

**Economic and Social Council**

**Special high-level meeting with the Bretton Woods institutions, the  
World Trade Organization and the United Nations Conference on  
Trade and Development**

**Statement on behalf of the European Union**

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Mr. President,

I have the honour to speak on behalf of the European Union. The Acceding Countries Bulgaria and Romania, the Candidate Countries Turkey, Croatia\* and the former Yugoslav Republic of Macedonia\*, the Countries of the Stabilisation and Association Process and potential candidates Bosnia and Herzegovina, Serbia and Montenegro, as well as Ukraine and the Republic of Moldova align themselves with this declaration.

Mr. President,

Today's meeting of the Economic and Social Council with the Bretton Woods Institutions, the World Trade Organisation and UNCTAD represents another important step on a way of dialogue and partnership on which the Monterrey Consensus is so strongly based. This meeting is a unique chance to bring together the expertise of important stakeholders to our common effort and to facilitate a mutual up-date on the discussions lead in Washington, Geneva and New York by ministers of finance, ministers of development, high-level officials, directors of the bank and the fund and also civil society and private sector representatives.

Let me from the outset underline that the European Union fully assumes its part of the shared responsibility for development as set out in the Monterrey Consensus. We are strongly committed to the implementation of the Monterrey consensus together with the Millennium Development Goals. The 2005 World Summit agreed a balanced and extensive reform package and substantive commitments. It is now time to implement.

The European Union strongly welcomes the Summit's endorsement of the commitments on development assistance, the need to accelerate progress towards the MDGs, progress on aid effectiveness and on debt relief, and to address the special needs of Africa. The EU also welcomes the unanimous acknowledgement of the MDGs as the international framework for development, together with the Monterrey Consensus and Johannesburg Plan of Implementation. The EU remains dedicated to these commitments, as well as to those on policy coherence for development. EU member states are committed to support developing countries in adopting by the end of 2006, and in implementing comprehensive national strategies to achieve the internationally agreed development goals and objectives, including the MDGs.

The ECOSOC Special High Level Meeting is an integral step in the follow-up of the implementation of the Monterrey Consensus. It is a key forum which promotes the integrated and coordinated contribution of the United Nations, the Bretton Woods Institutions, the WTO, the UNCTAD and other major stakeholders to the goals and objectives set out in the Monterrey and in other UN conferences in summits. As the agendas of these institutions tend to converge on the pursuit of the internationally agreed development goals, it is essential to preserve and build on this collaborative approach and enhance coherence between all organizations which play a key role in the follow up process and therefore in reaching the MDGs.

The EU is well on track in meeting its commitments made in 2002 to increasing aid volumes by 2006, namely to individually reach 0,33% ODA/GNI and collectively reach 0,39% ODA/GNI as well as its new targets to increasing ODA volume to individually achieve 0,51% ODA/GNI and collectively achieve 0,56% ODA/GNI by 2010. The member states who joined the EU after 2002 will strive to increase their ODA/GNI share to 0,33% by 2015. This would result in additional € 20 billion ODA annually and represents an intermediate step towards achieving the UN target of 0,7% by 2015. Collectively, at least 50% of increases in aid volumes will be dedicated to Africa.

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\* Croatia and the Former Yugoslav Republic of Macedonia continue to be part of the Stabilisation and Association Process.

EU Member States are united in their commitments to increasing aid and follow several routes to that aim. Some Member States firmly believe that innovative financing mechanisms can help deliver and bring forward the financing necessary to achieve the MDGs and may increase and supplement traditional sources of finance.

Current EU aid to developing countries amounts to about EUR 64 billion - representing 55% of total world aid. Commitments made in 2005 will make an additional EUR 20 billion available by 2010 - about two-thirds of world aid. This "scaling up" must however be accompanied by greater rigour on the effectiveness of the spending.

In view of the coming large-scale increases in development assistance, the EU is placing greater emphasis than ever on the importance of aid effectiveness. Aid effectiveness is already a major feature of the European Unions' wide-ranging statement on development policy, known as The European Consensus on Development<sup>1</sup> which was agreed in Brussels in December 2005.

The EU recently also adopted measures on how to operationalise and improve policy coherence for development, ensuring that non-aid policies can assist developing countries in achieving the millennium development goals and will prepare programme comprising priorities for action in 12 policy areas.

It is essential that improving the quality and effectiveness of aid should proceed in parallel with increases in the quantity of aid. This concerns the action of bilateral as well as multilateral donors, but also calls for action and commitment on part of recipient countries. The EU also urges UN Specialized Agencies Funds and Programs as well as the International Financial Institutions including the regional development banks to step up their engagement in the implementation of the international harmonization agenda that has developed over the last years out of the Rome Agenda and the subsequent Paris Declaration on Aid effectiveness. We urge them to accelerate their efforts to increase the effectiveness, efficiency and comparative advantage of their contribution to international development efforts.

In order to achieve the MDGs, we need to further strengthen policy coherence for development, by making wider and more systematic use of existing mechanisms for consultation and impact assessment and procedures to screen all relevant policies for their impact on developing countries.

