and harmonisation, and take concrete steps to this effect before 2004*’.

Since 2002, the majority of Member States, as well as the Commission, have reformed the way they prioritise, organise and implement their external assistance. Nevertheless concrete implementation of political commitments is not yet concluded. Within the context of the OECD/DAC, the EU has been working towards a credible and ambitious “EU fast track” to implement the Barcelona commitment on aid effectiveness. In November 2004, the EU Member States adopted an **EU Action Plan for coordination and harmonisation**<sup>13</sup>.

The international process on coordination received a strong impetus through the second High Level Forum on Aid Effectiveness (HLF II) of Paris in March 2005<sup>14</sup>, which provided a comprehensive agenda for immediate implementation.

#### **Paris High Level Forum**

At the Paris High Level Forum on “Aid Effectiveness: Harmonisation, Alignment and Results” in March 2005, international donors and aid recipients agreed on monitorable commitments related to ownership, harmonisation, alignment, results and mutual accountability.

The Paris High Level Forum is a follow-up to the High Level Forum on harmonisation held in Rome (February 2003) and the core principles put forward at the Marrakech Roundtable on Managing for Development Results (February 2004).

In preparation of the HLF II, the EU adopted a comprehensive framework with time-bound objectives. It is based on the Council Conclusions on harmonisation in November 2004. Moreover, the EU committed itself in Paris to additional concrete targets, in particular to: (1) provide all capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements, (2) channel 50% of government assistance through country systems, (3) avoid the establishment of new project implementation units, (4) double the percentage of assistance provided through budget support or sector wide arrangements and (5) reduce the number of un-coordinated missions by 50%.

### 2.2.2. *Complementarity, coordination and harmonisation*

The MDG reports indicate that EU Member States development cooperation strategies are increasingly based on developing country’s **national poverty reduction strategies** or similar frameworks<sup>15</sup>. Poverty Reduction Strategy Papers (PRSP) and national poverty plans provide

<sup>13</sup> Report *Advancing Coordination, Harmonisation and Alignment* of the EU Ad Hoc Working Party on Harmonisation adopted by the Council in November 2004.

<sup>14</sup> Paris Declaration on Aid Effectiveness, Paris High Level Forum, 28 February to 2 March 2005.

<sup>15</sup> For instance, UK’s Country Assistance Plans are based on national PRSPs and national poverty plans. France’s *Documents Cadre de Partenariat* and Spain’s development strategies are established in coherence with PRSPs and EC Country Strategy Papers. In Finland, PRSPs and the MDGs form the basis for cooperation. In Germany, PRSPs partly form the basis for cooperation.

the operational framework for making progress towards the MDGs at country level. Priorities for poverty reduction are identified, agreed and monitored through participatory processes. This improves policy dialogue with developing countries, partner ownership and leadership of the development process and aid programming. Several EU donors also support the partner authorities in the definition, implementation and evaluation of national plans for poverty reduction. Countries like Belgium and France report that they provide expertise. Austria contributes, where appropriate, to the elaboration of poverty assessments at the regional level as well as to household surveys at the local level.

Good practices and cases of operational **complementarity** between EU Member States and Community are developing on an ad hoc basis in the field, but several MDG reports indicate that more can and should be done. Most EU donors have recently increased concentration by focusing on fewer priority partners and sectors. This process, which in itself enhances aid effectiveness, also increases the risks of duplication and/or gaps. Questions on donors' added value and division of labour are therefore increasingly important. To facilitate debate on these issues the Commission has produced an EU **Donor Atlas**, summarising information on donor activities and modalities.

The objective of strengthening complementarity is also reflected in national legislation and policy documents of EU Member States. For instance, the new Finnish *Resolution on Development Policy* explicitly states that Finland must consider the value added it can contribute to international development and potential sectors of support. The Greek *national action plan for coordination and harmonisation* identifies areas of comparative advantage. Other donors, such as the Netherlands, Portugal and Spain, report that they equally focus their development assistance on sectors or partners where they can offer comparative advantages. Similarly, the new EU Member States, committed to use limited resources in the most efficient way, have set clear targets and preferences on partner countries and sectors.

As a concrete step in the implementation of the international agenda on **coordination of policies** and **harmonisation of procedures** the EU has launched a pilot initiative in four countries (Morocco, Mozambique, Nicaragua and Vietnam). This work builds on good practices such as joint financial agreements, co-financing, delegated cooperation and strengthened mechanisms of coordination.

#### EU pilot initiative

A report<sup>16</sup> assessing progress towards donor harmonisation in the field showed strong improvements in Mozambique, Vietnam and Nicaragua, but slower progress in Morocco.

**Mozambique:** EU donors have notably: aligned on the Poverty Reduction Strategy, established a joint Memorandum of Understanding with 15 donors (leading to coordinated and untied budget support), widely used SWAP/sectoral programmes, established joint performance assessment framework.

**Vietnam:** EU donors have agreed on a joint Action Plan for harmonisation and co-ordination and have already delivered in particular: the establishment of common EU norms for local costs in development activities (followed by other donors), an annual directory of EU co-operation activities, or Framework Agreement for co-operation, for instance on tax status for consultants; EU working groups on how to work more effectively in key sectors.

**Nicaragua:** A 10-donor Joint Financing Agreement to support the National Development Plan is under negotiation, and is expected to produce a positive result for the 2005 budget. Opportunities for

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<sup>16</sup> *EU Follow-up to the Barcelona Commitments, and operationalisation of the Monterrey Consensus*, April 2005.

greater harmonisation will improve as the Plan becomes better linked with the national budget. Donors work in sector co-ordination groups.

**Morocco:** Donors regularly meet to discuss harmonised procedures and exchange information on macro-economic and sectoral data. There have been concrete improvements in donor harmonisation in the water sector.

As a similar follow-up to the Barcelona commitments, the EU took also specific initiatives in the area of health and education.

#### **EU initiative on education**

In 2003, the European Commission, in close collaboration with EU Member States education experts, elaborated 10 indicators to monitor donors' progress at country level towards harmonising and aligning their policies and procedures in the field of education. This EU initiative was presented to the Education for All Fast Track Initiative in March 2004. In this framework, the EU is financing a trial phase in view of implementing this indicator approach to harmonisation at country level.

Steps have been taken to harmonise and simplify donor **procedures**, both amongst and between Member States and with other bilateral and multilateral agencies. For instance, for some years the EU Member States and the Commission have published EU **common cost norms** in development co-operation. The initiative has been well received and is used by many donors outside the EU as well. The publication sets maximum norms for fees for consultants, national hired staff, travel and allowances etc.

EU Member States also work collectively through **informal networks**, such as the Nordic+ initiative. Following the Rome High Level Forum, the Nordic+ countries (Denmark, Finland, Ireland, Norway, Sweden, the Netherlands and the UK) endorsed a joint action plan on harmonisation in November 2003<sup>17</sup>, which among other things looked at harmonising procedures in the field.

#### **'Nordic+' initiative in Zambia**

In 2003, the 'Nordic+ countries' signed an agreement with Zambian authorities on how to improve and coordination and efficiency and harmonise procedures in the field. A joint pilot mission to Zambia explored opportunities for harmonising procedures in the field. The mission formulated an action plan of progressive harmonisation. In April 2004, a follow-up mission reviewed the progress made thus far. Since the agreement was signed, the Zambian government has taken ownership of the process and in March 2004 a new agreement was signed between Zambia and a wider group of ten donors (Germany, the World Bank and the UN joining the newly developed action plan).

Amongst new EU Member States, cooperation between the **Visegrád** countries (Czech Republic, Hungary, Poland and Slovakia) contributes to more coordinated and effective development assistance and cooperation programmes for these countries. Trilateral projects, also involving other more experienced donor countries, should contribute to a further accumulation of knowledge within these emerging donor countries.

Despite these and other examples, the European Commission and several EU Member States have stated in their MDG reports that the coordination and harmonisation agenda should be

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<sup>17</sup> The action plan comprises a number of strategic and concrete actions to speed up and facilitate the harmonisation and alignment process with a focus on the country level. As a concrete result, the group of countries have developed a common guide for joint-financing arrangements, which has been shared widely with donor partners through OECD/DAC.



taken forward more quickly. In cases where strong national leadership has forced the pace of increased donor coordination, such as in Uganda and Mozambique, significant progress has been made in coordinated budget support and coordination of donors programmes in the education and health sectors. These examples should inspire similar progress elsewhere.

### *2.2.3. Budget support and result oriented assistance*

Currently EU Member States provide development assistance in a number of different ways, ranging from direct support to government programmes through financing of the government budget, to small scale financing of NGO action.

EU Member States recognise and promote the idea of government leadership in developing and securing financing for poverty reduction, and the Commission and a number of Member States have reported that they consider general **budget support** as the most effective way of giving a government the necessary fiscal space to plan resources according to nationally defined needs.

Where possible, **European Community** assistance to developing countries increasingly takes the form of general and sector budget support, mainly in the framework of the Cotonou Agreement and of the MEDA regulation. Sector budget support is beginning to be implemented in Asia and Latin America. 34 ACP countries have benefited from EC budget support in the last 5 years.

The **UK** anticipates that 44% of bilateral resources will be transferred through Poverty Reduction Budget Support (PRBS) in 2004-05. In Tanzania, Mozambique and Uganda, PRBS is already the principal form of aid. The UK note the experience of PRBS is still at an early stage, and will continue to assess its effectiveness in comparison with other aid instruments.

**Spanish** participation in new aid modalities such as basket funding or budget support has so far been limited, but steps have been taken to rectify this (for example, Spain has recently signed Mozambique's health SWAP).

**Greek** aid is implemented mainly through small projects and programmes, but it reports that the use of targeted budget support, as a means of assistance to national poverty reduction strategies, will be steadily increased in the future.

In **Finland's** 2004 Development Policy, increased programme-based cooperation (sector wide, PRSP-budget support) will be increased. The Finnish report announces guidelines on budget support and training on programme-based cooperation.

In its programmes with other donors, **Germany** concentrates on sectoral programmes (Sector Wide Approaches, basket funding) in co-financing PRSPs and other forms of budget support.

Where the environment is favourable, **Belgium** is considering various forms of budget support.

**France** adapted its procedures to allow rapid budget support. In this context, France has assisted e.g. Burkina Faso to better integrate PRSPs in national budget planning.

The **Danish** report confirms that when national conditions allow, Danish aid can be provided as general or sector budget support.

### **Budget support in health and education**

A consultation of EU Member States health experts convened by the Commission in September 2004, concluded that a valuable lesson emerging from those countries that are making good progress towards the MDGs, is the importance of having a sound and comprehensive national health plan, behind which both government and its development partners can rally. The view expressed by several Member States is that budget support is the best way of supporting nationally developed plans. However, given the difficulty some donors have in providing budget support, the initial emphasis may need to be on all development partners buying into a nationally owned plan, and supporting it with, if necessary, a variety of aid instruments. A similar conclusion emerges from education, where EU Member States experts have developed a methodology using indicators enhancing a move from off-budget project support to budget support for national education plans.

In line with the increasing focus on budget support and similar instruments, EU development cooperation is also increasingly shifting towards **result-oriented** development assistance. The main objectives of this focus on results are to improve the quality and effectiveness of support to developing countries (without adding to the reporting and monitoring burden), to strengthen use of result indicators by partner countries in order to foster evidence-based policy-making and accountability.

Each **UK** Department has a Public Service Agreement (PSA) which sets out targets against which the Department's performance is assessed. DFID's PSA is focused on the achievement of the MDGs and several of the targets are shared with other UK Government Departments, reflecting areas of joint work, such as trade, debt relief and conflict prevention.

In **Denmark**, result based management is reflected in new planning and reporting processes and procedures, it includes target setting on harmonisation and alignment in the country programme.

The **Netherlands** has developed a monitoring system that will closely monitor project performance, sector performance and country performance for each partner country against the backdrop of that country's progress in reaching the MDG targets.

The **French** MDG report mentions that France will adapt its methods of cooperation in the light of the recipient country's capacity to manage international aid, using result based management.

**Sweden** strives for more result oriented development assistance, by increasing programme support instead of supporting individual projects, and applying new guidelines, that link budgets support to poverty reduction outcomes.

### **EC Result based approach**

The increased focus on development results in EC development assistance is reflected in country strategy papers, budget support programmes and projects. Since 1999, the EC has linked its budget support programmes in ACP countries (and, more recently, its sectoral budget support in some MEDA, Asian and Latin-American countries) to the evolution of key outcome indicators drawn from the national Poverty Reduction Strategy Papers, such as child vaccination, girls' equality in primary enrolment, primary school completion rate. This shift to outcome-based conditionality not only ensures that levels of EC aid reflect countries' achievements in poverty reduction, but also aims to strengthen the focus of partner governments on results, and to ensure ownership of policy choices. At the project level, the Commission conceived an improved results-oriented monitoring system. The main objective is regularly (on average every 12 months) to gather results-oriented information on projects in the field and to report on progress.

#### 2.2.4. *Untying of aid*<sup>18</sup>

Two recent studies commissioned by the OECD/DAC and the European Commission have highlighted in parallel the added benefit and positive impact of further untying - in particular the untying of food aid and food aid transport in terms of effectiveness<sup>19</sup>, and the coherence of aid. It is generally recognized that untying aid makes it more efficient, reduces administrative burdens, and increases the ownership of the developing country.

As agreed in Barcelona, the European Union has made significant progress in untying aid in the EU to ensure “better value for money” from its official development assistance (ODA). Currently more than **90%** of total EU aid is untied (for more figures see section 4.2.1. of this report). The Member States have untied their aid to Least Developed Countries (LDCs), as mandated by the DAC Recommendation (since the new Member States are not yet member of the DAC, the recommendations do not yet apply to them). Moreover, a majority of them are progressing towards further untying, beyond the DAC Recommendation.

**EC aid** is by definition untied vis-à-vis its Member States (single market and competition rules apply to procurements also in the context of EC development assistance), as well as the developing countries with which it cooperates. The EDF-eligibility of recipient countries has allowed ACP firms to win 25% of contracts between 1985 and 2000. The same definition applies to EC food aid, which favours local and regional purchases and thus provides an important outlet for local surpluses.

Proposals for **further untying EC aid** are currently in the legislative process. In line with the conclusions adopted by the General Affairs Council in May 2003 and the European Parliament in September 2003, the Commission submitted to the Council and the Parliament two proposals, for tentative adoption in 2005: (i) one for a Regulation on untying of EC-funded aid (beyond the OECD/DAC recommendations) - to include nearly all developing and transition countries, and with the possibility of full untying to non-EU donor countries on condition of reciprocity and (ii) one for the renegotiation (now concluded) of the Annex IV of the Cotonou Agreement (while maintaining the existing system of price preferences in the EU-ACP framework).

In their national MDG reports the EU Member States summarise their commitments towards the untying of their aid as follows:

**Belgium** advocates the untying of aid both in relation to procurement and the use of national experts. This position has been incorporated in the latest Government Agreement on Development (2003). In practice, Belgian aid has been gradually untied and is almost totally so since 2000. Today, only one programme of country-to-country loans (for non-LDC countries) still involves tied aid.

As a definite step towards untying development assistance, the **Danish** Government decided that as of January 2004 the rules contained in EU procurement directives are to be applied when goods, services and construction projects are purchased by Denmark for development assistance purposes.

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<sup>18</sup> The term untying of aid refers to the ending of most donors to insist that aid is spent on goods and services from the donor country in favour of giving unrestricted access to those who can compete best on price, quality and service.

<sup>19</sup> The OECD/DAC study, *The development effectiveness of food aid and the effects of its tying status*, October 2004, shows that untying food aid may allow access to up to 50% more beneficiaries than food aid tied to purchases in donor countries would permit.

**Estonian** bilateral development aid, which mostly consists of technical assistance, is untied.

**Finland** has made efforts towards wider untying and is ready to continue discussions on this issue.

All aid provided by the **French** aid agency *Agence Française de Développement* is untied as from January 2002.

Since 2002 all financial aid and the investment related technical cooperation provided by **Germany** to LDCs has been untied. Also a major part of financial cooperation to other countries is untied and about 40% to 50% of free standing technical cooperation is procured locally.

As from 2003, most of the **Greek** bilateral development aid, which is implemented mainly through programmes and projects, is untied.

**Ireland's** aid programme has always been completely untied, not conditional in any way on the use of Irish goods or services. The commitment to the principle of providing untied aid was renewed and formalised in the Report of the Ireland Aid Review Committee endorsed by the Government in 2001.

**Luxembourg's** aid is almost entirely untied.

The aid provided by the **Netherlands** has been largely untied. At present, the Netherlands only has two programmes which are still formally tied to procurement in the Netherlands. Both programmes are supporting development-related export transactions by Dutch companies.

**Portuguese** ODA is composed above all of debt relief and technical cooperation, and therefore to date, examples of aid related to the financing of projects and programmes have been few in number and low in value. Tied aid has essentially entailed the funding of small projects and the provision of support programmes involving the import of consumer goods or equipment.

**Spanish** ODA is increasingly untied, due to the decreasing share and evolving nature of FAD credits (*Fondo de Ayuda al Desarrollo* / Fund for Development Assistance), which happened to be the main source of Spanish tied aid.

**Swedish** aid is largely untied. Its food assistance is fully untied.

All **UK** bilateral aid is fully untied. Under the International Development Act of 2002, the sole purpose for which development assistance can be provided is to promote sustainable development and improve the welfare of poor people. Under the restrictions of the Act, aid cannot be 'tied' to the purchase of British goods or services.

## 2.3. Policy coherence for development

The obligation to ‘take account of the objectives of Development Co-operation in the EU policies that are likely to affect developing countries’ is embedded in the EC Treaty (art. 178). The new EU Constitution upholds this commitment to coherence in even stronger terms.

### EU Constitution

*‘(...) The Union shall ensure consistency between the different areas of its external action and between these and its other policies’ (art. III - 292).*

*‘(...) The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries.(...)’ (art. III - 316).*

It is generally acknowledged that an effective improvement in the coherence of developed countries’ policies would put developing countries in a much better position to achieve the MDGs. The EU, for its part, gives continued attention to the need to ensure that all domestic and external EU policies are consistent with and conducive to agreed international commitments and do not undermine the objectives of development cooperation. EU policies are now regularly evaluated and proposals of policy changes are subject to impact assessments. Policy measures are consequently adjusted, to strike a better balance between the diverse interests at stake.

#### 2.3.1. Coherence of Community policies

Within the concise framework of this report it is not possible to present an assessment of the coherence of all policy fields which have a potential impact on developing countries. These include for example trade, environment, security, agriculture, food safety, fisheries, migration, research, information society, energy and transport<sup>20</sup>. However, specific examples of different **EU and/or Community policies** show that the EU is seeking to improve the coherence of its policies with respect notably to impacts on developing countries.

- With regard to the **Common Fisheries Policy** (CFP), the coherence issue is particularly relevant in the context of fisheries agreements with developing countries. As part of its CFP reform proposals the Commission issued in December 2002 a Communication on an “Integrated Framework for Fisheries Partnership Agreements with Third Countries”<sup>21</sup>. The Commission proposed that EC bilateral fisheries relations involving a financial contribution gradually move from access agreements to partnership agreements with a view to contributing to responsible and sustainable fishing in the mutual interest of both parties. The communication explicitly refers to the need to ensure coherence between the CFP and other EC policies in the external field, in particular development cooperation. The Commission contracted external experts to perform evaluations, impact analyses and monitoring services. These tools will allow systematic and constant monitoring of the impact of the fisheries agreements.
- Since the early 1990s, the EU has embarked on a process of reform of the **Common Agricultural Policy** (CAP) with a view to reducing market imbalances and trade distortion, limiting spending and addressing societal expectations in the areas of

<sup>20</sup> A more comprehensive elaboration on the contributions that these policies can give to attaining the MDGs is presented in the Communication *Policy Coherence for Development*, April 2005.

<sup>21</sup> COM(2002) 637

environment, rural development and food quality and safety. The speed and scope of this process have been intensified by the reform adopted in June 2003, which constituted a major shift from support to products towards support to producers' income, while further integrating sustainability concerns and limiting expenditures. This will lead to an increased proportion of EU domestic support through minimal trade distorting mechanisms, and hence reduced risk of impact on developing countries.

In the specific case of **cotton**, the EU adopted in 2004 a reform, which marks a substantial change in the importance and nature of its support mechanism. This will significantly decrease its potential trade distorting nature. Trade effects, however, are marginal, considering that the EU only accounts for 2% of world cotton production. The EU is committed to monitoring the impact of its reform on cotton production and trade. The EU and African countries also engaged into a partnership encompassing trade and development (Paris, July 2004), with a view to the fair development of the African cotton sector.

- As regards its **trade policy**, the EU has taken important steps to promote the gradual integration of developing countries into the world economy, enhancing their potential for trade and contributing to their development. The most visible of these is the "Everything But Arms" initiative, approved in 2001, which fully opens the EU market to imports from the Least Developed Countries (LDCs). In the broader context of the WTO Doha negotiations, the EU fully endorses the objective to put development at the centre of the negotiations. The Commission Communication on Trade and Development of 2002<sup>22</sup> sets out how the Doha Development Agenda (DDA) can contribute to development. Key objectives for the EU in the DDA include improved market access for products and services from developing countries and the creation and strengthening of trade rules which are beneficial to developing countries. The ongoing Economic Partnership Agreement negotiations between the ACP and the EU are also key instruments for development given their emphasis on promoting regional integration, strengthening regional markets and institutions, promoting sustainable development, promoting diversification and developing supply side capacity to increase exports.

To effectively enhance policy coherence for development in the area of trade, specific coordination mechanisms have been established. Examples include the Joint Expert Group on Trade and Development, involving both Member States and European Commission.

- In the field of **food safety**, the EU is aware of the difficulties that more stringent EU regulations may impose on exporters in developing countries. Food safety has become a priority of the European Union, responding to the legitimate concerns of its consumers. Several programmes have been implemented to raise the awareness of public authorities and the private sector in developing countries regarding the trade implications of such measures and to help these states – through technical assistance – to overcome the potential difficulties of complying with EU sanitary and phyto-sanitary (SPS) requirements.
- Seen from the development perspective **migration** is first and foremost an issue between developing countries themselves. More than 80% of the world's international migrants (both refugees and labour migrants) move from one developing country to another. Trying to assist these people where necessary is and remains an important aspect of the EU

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<sup>22</sup>

COM (2002) 513



development agenda. Beyond the development agenda, EU policies on migration also have an impact on developing countries. In recent Council conclusions the EU has expressed concern with issues such as migrant remittances (where globally formal flows alone have now reached almost twice the value of ODA), brain drain (particularly relevant in certain countries and sectors, e.g. the health sector in sub-Saharan Africa), the promotion of circular migration and cooperation with the diaspora.

#### **EC Impact Assessments: a tool to improve policy coherence**

The decision making process within the Commission, which associates Commissioners in charge of all portfolios, including development, already offers a certain degree of guarantee regarding the coherence of new Commission proposals. As part of a comprehensive “Better Regulation” package<sup>23</sup>, the Commission has introduced the tool of Impact Assessment, applicable to all major proposals envisaged by its services. It contributes to improved coherence of measures under preparation, as it associates all relevant Commission services to the analysis, and consults potentially affected stakeholders as regards different scenarios for the policy goal to be achieved.

#### *2.3.2. Coherence of EU Member States’ policies*

EU Member States generally recognise policy coherence as a highly relevant topic that requires specific attention (see also section 5 of this report). A case in point is Sweden, where, a *Policy for Global Development* was introduced in December 2003 with the explicit objective of contributing to equitable and sustainable global development as a single overarching goal for all areas of policy and political decision-making.

#### **Sweden - Policy for Global Development**

The policy aims to coordinate other policy areas and to utilise the synergy effects that such coordination produces. It explicitly intends to contribute to equitable and sustainable development and the achievement of the Millennium Declaration and the MDGs. Sweden is one of the first countries in the world to formulate such a comprehensive policy.

Progress on the implementation of the policy is reported to Parliament through annual reports, where each Ministry explains how its political decisions have contributed to equitable and sustainable global development. A citizen’s forum with representatives from the parliamentary parties, the government, authorities, non-governmental organisations, private sector, researchers, groups of experts and other interested parties will be set up with the aim of promoting a broad public debate on the Swedish policy.

The policy favours independent evaluations of the Swedish development assistance, based on the recognition that rich countries, like developing countries, should be subjected to international and domestic scrutiny with regard to policy and the implementation of pledges.

