

**Key elements for EU comments on issues addressed during the Third Substantive Informal Session of the preparatory process for the Third Financing for Development Conference,**

**9-12 Dec. 2014**

**09/12/2014 Session on 'Enabling and conducive policy environment'**

**1. Context**

- The post-2015 agenda is based on the principle of universality. Implementation is a shared responsibility and requires actions by all parties involved.
- The global partnership should set out the full package of policy measures to create the national and international enabling environment for mobilisation and effective use of all resources while acknowledging that a functioning multilateral and financial system contributes to the framework for the implementation of the SDGs.
- Countries' domestic environments, in terms of policies, practices, institutions and resources, are central to successful implementation of the post-2015 agenda. All governments in consultation with their citizens will need to decide how they will contribute to the achievement of the goals and targets, keeping in mind the need to reach out to all members of society including the most vulnerable. Gender equality should be at the heart of the process.
- Discussion of non-financial factors should complement and be consistent with our approach to financial issues, building on the first and second conferences on Financing for Development and the report of the Intergovernmental Committee of Experts on Sustainable Development Financing.

**2. Overall issues on the session on 'Enabling and conducive policy environment'**

- All countries able to help should support each other in building capacity to create a conducive national and international policy environment.
- Policy coherence for sustainable development is central to implementation of the agenda. All policies at national level need to contribute to the achievement of the SDGs both domestically and internationally, they need to be consistent with and not undermine national objectives for poverty reduction and sustainable development. This requires systems for coordination, analysis, dialogue between stakeholders, monitoring and review.
- The EU strongly supports the development and strengthening of enabling policy environments both within the EU and in other countries. It will continue to support countries, including those in situations of fragility, to establish functioning and accountable institutions that deliver basic services and support poverty reduction and sustainable development. Through capacity-building and exchange of knowledge, the EU is helping partner countries in their efforts to strengthen their regulatory frameworks. The EU will encourage the application of policy coherence for sustainable development with its development cooperation partners. It could also consider ways to build capacity for policy development, resource mobilisation and management, including systems for tax administration, public procurement and for promoting a rights-based approach encompassing all human rights. The EU is actively engaged in many international agreements and will look for opportunities to extend and strengthen them, as well as improve integration

and coordination between them. At international level, the exchange of experience and good practice, the development of tools and guidance documents, and the defining of international level procurement criteria, will help the diffusion and take-up of sustainable procurement in national contexts.

- Based on the principles of shared responsibility, mutual accountability and respective capacity, the global partnership should encompass the full range of necessary sub-national, national, regional and international efforts required to implement the post-2015 framework for all countries. Countries at all stages of development must shoulder their share of responsibility for global well-being through the protection of global public goods and the creation of structural framework conditions that are conducive to sustainable development, taking account of country contexts and national circumstances.
- The private sector creates, in many cases, the majority of the jobs making it the primary source of income generation and livelihoods. The private sector resource flows, innovations and expertise constitute foundation for transformative approaches to sustainable development. acting upon the principles of responsibility in their own business operations, for creating decent employment and opportunities for entrepreneurship and proving innovative solutions for global development challenges is decisive for the increased welfare of the people.
- The involvement of civil society is also important. for grassroots involvement of the people and acting as voice of the marginalized and excluded people.

### **3. Key points on specific issues**

#### **i) International monetary and financial system: regulations to balance access to credit with financial market stability**

