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REPORT

on Financing for Development
(2015/2044(INI))

Committee on Development

Rapporteur: Pedro Silva Pereira

PR_INI

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on Financing for Development
(2015/2044(INI))

The European Parliament,

– having regard to the outcome documents of the First and Second International Conferences on Financing for Development, notably the Monterrey Consensus of 2002 and the Doha Declaration of 2008,

– having regard to the UN General Assembly resolutions 68/204 and 68/279 on the Third International Conference on Financing for Development, to be held in Addis Ababa (Ethiopia) from 13 to 16 July 2015,

– having regard to the 'Elements' paper of 21 January 2015 presented by the Co-chairs of the Preparatory Process for the Third International Conference on Financing for Development,

– having regard to the UN Secretary-General's Synthesis Report of December 2014 on the Post-2015 Agenda, entitled 'The Road to Dignity by 2030: Ending Poverty, Transforming All Lives and Protecting the Planet',

– having regard to the report of August 2014 by the Intergovernmental Committee of Experts on Sustainable Development Financing,

– having regard to the report of July 2014 by the UN Open Working Group on Sustainable Development Goals,

– having regard to the document 'UNCTAD's World Investment Report 2014 - Investing in the SDGs: An Action Plan'[1],

– having regard to the outcome document of the UN Conference on Sustainable Development (Rio+20) of June 2012, 'The Future We Want',

– having regard to the UN General Assembly Resolution 'Towards the establishment of a multilateral legal framework for sovereign debt restructurings' of September 2014,

– having regard to the Commission communication of 5 February 2015 entitled 'A Global Partnership for Poverty Eradication and Sustainable Development after 2015' (COM(2015)0044)[2],

– having regard to the Commission communication of 2 June 2014 entitled 'A decent life for all: From vision to collective action' (COM(2014)0335)[3],

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[1] http://unctad.org/en/publicationslibrary/wir2014_en.pdf
[2] http://ec.europa.eu/europeaid/sites/devco/files/com-2015-44-final-5-2-2015_en.pdf
[3] http://ec.europa.eu/europeaid/sites/devco/files/part1-a-decent-life-for-all.pdf

– having regard to the Commission communication of 16 July 2013 entitled ‘Beyond 2015: towards a comprehensive and integrated approach to financing poverty eradication and sustainable development’ (COM(2013)0531)[1],

– having regard to the Commission communication of 27 February 2013 entitled ‘A decent life for all: Ending poverty and giving the world a sustainable future’ (COM(2013)0092)[2],

– having regard to the Foreign Affairs Council conclusions of 12 December 2013 on policy coherence for development,

– having regard to the General Affairs Council conclusions of 16 December 2014 on a transformative post-2015 agenda[3],

– having regard to the Foreign Affairs Council conclusions of 12 December 2013 on financing poverty eradication and sustainable development beyond 2015 [4],

– having regard to the Foreign Affairs Council conclusions of 12 December 2014 on a stronger role of the private sector in development cooperation,

– having regard to the General Affairs Council conclusions of 25 June 2013 on the Overarching Post 2015 Agenda[5],

– having regard to its resolution of 25 November 2014 on the EU and the global development framework after 2015[6],

– having regard to its resolution of 23 September 2008 on the follow-up to the Monterrey Conference of 2002 on Financing for Development[7],

– having regard to its resolutions of 26 November 2014 on the 2014 UN Climate Change Conference - COP 20 in Lima, Peru (1-12 December 2014)[8]; of 26 February 2014 on promoting development through responsible business practices, including the role of extractive industries in developing countries[9]; of 8 October 2013 on ‘Corruption in the public and private sectors: the impact on human rights in third countries’[10]; of 21 May 2013 on ‘Fight against Tax Fraud, Tax Evasion and Tax Havens’[11]; and of 16 April 2013 on advancing development through trade[12],

– having regard to Decision No 472/2014/EU of the European Parliament and of the

[1] http://ec.europa.eu/transparency/regdoc/rep/1/2013/EN/1-2013-531-EN-F1-1.Pdf
[2] http://ec.europa.eu/europeaid/documents/2013-02-22_communication_a_decent_life_for_all_post_2015_en.pdf
[3] http://eu-un.europa.eu/articles/en/article_15873_en.htm
[4] http://eu-un.europa.eu/articles/en/article_14363_en.htm
[5] http://eu-un.europa.eu/articles/en/article_13692_en.htm
[6] Texts adopted, P8_TA(2014)0059.
[7] OJ C 8, 14.1.2010, p. 1.
[8] Texts adopted, P8_TA(2014)0063.
[9] Texts adopted, P7_TA(2014)0163.
[10] Texts adopted, P7_TA(2013)0394.
[11] Texts adopted, P7_TA(2013)0205.
[12] Texts adopted, P7_TA(2013)0119.

