

ACP-EU JOINT PARLIAMENTARY ASSEMBLY

ACP-EU/100.568/09/fin.

RESOLUTION¹

on the role of the Cotonou Partnership Agreement in addressing the food and financial crisis in ACP countries

The ACP-EU Joint Parliamentary Assembly,

- meeting in Prague (Czech Republic) from 6 to 9 April 2009,
- having regard to Article 17(2) of its Rules of Procedure,
- having regard to the objectives of the ACP-EC Partnership Agreement signed in Cotonou on 23 June 2000, and revised in 2005²,
- having regard to the G20 declaration on the financial crisis of 15 November 2008³, and to the G20 Leaders' Statement at the London Summit of 2 April 2009,
- having regard to its Port Moresby Declaration on the global food and financial crises, adopted on 28 November 2008⁴,
- having regard to the United Nations Millennium Development Goals (MDGs), and the commitment to halving the proportion of people suffering from hunger and living on less than one US dollar a day,
- having regard to the Communication from the Commission of 9 April 2008 entitled 'The EU – a global partner for development – Speeding up progress towards the Millennium Development Goals' (COM(2008)0177),
- having regard to the Commission communication adopted on 8 April 2009 on supporting developing countries in coping with the crisis,
- having regard to the Monterrey Consensus adopted at the UN International Conference on Financing for Development of 21 and 22 March 2002, and to the Doha Declaration on Financing for Development of 2 December 2008 adopted at the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus⁵,

¹ Adopted by the ACP-EU Joint Parliamentary Assembly on 9 April 2009 in Prague (Czech Republic)

² OJ L 317, 15.12.2000, p. 3. Agreement as amended most recently by Decision No 1/2006 of the ACP-EC Council of Ministers (OJ L 247, 9.9.2006, p. 22)

³ 'Declaration of the Summit on Financial Markets and the World Economy', adopted in Washington on 15 November 2008

⁴ ACP-EU/100.393/08 (28.11.2008)

⁵ 'Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus' (doc. A/CONF.212/L.1/Rev.1*)

- having regard to the Paris Declaration¹ and the Accra Agenda for Action²,
 - having regard to the recently released IMF report entitled 'The implications of the Global Financial Crisis for Low-Income Countries',
 - having regard to the conclusions of the 2007 Millennium Ecosystem Assessment Report³,
 - having regard to the conclusions of the World Food Summit of 1996⁴ and its objective of reducing by half the number of people on Earth suffering from hunger by 2015,
 - having regard to the report from the UN Special Rapporteur on the Right to Food, submitted to the UN General Assembly on 25 October 2007⁵,
 - having regard to Regulation (EC) No 1337/2008 of the European Parliament and of the Council of 16 December 2008 establishing a facility for rapid response to soaring food prices in developing countries⁶,
 - having regard to its previous resolutions on food security issues in ACP countries and the role of ACP-EU cooperation,
- A. whereas the Millennium Development Goals, in particular the eradication of extreme poverty and hunger, as well as the development targets and principles agreed in the United Nations' Conferences, provide a clear vision and must underpin ACP-EC cooperation within the Cotonou Partnership Agreement,
 - B. whereas, as a result of the financial crisis, some donor countries have reduced their financial contribution to Official Development Assistance (ODA) to developing countries, which already have fragile economies,
 - C. whereas the objective of promoting the integration of the ACP countries into the global economy, provided for in the Lomé and Cotonou Agreements, has yet to be attained and their share of the imports to the EU has continued to decrease,
 - D. whereas the ACP countries are dependent on exports of commodities that constitute over 50% of their foreign currency revenue, and the financial crisis is resulting in decreasing exports from, and remittance flows into, many developing countries, reduced access to credit and reduced foreign direct investment, and the plummeting of commodity prices,
 - E. whereas new World Bank estimates for 2009 suggest that lower economic growth will trap 46 million more people on less than USD 1.25 a day than was expected prior to the crisis, thereby adding to the 130 to 155 million people pushed into poverty in 2008 because of soaring food and fuel prices; whereas each 1 percent drop in growth could trap another 20 million people in poverty,

¹ 'Paris Declaration on Aid Effectiveness, Ownership, Harmonisation, Alignment, Results and Mutual Accountability', adopted on 2 March 2005 at the Paris High Level Forum: 'Joint Progress toward Enhanced Aid Effectiveness'

² Adopted at the 3rd High Level Forum on Aid Effectiveness, Accra (Ghana), 2-4 September 2008

