



**COUNCIL OF
THE EUROPEAN UNION**



**Council Conclusions
Guidelines for EU
participation in the International Conference
on Financing for Development
(Doha, 29 November - 2 December 2008)**

*2903rd EXTERNAL RELATIONS Council meeting
Brussels, 10 and 11 November 2008*

The Council adopted the following conclusions:

"The Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Conference provides an important opportunity to debate and take decisions to enhance the effective implementation of the Monterrey Consensus, while addressing new and emerging challenges. The European Union underscores the importance to maintain the integrity of the Monterrey Consensus which offers a comprehensive and balanced framework for the global partnership, building on shared and differentiated responsibilities of all actors. In the light of the current multiple crises (food, climate change, energy and finance) the Monterrey Consensus proves its value in that it reflects the core challenges and objectives of financing for development, i.e. to fight poverty and achieve the Internationally Agreed Development Goals, including the Millennium Development Goals, foster economic growth and promote sustainable development. Therefore, the European Union is committed to further support the implementation of all parts of the Monterrey Consensus. The EU will promote an action-oriented, constructive approach at Doha and calls on all parties to do the same.

P R E S S

Significant progress but remaining challenges

1. Since Monterrey, significant progress has been made: the average growth in developing countries has reached historic levels, supported by improved governance and the development of trade and investment; volumes of official development assistance doubled while the Paris Declaration and the Accra Agenda for Action should catalyze further progress on aid effectiveness; innovative mechanisms of financing have been developed successfully; debt cancellation helped balance the economies in most indebted poor countries.
2. But substantial challenges remain: many developing countries, especially the least developed countries, are still far from being able to achieve the Millennium Development Goals (MDGs); gender equality is far from being achieved in many cases; inequality is increasing within and among those countries; public budgets are affected by important losses due to tax evasion and custom fraud; the international community has not yet been able to conclude the WTO's Doha Development Agenda; since 2006, aid volumes are declining again.

Confirming Monterrey commitments and responding to new challenges

3. As the world's largest donor and trading partner, the EU pledged in Monterrey for the financing of a fair and equitable globalization. The EU took eight commitments on the quantity and quality of aid¹, which were largely fulfilled. Since Monterrey, convinced of the need to do more, better and faster, the EU has made further commitments that became part of the European Consensus on Development and support partner countries' efforts towards development and reform². The EU has further demonstrated its commitment to support the achievement of the Millennium Development Goals through the "EU Agenda for Action on MDGs"³.
4. While recalling that each country has primary responsibility for its own development, the EU reaffirms its commitments to developing countries, particularly in terms of volume and quality of its development assistance and of policy coherence for development, and encourages all donor and emerging countries to make similar commitments, including on time-bound monitorable targets. The EU will continue to play a leading role in development financing and reaffirms its commitment to build its solidarity upon mutual accountability in a partnership among equals.

¹ Doc. 7176/02.

² See also May 2005 and May 2008 Council Conclusions and June 2008 European Council Conclusions.

³ See doc. 11096/08 and June 2008 European Council Conclusions.

5. New challenges have emerged that may threaten the achievement of the MDGs: global financial crisis, high and volatile food and commodity prices. Emergence of new actors has made aid architecture more complex. The priority given to fighting against climate change and to strengthening developing countries' adaptation capacity has been continuously growing, calling for increased collective efforts supplementing aid flows to support it. A renewed commitment from the international community in support of the Monterrey Consensus and the readiness to take further action are required to tackle these new challenges.
6. International financial stability is a global public good. The global financial crisis has highlighted the interdependence of all economies and the need to revise the collective regulatory schemes. The EU considers that sustainable progress requires to act in the framework of a more efficient, coherent and adequately regulated international economic and financial system. The EU supports a debate on the desirable evolutions in international economic and financial architecture for development. The EU states that the poorest countries and countries in situation of fragility should not be the victims of the current crisis, which must not undermine the implementation of commitments in support of the Monterrey consensus and the achievement of the MDGs.