- At the core of public policies are effective fiscal policies which ensure that necessary resources are mobilised and are effectively spent in accordance with agreed development objectives and in an environment of macro-economic stability. Governments need to promote growth which is sustainable, inclusive and benefits all members of society, including the marginal and excluded. Initiatives which can help in this regard include reforming or eliminating harmful subsidies. Sound public financial management includes budget transparency, the setting-up and reinforcement of audit, control and anti-fraud bodies and measures, sound tax policy and administration and measures to enhance fiscal transparency such as tax information exchange and country by country reporting. Natural resources capital accounting together with an adequate management of natural resources revenues can help countries rich in natural resources to enhance their governance and visibility in contributing to economic growth. The green economy transformation offers new opportunities as an engine of environmentally sound economic growth.
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mechanisms or of proper insurance mechanisms. Governments should use regulatory and operational levers, including financial instruments such as blending, to increase the private sector's contribution to public goals. All governments should develop a more conducive business and investment environment that incentivises sustainable investments, for instance by simplifying processes for setting up a company. At the same time, countries and businesses should seek to ensure that foreign direct investment is aligned with countries' long term sustainable development priorities. Investments should also be encouraged which impact on the poorest and promote innovative approaches to sustainable and inclusive growth. Governments can incentivise investments in more sustainable technologies (such as renewable energy) and sustainable investments, for example by establishing criteria for sustainability investing.

- In assessing financing needs, governments should take into account the cost of inaction. Failing to act in a timely fashion can lead to significantly increased costs at a later stage, for instance in moving to a low-carbon economy.

## **ii) International tax cooperation**

- All countries should commit to collect the tax they are due



- Capacity development needs support by all, but will only be effective if it is owned and driven by those who require it. Overall support to institutional and organisational development should be mobilized through learning and knowledge-based initiatives as well as through a continuous, equitable and constructive dialogue on policies and development results. The support should target human resource development, as well as the development of systems and processes for planning, management and monitoring. Leadership and incentives are also key ingredients for institutional and organisational development.
- All partners in international cooperation, including international organizations, should reinforce and refine their support to capacity development processes. This can involve North-South, South-South, and triangular and regional approaches including the engagement of public and private stakeholders. It includes the use of networks and systems for knowledge exchange, peer learning and coordination among all development partners. Particular effort is necessary in the least developed countries and in fragile states.
- The EU is committed to boost and mainstream capacity development support in all sectors of cooperation with a multi-stakeholder perspective. The EU recognises the development of capacity in partner countries as a key factor for improving aid effectiveness. The EU facilitates peer-to-peer learning processes and networking through initiatives such as twinning and institutional development programmes. The EU will furthermore step up capacity building in the field of statistics and monitoring in partner countries.

**Key elements for EU statements at the UN FFD thematic debate**

**10/12/2014 Session on 'Trade, technology and capacity building and other non-financial means of implementation'**

**1. Context**

- Implementation of the post-2015 framework will decisively depend on national responsibility and capacity, national institutions and processes and an overall policy

### **i) Fostering science, technology and innovation**

- Science, technology and innovation are important drivers for smart, sustainable and inclusive growth. Promoting innovation and knowledge sharing can facilitate both technology transfer and development. Research and innovation help develop such systems and value chains that are needed to deliver products, services, technologies, processes and business models that are inclusive and benefit the poorest segments of societies, as well as enable the development of start-ups and SMEs and promote other opportunities for citizens to escape from poverty. Research and scientific knowledge also support smart policy planning and decision making. They are essential to promote sustainability and progress towards a circular / green economy.
- Innovations create new economic activity, new jobs, opportunities for entrepreneurship and

and solutions-oriented research; strengthen scientific, technological, statistical and research capacities in developing countries and promote worldwide and cross-sector mobility of researchers and open access to publicly-funded publications and data. At UN level, countries should facilitate access to information on existing technology and promote coherence and coordination between technology mechanisms, including any new mechanisms.

