

Accountability report on financing for development

European Parliament resolution of 16 November 2011 on the accountability report on financing for development

The European Parliament,

- having regard to the UN Millennium Declaration of 8 September 2000,
- having regard to the G20 summits held in Pittsburgh on 24 and 25 September 2009, in London on 2 April 2009, in Toronto on 26 and 27 June 2010 and in Seoul on 11 and 12 November 2010,
- having regard to the G8 summits held in L'Aquila, Italy, from 8 to 10 July 2009, in Deauville, France, on 26 and 27 May 2011 and in Muskoka, Canada, on 26 June 2010,
- having regard to the Monterrey Consensus and the Doha Declaration, adopted at the respective International Conferences on Financing for Development held in Monterrey, Mexico, from 18 to 22 March 2002 and in Doha, Qatar, from 29 November to 2 December 2008,
- having regard to the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action,
- having regard to the European Consensus on Development¹ and the EU Code of Conduct on Complementarity and Division of Labour in Development Policy²,
- having regard to its resolution of 15 June 2010 on 'progress towards the achievement of the Millennium Development Goals: mid-term review in preparation of the UN high-level meeting in September 2010'³,
- having regard to its resolution of 25 March 2010 on the effects of the global financial and economic crisis on developing countries and on development cooperation⁴,
- having regard to its resolution of 18 May 2010 on the EU Policy Coherence for Development and the 'Official Development Assistance plus' concept⁵,
- having regard to its resolution of 23 September 2008 on the follow-up to the Monterrey Conference of 2002 on financing for Development⁶,
- having regard to its resolution of 22 May 2008 on the follow-up to the Paris Declaration of

1 OJ C 46, 24.2.2006, p. 6.

2 Council Conclusions 9558/2007, 15 May 2007.

3 OJ C 236 E, 12.8.2011, p. 48.

4 OJ C 4 E, 7.1.2011, p. 34.

5 OJ C 161 E, 31.5.2011, p. 47.

6 OJ C 8, 14.1.2010, p. 1.

2005 on Aid Effectiveness¹,

- having regard to its resolution of 5 July 2011 on increasing the impact of EU development policy²,
 - having regard to Rules 115(5) and 110(2) of its Rules of Procedure,
- A. whereas last year 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%;
- B. whereas 15 Member States cut their aid budgets in 2009 or 2010;
- C. whereas the Member States promised in 2005 to channel 50% of all new aid to sub-Saharan Africa, but whereas they have actually given only half this amount, and whereas the Member States have also failed to honour their pledge to give 0,15% of their GNI to least-developed countries (LDCs) by 2010;
- D. whereas, since such commitments refer to percentages of GNI and therefore correspond to a reduction in real terms in times of recession, the economic crisis is a poor excuse for cutting aid budgets proportionally;
- E. whereas failing to keep its aid promises will seriously undermine confidence in the EU and damage its credibility as far as its partners in the developing world are concerned, while, on the other hand, honouring those commitments would send a powerful, unequivocal signal to poor nations and other donors;
- F. whereas poor tax governance in developing economies prevents equitable wealth redistribution, starves governments of funds and hampers poverty eradication;
- G. whereas illicit capital flows from developing countries are estimated to amount to roughly 10 times the level of global development assistance;
- H. whereas innovative financing mechanisms currently account for just 3% of EU development aid;
- I. whereas pro-poor schemes to improve access to financial services, such as microfinance schemes, can afford extraordinary help to smallholder farmers, particularly women, in achieving food self-sufficiency and food security;
- J. whereas migrants' remittances to developing countries exceed global aid budgets, and whereas, although the EU made a commitment in 2008 to lower the cost of remittances, only minimal changes have been made;
- K. whereas EU aid-for-trade amounted to EUR 10,5 billion in 2009, while trade-related assistance amounted to EUR 3 billion, a figure which is well above target;
- L. whereas Article 208 TFEU states that: 'The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect

1 OJ C 279 E, 19.11.2009, p. 100.

2 Texts adopted, P7_TA(2011)0320.

developing countries’;

- M. whereas developing countries, and the LDCs in particular, have been hit especially hard by the crisis, leading notably to a new rise in debt levels;
- N. whereas the EU provided EUR 2,3 billion in fast-start climate funding for developing countries in 2009;
- O. whereas the EU has pledged to ensure that climate funding is ‘new and additional’;
- P. whereas ineffective aid wastes up to EUR 6 billion of public money every year;
- 1. Welcomes 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

- 2. Acknowledges the growing pressure on national budgets as a result of the financial and economic crisis; believes, however, that achieving the poverty eradication goal will require, above all, policy change in industrialised and developing countries to address the structural causes of poverty;
- 3. 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; 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;
- 4. Commends the EU and its Member States for remaining the world’s largest donor of ODA, despite the crisis;
- 5. Welcomes the Member States’ recent renewed commitment to meeting their ODA commitments, especially the target of giving 0,7% of their GNI; agrees with the Council that ODA alone will not be enough to eradicate global poverty; 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;
- 6. Expresses, nonetheless, its deep concern about the fact that in 2010 the EU fell some EUR 15 billion short of its own ODA goal for that year, that it will need practically to double its aid in order to meet its 2015 Millennium target, that it has failed to increase substantially its aid to Africa and the LDCs, in spite of its pledges to do so, and that a number of Member States have shrunk their aid budgets in 2009 and 2010, with further cuts scheduled for 2011 and beyond;
- 7. Highlights the huge contribution made by well-managed aid to sustainable development in the fields of health, education, gender and biodiversity, and in many other fields;
- 8. Calls therefore 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, and

recommends fully transparent, binding, multiannual measures, including legislation;

Other aspects of financing for development

9. Agrees with the Council and the Commission that mobilising domestic resources in partner countries is the key to sustainable development; 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;
10. 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;
11. Calls on all the Member States further to boost support for the Extractive Industries Transparency Initiative, and calls on the Commission rapidly to propose EU legislation that at least matches US legislation in terms of the objective of ensuring that the extractive industry in developing countries pays proper taxes and that its production meets social and environmental standards, in compliance with due diligence requirements;
12. Calls on the EU and its Member States 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;
13. Welcomes the EU's significant and growing support for aid-for-trade and trade-related assistance; expects the LDCs to benefit to a greater degree from such support in future;
14. Recalls that EU trade policies, as well as other policies such as those on agriculture, fisheries, migration and security, must – under the Lisbon Treaty – be consistent with EU development policy goals, and calls for the implementation of policy coherence for development (Article 208 of the Lisbon Treaty) in order to address the structural problem of poverty eradication;
15. Urges 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;
16. Welcomes the EU's recent substantial support for climate action in the developing world, but reiterates its demand that this be additional to existing development aid;
17. Expects the Fourth High-Level Forum on Aid Effectiveness – to be held in Busan, Korea, in November – to produce tangible results as regards more effective aid which provides better

‘value for money’; notes the progress, albeit uneven, identified in the 2011 accountability report, but urges the Member States to step up their efforts to improve donor coordination (including as regards the European External Action Service), joint programming and the division of labour in the field;

18. Urges EU donors to upgrade policy dialogue with emerging economies on development cooperation, and encourages the Member States to support South-South and triangular development cooperation initiatives; believes there is no longer any justification for aid in the form of grants to cash-rich nations;

OECD-DAC peer review

19. Asks to be involved in the next OECD-DAC peer review of EU development cooperation;

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20. Instructs its President to forward this resolution to the Council, the Commission, the Member States, the EIB, the UN organisations, the ACP-EU Joint Parliamentary Assembly, the G20, the IMF and the World Bank.