



# **REPUBLIC OF SERBIA**

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The first drafting session of the Third International Conference on  
Financing for Development, 27-29 January 2015

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## STATEMENT

by

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Thank you Mr. Co-chair,

Let me at the outset express the appreciation to you and the Secretariat for compiling a list of elements and selected policy ideas that should serve as “food for thought” in our deliberations regarding the Outcome document for the Third International Conference on Financing for Development in Addis Ababa in Ethiopia in July.

As a member of the Open working group on Sustainable Development Goals (OWG on SDGs) and the Intergovernmental Committee of experts on sustainable development financing the Republic of Serbia has been actively engaged in the endeavor to formulate a global post 2015 sustainable development Agenda and Serbia supports both reports that were in a comprehensive and balanced manner synthesized in the report of the Secretary General.

The main challenge for the upcoming Conference in Addis Ababa would be to offer a concrete plan to implement appropriate policies and actions, that are described in the Report of the intergovernmental experts for sustainable development financing. We need a concrete plan to finance future sustainable development goals. The Addis Ababa conference, however, needs to go beyond this traditional dialogue on aid quantity and effectiveness and address how climate finance fits alongside ODA; how to develop innovative sources of development finance and scale up existing or how to unleash existing global assets and savings and distribute them in a productive, fair and equitable manner.

Furthermore, while countries are responsible for their own development, implementation of the post 2015 agenda will require partnerships between a broad range of relevant stakeholders. A revitalized global partnership has to be effective in mobilizing the means of implementation since it can be expected that the post-2015 development agenda will be much more ambitious than Millennium Development Goals. However, revitalized global partnership must also go beyond domestic and international, public and private finance and it also has to include global partnerships in trade, regulation, taxation, investment, technology transfer, and capacity development. As Secretary-General highlighted, it has to be “built upon principles and values, a shared vision, and shared goals: placing people and planet at the center”. Therefore, we support the revitalized global partnership that will strengthen the role of people.

Mr. Co-chair,

Serbia supports the proposal of the Intergovernmental Committee of experts that all modalities and flows of finance must be utilized – domestic, international, public and private as well as blended. The Monterey principle of the responsibility of national governments for their own development remains valid and it is clear that national governments have to adopt national development financing strategies. In that framework it is vital that efforts directed to broadening the tax base and fighting against tax evasion, corruption and illicit flows are essential. It is clear that enhancement of intergovernmental cooperation in tax matters must be pursued and in that framework support should be granted to the formation of an Intergovernmental committee on tax matters within the UN.

It is also evident that domestic public revenues are often insufficient in many countries to finance sustainable development. This is why Small Island Developing Countries, land locked developing countries and the least developed countries in particular must still rely heavily on official development assistance. ODA reached a record level in 2013 but is still not fulfilling its full potential, which must be corrected after all these years. Furthermore, with regard to the ODA there are some questions that should be clarified. One of these questions includes setting the discount rate of loans. Also, we support open and transparent discussions in the UN on Total

Official Support for Sustainable Development (TOSD) with an aim to have a better picture of “donor effect” and “recipient benefit” when it comes to official financial flow. Finally, there is a need to have greater clarity on the differences between traditional ODA and climate finance. Climate finance was not part of Monterey and therefore, it makes sense to count it separately but it should be also important to use climate finance in a way that will provide the greatest impact.

With regard to climate finance and carbon pricing The Secretary General’s synthesis report argued that carbon pricing should be a key consideration. The abolition of harmful fossil fuel and agricultural subsidies remains a goal to be reached.

Mr. Co-chair,

In today’s globalized world private finance and foreign direct investment, that is now exceeding in volume ODA, are essential for achieving the SDGs. Private FDI is primarily driven by a search for profit which is often at odds with the attainment of sustainable development goals. In that framework public private partnerships and blended finance can be an answer though it is important to avoid the scenario where the public sector and taxpayer bears the main risk. Furthermore, we have to secure that blending mechanisms meet development objectives; that they are transparent and accountable and that they are not wasting scarce ODA resources.

Innovative forms of finance have to be explored as well as efforts to cut the cost of transferring remittances, which remain an important source of finance in many countries. The efforts to increase funding of small and medium sized enterprises remain an elusive but vital goal and proposals in the selected policy ideas should be examined carefully. The prevalence of natural disasters due to climate change that last year severely also hit Serbia is increasing. It is clear that all efforts must be invested to increasing climate finance as well as the synergy with ODA. Furthermore, it’s very important to increase financing for both climate change adaptation as well as for mitigation.

Finally, availability and dissemination of sustainable technologies must be increased. The technology gap in particularly the poorest countries must be reversed. Implementation of the SDGs is crucial and in that framework monitoring of performance of countries is vital. Enhancing capacity building and financial support to developing and middle-income countries to significantly increase availability of high quality, timely and reliable data is key.

Thank you Mr. Co-chair