



EUROPEAN UNION
DELEGATION OF THE EUROPEAN COMMISSION
TO THE UNITED NATIONS

United Nations Economic and Social Council

High-level debate

Development Cooperation Forum

Keynote speech by

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**"A new vision for development cooperation
in the 21st century"**

New York, 30 June 2008

Mr President,

Deputy Secretary-General,

Ministers and Heads of Delegation,

Your Excellencies, Ladies and Gentlemen,

When the Millennium Goals were set in 2000, the means to achieve them had not been identified. Since then the global partnership for development has gradually taken shape, at least on paper. The Monterrey Consensus on Financing for Development, the Paris Declaration on Aid Effectiveness and, at EU level, the commitments made under the 2005 European Consensus on Development are the key drivers of this global partnership.

The European Union has played, and intends to continue playing, a very active role in this area.

Unfortunately, today, all the evidence points to the same thing: the **level of achievement of the Millennium Development Goals is well below expectations. This is a worrying situation.** Substantial progress has been made in some countries, but others fall far short of the targets. New challenges such as climate change and the food crisis add to the problem.

Still, it is encouraging to note that countries which put in place coherent, proactive and systematic policies manage, when aided financially, to alleviate poverty and make progress in areas such as health, education and equality between men and women.

The vision is there. We know what has to be done. But we are not doing it enough. And when I say "we", I mean of course donors - but also developing countries themselves, whose primary responsibility is clear. I am well aware of the role and ethical responsibility of the industrialised rich world. But we cannot ignore the decisive influence of the domestic policies of partner countries (-> political dialogue).

The major events of 2008 – Accra, New York and Doha – must mark a decisive turning-point. 2008 must create a genuine opportunity to reposition our strategies and reframe our development policies.

It is on the basis of this strong conviction that the **Heads of State and Government of the European Union adopted very ambitious conclusions 10 days ago.**

Let us look first of all at the **volume of aid.**

The EU reconfirmed, at the highest political level, its financial commitments for 2010 and 2015 and the Member States undertook to draw up multiannual timetables showing the budgetary feasibility of their promise.

I will not hesitate to point out here that the **EU remains by far the most important partner** for the developing countries, contributing 60% of world aid. The EU will also provide 90% of the increase in international aid in the period 2006-2010 and the same percentage of additional aid to Africa promised by the G8 in Gleneagles.

This situation is difficult to accept. **It is imperative that efforts be shared equitably. Today, the increase in international aid is being almost exclusively shouldered by the EU. This is proving increasingly problematic for public opinion.**

The amount of aid is important, but it is not enough. We can no longer avoid the key concern of the *effectiveness* of aid.

The increase in aid volume, the proliferation of donors, the emergence of new players, the complexity of the challenges and an alienating bureaucracy based on increasingly out-of-touch rules and procedures have led to a technocratic and conservative downgrading of assistance which lacks a sound political basis in the best sense of the term.

The architecture of aid is no longer clear to anyone. Often we ourselves have difficulty in making sense of the sophisticated – if not labyrinthine – structures which our fear of doing the wrong thing and our concern to justify and guarantee everything have led us.

The increase in aid and the ever-increasing complexity of its international architecture requires a **fundamental review of how aid is implemented.**

The way we channel aid is increasingly inappropriate. We are unrealistic. Aid implementation, from initial decision to final implementation, suffers both upstream and downstream from Manichaean procedural distortions sometimes verging on the ridiculous.

The partner countries have to deal with a plethora of rules specific to each donor's national legislation.

All the donors agree: the work has to be divided up better. But when they are asked to actually do this, the old nationalistic, egocentric reflexes kick back in.

I often quote these figures, but they are striking: is it normal that

- in Tanzania, 600 projects of less than a million dollars each are underway in the health sector alone?
- in Kenya, 20 donors are jostling each other just to buy medicines - and go through 13 different procurement bodies to do so?
- at global level there are 56 bilateral and 230 multilateral donors, not to mention numerous foundations?

In recent years there has also been an inflation of vertical funds. It is as though the solution to every problem is to create a vertical fund accompanied, in most cases, by a reallocation of existing funds. Climatic change, for example, has already led to the creation of 10 vertical funds, all of which do more or less the same thing...

We are witnessing a **real fragmentation** – a "**Balkanisation**" – of **public development aid**, quite contrary to the principles of ownership and alignment proclaimed in all the international conferences.

This is unacceptable, particularly given that all the donors have already signed the Paris Declaration, which provides a clear framework for a change of approach.

More than a stock-taking exercise or a mid-term review, the **Accra Conference is a test of credibility**.

