



## European MDG Rescue Package

The promotion of a global sustainable development based on the 8 Millennium Development Goals (MDGs) to eradicate extreme poverty around the world by 2015 must become a priority now more than ever since the economic crisis affects the poorest communities severely. We have reached a turning point. Today, every day 100 people join the poverty line and more than 1000 million others go hungry. It is urgent that we protect the progress that has been achieved since 2000 and include the MDGs in the road map to global recovery.

The crisis has allowed new opportunities for ambitious changes. The G8, the G20 but also the United Nations, have failed to embody a much-needed concrete leadership to mitigate the impacts of the crisis on the most affected countries. **The EU has no excuse not to take on the promotion and implementation of a rescue package for the Millennium Development Goals.**

In the framework of the European Year for Combating Poverty and Social Exclusion, the Spanish government, who will be leading the EU in the first half of 2010, intends to promote a renewed European leadership that will use the MDGs as the way to improve global well being.



### Context

At the UN Millennium Summit in 2000, 189 countries signed the Millennium Declaration, a consensus on how to promote sustainable development around the world. They agreed on 8 Goals with 21 measurable targets with the intention of cutting poverty by half by 2015.

Up until 2005, progress was achieved for example by reducing annual child mortality by 4 million per year and by improving access to primary education.



*Between 2000 and 2005, 120 million people escaped poverty and 30 million more boys and girls went to school.*

This was made possible through abolition of the developing countries debt, increased aid to developing countries, and a renewed leadership of governments in the South and of civil society. But the rise in oil and food prices, and the drop in financial aid to development since 2006 endanger these encouraging results.

In 2008, the General Secretary of the United Nations demanded that a new effort be made and the EU responded with an “**Agenda for Action on MDGs**” that would express a European leadership at the High Level Meeting on the MDGs, in September 2008. But just one week before the meeting, Lehman Brothers declared bankruptcy, launching the biggest financial crisis in history. **The proposals made at the High Level Meeting, including the Agenda for Action put forward by the EU, were not enough to face the new challenges of the crisis that dramatically modified the scenario for developing countries.**

*Women represent 70% of the poor.*

Today, the economic crisis has spread around the world and as a result the number of people living in poverty is increasing by **100 people every minute.**

Global progress has been highly uneven and mainly driven by the rapid growth and improvements in the giant countries of Asia, including China, India, Indonesia and Vietnam, but other regions, such as Sub-Saharan Africa, have performed poorly. **For more than half of the 900 million inhabitants of the African continent, food is not a certainty. They live with less than 1 euro a day and are unable to reduce the rate of maternal and child death or even to implement primary education for all.**

*In 2000 it was possible to reduce world hunger to less than 500 million people by 2015. Today more than 1 billion people are hungry.*

Gender equity in primary education was the only objective where all the developing countries were progressing adequately. Nonetheless, due to the crisis, many young girls are dropping out of school, especially in countries where fees have to be paid to go to school.

Reducing the maternal and child death rates is more difficult to achieve. In 2007, 9 million boys and girls died under the age of 5, and more than 500 000 women died during pregnancy or while giving birth.

The most recent UN evaluations show that it is still possible to fulfil some of the MDGs and especially the first Goal, which is reducing hunger and poverty by half by 2015, even if it has become more difficult. It is a matter of political will.

## **Our position**

*The rich countries have slowed down investments in long-term recovery policies such as the MDG,*

The economic crisis has presented us with a disheartening paradox: The rich countries have been able to take big decisions, change economic policies, and mobilise huge quantities of public money to ensure economic stability and social security in their countries while **both governments in the North and South are reducing their capacity to fight against poverty, endangering the progress made with the MDGs.**

Donors' budgets for 2010 are showing a decrease in ODA, using the immediate need to control public deficit as an excuse. In 2010, during the Spanish presidency of the EU, **the impact of the economic crisis on poor countries will be clearer and more devastating**, while rich economies will have started to recover. In most of the developing countries, the recession has damaged all hope of growth and has **forced restrictions on public spending** for the years to come. The past has shown that the situation regarding education and health will worsen, even after unemployment rates decrease.

Nonetheless, **with the crisis, opportunities have emerged to tackle the challenges of the MDGs.** A renewed US commitment to multilateralism and fight against poverty; the acknowledgment by the G20 –displacing the G8- that,



*In the meantime, more than 18 billion dollars were spent in 6 months to guarantee the stability of the financial sector.*

to sustain economic and social stability, cooperation between rich countries and developing countries is crucial and that social protection must be a basic element of that process; the acknowledgment that stability, the public responsibility of governments to guarantee it; the call for a new green economy that does not depend on oil and can depend on a qualified workforce to find solutions to regain economic growth; all these elements revive the commitment made by the Millennium Declaration.

