



## The need for an enabling environment for development for global justice and poverty eradication

### How the EU must contribute to the achievement of the MDGs to keep its promises - Call for a sustainable approach to the achievement of the MDGs

*"We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone and to freeing the entire human race from want"*

World leaders in the UN Millennium Declaration, September 2000

Since the international community adopted the Millennium declaration in 2000 with its commitment by 147 heads of state and governments to achieving the Millennium Development Goals (MDGs), the political conditions that affect the quality and quantity of financial flows to and

#### **MORE OF THE SAME IS NOT THE ANSWER**

#### **IT IS A QUESTION OF COMPREHENSIVE JUSTICE:**

- Social and gender justice – ensuring universal access to basic social services, to food and other means to enable people to attain their right to life and livelihood; promoting women's rights; ensuring that there is "dignity for all".
- Financial, fiscal and economic justice – putting in place a global regulatory system that enables the interests of all to be promoted and protected, and not just those with wealth and power. The financial sector should pay for the crisis they created through a mechanism such as financial transaction tax (FTT), speculation needs to be regulated, eliminate or revert tax havens and the 'race to the bottom' in tax policies, allow developing countries defensive control of capital flows and policy space, development-led trade)
- Climate justice – recognition of the "climate debt", investment in clean technologies and promotion of decent jobs creating a green economy and unconditional reparations.

from the South have changed dramatically. The consequences have been severe for developing countries and in particular for their citizens living in poverty, the majority of whom are women and children. The impact has been particularly severe for the least developed countries (LDCs).

In 2010, there are an estimated 1.5 billion people living in extreme poverty, an increase of 64 million as a result of the 2009 crisis. **More of the same is not the answer.** More aid money and a truly meaningful cross-policy approach towards development including better trade terms for developing countries, particularly LDCs, are an ethical imperative now even more than before. To face the dramatic social and environmental impacts of the current multiple crises, we need to move beyond a "business as usual" approach.

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**THE EU AS A GLOBAL LEADER IN POVERTY ERADICATION** - The EU projects itself as a global leader in the fight against poverty and for the promotion of development strategies in poor countries which diminish inequalities and enable people to live meaningful lives free of poverty. Clearly, this can only be successfully achieved in partnership with those countries and their citizens. However, for the EU to be seen as a leader does require the EU to fulfill its commitments. If it does not do so, we can hardly be surprised when others follow the EU's example. The EU and its member states CAN make a difference – if there is political will and action:

**The EU needs to ensure:**

- **The application of Policy Coherence for Development becomes a reality on all EU policies affecting developing countries;**
- **That all of the EU's actions beyond its borders are consistent with long term sustainable development objectives;**
- **The promotion of comprehensive justice – social, gender, financial, fiscal, economic and (last but not least) in the EU's response to climate change.**

The current crises – climate, security, energy, financial, economic, social – emphasise the failures in prevailing approaches to development. Fundamental changes in global policies are vital so as to enable sustainable development to be realised. The MDGs were established as a set of basic standards considered necessary for successful development. For the achievement of the goals, the respect for the rights of women, men and children (gender equality and women's rights) is a central requirement.

**For the EU, the commitments made in the Millennium declaration constitute obligations to ensure that the means are in place for developing countries to achieve their own commitments. This primarily means fulfilling its part on goal 8.**

**MDG 8** - With the 8th goal, the EU, and other donors, made a commitment to enable developing countries to achieve the other 7 goals on health, education and sanitation through **global partnerships** on trade, aid, debt cancellation and technology transfer. While the EU has gone some way in delivering on its commitments, it is far from enough to enable the constraints to development to be properly addressed.

**FINANCIAL, FISCAL AND ECONOMIC JUSTICE** - Some progress has been made in cancelling the bilateral and multilateral **external debts** of some of the poorest countries, but there remains a need for new mechanisms to be established so as to ensure that sovereign rights of borrowing countries are respected and their voice heard. **On trade**, *MDG 8 aims at the development of a further open, rule-based, predictable, non-discriminatory trading and financial system.* Yet, there are no positive moves in this regard. A *development round* of trade negotiations started in Doha in November 2001 is still far from being concluded, and there is little development component so far. *Developing countries continue to be pressed to open their markets and to liberalize trade in areas beyond the WTO mandate such as investment, government procurement, and other areas through bilateral free trade agreement pushed by developed countries and blocks, including the EU.* **Technology transfer** has been made even more expensive through the improper function and strict **enforcement of intellectual property rules**, which often limits competition and contributes to the effective denial of human rights by, for example limiting access to vital medicines for people

living in poverty. **Foreign aid** has not increased at all. In 1992, the aggregate aid contribution from donor country governments was 0.44%/GNI and 0.43% in 2008. In addition, one fourth of global ODA goes to just 6 countries: Afghanistan, Iraq, China, India, Indonesia and Vietnam. And while there has been much emphasis on improving the effectiveness of this Aid on the basis of the Paris Declaration and Accra Action Agenda, developing countries' efforts are continually undermined by other policies and practices of donor countries (national ownership, policy conditionality, etc.).

