EUROPEAN PARLIAMENT 2014 - 2019

Committee on Budgets

2015/2044(INI)

16.4.2015

OPINION

of the Committee on Budgets

for the Committee on Development

on financing for development
(2015/2044(INI))

Rapporteur: Charles Goerens

PA_NonLeg

SUGGESTIONS

The Committee on Budgets calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Points out that the EU is the world's leading donor in development aid, accounting for almost 60 % of global official development aid; calls, nevertheless, on the Commission to provide clear and transparent data on the share of the overall budget dedicated to EU development aid so as to be able to assess the follow-up to the Monterrey Consensus by all European donors; also expresses its regret that the level of EU financial contributions to developing countries lacks visibility and invites the Commission to develop appropriate and targeted communication and information tools to increase the visibility of EU development aid;

2. Calls on the EU to take into account long-term financial requirements by favouring and leading a more strategic, ambitious and universal approach in line with the Sustainable Development Goals (SDGs);

3. Calls for a joint international effort from developed and emerging countries to find new and additional climate finance for developing countries – though not at the expense of the development budget – in the agreement on Global Climate Action to be concluded at the Paris Conference of December 2015;

4. Recalls 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; also points to the EUR 30.5 billion European Development Fund (EDF); advocates for the budgetisation of the EDF, which would bring advantages such as increased transparency, visibility, efficiency and efficacy; welcomes the opportunity provided by the post-electoral mid-term review and revision of the multiannual financial framework to take into account the increasing structural needs of humanitarian relief and the development needs of the poorest and most fragile countries;

5. Notes that 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; supports the steps taken to decrease the backlog of unpaid bills, notably with a view to maintaining the financial viability of the most vulnerable partners, and stresses the importance of the principle of parity between commitments and payments with regard to humanitarian aid, as crises are happening more frequently and funds need to be disbursed quickly;

6. Emphasises the importance of setting clear priorities for expenditure, with a special focus on measures in the areas of health, education, energy, water supply and infrastructure; underlines the need for further efforts and improvements to be made in the area of aid effectiveness through a higher degree of coordination between the different aid mechanisms and donors;

7. Welcomes the EU's firm stance on focusing efforts on the quantity and quality of development aid; calls on the Commission to use its expertise and authority to persuade

other public and private donors around the world to honour their financial promises;

8. Underlines 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; recalls that, with the Lisbon Treaty (Article 208 TFEU), policy coherence for development became a treaty obligation;

9. Stresses that official development assistance remains a key instrument for financing development and urges the EU and its Member States to re-commit to the 0.7 % GNI (Gross National Income) target; highlights, furthermore, the potential of private investment – if properly regulated, in view of its contribution to development – and the relevance of innovative financial instruments for leveraging such additional resources; recalls that public aid alone is far from sufficient to cover all investment needs in developing countries; therefore insists on the leverage role of blending and public-private partnerships (PPP) as a means to enhance the impact of development assistance, to attract private finance and to support local businesses; stresses, however, that blended finance must not replace state responsibility for delivering on social needs and should be guided by development effectiveness principles; encourages public-private partnerships, in particular in the field of research related to the Innovative Medicines Initiative such as the Ebola+ programme;

10. Emphasises the importance of domestic resource mobilisation through improved collection of taxes in developing countries; stresses that tax resources are a more predictable and more sustainable source of financing than foreign assistance; believes that the Union has a key role to play here in terms of supporting developing countries in setting up relevant administrative capacities, in fighting tax evasion and transfer mispricing and helping in the recovery of stolen assets;

11. Urges the Commission, in view of its wish to considerably extend the use of blending in the future, to implement the recommendations made in the European Court of Auditors Special Report on the use of blending and to evaluate the mechanism of blending loans and grants, particularly in terms of development and financial additionality, transparency and accountability;

12. Points out that blending risks leading to a debt bubble, notably in Sub-Saharan Africa and the Caribbean countries which have limited revenues to service their debt; accordingly, calls on donors to give aid to least-developed countries (LDCs) in the form of a grant;

13. Underlines the high importance of supporting micro, small and medium-sized enterprises and calls in particular for further strengthening micro-finance loan and guarantee systems; insists on the need for further developing local and regional banks and credit unions in order to significantly decrease excessive interest rates for market loans and, in doing so, better support community development at a local level1;

14. Recalls that development cooperation is a shared responsibility of the EU and its Member States and that it needs to be consistent with the concepts of complementarity and coordination; highlights the need to involve civil society and local authorities in the

[1] Report on Support for SMEs in Developing Countries Through Financial Intermediaries, Dalberg, November 2011, www.eib.org.

coordination process;

15. Recalls that, according to the TFEU, the reduction and eventual eradication of poverty is the EU's primary objective in the development field, while the defence of human rights, gender equality, social cohesion and the fight against inequalities should remain at the core of development activities;

16. Points to a change in the nature of global poverty – as most of the world's poor are now in middle-income countries, which means that a new development paradigm must reflect this new reality; stresses the need to ensure that the most vulnerable populations have access to development opportunities; recalls, in this respect, that channelling assistance only through governments risks providing insufficient funding to marginalised or vulnerable communities;

17. Highlights the importance of development banks mobilising additional funds in reducing the gap in infrastructure funding and access to credit in developing countries with monitoring and impact assessment mechanisms;

18. Calls for an increase in the amounts of concessional facilities available to the European Investment Bank, beyond its current mandates, in order to further increase its funding to low-income countries;

19. Calls for an international initiative to improve the quality of statistics, data and information in order to track spending, investment and progress as regards specific commitments and objectives; welcomes global efforts to ensure that the implementation of the SDGs uses data that is sufficiently disaggregated for income, gender, age and other indicators, so that the impact of the policies guided by the SDGs can be effectively monitored.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	16.4.2015
Result of final vote	+: 24 –: 1 0: 3
Members present for the final vote	Reimer Böge, Lefteris Christoforou, Jean-Paul Denanot, Gérard Deprez, José Manuel Fernandes, Eider Gardiazabal Rubial, Ingeborg Gräßle, Iris Hoffmann, Monika Hohlmeier, Bernd Kölmel, Vladimír Maňka, Ernest Maragall, Sophie Montel, Siegfried Mureşan, Younous Omarjee, Pina Picierno, Paul Rübig, Patricija Šulin, Eleftherios Synadinos, Indrek Tarand, Isabelle Thomas, Marco Valli, Daniele Viotti, Marco Zanni
Substitutes present for the final vote	Andrey Novakov, Ivan Štefanec, Nils Torvalds, Tomáš Zdechovský