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*Committee on Development*

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**2013/2074(INI)**

25.6.2013

# **OPINION**

of the Committee on Development

for the Committee on Foreign Affairs

on corruption in the public and private sectors: the impact on human rights in  
third countries  
(2013/2074(INI))

Rapporteur: Michal Tomasz Kaminski

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## SUGGESTIONS

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

1. Stresses that corruption in the public and private sectors undermines democracy, governance and the rule of law and weakens state institutions, thus impairing the ability of governments to fulfil their human rights obligations, particularly with regard to the economic and social rights of the most vulnerable and marginalised groups;
2. Believes that corruption is not just bribery of public officials but also, among other things, tax avoidance and tax evasion which, carried out under secrecy, undermine the public interest;
3. Notes that the fight against corruption in the public and private sectors can also have an influence on political stability;
4. Emphasises that the fight against corruption is impossible without free and easy access to justice for all citizens;
5. Recognises that corruption misallocates resources and is detrimental to sustained economic growth and poverty reduction, and is one of the obstacles to the achievement of the Millennium Development Goals; recalls that the cost of corruption is estimated at over 5 % of global GDP, far exceeding the value of global official development assistance, and that bribes paid yearly are thought to be equivalent to the GDP of Africa, while, at the same time, some 1.4 billion people worldwide still live in poverty; condemns corruption as it violates the principles of equality and non-discrimination, in particular when it means that access to basic services such as health, education or water is dependent on bribes, and notes that corruption is one of the causes of food insecurity, as it diverts public resources allocated for food to individuals for private gain;
6. Stresses that corruption often fuels crime and contributes to conflict and fragility, and takes the view that fighting corruption should be given greater weight in EU's conflict prevention efforts and in its actions to deal with situations of fragility;
7. Emphasises that the poorest people in developing countries, as they are heavily reliant on public services, are hurt disproportionately by petty corruption, including so-called 'quiet corruption' whereby public officials fail to deliver services or inputs that have been paid for by the government (as in the cases of absentee teachers in public schools or absentee doctors in primary clinics);
8. Stresses that development aid can help support the fight against corruption by encouraging change, ensuring the transparency of aid flows, promoting political dialogue on governance issues and backing efforts by partner countries to tackle corruption; emphasises the importance of the International Aid Transparency Initiative (IATI), which is the international standard on the publication of aid flows;
9. Calls for transparent and fair trade, and for an equitable investment policy to fight against illicit financial flows, without which the quality of governance – including the ability to

collect taxes – is undermined, and the rights of the population – such as the right to education and healthcare – cannot be upheld;

10. Stresses that corruption is a global phenomenon that needs to be prevented, punished and eradicated, and that the EU needs a common approach to fighting both the external and the internal dimensions of corruption in order to limit the use of EU development aid in non-transparent way; calls, in this context, for greater accountability and traceability regarding the use of EU aid money, and for the establishment of a framework for initiating legal proceedings against EU and foreign companies suspected of engaging in corruption in third countries;
11. Is of the opinion that fighting corruption presupposes the eradication of tax havens, tax evasion and illicit capital flights from developing countries through the introductions of legislation that obliges transnational corporations automatically to disclose the profits made and taxes paid in every developing country in which they operate;
12. Draws attention to the existence of a handbook based on the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, which allows companies to take effective internal control, ethical and compliance measures in order to prevent and detect cross-border corruption;
13. Stresses the important role that national parliaments and civil society organisations can play in holding their respective governments to account by monitoring government revenues and the tax payments and investment contracts of transnational corporations; calls on developing countries to create favourable conditions for parliaments and civil society organisations to play their watch-dog role;
14. Suggests that particular efforts be made, with the help of existing specialised international bodies, to step up the fight against corruption in emerging and developing countries with a view to introducing the reforms needed to be able to detect and prevent corruption in close cooperation with those states;
15. Notes the worrisome increase in the volume of capital flight from developing countries, whereof the proceeds of corruption is thought to amount to around 3 % of the estimated illicit financial flows, and recalls that only 2 % of these illicit flows are repatriated to their countries of origin;
16. Stresses that corruption creates obstacles to foreign direct investment (FDI) and discourages external actors from engaging in economic cooperation with developing countries;
17. Stresses that corruption increases inequality and breeds poverty by perpetuating tax evasion; notes with concern that corruption costs African economies USD 148 billion per year and is responsible for losses of up to 50 % of tax revenue of the countries concerned, which in most cases is higher than their entire foreign debt; underlines that aid is also tainted by corruption, with huge sums finding their way into foreign bank accounts;
18. Calls on the EU and the Member States to provide legal and technical assistance to developing countries that wish to recover stolen assets (or assets accumulated illegally by dictatorships) that are held in the territory of the European Union;

19. Believes that fighting corruption, including tax havens, tax evasion and illicit capital flights, is part of a broader effort to promote good governance, which is defined as one of the key priorities to enhance the effectiveness of EU development policy in the 2011 Agenda for Change (COM(2011)0637); emphasises the need for the full and immediate enforcement of the UN Convention against Corruption;
20. Recalls the commitments undertaken through the Busan Partnership for Effective Development, and calls on the EU and its Member States to implement them in order to intensify the joint efforts to fight corruption and illicit money flows;
21. Believes that ensuring the consistency of development policies is essential in order to tackle and eradicate corruption; emphasises as well that EU assistance, under the Development Co-operation Instrument (DCI) and the European Development Fund (EDF), in the areas of fiscal governance and action on tax fraud needs to be increased.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	24.6.2013
<b>Result of final vote</b>	+: 24 -: 0 0: 0
<b>Members present for the final vote</b>	Thijs Berman, Michael Cashman, Leonidas Donskis, Charles Goerens, Catherine Grèze, Mikael Gustafsson, Eva Joly, Michał Tomasz Kamiński, Norbert Neuser, Bill Newton Dunn, Maurice Ponga, Jean Roatta, Keith Taylor, Patrice Tirolien, Anna Záborská
<b>Substitute(s) present for the final vote</b>	Kriton Arsenis, Agustín Díaz de Mera García Consuegra, Fiona Hall, Edvard Kožušník, Krzysztof Lisek, Csaba Óry, Patrizia Toia
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Luigi Berlinguer, Claudiu Ciprian Tănăsescu