

**March 14, 2002 European Council Conclusions
on the International Conference on Financing for Development
(Monterrey, Mexico, 18-22 March 2002)**

The Council of the European Union:

“1. Considering that the International Conference on Financing for Development represents an historic opportunity to make progress towards the achievement of the Millennium Development Goals for poverty reduction and the other internationally agreed development targets in a holistic manner.

2. Recalling the need for all international partners to reach the UN goal of 0.7% ODA/GNI and the European Council Presidency Conclusions in Gothenburg and Laeken, and recognizing that mobilizing international private and public resources for sustainable development is essential, that resources would need to be increased in order to reach the Millennium Development Goals, including according to World Bank estimates a doubling of ODA;

3. Stressing that the Conference should be based on a spirit of strengthened partnership in which developing countries take primary responsibility for their own development, ensuring democracy, human rights and the rule of law, while developed countries actively support them, thus contributing to the "global deal" that will be discussed at the Johannesburg Summit.

4. Recognizing that the issue of aid effectiveness both by donors and recipients must be adequately addressed to ensure that increased ODA flows have a positive impact on development, and resources go effectively and efficiently to fighting poverty and reducing inequality.

5. Stressing that developing countries have primary responsibility to create a sound macroeconomic environment, an appropriate framework for investments and guarantee that funds received are properly and effectively managed, engaging themselves to ensure good governance, achieve high standards of transparency and eliminate corruption.

6. Recalling the importance to development financing of the Doha Development Agenda, which should address the specific concerns and priorities of developing countries, allowing them to realize the full benefits of participation in the world economy.

7. And thus, in order to achieve a successful outcome of the Conference, the Council stresses the value of the Monterrey Consensus, and affirms its willingness to make the following commitments;

a) In pursuance of the undertaking to examine the means and timeframe that will allow each of the Member States to reach the UN goal of 0.7% ODA/GNI, those Member States that have not yet reached the 0.7% target commit themselves - as a first significant step - individually to increasing their ODA volume in the next four years within their respective budget allocation processes, whilst the other Member States renew their efforts to remain above the target of 0.7% ODA, so that collectively an EU average of 0.39% is reached by 2006. In view of this goal, all the EU Member States will in any case strive to reach, within their respective budget allocation processes, at least 0.33% ODA/GNI by 2006.

b) To take concrete steps on coordination of policies and harmonization procedures before 2004, both at EC

and Member States level, in line with internationally agreed best practices including by implementing recommendations from the OECD Development Assistance Committee Task Force on donor practice.

c) To implement the DAC recommendation on untying of aid to Least Developed Countries and continue discussions in view of further untying. The EU will also consider steps towards further untying of Community aid while maintaining the existing system of price preferences of the EU-ACP framework.

d) To increase assistance for long-term trade-related capacity building, productive capacity and measures addressing supply-side constraints in developing countries, as well as to provide immediate support for trade-related technical assistance in order to improve the negotiating capacity of developing countries in trade negotiations, including by commitments made at the WTO pledging Conference in Geneva on 11 March 2002.

e) To further work towards a participatory process at the global level, including the proposal of setting up a task force open to all actors on a temporary basis, designed to lead to the identification of relevant Global Public Goods.

f) To further explore innovative sources of financing and taking into account the conclusions of the Commission Globalization Report.

g) To influence the reform of the International Financial System by combating abuses of financial globalization, strengthening the voice of developing countries in international economic decision-making, and, while respecting their respective roles, enhancing the coherence between the UN, International Financial Institutions and WTO.

h) To pursue its efforts to restore debt sustainability in the context of the enhanced HIPC initiative, so that developing countries, and especially the poorest ones, can pursue growth and development unconstrained by unsustainable debt dynamics."