As the Global Monitoring Report 2006 underlines, greater resource flows to developing countries must go hand in hand with measures to make aid work more effectively. Special focus of this report is improving governance, both in developing countries and globally, to strengthen accountability for resource use and for development outcomes. Monitoring governance can help to clarify options for scaling up assistance and can support broader efforts to strengthen transparency and accountability, both nationally and globally.

Mr. President,

We recognize the importance of required efforts in the fields of trade and debt relief. The European Union continues to consider the on-going round of multilateral trade negotiations, the Doha Development Agenda, as a big opportunity in terms of development potential. This opportunity should not be missed. In its negotiations, the European Union committed to achieving a positive outcome to the DDA for developing countries. It has been working hard at this, by stressing that the weakest and most vulnerable economies should receive the full benefits of the round, while themselves being called upon to make only minimum commitments. Our objectives and our ambition remain unchanged: creating genuine new business opportunities in agricultural and industrial products and services particularly in developing

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<sup>1</sup> [http://europa.eu.int/comm/development/body/development\\_policy\\_statement/index\\_en.htm](http://europa.eu.int/comm/development/body/development_policy_statement/index_en.htm)

countries, as well contributing to development and strengthening multilateral rules, notably in trade facilitation which is key for developing countries. The EU is fully committed to meet the critical 2006 DDA negotiations deadline.

But improved market access and pro-development trade rules are necessary but not sufficient conditions to enhance trade. In short, the “opportunity” to trade is linked to the “capacity” to trade. That’s why, at the recent WTO Ministerial in Hong Kong, the EU has pushed for all donors to adopt a substantial package of Aid for Trade. The decision in HK builds on repeated commitments by the EU in this direction. The EU contribution for Aid for Trade should reach €2 billion by 2010.

While trade can contribute to economic growth, development and poverty alleviation, this link does not work automatically or immediately. Flanking policies are needed. For developing countries to reap benefits from trade liberalisation, it is essential that they mainstream trade into their development strategies and overcome supply constraints to doing business and trading, and most particularly weak regulatory frameworks and unfavourable business environments.

The EU welcomes the Summit's conclusion on the recognition of the important role of trade in achieving the MDGs, and the commitment to work expeditiously towards implementing the development dimension of the Doha Development Agenda. The EU underlines the importance of ensuring the integration of developing countries into the world trading system, of implementation of the Brussels Programme of Action for Least Developed Countries, in particular duty-free and quota-free market access, and ensuring sustainable development.

The Multilateral Debt Reduction Initiative was on the agenda of the Development Committee of the World Bank and the IMF which met yesterday. The preservation of the financial viability of IDA and the African Development Fund remains a key priority for the EU and we encourage all donors to live up to their commitments to fully finance the MDRI. Monitoring of donor contributions is crucial both to preserve the principle of additionality of donor commitments to the MDRI and to maintain a fair burden sharing.

We remain committed to finding solutions to unsustainable debt burdens, and welcome the deliberations of the Development Committee as timely and encourage further progress in this area. The EU countries have provided around 60% of the financing. It is however vital that we address multilateral debt as well as the long term debt sustainability of low income countries, considering in particular that some countries that have graduated from HIPC either remain in debt distress situations or return to debt ratios in excess of the sustainability threshold. Long term debt sustainability remains an essential condition for economic stability, growth and development, and debt relief provides long term predictable financing behind country-owned plans.

The European Union encourages a comprehensive participation of the private sector, as an engine of growth and development. We also would like to see development concepts and activities produce their full positive impact, including in the fields of good governance and human rights. Fully involving the civil society and the private sector in the processes of development will increase the sense of participation and ownership.

Mr. President,

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 currently examining options for additional action to bring the development process forward. In this context we welcome the report of the Commission for Africa which underlines the central importance of NEPAD as an Africa owned strategic framework to address the development challenges of the continent. The EU also welcomes the World Bank’s Africa Action Plan and looks with interest at the launch of the Africa Catalytic Growth Fund.

In terms of institution building, our own European experience illustrates the benefits and potential of gradual regional cooperation and integration. We therefore call for stronger regional cooperation between developing countries. The example of NEPAD is to be underlined. We recognize the progress which has been made in the region in consolidating democratic principles, good governance, as well as respect for the rule of law and human rights.

In particular, we encourage efforts to improve the quality of governance including through greater accountability, transparency and control of corruption in a strengthened public sector. The European Union recalls the substantial support, amounting to some 11.5 billion Euros which the Union and its Member States accord Africa annually.

Mr. President,

The Monterrey Consensus explicitly recognizes that each country has primary responsibility for its own economic and social development and that the role of national policies and development strategies cannot be overemphasized. Donors, however, should strive to ensure that developing countries adopting effective national strategies can count on a sufficient increase in aid, of sufficient quality, arriving with sufficient speed and predictability. This encompasses an increased predictability of official funding of multilateral programmes, including/ in particular those of the UN system.

Thank you.

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