Sweden also supports the ongoing work to develop a Commitment to Development Index, that can be used as a tool for international efforts towards a more effective global policy.

Several other EU countries have taken specific initiatives to strengthen the coherence of their domestic policy making process. In Germany, all new legislative proposals are assessed in terms of development considerations. A number of Member States have strengthened collaboration across different government ministries (for example, Austria and the UK) and inter-Ministerial commissions have been set up (for example, in Hungary and Portugal) to ensure policy coherence for development. In Finland the high importance attached to

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<sup>23</sup> COM (2002) 278

coherence is reflected in the Minister's portfolio covering both trade and development. Since the mid-1990's, the Netherlands has been particularly active in trying to make policy coherence a central element of the development agenda:

#### **The Netherlands - Institutional arrangements**

The Netherlands is one of the EU countries where the Minister for Development Cooperation has full cabinet status.

Furthermore, non-development ministers and departments are being involved in issues related to policy coherence for development. A *Memorandum on Coherence between Agricultural and Development Policy*, was jointly drafted by the Minister of Agriculture and Minister for Development Cooperation.

In 2002 the institutional capacity for policy coherence was enhanced. The Minister for Development Cooperation set up a *Policy Coherence Unit*, further expanding the capacity to analyse coherence issues and work on them. The unit, with five full-time staff, is directly positioned under the Director-General for International Cooperation, and operates in project teams with key players from other divisions in the ministry and other departments. Issues covered by the project teams range from the Doha Round, cotton subsidies and fisheries agreements to migration and TRIPs & Health.

The *Policy Coherence Unit* is a member of the Coordination Committee for European Affairs, the inter-Ministerial body that prepares Dutch positions for all EU Councils and that reports directly to the Cabinet. In addition, all new proposals by the European Commission are systematically screened for impact on developing countries (PCD test) in another inter-Ministerial committee. Thus, the development and poverty perspective can be fully taken into account in Dutch positions.

In 2003 an Informal Network on Policy Coherence for Development (**PCD-network**) has been established. This network aims to facilitate closer collaboration between the main stakeholders on policy coherence in the Member States (i.e. the Development Cooperation departments and/or the EU Coordination Departments) and the European Commission (DG Development).

### 3. EU CONTRIBUTION TO THE MDGS 1-7

There is a distinct difference between MDG 1 to 7 and MDG8. While each of the first seven goals looks at a specific aspect of poverty, the 8<sup>th</sup> goal is about establishing a true partnership between rich and poor countries. The EU contribution to the latter can be assessed in relatively precise terms, but as MDG 1-7 have to be achieved in developing countries the EU input is by definition indirect. The EU Member States' MDG reports generally recognise that attempts to attribute the evolution of MDG 1-7 indicators to particular donor inputs would be artificial and contrary to the practice of ownership and partnership. Rather than measuring donor performance, this section will therefore identify the specific policies, guidelines and initiatives that the Member States and the Commission have put in place to assist developing countries achieve MDG 1-7.

One generic element of this assistance is to try to support developing countries in monitoring their own progress towards achieving MDG 1 to 7. However, as mentioned in several national MDG reports, to date the quality of data (including disaggregation by sex and by regions) available at international and country level remains a major issue of concern.

#### Improving quality and reliability of data

Several EU Member States as well as the Commission have engaged at the international level in initiatives to improve data availability and quality. PARIS21, a partnership of data producers, users, and analysts from developing countries, bilateral donors, and multilateral institutions, aims to encourage and assist all countries to design and implement a National Strategy for the Development of Statistics by 2006. The EC has co-financed, together with DFID and the World Bank and in the framework of PARIS21, a study which has illustrated various weaknesses of the current dataset and highlighted possible areas of immediate improvement. Support was also provided to the UNESCO Institute of Statistics to build up statistical capacity for measuring the education MDG indicators in a number of LDCs, in particular in Sub-Saharan Africa; to the Health Metrics Network, whose secretariat is based in the WHO, and which focuses on strengthening health information systems in developing countries; and to the establishment of Food Security Information Systems in different countries.

### 3.1. Goal 1: Eradicate extreme poverty and hunger

#### Target 1

**Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day**

*If projected growth remains on track, global poverty rates will fall to 13 percent – less than half the 1990 level. Rapid progress is being made in Asia and a return to pre-transition poverty levels in Eastern Europe and Central Asia may be feasible. But present trends see no alleviation of the burden of poverty in Sub-Saharan Africa, where more than 360 million people continue to live on less than \$1 a day<sup>24</sup>.*

Poverty Reduction is the overarching aim of EU development cooperation. EU Member States and the Commission contribute to the fight against poverty in particular through support to the implementation of **poverty reduction strategies**, as Austria, Denmark,

<sup>24</sup> Facts and figures mentioned in this introduction (and the similar introductions to the other MDG targets) are all taken from recent MDG related reports by UN agencies and the World Bank.

Finland, France, Germany, Sweden, the UK and the Commission mention in their reports. Those strategies integrate the multiple dimensions of poverty and are based on the analysis of needs, constraints and opportunities in individual developing countries.

Poverty reduction strategies should also be encouraged in middle-income countries where the proportion of poor people remains high, as it helps to focus the attention of governments and donors on the need to develop pro-poor policies. While making progress on achieving several of the MDGs, many of these countries also show growing inequalities in income and access to social services.

Regarding the **allocation of resources**, the point of departure is that EU development cooperation concerns all developing countries. Nevertheless, the least developed countries and low-income countries should be given priority in an approach which takes into account the needs of people, the commitment and performance of governments and other actors to reduce poverty, and capacity of developing countries to absorb aid. Denmark, Finland, Greece, Ireland, Luxembourg and Portugal in particular mention their willingness to focus their aid on low income countries and on a limited number of sectors, in order to achieve a greater impact on poverty reduction. For example, over 80% of the Irish bilateral aid programme is targeted at the poorest continent, sub-Saharan Africa, primarily on six countries.

By supporting country poverty reduction strategies, the EU aims to maximise national ownership and effectiveness of support. This points towards **instruments** that fit most closely within the delivery and accountability systems of the Government concerned and that ensure the involvement of stakeholders such as social partners and other organisations in civil society both in the formal and informal economy. Wherever possible, notably where the fiduciary risk<sup>25</sup> is low or being appropriately reduced, several Member States and the Commission mention the objective of providing support in the form of budgetary support, supplemented by significant policy dialogue inputs.

#### EU – poverty reduction Mozambique

In 2001 Mozambique adopted the *Plano de Acção pela Redução da Pobreza Absoluta* (Plan of Action for the Reduction of Absolute Poverty, PARPA) as its central strategy for poverty reduction. **Eleven EU Member States** and the **EC** are providing support to the implementation of the PARPA in the form of budget support. This support should represent approximately \$161m in 2005, equivalent to around 65% of total budget support disbursement to Mozambique for that year. No automatic link can be drawn between EU budget support and the results of Mozambique's policies. However, the macro-economic framework provided by implementation of the PARPA, to which the budget support has contributed with grant financing of about 3,7% of GDP, has supported sustained economic growth (over 7% per annum) and sharply reduced poverty (the share of the population living on less than \$1/day is estimated to have fallen from 38% in 1996-97 to 20% in 2002-03).

In the context of poverty eradication, the focus should also be on **support to pro-poor growth and job creation**. France, Germany and Hungary in particular mention the need to create a business-enabling environment, to support energy, transport and micro-finance. The UK, France and Germany, together with the World Bank, co-finance a work program on 14 country case studies and a synthesis report on *How to Operationalise Pro-Poor Growth*. The UK mentions in particular OECD DAC's *Practitioner's Primer on Accelerating Pro-Poor*

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<sup>25</sup> Risk of resources not being properly accounted for, not being used for intended purpose and/or not being utilized as economically, efficiently and effectively as possible (ref. EC guidelines for budget support).

*Growth through Support for Private Sector Development.* The EC supports the promotion of decent work in its Communication on the social dimension of globalisation<sup>26</sup>.

#### Germany – Micro finance programmes

In addition to the strengthening of formal financing systems, Germany supports informal and semiformal decentralised finance institutions. German development aid promotes microfinance projects with a volume of €395 million for ongoing projects in financial cooperation and €20 million yearly for technical cooperation.

The support is directed first and foremost at the strengthening of microfinance institutions with a view to rendering them more professional. In this way, new small finance circles are created and, in turn, successfully associated with the formal bank and finance institutions. Provision of access to loans leads to a reduction in dependence on informal money lenders who charge extortionate interest rates. In this way, additional earning opportunities are opened up to the poor. Microfinance services allow for investment in education and the future of children, enhance the economic and social position of women and contribute to diversifying household income. Finally, microfinance projects can lead to an improvement in social commitment through organisation of members into ‘self help’ groups which undertake social, economic and cultural tasks over and beyond those of financial management. This leads to an expansion of the political influence of their members.

#### Target 2

**Halve, between 1990 and 2015, the proportion of people who suffer from hunger**

*Worldwide current estimates are that some 800 million people were undernourished at the turn of the century in developing countries. Although there have been reductions in Asia and the Pacific and in Latin America and the Caribbean, numbers continue to rise in Sub-Saharan Africa, in the Near East and North Africa. Civil conflicts, adverse climate conditions, particularly drought, environmental degradation and, in many of these countries, the HIV/AIDS pandemic are major contributing factors to this poor performance.*

The Community is engaged in the fight against hunger by means of a **comprehensive and broad based policy** for sustainable development and poverty reduction at the national level. Where necessary, this policy is also extended to regional or sub-national levels, notably in those countries where widespread malnutrition coincides with a positive food balance on the national level. The policy brings the issue of food availability, access to food, responses to food shortages and nutritional problems to the centre of poverty reduction strategies. In addition, it tries to tackle the political dimensions of food insecurity, by promoting good governance, preventing conflict and building peace.

EU Member States are increasingly including food security among the top priorities of their poverty eradication strategies. For the UK, poverty reduction frameworks are a way of linking food and poverty analysis with public policies and actions. In this context, the UK is involved in the design and funding of a ‘**food safety net**’ in Ethiopia. To promote awareness in its own country, in 2004 the Austrian government organised an information campaign on food security in collaboration with civil society organisations. Germany is particularly active in the field of food security and is contributing towards the recognition of the right to food and the implementation of the ‘Good Humanitarian Donorship’ principle. It puts the accent on **access to food** and not only on availability and production aspects. With the adoption of the ‘Berlin Statement’, the Berlin conferences on ‘Politik gegen den Hunger’ in 2003 and 2004 marked an important step in the evolution of food aid policy.

<sup>26</sup> COM (2004)383, May 2004. Decent work promotion is also included in the cooperation agreement between the European Commission and the ILO, and is part of the strategic partnership between the two institutions.

The fact that three quarters of poor people live in rural areas has motivated countries like Finland and France to make **rural development** a priority in their cooperation programmes. Support to the agricultural sector features in several Member States programmes, particularly favouring small farmers. The better management of natural resources is also an objective in the strategies of several Member States, for example for Greece.

#### France – food security

France implements a large food security programme, primarily aimed at the reinforcement of **food crisis prevention and response mechanisms**. In this context, France has defined the following priorities: 1) fight malnutrition at an early stage, through improvement of early warning systems, needs assessment, prevention, response to crises; 2) strengthen food security and improve living conditions in rural areas; 3) strengthen the competitiveness of agricultural production in developing countries; 4) strengthen the institutional environment, for instance by improving coherence between trade, agriculture and environment policies; 5) strengthen the scientific and technological bases, to promote agricultural and sustainable rural development through new production methods which preserve the environment.

In recognition of the multi-dimensional character of food security and poverty, the EC has reformed its food security strategy. In line with the 1996 Council Regulation on Food Aid and Food Security, the EC approach integrates food security policy into the broader objectives of sustainable development and the fight against poverty. In this context, **food aid is dissociated from the management of agricultural surpluses** and is more firmly linked to development concerns. The option of triangular and local purchases of food aid was also introduced.

The EC policy is underpinned by a Food aid/food Security Budget Line of roughly €450m per year, which currently assists some 30 particularly vulnerable countries around the globe to overcome problems of temporary food shortages, to manage post-crisis situations, to ensure the link between relief, rehabilitation and development (LRRD) and to address structural food security problems. Food security is also addressed as an overarching objective of development policies, strategies and programmes financed from Budget Lines and European Development Fund resources within the EC's Country Support Strategies. Furthermore, ECHO dedicates a sizeable part of its annual budget of roughly €600m to emergency inputs and supplies, including food aid.

#### EC Food Security Programme

The EC Food Security Programme (FSP) adopts a long-term approach linking food security policy to poverty reduction. In countries where poverty results in insufficient access to food at household level, the FSP provides targeted budget support to key social expenditure programs, which have an important bearing on poverty reduction and food security. The advantages of such budget support include the possibility to promote a pro-poor reform agenda through policy dialogue, while operating within the single framework of the state budget. It also enhances feasibility of PRSP implementation against the background of a tight fiscal environment.



## 3.2. Goal 2: Achieve universal primary education

### Target 3

**Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling**

*Eight out of ten children in developing countries begin primary school but in many of the poorest countries less than half of them complete their primary schooling and the drop out rates are even higher for girls. Some 103 million children are still out of school and an estimated 70 countries are off track in achieving Universal Primary Completion by 2015, most of them in Sub-Saharan Africa and South Asia. Even though overall progress has been made in primary education since 1990, critical obstacles persist: almost 100 million children under 15 years old suffer the worst forms of child labour, 13 million children are orphans, the number of child soldiers has increased and children from marginalised groups and ethnic minorities are increasingly excluded. In*

*terms of funding, the UN Millennium Project estimates that it would require between US\$7 and US\$11 billion each year in additional funds to ensure a good quality primary school for every child. Current annual external aid for basic education is only around US\$1,5 billion.*

### 3.2.1. Policy framework

The first priority for EU Member States and the European Commission in education for development is basic education, in particular primary education. A clear commitment is made towards achieving universal primary education and gender equality in education. This is implemented at three levels: through international institutions, interventions at country level (increasingly linked to national education programmes), as well as through supporting NGOs.

At the international level, the EU supports actively the **Education For All** and the **Fast Track Initiative** in partnership with other bilateral donors for education as well as UNESCO and the World Bank. Some EU Member States are also providing active support to UNICEF, in particular for the efforts on girls' education and children with special needs. At country level, EU Member States and the European Commission enhance basic education through funding and policy dialogue around the national education sector programme. The third level of action is funding to NGOs for projects oriented towards basic education, an instrument chosen by several EU Member States. Apart from formal education, the EU supports non-formal education of young people in the framework of the YOUTH Programme.

This policy priority is translated into an increase in the overall financial resources dedicated to education in general and to **primary education** in particular. Several EU Member States consider basic education a first priority in their country programming and have decided to increase their overall ODA to basic education (the Netherlands, the UK, Sweden, France, Ireland and Denmark mention this in their reports). However, in absolute numbers and in proportion of overall ODA, the support to primary education varies widely between EU Member States. While some EU Member States aim at allocating 15% of their overall bilateral ODA to basic education, other EU Member States allocate less than 0,5%. For some EU donors the apparently lower contribution to basic education is due to the fact that they support a sector wide approach to education, while for others it is the result of a strong support for other areas of education, in particular vocational training and higher education. However, in addition to the targeted support to the education sector, more and more EU donors also aim to provide encouragement – through policy dialogue and/or performance indicators – that funds channelled to general budget support or to the HIPC initiative are dedicated to primary education.

### United Kingdom – Education Programmes

The UK provides support to education programmes in over 30 developing countries, mostly in sub-Saharan Africa and south Asia. The following are examples of that support.

Together with the World Bank, the UK supports basic education for children in poor western provinces in China. The project is focused on increasing access to and completion of affordable, quality, basic education for all girls and boys with a special focus on minorities and out of school children.

As Kenya recently abolished primary school fees, it has brought a dramatic rise in the number of children going to school. The UK assists the Kenyan Government to provide enough school places to keep up with demand and to ensure that quality is sustained.

The UK launched an initiative to use Information and Communication Technologies to help deliver gender equality and universal primary education in Africa. It focuses particularly on teacher training, but also develops activities to show how ICTs can be used in Africa to support learning environments for street children and those with special educational needs.

A large variety of transfer mechanisms are being used by EU donors, ranging from project support to general budget support with performance indicators for primary education. This variety has a potential to provide for flexibility and improve aid efficiency, as long as donors coordinate and align their support. The European Commission, in close co-operation with the EU Member States, launched an initiative for donor **harmonisation** in the field of education (see box, paragraph 2.2.2).

The EU gives priority to **complementarity** of donor presence and interventions. In the field of education, there is some complementarity among EU donors in the choice of countries and a wide geographical coverage resulting from historical and linguistic relations with partner countries, further extended by the new EU Member States. However, several partner countries with both low primary enrolment rates and a clear financing gap for MDG2 have less than five donors in the education sector, while in other partner countries there are sometimes over fifteen donors present supporting education, not counting the Non Governmental Organisations. It is expected that following the recent Council decision on Advancing Coordination, Harmonisation and Alignment, the EU Member States will enhance in-country complementarity, efficiency of aid and will decrease the transaction costs for their partner countries.

There is a growing consensus among EU donors to support **policy reforms** undertaken by partner countries in view of enhancing universal primary education. Several EU Member States have increased their support to partner countries which have embarked on difficult policy reforms in their education system, such as abolishing primary school fees, implementing new national sector programmes or decentralising resources and management of the education system. Another major challenge is to insert education policy in the overall national strategy for poverty reduction. A growing number of EU donors orient their financial aid towards the **national education sector programme**, enhancing leadership for the Ministry of Education and better co-ordination of donors. In this framework, contributions from various donors co-finance the countries' own education systems. The donors engage in the sector policy dialogue with the government and civil society, including annual joint sector reviews. EU donors are also giving direct **technical support** to Ministries of Education in sector analysis and diagnostics as well as institutional and human capacity building to promote long term sustainability. This is particularly important in fragile states, where in the short term many EU donors have opted for a project approach. At the local level, a priority is given to community participation in the school and to sound financial management.

### 3.2.2. Focal areas

Respecting the principle of country ownership, the focus areas in the EU support to basic education are: (a) extending the supply of basic education, (b) increasing equity and (c) stimulating demand for primary education.

In the framework of partnership and joint efforts, progress has been made in **extending the supply** of basic education. EU donors have contributed to improving access (construction or rehabilitation of primary schools, pre-school facilities, non formal education, etc.) and quality of education (teacher training, school books, curricular development, education management, etc.). In recent years, EU donors have given increased attention to quality, in order to enhance primary completion. Moreover, quality is becoming an increasing challenge in countries with rapidly expanding enrolment, in fragile states and in poor rural areas. Finally, many EU donors are actively supporting adult learning, literacy as well as vocational training. Many of these project interventions have a particular focus on women in poor areas.

A major challenge for most EU donors is **equity** in the delivery of primary or basic education. Up to now, a policy priority has been given to education of **girls** to achieve gender equality in primary, secondary and higher education. There is also a growing concern for equity between different regions or administrative areas within a country (or more broadly between **urban and rural** areas), ensuring that resources reach the poorest parts of the country to improve access and quality of primary education. Furthermore, some EU donors stress the priority of tackling HIV/AIDS due to its relation to education, both in terms of the supply of teachers and of the demand from even more poorer households or from orphans. Finally, some disaggregation (mainly girls/boys and urban/rural) is made in the joint assessment of progress inside national education plans. However, given the drastic increase in the number of **vulnerable children** (orphans, children injured from exploitation, child soldiers, girls suffering sexual violence, disabled, marginalised ethnic minorities) tackling equity and responding to the special needs of these vulnerable children has become a necessity for reaching MDG2. The EU donors recognise this challenge for the achievement of universal primary education by 2015.

While most attention has been put on supply, less support has been given to stimulate the **demand** for primary or basic education. This area of education is closely linked to progress on the other MDGs, and some EU donors stress the cross fertilisations between poverty and education, health and education, drinking water and education as well as gender and education. Other EU Member States raise the importance of the relevance of education for employability and for the cultural and social context in which children live.

#### EU – basic education India

In India, the government's SARVA SHIKSHA ABHIYAN (SSA) programme has as its objective to ensure that all children in the 6-14 year-old age group are in school and able to complete 8 years of elementary education. The pace of implementation of the programme is accelerated by grants from the EC and other donors.

Significant progress to achieving full access has been made in the majority of Indian States. In 2004, the number of out-of-school children was reduced from twelve to three million in two years time. Furthermore, pupil/teacher ratios are rapidly approaching the national norm of 40 students per teacher. Enrolment and completion rates of girls continue to improve. Special SSA programmes such as the National Programme for the Education of Girls at the Elementary Level and the provision of residential schools for girls have helped raise the rate of enrolment of girls to near parity. Where enrolment gaps continue to exist (e.g. remote areas, tribal minorities), these have been mapped and

special ‘outreach’ education schemes such as Education Guarantee Schemes and schools run by NGOs and local bodies have been launched. SSA support to Early Childhood Care and Education schemes and their subsequent upgrading into primary education in underserved areas, also prove a very effective bridge into education for children who are first generation learners.

### 3.3. Goal 3: Promote gender equality and empower women

#### Target 4

**Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015**

*The MDG target of achieving gender parity in primary and secondary education by 2005 will not be achieved. Moreover, gains made over the last decade in women’s rights in critical areas, such as participation in economic and political decision making and sexual and reproductive rights, continue to be challenged worldwide. The gains remain as fragile as the democratic institutions and procedures that should give them legitimacy and protection.*

#### 3.3.1. Policy framework

The European Commission and EU Member States acknowledge that none of the MDGs can be achieved without addressing gender inequalities. The feminisation of poverty and the fact that women are most affected by HIV/AIDS are emphasised by a number of EU Member States. Improvement of the status of women and the promotion of gender equality as a human right are identified by the EU as two key objectives.

Most EU Member States make reference to the importance of using the **international framework** on gender equality in national strategies for promoting equality. The framework consists of the relevant Human Rights Conventions, CEDAW, ICPD, the Beijing Declaration and Platform for Action, the Millennium Declaration and the MDGs. The majority of policy priorities are built around strengthening women’s rights, access to resources, education and political and economic participation.

In order to strengthen the gender equality aspects of all the goals, the EU seeks to link the Beijing Platform for Action, the Beijing +10 Review of March 2005 and the MDG Review, through joint efforts and collaboration within the EU and with the UN system.

Most of the EU Member States identify gender equality as a **crosscutting theme** in development policy. Equally, in most Member States, support is being oriented both to mainstreaming gender equality in all activities of development cooperation and to funding programmes aimed especially at women and girls. Many EU Member States support girls’ education programmes, such as UNICEF’s Accelerated Girls’ Education strategy aimed at ending gender disparities in 25 countries where the gap is the widest.

The necessity of gender disaggregated data for measuring gender-responsiveness is brought up in several Member State’s reports. Further improvements in the field of monitoring were suggested in Austria’s MDG report:

#### **Austria - gender monitoring**

At present, Austria is working to make its general commitment to gender equality more specific through gender mainstreaming in country and sector programmes, the enlarging of gender

methodologies (e.g. gender specific target group analysis, gender-aware project cycle management, gender impact assessments, gender budget analysis) in order to create adequate data bases that can be used for monitoring and evaluation purposes. These methodologies will take into account the requirements for MDG reporting and will have a poverty reduction and empowerment focus.

### 3.3.2. Focal areas

**Gender-equal education** is acknowledged as a necessity to improve the advancement of women. Therefore most EU donors focus on the elimination of gender discrimination in education. Increasingly, there has been a shift towards the support of gender equality in primary and secondary education programmes.

#### **Elimination of gender inequalities in education**

**Spain** adopted a Strategy for Gender Equality, which argues that the elimination of gender disparity in primary and secondary education requires an improvement in access, continuity, quality, and management of women's education at all levels. Spanish Cooperation in this area promotes actions such as the improvement of educational infrastructures, support for non-formal education for girls and women, the reduction of education costs for girls, and support to allow mothers and pregnant women to continue in the formal education system.

**Germany** highlights the following activities for the promotion of girls' access to education: (a) creation of incentive systems (safe schools, medical care for pupils, school meals, scholarships and other forms of assistance for funding like voucher systems); (b) promotion of participation of parents and the community in the development of schools; (c) reconstruction and equipment of schools and teacher training institutions and support for partner countries to create sustainable structures for their education system.