Financing for development depends primarily on domestic resources mobilization

7. Partner countries must be able to mobilize their own human and financial resources. The EU reiterates its commitment to help build more efficient legal, financial, fiscal and judicial systems and will continue to support the strengthening of administrative capacities in partner countries. The EU will continue to support partner countries' efforts to enhance tax and custom regulation and tax collection capacities and the reinforcement of international conventions against corruption, tax evasion and illegal flows and strengthening taxation, financial transparency and exchange of tax information.
8. Appropriate conditions for a economically, socially and environmentally sustainable development should be promoted. Accountable, transparent and effective democratic governance, altogether with the reduction of inequalities and in particular gender equality and the empowerment of women and poor people, are crucial for the achievement of a fair and prosperous society. In this context, developing countries are responsible for promoting a legal and institutional business environment fostering investment and business opportunities, in particular for the poor, and will be supported by the EU to make progress in this area. The EU also urges all countries to improve the management of their natural resources and environment in a sustainable way. It calls on them to put due emphasis on agricultural and rural sector development as well as on infrastructure development.

Development requires mobilizing resources far beyond ODA

9. Recalling its ODA commitments to collectively reach 0.56 % GNI by 2010 and 0.7 % GNI by 2015, reconfirmed by the June 2008 European Council, the EU emphasizes the catalytic role of aid. The fight against poverty implies creating more wealth and income. The development of productive capacities and employment in developing countries requires the mobilization of human and both public and private financial resources. The EU is committed to promote investments that support sustainable economic, social and environmental development.
10. Foreign direct investment (FDI) is a vital complement to national and international development efforts. For this aim, the business environment has to be adequate and predictable. FDI must be exemplary in terms of social and environmental responsibility and gender sensitivity. Investment from partner countries' companies and South-South FDI are also essential for growth and for creating jobs. The EU is committed to promote policies and instruments supporting private investment and the expansion of partner countries' private sector in support of an inclusive and sustainable economic growth. The EU also recalls the positive impact and importance of migrants' remittances.

Trade expansion should benefit developing countries' growth

11. Trade is essential for developing countries and especially the poorest, at local, regional and multilateral level. Increased regional integration fosters development through the creation of wider regional markets for trade and investment underpinned by improved governance. The EU supports regional integration initiatives, including bilateral and regional Free Trade Agreements (FTA) in accordance with WTO rules, together with broader efforts to strengthen regional stability and management of common issues. The EU is committed to support processes in developing countries aiming at developing regional markets, diversifying and improving their productive capacities, including in the field of agriculture, and increasing their share in world trade.
12. Trade liberalisation is an opportunity for developing countries. The EU underlines the importance of ongoing efforts to conclude the WTO Doha Development Agenda negotiations and its determination to achieve an ambitious, comprehensive and balanced outcome, taking into account the different interests, needs and constraints of developing countries, in particular Least Developed Countries (LDCs). The EU recalls its ambition to ensure a strong development dimension in the Economic Partnership Agreements with African, Caribbean and Pacific countries. The EU recalls its aid for trade commitments as outlined in the EU Aid for Trade Strategy⁴ and calls on all donors to increase the volume and quality of their aid for trade.

⁴ Council Conclusions of October 15th 2007 (doc 14470/07).

Acting together to make Doha a success

13. The EU is committed to ensure a positive and ambitious outcome in Doha taking duly into account the current global challenges. To strengthen and develop this commitment, these conclusions further include eight fiches detailing the measures adopted and proposed by the EU for each of the six chapters of the Monterrey Consensus, to face the new challenges and cross-cutting issues and to ensure effective monitoring.
14. In addition to existing commitments, in particular those related to aid effectiveness and to the scaling up of aid volumes, including the allocation of at least 50% of the collective ODA increase to Africa, the EU intends to focus more specifically its attention on issues where significant progress is required at Doha:
 - a) supporting good economic and financial governance, in the framework of broader democratic governance, in particular in fighting against tax fraud, tax evasion and corruption, and strengthening capacity for domestic resource mobilisation and public finance management,
 - b) promoting foreign investments for a sustainable inclusive growth,
 - c) taking steps to upgrade aid for trade and to improve its quality, including in support of regional integration,
 - d) further developing and implementing innovative sources of financing,
 - e) promoting a collective reference framework for debt sustainability,
 - f) tackling emerging challenges and related financing needs, including mitigation and adaptation to climate change, food and energy security,
 - g) reducing social inequalities and supporting gender equality, including by allocating adequate resources to this purpose,
 - h) working with its international partners on a genuine, all-encompassing reform of the international financial system based on the principles of transparency, sound banking, responsibility, integrity and world governance.

