



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Development

2010/2105(INI)

9.12.2010

OPINION

of the Committee on Development

for the Committee on Economic and Monetary Affairs

on innovative financing at a global and European level
(2010/2105(INI))

Rapporteur (*): Nirj Deva

(*): Associated committee – Rule 50 of the Rules of Procedure

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SUGGESTIONS

The Committee on Development calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Recalls that 300 billion dollars will be needed in order to achieve the MDG objectives by 2015; deplores the fact that, despite their recent declaration at the UN's High Level Summit on the MDGs in September 2010, a majority of developed nations have not yet honoured their 2005 commitment to increasing development aid and that a much more concerted effort has to be made; underlines that it is not acceptable that innovative financing mechanisms (IFMs) might be seen as encouraging certain countries to renounce official development assistance (ODA); stresses that ODA commitments and innovative financing mechanisms must be seen as essential and complementary in the fight against poverty;
2. Stresses that public supervision and transparency of innovative financing systems are a sine qua non condition for their introduction, incorporating the lessons of the recent financial and food crises;
3. Stresses the urgent need to improve EU coordination on wealth creation measures in local markets and that promoting innovative financing for development should not be found only in increasing taxation but should also explore other paths, such as enhancing domestic revenue, which can be best achieved through the recognition and protection of property rights, land mapping, and improving the business and investment environment of developing countries;
4. Recalls that major pandemic diseases – AIDS, tuberculosis and malaria – which strike developing countries, and sub-Saharan Africa in particular, constitute a major challenge for the Millennium Development Goals; recalls, in this context, that a solidarity contribution levied on air tickets is an important financial tool in addressing health problems and one that needs to be further developed; calls, in particular, on the Commission to examine further financing mechanisms to address global health issues, and to facilitate access to medicine in poor countries;
5. Notes that the fundamental objective of IFMs, such as an international tax on financial transactions or a share of the revenues generated from carbon emission auctions, is the allocation of additional financial resources, over and above development aid to meet the major global challenges in the areas of climate change and development policy, thereby enabling us to achieve the objectives set out in the Millennium Development Goals and cope with climate change; notes that these mechanisms enable us to rely on more stable resources which are more predictable than development aid and are particularly suited to financing non-financial services essential for development such as health and education;
6. Welcomes the fact that the Final Declaration of the UN Summit on the Millennium Development Goals, adopted on 22 September 2010, refers, for the first time, specifically to the role of innovative financing in order to fulfil the MDGs;

7. Underlines the success of innovative financing mechanisms to date, in particular the UNITAID international facility for the purchase of drugs, the International Finance Facility for Immunisation (IFFIm) and the advance market commitment (AMC) for vaccination against pneumococcal disease, which have to date raised over USD 2 billion; notes that other innovative financing mechanisms have also proved effective, for example debt-for-nature or debt-for-health swaps or bunker fuel taxes;
8. Notes that a number of Member States have come out in favour of a tax on financial services;
9. Recalls the firm support given by a number of European Heads of State or Government for the implementation of a tax on financial transactions at the UN Summit on the Millennium Development Goals in September 2010 and expects decisive action from them in support of this commitment;
10. Calls on the Member States which have not yet done so to join the pilot group on innovative financing mechanisms set up in 2006 and participate in all existing mechanisms, including the solidarity contribution on airline tickets;
11. Urges the Commission to propose the implementation of innovative development financing mechanisms at EU level;
12. Calls on the institutions and EU governments to examine closely the possibility of creating a worldwide lottery to fund measures to combat hunger, as proposed by the World Food Programme, in the form of the Food Project;
13. Takes the view that ODA will fail to eradicate poverty if the G20, the EU and financial institutions do not take a determined stance in opposing corrupt administrations in recipient countries; stresses, therefore, the need to upgrade the EU's assistance regarding the strengthening of tax authorities, the judiciary and anticorruption agencies in developing countries; urges the EU Member States to combat bribery committed by companies domiciled in their jurisdictions but which have operations in developing countries;
14. Recalls that an estimated EUR 800 billion i.e. 10 times ODA, is lost annually from developing countries through illicit means such as unlawful capital flows and tax evasion, the prevention and reduction of which could prove decisive in achieving MDGs; urges the EU and its Member States to place the fight against tax havens, corruption and harmful tax structures at the top of the agenda in all international fora so as to enable developing countries to raise domestic revenues;
15. Recalls the collective responsibility of the G20 to mitigate the impact of the crisis on developing countries, which have been hard hit by indirect effects of the crisis; recalls, furthermore, that, although the 2008 financial crisis was triggered by a lack of regulation and excesses in the financial sector, financial services are exempted from VAT; welcomes, accordingly, the proposal of the Commission to consider in its 2011 work programme a financial activities tax (FAT) to respond to global and European challenges;
16. Urges that, in order to achieve transparency in ODA, accountability be promoted through

the strengthening of national control mechanisms and parliamentary scrutiny of aid; calls on the EU and the G20 to pursue their agenda to crack down on tax havens and tax secrecy, promoting country-by-country reporting;

17. Calls on the Council and the Commission to promote and work towards the implementation of innovative financing instruments for development such as an international financial transaction tax, transport levies, the fight against illicit capital flow and the reduction or alleviation of remittances' costs;
18. Notes that the economic and financial crisis will throw many developing countries into a new debt crisis and calls on the Commission and the Member States to renew their efforts to alleviate the debt burden on developing countries;
19. Recalls that developing countries are the least well equipped to deal with climate change, and are, generally speaking, likely to be the principal victims of this phenomenon; urges implementation of the EU financial pledge under the Copenhagen Accord and the Global Climate Change Alliance; urges the EU to assume a pivotal role in joint initiatives by the industrialised countries to make a larger and more specific contribution to supporting development in the third world, to which they have a historic responsibility.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	9.12.2010
Result of final vote	+: 15 -: 0 0: 5
Members present for the final vote	Thijs Berman, Michael Cashman, Ricardo Cortés Lastra, Nirj Deva, Leonidas Donskis, Charles Goerens, Catherine Grèze, Filip Kaczmarek, Franziska Keller, Miguel Angel Martínez Martínez, Gay Mitchell, Maurice Ponga, Birgit Schnieber-Jastram, Michèle Striffler, Alf Svensson, Eleni Theoharous, Iva Zanicchi, Gabriele Zimmer
Substitute(s) present for the final vote	Santiago Fisas Ayxela, Martin Kastler, Judith Sargentini, Patrizia Toia