A second focal area that appears from the MDG reports is the enhancement of a greater **participation** of women in **economic activities** and in the workforce. In this context, the possibilities of women to access assets such as land or property, without discrimination or exclusion, is crucial. Several EU Member States give specific attention to micro-finance mechanisms and promotion of women entrepreneurs.

#### **Participation of women in economic activities**

**Luxemburg** cofinances an UNDP project in Mali on education, training and socio-professional integration. The project supports women economically and socially through three linked axes: training, access to credits and revenue generating activities. The project offers possibilities for literacy and vocational training for women and girls; it makes them aware of and trains them in micro-credits and supports their efforts towards income generating activities.

**Sweden** supports several efforts to strengthen women's rights and access to resources. Special priority is given to women's access to credit and advisory programs within the framework of developing small enterprises.

**Hungary** has started - in the framework of the European Neighbourhood Policy, in cooperation with UNDP, a development cooperation project aimed specifically at women entrepreneurs in Serbia and Montenegro. This Women's Textiles Workshops Network addresses economic cooperation, SME development and cross border cooperation by women entrepreneurs.

A number of EU Member States identify national PRSPs as an important tool for the promotion of gender equality and cite the release of special funds for enhancing the gender dimension in PRSPs. Denmark for example, in partnership with relevant Ugandan ministries,

women’s NGOs and other bilateral and multilateral donors, has contributed to efforts to improve the integration of the gender dimensions into the revision of the Ugandan PRS.

Most EU Member States’ contributions contain an element of strengthening civil society as part of a democratisation process. In some reports, the importance of women’s organisations and networks is pointed out. For example, Belgium mentions that women’s organisations in local communities are systematically taken into consideration at project level. Austria refers to supporting network building for female mayors in partner countries. Greece provides education, legal aid, and labour integration to victims of women trafficking. Through women’s networks, Sweden supports exchange programs between various vocational groups and women Members of Parliament.

**3.4. Goal 4: Reduce child mortality**

**Target 5**      **Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate**

*Global under five mortality rate declined from 95 per thousand in 1990 to 80 per thousand in 2003. This progress translates into almost 2 million children lives saved every year. However, 51 countries are off track for meeting the 2015 target, 30 of which are in sub-Saharan Africa, where some 13.000 children die every day before reaching their fifth birthday. The main factors related to this issue are malnutrition, environmental hazards (unsafe water, hygiene and indoor smoke) and unsafe deliveries - including exposure to HIV transmission - and malaria. Access to modern water and energy facilities have a significant*

*impact in reducing the risks that unsafe water and in-door smoke have on diarrhoeal diseases and acute respiratory infections in children.*

*3.4.1. Policy framework*

The **Convention on the Rights of the Child** is the most widely ratified human rights treaty in history. One of its essential principles is the right to survival, where countries have all accepted a code of binding obligations to ensure children’s access to basic services and to guarantee equity of opportunity for children to achieve their full development. With reference to the Millennium Declaration and the MDG4, the European Commission and the EU Member States strongly support the international agreement on protecting and promoting children's rights, called **A World Fit for Children**, adopted at the Special Session of the UN General Assembly on Children in May 2002. These time-bound goals include the 2015 MDG4 target, and a consistent set of intermediate targets and benchmarks during the course of this decade (2000–2010) such as a 90% Expanded Programme of Immunisation (EPI) coverage rate by 2005 and a 80% access to prevention of mother to child HIV/AIDS transmission.

Actions to combat child mortality relate to the protection of the most vulnerable - including children - and to the development of **equitable and fair health financing mechanisms**. The Council Resolution on Health and Poverty, adopted on 30 May 2002<sup>27</sup>, refers to increasing the volume and improving the delivery of aid. A substantial share of that increase should go to support for social development in developing countries with special emphasis on improving health outcomes through equitable and fair health financing mechanisms, closely linked to progress towards MDG4. Both the focus on MDGs and the priorities outlined in the Council Resolution are reflected in national laws on international cooperation and the multi-

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<sup>27</sup> Council Resolution on “Health and Poverty” of 30 May 2002 - 2429th Council meeting, 8958/02.



annual strategies for health ODA of the EU Member States. Besides the overall relation with poverty reduction, MDG4 is clearly interlinked with MDG1 (reducing malnutrition), MDG5 (improving maternal and neonatal care), MDG6 (HIV, malaria prevention and treatment) and MDG7 (water and sanitation). The close relation between MDG4 and MDG6, and hence the principles adopted by the International Conference on Population and Development (ICPD) and women's rights is crucial for the EC and EU Member States. In terms of child care, priority specific interventions at country and global levels are the Integrated Management of Childhood Illnesses and Immunisation (including polio eradication), endorsed and supported by the EC and EU Member States.

#### France – prevention of child and maternal mortality

On child health, France priorities concern vaccination, the promotion of integrated management of childhood diseases, and the prevention of neo-natal mortality (linked to interventions on maternal mortality). France participates in financing GAVI, and contributes in particular, through WHO/UNICEF, to the eradication of poliomyelitis. France developed expertise in the field of the fight against maternal mortality and defined principles of global management of pregnancy and reduction of foetal-maternal risk. For instance, France has a project on prevention of maternal and child mortality and fight against HIV/AIDS in two regions of Burkina Faso, which focuses on pregnant women, mainly through training health agents and the rehabilitation of district maternity clinics.

#### 3.4.2. Focal areas

The geographical focus of the funding from EU Member States and the European Commission is **Sub-Saharan Africa**, which is off-track for MDG4. Support to Africa accounts for over 50% of EU ODA for health. 31% of this aid targets the countries with lowest domestic resources for health.

Most of the EU support to MDG4 aims at **equitable health services** where child health is a priority. A large part of EU aid for health in developing countries is channelled through international organisations and global initiatives. The EU direct aid to countries aimed at improving health involves a variety of modalities. Most of the funds from EU Member States still earmark specific health areas and projects, often off-budget and with a focus on **mother and child** health programmes, **communicable diseases** and **health policy and management**. However, there is a gradual trend to channelling funds through participatory country-led processes around national programmes. The European Commission and several EU Member States are also providing significant funds for general budget support linked to improved health policies, strategies and outcomes.

In addition, the EU is a major contributor to the main UN agencies related to MDG4: WHO, UNICEF, UNFPA and UNAIDS. The EU is also a leading donor in the main global initiatives related to child health such as the Global Fund to Fight HIV/AIDS, tuberculosis and malaria, Global Alliance on Vaccines and Immunisation (GAVI)/The Vaccine Fund, the Global Polio Eradication Initiative and Roll-Back Malaria. These global initiatives aim at making progress on key prevention strategies such as coverage of **immunization** and long-lasting **insecticide treated nets**, and prompt and effective treatment of the most common causes of ill health and premature death through the Integrated Management of Childhood-related Illnesses (IMCI).

The EU is also a large and growing contributor to **research** in partnership with developing countries on effective and affordable vaccines (rotavirus, pneumococcal, meningococcal, malaria, HIV/AIDS, tuberculosis) and medicines aimed at improved child health.

### 3.5. Goal 5: Improve maternal health

#### Target 6

**Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio**

*Each year 500.000 women die as a result of pregnancy, and millions more due to causes which are avoidable or easily treatable using existing inexpensive technologies. A significant proportion of infant mortality is associated with this poor maternal health, and there are strong links between actions on MDG5, and actions needed on MDG4, MDG6 and MDG7, to reduce infant and child mortality. Despite major achievements in increasing knowledge and demand for contraceptives, demand is often not met, due to problems of delivery or due to factors which limit women's right to control their own fertility. A massive gap remains in ensuring access to reproductive rights and supplies and services which are directly linked to women's health, maternal*

*ill-health and child survival. The average MDG investment needs for health for the period between 2006-15 are estimated by the UN Millennium Project at \$25 billion per year, a significant proportion of which will be needed to build effective systems for women's reproductive and sexual health.*

#### 3.5.1. Policy framework

European Union Member States signed up to and are committed to the achievement of the goals and objectives of the United Nations' **International Conference on Population and Development (ICPD)** held in Cairo in 1994. These goals are directly reflected in the wider EC policy framework<sup>28</sup> and in the policies and actions of many EU Member States. With a focus on providing universal access to reproductive health care and services, the European Union attaches particular importance to the issue of maternal health<sup>29</sup>. The Cotonou Agreement explicitly refers to the importance of integrating population issues into development strategies.

The EU has recently reaffirmed the need for a strong leadership in the prompt implementation of the **ICPD Programme of Action** in the context of the Millennium Declaration approved in September 2000. The European Union has in fact agreed that the Cairo agenda is key to poverty reduction and fundamental to achieving the MDGs. The EC and the EU Member States have also recognized the need for additional financial resources for sexual and reproductive health and rights to be provided through UNFPA and other international organizations. The EU has also stressed the need to link the fight against HIV/AIDS with support to the Cairo agenda to ensure strong political support and funding for sexual and reproductive health information, services and research as well as to ensure reproductive choices for people affected by HIV in accordance with the ICPD Plan of Action.

A number of EU Member States provide support for the **Safe Motherhood and Neonatal Health Partnership**, which is aimed at improving coordination and harmonisation around maternal and neonatal health.

#### **Denmark – Safe motherhood in Ghana**

In Ghana, the major part of Danish support to the improvement of health is granted as direct budget support to the general budget of the health ministry. General health has shown improvement in a number of areas over the last two years. For example, child mortality per 1000 newborns has fallen from 57% to 54%, and maternal mortality is being prioritised as one of the greatest challenges. Ghana's Ministry of Health has launched a programme covering, inter alia, training of local midwives. In addition to its budget support to the health sector, Danish development assistance has also focused

<sup>28</sup> Communication on *Health and Poverty reduction in Developing Countries*, 2002.

<sup>29</sup> Regulation (EC) No 1567/2003 of the European Parliament and Council of 15 July 2003, on "Aid for policies and actions on reproductive and sexual health and rights in developing countries".

on setting up sickness funds for the most impoverished people, to allow them access to reproductive health services in particular.

At a country level, the approach of many EU Member States and of the EC is to support health system strengthening and health care delivery approaches that are beneficial for improved access to basic services, including emergency obstetric services. Human resources development to improve the availability of trained and skilled health personnel is a recognised priority. In addition to strengthening government managed services, the Commission and EU Member States work closely with partners implementing the Cairo Programme for Action such as the UN Population Fund, International Planned Parenthood Federation and Marie Stopes International. The EC and EU Member States also provide grant support to NGOs for community based family health programmes and projects to combat practices harmful to the sexual and reproductive health of women (such as female genital mutilation). European support for maternal health includes significant and increased EC and Member State funding of research in the area of reproductive health.

### 3.5.2. *Focal areas*

The recognition of the stagnation or deterioration of many health indicators in sub-Saharan Africa, in part as a consequence of HIV/AIDS and continued high levels of poverty, has led many EU Member States to focus their support on **Africa**. However there is also recognition that given the large population living in poverty in other regions, particularly in **Asia**, the geographical focus of donors should not be too narrow. There are many millions fewer women in Asia than would be expected from demographic projections. These ‘missing millions’ of women are a reflection of factors such as boy child preference and of neglect or even infanticide of girl children, and are an extreme example of the significant disadvantage faced by girls and women in all aspects of life. **Gender inequality** poses a particular challenge to meeting the maternal mortality MDG.

There is a widespread recognition amongst EU Member States that due to the importance of cultural, social, economic and physical barriers to women and girls’ effective access to services, any technical response needs to be set within the political context of promoting gender equality and reproductive rights. Priority areas identified by Member States include promoting comprehensive **national maternal health programmes**, including the provision of quality antenatal care, care during childbirth and post-natal care and expanding the body of skilled birth attendants. The EC’s efforts in this area also include the sustained supply, availability and affordability of contraception and protection from sexually transmittable diseases. In the policies of many EU Member States, special emphasis is placed on the rights of young people in developing countries to improved **sexual and reproductive health**, reaching out in particular to the poorest populations.

A number of specific, evidence based, priority areas for support were highlighted by EU Member States in their progress reports, including (a) the need to increase access to **skilled birth attendants**, (b) the need to increase access and speed of referral to emergency **obstetric care services**, (c) the development of innovative financing mechanisms, such as maternal health **vouchers**, which give women the wherewithal to access maternal health services, (d) addressing gender inequality in both societal attitudes and resulting community and service barriers, (e) improving the **measurement and monitoring** of maternal health, including strengthening measurement of process indicators (skilled birth attendance, maternal death audits), and (f) strengthening **coordination** between components of service provision, to ensure better integrated service delivery, with good peri-natal care being an important part of infant mortality reduction.

### 3.6. Goal 6: Combat HIV/AIDS, malaria and other diseases

**Target 7** Have halted by 2015 and begun to reverse the spread of HIV/AIDS

**Target 8** Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

*Despite all the progress that has been made, the number of people affected by HIV/AIDS, malaria and other diseases continues to rise. In 2004, over 3 million people died of AIDS, and there were about 5 million new HIV infections. Sub-Saharan Africa remains the most affected by the pandemic, with particularly high prevalence rates among women, but the epidemic is growing rapidly in Asia and parts of Eastern Europe. Malaria kills more than one million people every year, most of them children also in sub-Saharan Africa, and its burden has risen due to growing resistance, the effect of displaced populations, climate change as well as the lack of improved water and sanitation systems especially in urban areas which mean that people are increasingly exposed to stagnant water where mosquitoes breed. Other diseases such as tuberculosis and acute respiratory infections continue to be a major burden of disease amongst adults and children, especially amongst the poorest and again are made worse by growing*

*urbanisation and increased exposure to air pollution. Meanwhile, other communicable diseases are emerging and re-emerging and adding to the burden of diseases and premature death, especially on the most vulnerable in society. The global awareness and response to these epidemics has been the greatest ever mobilisation of resources. A High Level Task Force has been set up to determine the financing gap for HIV/AIDS, malaria and tuberculosis.*

#### 3.6.1. Policy framework

Further to the Millennium Declaration, in June 2001 the UN General Assembly **Special Session on HIV/AIDS** set additional specific targets. It focused on national strategies for HIV/AIDS-related issues (prevention, treatment, care and multi-sectoral strategies) by 2003, and on reducing HIV infection among 15 to 24-year-olds by 25% in the worst affected countries and globally by 2010. In addition, it set a goal that the proportion of infants infected with HIV should be reduced by 20% by 2005 and by 50% by 2010.

Because 90% of the world's malaria burden is in Africa, additional targets for Africa were defined on 25 April 2000 at the **African Roll Back Malaria Summit** in Abuja, Nigeria. The targets set include ensuring access for at least 60% of those suffering from malaria to affordable and appropriate treatment within 24 hours of the onset of symptoms and access for at least 60% of those at risk for malaria to protective measures (such as insecticide-treated nets for under-fives or chemo-prophylaxis for pregnant women) by 2005. These targets would lead to halving 1998 malaria mortality levels by the year 2010.

The internationally agreed targets for **Tuberculosis** control in 2005 were endorsed at the World Health Assembly on 5 May 2000. They aim at detection of 70% of all cases and successful treatment of 85% using the DOTS strategy by 2005, and a reduction in prevalence and mortality rates to half of the year 2000 estimate, by 2010.

One essential part of the international policy framework for global efforts to control these epidemics, is the Doha Declaration on **TRIPS and public health** and its follow-up in the August 2003 Decision on the implementation of paragraph 6 of this Declaration (cf. MDG8).

The recently adopted EU policy framework focuses on external action to **confront HIV/AIDS, malaria and tuberculosis**. This policy framework widens the action on these three communicable diseases in geographic terms. Furthermore the present policy framework is based on a wider rationale than poverty reduction and now includes human rights and human security as key concerns in the struggle to confront the three diseases.

During the term 2004-2006, the fight against HIV/AIDS, Tuberculosis and Malaria has a central role in the work programme of the Council. The Council has requested the Commission to present by April 2005 a comprehensive Plan of Action on different areas of intervention to confront the three poverty related diseases.

### 3.6.2. *Focal areas*

At the global level, the EU continues to prioritise the development of new, effective and affordable vaccines and therapeutic tools against HIV/AIDS, malaria and tuberculosis tailored to the needs of developing countries. This is carried out through a series of partnerships.

#### **EU support to development of vaccines and therapeutic tools**

The EC has set up a European and Developing Countries Clinical Trials Partnership (EDCTP) to accelerate the development of new clinical interventions to confront the three diseases and to improve the quality of research in relation to these diseases. EDCTP is also supported by several EU Member States. The EC is contributing €200 million to the EDCTP for the period 2003-2007 while EU Member States, industry and other donors are expected to finance another €400 million.

The EC and a number of EU Member States also provide funding to the International AIDS Vaccine Initiative (IAVI), the International Partnership on Microbicides (IPM), the European Malaria Vaccine Initiative (EMVI) and the Medicines for Malaria Venture (MMV) to promote policy advocacy, national strategies and community preparedness for the introduction of clinical trials of new effective medicines, vaccines and microbicides.

In addition, several EU Member States are supporting the « Global HIV vaccine enterprise », aimed at strengthening the collaboration of research centres in order to accelerate the development of an AIDS vaccine.

In addition, the EU continues actively to enhance **access** to affordable pharmaceutical products through EC legislation on **tiered pricing** of pharmaceutical products; through efforts to implement paragraph 6 of the Doha Declaration on TRIPS and public health<sup>30</sup>; through promoting price transparency in EC programmes and in programmes funded by the Global Fund; and through support to local production capacity.

In relation to HIV/AIDS, the EC recognises the geographical priority for **Sub-Saharan Africa**, given the enormous needs in this region. However, the EU is also concerned with the rapid spreading of HIV/AIDS in **Eastern Europe** and in neighbouring countries. The Conference "Europe and HIV/AIDS: New Challenges, New Opportunities" which took place in Vilnius on 16-18 September 2004, targeted at strengthening, networking and partnership on HIV/AIDS and related issues among the old and new EU Members States and their neighbouring countries.

The EU (EC and Member States) is the main contributor to the **Global Fund to fight HIV/AIDS, tuberculosis and malaria** with €2,8bn of pledges up to 2007 (55% of the total). The Global Fund supports country-led programmes according to needs and the quality of proposals. Two thirds of funds are granted to low income countries and 60% to sub-Saharan Africa. Given the multiplicity of bilateral (with the significant funding planned by PEPFAR, the US President's Emergency Plan For AIDS Relief) and multilateral initiatives (mainly the

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<sup>30</sup> In October 2004, the EC adopted a Proposal for a Regulation which, once adopted by Council and Parliament, will allow the manufacturing and export of generic versions of patented medicines to developing countries facing important health needs, when a compulsory license has been issued.

Global Fund and the World Bank) there is a need for stronger coordination and integration in country-led processes. The so-called '**Three Ones initiative**' is a response to this situation with a strategy to create in each affected country (a) One agreed HIV/AIDS Action Framework that provides the basis for coordinating the work of all partners, (b) One National AIDS Coordinating Authority, with a broad-based multisectoral mandate, and (c) One agreed country-level Monitoring and Evaluation System.

The EU is also a major partner to UN agencies (WHO/PAHO, UNICEF, UNAIDS, UNFPA, ILO) and global initiatives (such as RBM, StopTB, GAVI) related to the challenges around the main poverty diseases. The dialogue of Member States with these organisations focuses on their involvement in **partnerships and coordination**, their support for vulnerable populations, such as women and children, and the mainstreaming of the MDGs (especially Goals 3, 4, 5 and 6) into the strategic frameworks of each organisation.

The EC and several EU Member States co-operate with companies or private corporations in HIV/AIDS programmes aimed at enhanced prevention, treatment and care of employees and their relatives. **Corporate Social Responsibility**, as well as **Private-Public Partnerships** are gaining importance and EU Member States are increasingly building upon such partnerships.

#### **Sweden - organisational changes to strengthen and coordinate HIV/AIDS work**

HIV/AIDS is a priority issue in Sweden's policy for global development and a fundamental part of development programs supported by Sweden. HIV/AIDS is a central part of Sweden's dialogue with all development partners, including representatives from governments, international organisations, business, trade unions, youth organisations, and all parts of civil society. An HIV/AIDS ambassador has been appointed in the Foreign Ministry, an HIV/AIDS secretariat has been set up in Stockholm, and a regional HIV/AIDS team for Sub-Saharan Africa has been established in Lusaka, together with new specialised posts in India and Cambodia.

At country level, the EU Member States and the European Commission pursue an approach based on the interlinking continuum of **prevention-treatment-care** and stressing activities in the areas of **capacity building** at country and regional level. Several EU Member States have developed strategy papers for dealing with HIV/AIDS as a development issue, stressing a comprehensive approach, human rights, gender equality and health education. The underlying causes for the spread of the pandemic are identified and addressed by a majority of EU Member States. In Sub-Saharan Africa more women than men are infected due to the imbalance of power between men and women and to the prevalence of **sexualised violence**, including women and girls being subjected to rape, especially in conflict and post-conflict situations. Women's health and the importance of sexual and reproductive health and rights are a key focus of action for several EU Member States. Many EU Member States support a comprehensive approach in the fight against HIV/AIDS, covering links between health, education, civil society, human rights and the private sector.

One of the specific initiatives supported by several EU Member States is ESTHER (*Ensemble pour une solidarité thérapeutique hospitalière en réseau*) launched in 2001 with an approach to create partnership between **hospitals** in Europe and Developing Countries in order to strengthen capacities to deliver HIV/AIDS treatment and care.

Further to the attention given to HIV/AIDS, malaria and tuberculosis, the EU is a key contributor to global initiatives targeting other major communicable diseases such as the Global **Polio** Eradication Initiative and the African programme of **Onchocercosis** control, amongst many others.

### 3.7. Goal 7: Ensure environmental sustainability

<b>Target 9</b>	<b>Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources</b>	<i>By the end of 2003, 41 countries had made progress towards establishing a national strategy for sustainable development (NSSD), 27 countries had an approved NSSD, and out of these, 23 countries were in the process of implementing the strategy. In addition, 79 countries had components of a sustainable development policy in place.</i>
<b>Target 10</b>	<b>Halve, by 2015, the proportion of people without sustainable access to safe drinking water and access to basic sanitation</b>	<i>Progress in sanitation is stalled in many developing regions. 2.6 billion people lack even a simple 'improved' latrine. One person out of six has little choice but to use potentially harmful sources of drinking water.</i>
<b>Target 11</b>	<b>By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers</b>	<i>More than 70% of the least developed countries' and of sub-Saharan Africa's urban population lived in slums in 2001. Half of the global population will be living in cities by 2020. Urban growth will be fastest in poor countries particularly in Africa and Asia.</i>

#### 3.7.1. Sustainable development

The June 2001 Göteborg European Summit adopted a strategy for sustainable development dealing with economic, social and environmental policies in a mutually reinforcing way. Building on this process, in February 2002 the Commission presented the Communication *Towards a Global Partnership for Sustainable Development*<sup>31</sup>. As a follow up to this, and to the World Summit on Sustainable Development (WSSD), the Communication *WSSD one year on, implementing our commitments*<sup>32</sup> reported on progress. The 2005 review of the EU Sustainable Development Strategy *A stocktaking of Progress*, is currently underway and includes the results of an extensive public consultation.

The 2001 Environmental Integration Strategy, which identifies opportunities and key entry points for the integration of the environmental dimension into EC Economic and Development Cooperation, is also due for review in 2005. Key elements of this Strategy include environmental training, the finalisation of the environment integration manual, and the use of Country Environmental Profiles and Strategic Environmental Assessment in the framework of the preparation and review of Country Support Strategies. By December 2004, approximately 50 such CEPs had been prepared or were under preparation.

Many EU Member States similarly consider that economic growth and poverty reduction cannot be sustained if they are achieved at the expense of the environment and through depleting natural resources, and have included an **environmental dimension** in their development policy. Some Members States are working with developing countries to ensure environmental issues are reflected in PRSPs and national poverty plans. The prevention of international environment threats is one of the main goals of the Finnish development policy. Belgium has established environment issues as one of the cross cutting themes to be integrated in the "mainstream" of its development cooperation policy. Similarly, environment is one of cross-cutting issues of Ireland's development programme and a new environment policy aims to strengthen Irish support to partner governments in integrating environmental

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<sup>31</sup> COM (2002)82  
<sup>32</sup> COM (2003)829

sustainability into development planning, particularly through Poverty Reduction Strategies. Spanish development cooperation actively supports the integration of environmental issues into the strategic planning framework in partner countries. Denmark's strategy for development cooperation on environment sets out the goals and action for bilateral and multilateral efforts and the environmental dimension is mainstreamed. Sweden's policy for global development calls for taking environmental sustainability consistently into account in growth and development strategies, both at the national and international levels.

