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# **DRAFT REPORT**

on financing for development – ahead of the Fourth International Conference  
on Financing for Development in Seville  
(2025/2004(INI))

Committee on Development

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on financing for development – ahead of the Fourth International Conference on Financing for Development in Seville (2025/2004(INI))

*The European Parliament,*

- having regard to UN General Assembly Resolution 70/1 of 25 September 2015 entitled ‘Transforming our world: the 2030 Agenda for Sustainable Development’, adopted at the UN Sustainable Development Summit in New York and establishing the Sustainable Development Goals (SDGs),
- having regard to the Addis Ababa Action Agenda of the Third International Conference on Financing for Development held in Addis Ababa from 13 to 16 July 2015,
- having regard to the Paris Agreement of 12 December 2015, adopted at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change,
- having regard to the report of the Organisation for Economic Co-operation and Development of 10 November 2022 entitled ‘Global Outlook on Financing for Sustainable Development 2023: No Sustainability Without Equity’,
- having regard to the report of the Organisation for Economic Co-operation and Development of 5 September 2024 entitled ‘Multilateral Development Finance 2024’,
- having regard to the UN Secretary-General’s SDG stimulus to deliver Agenda 2030 of February 2023,
- having regard to UN General Assembly Resolution 79/1 of 22 September 2024 entitled ‘The Pact for the Future’, adopted at the Summit of the Future in New York,
- having regard to the joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission of 30 June 2017 entitled ‘The new European consensus on development: Our world, our dignity, our future’<sup>1</sup>,
- having regard to the Council conclusions of 10 June 2021 on enhancing the European financial architecture for development,
- having regard to its resolution of 24 November 2022 on the future European Financial Architecture for Development<sup>2</sup>,

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<sup>1</sup> OJ C 210, 30.6.2017, p. 1.

<sup>2</sup> OJ C 167, 11.5.2023, p. 57.

- having regard to its resolution of 15 June 2023 on the implementation and delivery of the Sustainable Development Goals<sup>3</sup>,
  - having regard to Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009<sup>4</sup>,
  - having regard to the Climate Bank Roadmap of the European Investment Bank (EIB) of 14 December 2020,
  - having regard to the joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 1 December 2021 entitled ‘The Global Gateway’ (JOIN(2021)0030),
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the report of the Committee on Development (A10-0000/2025),
- A. whereas mobilising even a small fraction of global wealth for sustainable development remains difficult, with UN Trade and Development estimating that the annual SDG financing gap in developing countries has increased to USD 4–4.3 trillion;
  - B. whereas developing countries face significantly higher borrowing costs, further exacerbating the finance divide;
  - C. whereas more than half of low-income countries in the world are currently either in debt distress or at high risk thereof;
  - D. whereas the structure of creditors is changing and becoming more complex, with private creditors and new bilateral creditors outside the Paris Club playing a much larger role;
  - E. whereas the upcoming Fourth International Conference on Financing for Development in 2025 presents a critical opportunity to reform the global financial architecture;
  - F. whereas the current international financial architecture is based on the Bretton Woods Agreements of 1944, which represents an architecture that today is no longer capable of meeting the needs of the 21st century multipolar world;
  - G. whereas globalisation, the increased prevalence and size of multinational enterprises and changes in business models have enabled base erosion and profit shifting on a significant scale; whereas international tax cooperation and rules are still insufficient to address these challenges;
  - H. whereas illicit financial flows out of developing countries and corruption remain a very significant problem;

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<sup>3</sup> OJ C, C/2024/493, 23.1.2024, ELI: <http://data.europa.eu/eli/C/2024/493/oj>.

<sup>4</sup> OJ L 209, 14.6.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/947/oj>.

- I. whereas the EIB, through its development arm EIB Global, has committed to increasing the impact of international partnerships and development finance outside the European Union;
- J. whereas the EIB expanded its regional presence, including by opening new regional representation offices, such as the one in Jakarta, Indonesia, to strengthen engagement in southeast Asia and the Pacific;
- K. whereas the EIB, through EIB Global, is committed to sustainable development, climate action and innovative investments in developing countries;
- L. whereas in 2023 only five countries worldwide met or exceeded the United Nations' target of spending 0.7 % of their national wealth on official development assistance (ODA); whereas the successful mobilisation of further capital, both private and public, in addition to ODA and other existing forms of development finance, is critical;

### ***Principles and objectives***

- 1. Reiterates that EU development policy must be driven by the principles and objectives set out in the UN 2030 Agenda for Sustainable Development, the Paris Agreement and the Addis Ababa Action Agenda;
- 2. Emphasises the need for a comprehensive and integrated approach to development financing, as outlined in the Bridgetown Initiative, which calls for liquidity and debt sustainability issues to be addressed, development finance to be scaled up and private capital to be mobilised to achieve the SDGs;
- 3. Urges the EU and its Member States to work towards mobilising an additional USD 500 billion per year for climate change mitigation and adaptation in developing countries, as proposed in the latest version of the Bridgetown Initiative;
- 4. Calls for the establishment of specific taxes, such as a levy on the windfall profits of fossil fuel companies, financial transactions and emissions on shipping and aviation, to help finance global public goods and support sustainable development;
- 5. Stresses the importance of policy coherence for development as a fundamental part of the EU's contribution to achieving the SDGs;
- 6. Underlines the importance of fostering stronger, more inclusive multi-stakeholder partnerships and of tailoring development partnerships to reflect the capacities and needs of partner countries;