- excellence in research and innovation, its economic and industrial competitiveness as well as tackling global societal challenges, earmarks 60% of its total budget to support sustainable development and is open to participation from across the world. The EU will promote open access to publicly-funded research results in Horizon 2020 to facilitate knowledge sharing and enhancing research capacity in developing countries.
- The EU will continue to contribute to global initiatives such as the Global Earth Observation System of Systems (GEOSS), the Intergovernmental Panel on Climate Change (IPCC); and the Global Alliance for Chronic Diseases (GACD).
- Innovative solutions to reduce disaster risks, vulnerability to shocks and increase the overall resilience of communities or countries are necessary investments to protect people and assets, and to help a country remain on the growth track.
- Through its development cooperation, the EU supports innovation and technology transfer: through higher education programmes, especially in the area of sustainable agriculture and food security, and through community-level innovation.
- Through its participation in and contribution to multi-stakeholder partnerships such as the Index for Risk Management and the Global Disaster Alert and Coordination System, the EU contributes to crisis prevention, preparedness and response.
- At UN level, there is scope for improving access to information on existing technology mechanisms and promoting coherence and coordination between them. In order to avoid duplication, any new global technology facilitation mechanism would only bring added value if it facilitated UN coordination of existing initiatives, aiming to promote synergies between them.

## **ii) Investment regimes for sustainable development**

- Each country needs an adequate regulatory framework to promote trade and investment. Such a framework should be stable and predictable and should be based on equitable, non-discriminatory regulations and legal instruments. It should be complemented by prudent and efficient macroeconomic policies and efforts to curb corruption.
- All governments should be able to make full use of the opportunities provided by domestic and international investment, as key drivers of inclusive and sustainable growth. Investment opportunities in developing countries often remain unfulfilled partly due to regulatory shortfalls and incomplete information, for instance on risk. Governments should use regulatory and operational levers, in particular good governance tools, to develop or maintain a more conducive business and investment environment that encourages sustainable investments. Examples include: enhanced transparency of the regulatory framework, simplification of



processes for setting up a company, and incentives for responsible corporate behaviour. The use of blending tools can also increase the private sector's contribution to public goals.

- The EU will continue to encourage businesses to invest more, and more responsibly, in developing countries as part of their core business strategies. This includes facilitating private sector engagement, including through differentiated and specific approaches in particular in fragile and conflict-affected countries that are urgently in need of jobs and economic opportunities to restore social cohesion, peace and political stability. The EU will also continue



## **Key elements for EU statements at the UN FFD thematic debate**

### **11/12/2014 Session on 'Governance'**

#### **1. Context**

- **Good governance** is an essential means of implementation of the post-2015 agenda (and an objective in itself). Ensuring that a national policy environment is based on the principles of human rights, good governance and the rule of law will be key in all countries' contribution to the implementation of the agenda. Good governance, especially efforts to fight corruption, is a key ingredient to sound business enabling environment and conducive investment climate. Countries need to promote effective and stable institutions, transparency of policies and systems and accountability to their citizens through democratic processes, based on the rule of law. Good governance requires effective systems for budgeting, financial allocation and monitoring of expenditure. These systems need to be fully transparent and open to the general public in order to promote participatory decision-making and tackle corruption. A central aim of good governance is to protect and promote human rights for all citizens.

#### **2. Overall issues on the session on 'Governance'**

- All countries need to ensure that they have in place systems for the efficient, sustainable and transparent management of all state resources towards national sustainable development objectives and the internationally agreed objectives, including by:
  - (i) Strengthening state institutions, especially those protecting and promoting human rights and the rule of law
  - (ii) Strengthening justice and security institutions as the lead institutions for ensuring citizens' safety and abstention from violence
  - (iii) Strengthening the institutions of budgetary planning and oversight, including independent national supreme audit institutions and other mechanisms for accountability for citizens
  - (iv) Strengthening the capability and independence of national statistical systems, so that they generate trustworthy statistics that inform policy decisions and enable citizens and civil society to hold governments to account.
  - (v) Ensuring long-term sustainability and transparency of government finances by basing spending plans on revenue forecasts and clearly linking spending to the agreed policy objectives, including sustainable and transparent management of natural resources and revenues from them and using and publishing national economic, social and environmental accounts.
  - (vi) Eliminating possibilities and incentives for corruption and increasing transparency by establishing a single treasury account and making all government payments electronic;
  - (vii) Replacing counter-productive spending like inefficient subsidies for fossil fuel consumption (estimated at 400 billion euro in 2010) with pro-poor and pro-environment

alternatives like cash-transfer schemes; such reforms can increase disposable resources, while also tackling social and environmental challenges, including reducing greenhouse gas emissions.

