Resolution on the accountability report on financing for development

2011/2735(RSP) - 16/11/2011 - Text adopted by Parliament, single reading

Following the debate which took place in plenary on 15 November 2011 on the basis on Oral Questions O-000248/2011 to the Council and O-000249/2011 to the Commission on EU financing for development, the European Parliament adopted a resolution prepared by its Committee on Development on the accountability report on financing for development.

Parliament recalls that in 2010 the Member States gave only **0.43% of their GNI** in official development assistance (ODA), despite the Millennium commitment to give 0.7% by 2015 and an interim 2010 target of 0.56%. It recalls that 15 Member States cut their aid budgets in 2009 or 2010 and that a certain number of Member States have also failed to honour their pledge to give 0.15% of their GNI to least-developed countries (LDCs) by 2010.

Against this background, Members welcome the Commission's communication on the EU Accountability Report 2011 on Financing for Development as an extremely useful exercise in transparency and peer review.

Development aid: aware of the growing pressure on national budgets as a result of the financial and economic crisis, Members believe that achieving the poverty eradication goal will require, above all, policy change in industrialised and developing countries to **address the structural causes of poverty**. Members express their deep concern about the fact that in 2010 the EU fell some EUR 15 billion short of its own ODA goal for that year. They call on all the Member States to take urgent steps to honour their commitment to give 0.7% of their GNI, as well as their specific pledges to Africa and the LDCs.

Parliament reiterates its deep concern about the current acquisition of farmland by government-backed foreign investors, particularly in Africa, which is **liable to undermine local food security**. It urges the Commission to include the issue of land grabbing in its policy dialogue with developing countries so as to make policy coherence the cornerstone of development cooperation at both national and international level and prevent the expropriation of small farmers and unsustainable land and water use.

Overall, Parliament is of the view that EU development policy should aim to eliminate structural obstacles to the poverty eradication goal by implementing policy coherence for development between EU policies on agriculture, trade, investment, tax havens, access to raw materials and climate change.

Other aspects of financing for development: Parliament agrees with the Council and the Commission that mobilising domestic resources in partner countries is the key to sustainable development. It calls on EU donors to prioritise capacity-building in this area, especially as regards **stronger tax systems and better tax governance**, and to step up efforts worldwide to promote tax-related transparency and country-by-country reporting and to combat tax evasion and illicit capital flight, through legislation where necessary. More specifically, it urges the Commission to include the fight against misuse of tax havens and against tax evasion and illicit capital flight in its development policy as a matter of priority.

The EU and its Member States are called upon to unlock other sources of international development finance besides ODA, inter alia by:

- proposing innovative levies such as a financial transaction tax to fund global public goods, including development aid,

- significantly reducing the cost of remittances,
- stepping up the blending of EU grants and EIB loans, without this leading to cuts in aid spending,
- supporting schemes to improve access to financial services, such as microfinance schemes, in developing countries.

Members urge the Member States to step up their efforts to ensure full implementation of existing **debt relief initiatives**, in particular those relating to heavily indebted poor countries and multilateral debt relief. The EU donors are urged to upgrade policy dialogue with emerging economies on development cooperation, and encourages the Member States to support South-South and triangular development cooperation initiatives. Parliament believes there is **no longer any justification for aid in the form of grants to cash-rich nations**.

Other measures are welcomed such as: (i) support for climate actions in the developing world; (ii) aid effectiveness; (iii) improving donor coordination (including as regards the European external Action Service), joint programming and the division of labour in the field of development.

Lastly, Members ask to be involved in the next OECD-DAC peer review of EU development cooperation.