



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 12 December 2013

17553/13

**DEVGEN 331
ENV 1185
ACP 204
ONU 131
RELEX 1146
FIN 934
OCDE 11
WTO 340**

NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Financing poverty eradication and sustainable development beyond 2015
- Conclusions of the Council and of the Representatives of the Governments
of the Member States, meeting within the Council

At its meeting on 12 December 2013, the Council (Foreign Affairs/Development) adopted the Conclusions set out in the Annex to this note.

Financing poverty eradication and sustainable development beyond 2015

- Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council -

1. Work in the coming months and years will be crucial in the process to establish an ambitious and comprehensive post-2015 framework. The European Union (EU) and its Member States are determined that the post-2015 agenda should reinforce the international community's commitment to poverty eradication and sustainable development. Recognising the intrinsic inter-linkage between poverty eradication and sustainable development, we remain committed to a single comprehensive framework and a single set of global goals, as agreed in the June 2013 Council Conclusions on the overarching post-2015 agenda¹ and we welcome the adoption by UNGA of the outcome document of the Special Event to follow up efforts made towards achieving the Millennium Development Goals (MDGs) on 25 September.
2. In this context, the Council welcomes the Commission Communication "Beyond 2015: towards a comprehensive and integrated approach to financing poverty eradication and sustainable development" and the accompanying Accountability Report on Financing for Development 2013².

¹ Doc. 11559/13.

² Doc. 12434/13 and doc. 12440/13 + ADD 1 + ADD 2 + ADD 3.

A. Towards a comprehensive and integrated approach to financing poverty eradication and sustainable development beyond 2015

3. In the light of the considerable global changes the world faces, the EU and its Member States call for a coherent and comprehensive international approach to financing beyond 2015, addressing all dimensions of sustainable development (economic, social and environmental), which should build on the Monterrey Consensus and the Doha Declaration on Financing for Development, and which should be fact based, forward looking and guided by the following principles of universal application:

- a. Each country has the primary responsibility for its own development. At the same time, all countries need to take action to reach policy commitments, goals and targets, agreed under relevant international processes, including on global public goods and challenges, while keeping the flexibility to choose the most effective measures for that purpose.
- b. An enabling environment, sound and coherent policies, including stronger action on Policy Coherence for Development by all countries, as well as good governance, human rights and the rule of law are key in moving towards sustainable development, and finance should be seen in the context of other means of implementation and of actions that support progress on the delivery of a post-2015 framework.
- c. To obtain the best results, all financing sources (public and private, domestic and international) need to be mobilised and used strategically in a manner that maximises synergies and impact.
- d. International finance processes need to support synergies at national level between the various global goals, thereby ensuring that efforts and resources can contribute to several policy objectives at the same time and in a mutually reinforcing manner.

- e. All countries should contribute their fair share. In this context the EU and its Member States recognise the value of South-South and triangular cooperation and call for more harmonised practices among all development partners. The most concessional international public financial flows, notably grants, should be rebalanced towards those countries most in need, including those in situations of fragility.
 - f. Mutual accountability and transparency of all actors at both national and global level as well as comprehensive monitoring of domestic and international financing is needed to ensure an effective use of resources and a greater focus on outcomes and results.
4. Building on these key elements, the EU and its Member States stand ready to contribute to the reflection on an integrated financial strategy framework which brings together different international financing discussions. It should merge the Rio+20 financing strand and the Financing for Development follow-up process, and also build on the outcome of the processes related to the post-2015 framework. In this context, the EU and its Member States support the work of the UN Intergovernmental Committee of Experts on Sustainable Development Financing in bringing together the views of all stakeholders and await its report as an important input to the international process. The coherence of thematic financing streams and negotiations (e.g. climate change, biodiversity and desertification) also needs to be ensured.

B. Continued EU action to support resource mobilisation

5. The EU and its Member States will step up efforts to support the achievement of the MDGs by 2015. In line with the comprehensive approach to supporting developing countries in mobilising financing from all available sources, instruments and mechanisms, the EU and its Member States reconfirm their existing commitments on financing for development. The EU and Member States recall the Council Conclusions on the United Nations Framework Convention on Climate Change³ and remain committed to scaling up the mobilisation of climate finance in the context of meaningful mitigation actions and transparency of implementation, in order to contribute their share of the developed countries' goal to jointly mobilise USD 100 billion per year by 2020 from a wide variety of sources public and private, bilateral and multilateral, including alternative sources of finance; and they remain committed to preparing the ground for adopting by 2015 at the latest an ambitious single global legally-binding climate change agreement applicable to all. They reaffirm their resolve to contribute to the achievement of the Hyderabad commitments to double total biodiversity-related financial resource flows to developing countries by 2015, using as the reference level the average of annual biodiversity funding for the years 2006-2010, and at least to maintain this level until 2020 and include biodiversity in national prioritisation and planning. The EU and its Member States will also continue to support science, technology and innovation cooperation, as well as capacity building, including through its expertise.

³ Doc. 14714/13.