³ See <http://www.millenniumassessment.org/en/index.aspx>

⁴ Rome (Italy), 13-17 November 1996

⁵ UN General Assembly, 62nd session, doc. A/62/289 of 22.8.2007

⁶ OJ L 354 of 31.12.2008, p. 62

- F. whereas, according to a recent Executive Report by Global Financial Integrity (GFI), debt service repayments from developing countries reached USD 540 billion in 2006 and these countries lost close to USD 1 trillion in illicit financial outflows; whereas borrowing costs are up sharply for developing countries and currencies have weakened significantly; whereas economic and financial integration has never been greater and foreign bank claims on developing countries have almost tripled to USD 3.1 trillion in the last five years; whereas, according to some estimates, global financial flows to developing countries will tumble from USD 1 trillion in 2007 to USD 165 billion this year,
- G. whereas, despite the proven importance of the agricultural sector to ACP countries, neither national governments nor EU development cooperation policies award adequate priority to this key sector, putting hundreds of millions of people in danger of extreme poverty, hunger and malnutrition,
- H. whereas a serious obstacle to increasing agricultural output in developing countries, which is fundamental to reduce food insecurity, is the fact that small farmers, especially women, often lack access to land, loans or microcredit for investment in seeds, fertilisers and irrigation mechanisms and the necessary range of crop protection tools,
- I. whereas the abolition of agricultural subsidies in ACP countries and export oriented subsidies in developed countries have contributed to a decrease in yields and in agricultural production, resulting in an increase in imports of food products,
- J. whereas the agricultural sector is hit by increasingly frequent natural disasters, and whereas at the same time the resources allocated for food aid before and after such disasters are decreasing,

G20 and the London Summit

1. Endorses the outcome and commitments of the London G20 Meeting of 2 April 2009, in particular references to: restoring growth and jobs; strengthening financial supervision and regulation; strengthening global financial institutions; resisting protectionism; promoting global trade and investment; ensuring a fair and sustainable recovery for all; and delivering on aid commitments;
2. Welcomes, therefore, the agreed USD 1.1 trillion and trusts that close to one quarter of that sum will be devoted to developing countries; calls on G20 countries to deliver that amount to them through the speedy disbursement of truly new and additional funds;
3. Calls on the G20, EU and ACP countries to do their utmost to prevent the spreading global crisis from becoming a severe human crisis, and highlights the importance of social protection and investment in food security to address the immediate needs of the poor;
4. Calls for the disbursement of the USD 50 billion dedicated to low-income countries to be made in form of direct grants rather than loans, in order to support social protection, boost trade and safeguard development in low income countries;
5. Supports the G20's intention for resources to be used effectively and flexibly to support growth; welcomes the progress made by the IMF with its new Flexible Credit Line, moving away from its past prescriptive and rigid lending and conditionality framework, as

illustrated in its recent report on 'The implications of the global financial crisis for low-income countries' in which it states that *'in formulating spending policies, priority should be given to protecting or expanding social programmes or bringing forward approved investments, and, in general, to preserving the momentum toward achieving the MDGs'*;

6. Fully supports the G20's determination to reform international financial institutions, but considers it impossible to wait until 2011 to give greater voice and representation to developing countries at the level of international finance, especially in the light of the IMF's new responsibilities, and in this regard asks for improved transparency and accountability and for a new approach to development policy; these governance reforms need to be agreed at the next World Bank and IMF committee meetings on 25 and 26 April 2009;
7. Calls on the EU and ACP States to take action to eradicate tax evasion and illicit capital flight from developing countries, which cost these countries an estimated EUR 800 billion per year, in other words over eight times what they receive in aid;
8. Regrets that the G20's promises on Aid for Trade and ODA were insufficient; stresses that, although the communiqué lists financial measures to increase resources for the developing world through the World Bank and IMF, there was no specific commitment to ensuring that Aid for Trade represents additional funding;
9. Believes that the challenge of climate change must be addressed through structural reforms and calls for a systematic climate change risk assessment in all aspects of policy planning and decisions, including trade, agriculture, food security, etc; requests that the result of this assessment be used for formulating clear guidelines for a sustainable development cooperation policy;

Financial crisis

10. Calls on the EU Member States to honour their commitments as regards ODA – i.e. 0.56% of Gross National Income by 2010 and 0.7% by 2015 – and not to use the financial crisis to justify aid cutbacks;
11. Considers that the situation requires initiatives and mechanisms to solve the current debt problems of developing countries, and calls on the EU Member States not to include in their ODA figures resources provided for debt relief;
12. Considers that greater efforts are required for mobilizing more domestic and international resources for sustainable development, which implies providing universal access to basic economic and social infrastructure and inclusive social services, as well as capacity-building;
13. Recalls that sustainable and fair incomes and wealth distribution require a modern and effective fiscal system; calls for ACP-EU cooperation to promote fiscal reform that allows for increasing tax revenues through more efficient tax collection, a broader tax base and a more effective fight against tax evasion;
14. Calls on the international community, and in particular on the EU Member States, to give a more central role to employment and labour market issues in international development

policy, in order to reduce the effects of the global economic slowdown on developing countries' growth, trade and foreign direct investment flows, by helping to strengthen further their trading capacity and improve their infrastructure, and by facilitating remittances;