Efforts to effectively mainstream environment into development are also reflected in ODA-**allocations**. For instance, in 2003-2004 the UK committed £605 million to promote environmental sustainability in developing countries. Estonia committed approximately 15% of its bilateral ODA to environment related projects in 2003, focusing on institutional reform in environmental protection and adjusting legislation in developing countries in order to help them meet international environmental commitments. France created the *Fonds français pour l'environnement mondial* (French Global Environmental Fund) in 1994, dedicated to environmental protection in developing countries and countries in transition. Since its establishment, France has pledged more than €200m into the Fund.

Furthermore, in the context of **Multilateral Environmental Agreements** (MEAs) (on climate change, biodiversity, desertification, chemicals etc.) developing countries are taking up an ever greater number of environmental obligations, all requiring international cooperation to address issues of global and regional concern. Development cooperation is faced with the challenge of assisting developing countries to comply with those commitments. Their incorporation at the programming stage and into project/programme activities is however complex and still at an early stage. However, several EU Member States are starting to develop actions and programmes in order to support developing countries and countries and transition to achieve MEA compliance.

Collectively the EU Member States are the largest donor to the **UNEP's Environment Fund**, and are also major contributors to the Montreal Protocol Fund, the Global Environment Facility, and the UN Forum on Forests. Together with the Community, the Member States provide almost half of the basic funding for the major Rio Conventions (Desertification, Climate and Biodiversity) and an even higher proportion of the financing made available through these Conventions to assist developing countries. The European Commission has adopted development-specific **Action Plans** with regard to both Climate Change<sup>33</sup> and Biodiversity<sup>34</sup> and plays an active role in shaping the future of the Desertification Convention.

#### **EU Action Plan for Forest Law Enforcement, Governance and Trade**

In an effort to stop illegal logging and trade in illegally harvested wood, the Commission published in May 2003 an EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT)<sup>35</sup>. The Action Plan sets out a package of measures which link governance reforms in producer countries with the legal framework of the internal EU market. The Action Plan involves a series of voluntary (but binding) partnership agreements with wood-producing countries and regions. Through these partnerships, the EU and partner countries will set up a licensing scheme to ensure that all timber exports to Europe are legal. The partnerships will also encourage governance reforms in wood-producing countries, particularly to promote greater equity and transparency in association with forest harvesting operations.

<sup>33</sup> COM(2003)85 on *Climate Change in the Context of Development Cooperation*.

<sup>34</sup> COM(2001)162 on *Biodiversity Action Plan for Economic and Development Cooperation*.

<sup>35</sup> COM(2003)251 on *Forest Law Enforcement, Governance and Trade, proposal for an EU Action Plan*.



The MDG reports contain other examples of specific actions in relation to the MEAs. In the framework of the **Kyoto** Protocol, Belgium develops partnerships with developing countries so as to contribute to its CO<sub>2</sub> reduction or absorption targets, through the **Clean Development Mechanism**, while transferring environment friendly technologies. Since 1999 Finland has been running a Clean Development Mechanism / Joint Initiative (CDM/JI) Pilot Programme in order to gain experience and promote project-based Kyoto mechanisms. In addition to emission reduction purchases the programme includes capacity building in the use of the mechanisms. Currently there are 5 JI projects and 7 CDM projects in the bilateral project pipeline. Finland has also invested in multilateral CDM and JI funds such as Prototype Carbon Fund and Baltic Sea Region Testing Ground Facility.

In Sweden's new policy for global development, special emphasis is placed on global environmental problems, in particular climate change, toxic chemicals and the loss of biological diversity. Sweden also pursues other issues, globally and locally, such as sustainable consumption and production patterns in order to minimize the negative influence that EU resource-demanding lifestyles have on nature. Sweden promotes the participation of all countries, including the poorest countries, in multilateral environmental cooperation.

#### **Finland - Forest Sector Development cooperation**

In absolute terms Finland is one of the six biggest contributors to forest sector development through development cooperation. Forestry has been identified as one of the nine key themes for advancing poverty reduction and achieving the MDGs. According to an evaluation of the Finnish forest sector development cooperation carried out in 2003, Finnish forestry development cooperation in the 1990's has been able to contribute positively to combating global environmental problems, like deforestation. Finland is increasingly supporting strategic interventions in the forest sector, focusing on sound and capable forest sector institutions, national forest programmes and forest resource assessment. The role of sustainable development is embedded in the concept of sustainable forest management, which is promoted throughout all forestry cooperation. Finland has also been spearheading the international discussion on linkages between forestry and poverty reduction strategies.

#### *3.7.2. Water & Sanitation*

There have been a number of crucial landmarks over recent years (the Hague, Bonn and Kyoto Conferences and the Johannesburg WSSD) in the international debate on improving water management and access to water and sanitation, and there is a broad international agreement on what needs to be done. There is a **consensus** among Member States for i.a. the need to support developing countries to better integrate water and sanitation issues in Country Strategy Papers and Poverty Reduction Strategy papers.

Many EU Member states have demonstrated a strong involvement in the water sector, which sometimes forms a substantial part of their development aid. Germany is the second national donor (after Japan) in the water sector, with disbursements of around €350m per year, focused on Africa. France has spent €268m a year on average (2001-2003) on its bilateral aid in the field of water (with €166m for Africa). The UK provides 6% of its bilateral aid for water and sanitation services.

The G8 (including France, Germany, Italy, UK and the Commission) adopted an action plan on water in Evian aiming at meeting the MDGs and the WSSD goals in the framework of NEPAD.

### Germany – Water and Sanitation

German development cooperation in water and sanitation is addressed at 27 countries, with an emphasis on Africa. Support comprises improving water governance, capacity building and knowledge transfer as well as the development of infrastructure for sustainable water supply and sanitation. In addition there is a strong commitment to integrated management of water resources and to transboundary water issues. Following the G8 Water Action Plan, Germany has taken a lead role in capacity building in transboundary water issues, to develop and strengthen river basin organisations. Within the Africa Water Supply and Sanitation Group of the EU Water Initiative (see following box), Germany is coordinating the policy dialogue between Zambia and the EU in water and sanitation and supports the formulation of a roadmap towards reaching the MDGs.

In May 2002 a Council resolution was adopted endorsing the European Commission Communication on water management in developing countries<sup>36</sup>, which stressed the need to **integrate sustainable water management** in national and regional development strategies and to support partner countries in developing sustainable solutions. The EU's over-arching policy of 'Integrated Water Resources Management' (IWRM) follows a river/groundwater basin approach. Based on strong public participation, transparency and accountability, IWRM is particularly important for sustainable development and, in the case of trans-boundary waters, for conflict prevention.

As the largest provider of development assistance for water the EU looks for ways to improve the effectiveness of its support to this sector. All Member States recognise that sustainable development policies must address the need for equitable and sustainable management of water resources in the interests of society as a whole. The EU considers that further actions are needed in the areas of water governance, capacity building, transfer of technology and finance if progress is to be made at the country level to achieving the water related MDG and WSSD targets. In particular, higher priority needs to be given to sanitation.

### Water Initiative & Water Facility

At the World Summit on Sustainable Development (WSSD) in Johannesburg in 2002, the EU launched a Water Initiative to contribute to the achievement of the MDG and WSSD targets for drinking water and sanitation, within the context of an integrated approach to water resources management. The Initiative covers four geographical regions – Africa, Mediterranean, Eastern Europe/Caucasus/Central Asia (EECCA) and Latin America. The key elements of the Initiative are to reinforce political commitment to action and raise the profile of water and sanitation issues in the context of poverty reduction efforts; to promote better water governance arrangements, to improve co-ordination and co-operation in the way that water-related interventions are developed and implemented; to encourage regional and sub-regional co-operation on water management issues, using the integrated water resources management approach, and to catalyse additional funding.

The €500m ACP-EU Water Facility adopted by the European Council in March 2004 is a response to this latter objective in the ACP region. The ACP-EU Water Facility has been developed as an instrument that can provide the missing link in financing sustainable activities and programmes in the water sector, to leverage other resources (private, development banks, financial institutions, users' contributions, remittances, etc) to finance water and sanitation.

As far as other regions are concerned, €38m have been earmarked from the TACIS Regional Programmes to support the development of the EECCA component of the EU Water Initiative. Also in the Mediterranean and Latin American regions, allocations have been made for future water-related activities.

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<sup>36</sup> COM(2002)132 on *Water Management in Developing Countries Policy And Priorities for EU Development Cooperation*, March 2002.

### 3.7.3. Energy

Access to energy services facilitates economic development and creates income and employment, for example in agriculture, shops and small enterprises. Energy services can improve access to pumped water for drinking and irrigation of gardens and fields. Energy is necessary for education, and is needed to cook nearly all human food. Furthermore, improved energy efficiency and the use of cleaner and renewable sources of energy can help to achieve a more sustainable use of natural resources, such as woodlands and other types of biomass, and reduce emissions, thus protecting the local and the global environment. Access to improved stoves, which cut down on indoor smoke, has a major beneficial effect on the prevalence of chronic respiratory disease. Emission reductions could involve both the reduction of pollutant emissions affecting health (local effect) and the reduction of greenhouse gases (global effect). In this latter context, the Clean Development Mechanism under the Kyoto Protocol could bring substantial benefits to developing countries.

All EU Member States stress the role of **renewable energy**, **energy efficiency** and more generally of **access to modern energy services** in multilateral and bilateral cooperation. Most of them finance activities in these sectors in developing countries. Several developing countries have substantial energy resources (e.g. hydro, fossil fuels, uranium) which can be built into their development strategies.

In recognizing the importance of improving access to energy for the poor, the EU launched the **EU Energy Initiative** for poverty eradication and sustainable development (EUEI) at the World Summit on Sustainable Development (WSSD). The objective of the EUEI is to contribute to the achievement of all of the MDGs, with particular emphasis on MDG 1 and 7. Other energy partnerships are based in Austria (Global Forum on Sustainable Energy – GFSE), Denmark (Global Network of Energy in Sustainable Development - GNESD) and the United Kingdom (Global Village Energy Partnership).

In the Conclusions of the General Affairs Council (8566/04), April 2004, the EU Member States confirmed the need to provide **adequate financing** for the EU Energy Initiative. Furthermore the Council recognised that a strengthened involvement of the Commission and EU Member States is needed to respond to the developing countries' priorities as expressed at the November 2003 EUEI 'Energy for Africa' conference in Nairobi, and requested the Commission to take the lead in the follow-up to this conference. In response, the Commission has proposed to set up an Energy Facility, conceptually similar to the already established Water Facility. Moreover, specific financial support has been made available in the context of the Intelligent Energy-Europe programme.<sup>37</sup>

In addition, the European Commission hosts the secretariat of the **Johannesburg Renewable Energy Coalition**, which was launched at the WSSD and provides a unique platform for policy co-operation and discussions on renewable energy.

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<sup>37</sup> Through the so-called COOPENER field of this programme €17,4m was made available for 50% cost shared actions with EU Member States in the scope of the EUEI, with an initial geographical focus on Sub-Saharan Africa.

#### 4. IMPLEMENTATION OF MDGs 7 & 8 COMMITMENTS

On MDG8 (global partnership for development) and MDG7, target 9 (environmental sustainability within the EU) the EU performance can be measured relatively precisely. This section of the report looks into the implementation by the EU of its commitments in these areas. Analysis will be undertaken indicator by indicator.

##### 4.1. Goal 7: Ensure environmental sustainability of the EU

**Target 9** Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

###### 4.1.1. Policies and actions

- Since 2001, the EU has developed its own **Sustainable Development Strategy**. By 2004, a total of 20 of the 25 Member States had developed a national strategy and are currently implementing them. The Commission has recently adopted a Communication providing an initial assessment of the progress made since 2001 and outlining a number of future orientations<sup>38</sup>, which can guide the review of the Sustainable Development Strategy. They will be presented in a separate Communication later in 2005.

The recent enlargement of the EU has helped new Member States to meet the **WSSD Plan of Implementation** targets and objectives in various sectors such as social policy, environment and development. Acceding countries have adopted ambitious EU standards and made considerable efforts, independently and with the support of EU funding, to upgrade their environmental infrastructure.

- In the area of **climate change**, the EU has played a leading role in developing a multilateral response and implementing the 1997 **Kyoto Protocol**, under which the EU has to reduce greenhouse gas emissions by 8% between 1990 and the commitment period 2008-2012. The implementation of the Protocol offers multiple opportunities to European industry for cooperation with third (developing) countries in the framework of the **Clean Development Mechanism** (CDM).

Within Europe, the European Climate Change Programme launched in 2000 has been the key vehicle in identifying measures to curb climate change. The Programme includes many initiatives, such as directives for energy performance in buildings, renewable energy and electricity, promotion of cogeneration of heat and power and taxation of energy products. The use of alternative fuels like bio-fuels or hydrogen is also being promoted actively. The **Intelligent Energy for Europe Programme** adopted in April 2002 will promote energy efficiency and renewable energy both in the EU and in third countries. A major landmark measure is the **EU emissions trading scheme**, which started operating on 1 January 2005, and which will help to reduce greenhouse gas emissions at lower cost to industry.

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<sup>38</sup> COM(2005)37, The 2005 Review of the EU Sustainable Development Strategy: Initial Stocktaking and Future Orientations.

- The EU has set itself the ambitious objective of halting the decline in **bio-diversity** in Europe by 2010. Policy actions taken to achieve this EU target include the reform of the Common Agricultural Policy, the Common Fisheries Policy, the creation of the Natura 2000 network, further integration of biodiversity into sectoral policies and horizontal environmental instruments (such as the Strategic Environmental Assessment, Water Framework and Environmental Liability Directives) and efforts for the development of biodiversity indicators. A review of the Community's Biodiversity Strategy (1998) and its four **Biodiversity Action Plans** (2001) has recently been undertaken feeding into the preparation of a prioritised roadmap to meet the 2010 target. The Birds and Habitat Directives are important instruments in that respect. As oceans and soil are crucial reservoirs of biodiversity, the EC is preparing comprehensive soil and marine strategies.

At the international level, successful involvement of the EU has led to important decisions both at the last Conference of the Parties to the **Convention on Biological Diversity** and the first Meeting of the Parties to the **Cartagena Protocol on Biosafety**. Decisions related to strategic plans and programmes of work for, inter alia, plant conservation, marine and coastal biodiversity, forest biodiversity, alien species, and protected areas.

#### Sweden - biological diversity

Sweden has dramatically increased its national investment in nature conservation and the preservation of biological diversity. Between 1999 and 2002, 86,000 hectares of land were listed as a nature reserve. Sweden now has a greater area protected for the benefit of biological diversity than that used for agriculture. Sweden has been a driving force within the UN Convention on Biological Diversity.

Sweden has a long coastline, many lakes and watercourses, which implies a special responsibility for water-based ecosystems. Sweden has led the way in introducing more selective fishing equipment. Nonetheless, the fishing pressure is too great even in Swedish waters but a recently adopted government proposal regarding coastal and freshwater fishing provides measures for improving the situation.

- Sustainable management of resources has also been a priority. Recent work has focused on **sustainable consumption and production** and the development of a Thematic Strategy on the sustainable use of natural resources, which will assess the extent to which policy choices are compatible with the overall objective of decoupling growth from environmental degradation. The elaboration of this Strategy will build upon a number of closely linked initiatives, such as the Integrated Product Policy<sup>39</sup>, the Strategy on Waste Prevention and Recycling and the Action Plan on Environmental Technologies. Regarding resource efficiency, actions include the Directive on waste electrical and electronic equipment and Directives to limit the use of fossil fuels, such as the Directives on energy performance of buildings, the promotion of biofuels (Directive 2003/30/EC) and cogeneration of heat and power. To give a comprehensive picture of EU action on sustainable consumption and production, the European Commission published a report in November 2004, covering both Community level policies and actions and examples from Member States<sup>40</sup>.

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<sup>39</sup> Policy that seeks to minimise the environmental degradation caused by the manufacturing, use or disposal of products, by looking at all phases of a products' life-cycle and taking action where it is most effective.

<sup>40</sup> [http://www.europa.eu.int/comm/environment/wssd/scp\\_en.htm](http://www.europa.eu.int/comm/environment/wssd/scp_en.htm).

### Finland - sustainable consumption and production

In Finland, as a response to the outcomes of the Johannesburg Summit (2002) on the promotion of eco-efficiency and sustainable consumption and production patterns, a broad-based multi-stakeholder Committee on Sustainable Consumption and Production was established. The mandate of the Committee is to develop a national, cross-cutting programme on sustainable consumption and production. The aim of the programme is to increase eco-efficiency of material and energy use throughout the whole lifecycle of products. In order to become a truly eco-efficient society, additional objectives and environmental policy measures will be defined and adopted for Finland.

- Environment concerns are increasingly taken into account in the policy making process. The overhaul of the **Common Agricultural Policy**, which decouples subsidies from production levels while introducing cross compliance to good agricultural practices and strengthening agri-environmental measures, will significantly improve the environmental standards of the countryside within the EU. The reform of **Common Fisheries Policy** is also a move towards a more sustainable approach to the management of natural resources.

- In the period from 2000-2006, the EU will spend large amounts of money from the Structural and Cohesion Funds to co-finance investments in the following sectors: €20 billion for **environmental infrastructure** (including water); €10 billion for the **rehabilitation and maintenance of industrial, urban and natural sites** (excluding the restoration of cultural heritage).

- The Water Framework Directive was a radical modernisation of the **EU's water protection policy**, based on the important principle of river basin management, asking authorities to co-operate across political and administrative borders to address all the sources of pollution threatening a river basin, transparently and through public participation. With the EU Water Framework Directive, the EU has one of the most advanced water policies in the world and can provide significant experience and expertise. The Water Framework Directive serves as an example of best practice within the context of the EU Water for Life Initiative launched at the World Summit on Sustainable Development in 2002.

- In 2004 the European Commission presented an **Environment and Health Action Plan**, designed to fill knowledge gaps, identify emerging issues and improve communication. It has also put forward the proposal for a new **chemicals policy** under which industry will have to provide information on the effects of chemicals on human health and the environment (reversing the burden of proof) as well as on safe ways of handling them. Known as REACH (Registration, Evaluation and Authorisation of Chemicals), the new regulatory system will make a major contribution to improving health and environmental protection while at the same time maintaining the competitiveness of the chemicals industry and fostering innovation.

#### 4.1.2. Indicators for monitoring progress

The common format of the EU MDG reports agreed by Council in June 2004 includes four environment indicators: (a) proportion of land covered by forest (MDG indicator 25), (b) ratio of EU area protected to maintain biological diversity (MDG indicator 26), (c) energy use in EU (MDG indicator 27) and (c) carbon dioxide emissions in EU (MDG indicator 28).

The following tables summarise the EU performance. However it should be noted that several of these indicators are difficult to measure (and hence produce unsatisfactory results) or the statistics are not calculated in consistent ways or at sufficiently frequent time intervals. Interpretation of these figures therefore requires some prudence.

- **MDG indicator 25**

<b>Proportion of land area in the EU covered by forest<sup>41</sup></b>		
<b>In percentage</b>	<b>1990</b>	<b>2000</b>
Austria	46,0	47,0
Belgium*	22,4	22,0
Cyprus	12,9	18,6
Czech Republic	34,0	34,1
Denmark	10,5	10,7
Estonia	45,8	48,7
Finland	71,8	72,0
France	26,8	27,9
Germany	30,7	30,7
Greece	25,6	27,9
Hungary	19,1	19,9
Ireland	7,1	9,6
Italy	33,0	34,0
Latvia	45,1	47,1
Lithuania	31,1	31,9
Luxembourg*	33,3	33,3
Malta*	1,1	1,1
Netherlands	10,8	11,1
Poland	29,1	29,7
Portugal	33,8	40,1
Slovak Republic	41,5	45,3
Slovenia	53,9	55,0
Spain	27,0	28,8
Sweden	65,9	65,9
United Kingdom	10,9	11,6
<b>EU-15</b>	<b>35,9</b>	<b>36,9</b>
<b>EU-10</b>	<b>32,2</b>	<b>33,3</b>
<b>EU-25</b>	<b>35,2</b>	<b>36,3</b>

Source: FAO

\* Preliminary estimates

**MDG indicator 25 / forest / conclusion:** The proportion of forest area provides an indication of the relative importance of forest in a country and changes in forest area reflect the unregulated demand for land and forest products. During the period 1990-2000 the proportion of EU territory covered by forest **increased**. In relative terms, most progress was made in Cyprus, Portugal, Slovak Republic and Ireland. The countries with the largest proportion of forest remain Finland, Sweden, Slovenia, Estonia, Latvia and Austria.

<sup>41</sup> The indicator, used to track the change in forest area, is defined as both natural forests and forest plantations, excluding stands of trees established primarily for agricultural production, such as fruit tree plantations.

• **MDG indicator 26**

<b>Area in the EU protected to maintain biological diversity as a % of surface area<sup>42</sup></b>			
<b>In percentage</b>	<b>1995</b>	<b>2000</b>	<b>2004</b>
Austria	25	28	28
Belgium	3	3	3
Cyprus	4	4	4
Czech Republic	16	16	16
Denmark	6	7	7
Estonia	8	8	15
Finland	8	8	8
France	10	12	12
Germany	28	30	30
Greece	3	3	3
Hungary	6	8	9
Ireland	0	1	1
Italy	12	13	13
Latvia	6	14	14
Lithuania	11	11	11
Luxembourg	17	17	17
Malta	0	1	1
Netherlands	14	14	14
Poland	26	27	27
Portugal	4	5	5
Slovak Republic	24	25	25
Slovenia	7	7	7
Spain	8	8	8
Sweden	6	9	9
United Kingdom	18	18	18
<b>EU-15</b>	<b>11</b>	<b>12</b>	<b>12</b>
<b>EU-10</b>	<b>17</b>	<b>18</b>	<b>19</b>
<b>EU-25</b>	<b>12</b>	<b>13</b>	<b>13</b>

Source: UNEP (UNSD calculations)

**MDG indicator 26 / biodiversity protection / conclusion:** According to these UNEP figures protection ratios are high (> 25%) in Germany, Austria, Poland and Slovak Republic. Protection ratios appear to be low (< 5%) in Belgium, Cyprus, Greece, Ireland and Malta. However, these figures need to be updated, taking account of the territory protected in the Natura 2000 network under the EU Habitats and Birds Directives. In 2005 the percentages of protected terrestrial territory under the Habitats Directive are as follows. Substantial marine areas have also been proposed by many Member States.

<b>Terrestrial area in the EU protected under the Habitats directive, as a % of national surface area</b>			
<b>In percentage</b>	<b>2005</b>		<b>2005</b>
Austria	10,6	Latvia	11,0
Belgium	10,0	Lithuania	2,1
Cyprus	5,0	Luxembourg	14,8
Czech Republic	9,2	Malta	12,5
Denmark	7,4	Netherlands	9,5
Estonia	15,9	Poland	3,7
Finland	12,7	Portugal	17,4
France	6,8	Slovak Republic	11,8
Germany	7,0	Slovenia	31,4

<sup>42</sup>

Progress to preserve biodiversity is measured on the proportion of protected area, defined as the percentage of total protected area (terrestrial and marine) on total territorial area (terrestrial area plus territorial sea area up to 12 nautic miles).