Council of 16 April 2014 on the European Year for Development (2015)[1] ,

– having regard to Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020,

– having regard to Article 208 TFEU, which establishes eradication of poverty as the primary objective of EU development policy and the principle of policy coherence for development,

– having regard to Rule 52 of its Rules of Procedure,

– having regard to the report of the Committee on Development and the opinion of the Committee on Budgets (A8-0143/2015),

A. whereas 2015 is a crucial year for global development efforts, with the adoption of the Sustainable Development Goals (SDGs) and an agreement on global climate action, both to be valid until 2030;

B. whereas the Third International Conference on Financing for Development (FfD), which will be held in Addis Ababa, Ethiopia, from 13 to16 July 2015, must create the necessary conditions for financing and implementing the post-2015 agenda, and whereas the success of that agenda will be determined by the level of ambition demonstrated at the conference;

C. whereas 1.5 billion people are still living in poverty with deprivation in health, education and living standards, notably in conflict-affected and fragile states; whereas this is not acceptable, given that sufficient resources exist in the world to progressively end this situation;

D. whereas eradication of poverty and inequality can only be achieved through mobilisation of sufficient and appropriate resources for all, and the better targeting of marginalised groups, such as children, women, the elderly or persons with disabilities; whereas despite a significant reduction in extreme poverty, progress for children has been slower, making the need for investing in children - both through domestic resource mobilisation and international public financing - a key factor;

E. whereas there can be no sustainable development without peace and security, as acknowledged by the 2005 European Consensus on Development;

F. whereas three-quarters of the world's poorest people - an estimated 960 million - currently live in middle-income countries, and a new development paradigm therefore requires programmes targeted both on poor people and on poor countries;

G. whereas UNCTAD estimates the financing needs in developing countries for the emerging SDGs at about USD 3.9 trillion per year, with USD 2.5 trillion per year currently missing; whereas the costs of weak action will ultimately be much greater than

[1] http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014D0472

the costs of decisive action for sustainable development;

H. whereas the magnitude of the SDGs financing challenge demands a strong and global partnership and the use of all forms of financing (domestic, international, public, private and innovative sources) and non-financial means; whereas private financing can complement, but not substitute public funding;

I. whereas domestic resource mobilisation and Official Development Assistance (ODA) are non-substitutable anchors of development finance which must be strengthened;

J. whereas developing countries' potentials for domestic resource mobilisation are significant, but there are limits in the current situation to what countries can accomplish on their own; whereas tax resources remain low as a proportion of GDP in most developing countries and it is thus essential to promote well-balanced, fair and efficient tax systems based on the ability to pay of individual taxpayers and companies; whereas domestic resource mobilisation also requires a fair and transparent distribution of the benefits of natural resources;

K. whereas very few developed countries are fulfilling their commitment of providing 0.7 % of Gross National Income (GNI) as ODA, including 0.15-0.20 % of GNI to Least Developed Countries (LDCs); whereas the Member States which joined the EU in 2004 or later have committed to strive towards the target of 0.33 % of GNI, but none of them has yet reached this target;

L. whereas many less developed countries are vulnerable, or have been made vulnerable, as a result of external events such as armed conflicts, epidemics such as Ebola, and natural disasters, and whereas they need greater support;

M. whereas poverty reduction, economic growth and security depend to a large extent on the ability of a state to perform its sovereign functions to ensure the rule of law and to provide basic public services such as access to education and healthcare, while respecting the principle of ownership; whereas these countries need, in particular, greater support to introduce robust health systems;

N. whereas the development agenda is becoming broader and it is therefore important to recognise and further incentivise the efforts that are being made above and beyond ODA; whereas despite challenging fiscal circumstances in many OECD countries, high levels of ODA were maintained and ODA reached an all-time high of USD 134.8 billion in 2013; whereas ODA can be a catalyst to attract private investment and the relevance of innovative financial instruments in this context should be noted;

O. whereas the private sector and Foreign Direct Investment (FDI), when properly regulated and linked to concrete improvements in the domestic economy, have an important potential to contribute to the achievement of the SDGs, as reflected in UNCTAD's proposal for an Action Plan for SDG investment;

P. whereas private capital flow affects developing countries in many different ways, positive as well as negative; whereas financial flows to developing countries from private sources are significant but largely volatile, unevenly distributed and often associated with outflows such as profit repatriation, which since 2010, have exceeded new inflows of FDI;