It is urgent to protect the progress achieved since 2000 using the framework of the MDGs when drafting the road map for global recovery. **The analysis of the causes of the crisis confirms the importance of sustainable development and equity. Political action within every country is necessary but also international aid policies are needed, along with transfer of know how, to guarantee that the impact of the crisis on the most vulnerable populations will be reduced to the minimum.**

While recognising the need to achieve the MDGs, the G8, nor the G20, nor the United Nations have exercised real leadership to launch a strategy that can mitigate the impact of the crisis on poor countries. This is why **the EU must be responsible for the promotion and implementation of a MDGs RESCUE package.**

By 2010, two thirds of the period set to achieve the Millennium Development Goals will be behind us. If we do not want to lose this milestone, the EU must move forward with a leadership plan, having development cooperation at the forefront of its Presidency. The Spanish government has declared that the fight against poverty will be a priority for the Spanish presidency of the EU, and that Spain is committed to reach the MDGs.

*The EU must take advantage of the opportunities that the crisis has unveiled to eradicate hunger, diseases and illiteracy.*

Spain must use this unique opportunity, at this crucial moment, to lead a common position, at European and international level, which prioritises investment in support to the poorest populations. The main challenge for the Spanish presidency of the EU in 2010 will be to help build renewed European leadership that will promote the MDGs within the global response to the crisis, and that will honour the solidarity of European citizens: 9 out of 10 European men and women still believe that development is important and that Europe must fulfil its promises and go beyond its commitment to support development. (Eurobarometre 2009).

## Recommendations

*The Spanish government must use the EU presidency to lead a European rescue package for the MDGs.*

### The EU to lead a rescue package for the MDGs

- During the Spanish presidency of the EU, Europe must agree on a rescue package for the MDGs which includes: **a financing emergency plan, a commitment to more effective aid and a coherent development policy and a strategy that carries efficient solutions to each problem.**
- The package must be ratified by Heads of States at the European Council in June 2010 as a **common European position** in the lead up to the MDGs+10 UN Summit in September in New York.
- It is imperative that a rigorous, public and systematic follow up of the package be set up, which will include the data gathered by the European Commission and the Member States, to be shared every September as a European contribution to the UN General Assembly.



*The EU is the main donor; it provides 60% of the total aid to development.*

### 1. An Emergency Plan for the financing of the MDGs which includes fulfilling the existing financial commitments and other sources of sustainable financing for development

Aid for development works, it is an essential and a vital part of the fight against poverty. The EU has a good record when it comes to aid for development. But unfulfilled promises made to the poorest communities may change that. We foresee a backward trend in the progress achieved by European aid if EU Member States ODA contribution does not increase in the near future.

In 2005, the EU promised collectively to give 0.56% of its GNI in ODA by 2010. In 2008 EU aid was just 0.4% of its GNI and its outlooks for 2009 and 2010 indicate that the 0.56 target will not be reached by 2010. To achieve 0.7% by 2015, a target largely backed by European citizens, a rapid and immediate scaling up of ODA is necessary. But a commitment will not be enough without mechanisms that ensure that it works. Oxfam International demands a **detailed plan that clearly specifies how European governments and the European Commission will achieve the promised 0.7% target.**

During the Spanish Presidency, the EU must:

#### 1.1. Fulfill the established financing commitments

- 1 **Agree a new collective EU interim target of 0.63% ODA/GNI by 2012** to boost the efforts of Member States to reach the required 0.7% ODA/GNI by 2015 the latest.
- 2 Set binding **national annual ODA growth timetables** for each donor.
- 3 Reaffirm that the purpose of ODA is the fight against poverty. Within the financing instruments for development cooperation included in the Treaty of Lisbon, the EU should ensure that at least 90% is ODA and is used for the reduction of poverty, and especially provide universal access to essential services.

#### 1.2. Other sustainable financing resources for development

- 4 **In the financial sphere, the EU must advocate** towards BRICs, the USA Japan and others to ensure that a **global Financial Transactions Tax (FTT) is put in place.** A **Currency Transaction Levy (CTL) within the euro zone** of at least half a basis point (0.05%) should be implemented and promoted in the Euro zone and the UK from January 2011 at the latest as a first step towards a global FTT.
- 5 A commitment that puts an end to secrecy in tax havens through a non-negotiable multilateral agreement on an automatic exchange of full tax information programme, because the poorest countries lack the resources to negotiate bilateral agreements to obtain the information they need.
- 6 **Fighting fiscal evasion** to increase the resources of developing countries, obliging multinational companies **to be accountable** for their investments and the taxes they pay in each country where they are located. Most particularly the EU must revise the 2004/109/EC Directive accordingly in the first semester of 2010.
- 7 The EU development policy and that of its Member States must **clearly promote progressive and transparent fiscal reforms** that achieve investments and profit through funding and bilateral technical assistance to developing countries, while avoiding unfair individual or sectoral exemptions. The reforms must reinforce the public capacity to collect

*An interim target of 0.63% by 2012 can help pave the way to achieve 0.7% by 2015.*

*Annual tax evasion in poor countries costs between 850 000 million and 1 billion dollars of their public budget. Multinational companies are responsible for 60% of tax evasion.*



taxes and fight against tax evasion.

- 8 Considering a debt moratorium** for countries that have been hit the worst by the crisis and are having a hard time reaching their specific MDG targets.