Greece	16,4	Spain	22,6
Hungary	14,0	Sweden	13,6
Ireland	10,2	United Kingdom	6,5
Italy	13,9	<b>EU-25</b>	<b>11,6</b>

Source: European Commission

• **MDG indicator 27**

<b>Energy use in the EU (kg oil equivalent) per \$1000 GDP (2000 PPP) <sup>43</sup></b>				
	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2002</b>
Austria	144	138	129	134
Belgium	218	222	218	208
Cyprus	181	189	187	182*
Czech Republic	..	314	281	272
Denmark	140	147	124	124
Estonia	..	466	322	279
Finland	266	280	254	268
France	181	182	173	171
Germany	204	175	160	161
Greece	156	156	152	146
Hungary	247	251	196	187
Ireland	197	166	125	110
Italy	123	122	119	118
Latvia	..	290	200	205
Lithuania	..	358	235	249
Luxembourg	297	226	149	158
Malta	201	148	113	131
Netherlands	202	202	174	173
Poland	354	332	233	226
Portugal	133	144	143	146
Slovak Republic	366	350	283	277
Slovenia	..	223	198	197
Spain	148	156	154	155
Sweden	258	265	218	228
United Kingdom	181	177	159	152
<b>EU-15</b>	<b>177</b>	<b>170</b>	<b>158</b>	<b>156</b>
<b>EU-10</b>	<b>323</b>	<b>312</b>	<b>237</b>	<b>232</b>
<b>EU-25</b>	<b>187</b>	<b>181</b>	<b>164</b>	<b>163</b>

Source: World Bank

\* 2001

**MDG indicator 27 / energy consumption / conclusion:** Since 1990 energy consumption per unit of output has been in **decline** in all EU Member States (with the exception of Spain and Portugal). The speed of this trend differs per country, with most spectacular progress seen in several of the new EU Member States and in Ireland. Energy consumption per unit of output is lowest in Ireland, Italy, Denmark, Malta and Austria.

<sup>43</sup> The ratio of energy use per unit of gross domestic product measured in purchasing power parity (PPP) terms is an indicator of the energy intensity of an economy and energy efficiency.

- **MDG indicator 28**

<b>Carbon dioxide emissions (CO<sub>2</sub>), equivalent in the EU (metric tons of CO<sub>2</sub> per capita)<sup>44</sup></b>				
	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2002</b>
Austria	7,9	7,8	8,0	8,6
Belgium	11,9	12,3	12,2	12,2
Cyprus	6,8	7,0	8,2	8,3
Czech Republic	15,9	12,5	12,5	12,0
Denmark	10,2	11,7	9,9	10,1
Estonia	24,1	13,3	12,3	12,8
Finland	12,5	12,3	12,0	13,4
France	7,0	6,8	6,9	6,8
Germany	12,8	11,0	10,4	10,5
Greece	8,2	8,1	9,4	9,5
Hungary	8,1	5,8	5,8	5,6
Ireland	9,0	9,6	11,6	11,6
Italy	7,6	7,8	8,0	8,1
Latvia	8,2	4,2	2,9	3,1
Lithuania	10,5	4,0	3,4*	3,4
Luxembourg	33,8	23,6	20,5	22,8
Malta	6,2	7,8	7,5	7,5
Netherlands	10,7	11,2	10,7	11,0
Poland	12,5	9,0	8,1	8,2*
Portugal	4,4	5,3	6,2	6,5
Slovak Republic	11,3	8,2	7,5	8,0
Slovenia	8,3	7,5	7,7	8,3
Spain	5,7	6,3	7,5	7,8
Sweden	6,5	6,5	5,9	6,1
United Kingdom	10,3	9,5	9,2	9,1
<b>EU-15</b>	<b>9,2</b>	<b>8,8</b>	<b>8,8</b>	<b>8,9</b>
<b>EU-10</b>	<b>12,2</b>	<b>8,6</b>	<b>8,3</b>	<b>7,9</b>
<b>EU-25</b>	<b>9,7</b>	<b>8,8</b>	<b>8,7</b>	<b>8,8</b>

Source: UNFCCC (except for Cyprus and Malta: CDIAC), UNSD calculations

\* 2001

**MDG indicator 28 / CO<sub>2</sub> emission / conclusion:** Since 1990 per capita carbon dioxide emissions have gone up in eleven EU Member States, and have decreased in fourteen Member States. In absolute terms the per capita emission level is highest in Luxembourg, Finland, Estonia and Belgium. Lowest emission levels are found in Latvia, Lithuania, Hungary, Sweden and Portugal.

In summary it should be noted that, despite the progress being made, the EU **ecological footprint** is still too big. Consumption in the EU-15 is over twice the global average. In Western Europe each person consumed the products of nearly 5 hectares yet had only just over 2 hectares available, which results in the importation of the output of 3 hectares from the rest of the world. Existing environment legislation needs to be better implemented, and unsustainable trends in some sectors are worsening. Incidents of diseases caused by environmental factors are increasing. Despite some progress on global warming, the EU is at risk of not meeting the Kyoto targets. Most emissions from inland transport (lead, sulphur, CO, NO<sub>x</sub>, VOC) are declining, however, CO<sub>2</sub> emissions remains a worrying exception.

<sup>44</sup> The greenhouse effect is monitored by tracking the amount of CO<sub>2</sub> emissions – largely a by-product of energy production and use.

The challenge of the coming years is to speed up the pace of reform and develop balanced policies that will stimulate growth and employment, while also protecting the environment and human health from increasing pressures, to the benefit of current and future generations.

**4.2. Goal 8: Develop a global partnership for development**

<b>Target 12</b>	<b>Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (includes a commitment to good governance, development, and poverty reduction – both nationally and internationally)</b>
<b>Target 13</b>	<b>Address the special needs of the least developed countries (includes: tariff and quota free access for least developed countries' exports; enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction)</b>
<b>Target 14</b>	<b>Address the special needs of landlocked developing countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)</b>
<b>Target 15</b>	<b>Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</b>

Goal 8 targets are defined in an integrated fashion, reflecting the fact that the partnership with developing countries has both financial and trade dimensions. This section of the report looks at EU contributions in the area of financial assistance (ODA), trade and debt sustainability, which are all aimed at reaching the MDG8 targets.

**4.2.1. Official Development Assistance**

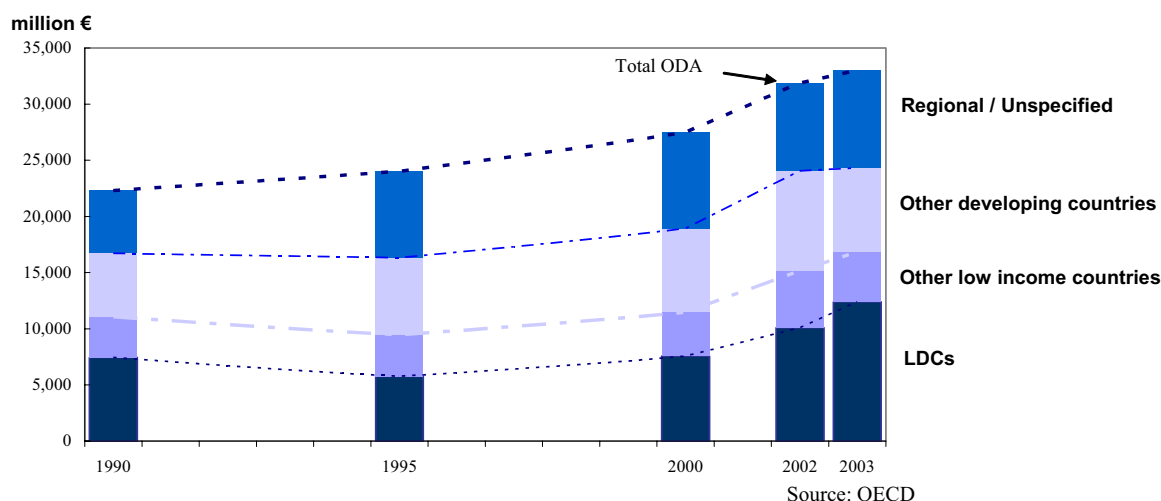
*4.2.1.1. Figures and commitments*

Collectively the European Union provides **54%** of worldwide Official Development Assistance (ODA) (2003)<sup>45</sup>. More than half of this amount was contributed by the three largest EU donor countries (France, Germany, United Kingdom). In 2003, around one fifth of the combined EU aid is managed by the European Commission.

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<sup>45</sup> Excluding non-DAC countries. Preliminary 2004 data will be available in April 2005, just after the release of this report.

**Net ODA disbursements by the EU (1990-2003), current € million  
(including imputed multilateral flows<sup>46</sup>)**



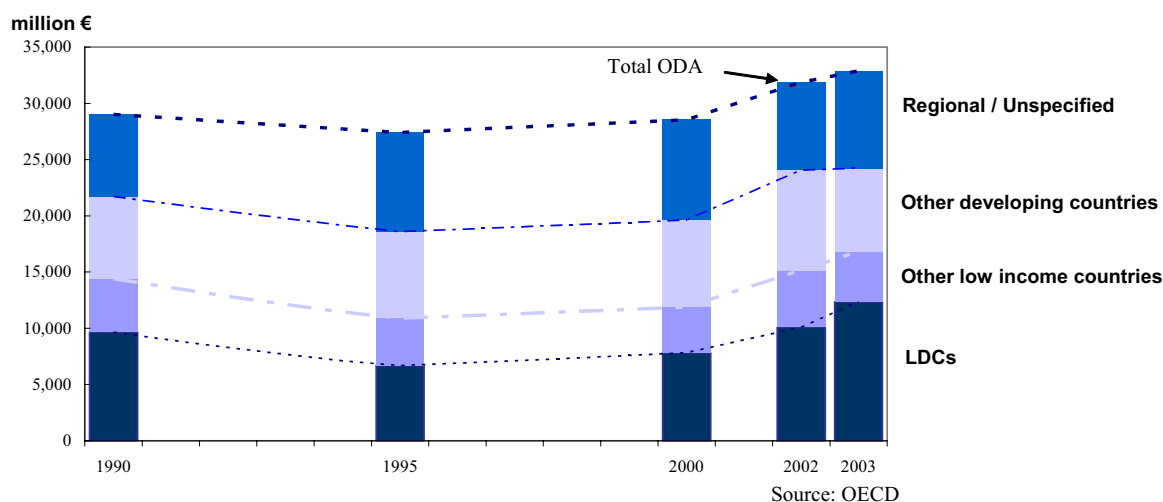
**Total net ODA provided by the EU, in current million €**

	1990	1995	2000	2002	2003
EU	22,313	24,023	27,497	31,875	33,036
<i>Of which through EC</i>	2,255	4,130	5,330	5,781	6,349

Source: OECD

ODA in current terms is the most commonly reported indicator. However, this measure does not take account of inflation and exchange rate movements. An alternative way of presenting the evolution of ODA disbursements over time is to use constant units, as shown in the graph below.

**Net ODA disbursements by the EU (1990-2003), constant 2002 € million  
(including imputed multilateral flows)**



<sup>46</sup> Imputed multilateral flows make allowance for EU share of contributions through multilateral organisations, which are allocated to recipients in proportion to the multilateral agencies' own disbursements.

Over the past few decades, EU ODA has gradually increased. Net ODA disbursements from the EU combined have reached €33bn in 2003, which represents a **15% rise in real terms** since 2000<sup>47</sup>. In both real and nominal terms, ODA provided by the EU was at its highest ever level in 2003.

However, looking at EU aid as a share of the combined EU Gross National Income (GNI) shows a different picture. Percentage-wise EU aid was at its highest levels at the beginning of the 1990's (see paragraph 4.2.1.2.). A decline in aid levels followed due to budgetary constraints and domestic priority setting by several large EU Member State donors, notably France, Germany and Italy. Since 1999, the downward trend of the 1990's has been reversed. The average EU ODA/GNI ratio reached **0,35%** in 2003, up from 0,32% in 2000.

Denmark, Luxembourg, the Netherlands and Sweden are well above the UN target for ODA of 0,7% of national income<sup>48</sup>. Outside the EU, only Norway reaches this target. Denmark, the Netherlands and Sweden already reached the UN target in the 1970's and have maintained their high level of support ever since. Denmark has the stated ambition to 'remain among the lead donors'. Luxembourg has included the 1% target in its government programme. The Netherlands is committed to maintain its ODA target at 0,8%. Sweden is committed to reach the target of 1% in 2006.

Other EU countries are making progress towards the UN target. Belgium, Finland, France, Ireland, Spain and the United Kingdom have all publicly committed themselves to reach 0,7% and provided a timetable.

At the International Conference on Financing for Development (FfD) in Mexico in March 2002, the international community adopted the so-called Monterrey Consensus, offering a comprehensive agenda for action. Acting collectively, the Union contributed significantly to the overall positive outcome of the Conference. This contribution is summarised in a series of explicit commitments, adopted at the European Council in Barcelona on 14 March 2002.

#### **The Barcelona Commitments**

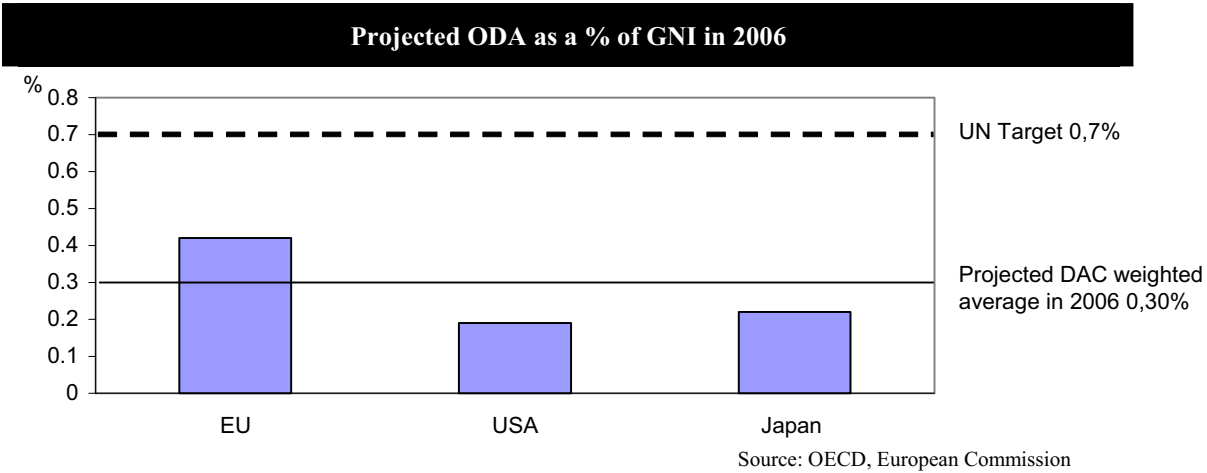
- Examine the means and timeframe for each EU Member State to reach the UN target of 0,7% ODA of Gross National Income (GNI), with an intermediary target of 0,39% by 2006, by which time the Member States should reach the target of at least 0,33% of GNI individually;
- Improve aid effectiveness through closer coordination and harmonisation, and take concrete steps to this effect before 2004;
- Take measures with regard to untying of aid to Least Developed Countries (LDCs);
- Increase its Trade Related Assistance (TRA);
- Support the identification of relevant Global Public Goods (GPG);
- Explore innovative sources of financing;
- Support reforms of the International Financial Systems and strengthen the voice of developing countries in international economic decision-making; and
- Pursue the efforts to restore debt sustainability in the context of the enhanced Heavily Indebted Poor Countries (HIPC) initiative.

<sup>47</sup> Due to the appreciation of the € against the US\$ in 2003, current data denominated in US\$, given in OECD and other reports, have increased more than current data denominated in €. This does not, however, affect data in constant terms, which show the same rise regardless of currency unit.

<sup>48</sup> UN General Assembly Resolution 2626 (XXV) of 24 October 1970.

The European Union mandated the Commission to produce annual monitoring reports on the implementation of the Barcelona commitments. The 2004 report<sup>49</sup> showed that the Union remains firmly engaged in the FfD process and is on track for meeting its 2006 interim targets for the increase in ODA, although some Member States appear to have difficulties in delivering on their commitments. In conclusion, the report indicates that progress has been made, both regarding ODA increase and against the other Barcelona commitments, but that increased efforts are imperative.

Looking at the EU projected percentage of GNI for 2006 the EU is expected to reach **0,42%**.



**Czech Republic – Emerging donor**

The Czech Republic was one of the first new EU Member States to make the transition from a recipient to a donor country. In 1995, it already had an official government policy for development assistance and a foreign aid programme based on principles comparable with policies of advanced donor countries. Today, development cooperation is an essential element of the Czech external policy framework. The Ministry of Foreign Affairs coordinates the activities of ten other ministries and institutions including on project evaluation and implementation. Development assistance projects focus on sectors where the Czech Republic enjoys comparative advantages. The Czech Republic has substantially increased its ODA. Since 2000, its overall aid volume has quadrupled and its current ODA per GNI is the highest among the new Member States. The nongovernmental sector in the Czech Republic has an essential role to play. NGOs have implemented a wide spectrum of development projects, which represents an important share of the Czech bilateral development cooperation. In order to coordinate activities, NGOs established the common platform – FORS (Czech Forum for Development Cooperation).

4.2.1.2. *Indicators for monitoring progress*

The common format of the EU MDG reports agreed by Council in June 2004 includes five ODA indicators: (a) net ODA as percentage of GNI, (b) proportion of ODA dedicated to basic social services, (c) proportion of ODA that is untied, (d) proportion of ODA going to landlocked developing countries, (e) proportion of ODA spent in small island developing states. These correspond to MDG indicators 33 to 37<sup>50</sup>.

<sup>49</sup> Communication on *Financing for development and aid effectiveness*, April 2005.  
<sup>50</sup> Data for 7 new Member States are available only for some indicators and some years in the OECD reporting system. Information for Cyprus, Malta and Slovenia is provided by national administrations.

• **MDG indicator 33a**

<b>Total net ODA provided by the EU, as a percentage of gross national income<sup>51</sup></b>					
<b>In percentage</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2002</b>	<b>2003</b>
Austria	0,11	0,27	0,23	0,26	0,20
Belgium	0,46	0,38	0,36	0,43	0,60 <sup>52</sup>
Cyprus	..	..	..	..	0,02
Czech Republic	..	..	0,03	0,06	0,11
Denmark	0,94	0,96	1,06	0,96	0,84
Estonia	..	..	0,01	0,02	0,01
Finland	0,65	0,31	0,31	0,35	0,35
France	0,60	0,55	0,32	0,38	0,41
Germany	0,42	0,31	0,27	0,27	0,28
Greece	..	0,15*	0,20	0,21	0,21
Hungary	..	..	..	..	0,03
Ireland	0,16	0,29	0,29	0,40	0,39
Italy	0,31	0,15	0,13	0,20	0,17
Latvia	..	..	..	0,02	0,01
Lithuania	..	..	..	0,01	0,01
Luxembourg	0,21	0,33	0,69	0,77	0,81
Malta	..	..	..	..	0,07
Netherlands	0,92	0,81	0,84	0,81	0,80
Poland	..	..	0,02	0,01	0,01
Portugal	0,24	0,25	0,26	0,27	0,22
Slovak Republic	..	..	0,03	0,02	0,05
Slovenia	..	..	..	..	0,08
Spain	0,20	0,24	0,22	0,26	0,23
Sweden	0,91	0,77	0,80	0,84	0,79
United Kingdom	0,27	0,29	0,32	0,31	0,34
<b>EU-15</b>	<b>0,44</b>	<b>0,37</b>	<b>0,32</b>	<b>0,35</b>	<b>0,35</b>
<b>EU New Member States</b>	..	..	<b>0,02</b>	<b>0,02</b>	<b>0,04</b>
<b>Total EU</b>	<b>0,44</b>	<b>0,37</b>	<b>0,32</b>	<b>0,34</b>	<b>0,34</b>
<b>Through EC</b>	<b>10%</b>	<b>17%</b>	<b>19%</b>	<b>18%</b>	<b>19%</b>

Source: OECD (except for Cyprus, Malta and Slovenia: national estimates)

\*1996

**MDG indicator 33a / total ODA / conclusion** (see also paragraph 4.2.1.1. above): The ODA/GNI ratio is the key international measure of aid effort. For all years, the EU ratio remains substantially above the DAC average. Over the period, ODA first **declined** as a percentage of GNI, but then rose again after a low point in 2000. Compared to 1990, ODA as a share of GNI has decreased significantly in Finland, France, Germany and Italy. The largest increases were in Luxembourg, Ireland and Austria.

<sup>51</sup> Definition of official development assistance: Grants or loans to developing countries and territories on the OECD/DAC List of Aid Recipients which are undertaken by the official sector with promotion of economic development and welfare as the main objective, and at favourable financial terms (if a loan, including a minimum element of subsidy). Technical co-operation is included. Grants, loans and credits for military purposes are excluded. Also excluded are aid to "Central and Eastern European Countries and New Independent States of the former Soviet Union" and "more advanced developing countries and territories" as determined by the OECD-DAC.

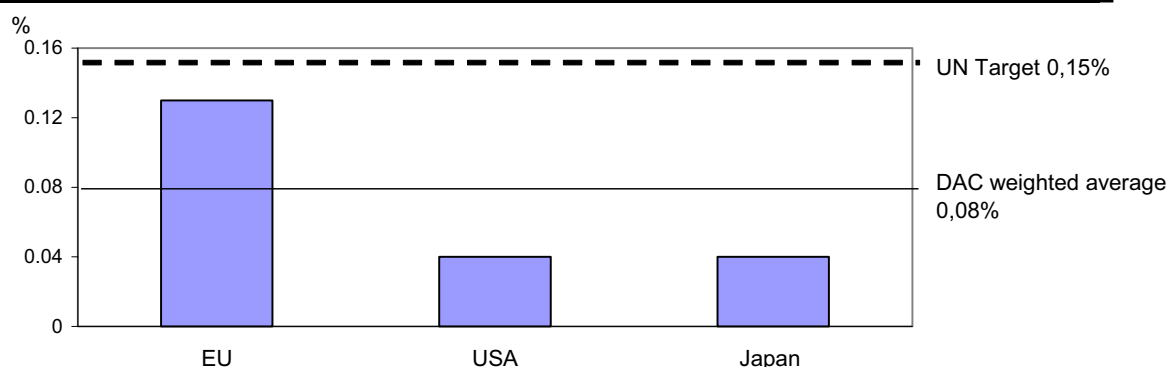
<sup>52</sup> The increase in 2003 is partly due to an exceptional rise in Belgian assistance to the Democratic Republic of Congo, mainly in the form of debt cancellation.

- **MDG indicator 33b**

<b>Net ODA provided by the EU to LDCs<sup>53</sup>, as a percentage of gross national income<sup>54</sup> (including imputed multilateral flows)</b>					
<b>In percentage</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2002</b>	<b>2003</b>
Austria	0,07	0,06	0,06	0,09	0,07
Belgium	0,19	0,10	0,10	0,15	0,35
Denmark	0,37	0,30	0,34	0,33	0,32
Finland	0,24	0,09	0,09	0,12	0,11
France	0,19	0,12	0,09	0,12	0,17
Germany	0,12	0,07	0,07	0,07	0,10
Greece	..	0,01*	0,02	0,03	0,03
Ireland	0,06	0,12	0,14	0,22	0,21
Italy	0,13	0,04	0,04	0,09	0,08
Luxembourg	0,08	0,14	0,27	0,31	0,27
Netherlands	0,30	0,23	0,21	0,29	0,26
Portugal	0,17	0,16	0,16	0,17	0,14
Spain	0,04	0,04	0,03	0,04	0,04
Sweden	0,35	0,22	0,24	0,27	0,27
United Kingdom	0,09	0,07	0,10	0,08	0,12
<b>EU-15</b>	<b>0,15</b>	<b>0,09</b>	<b>0,09</b>	<b>0,11</b>	<b>0,13</b>

Source: OECD  
\* 1996

**ODA to LDCs as a % of GNI in 2003**



Source: OECD

**MDG indicator 33b / LDCs / conclusion:** These figures confirm that EU assistance is to a considerable extent focused on the poorest countries. Excluding amounts unspecified by region, two thirds of EU ODA is provided to LDCs and other low income countries (69% in 2003). 0,13% of the combined EU GNI is channelled to LDCs. This is above the DAC average of 0,08% of GNI (the US and Japan each providing 0,04% to LDCs).

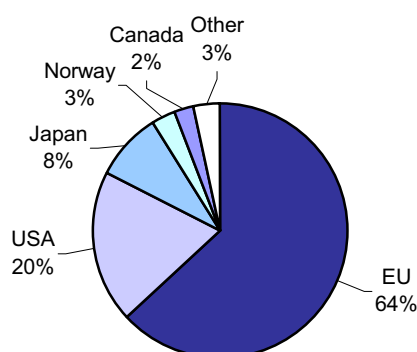
A number of EU Member States are well above the UN target for this indicator of 0,15% (Denmark, Sweden, Luxembourg, Netherlands, Belgium). Others have committed themselves to reach it (e.g. Austria, Finland, France). Portugal, Ireland and Belgium provide over two-thirds of their total ODA to LDCs (excluding amounts unspecified by region). The UK does not use the LDCs category as a criteria for aid allocation, but is committed to spend 90% of its bilateral programme resources (excluding humanitarian assistance) in low income countries. Spain currently concentrates its aid on South America and North Africa, regions mostly composed by MICs, but has committed itself to allocate 20% of future Spanish ODA

<sup>53</sup> Least Developed Countries (LDCs) as classified by the UN. There are currently 50 LDCs, 34 of them in Africa.  
<sup>54</sup> For the new Member States, data are either below 0,01% of GNI or not available.



to LDCs, thus enhancing cooperation with Sub-Saharan Africa. Greece aims at increasing the percentage of aid allocated to Sub-Saharan Africa by 20 to 25%.

