



ECOSOC
Economic and Social Council Substantive Session 2011
Geneva, 4 – 29 July 2011

(Coordination Segment)

Statement

by H.E. Ambassador Remigiusz A. Henczel
Permanent Representative of the Republic of Poland to the UN Office
in Geneva

on behalf of the European Union and its Member States

United Nations
Geneva
11 July 2011

CHECK AGAINST DELIVERY

Geneva, 11 July 2011

ECOSOC 2011 - Coordination Segment
EU Statement
"Financing for Development"
(agenda item 6a)

Mr. President,

I have the honour to address the Economic and Social Council on behalf of the European Union.

The Candidate Countries Turkey, Croatia^{*}, the former Yugoslav Republic of Macedonia^{*}, Montenegro^{*} and Iceland[†], the Countries of the Stabilisation and Association Process and potential candidates Albania, Serbia, as well as the Republic of Moldova, align themselves with this declaration.

The EU reaffirms its commitments to the Monterrey Consensus and the Doha declaration in its entirety, in its integrity and its holistic approach. In line with this approach, the EU recognises the importance of other financial flows for development besides ODA and the need to look holistically at increasing developing countries' overall revenue base for development in order to achieve sustainable progress towards the MDGs. Effective use of all resources for development is central to the achievement of the internationally agreed development goals, including the MDGs. The EU also considers that all available financing for development needs to contribute to inclusive, sustainable economic growth and decent employment, which are key for achieving the MDGs. However, each country must take primary responsibility for its own development; the role of national policies and development strategies cannot be overemphasized for the achievement of sustainable development.

In this context, generating more domestic resources is widely seen as the most important way of achieving sustainable development and growing out of aid dependency over time. Mobilisation of domestic resources is crucial for the provision of public goods and central for the redistribution of wealth and for accountability of governments towards their citizens. This requires fair, effective and efficient tax systems and sustained commitment to address harmful tax practices and tax evasion. The EU encourages participation of developing countries in international fora as a means to improve international tax cooperation between developed and developing countries.

Increased participation in world trade has the potential to be an engine for growth and poverty reduction in developing countries by generating revenues and employment, lowering prices on essential goods and promoting technology transfer and increased productivity. Trading on regional and international markets has the potential to support inclusive growth and has been an important motor of many development success stories. The EU has consistently supported

^{*} Croatia, the former Yugoslav Republic of Macedonia and Montenegro continue to be part of the Stabilisation and Association Process.

[†] Iceland continues to be a member of the EFTA and of the European Economic Area.

developing countries in using trade as a tool for development and is committed to fostering and supporting ACP regional integration processes and indeed to stepping up its efforts. The EU will continue to work towards an ambitious, balanced and comprehensive outcome of the Doha Development Agenda.

Unilaterally, the EU provides duty-free and quota-free market access for all products from all LDCs. The EU has consistently supported developing countries in using trade as a tool for development. As part of its joint Aid for Trade strategy, the EU as a whole agreed to action to increase aid for trade and enhance its impact. The EU's combined annual aid for trade was EUR 10.5 billion in 2009, maintaining the all time high recorded the year before and thus sustaining its commitments in this area. EU and Member States' trade related assistance increased substantially in 2009, to a collective EUR3 billion, with Africa the biggest recipient of both combined EU trade-related assistance and aid for trade.

Foreign direct investment, remittances and, in general, international capital flows need to be progressively replenished through the renewal of confidence in global markets. Attracting and retaining substantial private domestic and foreign investments and improving infrastructure are key to developing countries' success. The EU recognises the importance of blending grants and loans and other risk-sharing mechanisms when relevant, in order to leverage further resources and thus increase impact. The EU also recognises that economic growth requires a conducive business environment and a competitive local private sector. The EU supports the development of the local private sector and the building of local institutional and business capacity. The EU also believes that every effort should be made to recognize the essential contribution of women as economic actors and to unlock their full potential in this regard.

ODA - the EU continues to account for more than half of global aid. In 2010, collective EU ODA reached a historical high of € 53.8 billion (>USD71 billion), adding more than EUR 4.5 billion new funds in support of developing countries. Since 2004 the EU has provided 65% of all aid increases to developing countries. Unlike most other donors, the EU and its Member States have set themselves the ambitious collective (EE) goal of increasing aid to 0.7% of GNI by 2015. Unfortunately we have fallen short of our intermediate target for 2010, and will need to make further efforts towards the 2015 target. EU leaders confirmed on 24/06/2010 their commitment to reach the targets. ODA remains an important element for reaching international development goals, and all development partners – including new and emerging ones - should do their fair share to reach these on time.

South-South cooperation corresponds to around 10% of global ODA, though those amounts are not officially reported as ODA. The EU supports the strengthening of regional and continental integration efforts (including South-South initiatives) and encourages non DAC donors to officially report on their solidarity and assistance flows, in order to quantify the level of international aid and measure their impact on development.

Aid effectiveness is one of the key pillars of development cooperation to which the EU and its Member States are firmly committed. Improving aid effectiveness will augment the quality and impact of aid and contribute to more value for money. The EU calls on all donors, traditional and new or emerging, to spend their ODA in line with the principles of aid effectiveness contained in the Paris Declaration and the Accra Agenda for Action, in order to maximize its impact and to work towards a successful outcome in Busan. The EU stresses the shared responsibility of developing partners and donors. Developing countries and donors

must ensure transparency of financial flows and accountability of their policies. The EU and its MS adhere to the principles of country ownership, alignment and harmonisation of donor support, as well as transparency and mutual accountability in tracking and achieving results, a joint responsibility for recipients and donor countries.

Innovative financing sources and mechanisms complement other resources. To achieve the MDGs and other internationally agreed development objectives, the EU is committed to seriously considering innovative financing mechanisms with significant revenue generation potential to ensure predictable financing for sustainable development. Several EU Member States already use different innovative sources and mechanisms that have, so far, raised about EUR13 billion for development. The EU welcomes the ongoing work by the Leading Group on innovative Financing for Development, and takes note of the ongoing work of the Task Force on International Financial Transactions for Development and of the Task Force on Innovative financing for Education

Debt relief remains important. The EU and its Member States are doing their share, at a time of financial crisis, to contribute to the full implementation of the Multilateral Debt Relief and Heavily Indebted Poor Countries Initiatives. The EU has consistently advocated a stronger voice for developing countries in international financial institutions and it welcomes the governance reforms introduced in 2010 by both the IMF and World Bank.

The EU also welcomes the role of the G20 in the implementation of the global development agenda, including the internationally agreed development goals and targets, particularly those contained in the Millennium Declaration and the MDGs. Several UN Agencies have been active contributors, and in some cases lead authors, in drafting reports for the G20. The G20 role in considering options to deal with emerging problems of Food Security and the close involvement of the relevant UN agencies is of particular importance.

The EU continues to support the ongoing One UN reform process by taking coherent positions at different UN governing bodies and by providing political, financial and technical support to the “Delivering As One” initiative at headquarters and country level. The EU supports increasing UN system-wide coherence and effectiveness by progressively improving the functioning of agencies and views the establishment of UN Women as a crucial step forward. The EU looks forward to strengthening its partnership with UN Women for the promotion of gender equality and women's rights and empowerment in all countries.

Thank you.