CHAPTER 1: INCREASING AND SECURING DOMESTIC RESOURCES IN SUPPORT OF PUBLIC POLICIES CONDUCTIVE TO GROWTH AND HUMAN DEVELOPMENT

15. The EU recalls that financing for development depends primarily on the domestic resources mobilization. Democratic governance, macro-economic stability, business enabling environment, transparent, accountable, efficient and effective management of public finance and of equitable tax and custom systems, the development of an inclusive financial system, including microfinance and microinsurance, as well as the attention given to the reduction of inequalities, human development and in particular the empowerment of women, are crucial for the achievement of a fair and prosperous society. These policies are the primary responsibility of the concerned States.
16. While emphasizing that national and international commitments and obligations must be respected by all countries, the EU recognizes developing countries' need for country ownership and understands that there is a necessity for an appropriate policy space in designing and implementing inclusive national development strategies suited to their particular development needs for achieving sustainable development.
17. The EU encourages and will support partner countries' efforts to reach these objectives. The EU will continue in particular to support the capacity development of custom, judiciary and tax administrations and in other areas if necessary. The EU supports in particular the proposals made by the August 2008 Pretoria Communiqué of the International Conference on Taxation, State Building and Capacity Development in Africa and the revised Arusha Declaration concerning good governance and integrity of customs.
18. The EU emphasizes that the fight against corruption, tax evasion and illegal financial flows requires a determined national and international action. It will and invites other countries to:
 - i. ratify and implement the United Nations Convention against Corruption (Merida) as soon as possible and best before 2010,
 - ii. adhere to the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions,
 - iii. adopt and implement international norms to prevent money laundering, as well as the financing of terrorism and proliferation, support international co-operation repatriation of stolen assets, among those the Stolen Assets Recovery initiative (STAR),
 - iv. promote the principles of transparency and accountability over natural resource revenue by supporting and implementing the Extractive Industry Transparency Initiative (EITI), as well as other specific initiatives aiming at improved governance and transparency in the extractive sector.
19. The EU supports a closer co-operation between the OECD, the Financial Stability Forum and the Financial Action Task Force (FATF) in view to improve financial transparency and to fight against corruption and money laundering.

20. The EU will promote the use of generally accepted models on financial transparency and the exchange of tax information. It will promote the principles of good governance in the tax area in line with ECOFIN Council Conclusions of 14 May 2008 i.e. the principles of transparency, exchange of information and fair tax competition, as subscribed by Member States at Community level in its relations with developing countries, in particular in the framework of the bilateral fiscal agreements of Member States and of the negotiations between the EU and developing countries, including the Economic Partnership Agreements. The EU invites other countries to do the same.
21. The EU invites ECOSOC to strengthen its tax committee, including through a balanced representation of the different categories of countries, with a transparent selection process, a clearly defined mandate, transparent working methods and decision making and closer coordination with the competent international institutions, such as OECD. It invites OECD to strengthen its analysis of those issues which developing countries are most interested in.
22. The EU supports urgent adoption of internationally recognised tax standards as well as tax cooperation arrangements. It supports the drafting and urgent finalisation of the United Nations Code of Conduct on cooperation in combating international tax evasion. The EU supports the important principle of closer international cooperation to combat tax evasion and tax heavens and is ready to consider the feasibility of an International Compact to this purpose.
23. The EU supports the development and enforcement of international customs standards, best practices and tools.

