Preparatory Process for the Third International Conference on FfD
First Drafting Session: Views on the Elements and Zero Draft Opening Statement
(as prepared)

Statement by Ms. Alexia La Tortue, Deputy Assistant Secretary, International Development Policy at US Treasury

Co-Facilitators, Excellencies, Colleagues,

We’d like to start by thanking the co-Facilitators and their staffs from the Missions of Guyana and Norway for their work in drafting the elements paper before us today, as well as the UN Secretariat staff for organizing this week’s discussion and finally, the Government of Ethiopia for agreeing to host the Third International Conference on Financing for Development. I will try to keep my remarks relatively brief—though the elements paper was extremely rich food for thought so that is a challenge—and the United States will submit a fuller version of our reactions and remarks in written form to the facilitators for the record.

Before launching into a discussion of the vision for Addis Ababa, let us take a moment to reflect on the opportunity before us, and on the progress achieved to date. Financial flows of all kinds—domestic revenue, private investment, remittances, trade and official assistance have substantially increased. More importantly, those flows have facilitated real development impact. Substantial progress was made on achieving the internationally agreed development goals, and developing countries as a group have posted strong rates of economic growth.

The financing for development conference to be held less than six months from now is our moment to deepen our collective commitment to the pursuit of sustainable development. Addis is the time to identify tangible ways to mobilize and increase the effective use of all types of financial resources to end extreme poverty and to support sustainable development; to recognize the value and diverse sources of development finance and create incentives for them; to achieve the national and international economic conditions needed to fulfil the unfinished business of the Millennium Development Goals as well as other internationally agreed upon development goals; and, to encourage the adoption of policies that enable broad-based economic growth and effective governance.

The Addis outcome is an ideal vehicle for the world to recommit to mobilize and increase the effective use of financial resources for development, to truly deliver on the catalytic role of aid, to invest in capacity to generate scientific and technological innovation that will accelerate development, to re-dedicate ourselves to achieving the national and international economic conditions needed for development, and to clearly and explicitly acknowledge the importance of inclusion, and the impact of conflict and fragility. In short, to build confidence in the lead-up to an endorsement of a post-2015 development agenda.

We welcome the elements paper prepared by the co-facilitators and appreciate how it builds on the lasting achievements of the Monterrey Consensus, including reinforcing the basic tenets of mobilizing domestic resources, attracting international flows, promoting international trade as an engine for development, and increasing international financial and technical cooperation for
development. We particularly welcome the inclusion of a new pillar on innovation, given that investments in innovation and technology can have a transformative impact on all aspects of development: economic, social, and environmental.

The Monterrey Consensus and Doha Declaration were policy frameworks, and although the financing climate has changed over the years, these frameworks remain relevant and can accommodate this evolution. With relatively moderate changes, perhaps even including additional leading actions or pillars, an Addis Ababa Accord could incorporate relevant elements of the report of the Intergovernmental Committee of Experts on Sustainable Development Finance (ICESDF) while maintaining the consensus we already enjoy with Monterrey and Doha. One principle upon which the ICESDF based its work, and one that we continue to think should ground our current deliberations, is the importance of data and evidence.

Monterrey and Doha reinforced international commitment to improve access to and use of all sources of development finance to include developing countries’ domestic resources (government revenues and private investment), foreign direct investment, other private resources, and trade. They recognized that a dynamic, inclusive, well-functioning private sector is instrumental to generating economic growth and reduce poverty. And they recognized that an enabling environment that facilitates entrepreneurship and doing business by all, including women, youth, the poor, and the vulnerable, is essential to foster private sector development.

These basic elements have not changed, and we applaud the elements paper for retaining them.

