Financing for development

2015/2044(INI) - 19/05/2015 - Text adopted by Parliament, single reading

The European Parliament adopted by 582 votes to 79, with 28 abstentions, a resolution on Financing for Development.

Recalling that 1.5 billion people are still living in poverty, Parliament 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. It 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: Parliament stressed that Official Development Assistance (ODA) remains a key instrument for financing development and 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 (LDCs), and to present, taking into account budgetary constraints, multiannual budget timetables for the scale-up to these levels by 2020.

Parliament welcomed the EU's firm stance on focusing efforts on the quantity and quality of development aid and called on the Commission and the Member States to persuade public and private donors around the world to honour their financial promises and to make new commitments.

Members 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. They welcomed further European and international efforts to identify further additional sources.

Recalling that the EU is the world's leading donor of development aid, accounting for almost 60 % of global official development aid, Parliament 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. It 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. It 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.

In an amendment adopted in plenary, Parliament called on the EU to ensure that negotiations on the post-2015 global development agenda, financing for development and climate change have credible links with the new Sendai Framework for Disaster Risk Reduction 2015-2030 in order to **build resilience and preparedness** while achieving the global goal of leaving no one behind.

Once again, Parliament 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.

It 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: Parliament 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**. It 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. Parliament called for the creation of **public registers of beneficial ownership and mandatory country-by-country reporting** for transnational companies in all sectors and for ensuring a fair distribution of taxing rights while negotiating tax and investment treaties with developing countries. It also 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.

Parliament supported investment in capacity-building, basic social services such as education and health (ensuring universal health coverage), including sexual and reproductive health and rights, nutrition, public services and social protection and the fight against poverty.

Private sector and civil society: Parliament underlined the high importance of establishing favourable conditions for private enterprise and entrepreneurship in developing countries. It 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.

Parliament recalled that **public aid alone is far from sufficient to cover all investment needs in developing countries**. It insisted therefore on the leverage role of blending and public-private partnerships (PPPs) as a means to enhance the impact of development assistance, to attract private finance and to support local businesses. It stressed, however, that blended finance must not replace state responsibility for delivering on social needs and should be aligned with national development objectives and with development effectiveness principles. It encouraged PPPs in particular in the field of research related to the Innovative Medicines Initiative such as the Ebola+ programme.

It also supported increased market access for developing countries, especially the least developed countries.

In parallel, Parliament 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: Parliament 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. It 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. It 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, it 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.