CHAPTER 2: MOBILISING INTERNATIONAL RESOURCES TO SUPPORT ECONOMIC, ENVIRONMENTAL AND SOCIAL DEVELOPMENT, PARTICULARLY IN THE POOREST COUNTRIES AND IN SITUATIONS OF FRAGILITY

24. The EU supports partner countries to promote policies likely to attract long term and predictable capital flows.
 - i. It recalls that ODA should leverage the mobilisation of other sources of financing for development by exploring linkages between public and private resources.
 - ii. It believes that financing for development should contribute to the improvement of the business climate in the most marginal countries and sectors.
 - iii. It supports initiatives to promote at country and regional levels the creation, in developing countries, of micro, small and medium-sized enterprises with high potential for providing employment, namely for women and the poorest people.
 - iv. It encourages also the development, in particular by European donors, of financial tools to support private investment such as participation, investment guarantees, bank financing and risk management initiatives to minimise the impact of exogenous shocks.

25. The EU supports countries and enterprises to adhere to and implement the internationally agreed Corporate Social Responsibility principles and standards, in particular the OECD guidelines for Multinational Enterprises.
 - i. It calls for a reinforcement of the International Labour Organisation prerogatives in this field.
 - ii. It invites companies, in particular companies listed on stock markets, to adhere to the United Nations Global Compact and to publish a social and environmental report alongside their financial reports.
 - iii. It will further enhance efforts to promote the adoption, by European companies, of internationally agreed principles and standards on Corporate Social Responsibility.
 - iv. It will work on the inclusion of social and environmental clauses, when appropriate, in public procurement, including those financed by ODA.
 - v. It invites institutional investors and private investment funds to take into account social and environmental considerations in their allocation strategies and supports the development of socially responsible investment funds or "ethical funds".

26. The EU recalls the stabilising effect of sovereign wealth funds for the economies of the countries to which they belong and their potentially beneficial role for the long term financing of the world economy and development. It welcomes the agreement by the International Working Group of Sovereign Wealth Funds (SWFs) on a set of generally Accepted Principles and Practices on governance, transparency and accountability of SWFs, which the IMF facilitated. Underlining the importance of maintaining a transparent general framework which is open to foreign investments, it supports the work undertaken by the OECD, the IMF and the International Working Group on SWFs and recipient country policies.
27. The EU recognises the development impact of remittances in migrants' countries of origin. It encourages all countries to reduce the cost and improve the safety of transfers, and to support the migrants' initiatives with a view to reinforce the impact of remittances on economic and social development. Underlining, in this regard, the need for an enabling environment, the EU encourages the promotion of financial sector development in countries of origin. It commits to adopt « General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS) and operational definitions and recommendations allowing the improvement of data on remittances and calls for all countries to do the same. The EU also encourages partner countries to address gender equality and empowerment of women to reinforce the impact of remittances on development.

CHAPTER 3: INTERNATIONAL AND REGIONAL TRADE AS A DRIVING FORCE FOR DEVELOPMENT

28. The EU reaffirms the relevance of the Monterrey Consensus on the role of trade in stimulating development worldwide to the benefit of countries at all levels of development. Trade is an essential component of any successful development strategy because of its importance to economic activity, growth, employment and generation of resources for development. At the same time, the EU recognises that trade is both an opportunity and a challenge for developing countries. Therefore, the EU emphasizes the need of well conceived development strategies addressing these issues and adapted to the specific needs of each country.
29. The EU highlights the significance of ongoing efforts to conclude the WTO Doha Development Agenda negotiations and its commitment for an ambitious, balanced and comprehensive agreement, taking into account the needs and constraints of developing countries, in particular LDCs. It calls on all WTO members to play their part in the efforts to reach solutions. It calls on all developed countries and developing countries in a position to do so to provide full duty-free and quota-free access to all LDCs. It recognises that trade liberalisation has to be well designed and will probably entail adjustments that require appropriate and well designed adaptation strategies and support policies integrated in national poverty reduction and development strategies.