**Net disbursements of ODA to Sub-Saharan Africa by donor, 2000-2003 average  
(including imputed multilateral flows)**



Source: OECD

The new Member States contribute only marginally to LDCs. They specialise and concentrate on a limited number of countries, due to limited volumes of aid and human resources, and using comparative advantages. The new Member States are however also committed to help LDCs, for instance through trilateral cooperation. Lithuania mentions in its report its possible future involvement in LDCs, in close consultation with Scandinavian countries.

• **MDG indicator 34**

**Percentage of total bilateral, sector-allocable ODA to basic social services (basic education, primary health care, nutrition, safe water and sanitation)\* <sup>55</sup>**

In percentage	1996-1997	1998-1999	2000-2001	2002-2003
Austria	5,0	22,6	19,5	7,1
Belgium	11,3	11,2	16,1	19,4
Denmark	9,6	4,0	8,7	14,3
Finland	6,5	9,9	12,4	13,4
France	..	..	8,6	10,3
Germany	9,8	10,9	10,0	11,5
Greece	16,9	5,4	4,6	18,4
Ireland	0,5	17,7	20,9	30,6
Italy	7,2	9,3	6,8	20,0
Luxembourg	..	22,4	22,7	..
Netherlands	12,4	19,3	24,8	19,9
Portugal	6,4	1,9	2,8	2,9
Spain	13,9	13,3	12,9	12,4
Sweden	10,5	15,7	13,5	17,0
United Kingdom	23,5	21,1	27,1	28,9
<b>EU-15</b>	<b>11,7</b>	<b>14,6</b>	<b>15,4</b>	<b>16,6</b>
<i>EC</i>	..	..	11,4	13,5

Source: OECD, European Commission on the basis of EC annual DAC reporting to the OECD

\* Calculated on a two-year average basis

<sup>55</sup>

Basic education comprises primary education, basic life skills for youth and adults, and early childhood education. Basic health includes basic health care, basic health infrastructure, basic nutrition, infectious disease control, health education, and health personnel development. Population policies/programmes and reproductive health covers population policy and administrative management, reproductive health care, family planning, STD control including HIV/AIDS, and personnel development for population and reproductive health. Aid to water supply and sanitation is defined as part of basic social services if poverty-focused.

**MDG indicator 34 / basic social services / conclusion:** A voluntary international target to devote 20 per cent of aid to basic social services (BSS) was established by the World Summit on Social Development held in Copenhagen in 1995. These figures show a great variation between Member States on this indicator, ranging from less than 3% for Portugal and more than 30% for Ireland. On average the proportion is however **growing**, from 11,7% in 1996/97, to 16,6% in 2002/03.

The figures for aid to basic social services are underestimated, as some aid within wider sector programmes or multi-sector programmes is not captured by the reporting system. Several Member States report that they consider the methodology applied by the DAC as being too restrictive. For example, Spain calculated that aid to basic social services was 20% in 2003 using a broader definition, including for instance medical education.

• **MDG indicator 35**

<b>Proportion of bilateral ODA that is untied<sup>56</sup></b>					
<b>In percentage</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2002</b>	<b>2003</b>
Austria	32,1	25,0	59,2	69,0	51,4
Belgium	..	..	85,7	92,6	99,1
Denmark	..	61,3	80,5	82,1	71,5
Finland	31,5	75,8	89,5	82,5	85,8
France	63,6	58,4	68,0	91,5	93,1
Germany	61,8	60,33	93,2	86,6	94,6
Greece	..	..	23,5	13,9	93,8
Ireland	..	..	..	100,0	100,0
Italy	21,7	59,8	38,2	..	..
Luxembourg	..	..	96,7	..	..
Netherlands	55,5	78,9	95,3	88,6	82,0
Portugal	..	98,1	98,2	33,0	93,7
Spain	..	0,0	47,2	59,9	55,8
Sweden	87,5	93,9	85,4	78,5	93,6
United Kingdom	..	86,2	91,5	100,0	100,0
<b>EU-15</b>	<b>43,5</b>	<b>64,1</b>	<b>79,5</b>	<b>86,8</b>	<b>91,0</b>

Source: OECD

**MDG indicator 35 / untied aid / conclusion:** Untying aid so that procurement can occur through international competitive bidding reduces aid costs and ensures value for money. Since 1990 the percentage of untied EU ODA has more than **doubled** to reach 91% in 2003. The ODA of Ireland and the UK is 100% untied. Countries that are well below the EU average are Italy, Austria, Spain and Denmark.

OECD calculations on untied aid exclude administrative costs and technical cooperation. Debt related actions are considered to be untied by definition. EC aid is always untied vis-à-vis its Member States as well as the developing countries with which it cooperates. Due to this specific situation, the Commission has no history of OECD/DAC reporting on this indicator. Figures for the new EU Member States are not yet available.

<sup>56</sup> Definition of untied ODA: ODA for which the associated goods and services may be fully and freely procured in substantially all countries.

- **MDG indicator 36**

<b>Proportion of ODA provided by the EU to landlocked developing countries</b>					
<b>In percentage</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2002</b>	<b>2003</b>
Austria	39,3	14,2	15,2	15,5	20,5
Belgium	18,7	17,2	15,8	16,6	9,8
Cyprus	..	..	..	..	..
Czech Republic	..	..	5,0	10,4	13,3
Denmark	16,6	18,3	19,0	18,6	20,2
Estonia	..	..	11,5	7,2	4,6
Finland	15,4	16,9	14,6	18,6	15,6
France	12,3	8,7	13,1	12,5	12,0
Germany	13,8	14,5	16,2	18,0	19,8
Greece	..	7,2*	7,7	28,8	11,6
Hungary	..	..	..	..	2,5
Ireland	20,4	29,4	28,7	33,5	29,8
Italy	15,2	15,0	17,1	13,7	15,4
Luxembourg	16,4	21,1	21,5	26,0	22,5
Latvia	..	..	..	1,3	0,0
Lithuania	..	..	..	4,9	1,6
Malta	..	..	..	..	..
Netherlands	14,2	18,4	14,5	18,5	16,5
Poland	..	..	11,5	20,7	12,2
Portugal	0,2	2,5	6,2	9,7	10,5
Slovak Republic	..	..	0,0	2,1	9,7
Slovenia	..	..	..	..	..
Spain	8,4	7,3	6,4	10,0	11,0
Sweden	15,7	17,2	14,9	17,7	15,6
United Kingdom	15,3	19,1	18,6	15,7	18,2
<b>EU-15</b>	<b>14,1</b>	<b>14,0</b>	<b>15,5</b>	<b>16,1</b>	<b>16,1</b>
<b>EU New Members</b>	<b>..</b>	<b>..</b>	<b>8,1</b>	<b>11,3</b>	<b>11,0</b>
<b>Total EU</b>	<b>14,1</b>	<b>14,0</b>	<b>15,5</b>	<b>16,1</b>	<b>16,1</b>
<b>EC</b>	<b>20,3</b>	<b>20,0</b>	<b>14,8</b>	<b>19,4</b>	<b>19,3</b>

Source: OECD  
\* 1996

**MDG indicator 36 / landlocked countries / conclusion:** The UN believes that landlocked countries face special developmental challenges and should therefore receive special consideration in aid allocations. Since 1990 the proportion of ODA provided by the EU to landlocked countries has slowly **increased**, reaching a level of 16,1% in 2003. Differences between Member States are substantial, reflecting varying country orientations.

In general, the national MDG reports reveal that the question of whether a developing country is landlocked, is not as such considered a particularly relevant factor in the identification of priority partner countries. However, some Member States indicate in their MDG reports that landlocked developing countries are amongst their geographical priorities. For instance, the Netherlands has 14 landlocked developing countries out of its 36 ‘partner countries’ and Denmark has 6 landlocked countries amongst its 15 ‘programme countries’. Belgium reports that it focuses on the landlocked region of the great lakes in Africa, and advocates a regional approach to the challenges of economic development for landlocked countries and regions.

• **MDG indicator 37**

Proportion of ODA provided by the EU to small island developing States <sup>57</sup>					
In percentage	1990	1995	2000	2002	2003
Austria	4,2	3,3	3,7	2,1	2,6
Belgium	2,8	2,4	3,1	2,3	1,3
Cyprus	..	..	..	..	..
Czech Republic	..	..	0,0	0,1	0,2
Denmark	1,4	1,4	0,9	0,9	0,8
Estonia	..	..	0,0	0,0	0,0
Finland	1,3	1,0	2,0	1,9	1,4
France	2,7	2,2	2,4	2,3	1,3
Germany	2,6	1,1	1,6	1,7	1,4
Greece	..	1,4*	1,6	1,6	1,1
Hungary	..	..	..	..	0,0
Ireland	1,4	1,0	1,9	2,0	1,6
Italy	2,5	2,3	1,9	1,3	4,0
Latvia	..	..	..	0,0	0,0
Lithuania	..	..	..	0,0	0,0
Luxembourg	3,2	11,2	8,9	6,0	5,9
Malta	..	..	..	..	..
Netherlands	4,7	4,1	2,1	1,4	1,0
Poland	..	..	0,1	0,0	0,1
Portugal	31,3	28,3	38,3	34,4	33,2
Slovak Republic	..	..	0,0	0,7	0,6
Slovenia	..	..	..	..	..
Spain	4,2	6,0	3,9	4,3	3,1
Sweden	2,6	1,9	1,3	1,0	1,0
United Kingdom	3,9	2,5	2,6	2,7	1,2
<b>EU-15</b>	<b>3,0</b>	<b>2,5</b>	<b>2,6</b>	<b>2,4</b>	<b>1,8</b>
<b>EU New Members</b>	..	..	<b>0,0</b>	<b>0,1</b>	<b>0,2</b>
<b>Total EU</b>	<b>3,0</b>	<b>2,5</b>	<b>2,6</b>	<b>2,4</b>	<b>1,8</b>
<b>EC</b>	<b>6,6</b>	<b>7,3</b>	<b>4,0</b>	<b>3,1</b>	<b>2,2</b>

Source: OECD  
\*1996

**MDG indicator 37 / small island States / conclusion:** As with landlocked countries, small island developing states (SIDS) face developmental challenges that receive special recognition in UN bodies. Since 1990 the proportion of ODA provided by the EU to SIDS has however **decreased**, reaching an average level of 1,8% in 2003. On this criterion, the variation between Member States is particularly big, varying from 0% to – in the case of Portugal – more than 33%<sup>58</sup>.

To conclude this section on ODA, it should be recalled that the EU also contributes to the achievement of MDGs through **multilateral channels**, and plays an active role within the multilateral system. About a third (35% in 2003) of EU ODA is channelled through multilateral institutions<sup>59</sup>. The Member States contributed 61% of IDA funds in 2003, and are major donors to the regional development banks (52% in 2003). The EU as a whole is a major contributor to the UN agencies (47% in 2003).

<sup>57</sup> The Small Island Developing States grouping includes countries with very diverse income per capita (from LDCs to high-income countries).

<sup>58</sup> This high percentage is explained by the fact that Portuguese aid is – to a substantial extent – focused on Portuguese speaking SIDS, such as East Timor, Cape Verde and Sao Tome and Principe.

<sup>59</sup> More than 50% for Austria and Italy.

In accordance with OECD definitions the 35% of EU aid channelled to multilateral institutions mentioned above includes Member States' contributions to the EC development programmes (which take almost 20% of their ODA). The Member States contribute to the regular Budget of the Commission, of which about 5% is reserved for development activities. Furthermore, the EU Member States make contributions to the European Development Fund (EDF) which in turn finances Community aid to the ACP countries.

Since 1999 more than 90% of EU aid has been in the form of **grants**, compared with 80% in 1990. In reaction to the growing debt burden of developing countries, several EU Member States decided to abolish loans and henceforth to provide only grants in their bilateral programmes. Currently ten of the EU15 countries provide all, or almost all, their aid in the form of grants.

#### **4.2.2. Trade and development**

Trade can contribute positively to the MDGs through its impact on economic growth, It has been estimated that a pro-poor outcome of the current Doha Development Agenda (DDA) could increase global income by up to \$291bn, with \$159bn of this accruing to developing countries<sup>60</sup> (over 70% of these gains would however come from developing countries' own reforms).

A positive and balanced outcome of the current negotiations, notably with respect to sustainable development (economic, social and environmental), is a key potential contributor to achieving the MDGs. Trade Related Assistance and Special and Differential Treatments under the DDA are, however, necessary to achieve a positive outcome. This is particularly so for the poorest countries, which may not be ready to face the increased competition resulting from market liberalisation. While trade alone cannot solve development problems, openness to trade and support for supply capacity are important elements in any coherent development strategy. For example, the trade dimension should be fully incorporated in the Poverty Reduction Strategy Papers (PRSPs). Implementation of trade agreements should also be given a greater focus to optimise the contribution of trade policy to all pillars of sustainable development, including poverty reduction. In all negotiations Sustainability Impact Assessments (SIAs) are deployed to inform negotiations – to anticipate possible negative consequences of agreements, that these may be mitigated and to identify positive impacts, that they may be enhanced.

EU trade policy aims to contribute to a more equitable integration of developing countries into the international trading system through coherent action on three levels: multilateral (which remains the key area of EU trade policy), bilateral and unilateral.

##### *4.2.2.1. The multilateral level*

The European Union was instrumental in placing development at the heart of the Doha Development Agenda and has since been active in seeking a successful outcome to the DDA which is supportive of development. The EU has made bold proposals which were crucial for making progress and reaching a framework agreement in July 2004, notably in the following areas:

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<sup>60</sup> Global Economic Prospects 2004, World Bank, Washington.

Subsidies in the **agricultural sector** and market access are critical to the DDA negotiations, as highlighted by the UN's MDG reports. The proposal made by the EU to all WTO Members in May 2004, to eliminate export subsidies by an end date and provide equivalent treatment of other types of export support, opened the way to the modalities framework agreement of July 2004 within the WTO. Key elements of this agreement are the elimination of export subsidies and export credit of over 180 days' duration by an end date to be agreed; disciplines to be developed on export credits of below 180 days' duration, food aid and state trading enterprises; a substantial reduction of trade-distorting domestic support; and market access provisions ensuring substantial improvements whilst recognising the need for particular treatment of sensitive and special products.

While the EU does not use any form of export support on cotton, provides free market access and has decided to significantly reduce trade distorting domestic subsidies in the sector, the EU also strongly supported addressing the **cotton** issue "ambitiously, expeditiously, and specifically" in the WTO agriculture negotiations.

In the area of **non-agricultural market access**, the EU has proposed to apply a non-linear formula, achieving deeper cuts on higher tariffs, as well as sectoral initiatives on products of export interest to developing countries, such as clothing and footwear, to bring tariffs on these products as close as possible to zero.

In the **service** area, the EU has tabled an ambitious offer covering areas of interest to developing countries, including "Mode 4" (temporary presence abroad and professional activities of natural persons). The EU has consistently called on all WTO Members to make further progress in this potentially important area of growth for developing countries, by tabling improved offers and showing openness to developing countries' interests.

Through its significant potential to contribute to trade and development, the EU was among the staunchest proponents of launching negotiations on WTO rules on **trade facilitation**, as agreed in the July modalities framework agreement. The negotiations will also aim at enhancing technical assistance and support for capacity building in this area, a field in which the EU is a leading donor. Vast amounts of time and money are wasted because of outdated customs and border procedures and practices. The cost of such procedures can reach 4-5% of the overall cost of trade transactions, which is about the same as the current developed countries' average tariff on trade in industrial goods. Halving the costs would mean saving €325bn.

Since the adoption of the "**Everything But Arms**" initiative in 2001 (see below), the EU has consistently called upon other developed WTO Members and advanced developing countries to grant such duty- and quota-free access to LDC exports.

The EU also participated actively in the negotiations on **Anti-Dumping** and **Subsidies**, Disciplines on Anti-Dumping proceedings are increasingly important for developing countries' trade, as these countries have become the main target of such proceedings. Furthermore, the proposal tabled by the EU to prohibit capacity enhancing subsidies in the fisheries sector was welcomed by a large number of developing countries.

The EU took every opportunity to make progress in the area of **Special and Differential Treatment (SDT)** as well as **Implementation**, notably by proposing to address the concerns of LDCs and other weak and vulnerable countries in a similar situation as a matter of priority.

The EU has played a pro-active role in ensuring better **access to medicines** for people in developing countries.

#### **Affordable medicines**

The EU has been at the forefront of international efforts to ensure access to essential medicines for developing countries. These efforts were most apparent in the adoption of the Doha Declaration on TRIPs and public health in November 2001, which confirms the right of WTO members to use flexibilities in the TRIPs Agreement, including issuing compulsory licenses on pharmaceutical products for reasons of public health. It also allows LDCs to defer implementation of patent law with respect to pharmaceuticals until 1 January 2016. Further to this decision, the EU played an active role in proposing solutions to address difficulties faced by WTO members with insufficient manufacturing capacity in making effective use of compulsory licensing. The TRIPs Agreement originally authorised the granting of compulsory licenses only if they were “predominantly for the supply of the domestic market”. In August 2003, after lengthy and at times difficult negotiations, the WTO General Council adopted the Decision on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPs Agreement and Public Health, allowing for the granting of compulsory licenses also in the case of exports to countries with insufficient manufacturing capacity.

The European Commission actively participates in the work to transpose this above Decision in an amendment to Article 31 of the TRIPs Agreement. In October 2004, the Commission adopted a proposal for a Regulation to implement this Decision to be directly applicable in the EU. The proposed Regulation is currently being discussed in Council and Parliament. The EC also attaches great importance to ensuring that the Doha Declaration is not undermined either in the formal amendment of the TRIPs Agreement, through bilateral trade agreements, or through national legislation. Furthermore, the EC strongly encourages the pharmaceutical industry to adopt a policy of tiered pricing in order to supply the developing world with medicines at the lowest possible price. For such a policy to be viable, there must be protection against trade diversion of tiered priced medicines to OECD markets. In response to this need, Council Regulation 953/2003 (on 26 May 2003) was adopted, it prohibits the (re)-import into the EU of pharmaceutical products identified as “tiered priced products”. The EC also supports technology transfer and local production of essential medicines in developing countries.

Following the setback at Cancun the EU made a series of proposals to improve the **functioning and the transparency** of the WTO, to ensure that all voices, including those of developing countries, be heard in a more consistent fashion. In the short term, the EU suggested focusing on a few organisational improvements that could be introduced more easily - improving the conduct and management of Ministerial Conferences, facilitating full participation and establishing an advisory group to prepare work on behalf of members. The EC and its Member States have welcomed the recent report by the Consultative Board to the WTO Director-General entitled “The Future of the WTO” (“the Sutherland Report”) which constitutes an important element for discussions among Members on this issue. The report contains a number of concrete conclusions and recommendations directly aimed at improving the functioning and transparency of the WTO. While not agreeing with all of them, we believe that they are a useful basis for further discussions.

The EC also aims to reinforce the mutual supportiveness between trade and **environment policies**, where the development dimension is increasingly important. For example, the liberalisation of trade in environmental goods and services has the potential to facilitate all countries' access to environmental technologies, such as in the water and renewable energy sectors, thereby contributing to MDG7. Technical assistance on trade and environment should support developing countries' efforts to satisfy the environmental requirements of developed countries' markets while addressing their own environmental problems.

With a view to improving people's access to safe water, sanitation and clean energy, the EC has launched an initiative to amend the OECD disciplines on export credits with a view to allowing export credit agencies to grant more favourable treatment to projects related to water or renewable energies. This is expected to be the subject of further negotiations in 2005 in the OECD.

Finally, the EU has supported the **reform of the International Financial System** to combat abuses of financial globalization, strengthen the voice of developing countries in the decision-making of the Bretton-Woods institutions and enhance the coherence between the UN, International Financial Institutions and the WTO.

#### 4.2.2.2. *The bilateral level*

Since the entry into force of the Lomé Convention in 1975, the EU applies a preferential trade regime to ACP countries, with tariff reductions that go far beyond GSP preferences and that today grant duty-free treatment for some 99% of ACP exports. In June 2000 the EU and the 78 ACP countries signed the Cotonou Agreement based on three pillars: political co-operation, development co-operation and economic and trade co-operation<sup>61</sup>. This includes progressively removing barriers to trade and enhancing co-operation in all trade relevant areas. The new arrangements, called Economic Partnership Agreements (EPAs), are being negotiated since 2002 and will enter into force in 2008. EPAs are not classical free trade negotiations but focus on trade and regional integration as instruments for development. Sustainable development is at the core of the talks with the six ACP regions, both within the negotiations and as part of the wider EPA process, linking development co-operation more effectively to trade talks. EPAs will be based on, and seek to reinforce, regional integration structures within the ACP.

#### **Economic Partnership Agreements**

The EPA negotiations were launched in September 2002. Following one year of discussions at the all-ACP level, negotiations at the regional level were opened in October 2003 with the first of 6 ACP regions. Since September 2004 negotiations with all 6 ACP regions have been launched. The new trading arrangements are expected to enter into force by 1 January 2008 at the latest. Meanwhile, Article 36 of the Cotonou Agreement maintains the non-reciprocal trade preferences that were applied under the Fourth Lomé Convention.

In addition to the EPAs, the EU has established preferential market access with countries such as South Africa, Mexico, Chile through a number of bilateral trade agreements. On a regional level, negotiations with Mercosur are ongoing. With its poorer neighbours in the Mediterranean region the EU has engaged in the so-called Barcelona Process aiming at the establishment of a Euro-Mediterranean Free Trade Area by 2010. The network of bilateral Association Agreements between the EU and Med countries necessary for this endeavour is now almost complete<sup>62</sup>.

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<sup>61</sup> Article 34 states that “economic and trade co-operation shall aim at fostering the smooth and gradual integration of the ACP States in to the world economy, with due regard for their political choices and development priorities, thereby promoting their sustainable development and contributing to poverty eradication in the ACP countries”.

<sup>62</sup> The Association Agreements confirm and strengthen the existing provisions on duty-free access to the EU in industrial goods originating in MED countries and foresee the progressive and reciprocal liberalisation of trade in agricultural goods, as well as fisheries and processed agricultural products. For their part, MED countries will progressively dismantle their tariffs on imports of EU industrial goods largely over a period of 12 years.



#### 4.2.2.3. *The unilateral level*

In addition to the multilateral level, the EU has, for many years, operated unilateral preferential market access schemes under the Generalised System of Preferences (GSP) to provide developing countries with an added advantage on its market. This system, which is currently in the process of being renewed, covers 178 independent countries and territories. It provides access at zero rates for half the products covered and tariff reductions for the rest. The GSP has also provided further preferential access to countries which respect Core Labour Standards and those which make special efforts to protect the environment or combat the drugs trade. The reasoning behind these special incentive clauses is that for development to be sustainable it needs to be socially equitable and respect the environment. At the same time illegal trading in general, and drugs trading in particular, hinders development. Apart from the obvious difficulties caused by criminalising production, the rents from such trade are captured by a very small portion of the population and thus are not conducive to pro-poor growth.

A new GSP scheme for the period up to 2015 is about to be agreed by EU Member States. The objective of the revision of the scheme is to ensure stable, predictable and straightforward access for developing countries to the EU market, while targeting the countries most in need of support. The new GSP scheme would also provide incentives to follow a sustainable path to development, in compliance with EC/WTO obligations.<sup>63</sup>

#### **Everything But Arms**

In 2001 the EU established a specific scheme for Least Developed Countries, called Everything But Arms (EBA). This scheme ensures quota and tariff free access to the EU market for all products but arms from the 50 LDCs<sup>64</sup> (although transitional periods exist for rice, bananas and sugar<sup>65</sup>). EBA is the most significant preference scheme for LDCs and is instituted for an unlimited time period. Across the board preferences, such as granted with EBA, enable a greater use of preferences by beneficiary countries, make an enhanced contribution to development in these countries.

