



Forum on Financing for development follow-up

April 17, 2019

Statement by Ms. Kjersti Tromsdal, Minister Counsellor

Excellencies, ladies and gentlemen, Chair,

We are approaching the four-year mark since the adoption of the Addis Ababa Action Agenda. With several follow-up activities and events planned for this year, it is important to remind ourselves what is at stake.

Chair,

the IATF report points to encouraging progress in certain areas. However, significant financing gaps still far outweigh the signs of progress. Poverty continues to dominate the lives of billions of people. The only way to reach our ambitious goals is to take a comprehensive approach to development financing that goes far beyond traditional forms of development finance.

Chair,

let me highlight some key areas where we need to significantly step up our efforts.

(Check against delivery)

First, trade is a prerequisite for development. The multilateral trading system is a global common good that we must protect and strengthen. We must not undermine the progress we have made.

We must do all we can to support an open, rules-based and predictable multilateral trade system.

Second, domestic resource mobilisation. Aid will continue to be important, and the countries that have committed themselves to the 0.7 target should deliver. But aid will never be enough. We need to improve tax policy, tax cooperation and tax collection. There is huge potential in this area. Fair and predictable taxation regimes are not only good for government revenue. They are also good for business. Effective tax collection combined with good and transparent financial management is crucial for societies to prosper. We support the OECD's efforts to improve global tax policy. We will also support a strengthened UN engagement, as the UN is the only truly universal body that can establish global norms.

Third, illicit financial flows must be stopped. Alongside our work to enhance domestic resource mobilisation, we must also address the other side of the equation. Illicit financial flows and corruption are probably the most serious impediments to sustainable financing for development. Cross-border corruption and crime, mis-invoicing of trade and services, and tax evasion threaten to derail the entire development process. Although there is no definitive definition of illicit financial flows, greater awareness of this issue has shown that there are definitive ways of stopping these flows, and we urgently need to take apply that knowledge.

Fourth, understanding the gender dimension of financing for development. Countries that fail to empower women pay a high price. In my country, women's inclusion in the economy been more important for growth than any other resource. The IATF report rightly calls on governments to ensure that revenue and expenditure are more gender-responsive. When we consider revenue generation, we must consider how it will affect gender equality. When we decide on public expenditure, we must make sure that gender equality is a key concern.

(Check against delivery)

Lastly, we need continued emphasis on responsible borrowing and lending. Borrowing continues to be an important tool for financing critical investments for sustainable development. There are, however, new signs of debt distress in many countries, particularly in least developed countries, middle-income countries, landlocked developing countries, and small island developing states. The vulnerability of SIDS is especially alarming, as frequent climate change related weather events are threatening to derail economic progress, as well as increasing debt burdens that are already unsustainable. We must avoid repeating expensive lessons from the recent past.

Chair,

it is within our power to realise the ambitions of the Addis Ababa Action Agenda, but only if we make progress in these five areas – trade, domestic resource mobilisation, illicit financial flows, women’s inclusion, and debt sustainability.

Thank you.

(Check against delivery)