

Key elements for EU statements at the UN FFD thematic debate

10/11/2014 Session on the Global Context

1. Context

The discussion can evolve in different directions. Our main interest is for it to confirm the importance of having a strong new global partnership for sustainable development based on a factual grounding for the post-2015 implementation framework. Building on the Monterrey Consensus and the Doha declaration and reflecting the new challenges and emerging issues, the ICESDF report is a good basis for this. The main issue of contention would probably be the level of financing needs and the responsibility of the developed countries to cover these needs. It will be a challenge to stress the importance of good policies and sound institutions in the implementation discussions. On the financing side we need to ensure that public domestic finance and private finance get their due attention, so international finance does not become the dominant issue. On the latter, we should stress the responsibility for emerging donors to contribute their fair share. At the same time the importance of regulatory environments that encourage sustainable investment can also be an issue of strategic contention (perceived trade-off between development and sustainability; scepticism towards market economy) by some countries. Thus the need for outreach activities and genuine dialogue with specific countries to calm such concerns.

2. Overall issues on the session on Global context

- In many positive ways, the world has changed. Since 2002, developing and emerging economies have been driving global growth, with many LICs advancing to the MIC status in the past decade. The country situations can no longer be explained with a dual "North" - "South" categories. For example, some developing countries from the "South" are now leading sources of private investments in other developing as well as developed countries. At the same time, the international financial crises have hit several developed countries particularly hard. ICESDF report shows the big variations between the developing countries in the availability of finance. It shows that domestic revenue has become the dominant sources of sustainable development finance for most of them. It reaffirms that all countries need to put all available tools to work. It also confirms that all countries must shoulder their share of responsibility for global public goods and for a conducive environment for development, taking account of country contexts and national circumstances. Of course, the poorest and most vulnerable countries still need substantial international support by all providers.
- Comprehensive agenda needs comprehensive solutions. The diverseness of country situations and sustainable development challenges requires an approach that starts at country level analysis of the most effective actions to achieve greatest progress. The role of national policies, domestic resources and development strategies cannot be overemphasized. Numerous analyses have shown that good policies, effective institutions and good governance at national and international levels are the key for sustainable development; accordingly finance and policies coupled with sound institutions need to be discussed together as part of the same full package of means of implementation.
- States should recognise that implementing the global post-2015 agenda needs the participation of, and enhanced partnerships between, all stakeholders including all parts of governments, the private sector and civil society, academia, local authorities, foundations, knowledge institutes

and other relevant actors. This multi-stakeholder approach must operate at all levels, including local, national, regional and global.

- The EU therefore believes that the new Global Partnership should encompass the full range of necessary national and international efforts required to implement the post-2015 framework for all countries, based on shared responsibility, mutual accountability and respective capacities. Countries at all stages of development must shoulder their share of responsibility taking account of country contexts and national circumstances. It should promote the effective use of all resources and should be underpinned by a strong review, monitoring and accountability at all levels.

3. Key points on specific issues

i) Global context

- The global challenges are complex and require complex solutions. The recent crises have shown how interconnected countries are, economically but also in other ways, like on global health issues. It shows that countries' domestic decisions are no longer of only national interest, but also affect others. This means that all countries would need to work together and agree on a common objectives and common directions to achieve them.
- The post 2015 agenda is likely to set out ambitious objectives for all. Attaining them will require a new and innovative approach as well to means of implementation and financing for development in particular.
- 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 are needed for the achievement of global objectives. Such policy coherence at national level is key with appropriate follow-up mechanisms to review and assess policy coherence. To meet the global challenges, it needs to be supported by an effective international system of governance, stable financial markets and economic cooperation.

ii) Financing across the three dimensions of sustainable development – major trends and data

- In order to cover all three dimensions of sustainable development – with their interlinkages and interdependencies - a coherent and comprehensive international approach to implementing agreements is important. It needs to be based on shared responsibility, mutual accountability and respective capacities of all stakeholders (public and private).
- The latest academic research as well the ICESDF report give solid data. We know that the financing needs are huge, but at the same time good policies and sound institutions are pivotal for results. We also know that resources are limited, even though global savings are huge. The key message is that countries need to adopt conducive policies for the best use of the resources they have.
- For most developing countries, domestic public finance already dominates the available financing. For some however international public finance remains a very important contribution. Nevertheless, it shows that since Monterrey, many countries have managed to take charge of their development, are able to serve their citizens and are now increasingly engaged in supporting poorer partners in their endeavours. The continuation of the trend would mean that by 2030, there might be very few aid-dependent countries left. ODA has served this progress, and international public finance will need to continue to support those that need it most.

- Private sector finance is huge and their investment decisions are key for progress. Both domestic and international private finance have increased over the years, but are also volatile. The policy-makers need to design policies and incentives that allow private sector to play a positive role in sustainable development including improvement of the sustainable development impact of its undertakings. Here the quality exceeds the importance of quantity. Moreover, the respect for the rule of law, property rights and intellectual property rights are critical elements.

iii) Implications for sustainable development, including poverty eradication and inequalities

- 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.
- Each country faces a different mix of sustainable development 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 something else. Successful implementation of the sustainable development goals (SDGs) 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 CO2 emissions and increased inequality through supporting mostly the wealthier classes of society. This requires coordination and policy coherence.
- It also shows that while many countries are now able to cover most of their sustainable development needs, international cooperation is 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 MICs face specific challenges that still need attention by the international community, support by all providers can be more effective if primarily targeted towards those countries most in need.