

MEETING OF THE OECD DEVELOPMENT ASSISTANCE COMMITTEE AND  
THE ENVIRONMENT POLICY COMMITTEE AT MINISTERIAL LEVEL  
(2006)

JOINT STATEMENTS ON FINANCIAL ISSUES

THE FEDERAL MINISTER FOR ECONOMIC COOPERATION AND  
DEVELOPMENT, HEIDEMARIE WIECZOREK-ZEUL, AND THE  
PARLIAMENTARY STATE SECRETARY IN THE FEDERAL MINISTRY FOR  
THE ENVIRONMENT, NATURE CONSERVATION AND NUCLEAR SAFETY,  
ASTRID KLUG

The new Federal Government has very clearly voiced its support for putting greater effort into achieving the Millennium Development Goals by the year 2015. This also involves pressing ahead with the implementation of the Action Plan adopted at the World Summit in Johannesburg. A greater commitment also means that there must be increased funding for public development cooperation. In the context of the EU, Germany agreed to a **timetable for ODA** under which we will raise development assistance to at least 0.51% of our gross national income by 2010, and meet the UN target of 0.7% by 2015 at the latest. The Federal Government intends to achieve this by increasing budgetary funds, through debt relief measures and by using innovative financing instruments.

We are delighted at the dynamic discussions on the **introduction of innovative financing instruments**. Just one month ago President Jacques Chirac sent a very clear signal at a much-noticed workshop here in Paris. The development charge on flight tickets introduced by France shows that such proposals can be implemented at short notice.

Public opinion in Germany also supports such a charge. As yet we have not decided on a specific instrument – but also at international level the German Government remains active and results-oriented with regard to introducing innovative financing instruments to support sustainable development projects. To achieve the Millennium

Goals and to meet our ODA commitments, more funding to support international projects for development and environmental protection is urgently needed.

It would be highly desirable if the OECD paid more attention to the innovative financing of MDGs as a whole and elaborated follow-up policy recommendations.

Finally, in discussing issues of funding, we should not ignore the continuing **imbalance between global defence spending and development spending**: the latest figures of the Stockholm International Peace Research Institute unfortunately show that the "peace dividend" expected after the Cold War has not materialised. Since the mid 1990s military expenditures have again been on the increase and, at 975 billion US dollars in 2004, were more than 10 times ODA contributions (*2004: 78 billion US dollars*).

The **Global Environment Facility** has proved to be a key financing mechanism for global environmental protection. Its tasks have been constantly expanding – partly as a result of increasing environmental problems. Germany therefore stands by the commitment it made at the G8 Summit in Gleneagles – we want to successfully conclude the fourth replenishment of the GEF in the near future. We therefore call on all donors to meet their responsibility for global environmental problems and participate appropriately in the replenishment.

A key element of the success of environmental policy is the **use of economic incentives**. With regard to investment, in many areas – energy supply for example - the private sector is the most important player. For instance, some banks in OECD Member States are already offering microcredits to people in developing countries in the framework of Microcredit Development Funds. First and foremost however, it is a question of establishing the proper framework conditions to secure environmentally friendly and climate-compatible development:

- The **mechanisms of the Kyoto Protocol** ensure that greenhouse gas emissions become a relevant factor in business calculations. The CO<sub>2</sub> price is an important element for decoupling economic growth from resource

consumption. The **Clean Development Mechanism** promotes climate-friendly technologies in developing countries – benefiting both North and South.

- With its workshop "**Multilateral Environmental Agreements and Private Investments**" held in Helsinki in June 2005, the OECD also showed how to mobilise more private capital for addressing global environment problems. The dialogue commenced there should be continued.
- The **increased use of renewable energies** can be promoted in developing countries and newly industrialised countries by energy suppliers also with cost-covering purchase guarantees: innovative financing mechanisms developed in Germany, such as the Renewable Energy Sources Act, have already served as a model for 40 countries worldwide, including China and Brazil. Mexico is also developing a law on the promotion of renewables which is based on feed-in regulations, while countries such as South Africa show interest in taking a similar route. The sector of renewable energies is of highest importance for German environment- and development policy. The World Bank, too, consequently strengthens the domain of renewable energies.
- In developing countries too, strategies for **sustainable tourism development** can create both incentives for preserving unique nature and momentum for the economy and employment. Implementing the Guidelines on Biodiversity and Tourism Development, adopted at the 7<sup>th</sup> Conference of the Parties to the Convention on Biological Diversity, represents a joint challenge for environmental and development policy.