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EU member states urged to honour development promises

Written by Pedro Silva Pereira, Paul Rübig, Jan Zahradil, Charles Goerens and Heidi Hautala on 21 May 2015 in Special Report
Special Report

MEPs have voted through a resolution calling on the member states to meet their official development assistance (ODA) targets and set a timetable for reaching them by 2020.

Key rapporteurs Pedro Silva Pereira, Paul Rübig, Jan Zahradil, Charles Goerens and Heidi Hautala give the Parliament Magazine their views.

Pedro Silva Pereira (S&D, PT) is parliament's rapporteur on financing for development

This year, the world will make key decisions on sustainable development by reaching agreements on financing for development, the post-2015 agenda and climate change. The Addis Ababa conference on financing for development in July must create the right conditions for financing and implementing the post-2015 agenda.

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The Mediterranean crisis reminds us how important development policy is and the urgency to take the sustainable development goals (SDGs) commitment seriously. Development should be properly financed, not scaled back.

We can ask for more from other countries, but we also have to ask more of ourselves. In the European year for development, the European Union, the world's largest aid donor, should stay true to its values and lead by example in the financing for development process.

My report on financing for development, adopted by a large majority, is parliament's input for the EU's position at the Addis conference. The report sends a strong political message to the commission, council and the member states on the leading role that the EU should play in the upcoming negotiations.

First, the EU needs to recommit without delay to the international aid target of 0.7 per cent of gross national income (GNI), with 50 per cent of official development assistance being earmarked for the least-developed countries, while presenting a credible timetable to reach this goal by 2020.

Second, we need more domestic resource mobilisation in developing countries, namely through progressive taxation and effective international tax cooperation.

Third, because public aid is not enough, the private sector needs to be more aligned with the SDGs. More transparency and accountability will also lead to better outcomes.

Much is at stake: without ambitious and credible financial commitments in Addis Ababa, the future SDGs risk becoming merely pretty words.

Paul Rübig (DE) is parliament's EPP group shadow rapporteur on financing for development

The EPP believes that Europe needs to remain the leader in global development efforts and calls on member states to re-commit to 0.7 per cent of GNI to official development assistance (ODA), taking into account national budgetary constraints.

This means that we are in favour of raising financing for development, but in doing so we should not lose sight of the financial difficulties experienced by some countries, especially in light of the economic crisis.

There is a need for a completely new approach to financing development. We need to go beyond ODA and work on mobilising all types of finance - public and private, international and domestic. However, mobilising financial resources alone will not be sufficient.

Policies are of fundamental importance in achieving the SDGs. We need policies to ensure that finance is used effectively and that it is invested in areas that are enablers of development and which enable the further mobilisation of resources.

We are convinced that the EU's development policy needs to focus in a more assertive way on the promotion of good governance, building effective and inclusive institutions, as well as building peaceful societies.

Furthermore, special attention should be given to engaging the private sector in development, as well as creating a business-friendly environment for SMEs. This would allow the creation of jobs, especially for the younger generation, and would lead to more sustainable development. As such, measures such as micro credit systems need to be promoted further.

Jan Zahradil (CZ) is parliament's ECR group shadow rapporteur on financing for development

Ahead of the Addis Ababa high-level international conference, we need to create the necessary conditions for financing and implementing the post-2015. Yes, member states have to stick to their ODA commitments but it is not enough.

Massive investment is required in developing countries in terms of infrastructure, water supply and energy and the private sector will be one of the key sources of finance in the future. Therefore, we have to find new ways to stimulate transparent and accountable private sector investments in developing countries and also ensure that new regional (and global) powers take responsibility when it comes to helping the poor.

I welcome and support this report's overall approach, favouring in particular the emphasis on the private sector as a key driver of economic growth, an increased focus on supporting SMEs and the renewed call to make combating corruption, money laundering, illicit flows of capital and harmful tax structures an overriding priority in financing development.

However, I won't be able to support the call for innovative financing including financial transaction taxes (FTT). A possibility of introducing an FTT only at the EU level would be incredibly damaging, driving out financial services from European hubs - such as London - to places where such a tax has not been implemented - Hong Kong, Dubai or New York. We would support such a tax only if it could be agreed upon at a global level.

The report also includes additional administrative burdens to companies such as the creation of public registers of beneficial ownership and mandatory country-by-country reporting for transnational companies in all sectors.

Charles Goerens (LU) is parliament's ALDE group shadow rapporteur on financing for development

As one of the primary actors within the development sector, the EU will be able to take a leading role during UN summit in Addis Ababa. European representatives will arrive bearing good and bad news.

The good news is that the EU will reach its target of 0.7 per cent of member states' GNI going to development aid, according to a timeline that is yet to be decided. The bad news is that during a summit in Monterrey, the EU had already promised to achieve this goal by 2015, but failed to do so.

However, other countries have not fared much better with their pledges. Therefore, we can only hope that Addis Ababa will be an opportunity for participants to meet their responsibilities, and that all participants announce ambitious yet attainable objectives.

In addition, developing countries - where there is the most poverty - should also assume their responsibilities in terms of the fight against poverty, as thanks to their increasingly flourishing economies they now have greater resources at their disposal for tackling the issue.

While developing countries themselves should do as much as they can to prepare for the future, the poorest countries will not be able to go it alone. Ideally, the EU, in full awareness of its weight and responsibility, will guide the conference along the right path.

Heidi Hautala, is parliament's Greens/EFA group shadow rapporteur on financing for development and former Finnish international development minister

The European parliament has managed to send a powerful message to the commission and member states requesting the EU to take the lead in financing for development in the ongoing sustainable development goals negotiations and ahead of Addis Ababa conference.

MEPs urged the EU and the member states to re-commit without delay to the 0.7 per cent of GNI target for ODA - directing half of it to the least developed countries. Disappointing was the fact that that the budgetary constraints were allowed to be taken into account while moving towards the 0.7 target by 2020. This reservation ignores the function of ODA as a global tax for the common good.

I would have also wanted to see parliament making stronger demands for a framework on the growing importance of private sector financing. What did not get due attention in the report, was the need to establish proper human rights safeguards in climate financing. MEPs did, however, called for the establishment of a legally binding framework on the accountability of companies.

Parliament also demanded new and additional climate financing, debt restructuring, the removal of harmful subsidies, participation of civil society organisations in negotiations, and the need for sustainable criteria for combining EU grants with loans from public and private financiers.

Domestic resource mobilisation was considered a key source of financing due to being more predictable and sustainable than foreign assistance. The EU should use all its instruments to combat tax evasion and support tax administrations in developing countries. To that end, MEPs called for establishment of an intergovernmental body on tax matters under the auspices of the UN. The commission, however, declared its scepticism towards such an idea. Some convincing will therefore be needed.

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