Financing for development

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The Committee on Development adopted the own-initiative report by Pedro SILVA PEREIRA (S&D, PT) on Financing for Development.

Recalling that 1.5 billion people are still living in poverty, Members called on the European Union to affirm its political leadership throughout the preparatory process towards the definition of a sustainable development framework, a renewed agreement on financing for development and other means of implementation on the matter. They welcomed the recent Commission communication entitled 'A Global Partnership for Poverty Eradication and Sustainable Development after 2015', whilst regretting a certain lack of commitment regarding the timeline for future financial targets.

International public financing: Members urged the EU and its Member States to re-commit without delay to the 0.7 % of GNI target for ODA, with 50 % of ODA and at least 0.2 % of GNI being reserved for least developed countries. They welcomed the EU's firm stance on focusing efforts on the quantity and quality of development aid. They stressed that the EU and other developed countries must honour their commitment to **provide scaled-up, new and additional climate finance** in order to reach by 2020 the goal of jointly mobilising USD 100 billion annually. They support innovative sources for additional development and climate finance, including **financial transaction taxes, carbon taxes on international aviation and maritime transport**, and automatic allocation of carbon market revenues.

Recalling that the EU is the world's leading donor of development aid, accounting for almost 60 % of global official development aid, Members called on the EU to take account of long-term financial requirements by favouring and leading a more strategic, ambitious and universal approach in line with the SDGs. They recalled the EU budget's contribution to financing for development, with EUR 19.7 billion for development cooperation and EUR 6.8 billion for humanitarian aid between 2014 and 2020, in addition to the EUR 2.2 billion emergency aid reserve. They also pointed to the EUR 30.5 billion European Development Fund (EDF). The 2015 budget dedicates EUR 2.4 billion in commitments (EUR 2.1 billion in payments) to development cooperation and EUR 928.8 million in commitments (EUR 918.8 million in payments) to humanitarian aid.

Once again, Members called on the EU and its Member States to promote an aid effectiveness agenda to eradicate poverty, with a special focus on **basic social services for all and 'public goods'** that are less effectively provided by the private sector, such as primary education, social safety nets, health care and infrastructure for sanitation, water supply and energy.

They also underlined the absolute need for the EU to aim for the highest level of coordination in order to achieve coherence with other policy areas (environment, migration, international trade, human rights, agriculture, etc) and to avoid duplication of work and inconsistencies in activities.

Domestic resource mobilisation and international tax cooperation: Members asked the Commission to enhance its capacity-building assistance in the areas of tax administration, financial governance, public financial management, anti-corruption, the recovery of stolen assets and the **fight against tax evasion**. They insisted on actively crack down on tax havens, tax evasion and illicit financial flows and supported the setting-up of an intergovernmental body for tax cooperation under the auspices of the UN. They considered that international corporate tax rules should include the principle that **taxes should be paid where value is extracted or created**.

Several priorities are also mentioned as regards gender equality, research, the environment and the transfer of technologies.

Private sector and civil society: Members underlined the high importance of establishing favourable conditions for private enterprise and entrepreneurship in developing countries. They called for alignment of the private sector with the SDGs through appropriate partnerships, financial instruments and incentives, notably for young people and women in the shape of access to credit to support start-ups.

They called on the Commission to support increased access to finance for MSMEs and cooperatives in developing countries through new forms of cooperation such as blending and public private partnerships (PPPs). They also support increased market access for developing countries, especially the least developed countries.

In parallel, Members called for increased participation of local authorities and civil society, including **community-based NGOs, in discussions on development priorities**, and for a more inclusive and accountable implementation of the post-2015 agenda.

Global governance: Members called for a review of international organisations' programmes and instruments of financial assistance for development in order to align them with the new sustainable development goals. They urged the European Investment Bank, the European Bank for Reconstruction and Development, the International Monetary Fund and the World Bank to establish the **highest standards of responsible financing and to gear their resources more closely to the needs of developing countries**, including through mutually effective pro-poor lending facilities.

Monitoring, accountability and review: Members called for an agreement at the Addis Ababa conference on robust, transparent and accessible monitoring and accountability framework for effective tracking and follow-up of investment and progress as regards specific commitments and objectives. They asked all parties to ensure the transparent and efficient implementation of aid and financing, in particular by signing and effectively implementing the provisions of the UN Convention against Corruption. They called for an international initiative to improve the quality of statistics, data and information in order to track spending, investment and progress on specific commitments and objectives. Lastly, Members reiterated that, as a complement to GDP, a **new set of other indicators** is necessary in order to take account of new social and environmental challenges, and that this set should include in particular the Human Development Index, the carbon footprint and the ecological footprint.