### ***Debt***

- 7. Calls for the reform of the Common Framework to ensure fair burden-sharing among all creditors, including multilateral development banks where necessary, without jeopardising their financial health, to deal in particular with problems such as enormous delays in implementing restructurings and the lack of a common understanding and

enforceable rules as regards the comparability of treatment of official and private creditors;

8. Believes that, in many cases, only general debt relief, accepted by all creditors, can put a country back on a sustainable path of financing, instead of deferring debt repayments;
9. Finds, however, that any such debt relief must be accompanied by internationally agreed principles on responsible borrowing and lending, including higher transparency and accountability standards, capacity building and fighting against corruption;
10. Emphasises the need for enhanced international cooperation to address the changing structure of creditors in sovereign debt, with a focus on including private creditors and new bilateral creditors outside the Paris Club in debt restructuring efforts;
11. Urges the G20 to develop a harmonised framework to strengthen domestic sovereign debt restructuring laws across its member countries, with the aim of facilitating more efficient and equitable debt treatment;

### ***Reform of the international financial architecture***

12. Calls for highly concessional financing of the ecological transition, in particular for mobilising more resources for the Loss and Damage Fund;
13. Calls for the implementation of a rules-based, automatic quota reallocation system in the International Monetary Fund (IMF) to better reflect the changing global economic landscape and ensure fairer representation of emerging economies; in the meantime, calls for IMF special drawing rights to be rechannelled to developing countries and multilateral development bank (MDBs), and for such rights to continue to be regularly allocated;
14. Urges the exploration of innovative financing mechanisms, such as portfolio guarantees and hybrid capital, to further expand MDBs' lending capacity by an additional USD 300-400 billion over the next decade; acknowledges, moreover, the need to work towards the expansion of the balance sheets of MDBs and towards increased access to concessional financing; underlines the need to improve the lending terms of MDBs, including lower interest rates and longer-term loans;
15. Supports the establishment of a joint committee for governance reforms in the Bretton Woods Institutions to enhance transparency, inclusivity and diversity in leadership and staff;

### ***Private business and finance***

16. Emphasises once more the crucial role of private finance to close the financing gap in achieving the SDGs, while recalling that private sector investment in least developed countries and in critical public services such as health, education and social protection, continues to be more difficult;

17. Insists that a conducive business enabling environment is essential for private investment, including through the rule of law, transparency, good governance, anti-corruption measures, investor and consumer protection, and fair competition; calls for further improved access to affordable financing for the informal sector, dominated by micro- and small businesses, often led by women;
18. Calls for the establishment of a dedicated SDG investment facilitation mechanism to identify and develop investment-ready opportunities aligned with the SDGs in least developed countries;
19. Urges the expansion of innovative financing mechanisms, such as blended finance, to mobilise private capital for SDG-aligned projects in least developed countries (LDCs), emphasising the need to double current finance flows to nature-based solutions;
20. Stresses the importance of capacity building and technical assistance for LDCs to develop bankable projects and improve their investment climates;
21. Advocates the creation of a global risk mitigation facility to address the higher perceived risks and borrowing costs faced by developing countries;

### ***Tax cooperation***

22. Welcomes the two-pillar solution for addressing the tax challenges arising from the digitalisation and globalisation of the economy, but deplores that Pillar 1 on reallocation of taxing rights has still not entered into force; calls for the EU and its Member States to ensure that the agreed global minimum corporate tax rate of 15 % for multinational enterprises is effectively applied, and urges the EU to support capacity building initiatives in developing countries to effectively implement that minimum tax rate;
23. Advocates further assistance for developing countries and international cooperation for the purpose of strengthening tax systems, transparency and accountability in public financial management systems and of increasing domestic resource mobilisation, including through the digitalisation of tax systems and administrations;
24. Supports the initiative of Brazil at the most recent G20 summit for a coordinated minimum tax on ultra-high net worth individuals, equal to 2 % of their wealth;
25. Emphasises the need to continue working on combating illicit financial flows, in particular out of developing countries, and corruption, inter alia by investing in human capacities and skills, digitalisation, building up accessible and interoperable data, strengthening governance structures, enhancing regulatory frameworks and promoting regional cooperation;
26. Advocates the creation of a global beneficial ownership registry to enhance transparency and combat tax evasion and illicit financial flows, building on existing EU initiatives in this area;

### ***Official development assistance (ODA) and financing of EU external action***

27. Emphasises that, despite the EU and its Member States remaining the largest global ODA provider, the collective ODA/gross national income ratio has declined from 0.56 % in 2022 to 0.51 % in 2023, falling well short of the 0.7 % target; calls for urgent action to address the cumulative shortfall in meeting the 0.7 % target; is alarmed by the worrying trends that further cut ODA in many Member States and in the EU budget;
28. Urges the EU and Member States to prioritise reaching the immediate target of 0.15 % ODA/gross national income for LDCs;
29. Expresses concern over the increasing trend of tied aid, which reached EUR 4.4 billion (6.5 % of total bilateral ODA) in 2022, and calls for measures to reverse this trend;
30. Stresses the need for a comprehensive approach to development financing, aligning the Neighbourhood, Development and International Cooperation Instrument – Global Europe with the SDGs and the Paris Agreement;
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31. Instructs its President to forward this resolution to the Council and the Commission.