Q. whereas civil society plays a key role in ensuring a universal and inclusive process, at both national and global level, and contributes to good governance and accountability; whereas development assistance and corruption are mutually incompatible;

R. whereas it is important to promote the use of banking services in developing countries;

S. whereas the EU and its Member States, as the largest donors of development aid, must lead the FfD process and help bring about a credible response to the development finance challenges, ensuring policy coherence for development within the post-2015 agenda; whereas other developed and emerging countries should follow the EU's example;

A global partnership

1. Welcomes the Zero Draft of the Outcome Document of the Third Financing for Development Conference, and calls for the EU and its Member States to support it;

2. Welcomes the UN Secretary-General's Synthesis Report and its transformative, universal, holistic and integrated approach to an ambitious global partnership for new development goals and the associated financial framework, focused on poverty eradication, universality of human rights and gender equality; insists that without comprehensive and substantial means of implementation such an ambitious partnership will not be successful;

3. Urges the EU 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, along the commitments and values stated in its founding Treaties; considers that the provision of EU development aid should not be conditioned by other partner donors;

4. Insists that the EU and its Member States should maintain their position as major donors of development aid while pushing for shared responsibility; calls on high-income countries, upper middle-income countries and emerging economies to take on significant commitments;

5. Welcomes the recent Commission communication entitled 'A Global Partnership for Poverty Eradication and Sustainable Development after 2015', for its comprehensiveness, for its policy coherence focus and for confirming that the EU is committed to playing its full part in this global partnership; however, regrets a certain lack of commitment regarding the timeline for future financial targets;

International public financing

6. Stresses that ODA remains a key instrument for financing development; urges 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 LDCs, and to present,

taking into account budgetary constraints, multiannual budget timetables for the scale-up to these levels by 2020; welcomes the EU's firm stance on focusing efforts on the quantity and quality of development aid; calls on other developed partners and on emerging countries to scale up their development assistance, and 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; stresses that all donors should ensure that ODA represents genuine transfers to developing countries;

7. Stresses 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, from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources; deplores the lack of progress on the additionality of climate finance to ODA; 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 to be held in December 2015; considers that the EU should propose intermediate steps on the path to full additionality; urges Member States to use revenues raised through carbon markets for climate action in developing countries; also calls on emerging economies to mobilise climate finance for developing countries;

8. Supports 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; welcomes further European and international efforts to identify further additional sources;

9. Emphasises that ODA should remain the standard measure of financial efforts made; supports the introduction of a complementary total official support for sustainable development (TOSSD) indicator provided it is made fully clear that this shall not in any way replace or reduce the importance of the ODA measure;

10. Notes that while most ODA is provided in the form of grants, concessional loans are also important but add to debt burdens and risk leading to a debt bubble, notably in sub-Saharan African and Caribbean countries which have limited revenues to service debt; calls, accordingly, on donors to give aid to LDCs in the form of grants; considers that concessional loans might not be suitable for investments in social sectors where profit generation is not sought; welcomes the agreement by the OECD Development Assistance Committee (OECD-DAC) to modernise the reporting of concessional loans by introducing a grant equivalent system for the purpose of calculating ODA figures;

11. Points out that the EU is the world's leading donor of 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;

12. Calls 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;

13. 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 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 the 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;

14. 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 reduce 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;

15. 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 coordination process;

16. Calls on the EU and its Member States to promote an aid effectiveness agenda building on the commitments in the Busan Partnership for Effective Development Cooperation, reduction of aid fragmentation through pooled funding mechanism, and greater coordination between different aid delivery mechanisms and stakeholders; stresses that all development finance should be pro-poor, gender-sensitive, environmentally sound and climate-proof;

17. 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;

18. 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;

19. Underlines that ODA should prioritise 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, so that developing countries can reach their full potential; stresses that accessibility should be a key criterion in international public financing to promote universal and inclusive

services and infrastructures;

20. 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 resulting in insufficient funding for marginalised or vulnerable communities;

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

22. 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;

Domestic resource mobilisation and international tax cooperation

23. Stresses that domestic resource mobilisation is more predictable and sustainable than foreign assistance and must be a key source of financing; encourages efforts by developing countries to increase such mobilisation; emphasises the importance of improved collection of domestic taxes in developing countries and the need for robust, well-balanced, fair and efficient tax systems that are pro-poor, sensitive to the most vulnerable groups and respectful of international sustainable development commitments; calls for the removal of harmful subsidies in the areas of energy (in particular fossil fuels), fisheries and agriculture;

24. Asks 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 and transfer mispricing; believes that the Union has a key role to play in this; recalls the importance of distribution of tax revenues from natural resources, especially through the creation of sovereign wealth funds; stresses the need to accelerate and scale up ongoing efforts to improve budgetary reporting, and calls for increased harmonisation of budgetary reporting practices across countries;