There will be a temptation to claim that the targets have been achieved using statistics aggregated globally. Statistical manipulation cannot be accepted. Achieving the MDGs in the world's 49 LDCs is just as important as for any other country; boys and girls, women and men in these countries should have the same rights as everyone else. In adopting the Millennium Declaration, the EU made a particular commitment to *address the special needs of the LDCs (Target 8b)*. This specifically identified tariff and quota free access for least developed countries' exports, an enhanced programme of debt relief for heavily indebted poor countries (HIPC) and the cancellation of official bilateral debt, as well as more generous ODA for countries committed to poverty reduction. This special focus on the LDCs, and their peoples, must remain. Moreover, the September review should strategically feed into the 2011 Fourth UN conference on LDCs (LDC IV) that will develop the next generation LDC programme of action should fully embody the MDGs for their successful realisation.

**OWNERSHIP** - With the Millennium Declaration, the world's governments established mutual obligations to achieve the targets. Establishing an effective global partnership is key to the achievement of all MDGs. Any failure by the EU and its member states to meet their Millennium Declaration commitments, and particularly those contained in Goal 8, contributes to the lack of progress on the other Goals. Not only does it undermine the capacity of partner countries to implement effective development strategies, but also discourages their own compliance with the commitments they made.

**INEQUALITY** - Economic growth as the engine of development is the predominant development paradigm promoted by the EU and other donors. Many developing countries have achieved high levels of economic growth, but poverty reduction and job creation has not followed. All too often, the uneven distribution of domestic resources has not only been maintained but has increased. In too many instances – even where growth has been achieved – **inequalities have widened and affordable access to basic social services has diminished**, particularly for people living in poverty.

The recent crises have emphasized the failings of the global financial system. In response, the EU is moving to put in place measures to protect Europe's economies from the excessive instabilities of the system. A new regulatory framework, based on the principles of equity, justice and sustainability, is long overdue. Decisions on establishing a new framework must recognize the interests of all nations, and not just the most powerful. The negotiations to put in place a new international financial and economic architecture need to be fully inclusive, with the aim of ensuring an equitable, sustainable financial architecture with a strong democratic representation and involvement in decision-making by developing countries, incorporating the principle of equal voting rights. Scope needs to be included for providing debt-free resources that can be used to mitigate the implications of crises, as these have hindered the progress of developing countries towards achieving the first seven MDGs.

**SOCIAL JUSTICE** - The ability of many least developed and low-income countries to finance social sector expenditure depends on aid. **The EU must carry its share of the responsibility for ensuring that the resources are available to provide universal access to the basic means of life and livelihood.** This includes ensuring that the availability of finance for social sectors is adequate, particularly for basic social services such as education, primary health care, nutrition, safe water and sanitation. It also means that its overall policy framework does not compromise social sector spending by recipient governments.

**THE QUESTION OF COMPREHENSIVE JUSTICE** - In the face of the pressure of the financial crisis and the resulting recession on the economies of the EU and others, billions of Euro were mobilised to bale out the banks. The resulting strains on national economies is leading to the introduction of new regulatory measures, all of which have been called for long ago to provide the stability needed in the international financial system that would enable development to be achieved. It is the less privileged in rich and poor countries alike who not only suffer the direct consequences of the crisis in the form of loss of jobs, savings and even their households, but are also required to pay for the rescue and stimulus packages through higher taxes, reduced salaries and lower social benefits. Alongside the adoption of new regulations EU governments are now looking for new innovative forms of finance to fill the gaps that the costs of the crisis have made. The Financial Transfer Tax (FTT), initially proposed as a means to stabilise global financial markets but with the potential to raise significant financial resources, has become a real possibility. These resources must be used to promote development and to contribute to the realisation of the development targets in all developing countries.

“If the poor were a bank, they would have been rescued”, is the comment many people make when the additional money needed to achieve the MDGs (estimated at around \$100 billion a year) is compared with the trillions of dollars disbursed in the last two years in the richest countries to rescue failed banks and try to reverse the effects of the financial crisis.

The International Community must recognise it's obligations to ensure justice. This needs to be demonstrated in the outcome of the MDG + 10 Review summit. For the EU, recognising these obligations is what flows naturally from the EU's values provided for in the Lisbon Treaty.

**Eurostep, ALOP, ANND, LDC WATCH, SAAPE and Social Watch, with members in over 70 countries, will actively participate in the process leading to next September Summit, contributing to it with the findings and analysis of civil society organizations from around the world.**