30. Alongside participation in global markets, the EU stresses the essential role of local and regional trade in and among developing countries and particularly in the poorest countries, in particular to contribute to ensure food and energy security. Strengthened regional integration promotes development through the creation of larger regional markets for trade and investment. In this respect, regional integration initiatives, including bilateral and regional Free Trade Agreements (FTAs), should be encouraged and supported in accordance with WTO rules, together with broader efforts to strengthen regional stability and management of common issues. Regional FTAs promote deep regional integration beyond the aspects covered in relevant multilateral rules, and complement the multilateral system.
31. The EU recalls its ambition to ensure a strong development dimension in the Economic Partnership Agreements with African, Caribbean and Pacific countries and the importance of taking into account development objectives in Association and Free Trade Agreements with all countries and regions, taking into consideration the developmental situation and needs of the countries involved.
32. The EU calls on all donors, including from the private sector, to increase the volume and quality of their aid for trade. It reaffirms its commitment to reach its target for raising Trade Related Assistance to €2 billion annually by 2010 ; in the range of 50 % of the increase will be available for needs prioritised by African, Caribbean and Pacific countries. As outlined in the EU Aid for Trade Strategy⁵ , the EU will also strive to increase its total aid for trade, in coherence with the gradual increases in Official Development Assistance, including in support of trade-related infrastructure and productive capacities. The EU will continue to intensify its activities in a range of areas in order to ensure the quality of its aid for trade, including by collectively upgrading aid for trade in support of regional integration, at national and regional level.

CHAPTER 4: PROVIDING INCREASED, MORE COHERENT AND EFFECTIVE COOPERATION

33. The EU welcomes the results of the United Nations High Level events on the MDGs and the development needs of Africa in September 2008, to which the MDG agenda for action approved by the Council in June 2008 largely contributed.

⁵ Council Conclusions of October 15th 2007 (doc 14470/07).

34. The EU strongly reaffirms its commitment to achieve a collective ODA target⁶ of 0.56% GNI by 2010 and 0.7% GNI by 2015 and to channel at least 50% of collective aid increases to Africa, while fully respecting individual Member States priorities' in development assistance. Underlining that this issue falls within the competence of Member States, the Council encourages Member States concerned to work on national timetables, by the end of 2010, to increase aid levels within their respective budget allocation processes, towards achieving the established ODA targets. The Council calls on the Commission to include information on the establishment and the implementation of these timetables in the regular Monterrey reporting. The EU is willing, in the context of the above mentioned overall ODA commitments, to meet collectively the target to provide 0.15% to 0.20 % GNP to LDCs, while fully respecting differentiated commitments as set out in the "Brussels Programme of action for the LDCs for the decade 2001-2010". Keeping the focus on LDCs and other Low Income Countries (LICs), appropriate attention should be given to Middle Income Countries (MIC), in particular lower MICs, many of which face similar problems to LICs.
35. The EU calls on all other donors to contribute, in a fair way, to the mobilisation of financing for development and to the sharing of international efforts in favour of aid to developing countries and to increase their ODA towards the target of 0.7% GNI, including 0.15% to LDCs as soon as possible and in line with the "Brussels Programme of action for the LDCs for the decade 2001-2010". The EU strongly encourages all other donors to establish, as soon as possible, rolling multi-annual indicative timetables, that illustrate how they aim to reach these targets.
36. The EU welcomes the success of the Third High Level Forum on Aid Effectiveness (Accra, 2-4 September). The EU will actively implement the Paris Declaration and Accra Agenda for Action (AAA) and expects other donors, including new donors, and partner-countries to do the same. In its implementation, and in light of the EU common position for the HLF III⁷, the EU will bring special attention to:
- i. the in- and cross-country complementarity and division of labour,
 - ii. the increased use of country systems and country leadership and ownership,
 - iii. the enhanced predictability of aid,

⁶ As defined in May 2005 Council Conclusions, which further specifies individual Member States' obligations to reach the collective target, and reconfirmed in May 2008 Council Conclusions and June 2008 European Council Conclusions.

⁷ See the "Third High level forum on Aid Effectiveness (HLF-III) – Accra, Ghana, 2-4 September 2008, Guidelines for the participation of the European Union", doc 11592/08, adopted on 11 July 2008.

- iv. further progress on mutual accountability,
- v. the promotion of management for development results, including a revised approach of conditionalities.

In the implementation of AAA, the EU will pay particular attention to the fulfilment of international commitments on gender equality and human rights, to countries in situation of fragility as well as regional institutions and programmes.

