





contribution to ODA. A further substantial increase in the flows generated by them is will be able to make any radical changes.

In light of this assessment, we can draw two conclusions that are of systemic importance in the design of national policies related to the financing of international development assistance. First, ODA offers only limited possibilities for accumulation of the significant financial resources necessary for the achievement of the SDGs being proposed for approval. Therefore, the principal task for the post-2015 era is to create the conditions and the environment necessary for mobilization of internal sources of financing ± private and public ± and also to attract significant foreign private capital for development purposes. In our opinion, the initiative to reform global tax practices that was launched in 2013 as a result of the Russian chairmanship of the G-20 fits perfectly into this context. Focused assistance to developing countries in the establishment of a modern, effective tax system will make it possible to strengthen and diversify internal sources of development financing and thereby ensure the fulfillment of government

need to take into consideration as precisely as possible the specific needs of two different groups of partner countries. With regard to the poorest countries, which are frequently bogged down in protracted internal conflicts, the first priority is to restore stability, re-establish basic government institutions and ensure that the basic needs for their survival are met. Accordingly, assistance to these countries really has to be provided primarily from official sources, and on concessional terms to the maximum extent possible, that is, primarily in the form of grants. This is the approach that Russia is taking with respect to Kyrgyzstan, for example. We established the Russian-Kyrgyz Development Fund, with capital paid in by Russia in the amount of US\$500 million, and we provided a grant of US\$200 million for its integration.

In turn, countries at a middle level of development need to rely primarily on internal resources, as well as funding from the foreign private sector. According to this principle, official assistance to these countries needs to focus on the implementation of measures to improve their macroeconomic, fiscal, and social policies; on easing their access to long-term private capital; on seeking out bankable projects; on developing local capital markets; and on improving the investment climate. This is the scenario that Russia, as the main donor of the Eurasian Fund for Stabilization and Development, intends to follow in the process of working out the terms for a concessional loan to be granted to Armenia in the amount of US\$300 million.

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development programs and its participation in the work of multilateral development institutions, we consider the following to be the most promising sources of financing for the SDGs.

### **Mobilization and effective use of internal sources of financing**

1. In our view, an effective tax system has to be a key internal source of financing for development. It is our opinion that work on this issue needs to be optimized, if not accelerated. A majority of developing countries have substantial potential to expand their tax base and bring about a dramatic increase in national budget revenues. In the post-Monterrey period, the importance of this matter has been stressed repeatedly in documents of both the G-20 and the Organisation for Economic Co-

factor in) development. In the post-crisis period, however, practically all economic entities have experienced a pronounced decline in their risk appetite, especially with regard to risks associated with the long-term financing of investments. In spite of the fact that this GLDJRVLVZDVPDGH almost three years ago, during RusVLDYFKDLUPDQKLSRIWKH\* little has changed since then. A new hierarchy of market risks is emerging slowly, which is interfering with the inflow of investments into the real sector and is having little impact on their structure. In this connection, efforts need to be continued to create favorable conditions for the financing of long-term investments, specifically in the context of initiatives to utilize the potential of institutional investors and the development of local debt markets in domestic currency.

2. A key problem in the lack of sufficient investments targeted at development is a shortage of financially sound projects that are attractive from an investment standpoint. In this context, it is of the utmost importance to increase the effectiveness of the planning, prioritization, and preparation of projects, and also to make partner countries more responsible for their implementation. The quality of the preparation of investment projects is one of the main factors that affect their effectiveness going forward, as well as the sustainability of the results.

For several years now, Russia has been focusing greater attention in its ODA policy on this aspect of cooperation with partner countries. Within the framework of programs in place in Eastern Europe and Central Asia, we are providing assistance to countries in these regions, in conjunction with the World Bank, to help them develop their potential in project preparation. The 22 grants provided to seven countries in the region made it possible to attract resources for the financing of projects in sectors such as strengthening the education and social protection systems, health care, modernization of irrigation systems, and road and railroad construction. With relatively small budget outlays, the measures adopted provided for investments totaling around US\$2.2 billion.

### **Debt on the financing for development agenda**

1. Russia is completely satisfied with the content of section E of the outcome document of the Addis Ababa Conference on Financing for Development. Indeed, the active use of debt financing arrangements ± which are essential ± requires that further improvements be made both in the mechanism itself for evaluating the debt sustainability of a sovereign borrower, which was developed jointly by the IMF and the World Bank, as well as in

cannot be described as fair, balanced, or even effective. The conflicts that have arisen recently between certain debtors and their creditors have revealed that there is  $\pm$  in these conflicts  $\pm$  a WKUHDWWRJOREDOILQELDOVWDELOLWVKDWLVWKHZHOIDUHRIPLOOLRQR inhabitants depends in a sense on the nature of the relationships between debtors and creditors.

In this context, we support the proposal calling for the creation of legal, regulatory, and administrative frameworks for the universal application of clauses in debt contracts regarding collective actions

At the same time, given the new realities, boosting the catalytic effect of operations by the MDBs through the creation of an environment and conditions necessary for their mobilization of funding from all available sources, in amounts that are significantly larger than their own, is a special role. This is the only way that we will succeed in providing financing that is on the same scale as the tasks outlined under the Sustainable Development Goals.

That said, a

6XVLDYRSLQRQ providing all-around support for the activities of the International Development Association (IDA) as a unique and universal mechanism for the transfer of concessional resources to the least developed countries should be a priority for the



There have also been some calls for the adoption of measures to boost the catalytic role of the IDA. In this connection, we believe that it is possible to discuss the relevant

In closing, I would like to note that the Post-2015 Development Agenda that we are considering is intended, above all, to provide guidance for collective actions and, above all, actions that are coordinated to the maximum extent possible. We expect that further work will be organized according to the principles of shared, but differentiated, responsibility, increased transparency, and a maximum catalytic role for official development assistance, DQDOVRDFFRUGLQWRWKHSULQLSOHRIPHVDKDELQWRIWKHDFKLHYHPHQRIWKHJRDOV have been set, and consideration of the effectiveness of existing formats for cooperation, especially South-South cooperation and trilateral cooperative efforts.