

Preparatory Committee for the fourth International Conference on Financing for Development, First session: Addis Ababa, 22-26 July 2024

**Agenda item 5: General Debate
23.07., 10:00 – 13:00 und 15:00 – 18:00**

General Statement Germany

- Honorable Excellencies
Distinguished Delegates, Ladies and Gentlemen
- **Germany aligns itself with the statement of the EU.**
- While today's world is a very different one than in 2015, the fundamental tenets of the Addis Agenda remain valid: we can only succeed in achieving our common goals in a holistic framework of all seven action areas and with integrated approaches.
- However, the implementation of the Addis Agenda has not been progressing as planned, especially due to new challenges to addressing the significant gaps in development financing such as the Covid-19 pandemic and wars.
- Let me highlight four aspects:
- **First**, we already agreed to significant reforms of the international financial architecture. Going forward, we should build on these achievements. We understand the challenge has two key strands: **equity** (“a just and fair” architecture) and **fitness-for-purpose**:
 - One is about adequately reflecting the voice and representation of emerging and developing countries in global economic decision making and international financial institutions.
 - The other one is about reforming Multilateral Development Banks so that they are better equipped to respond to multiple crises that endanger our livelihoods. Enhancing the MDBs is an important linchpin in making development financing more resilient, sustainable and effective.
 - We have made great progress in evolving the World Bank Group and are turning it into a genuine transformation bank. An evolved World Bank Group will be better positioned than ever to support a socially just and environmentally ambitious transition worldwide – **to create a world free of poverty on a livable planet and to protect and promote Global public goods**
 - Germany, along with other European and G7 donors, has committed to support a reformed World Bank also financially: With 11 billion USD in guarantees or so-called hybrid capital we will allow the Bank to increase its lending volume by up to 70 billion USD over ten years.
 - Also the Regional Development Banks are engaging in strategic processes shaping the response to the multiple global challenges
- Multilateral Development Banks have also gained extra lending capacity from the **G20 capital adequacy framework (CAF) process**. That process has yielded 170 billion USD for the next ten years. We should encourage MDBs to explore the CAF agenda further, while safeguarding MDBs’ long-term financial sustainability, their excellent ratings and preferred creditor status.

- Sufficient financial resources are pivotal, but they are not enough. For maximum impact it will also be important that the **Multilateral Development Banks work more efficiently “as a system”**, exploring synergies. This means: Better coordination and more coherence, sharing and harmonization of strategies and analysis, mutual recognition of standards and practices, and the **creation and use of country platforms**. By joining forces the MDBs will be able to more effectively support countries in furthering a socio-ecological transformation of their economies and in achieving the 2030 Agenda in its three dimensions.
- **Second, the SDGs need such significant investments** that public resources alone simply cannot suffice. Private sector engagement and capital are essential. However, the mobilization of private actors has so far fallen short of expectations. Private capital flows to developing countries have been volatile in recent years and the hoped-for leverage effects have been too small. The urgent task is therefore not only to better attract domestic and international private investments, but also to enable that sufficient funds flow to where they are most needed and have a sustainable impact and to support transformation processes. To succeed in this, policies, regulations and framework conditions in most partner countries need to become yet more enabling and synergetic. Complementarily, sustainable approaches to scale investments, such as the standardization of blended finance instruments, need to be advanced.
- We need to partner with the **private sector to jointly address common challenges of global nature..**
- Collaboration remains key to bundle investment opportunities, scale successful approaches, and expand the pipeline of high quality, bankable, and sustainable projects. Additionally, addressing structural challenges on a policy level to **strengthen local economies and the enabling conditions for trade and investments** is an important means towards a socio-ecological economic transformation.
- **Third**, in addition to international public development financing and private investment, the decisive lever is the **mobilization of domestic revenues and fighting illicit financial flows**. They are the backbone of a functioning public sector and have a significant influence on a country's development. 10 years after the adoption of the Addis Ababa Action Agenda (AAAA) and the establishment of the Addis Tax Initiative (ATI), efforts to equitably increase domestic revenues must be stepped up on all sides – primarily in the partner countries but also among the development partners. Domestic public revenues should be **raised in a socially just and progressive manner** and be **spent efficiently**. Thus, inequalities are not increased but reduced, and opportunities and resilience can be created.
- **Fourth**, we need to ensure that a new financing agenda comes with an **efficient follow-up mechanism**. The FfD-Forum, as part of the follow-up mechanism of the Addis Agenda, has driven important debates. The future FfD4 **follow-up mechanism** should use the lessons learnt from the FfD Forum, and allow for effective monitoring. In this context, we should also discuss the future role of the Inter-agency task force on Financing for Development.
- **2024 is a crucial year for the FfD process**. Many different reform initiatives are currently underway. It is essential to ensure coherence and foster complementarity between the FfD process and other initiatives. As one of the co-facilitators of the

Summit of the Future, Germany aims at a coherent and ambitious Pact for the Future without preempting possible outcomes of the FfD4-conference.

- We need a **new era of sustainability and accelerated action** that is driven by **innovation and new alliances**. To achieve this, we need alliances between the private and the public sector and the support of academia, municipal authorities and civil society. In this spirit, Germany, together with other stakeholders as UNDP and the private sector, hosts the first Hamburg Sustainability Conference in October 2024. This two-day event intends to facilitate exchange and bring about new partnerships for co-creating sustainable solutions. The purpose of HSC is to forge alliances and develop roadmaps for making practical progress toward the SDGs in a joint effort.
- The **FfD 4 conference is a unique opportunity** to address current financing challenges, to inspire the reform of the international financial architecture and adapt the Addis Ababa Action Agenda to current needs and challenges. We must ensure that no one is left behind, with particular attention to women and girls, by promoting gender-transformative approaches and ensuring universal social protection to address poverty in all its dimensions and inequalities and its underlying social determinants. We're looking forward to the preparatory process and constructive negotiations.