- 37. The EU welcomes South South cooperation as an additional source of assistance for developing countries, as well as triangular cooperation between the EU, developing countries and emerging donors. The EU calls for greater convergence of policies among them. The EU calls on all donor countries, including emerging donors, and countries involved in South-South cooperation that have not yet done so, to use the Paris Declaration as a point of reference. It encourages all development partners, in particular non-state actors, to use these principles as a point of reference.
- 38. The EU welcomes the ongoing reform of UN's operational activities for development and urges the Organisation and its Members States to work towards its swift implementation. In line with the Accra Agenda for Action, the UN Development Cooperation Forum should continue to contribute to mutual accountability and might further review trends and progress in international development cooperation in association with and in addition to OECD.
- 39. The EU emphasizes the necessity for donors to ensure that existing channels for aid delivery are used and, if necessary, strengthened, before creating new channels. To this end, it will work on guidelines on global initiatives and vertical funds to assess their added value, and avoid their proliferation and the increasing transaction costs associated. It will make sure that new institutions include a sunset clause.
- 40. The EU welcomes the success of the pilot phase of implementation of innovative sources of financing and calls for a change of scale in this domain. It encourages all donors to participate to existing initiatives in the field of health which have shown their ability to provide stable and predictable resources in a coordinated manner (air ticket levy/UNITAID, IFFim/GAVI, AMC). It encourages a large collaboration, which includes the private sector, civil society and the international financial institutions, to experiment and implement new mechanisms and partnerships allowing an increase in the financing for development, including through the carbon market. The EU will study the creation of tools to assist private financing for development, in particular to mobilise savings used for the benefit of developing countries. The perspective of the EU climate and energy package negotiations will further contribute to EU efforts to provide finance for actions to mitigate and adapt to climate change, in particular through the carbon market in the context of a wider international agreement.

CHAPTER 5: REINFORCING THE COOPERATION OF LENDERS AND BORROWERS FOR SUSTAINABLE DEBT

41. The EU commends the role that debt relief has played through the HIPC/MDRI initiatives for the LDCs and the Evian approach of the Paris Club which has allowed a tailored answer to middle-income countries debt problem. It calls on commercial and non-Paris club official creditors to reinforce their contribution to the implementation of the HIPC initiative and to grant comparable treatment to non HIPC countries that have benefited from the Evian approach.
42. It supports risk management initiatives in developing countries linked to the evolution of volatile commodity prices for developing countries to reduce the impact of these exogenous shocks. The EU supports discussions, if relevant, on enhanced forms of sovereign debt restructuring mechanisms, based on existing framework and principles, including the Paris club, with a broad creditors' and debtors participation and ensuring comparable burden-sharing among creditors with a central role for the Bretton Woods Institutions (BWI) in the debate.
43. The EU invites all creditors and borrowers to improve transparency on loans and debt-stocks in particular to low-income countries having benefited of debt relief operations, as well as on the conditions attached. It invites them to adhere to international guidelines such as the Debt Sustainability Framework of the Bretton Woods Institutions and to respect the minimal concessionality requirements established in the debt sustainability analysis and reflected in the Guidelines agreed by the OECD Export Credit Group « Principles and Guidelines to promote sustainable lending practices in the provision of official export credits to low income countries ». The Debt Sustainability Framework will need to be regularly reviewed, in particular to adapt it to the evolutions of the low income countries' debt structure. Some EU Member States may consider, on a voluntary basis, further exploration of innovative debt swaps.
44. The EU will take action to help restore and preserve debt sustainability in low-income countries, in particular by acting, where possible in a coordinated manner, to prevent unsustainable lending behaviour by lenders which have not contributed to alleviating the burden of poor countries, and to deter aggressive litigation by distressed-debt funds. The EU will apply existing guidelines in particular those of OECD Export Credit Group regarding sustainable lending and agrees not to sell claims on HIPCs to creditors unwilling to provide debt relief. It calls on all countries to do the same.

45. The EU is committed to collectively provide technical assistance to strengthen the debt management capacities of debtor nations, to assist efficient debt negotiations with non-Paris Club official bilateral creditors and commercial creditors and to support commercial debt buy-backs complementary to HIPC debt relief operations. It supports enhanced democratic oversight regarding both the debt to be contracted in borrowing countries and of the use of resources freed up through debt relief.