## 2. Improve the tools available to the EU to achieve the MDGs.

To achieve the MDGs, not only do the poor countries need more aid, but they also need better aid. They need aid that is well coordinated, transparent and predictable. Oxfam International believes that it is necessary to:

- 9 Increase the amount of aid they provide as budget support, including stepping up sector budget support for health and education, and agree a collective EU target for 50% of their aid to be delivered as budget support by 2015 at the latest. This should go to those governments that are committed to poverty reduction and have good systems of domestic accountability.**
- 10 Bring in additional voluntary contributions to the European Development Fund (EDF) (equivalent to at least 15% of their annual EDF contribution), to finance more MDGs contracts.**
- 11 The European division of labour process must take into account the forgotten MDGs, establishing a map of countries, regions and key MDGs that are neglected in order to promote new partnership agreement for the MDGs with countries that do not benefit from the current MDG Contracts.**
- 12 Establish** a time frame to achieve the commitments in the 12 areas covered in the Policy Coherence for Development Agenda, with public indicators that measure the progress and penalisation, allowing the European Parliament, civil society and governments of developing countries to have their say.

*The EU must help poor countries to implement free and public social services.*

## 3. Setting efficient and coordinated solutions for all the MDGs

### **MDG 1 Reduce extreme poverty by half**

Europe finances more than 50% of the FAO and World Bank activities.

- 13 The EU presidency must have a common European position regarding the reform of the Global Food Security Committee (FSC) that can be strengthened under a UN mandate, and constitutes the centre of coordination of the political, technical and financial pillars of the system.**
- 14 The EU must guarantee that the investments decided upon in L'Aquila on rural development and the fight against hunger are spent in an efficient, predictable and transparent manner.**

### **MDG 2 Achieve universal primary education**

Europe is the principal donor for the Education for All-Fast Track Initiative (EFA-FTI) that has achieved progress but remains inefficient because of governance and leadership issues.

- 15 Europe must lead a reform of the EFA-FTI to improve its achievement.** The EU must include or strengthen the participation of other donors, such as the USA, **creating new instruments for disbursement, and new plans to ensure funding for education to donor orphan countries and fragile states.** Europe must fund the replenishment of the FTI to cover the financing gap to achieve MDG 2 and 3 as well as the Education For All goals

*72 million boys and girls still don't go to school*



*2/3 of the illiterates in the world are women*

### **MDG 3 Promote gender equality and empower women**

- 16** Ensure specific human, technical and financial resources, to launch a European Gender and Development Strategy. **The EU must specify the funds it will spend to promote gender equality and empower women from now to 2015.**
- 17** Abolishing fees for access to social services has helped to increase empowerment of women and girls and has contributed to the progress of the MDGs 2, 3, 4 and 5. **The EU must support public services and increase the financial and technical aid to its partners who seek to eliminate those fees.**

### **MDG 4,5 y 6, Global health for children, women and families**

The MDGs 4, 5 and 6 mostly depend on the EU capacity to improve the quantity and quality of its aid for health and sanitation by establishing better internal coordination and political coherence and ensuring that free medical attention is implemented.

*Every year, 10 million children die under the age of 5 due to malnutrition, lack of clean water or other curable diseases.*

- 18** **The EU must increase its financial aid to health by at least 8 billion € by 2010 as promised in the Agenda for Actions on MDGs** (according to its fair quota on the financing gap), **increase budget support to the health sector, and provide financial and technical support to developing countries that are willing to eliminate user fees, along with a structural support to civil society in developing countries.**
- 19** **During the Spanish Presidency, a Communication on the role of the EU in Global Health that gives clear direction to the EC and the Member States on health aid coordination and harmonisation is needed**
- 20** **The European Commission must not misuse free-trade agreements or ACTA negotiations to introduce TRIPS+ that can make access to affordable medicine in developing countries difficult, and must support measures that enable access to generic drugs such as the UNITAID Patent Pool.**

*500.000 women die every year during pregnancy or while giving birth*

### **MDG 7, Ensure environmental sustainability**

On 30 October, European leaders agreed that poor countries need 100 billion euros to adapt to climate change and mitigate their emissions. EU participation to this amount will be between 2 and 15 billion euros from 2020.

*It is necessary to reduce emissions by 40% to avoid disastrous impacts of climate change*

- 21** The EU, due to its responsibility and capability, should contribute another third of the total (35 000 million euros each year) ensuring that that money is additional and does not come from the 0.7% used for development.
- 22** Only a third of EU aid for water and sanitation benefits the least developed countries. To have a greater impact on development, the European Commission should invest at least 70% of its water and sanitation budget in the Least Developed Countries.

### **MDG 8, A global partnership for development**

- 23** The EU should encourage its partners to apply the **MDG indicators framework** at national level, adapting it to their specific context.
- 24** The EU should promote the creation of a Public European Record of Development Goals and Commitments.
- 25** Europe must propose **a high level meeting in 2012 to evaluate the progress of the commitments**, the gap that remains as a result of the economic crisis, and boost the final efforts before 2015.