

## **Statement by H.E. Odo Tevi, Permanent Representative and Ambassador of Vanuatu to United Nations at the Third Conference for Financing for Development, Addis Ababa, Ethiopia**

President

Excellencies

Distinguished Delegates

### **Introduction**

At the outset, let me take this opportunity on behalf of the Vanuatu Government and its people to convey our sincere appreciation to the Government and people of Ethiopia for their warm hospitality and excellent arrangements.

Let me begin by stating that we align ourselves with statements made by G77 + China that was made by the His Excellency, the Minister of South Africa.

Mr. President, Today we are meeting at a critical juncture in history and it provides us a unique opportunity to positively change the lives of millions of people around the globe who at the bottom of the development ladder.

In 2015 alone three (3) important global agendas will be discussed and concluded. First is the Post-2015 Sustainable Development Goals, second is the Financing for Development and finally the Paris agreement on climate change.

### **Global Development Situation**

Mr. President, the 2008 global financial crisis has dramatically changed the global financial landscape. The banking crisis spilled over to the real sector of the economy creating unemployment and low economic growth.

In responding to this financial crisis, governments have increased fiscal spending to prime their economies and also their central banks responded by easing their monetary policy (quantitative easing) via significantly reducing their official interest rates to stimulate their respective economies. A whole raft of reforms was also imposed on the financial sector which to a greater degree changed the global financial architecture.

The world economy has since been recovered albeit continuing significant challenges and so far apart from few booming natural resource economies, the world economy is still

struggling to record high economic growth that it once experienced before the crisis. In fact according to the IMF, the world economy is projected to grow from around 2-3%.

Given the large fiscal spending to stimulate their economies, some economies are now facing high indebtedness. Sufficient fiscal space continues to remain a challenge for some economies. This is currently experienced with the current EU debt crisis and these adverse developments, if not managed well, could affect the prospects for financing for development.

Mr. President, we have also witnessed around the world there are over 60 million refugees that are displaced by conflict and violence. This is a record since World War II and it is important that we create right conditions for this people to enjoy peace and prosperity.

So far the MDGs have contributed markedly by delivering developments to the developing world and we have seen that inequality has reduced and that quality of human lives has been increased as a result. Despite this, significant challenges remain especially in the areas of poverty eradication, women and girls and that climate change continues to pose a major threat to our development efforts.

The lessons learned from MDGs should provide us an important platform for the future especially when we are about to adopt the Post-2015 Sustainable Development Goals.

#### **Post-2015 Sustainable Development Agenda**

Mr. President, the Post-2015 SDGs will remain a key defining development platform and we should ensure that it incorporates the unfinished business of the MDGs when it is adopted in September in New York this year.

The Post-2015 SDGs aims to be inclusive (leave no one behind), universal and be transformative.

The success of Post-2015 will depend on three main factors and these are:

1. Access to financial resources
2. Access to appropriate technology and
3. Country capacity

Global and country ownerships of these SDGs are important. Multilateral system needs to be reformed in order to align and harmonise itself to implement these SDGs. This must also be extended to all regional arrangements.

In terms of states responsibility, incorporation of Post-2015 SDGs into their national sustainable development plans is paramount.

My Government is about to adopt its sustainable development Goals and the adoption of these Post-2015 goals is timely for its incorporation to our national plans and priorities.

In setting out and implementing the global development agenda, these are some of the areas that we should be focussing on:

1. The inclusiveness principle – leaving no one behind – must be rooted in the agenda and implementation outcomes. Empowering the vulnerable groups such as the women and girls, children, disability, migrants and minority groups should prominently feature
2. States have an obligation to ensure that development for all is achieved – rights to development - in areas such as health and education must be reached by all populations.
3. A successful outcome of financing for development rooted in human rights considerations is paramount to realise human dignity.

### Vanuatu Situation

Mr. President, just like any other small Pacific Island Countries, Vanuatu is a small, open and vulnerable economy. Its openness implies that it is highly vulnerable to external shocks and its smallness means that its opportunity to exploit economies of scale is limited.

Despite these challenges, Vanuatu was able to record economic growth for the last 10 years. As a result of this impressive record, the United Nations General Assembly have endorsed Vanuatu to graduate from the Least Developed Country (LDC) status.