15. Underlines that free and fair trade, market principles promoting investment, entrepreneurship and innovation, and effectively regulated financial markets are fundamental for economic growth, employment and poverty reduction;
16. Believes that non-discriminatory and equitable international trade can be a strong engine for development and sustained economic growth, but affirms that it should be guided by transparent rules agreed by all; reminds the ACP and EU Member States of the necessity of establishing coherence between trade policies and development goals, including in the process of EPA negotiations;
17. Underlines the need to avoid over-regulation that would hamper economic growth, and stresses the need for increased dialogue between the state and the business community to find innovative ways to set clear rules, enforce respect for property rights and create financial infrastructure promoting micro business and SMEs;
18. Calls on the ACP and the EU, in the light of the impact of the current financial crisis on ACP countries, to commit themselves to open, transparent and inclusive EPA negotiations;
19. Calls on all stakeholders to work together to secure a successful, sustainable and timely conclusion of the Doha Development Round;

Food crisis

20. Calls on the European Commission and the EU Member States to improve policy coherence for development in the fields of agriculture and trade;
21. Reiterates the principle of the right to food; reminds EU and ACP leaders that they have pledged to halve the number of people who suffer from hunger by 2015, and urges the Commission, the EU Council and the ACP countries to adopt – and properly finance – whatever measures are needed in order to honour that commitment;
22. Calls on ACP and EU governments to respond to the urgent needs of the most vulnerable – particularly women and children – by enhancing sustainable nutrition interventions and safety nets and expanding social protection systems;
23. Calls on ACP governments to involve farmers and pastoralists, many of whom are women, in the elaboration of their agriculture and land-use policies, and to ensure their access to land, credit and new technologies that will increase production;
24. Calls, in framework of the ongoing review of the Cotonou Partnership Agreement, for the revision of Article 54 to accommodate the objectives of Millennium Development Goal 1, which aims to cut the proportion of people suffering from hunger by half by 2015;

25. Calls on ACP and EU governments to ensure jointly that sufficient aid and public spending is channelled towards achieving food security, as stated in the Maputo Declaration of the ACP Heads of State and Government of June 2004¹;
26. Calls on wealthy nations, including EU Member States, as well as the new US Administration, to reduce agricultural subsidies and eliminate agricultural export subsidies, as most rich countries promised to do at the outset of the Doha Development Round, although since then there has not been much progress;
27. Strongly condemns the activities of speculators on global commodities, agricultural raw materials and energy markets, which contribute to exacerbating the volatility of food prices and to deepening the global food crisis; stresses that it is not acceptable that the hunger for some means profits for others, and calls for adequate regulation and effective oversight at national and international level to prevent the violation of the right to food, through speculation; calls on EU and ACP countries and companies to fully implement the Extractive Industries Transparency Initiative;
28. Notes with alarm that the EC is concluding a deal on bananas with MFN² suppliers in Latin America that will threaten the viability of the ACP banana industry and in particular the sustained economic and social development of small vulnerable economies; calls on the European Commission to ensure that measures are taken to safeguard the livelihoods of small banana farmers, who are the most vulnerable;
29. Calls on the EU institutions to speedily implement the recently-agreed USD 1 billion Food Facility proposal without corresponding cuts in bilateral aid budgets, and to push food production back up the international agenda in line with Article 23(d) of the Cotonou Partnership Agreement;
30. Calls upon the EU and ACP countries to design mechanisms and policies to cushion the effects of commodity price volatility and to encourage diversification of local and supporting industries of the ACP countries' economies wherever possible; recognizes that the transfer of technology and business skills can have a positive impact on development; calls on ACP and EU countries to develop efforts aimed at maximizing linkages with domestic production activities, enhancing technology transfer and creating training opportunities for the local labour force;
31. Stresses the urgent need for the EU and the ACP to draw up comprehensive and effective strategies for addressing emergency situations arising from natural disasters in the agricultural sector;
32. Instructs its Co-Presidents to forward this resolution to the ACP-EC Council, the Commission, and the governments and secretariat of the G20 Group.

¹ 4th Summit of ACP Heads of State and Government, Maputo (Mozambique), 23-24 June 2004: Maputo declaration: 'Together shaping our future' (doc. ACP/28/010/04 [Final]), Maputo, 24 June 2004

² Most Favoured Nation