

**CONCORD civil society key points for informal meeting of EU Development Ministers
29-30th September 2008; Bordeaux**

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The Financing for Development summit is a key opportunity for the European Union to review its commitments and policies to address global poverty and inequality in a comprehensive and accountable manner. We ask Ministers to recognize the critical need for an ambitious common EU agenda, and high level representation at the summit speaking with one voice. We argue that the implementation of the Monterrey Consensus on Financing for Development has been inadequate and that several gaps in that consensus now need to be filled. We are highlighting two areas where we feel it is critical that there is stronger language and concrete, actionable commitments, in the EU common position and the Doha outcome paper.

1. North-South resource flows

European governments have failed to increase their financial flows to poorer countries in line with international agreements, and the draft Doha outcome document does not address this failure.

- a) EU governments have not maintained sufficient increases in **Official Development Assistance (ODA)** levels, with increases levelling off between 2006 and 2007. The global economic crisis, rising food and oil prices make early, predictable, aid increases all the more crucial, and MS must meet this need by providing ODA timetables, as committed in the May GAERC council conclusions.
- b) We welcome initiatives to raise **innovative finance for development** from airline ticket levies and currency transaction taxes. These new modalities must also be demonstrably additional to ODA commitments. With increasing pressure to address issues of **climate change mitigation and adaptation**, safeguards are required so that monies announced are additional to the existing ODA pledges, as recognised in the UNFCCC. The principle of additionality must be extended to all new investment in development to ensure that the 0.7% commitments are protected.
- c) There has been some progress on **quality of aid** at the HLF in Accra. It is now crucial that EU governments commit to phase out policy conditionality to increase policy space in countries, and that the principles of aid quality are maintained throughout all international meetings and accompanying documents, including Doha.

2. Financial Crisis

In the Monterrey Consensus it was agreed that: governments should encourage "the orderly development of capital markets through sound banking systems and other institutional arrangements [including] transparent regulatory frameworks and effective supervisory mechanisms" and take steps to ensure that developing countries can retain their domestic resources. This has clearly not happened.

- a) We welcome the idea of having a **new Bretton-Woods conference**. This conference will need to address seismic flaws in the global financial system and as such must be allowed sufficient time and high level commitment to tackle serious systemic reform. Intergovernmental decision-making on the current financial crisis must take place within the UN system, maximising the opportunity of the UN Financing for Development summit. Among other issues to be addressed must be the introduction of a fair, transparent and **independent sovereign debt workout mechanism**.
- b) The EU plays a major part in maintaining the secrecy jurisdictions (tax havens) through which developing countries lose an estimated € 350 billion a year in **illicit capital flight**. EU governments must systematically reform and regulate these jurisdictions, many of which are European. The Savings Tax Directive must be tightened up to force automatic exchange of information between all legal entities. The directive should progressively be extended to become a **global regulation**.
- c) As part of an aggressive **drive against tax evasion** the EU also has a responsibility to introduce other transparency measures, such as an accountancy standard for transnational companies to break down their accounts country by country.
- d) We also strongly call on the EU to give real teeth to intergovernmental work on reform of taxation, by supporting the **upgrade of the UN committee of tax experts** to the status of an intergovernmental body, and providing sufficient resources to undertake its task.

Conclusions

European civil society organizations call upon EU governments to a strong and unified European position through stronger language and actionable commitments in the Doha outcome document and the EU position paper. The EU has a major responsibility for the success or failure of this summit, especially given the U.S. election. There must also be clear and accountable follow-up mechanisms at both EU and global levels. Such a High Level Follow-up should be annual, issue-specific, and result in a negotiated outcome, be prepared transparently and involve all stakeholders.

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