25. Calls on the EU and its Member States to actively crack down on tax havens, tax evasion and illicit financial flows, which dwarf development assistance and contribute to developing countries' debts, to cooperate with developing countries in counteracting aggressive tax avoidance practices by certain transnational companies, and to seek ways to help developing countries withstand pressures to engage in tax competition, since this undermines the mobilisation of domestic resources for development;

26. Supports the setting-up of an intergovernmental body for tax cooperation under the auspices of the UN; encourages the automatic exchange of information; calls 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;

27. Considers that international corporate tax rules should include the principle that taxes should be paid where value is extracted or created;

28. Stresses the decisive importance of good governance, human rights protection, the rule of law, institutional framework and regulatory instruments; especially supports 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 and inequality, including among children and in terms of gender; recognises the need for accessible infrastructures and selective public investments, as well as the sustainable use of natural resources, including by the extractive industries;

29. Stresses that financing for development must strengthen the resources available to promote equality between women and men, women's rights and women's empowerment; emphasises the specific role of women in society, and stresses that this should include the implementation of gender budgeting, targeted investments in key sectors such as health and education and steps to ensure that all development finance takes full account of the situation of women and girls;

30. Calls for greater financing of research and development in science, technology and innovation in developing countries, while recognising that this financing should be both domestic and international; urges the promotion of research and development that can advance progress in tackling complex challenges and towards good management of global public goods, such as technology and innovation for health; notes the important role of micro, small and medium enterprises (MSMEs) in this context; calls for a review of intellectual property rights regimes introduced in developing countries through free trade agreements in order to identify any adverse impacts on public health, the environment or technology transfer;

Private sector and civil society

31. Underlines the high importance of establishing favourable conditions for private enterprise and entrepreneurship in developing countries, especially for MSMEs, as they play a fundamental role as an engine for job creation and inclusive growth; calls in particular for further strengthening microfinance loan and guarantee systems; insists on the necessity of further developing local and regional banks and credit unions in order to significantly decrease excessive interest rates for market loans so as to better support community development at a local level[1]; calls for alignment of the private sector with the SDGs through appropriate partnerships, financial instruments, incentives, an accountability framework and effective Corporate Social Responsibility (CSR); recalls the need to comply with agreed international standards such as the International Labour Organisation (ILO) standards and the UN Guiding Principles on Business and Human Rights;

32. Stresses the need to promote the provision to undertakings of instruments for information, training and advice platforms essential to their development;

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

33. Stresses that, in order to impart long-term impetus to the economy, it is essential to give young people and women access to credit to support start-ups;

34. Stresses the social cohesion role played by the collective entrepreneurship of producers' associations in preventing ethnic and religious conflict;

35. Insists that the EU's support for and cooperation with the private sector can and must contribute to reducing poverty and inequality and respect and promote human rights, environmental standards, climate commitments and social dialogue; calls for the establishment of a legally binding framework for companies, including transnational corporations with a grievance mechanism;

36. Calls for the EU to set up, together with developing countries, a regulatory framework, in line with UNCTAD's comprehensive Investment Policy Framework for Sustainable Development, that stimulates more responsible, transparent and accountable investment, contributing to the development of a socially conscious private sector in developing countries;

37. Calls on the Commission to support increased access to finance for MSMEs and cooperatives in developing countries; underlines the importance of microfinance loan systems, especially for women; encourages further developing local and regional banks and credit unions; asks the Commission to encourage developing countries in setting up policies and legal frameworks conducive to the development of banking services; points to the need - at various levels, including among poor people, women and other vulnerable groups - for information and training on financial matters, the use of banking products and insurance, and relevant new technologies;

38. 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 (PPPs) 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 aligned with national development objectives and with development effectiveness principles; encourages PPPs in particular in the field of research related to the Innovative Medicines Initiative such as the Ebola+ programme;

39. Calls for the adoption of international standards and criteria and debt risk analysis for blending projects and PPPs that attract private finance and support local businesses, while respecting agreed ILO, WHO and international human rights standards; 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; calls on the EIB and other development finance institutions to prioritise investment in companies and funds that publicly disclose beneficial ownerships and apply country-by-country reporting;

40. Supports increased market access for developing countries, especially LDCs, as it can strengthen the private sector and create incentives for reform; urges the Commission to

ensure that trade and investment agreements, especially with developing countries, LDCs and fragile states, are aligned with the SDGs and promote human rights and regional integration; emphasises that such agreements should be subjected to SDG impact assessments; supports the Commission's suggestion of updating its Aid for Trade Strategy in light of the outcomes of the post-2015 negotiations and to grant special and differential treatment to developing countries, LDCs and fragile states in trade agreements while respecting their policy space to take sovereign decisions in accordance with their national context and their populations' needs;