Domestic public finance

6. Taking into account that domestic public resources already exceed international public finance twenty-fold in developing countries as a whole, although it remains weak in some of the poorest countries, the EU and its Member States remain committed to supporting increased domestic resource mobilisation and supporting the capacity of partner countries in the area of taxation. The EU and its Member States also recognise the work on domestic resource mobilisation that is carried out in international fora such as the G8 and G20. The EU and its Member States will continue to support good governance, including good financial governance, the fight against corruption, tax havens and illicit financial flows, and will increase its support for effective, efficient, transparent and sustainable tax policies and administration, including through providing its expertise and technical assistance. They also call for the gradual elimination of environmentally harmful subsidies.
7. The EU and its Member States will continue to encourage the participation of all countries in international tax cooperation and to support regional tax administration cooperation frameworks. Given the significant role natural resource revenues can play in development, the EU and its Member States will further support the Extractive Industries Transparency Initiative (EITI) and encourage an efficient use of natural resources revenues. They will also implement international and internal EU and Member States' commitments on transparency and accountability. Some of these commitments have been incorporated into EU legislation, such as the EU Accounting and Transparency Directives⁴.
8. The EU and its Member States will continue to support existing debt relief initiatives and to promote responsible lending and borrowing practices and to support coordination, dialogue and transparency among stakeholders. They will also promote the participation of emerging creditors to debt discussions in different fora, including the Paris Club.

⁴ Directives 2013/34/EU of 26 June 2013 (OJEU L 182, 29.6.2013, p.19) and 2013/50/EU of 22 October 2013 (OJEU L 294, 6.11.2013, p.13).

International public finance

9. Official development assistance (ODA) remains an important and catalytic element in the overall financing available for developing countries, in particular to those most in need. A key priority for Member States is to respect the EU's formal undertaking to collectively commit 0.7% of GNI to official development assistance by 2015. The EU and its Member States reaffirm all their individual and collective ODA commitments, taking into account the exceptional budgetary circumstances.⁵
10. The Council underlines the importance of more effective development co-operation, the central role of the Busan Global Partnership and its commitment to implementing the Busan Outcome. The EU and its Member States are committed to strengthening the transparency of sustainable development finance and stress the need for a modernised and coherent reporting and monitoring system that fits post-2015 purposes. In that context, and in view of active involvement in discussions at the OECD/DAC, the EU and its Member States will continue to work together on external development finance measurement, including the role and framework of ODA.

Private finance

11. The private sector is the key driver of growth and jobs and has a central role to play in the transition to an inclusive green economy. The EU and its Member States stand ready to support developing countries that are undertaking ambitious economic transformations to create a secure and predictable environment for harnessing the potential for businesses, including fair and stable rules on taxes and regulations as well as efficient access to domestic and external markets, including access to inclusive finance. The EU and its Member States recognize the efforts of the UN Global Compact in mobilizing significant private sector action on sustainable development and will also urge companies to adhere to internationally-agreed corporate social and environmental responsibility and accountability principles and standards, including the ILO core labour standards and OECD guidelines.

⁵ As set out in the Council Conclusions of 29 May 2013: "Annual Report 2013 to the European Council on EU Development Aid Targets" (Doc. 9334/13).

12. The EU and its Member States are ready for new partnerships and cooperation arrangements with the private sector, in view of promoting private financial flows, including FDI that will improve economic, environmental and social sustainability.
13. The EU and its Member States will continue to use grants more strategically and effectively for leveraging public and private sector resources towards policy priorities, while fully taking into account debt sustainability and accountability and avoiding market disturbances and budgetary risks. The EU and its Member States will develop best practice on how, when and where such blended finance can have the greatest impact, notably through the EU Platform for Blending in External Cooperation.
14. Recognising the key importance of remittances for many developing countries, the EU and its Member States recall the G8 and G20 goal of reducing the average cost of transferring remittances from 10% to 5% by 2014 and reaffirm the need to ensure faster, easier and cheaper remittance transfer, to maximise the development impact of migration and mobility. They will also endeavour to strengthen, extend and standardise the measurement of remittance flows.
15. The EU remains developing countries' largest trading partner and the market most open to them. The EU and its Member States have delivered on their commitments to increase Aid for Trade, helping developing countries to better harness the benefits of trade. Going forward, they will endeavour to improve coordination and effectiveness of EU Aid for Trade and to align it with the development strategies of partner countries.

Mobilising the existing public and private resources better: Innovative financing

16. Taking into account that private finance is bigger than all public resources combined, the EU and its Member States will continue to support an enabling environment at domestic and international level for harnessing this potential, including through relevant EU investment facilities. The Council stresses the importance of better exploiting the significant potential of innovative public and private financing sources, mechanisms and instruments. Innovative approaches to financing can help generate new financing flows, help catalyse private investment and market financing, as well as maximising the impact of existing public and private funds. The Council take note of the work of the Leading Group on Innovative Financing for Development. The Council also calls for further exploration and implementation of innovative sources, mechanisms and instruments by all relevant stakeholders.

C. Next steps for the EU

17. The EU and its Member States look forward to constructive and open dialogue with all stakeholders on post-2015 financing and reporting. Building on this dialogue, they will further define and adapt, as necessary, the position of the EU and its Member States on financing and other means of implementation, including on policy coherence for development, tackling illicit financial flows, and develop synergies between funding streams.