We think the co-facilitators Elements Paper could be even stronger in its commitment to inclusion. The United States strongly embraces the commitment to inclusion expressed throughout the process to define the post-2015 development agenda with regard to the sustainable development goals and their collective declaration that no person should be left behind. Development finance must also reflect that imperative--societies will be far more likely to secure lasting growth if all individuals, including women and traditionally marginalized groups, have access to the tools they need to be better connected to the economic and political lives of their nations. Spending on basic needs to eradicate poverty and hunger, improving health and education, providing access to affordable energy and promoting gender equality are some of the key areas towards which financing should be targeted in the post-2015 agenda. This should also include access to basic financial services, and an effective social safety net.

With roughly half of the world’s extreme poor residing in fragile and conflict affected states, and that percentage only expected to rise in coming years, it is not possible to speak of financing for sustainable development without placing special emphasis on the realities, needs and capabilities of those societies in conflict and those trying to emerge from it. Meeting the urgent needs in the most pressing humanitarian situations is a given; but we also need to redouble efforts to apply new or existing development instruments and more creative approaches to help build effective institutions and encourage private investment, particularly in that crucial ten year period after a country has signed a peace deal or embarked on a democratic transition. We are mindful of the importance of matching the scale of concessionality to the capacity (or lack thereof) of countries to self-finance or to access external finance.

In our view, the Elements Paper could have also more accurately reflected current realities in the treatment of international private and public resources. Aid continues to play an
essential role, particularly in the poorest and most fragile states, and we should ensure it has as much impact as possible. As aid is a smaller percentage of total development resources than ever before, we must also take the opportunity to explore how to further attract and more effectively leverage the much larger range of resources available to invest in achieving the next round of global development goals. International development finance should also be climate-sensitive, guided by country-owned plans.

The importance of development cooperation and elevating aid effectiveness should be given better treatment here as we believe development cooperation effectiveness principles, including country ownership, mutual accountability, transparency, inclusivity, and focus on results are absolutely critical to the success of any new framework. Multi-stakeholder partnerships and blended financing approaches that are founded on these principles are gaining currency as the new model for support to development and should be welcomed.

Central to both Monterrey and Doha was the concept that effective governance is a critical ingredient to economic growth, along with creating strong domestic institutions that promote business activities and financial stability through sound macroeconomic policies, and policies aimed at strengthening the regulatory systems of the corporate, financial and banking sectors. Although many of these issues are addressed in the annex to the Elements Paper, we feel that effective governance, transparency, and data availability should be given more weight and may deserve a pillar of their own given what important drivers they are of sustainable economic growth.

We strongly agree that a well-functioning multilateral trading system can bring benefits to all, and note that the primary impediment to trade growth in LDCs is the lack of capacity of many countries to take full advantage of opportunities. Building trade capacity needs to be a central element of our strategy, including increased technical cooperation and capacity building programs to help developing countries participate more fully in global trade. Additionally, for trade to truly be an engine for development, productive enterprises must be able to operate efficiently and trade; there are significant opportunities to eradicate corruption, improve business regulation, property rights, and establish and enforce the rule of law toward the objective of well-functioning markets and competitive enterprises.

In addition to highlighting areas that merit greater emphasis, we would like to now note several issues of concern with the Elements Paper, particularly in the annex.

We question the appropriateness of defining quantitative targets through the conference outcome (a significant departure from the format of prior FFD conferences), proposals for the establishment of global taxes, mandated intellectual property rights (IPR) transfer and efforts to interpret or call for amendment of the WTO’s TRIPS flexibilities through a UN process, excessive criticism of bilateral or regional investment and trade agreements that do not acknowledge the positive impacts these frameworks can have, a failure to recognize the frequent synergies between development and climate investments reflected in demands that climate funding be separate and “additional,” and U.N. calls for governance reforms at autonomous bodies such as the World Bank and IMF.

Some of these concerns notwithstanding, let me close by underscoring the importance the United States attaches to the Financing for Development process to how we build a shared vision.
across nations about how to effectively invest in sustainable development. We look forward to a disciplined and productive process that will set the stage for a successful agreement to accompany the sustainable development goals.