#### 4.2.2.4. *Trade flows*

The extent to which the EU market is open to developing country partners is best judged by actual trade flows. Imports from developing countries have experienced steady growth over the past decade, levelling off between 2000-2003 due to the global economic situation. 2004 saw an encouraging increase, which hopefully signals a revival of trade growth. In this context, the EU is clearly the world's number one destination for developing countries' exports. In 2004, the EU25 imports from developing countries amounted to 47% of total imports and 63% of agricultural imports (more than €54bn in value)<sup>66</sup>. The EU is the most important market for developing countries in general and for LDCs in particular. For instance, the EU's imports (amounting to €13bn) represented 63% of the combined QUAD<sup>67</sup> imports from LDCs in 2003 and 69% of their agricultural imports.

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<sup>63</sup> Ref. interpretation of Enabling Clause, Appellate Body WT/DS 246/14.

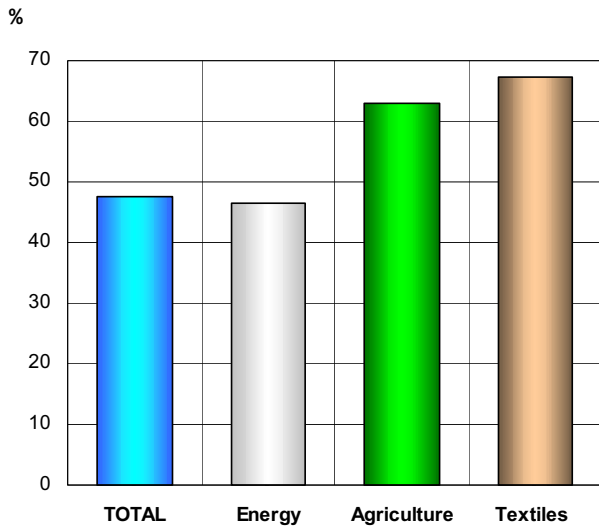
<sup>64</sup> While all LDCs are eligible under the EBA scheme, it is of particular importance to the Asian LDCs (Bangladesh, Bhutan, Cambodia, Laos, Maldives, Nepal) and Afghanistan and Yemen as the other LDCs are also covered by Cotonou. Furthermore, the possibility of regional cumulation for rules of origin under the scheme supports regional integration in ASEAN and SAARC.

<sup>65</sup> These will be phased out by 2006 (for bananas) and 2009 (for rice and sugar).

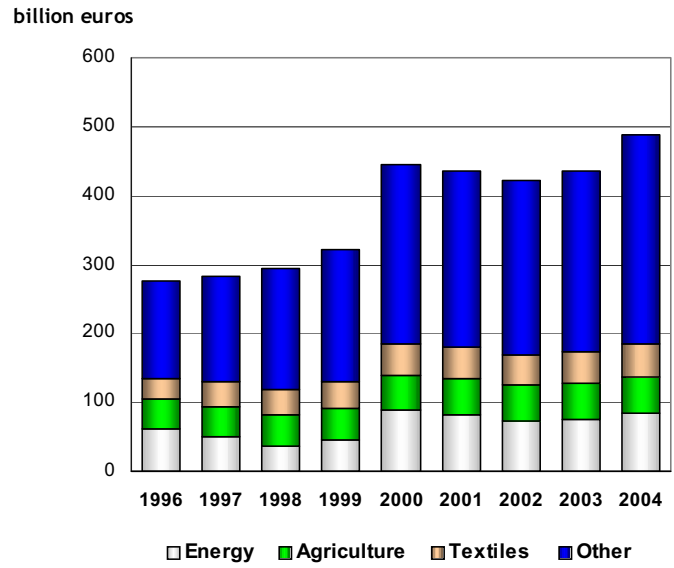
<sup>66</sup> Source : Eurostat (Comext).

<sup>67</sup> EU, USA, Japan and Canada.

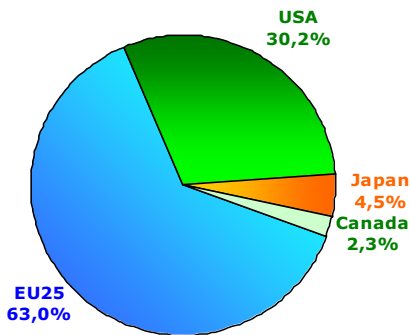
**Developing countries\*\*' market share in EU25 imports (2004)**



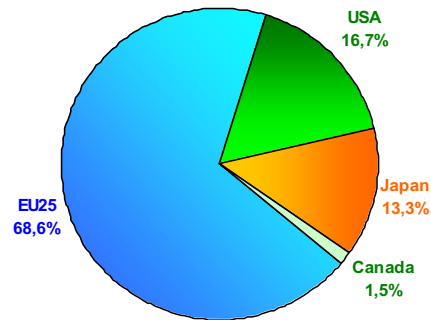
**EU25 imports from developing countries (1996-2004), in billion €**



**Share of QUAD imports\*\* from LDCs (2003)**



**Share of QUAD agricultural imports from LDCs (2003)**



Source: Eurostat (COMEXT, COMTRADE)  
 \* excluding EU candidate countries  
 \*\* excluding Energy

4.2.2.5. *Indicators for measuring progress*

• **MDG indicator 38**

EU figures indicate that between 98% and 99% of imports from ACP countries were offered duty-free treatment in recent years. Imports from the small number of remaining LDCs outside the ACP framework enter the EU market under the GSP/Everything But Arms scheme. Over recent years, the share of imports from LDCs entering duty-free has increased. The two schemes taken together result in more than 97% of imports from LDCs enter the EU duty-free.

The following aggregated figures on duty free imports from developing countries into the EU were calculated by the World Trade Organisation (WTO), the International Trade Centre (ITC) and UNCTAD. They confirm that duty free access to the EU market has increased in recent years, particularly for developing countries in general (LDCs had high levels of access even before EBA).

<b>Proportion of total EU imports from developing countries and LDCs, admitted free of duty</b>			
	<b>1996</b>	<b>2000</b>	<b>2002</b>
<b>Developing countries</b>			
- excluding arms	44,6 %	62,2 %	67,5 %
- excluding arms and oil	35,4 %	55,2 %	63,0 %
<b>LDCs</b>			
- excluding arms	94,4 %	97,8 %	97,2 %
- excluding arms and oil	94,0 %	97,5 %	96,7 %

Source: WTO, ITC, UNCTAD

• **MDG indicator 39**

**Textiles and clothing** is an important sector for developing countries. The EU has favourable schemes in place for developing countries in this area: no tariffs and quotas are imposed on the LDCs and more advanced developing countries benefit from tariff reductions under the GSP scheme. At the multilateral level, the textile sector has been progressively liberalised and all remaining quotas were phased out on 1 January 2005.

<b>Average tariffs imposed by the EU on agricultural, clothing and textiles from developing countries</b>			
	<b>1996</b>	<b>2000</b>	<b>2002</b>
<b>Textile products</b>			
---- developing countries (excl. LDCs)	6,9 %	6,2 %	5,4 %
---- LDCs	0	0	0,2 %
<b>Clothing products</b>			
---- developing countries (excl. LDCs)	10,6 %	10,2 %	9,6 %
---- LDCs	0	0	0,9 %
<b>Agricultural products</b>			
---- developing countries (excl. LDCs)	13,4 %	11,7 %	11,1 %
---- LDCs	3,3 %	3,0 %	2,2 %

Source: WTO, ITC, UNCTAD

The figures above provide one measurement of average tariffs for the EU, which confirms a general trend downwards. However, it is worth noting that it is difficult and can indeed be misleading to speak in general terms of indicators such as average tariffs on products, for they do not capture the diversity of the EU preferences granted to the different groups of developing countries.

- **MDG indicator 40**

The EU is aware that, as regards domestic support to the agricultural sector, subsidies that encourage production can have a distorting effect on world markets, since they can lead to increased production and exports. The EU has engaged in a substantial reform process of Common Agricultural Policy (CAP) (see paragraph 2.3), which has resulted in a drastic change of the nature of its support to the agricultural sector.

The changing nature of agricultural support in the EU has been evident on **export refunds**, one of the most visibly trade distorting instruments. The proportion of the EU's farm budget spent on export refunds is down from 30% in 1990 to less than 8% in 2002 (corresponding to €8-10bn in 1990-92 and around €3bn in 2002). Finally, despite the increased size of the agricultural sector due to the accession of ten new Member States, overall agricultural expenditure has been reduced, resulting in a corresponding reduction in the relative importance of agricultural support compared to GDP.

In the discharge resolution for the 2001 financial year, the European Parliament called for an evaluation of all export refund schemes and their impact on world hunger, as well as corresponding increase in food aid. The Commission took the commitment to carry out this study under the title "Impact of export subsidies on world hunger".

#### **Total Support Estimate**

This report uses the agreed OECD figure of "Total Support Estimate" (TSE, an estimate of gross public support to the whole agricultural sector) as an indicator of policy progress in this area. However, this indicator is not a measure of the potential impact of agricultural subsidies on international trade and developing countries markets. It includes not just subsidies to farmers but wider public expenditures for the agricultural sector, like research, vocational training, veterinary and phytosanitary measures, some rural infrastructure, etc. It also includes an estimate of the non-monetary transfers from domestic consumers to producers resulting from border protection. It would therefore be misleading to use these data as approximations of trade distortive subsidies granted to farmers.

The impact of various support measures on the world market can be very different depending on their nature. OECD work indicates that decoupled payments, for example, have only 15% of the distorting effect of market price support. A mix of indicators, rather than the mere use of TSE, would be needed to give an overview of progress<sup>68</sup>.

As a result of successive reforms of the Common Agricultural Policy, the composition of the EU TSE has profoundly changed over time. At the same time, the EU TSE as a percentage of GDP decreased from 2,68% during the period 1986-88 to 1,27% during 2001-2003. It will further decrease with the latest reform of EU agricultural policies. All of these changes serve to reduce the distorting effect of EU internal policy on world markets and thus reduce the potential negative impact on farmers in developing countries.

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<sup>68</sup> OECD (2003) Workshop on Improving Indicators of Support for Agricultural Policy Evaluation Paris 30 June 1<sup>st</sup> July 2003, Background and issues paper.

### EU domestic agricultural support (TSE) as % of GDP

1990	1996	2000	2002	2003
2,2 %	1,7 %	1,3 %	1,2 %	1,3 %

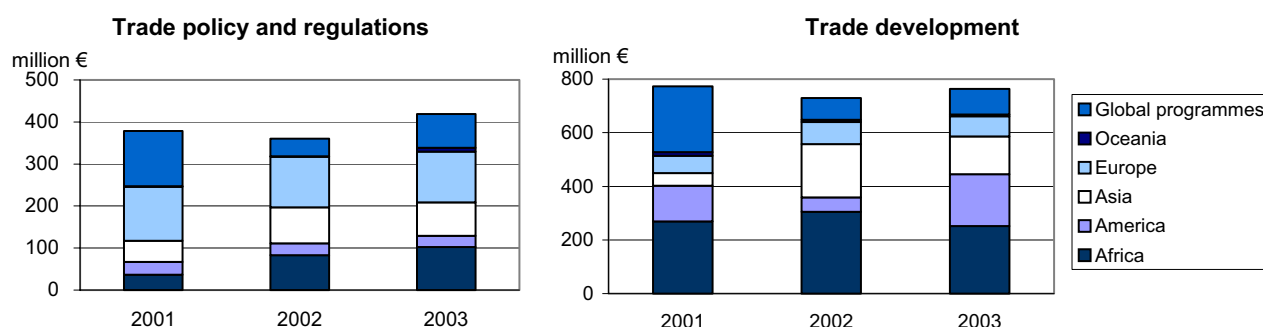
Source: OECD

#### • MDG indicator 41

Market access is a necessary, but not sufficient condition to secure increased trade which is a powerful mechanism for growth and poverty reduction. The importance of **trade related assistance and capacity building** (TRA/CB) was clearly recognised by the Commission in its Communication on trade and development. TRA/CB is crucial to help developing countries capture trade gains. Increasing TRA/CB was amongst the commitments made in Monterrey in 2002.

The European Commission has significantly stepped up its trade-related assistance in recent years and will continue to pursue these efforts. In the period 1996-2000, the support for trade related projects amounted to around €640m<sup>69</sup>. Since Doha the EC has committed €3bn in the period 2001-2004 for Trade Related Assistance, an average of €750m annually.

### Distribution of EU Trade Related Assistance by region and main category, million €



Source: WTO-OECD

EU Member States also increasingly recognise TRA/CB as an important area. It is notable, however, that the importance of TRA/CB in development aid differs across EU Member States. Some countries have taken up their commitment more systematically than others. The Doha Development Agenda Trade Capacity Building Database reveals that the European Union (EC and Member States taken together) is by far the largest donor for Trade Related Assistance worldwide, providing nearly 50% of funding. The EU is also the main donor in the area of multilateral trade related technical activities. In the Integrated Framework it acts as facilitator for several beneficiary LDCs. The EU funds more than 50% of the budget of the IF Trust Fund and the Doha Trust Fund (providing technical assistance to enhance the negotiating capacity of developing countries). Furthermore, the recent launch of an on-line help desk assists exporters from developing countries to access the EU market more easily<sup>70</sup>. As the table below shows, the percentage of EC aid going to TRA/CB is much higher than in any of the Member States. Although the EC figures appear to be decreasing, this is largely a function of the programming and commitment cycles.

<sup>69</sup> Although these data may be underestimated because before the establishment of the Doha database in 2002, trade related projects were not recorded in a systematic way.

<sup>70</sup> <http://export-help.cec.eu.int>

<b>Proportion of EU's sector allocable ODA provided to help build trade capacity</b>			
<b>In percentage</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Austria	..	..	0,6
Belgium	2,4	1,9	9,6
Denmark	0,6	0,3	4,5
Finland	1,0	1,6	2,9
France	0,4	4,6	2,7
Germany	2,6	2,4	2,3
Greece	0,0	0,0	0,2
Ireland	0,3	0,2	0,2
Italy	1,4	1,2	..
Luxembourg <sup>71</sup>	..	..	..
Netherlands	2,2	1,3	4,7
Portugal	0,7	8,9	1,7
Spain	0,1	0,2	0,5
Sweden	0,9	0,4	1,6
United Kingdom	3,3	2,4	3,0
<b>EU-15</b>	<b>1,7</b>	<b>2,2</b>	<b>2,8</b>
<i>EC</i>	<i>14,4</i>	<i>13,0</i>	<i>11,1</i>

Source: WTO-OECD

Apart from using the channels mentioned above, the EC and a number of EU Member States provide assistance for country-specific or sector-specific projects. The EC has set up a new €50m facility (Trade.com) aimed at enhancing ACP capacity for trade policy formulation, to mainstream trade in their poverty reduction strategies, to implement the mainstreamed trade policies and to participate in international trade negotiations. France provides bilateral assistance (amounting to €30m for the period 2003-2005) to 12 developing countries in Africa and South East Asia aimed at strengthening trade negotiation capacity (including export capacity and promotion). The UK Government supports developing countries in focusing on policies which assist capacity building in trade and supply. Spain provides TRA to Latin American countries. New Member States such as Estonia are also providing TRA targeted at South East Europe, Central Asia and South Caucasus. In addition, a number of EU Member States are involved in promoting bilateral economic co-operation and support to improving the business environment in developing countries to address specific constraints. For example, the Netherlands provides assistance focusing on the financial sector, fighting corruption, training customs and tax officials and institutional capacity in the area of SPS measures.

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<sup>71</sup> Luxembourg ODA to help build trade capacity is estimated at €8m for the period 2000-04.

### 4.2.3. Debt sustainability

MDG8 – target 15 explicitly calls on creditor countries to deal comprehensively with the debt problems of developing countries in order to make debt sustainable in the long term.

The **Highly Indebted Poor Countries** (HIPC) Initiative was proposed by the major donors, the World Bank and the IMF in 1996, as a co-ordinated approach to bring down poor countries' external debt to a sustainable level.

The HIPC initiative involves both bilateral and multilateral public creditors as well as commercial creditors. In 1999 the Initiative was revised and strengthened and, in the same year, endorsed by the G7 summit in Cologne, Germany.<sup>72</sup> This initiative has multiple dimensions emphasising debt relief but linking it to poverty reduction, structural adjustment and social policy reform, in particular in the health and education sectors. There are currently 38 countries that are potentially eligible for HIPC support, the majority of which are located in Sub-Saharan Africa. By the end of 2004, 27 countries had actually entered the initiative and reached '*decision point*' – being thus eligible for the receipt of interim relief. Among these, 15 countries had reached '*completion point*', making them eligible for irrevocable relief. The last country having reached decision point was the Democratic Republic of Congo (DRC) in 2003.

The most recent total cost estimate of debt relief assistance under the HIPC initiative amounts to US\$54,5bn for the countries<sup>73</sup> currently covered by the World Bank, changing only a little from last year's estimates. The costs are almost equally divided between bilateral and multilateral creditors.

The EU has always been deeply committed to the HIPC initiative, contributing to its full implementation both bilaterally and through the multilateral institutions. Several Member States have committed in Barcelona **to go beyond the HIPC requirements, cancelling up to 100% of bilateral ODA claims**. Also the Commission is committed to the total cancellation of the "special loans" of the Least Developed Countries eligible for HIPC.

The EU collectively is the largest donor of the HIPC Trust Fund. A number of Member States contribute to the HIPC debt relief initiative, despite of the fact they have only few or no bilateral claims as they provide aid to low income countries in grant form, or for historical reasons. This explains the big variations in the figures of HIPC debt relief as a percentage of ODA. The new Member States contributed to HIPC as creditors and some contributed to the HIPC Trust Fund. The Commission participates to the initiative as a donor to the HIPC Trust Fund administered by IDA (the funds are earmarked mostly in favour of the African Development Bank) and as a multilateral creditor on the loans from EDF resources managed by the EIB.

Recognising that debt relief alone does not ensure long term debt sustainability, many Member States also support **capacity building** programmes in the area of debt management

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<sup>72</sup> Major modifications introduced by the enhanced HIPC regarded eligibility criteria (a lower Net Present Value (NPV) debt-to export target of 150 percent and a debt-to-revenue target of 250 percent with a lower threshold for the latter of 30 percent export-to-GDP, and 15 percent revenue-to-GDP), earlier assistance, link between timing of completion point and implementation of structural reforms.

<sup>73</sup> Includes Liberia, Somalia and Sudan, but excludes Angola, Kenya, Lao PDR, Vietnam and Yemen. The potential costs of additional assistance at completion point (topping up), recently estimated at approximately US\$1,1bn are also excluded.

and development financing. Debt concerns are also reflected in development policy of several Member States.

Recent evidence shows that post-completion point countries have higher debt to exports ratios than the current HIPC target of 150%, indicating that these countries are still vulnerable and may face difficulties again. The gap between the originally stated objective of ensuring long term debt sustainability” and the implementation of HIPC still seem to persist.

The World Bank and the IMF staff are developing jointly a **new forward looking framework for debt sustainability in low-income countries**, with the aim of preventing new build-up of debt in these countries. The new framework is a welcome initiative and it is mentioned in the reports of several Member States. It includes a more complex definition of debt sustainability, with six indicators, and foresees a country specific analysis, including also the dimension of institutional quality, governance, domestic debt, and the stress testing of the long term assumptions (allowing to consider the effect of external shocks on the long term debt sustainability). The Commission has repeatedly underlined the importance of the transparency of the debt threshold fixing process.

The proposed solution of monitoring new lending activity, while being an essential activity to ensure long term debt sustainability, however does not seem to solve the problem in the case of countries that are already facing a situation of debt distress, that may be caused by **external shocks**. Poor countries are proven to be more vulnerable to external shocks than the average. Therefore efforts to protect these countries from the consequences of such shocks should continue.

The moving of the sunset clause of the HIPC initiative to the end of 2006 does provide the opportunity for some eligible **post conflict countries** to build the necessary track record to enter the initiative, but will not stop the international community from seeking alternative options for those countries that will probably remain excluded at the new expiry date.

Considering the above elements some countries, and in particular the UK have recently proposed a **100% multilateral debt cancellation** for HIPC graduates and/or for all low income countries.

In November 2004 the Paris Club and the republic of Iraq agreed upon a comprehensive debt treatment of the public external debt owed to them providing a total amount of debt reduction of 80%, bringing the total debt stock from \$38,9 billion to \$7,8 billion in three phases (an immediate cancellation of 30%, a reduction of 30% delivered upon the approval of an IMF program, an additional tranche of 20% upon the final Board review after three-years of implementation of standard IMF programmes). Much of this will be eligible as ODA, but will be itemised separately in reporting. The amounts available for the poorest countries should not be affected by decisions concerning debt relief to middle income countries.



- **MDG indicator 43**

<b>HIPC debt relief as a percentage of net ODA</b>			
<b>In percentage</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Austria	38,3	14,7	3,7
Belgium	6,0	11,2	40,6
Denmark	1,3	1,7	0,4
Finland	1,5	1,1	1,2
France	3,0	19,1	28,4
Germany	1,0	3,7	18,3
Greece	1,1	0,0	0,6
Ireland	2,7	0,7	0,6
Italy	1,6	29,4	24,3
Luxembourg	0,0	0,0	0,0
Netherlands	1,3	7,6	6,2
Portugal	7,2	3,4	1,8
Spain	23,5	5,9	2,9
Sweden	1,8	0,0	6,9
United Kingdom	8,5	3,8	1,7
<b>EU-15</b>	<b>4,9</b>	<b>9,1</b>	<b>14,2</b>
<i>EC</i>	5,3	3,1	3,3

Source: OECD

The sharp increase in 2002 and 2003 is due to the countries achieving the HIPC completion point. The EU-15 average is given as a mere indication as some Member States do not have claims on HIPC countries.

## 5. ISSUES EMERGING FROM MDG REPORTS ON PRIORITIES AND ACTIONS TOWARDS 2015

In November 2004, while emphasising the importance of ensuring a strong and well coordinated EU contribution to the review of the MDGs at the UN High Level Event of September 2005, the Council called on the Commission to prepare specific and ambitious proposals for action, in particular in the areas of **finance** for development, **policy coherence** for development and **focus on Africa**<sup>74</sup>. Those political priorities will provide the foundation of the EU contribution to achieving the MDGs. The first section of this chapter summarises what Member States and EC MDG reports have said about these subjects.

More specifically in relation to the **individual MDGs**, and mainly in the context of development cooperation between the EU and its partner countries, concrete new orientations have also been identified in several of the MDG reports. The second section of this chapter discusses how to improve the quality of EU assistance in relation to specific MDGs.

### 5.1. Strengthening the EU role in the Global Partnership of MDG8

#### 5.1.1 *Financing for development*

Both in the national MDG reports and in the context of the Monterrey follow up questionnaires, Member States refer to their performance and views regarding the **Barcelona commitments**. In summary the following picture emerges<sup>75</sup>:

- Several EU Member States have expressed their commitment to further increase their aid. A majority of Member States are either in favour or have no position on the idea of defining a new interim **EU target for additional ODA** increases by 2010.
- In their MDG reports EU Member States recognize the need to enhance aid effectiveness through further **coordination and harmonisation**. In this context, there seems to be scope for improved information flow between Member States capitals and their field offices, to bolster the EU's joint co-ordination efforts.
- A majority of Member States seems to be in favour of broadening the scope of the **untying** of aid.
- EU Member States have recently increased the proportion of their aid budgets allocated to **trade related assistance**. Current efforts focus on making this support more effective, inter alia through the work of the EU Informal Trade and Development Experts Group, which could play a key role in progress towards a coordinated TRA approach at EU level.
- There seems to be a need for a new definition of **International Public Goods** that broadens the scope of work to include regional and trans-national public goods.
- Several EU Member States are leading the international discussion on **innovative sources of financing**. Current discussions focus on the International Finance Facility (as such not a

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<sup>74</sup> Conclusions General Affairs and External Relations Council (GAERC), November 2004.

<sup>75</sup> *EU Follow-up to the Barcelona Commitments, and operationalisation of the Monterrey Consensus*, April 2005.

new source of financing, but rather a pledge system to frontload planned aid-increases) as well as a range of proposals for international taxation and levies.

- Several Member States expressed the wish to further improve informal EU coordination in the context of the **International Financial Institutions**.
- Most Member States agree or are not opposed to providing additional **debt relief** to HIPC-graduated countries who remain or return to debt distress situations. Most Member States agree that the prospect of several countries, mostly in post-conflict situations, is of concern, as they could remain excluded from HIPC support.