41. Calls for action to boost the use and transparency of national public procurement systems in activities managed by the public sector and for the strengthening of competition authorities in developing countries;

42. Highlights the positive contribution of migrants to the development of their countries of origin, and calls for more effective and innovative cooperation in migration policy between origin and destination countries; draws attention to the significant and growing financial flows represented by remittances from the diaspora and supports the creation of diaspora funds; calls for further efforts to bring down transfer costs to increase the impact on local development in origin countries;

43. Calls for increased participation of local authorities and civil society, including community-based NGOs, in discussions on development priorities, notably at the Addis Ababa conference, and for a more inclusive and accountable implementation of the post-2015 agenda; underlines the role of NGOs in the implementation of operations on the ground and the development of accountability, monitoring and review mechanisms; recognises that the role of local authorities in the implementation of the SDGs requires the allocation of the necessary means; calls for increased consultation of young people in the discussions on the post-2015 agenda, namely through innovative communication technologies; underlines the role of EU delegations as facilitators of such dialogues;

Global governance

44. Recalls the UN's central role, in complementarity with other existing institutions and forums such as the OECD, in global economic governance and development; calls for equal and gender-balanced representation of all countries in multilateral institutions and other norm- and standard-setting bodies, including in international financial institutions; recalls that all international financial institutions should abide by basic transparency standards - as set out in the Transparency Charter for International Financial Institutions - and enact public disclosure policies;

45. Insists that sustainable debt solutions, including standards for responsible lending and borrowing, must be facilitated through a multilateral legal framework for sovereign debt restructuring processes. with a view to alleviating the debt burden and avoiding unsustainable debt; asks the EU to engage constructively in the UN negotiations on this framework; urges the EU to push for the implementation of the UNCTAD principles of responsible sovereign debt transactions for both borrowers and lenders;

46. Welcomes the international efforts to relieve the international debt obligations of Ebola-

affected countries in order to help them face the economic crises caused by the epidemic;

47. Calls for a review of international organisations' programmes and instruments of financial assistance for development in order to align them with the new SDGs; urges notably, 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; calls notably for an increase in the amounts available to the European Investment Bank, beyond its current mandate, in order to further increase its funding to low-income countries;

Monitoring, accountability and review

48. Calls for an agreement at the Addis Ababa conference on a robust, transparent and accessible monitoring and accountability framework for effective tracking and follow-up of investment and progress as regards specific commitments and objectives; calls for an international initiative to improve the quality of statistics, data and information, including data disaggregated by income, gender, age, race, ethnicity and migratory status, disability, geographic location and other characteristics relevant in national contexts; asks 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 and by committing to systematically publishing accurate, timely and comparable revenue and expenditure data as well as budget documents; notably, asks the Commission to further monitor and control its financing of aid programmes and projects and to take the appropriate measures in case of evidence of corruption and mismanagement; urges the Commission, equally, to upgrade its assistance in order to strengthen the judiciary and anti-corruption agencies in developing countries;

49. Calls 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; welcomes global efforts to ensure that data used in the implementation of the SDGs are sufficiently disaggregated for income, gender, age and other indicators, so that the impact of the policies can be effectively monitored;

50. Reiterates 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 Gini coefficient, a gender equality measure, the carbon footprint and the ecological footprint;

51. Instructs its President to forward this resolution to the Council, the Commission, the Vice-President of the European Commission / High Representative of the European Union for Foreign Affairs and Security Policy, the Secretary-General of the United Nations, and the Co-Facilitators for the preparatory process of the Third International Conference on Financing for Development.

16.4.2015

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Development

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

Rapporteur: Charles Goerens

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 level[1];

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 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.

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

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

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	20.4.2015
Result of final vote	+: 19 –: 1 0: 3
Members present for the final vote	Beatriz Becerra Basterrechea, Ignazio Corrao, Nirj Deva, Doru-Claudian Frunzulică, Enrique Guerrero Salom, Maria Heubuch, Hans Jansen, Teresa Jiménez-Becerril Barrio, Stelios Kouloglou, Arne Lietz, Linda McAvan, Norbert Neuser, Maurice Ponga, Lola Sánchez Caldentey, György Schöpflin, Pedro Silva Pereira, Davor Ivo Stier, Bogdan Brunon Wenta, Anna Záborská
Substitutes present for the final vote	Louis-Joseph Manscour, Judith Sargentini, Eleni Theocharous, Joachim Zeller