(viii) Ensuring incentives for sustainability in fiscal policies and budgets, including aligning national public procurement rules with sustainable development objectives. State owned companies can be important role models.

### **3. Key points on specific issues**

#### **i) Closing data gaps and strengthening statistical capacities**

- A data revolution would increase transparency and public access and strengthen quality and comparability of national official statistics. It would also harness research and technologies for data collection and analysis, including building on existing mechanisms and tools such as the

implementation and enforcement can provide significant supporting the practicability and enforceability of legislation.

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**Key elements for EU statements at the UN FFD thematic debate**

**12/12/2014 Session on '*Learning from partnerships and follow-up process*'**

**1. Context**

- A new set of multi-stakeholder partnerships are required for implementation of the post-2015 agenda. These can build on the activities and experiences of the many existing partnerships, so avoiding overlap and increasing efficiency and effectiveness. The EU can offer its experience of successful implementation of various policies both domestically and internationally, based on key principles of the agenda such as sustainability, cooperation and partnerships. The EU has







- At global level, an effective monitoring and accountability framework should be developed within the upcoming intergovernmental processes, including with a key oversight role for the High Level Political Forum in the follow-up and review of progress of the post-2015 agenda. It should benefit from support from an efficient and effective UN system and other relevant institutions, and involve all partners and stakeholders. Existing mechanisms and processes should be used in a coordinated manner wherever possible to avoid duplication and limit administrative burden.
- Effective monitoring, review and accountability depend on reliable data and indicators of progress that can be compared between countries and regions. Hence a core set of indicators related to the targets, also going beyond GDP, need to be established. Collection methods and underlying methodologies need also to be made coherent to assure the comparability, interoperability and transparency of underlying data. Consideration will need to be given to the frequency of reporting, and whether themes are clustered into cycles, to be more efficient.
- Monitoring needs to allow for both quantitative and qualitative measures of progress, for example by including perceptions of progress from beneficiaries. Progress reports should be based on open, unbiased, reliable and timely data, gathered at different scales and where possible more disaggregated level. Disaggregated data (e.g. sub-nationally, by income, gender, age, geographic location etc.) is important in exposing where progress is lagging and therefore efforts to collect such data need to be stepped up. To support this we need to improve data availability and quality, making use of a broader range.
- Reporting requirements against the framework need to consider the very significant mismatch between the current low capabilities of national statistical systems in developing countries, and the ambition to report on a much broader set of indicators, and at a much greater level of disaggregation, compared with the MDGs.
- Opportunities from technological progress and big data should be harnessed to strengthen real time monitoring and disaggregated data gathering. In addition to socio-economic data, geospatial information and in-situ monitoring can also contribute to a global monitoring and accountability framework for sustainability-related challenges. The framework should build on already established systems including the work of the Interagency Expert Group (IAEG) on MDG Indicators, the OECD Paris 21, the Busan Action Plan for Statistics, National Strategies for the Development of Statistics or the United Nations initiative on Global Geospatial Information Management (UN-GGIM).
- The EU remains committed to actively engage in the set-up and implementation of a strong and ambitious monitoring, review and accountability process. The Europe 2020 strategy with its priorities such as innovation, the digital economy, employment, youth, industrial policy, poverty, and resource efficiency could be a useful model for monitoring and review as the EU has established indicators to determine and compare progress between Member States, and giving policy guidelines to help Member States speed up progress towards the targets. Through development cooperation the EU promotes capacity building in the field of statistics and monitoring in partner countries.