However, in spite of this, Vanuatu's vulnerability remains a major obstacle to achieve its development efforts. In March this year Vanuatu experienced a category 5 cyclone that devastated the country's population and economy.

The cyclone has affected 60 percent of the population and also 60 percent of our GDP has been severely affected. The impact of this cyclone erased the development gains of the past decade and it will take many years to rebuild our economy again.

We are pleased to receive international support and I take this opportunity on behalf of our Government and people to thank all development partners and individuals who provided support to our country during this difficult time.

So far, a recovery plan has been drawn up and it will soon be adopted by the Council of Ministers. We are currently seeking our friends internationally to join us in our rebuilding efforts.

As you can see from our experience in Cyclone Pam, the issue of climate change is important to address urgently. The Paris outcome is therefore important.

Mr President, in the Pacific as elsewhere, sustainable development cannot be achieved without addressing climate change .All efforts to address this must be encouraged. It is in

this spirit that I welcomed the Sendai framework and we hope that a good outcome is reached in Paris this year.

We also stressed the importance of Samoa Pathway to SIDs. This pathway is important to achieve our sustainable development needs and we call for its rapid implementation.

### **Financing for Development**

I would like to this opportunity to extend our sincere gratitude to the two (2) co facilitators, in New York who ensured that we arrive at a good text for this meeting. Though the outcome could not be agreed upon, I believe that with the able leadership of the host country, a good outcome will be reached here in Addis Ababa.

Mr. President, In terms of financing for development there are four main broad areas that are important and these are:

1. Domestic resource mobilisation
2. Official development assistance
3. Financial Inclusion and
4. Remittances

In terms of domestic resource mobilisation, it is important that States reform their taxation system with a view to increase their revenues base as proportion of GDP. The leakages in the taxation systems need to be addressed outright. In resource economies, Multinational Corporations are not paying taxes and are eroding tax base of developing countries due to their actions of profit shifting.

In the Pacific, we have witnessed this in the area of illegal, unreported and unregulated fishing and this has significantly eroded our revenue base.

These type of activities results in the burden of taxation falling disproportionately on the poor via regressive consumption taxes making the efforts of financing sustainable development ever more difficult. It is thus important that financing for development should not fall on the poor.

In my country we have attempted to broaden the tax base; however our revenue base is still low relative to other Pacific Island countries, and as a result, there is much more work to be done.

There must be a stronger call to meet ODA commitments as highlighted in the Monterrey consensus and Doha declaration. The ODA targets of 0.7% of GNI and also to increase ODA of 0.20% of GNI to LDCs by 2020 must be upheld.

There must be an accountability and review mechanism in place to ensure that these targets are realised in the future.

The Post-2015 SDGs must be made attractive for private sector to invest in and it is an area that requires more work. Focus on appropriate and innovative instruments is important such as in the areas of public-private sector partnerships, risks mitigation and trade finance.

Mr. President, in terms of financing for the poor, financial inclusion becomes an important vehicle to elevate them from poverty. Major barriers to access to financing and savings are important to be addressed. Equally important is financial education for the poor remains critical. Both the States and private sector have a key role here in ensuring that the poor have access to savings and credits.

Remittance flows is important both for host and sender country. For many developing countries, it has become an important source of funds for development. Its main advantage is that the funds flow directly to the households and thus directly impacting the poor.

In my country, remittance has played a vital role. After we were hit by Cyclone Pam, New Zealand and Australia increased our workers and thus it has become a major shock absorber for my country. I take this opportunity to thank New Zealand and Australia for this opportunity.

Mr. President, the discussions on financing for development for development should not only be focused on purely financial initiatives but there are other important areas that important that we should focus on to ensure development effectiveness. These are:

- good governance
- transparency and accountability
- rule of law and
- strong and effective institutions

Without these, no matter how much finance for development is mobilised, the impact on development will remain limited.

### **Concluding Remarks**

Mr. President, we join the chorus with other speakers in this conference to argue that greater attention should be focused on countries with special circumstances such as LDCs, Small Island Developing states (SIDs) and Land Locked Developing Countries.

We also support the view that middle income countries with unique development challenges should also be paid greater attention by the global community.

We welcomed the Addis Ababa Plan of Action and we believe that this will lead us to a renewed commitment towards genuine global partnerships for the future. It is now important to close the gap between agenda setting to implementation of these goals. The time for action is now.

.

Thank you!