### *5.1.2. Policy coherence for development*

In June 2004 the Council agreed that the EU MDG reports should contain a separate section on policy coherence. Most MDG reports explicitly recognise that **increased policy coherence** is a **necessary condition** to achieve the MDGs and to reduce poverty. In this context, Member States emphasise the need for a real political commitment towards policy coherence (Ireland), the need to monitor progress towards greater coherence (UK), the need to define clear priorities for future activities to improve policy coherence (Finland), as well as the need for a holistic approach, considering the development impact of all policies on global development and the position of developing countries and countries in transition (Estonia). Policy coherence is more effective because it utilises knowledge and experiences from different areas and the various contributions can strengthen one another (Sweden). It was also noted that policy coherence should be promoted in developing countries, through PRSPs (Finland).

Several reports speak about the need for **closer cooperation with Ministries other than Development**. It is argued that other Ministries should consider the impact of their policies on developing countries (Portugal, Estonia, Netherlands, Sweden, Finland). Conversely, other Ministries should also have the opportunity to participate in the formulation of development policy, through improved coordination mechanisms (Finland).

Relevant issues in the context of policy coherence that are identified in the MDG reports include:

- **Trade** reforms (Denmark, Finland, France, Germany, Greece, Ireland, Netherlands, Portugal, Spain, Sweden, United Kingdom), in the context of the DDA, looking in particular at a further reduction of trade barriers and an improvement of market access for exports from developing countries.
- **Agriculture** (Denmark, Greece, Ireland, Luxembourg, Netherlands, Portugal, Sweden, Spain, UK)
- **Fisheries** (Netherlands, Spain, Sweden)
- **Migration** (Finland, France, Ireland, Portugal, Spain, Sweden, UK)
- **Security** (Finland, Germany, Ireland, Portugal)
- **Industrial and intellectual property rights** (Netherlands, Spain, UK)
- **Environment** (Denmark, Finland, Germany, Ireland, Portugal, UK)

- **Fiscal agreements** (Ireland)
- **Investment policy** (UK)
- **Arms transfers** (UK)
- **The social dimension of globalisation** (Germany)
- **Information society** (Finland)

### 5.1.3. *Focus on Africa*

Virtually all MDG reports express concern about the fact that Sub-Saharan Africa is **off-track** for attaining most of the MDGs. Most EU Member States mention in their national report their commitment to **continue to prioritise** Africa and/or to **increase their aid** to Sub-Saharan Africa. Several Member States mention precise objectives for increasing their aid to the sub-continent, such as spending a particular percentage of their aid to sub-Saharan Africa or increasing their spending by a specific percentage or amount (Finland, Greece, Spain, UK). Some Member States recall the **political and financial commitments** made at the G8 Kananaskis Summit that half of additional finance promised at Monterrey will be channelled to sub-Saharan Africa. Some EU donors mention the need to provide assistance especially to African LDCs.

In terms of approach and sectoral priorities, the following elements are identified:

- Many Member States underline the importance of a **regional approach** and the promotion, reinforcement and institutionalisation of the **EU-African dialogue** (France, Germany, Portugal).
- In this context, Member States mention the need to strengthen regional institutions (Germany), in particular the **African Union/NEPAD** initiative (France, Netherlands, UK). The UN Economic Commission for Africa and the African Development Bank are also mentioned (UK), as well as sub-regional organisations (France). Some Member States argue for enhanced support to the **African Peer Review Mechanism** (Netherlands).
- Some Member States stress that **conflict prevention** should be addressed (Germany, Ireland, UK), for instance through building African capacity for conflict prevention, management and post-conflict reconstruction (UK).
- Member States also mention the importance of progress on: more open trade markets and improved **trade conditions** for African producers, transboundary cooperation; **environmental protection**; **sexual and reproductive health and rights**, women's rights, gender; good governance; **debt** issues; the fight against HIV/AIDS; and the development of **infrastructure**, in particular regional infrastructure; **water resource management**; and the promotion of **culture**.
- Some Member States mention they will try to **reinforce support to Africa** in the various international fora (Portugal, UK), and promote **debate about African development issues** (Luxembourg, Portugal).

- Some Member States also encourage other donors to significantly **increase aid volumes going to Africa** (UK), and to maintain the level of EDF<sup>76</sup> funding at 0,03% of the EU national income, at minimum (France).

## 5.2. Strengthening EU support towards attaining MDG 1 to 7

To strengthen its support to developing countries and to enhance the chances of these countries to attain the MDGs the following specific actions were identified by the Commission. EU development policies should integrate these considerations in their strategies and approaches, to contribute effectively to MDG targets 1 to 7.

### 5.2.1. MDG1 – Eradication of extreme poverty and hunger

Priorities and actions towards 2015 include the following:

- **Leverage economic growth** to boost **pro-poor and social spending**, especially in those countries where past growth went hand-in-hand with increased income inequality (non-inclusive growth, characterized by rising GINI-coefficient).
- Strengthen the focus on **poor people**. The needs, rights, interest and conditions of poor individuals, groups and poor countries should form the basis of the efforts to contribute to poverty reduction. Helping poor people to organize themselves and thus influence the political sphere and institutions so that they reflect their lives and their rights, shall be a priority for all development assistance.
- Promote **decent work** as part of the poverty reduction strategy.
- Support more efficiently the development of a **business-enabling** environment.
- Strengthen consensus amongst partner governments and donors that **PRSPs** constitute a comprehensive development framework; a roadmap for aligning donor assistance with the country's priorities, and a consultation and coordination mechanism, involving also stakeholders and civil society.
- More effective **food crisis prevention** systems and mechanisms, as well as linking relief, rehabilitation and development.
- Better **integration** of food security and food safety objectives into national development strategies implying better monitoring of food insecurity and appropriate response strategies.
- More effective and sustainable use of **food aid**, based on sound needs assessment and limited exclusively to situations where the cash option is not viable.
- Better management of the **natural resources** (soil, water, marine resources and forests) which are the foundation of food production and the livelihoods of the poor.

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<sup>76</sup> European Development Fund, which provides the financial envelope for EU cooperation with ACP countries.

- Address the challenge of promoting development in **fragile states**, which constitute perhaps the biggest challenge to the world's ability to achieve the MDGs. The concentration of the poor in fragile states is one of the main reasons why the world is not on track to meet the MDG targets by 2015. Fragile states account for approximately 41% of all child mortality and 33% of all maternal deaths in the world<sup>77</sup>.

### 5.2.2. MDG2 – Achieve universal primary education

In the framework of comparing needs with current EU efforts, EU donors highlight several areas where accelerated and intensified actions are needed to reach MDG2 by 2015.

- Ensure full funding for countries that **abolish all primary education school fees** as well as the requirement for school uniforms.
- Launch initiatives in favour of the **most vulnerable children** to ensure equality and enhance human security, providing incentives for their access to and completion of primary schooling (e.g. school meals programmes, safe schools, school grants, law on compulsory primary education).
- **Poo-I EU funded technical assistance** for strengthening government institutional capacity and to develop regional and local consulting expertise in education.
- **Pool resources** and promote decentralised co-operation to ensure increased funding in education to countries in needs, without increasing transaction costs.
- Increased efforts in favour of gender equality in education strategies, labour market policies and political participation. **Girls' education** should be promoted, both in primary and in secondary school, an increased **participation of women** in the economy and in the democratic political arena is essential.

### 5.2.3. MDG3 – Promote gender equality and empower women

The EU should call for a clearer political commitment of donors and partner countries to gender equality. Indeed, efforts towards gender equality should be an integrated part of EU investments in all of the MDGs. This would require:

- Creating clear **linkages** between full and effective implementation of the Beijing Platform for Action and achievement of the MDGs.
- Stronger emphasis on gender equality as a goal in itself, its central role in development policy with focus on poverty reduction, human rights and the MDGs, in particular **economic, social, sexual and reproductive health and rights**, including good governance and democratic institutions.
- Combat, within an appropriate legal framework, **violence against women**, including forced prostitution and the trafficking of women as well as domestic violence. In this

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<sup>77</sup> *Why we need to work more effectively in fragile states*, DFID, January 2005.

context, it is also essential to provide free antiretroviral medication, post exposure prophylaxis and medical psycho-social support for victims of rape.

- Involve civil society, including women's organisation, in the national **PRS process**. This would also imply a gender sensitive monitoring of the Poverty Reduction Strategies, with gender disaggregated data.
- Implement the policy objectives of EU gender equality strategies in development cooperation. At an overall policy level, sufficient work has been done to a large extent. However, there is still a clear **gap between policy** and programme **implementation**. This gap requires systematic attention during the policy dialogue and in the preparation of the next generation of country strategies.
- Give more attention to women's rights, including sexual and reproductive rights, in humanitarian programs, in crisis management and in political dialogues with third parties in conflict and post-conflict situations.

#### 5.2.4. MDG4 – Reduce child mortality

While the EU makes good efforts to contribute to progress towards MDG4, accelerated action is needed:

- Strengthen the **focus** on countries with highest Under 5 Mortality Rates, and that are off-track for meeting MDG4. Currently only 28% of the global bilateral ODA for health is targeted at these countries. In this context special attention shall be given to countries in or emerging from **conflict**, who need special aid channels, linking relief, rehabilitation and development.
- Significant and targeted increase in investment in **vaccination** promotion, distribution and delivery systems for EPI plus, and gradually integrate this package of interventions into a basic package of essential free and universal health services, with accelerated efforts and mass immunisation campaigns for geographical regions with low existing coverage.
- Provide access to antiretroviral drugs for **HIV positive pregnant women**, to reduce perinatal transmission of HIV/AIDS and women's mortality caused by HIV/AIDS.
- In order to progress towards MDG4, developing and developed countries need to increase their **financing** of health. The basic prevention and treatment services, which would prevent illness and premature mortality, require a minimum threshold of public spending on the functioning of health systems, of an estimated annual €30 per capita.
- The **broader determinants of child health** such as nutrition (MDG1), safe water, sanitation and housing (especially avoidance of indoor smoke) (MDG7), need greater attention at national and international level.

#### 5.2.5. MDG5 – Improve maternal health

The linked challenge of overcoming significant gender inequality, which underpins many of the issues related to the poor access of women to sexual and reproductive health services and

their difficulty in realising reproductive rights, makes this a particularly difficult MDG to achieve. The following actions should be considered to meet MDG5 by 2015:

- Support the proposal made in the framework of the Millennium Project to introduce a **new target** to the maternal health goal, i.e. universal access to sexual and reproductive health and rights by 2015 through the primary health care system. Consequently, new monitoring indicators should be included such as: contraceptive prevalence rate; adolescents' fertility rate; availability of emergency obstetric care; HIV prevalence among women aged 15-24; proportion of demand for family planning satisfied.
- Support large scale pilot demand side financing schemes which give pregnant women the wherewithal to **access antenatal, delivery and post natal services**, from either the public or private sector, in order to directly empower women to make a choice over health care providers and to strengthen women's voice in demanding appropriate and responsive health services.
- Address the **crisis in human resources for health** particularly in sub-Saharan Africa. WHO has estimated that in order for Africa to reach a target of 2,5 health workers per 1000 population, there is a need for an additional 1 million health workers. This requires additional resources, and coordinated and coherent strategies, within the context of international and national efforts to strengthen health systems. It also requires developed countries, including EU Member States, to refrain from active recruitment of health workers from this region.

#### 5.2.6. MDG6 – Combat HIV/AIDS, malaria and other diseases

Priority actions on financing, access and human resources as mentioned under MDG 4 and 5 are equally crucial for MDG6. The following should be treated as additional priority actions towards 2015:

- Link poverty reduction strategies with **national health plans**.
- On the basis of national market segmentation data, identify poor and vulnerable communities for targeted distribution of free, long-lasting, **insecticide-treated bed nets** to all children and pregnant women in malaria-endemic zones, complementing existing social marketing strategies which will build local production capacity, with an aim of cutting decisively the burden of malaria, in the short term, at the same time as building longer term systems. In this context, promote research and production of cheap alternatives to DDT impregnated bed nets.
- Targeted distribution of **free contraceptives**, particularly condoms, focusing on high risk and vulnerable groups for condoms, and poor and marginalised women for other contraceptives. Free distribution should be linked to massively increased investment in health promotion, and building capacity for social marketing based on building brand loyalty, to ensure longer term sustainable supply and to effectively tap into private sector distribution and marketing capacity
- While the ARV have seen major price reductions, there is a need to increase and sustain the **affordability** of essential and effective **combination therapies** for HIV/AIDS, malaria and other diseases, including paediatric formulations and second-line treatments. There is



also a need to increase the global level of investment in the development of effective and affordable vaccines and microbicides.

- Address the needs of the **most affected and vulnerable groups**, especially children, young women and elderly persons. The case of orphans and vulnerable children affected by HIV/AIDS, often subject to rights' abuse, forced labour and dramatic forms of trafficking, deserves special attention and specific actions. National action plans should be elaborated in 2005 to meet the needs of orphans and children.

#### 5.2.7. MDG7 – Ensure environmental sustainability

##### 5.2.7.1. Sustainable Development

Priorities and actions towards meeting MDG7 by 2015 include:

- Integrate environmental issues in the **political dialogue** with partner countries and support these countries in their obligations under environmental agreements.
- Incorporate sustainable management of natural resources, including biodiversity, in **development cooperation** programmes, and strengthen the focus on environmental and natural resources management issues in PRSPs.
- Carry out **Sustainability Impact Assessments (SIAs)** for each major trade negotiation and propose flanking measures to enhance positive impacts and mitigate negative impacts.
- Enhance **Corporate Social and Environmental Responsibility** both at EU level and internationally.
- Pursue efforts to meet the 2010 EU and WSSD targets to stop / reduce the decline in **biodiversity** (including through adequately considering the links between biodiversity protection and poverty eradication).
- Pursue efforts to ensure the sound management of **chemicals** throughout their life cycle in the EU and at global level.
- Pursue efforts to address, prevent and adapt to **climate change** and implement the United Nations Framework Convention and its Kyoto protocol, for example through mechanisms such as emissions trading, Joint Implementation and the **Clean Development Mechanism**.
- Co-operate and work further to develop a global framework to address climate change post-2012, based on **common but differentiated responsibilities** and capabilities of countries.

##### 5.2.7.2. Water and sanitation

The following actions towards 2015 would be considered necessary to make effective progress towards achieving the water and sanitation target under MDG7.

- Develop **integrated** water resources management and water efficiency plans, including the establishment of legal and institutional frameworks, and produce sector investment programs focusing on the water and sanitation MDGs.

- Improve water and sanitation **governance**, including through stakeholder consultation; establish appropriate mechanisms of coordination on water and sanitation issues at national level, identify roles and responsibilities of key actors for planning and implementation and facilitate decentralization of decision making on water and sanitation matters by building local government capacity.
- Increase water resources **planning and management** capacity with due attention to operation at local level; support to generation and sharing of knowledge and technology; make hygiene education and promotion central to capacity building efforts.
- Develop **implementation capacity** for operation and maintenance in the water and sanitation sector.
- Strengthen the case for **water funding**, highlighting economic, social and health benefits and highlighting the cost of non-action; strengthen sector efficiency; increase donor funding and stimulate domestic funding; improve the enabling environment for foreign direct investment in the sector.

#### 5.2.7.3. *Energy*

To achieve the energy target under MDG7 the following actions towards 2015 are considered necessary:

- Improve energy **governance**, assisting in creating the conditions for sustainable use of modern energy services.
- Assist in **leveraging funds** for the financing of projects and programmes aimed at increasing access to modern energy services, especially in Sub-Saharan Africa.
- Increase **coordination** with related sectors (rural development, water, education, health) in order to increase sustainability of actions aimed at reaching the MDG.
- Strengthen the links between EUEI activities to promote sustainable energy services and major **investments** in the provision of sustainable energy infrastructures.
- Further develop the **Johannesburg Renewable Energy Coalition** under which the 88 countries that have so far joined the coalition have agreed to set targets and timeframes for increasing the share of renewable energies in their overall energy mix.

## 6. CONCLUSION

In 2004 and 2005 the EU Member States and the Commission have released reports on their contribution towards attaining the MDGs. These reports provided the basis for this EU Synthesis Report on Millennium Development Goals 2000-2004.

This Synthesis Report looked at the quality of the EU support to developing countries in regard of MDG 1 to 7, as well as to the overall EU input into the Global Partnership for Development of MDG8. The EC Report and the national EU Member State' Reports are all consistent in their assessment of the situation:

(1) Virtually all reports indicate that a process of development **policy review** has taken place, is underway, or is being foreseen, in order to better align development policies with the challenges of the Millennium Development Goals.

(2) Most reports explain that contributions to the MDGs 1 to 7 are being provided, but that much **more can be done**, not only in terms of quantity, but definitely also in terms of quality of support. The EU Synthesis Reports provides an overview of the proposed actions on each of the MDGs 1 to 7.

(3) At the same time many reports also explain that our development policies cannot exclusively look at the MDGs, but that other objectives shall also be considered, including those that contribute towards creating a **conducive climate** for attaining the MDGs.

(4) All reports discuss the issues of **finance**, recalling – in most cases – that important growth of budgets have been realized, while also arguing that further growth of ODA and other sources of development financing is needed and foreseen.

(5) Most reports pay considerable attention to the issue of trade and policy coherence, which are captured under MDG8, and where according to most reports further progress is necessary.

(6) The European Union trade policy contributed substantially to the MDGs at multilateral, bilateral and unilateral (“Everything But Arms” initiative) levels.

(7) Finally, without losing sight of the needs of other continents, virtually all reports recall the specific and particularly alarming situation in **Sub-Saharan Africa**.

The reports confirm that the EU is fully aware of both the magnitude and the urgency of the task ahead. Through Council Conclusions the EU has committed itself to strengthening its leadership role in the fight against global poverty. In the context of MDG8, the EU aims to further increase its contribution to the global partnership. In terms of geographical priorities, the EU has expressed deep concern over the lack of progress on the MDGs in Sub-Saharan Africa, and is committed to examining options for additional action to bring the development process forward<sup>78</sup>.

Building on the information and analysis provided by the national EU MDG reports, the EC MDG report, as well as this EU Synthesis Report, the Commission has prepared three Communications, which provide concrete proposals on how to accelerate progress towards achieving the MDGs. Together these Communications offer a substantial reply to the challenges ahead.

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<sup>78</sup> Conclusions General Affairs and External Relations Council (GAERC), June 2004.

## **ANNEX 1      LIST OF NATIONAL AND COMMUNITY MDG REPORTS**

### **Austria**

*Austria's contribution to the EU-stocktaking exercise on MDGs, October 2004*

### **Belgium**

*Belgium supports the Millennium-goals, First progress report by Belgium on MDG8 ('Global partnership for development'), November 2004*

### **Czech Republic**

*Millennium Development Goals - Reducing poverty and social exclusion, and Statistical annex to the MDG report, February and October 2004*

### **Denmark**

*Millennium Development Goals, Progress report by Denmark 2004, September 2004*

### **Estonia**

*Estonia's report on Millennium Development Goal 8: Establishing global Partnership, November 2004*

### **Finland**

*Finland's report on the Millennium Development Goals 2004, October 2004*

### **France**

*Rapport sur la réalisation des Objectifs du Millénaire pour le développement, Contribution française, November 2004*

### **Germany**

*Der Beitrag der deutschen Bundesregierung zur Umsetzung der Millenniums-Entwicklungsziele 2004, November 2004*

### **Greece**

*Greece's report on the Millennium Development Goals, November 2004*

### **Hungary**

*Hungary's report on the Millennium Development Goals 2004, Taking stock, October 2004*

### **Ireland**

*Report on Ireland's contribution to reaching the Millennium Development Goal, November 2004*

### **Italy**

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**United Kingdom**

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**EC**

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<sup>79</sup>

[http://europa.eu.int/comm/development/body/publications/docs/MDGs\\_EN.pdf](http://europa.eu.int/comm/development/body/publications/docs/MDGs_EN.pdf)

**ANNEX 2 THE MILLENNIUM DEVELOPMENT GOALS, TARGETS AND INDICATORS**

<b>Millennium Development Goals (MDGs)</b>	
<b>Goals and Targets (from the Millennium Declaration)</b>	<b>Indicators for monitoring progress</b>
<b>GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER</b>	
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than less than one dollar a day	1. Proportion of population below \$1 (PPP) per day 2. Poverty gap ratio [incidence x depth of poverty] 3. Share of poorest quintile in national consumption
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	4. Prevalence of underweight children under-five years of age 5. Proportion of population below minimum level of dietary energy consumption
<b>GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION</b>	
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	6. Net enrolment ratio in primary education 7. Proportion of pupils starting grade 1 who reach grade 5 8. Literacy rate of 15-24 year-olds
<b>GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN</b>	
Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	9. Ratios of girls to boys in primary, secondary and tertiary education 10. Ratio of literate women to men, 15-24 years old 11. Share of women in wage employment in the non-agricultural sector 12. Proportion of seats held by women in national parliament
<b>GOAL 4: REDUCE CHILD MORTALITY</b>	
Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	13. Under-five mortality rate 14. Infant mortality rate 15. Proportion of 1 year-old children immunised against measles
<b>GOAL 5: IMPROVE MATERNAL HEALTH</b>	
Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	16. Maternal mortality ratio 17. Proportion of births attended by skilled health personnel
<b>GOAL 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES</b>	
Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	18. HIV prevalence among pregnant women aged 15-24 years 19. Condom use rate of the contraceptive prevalence rate 19a. Condom use at last high-risk sex 19b. Percentage of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS 19c. Contraceptive prevalence rate 20. Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years
Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	21. Prevalence and death rates associated with malaria 22. Proportion of population in malaria-risk areas using effective malaria prevention and treatment measures 23. Prevalence and death rates associated with tuberculosis 24. Proportion of tuberculosis cases detected and cured under directly observed treatment short course DOTS (Internationally recommended TB control strategy)
<b>GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY</b>	
Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	25. Proportion of land area covered by forest 26. Ratio of area protected to maintain biological diversity to surface area 27. Energy use (kg oil equivalent) per \$1 GDP (PPP) 28. Carbon dioxide emissions per capita and consumption of ozone-depleting CFCs (ODP tons) 29. Proportion of population using solid fuels

Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	30. Proportion of population with sustainable access to an improved water source, urban and rural 31. Proportion of population with access to improved sanitation, urban and rural
Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	32. Proportion of households with access to secure tenure
<b>GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT</b>	
Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (Includes a commitment to good governance, development and poverty reduction – both nationally and internationally)	<p><i>Some of the indicators listed below are monitored separately for the least developed countries (LDCs), Africa, landlocked developing countries and small island developing States.</i></p> <p><u>Official development assistance (ODA)</u></p> <p>33. Net ODA, total and to the least developed countries, as percentage of OECD/DAC donors' gross national income</p> <p>34. Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation)</p> <p>35. Proportion of bilateral official development assistance of OECD/DAC donors that is untied</p> <p>36. ODA received in landlocked developing countries as a proportion of their gross national incomes</p> <p>37. ODA received in small island developing States as a proportion of their gross national incomes</p> <p><u>Market access</u></p> <p>38. Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty</p> <p>39. Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries</p> <p>40. Agricultural support estimate for OECD countries as a percentage of their gross domestic product</p> <p>41. Proportion of ODA provided to help build trade capacity</p> <p><u>Debt sustainability</u></p> <p>42. Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)</p> <p>43. Debt relief committed under HIPC Initiative</p> <p>44. Debt service as a percentage of exports of goods and services</p>
Target 13: Address the special needs of the least developed countries (Includes: tariff and quota free access for the least developed countries' exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction)	
Target 14: Address the special needs of landlocked developing countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)	
Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term	
Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth	
Target 17: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries	45. Unemployment rate of young people aged 15-24 years, each sex and total
Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications	46. Proportion of population with access to affordable essential drugs on a sustainable basis 47. Telephone lines and cellular subscribers per 100 population 48. Personal computers in use per 100 population Internet users per 100 population

The Millennium Development Goals and targets come from the Millennium Declaration, signed by 189 countries, including 147 heads of State and Government, in September 2000. The goals and targets are interrelated and should be seen as a whole. They represent a partnership between the developed countries and the developing countries “to create an environment – at the national and global levels alike – which is conducive to development and the elimination of poverty”.