CHAPTER 6: ADJUST THE MONETARY, FINANCIAL AND INTERNATIONAL TRADE SYSTEM TO THE CHANGES OF THE WORLD CONTEXT

46. The EU stresses that international financial stability is a global public good. The global financial crisis has highlighted the interdependence of all economies and the need to revise the collective regulatory schemes. It invites the Bretton Woods Institutions to strengthen their analysis, prevention and support methods for developing countries affected by international financial crises, while involving more closely economic and financial regional institutions.
47. The EU welcomes the idea of an international debate to review the financial and monetary international architecture and global economic governance, in order to ensure a more effective and coordinated management of global issues such as financial stability, food and energy security, climate change or the fight against major pandemics. This debate, which should take into account the outcome of ongoing initiatives to address the financial crisis at European and international level should associate the World Bank, the IMF, the United Nations and the WTO. Financial regional institutions should be actively involved and all other relevant bodies invited. The EU will make sure that the interests and needs of developing countries are duly taken into account.
48. The EU welcomes the reform package that has recently been adopted at the International Monetary Fund, which improved the alignment of member's quotas with their relative positions in the world economy and which helped to strengthen the voice and representation of developing countries. The EU also welcomes the recent adoption by the Development Committee of a reform package, including an additional seat for subsaharan Africa on the Bank's board and the increase of developing and transition countries voting shares in IBRD and IDA, with a special emphasis to smaller members, as an important first step in the ongoing process of comprehensive reform in the World Bank governance, and encourage further realignment of Bank's shareholding, considering the evolving weight of all members in the world economy and other Bank specific criteria consistent with the WBG's development mandate. It supports an open and transparent selection process of the IMF Managing Director and the WB President and the simultaneous opening of these positions to candidates from all board members.

49. The EU welcomes the increased participation and the growing influence of developing countries into the WTO, as well as the enlargement process of the OECD to new members as well as its enhanced engagement process with five major emerging countries and the dialogue launched between the G8 and five major emerging countries (Heiligendamm process). The EU has engaged in and will continue its structured dialogues with emerging donors, including through strategic partnerships.
50. The EU will continue promoting and improving policy coherence for development (PCD) in order to maximise synergies between its policies and development objectives and calls on other partners to make similar commitment. The EU encourages the establishment of mechanisms to enhance policy coherence for development within international organizations and between them. It calls on all countries whose policies have an impact on developing countries as well as developing countries themselves to increase their efforts to formulate policies consistent with the objectives of poverty eradication and sustainable development.

CHAPTER 7: NEW CHALLENGES AND CROSS CUTTING ISSUES

The international financial crisis

51. The EU is aware that the current financial crisis is likely to have a major impact on the people and economies of developing countries. Given the current global context, the EU calls the attention of all donors to the situation and needs of the poorest and most vulnerable. The EU will and calls on all donors to ensure that ODA commitments are not curtailed in times when partners need our support most and that all measures taken at the global level to improve financial situation take fully account of the situation and needs of developing countries, especially the poorest and most fragile.

Climate change and other environmental challenges

52. The EU encourages all parties to reach an agreement on a global and comprehensive plan to address climate change at the 15th Conference of the Parties to the UNFCCC in Copenhagen next December 2009. It calls on all countries to participate actively in this process to speed up the negotiations, particularly at the conference in Poznan in 2008, and to integrate climate change in their policies and strategies. The EU will work for the effective implementation of the Global Climate Change Alliance (GCCA) between the EU and poor developing countries most vulnerable to climate change and will explore ways to mobilize new financial resources to tackle climate change and combat its negative impact.
53. In order to support developing countries in their transition to low carbon, climate resilient development paths, the EU recognises the need to develop in conformity with Bali Action plan an architecture to optimise and mobilise predictable, sustainable and new, additional and adequate investment and financial flows from various sources (including the private sector, the carbon market, public sector and innovative instruments) and to deliver financing efficiently, effectively and equitably.

54. The finance should also address the preservation of biodiversity and its associated ecosystems services, the fight against desertification, the sustainable management of water resources and forests. The EU encourages all parties to take note of the “Bonn message on finance and biological diversity” submitted by the President of the 9th conference of the parties of the Convention on biological diversity and to support its implementation.