The Accra Summit must forge a major ambition: that of finally moving from talk to action. New commitments of principle are useless. Re-opening the debate on the Paris Declaration is equally useless. If misunderstandings with our partners linger, it is time to re-examine and dispel them once and for all.

The Accra Summit must be very political and very frank.

I see four essential conditions, without which I believe we will not succeed:

- the **division of labour**, which must become a reality soon;
- **the use of country systems**, including budgetary, sectoral and general aid, must become the key instrument;
- **results-based management**. This means reviewing the way in which we define criteria. We can no longer urge partner countries to take ownership of their development strategies and make bold policy choices if we impose pre-conditions on them; these conditions limit governments' autonomy, particularly in the area of budget choices or even political choices such as privatisation. As a liberal, I am all for the market economy, but I accept that it must be controlled and driven at a steady pace, and that it is not unreasonable to sometimes structure it or exclude certain sectors, notably energy and agriculture;
- finally, the **predictability of aid**. At the level of commitments, we must push for multiannual planning of financial flows. At the level of payments, the MDG contract I have proposed constitutes an efficient and innovative response offering medium-term budget aid based on results.

Aside from these essential core considerations, we need an immediate, rapid-impact response if the Millennium Goals are to be achieved.

To this end, the Heads of State and Government of the EU have drawn up an agenda for action.

The agenda was based in particular on the work of the High-Level Steering Group set up at the initiative of the UN Secretary General for the MDG in Africa.

Specifically, the agenda identifies a number of **intermediate objectives for 2010 with a view to attainment of the MDG by 2015**. It gives **examples of sectoral measures** the EU intends to take with a view to achieving the intermediate targets, together with quantitative evaluations of what this would entail in terms of increasing the volume of European aid in the different sectors.

This means, for example, that in the **health** field the EU would increase its financing by 8 billion euros, which would help purchase 75 million mosquito

nets, save the lives of 4 million children every year, ensure that 21 million births are assisted by qualified staff, etc.

Similarly, in **education**, the EU would increase its financing in 2010 by 4.3 billion euros, thus enabling 25 million children to access primary school and 6 million teachers to be recruited and trained.

Your Excellencies, Ladies and Gentlemen,

The situation is urgent.

The developing world is in serious crisis.

First of all a **food crisis**, which is hitting the world's poorest hardest and jeopardising years of social, financial, economic and political progress.

In response to this crisis, Europe has risen to its responsibilities.

In the **short term** first of all. After the first signs of crisis we substantially increased our budget, setting aside 550 million dollars for 2008.

And I intend to do more. Looking beyond the immediate situation, **the medium term** is just as crucial. Resources are needed to help the developing countries cope with the rise in prices and in particular prepare for the next harvest in terms of seeds and fertilisers.

Finally: even if prices stabilise in the coming months, the impact of **this food crisis will be felt for a long time**. It is essential – and I have been saying this now for many years – to put policies in place that sustainably increase productivity and production in the agricultural sector.

In this respect, issues such as

- organisation of the production and marketing system,
- access to land,
- access to inputs and seeds,
- price guarantees,
- technology transfers,

- infrastructure to reduce isolation,
- energy and transport prices,
- the effects of climate change,
- land-use planning,

are all factors that interact and determine the capacity of poor countries to resolve this existential issue – in both the literal and the figurative sense.

We also need to clarify a number of controversial issues, such as the appropriateness of, and conditions for, the promotion of biofuels. Similarly, we need to overcome the ideological block where GMOs are concerned.

There is also the **crisis** – different in nature but just as serious – **of climate change**.

The world is up against an alarming paradox. It is the poorest countries that are worst affected by climate change, but it is the **developed world, and increasingly the emerging countries, that are largely responsible** for the build-up of greenhouse gases in the atmosphere. It is therefore the developed world's responsibility to lead the fight to reduce emissions and help poor countries adapt to climate change.

Action must be **collective**.

It must also be **immediate**.

I strongly believe that it will be necessary, if agreement is to be reached at Copenhagen, to have the strong support of the poorest countries most vulnerable to climate change.

This support can only be obtained by providing these countries with a **level of resources for adaptation** that is not just a recycling of the Public Development Aid already promised. **Innovative sources of financing** are needed and this is the basis of my appeal, which I reiterate here, for the issue of a global loan. This loan, based on the carbon market, would consist in anticipating the income from emissions trading in Europe and would mobilise substantial resources for the fight against climate change.

It is time to act.

I wish to conclude by sharing with you both my frustration and my hope.

Frustration: at the international community's inability to help a large part of the world out of a poverty exacerbated by the combined impact of climate change and food prices, even though we have never before had such extensive technical, financial and human resources.

But also hope: in "POLITICS", which, I firmly believe, will take full cognisance of the challenges facing us and provide the impetus for the quantum leap necessary to meet them.