



**Financing for Development – Second substantive informal session**  
**10 November 2014**  
**New York**

I have the honour to deliver this statement on behalf of the EU and its Member States.

[Alignment para]

We welcome this second substantive informal session, which provides an opportunity for views on the global context and the mobilisation and effective use of resources for sustainable development, as part of the preparatory process for the third International Financing for Development Conference.

Distinguished co-facilitators,

In many positive ways, the world has changed since the first Financing for Development Conference in Monterrey. Developing and emerging economies have been driving global growth, with many LICs advancing to the MIC status in the past decade and some developing countries are now leading sources of private investments in other developing countries.

However, global challenges remain complex and require complex solutions. The recent crises, which have hit both developed and developing countries, have shown how interconnected countries are, economically, but also in other ways, like on global health issues. This shows that countries' domestic decisions are no longer of only national interest, but also affect others. This means that all countries need to work together and agree on a common objectives and common directions to achieve them.

As the challenges facing individual countries may differ, mutually supportive policies at all levels are crucial. Policy coherence at the global, regional and national level, across economic, social and environmental areas is needed for the achievement of global objectives. Such policy coherence at national level is key. To meet the global challenges, it needs to be supported by an

effective international system of governance, stable financial markets and economic cooperation. Innovative sources and mechanisms of financing will also have a role to play.

Distinguished co-facilitators,

Data shows that the world has enough resources to meet the sustainable development challenges, if supported by appropriate policies towards agreed objectives. The attention should be placed on how to harness this potential. In this respect, we welcome the report of the International Committee of Experts for Sustainable Development financing, which takes a comprehensive view of these issues, and should form a useful basis for our discussions.

Each country faces a different mix of challenges. For some, the first priority may be tackling basic social services. For others it may be the focus on energy efficiency, managing their public debt, social mobility or some other issue. Successful implementation of the sustainable development goals (SDGs) and other globally agreed objectives will revolve primarily around how national governments deliver for their people. It is also about how governments support each other in this endeavour. It therefore is important to take into account different national contexts, capacities, and levels of development.

It also shows that these challenges cannot be addressed in isolation. Action in one area has an impact on another. Fossil fuel subsidies reduce the cost of transport, but at the same time favour increased budgetary expenditure, more CO<sub>2</sub> emissions and increased inequality through supporting mostly the wealthier classes of society. A comprehensive approach to tackling the three dimensions of sustainable development, and which maximises the synergies between different goals and all sources of finance, is key for progress.

While many countries are now able to cover most of their sustainable development needs, international cooperation is still needed in many areas. For example, national tax and financial rules alone do not match the international nature of the global economy, with global value chains spanning the world. Although many countries face specific challenges that need attention from the international community, support by all providers can be more effective if primarily targeted towards those countries most in need.

The effective use of all sources of finance is also crucial. Experience has shown that financial assistance alone does not necessarily contribute to development. It is widely acknowledged that concentrating only on aid is no longer sufficient for development; through the Aid and Development Effectiveness agenda we should collectively focus on how to best cooperate in a true partnership by identifying all suitable means of implementation in the most effective way, shifting from "aid effectiveness" to "development effectiveness". In particular, it will be important that the post-2015 agenda focusses on results and accountability supported by sound and responsive institutions and an enabling environment, democratic ownership, transparency and reduced fragmentation as key aid effectiveness themes.

Distinguished co-facilitators,

As rightly highlighted at the outset of these sessions, 'an ambitious and transformative post-2015 development agenda will require a comprehensive financing framework for sustainable development.' We welcome efforts for a successful and meaningful outcome that clearly builds on Monterrey, Doha and Rio plus 20 and responds to the need for a comprehensive framework that covers all the means that can be used for implementing the Post-2015 agenda.

Thank you.