The food crisis

55. The EU notes that the high and volatile commodity and food prices represents both a challenge and an opportunity for developing countries. It calls for the establishment and implementation of appropriate strategies over the short, medium and long term to address this growing trend in order to limit the impact on poverty, responding to the needs of the most vulnerable consumers and boosting local and regional food production in developing countries. The EU calls on producer countries to refrain from imposing export restrictions on food products given the potential negative implications for the poor in net food importing countries and for investing into additional productive capacity in developing countries.
56. The EU calls for increased financial support to agriculture and rural development to promote investment policies in order to enhance productivity in a sustainable manner. It will support developing countries and calls on its partners to strengthen platforms defining and implementing food security policies. The EU promotes a global partnership for food and agriculture.

The energy crisis

57. The EU reaffirms the international consensus reached at the Johannesburg Summit on Sustainable Development in 2002 that access to energy services is indispensable to eradicate extreme poverty and indeed to achieve all the Millennium Development Goals. The EU is committed to assisting partner countries to develop energy systems that meet development needs while at the same time taking into account the necessity to stabilize the global climate. The EU reiterates its commitment to substantially increasing the share of renewable energies and to promote energy efficiency, energy conservation and behavioural change. Developing countries and poor people everywhere must have access to basic energy services to meet basic needs and productive use and to clean, renewable and sustainable energy.
58. The EU encourages a strengthened cooperation for energy efficiency and energy savings. The debate on biofuels must be pursued with regard to the requirements of food security and sustainable use of natural resources. The EU policy on bio-fuels will be sustainable both in economic, environmental and social terms and take full account of its implications for developing countries. The EU will support the development of specific research programmes and activities such as "second generation" bio-fuels.

Take action on cross-cutting issues: reduce inequalities and promote gender equality

59. The EU notes that since the Monterrey Conference, economic growth has been accompanied by growing inequalities, both nationally and internationally; these growing inequalities threaten social cohesion and are a potential source of conflict. It calls on all countries to tackle inequalities to promote sustainable and inclusive growth.
60. The EU recalls that gender equality is a fundamental human right, a fundamental value and an issue of social justice; it is essential for economic growth, poverty reduction, environmental sustainability and aid effectiveness. It calls on all stakeholders to address gender equality and empowerment of women as fundamental objectives, to improve significantly the capacities and dedicated resources, to include those issues in development plans and strategies, peer reviews and other analytical and accountability frameworks as well as in increased sectoral and national budgets. The EU is committed to implement their policies on gender equality into specific actions for concrete results. The EU reiterates its commitment on the systematic use of OECD marker on gender equality policy in its monitoring and reporting⁸. The EU will enhance the political dialogue with partner countries to promote participatory and gender responsive budgeting and decent work for women. Further innovative public and private partnerships on MDG3 will be promoted.
61. The EU calls on partners countries to address gender equality and economic empowerment of women as core goals, particularly by supporting non-state actors, strengthening of national commitments in respect of employment and decent standards work, strengthening property rights for women, the use of budget analysis integrating the gender dimension as an instrument of governance.

CHAPTER 8: STAYING ENGAGED: ENSURE EFFECTIVE FOLLOW-UP TO THE MONTERREY CONSENSUS

62. The EU encourages the improvement of existing follow-up mechanisms and stresses the importance of an active involvement of all stakeholders in this process.

⁸ May 2007 Council Conclusions on gender equality and strengthening the role of women in development cooperation.

63. It calls on all partners to reinforce the follow-up and the national and regional monitoring of the commitments taken in the framework of the Monterrey Consensus. It recommends that the United Nations Financing for Development Office step up efforts to provide better and more comprehensive information in cooperation with other relevant bodies. It considers that civil society and private sector involvement in the follow-up should be reinforced.
 64. The European Commission will continue to provide an annual report on EU progress in implementing the Monterrey consensus.
 65. The EU suggests that the follow-up of the Monterrey Consensus should be discussed at the ECOSOC Spring Meeting. It is ready to consider the need to hold a further review conference of the implementation of the Monterrey Consensus, in New York by 2013."
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