

## Financing for Development Plenary Statement

[Mr President, Excellencies, Ministers, colleagues]

I would like to thank the Ethiopian Government for its generous hospitality in hosting this important event, and its leadership in successfully concluding the Addis Ababa outcome document.

I would also like to acknowledge all member states for the constructive spirit in which they have concluded the negotiations.

We have come together this week to reflect on our shared achievements and to recommit to facing shared challenges.

Everyone has a role to play in finding solutions to global development challenges. Australia is committed to playing its part. Strong economies, effective cooperation and peace and stability are at the core of our shared prosperity.

These have been the lessons of the past fifteen years. Since the agreement of the Millennium Development Goals in 2000 the world has seen remarkable economic growth. Millions have been lifted out of poverty. We should acknowledge and celebrate this achievement.

These changes are particularly apparent in Australia's region. The growth and dynamism of Asian economies lies at the heart of global development success.

But while we have had success, we have not had enough. Growth has not been universal. Not all people have shared in the benefits. Countries and regions face a range of challenges, risks and vulnerabilities. The Ebola crisis in West Africa demonstrated this. And Cyclone Pam, which hit the Pacific in March and wiped out 64 per cent of Vanuatu's GDP, is another stark example.

Old challenges remain – and new ones have arisen. We need to recognise that collectively we need to do development, and development finance, differently. This is what the Addis Agenda is all about.

The Addis Agenda recognises that we need a new toolkit and provides us with one. It tells us that future financing of development relies on: domestic resource mobilisation (effective tax regimes); access to finance (developing domestic capital markets); access to markets (trade); and, importantly, the crowding-in of private sector investment.

To make this work involves the commitment and focus of everyone. All governments, all providers of development finance including new players - philanthropics and emerging donors, as well as civil society and citizens.

Governments must: adopt policies that promote growth; create tax regimes that are fair, efficient and effective in mobilising domestic resources; invest in health and education systems; enable business to establish and grow; and, empower and protect citizens by ensuring they have essential services, productive work and live in peace and security.

Overseas Development Assistance (ODA) has an important role to play, but it is a limited resource and should be used in ways which catalyse other financial flows and fill financing gaps in vulnerable countries, such as SIDS and LDCs.

All development finance providers can and must play a role. We need to look beyond ODA to achieve development outcomes for all.

Importantly, the private sector is critical as the main driver of economic growth and job creation.

The Addis Agenda clearly recognises the role that everyone has to play in development – this is what we call the Global Partnership. It is critical that all governments and organisations put the right policy frameworks in place,

internationally and domestically, to support development. We also need to ensure that where technical support is needed to develop and implement these policies that it is provided. And we need to make sure that all available resources for development are accessed and invested well. Working in partnership – a global partnership not just government to government – is essential if we are to deliver the post-2015 agenda.

Australia's aid policy is already aligned to the key elements of the Addis Agenda. Australia's aid program is all about promoting prosperity, reducing poverty and enhancing stability. Economic growth is a central part of the overarching goal of our aid policy and supporting private sector development is key to this outcome. We are also actively investing in women's participation and leadership.

Australia's engagement with fast growing countries in Asia has shifted to an economic partnership. These partnerships focus on public policy support as much as development funding, in areas such as regulatory capacity, strengthening democratic processes, innovation and working with the institutions that will help growth become more inclusive

In the Pacific we acknowledge the particular development challenges facing the region such as the limited capacity of the public sector to provide basic services, the limited capacity of the private sector, and the geographic isolation from international markets. Our aid program in the Pacific aims to reduce poverty and increase standards of living by promoting sustainable economic growth.

We also use our engagement with the multilateral development banks (World Bank and ADB) and sectoral funds (such as the Green Climate Fund and the Global Partnership for Education) to support and encourage innovation and to leverage resources for our partners.

For example, Australia is actively engaged in reform of the World Bank and ADB to encourage them to find innovative ways to increase their lending capacity and catalyse private sector financing.

We are looking to work in new ways with our development partners. This is strongly reflected in our joint statement with our fellow MIKTA countries - Mexico, Indonesia, Korea and Turkey – which outlines our shared commitment to changing the way we finance development.

Reflecting this shared commitment I would like to highlight six key ways that Australia is actively supporting the delivery of the Addis Agenda.

First, Australia is prioritising women and girls because we know that this is one of the smartest ways to invest in development. Empowering women through skills and finance, targeting support for women in financial inclusion strategies and strategically focusing on female led business is critical to promoting inclusive growth and sustainable development.

For example Australia has invested A\$15 million with the World Bank and we are working with the private sector, to support women entrepreneurs in South East Asian countries to better access financial services and build business skills.

Second, Australia is extremely proud to be a part of the Addis Tax Initiative, launched here yesterday. This initiative recognises that increasing domestic public financial flows is fundamental to sustainable development.

Australia is pleased to have announced our commitment to doubling by 2020 our investment in domestic resource mobilisation. This is an investment in the skills and systems to help mobilise trillions of dollars of public finance.

Third, Australia is helping address the significant gaps in infrastructure investment, especially in our region. Australia, as home to the Global Infrastructure Hub, is developing a knowledge-sharing network and

consolidated database of global infrastructure projects to help match projects with potential investors.

Australia has also invested in a range of infrastructure initiatives with established partners, including A\$25 million in the World Bank Group's Global Infrastructure Facility and A\$10 million through the Asian Development Bank's Asia Pacific Project Preparation Facility.

We are also investing in new partnerships. Australia is a founding member of the Asian Infrastructure Investment Bank (AIIB), which will deliver much needed infrastructure investment across our region.

Fourth, Australia is also increasing the use of publicprivate partnerships, with investments in the tens of millions set to catalyse billions in private sector capital.

For example, Australia has contributed A\$30 million over the last five years to the Philippines Public-Private Partnerships Centre, working with other donors, the Philippines Government and APEC. This Centre has seen over US\$1 billion in infrastructure projects developed to date, and has a further US\$7 billion of projects in the pipeline.

Fifth, Australia has committed to increase the share of the aid budget spent on aid for trade to 20 per cent by 2020.

We know that economies that participate in international trade become more competitive and achieve higher and lasting growth. And we know that every dollar invested in aid-for-trade is typically associated with an increase of around \$8 in exports in developing countries.

Sixth, Australia knows that innovation – finding new ways to solve problems – is the key to success. The Government has established an InnovationXchange to catalyse and support innovation across our development investments.

InnovationXchange's first investment was a \$30 million contribution into the Global Innovation Fund, which uses grants, loans (including convertible debt) and equity to develop and trial breakthrough social innovations to global development challenges. By partnering with the US, the UK, Sweden and the Omidyar Network to create the Fund, Australia is able to leverage greater impact than we would have alone.

The Australian aid program also invested US\$15 million, together with Bloomberg Philanthropies' US\$85 million, in a Data for Health partnership. By leveraging Bloomberg's expertise in data analytics, we are able to improve health outcomes in developing countries by collecting and analysing health data more efficiently and supporting governments to use it in better ways.

A final example is a \$3 million investment to trial a credit guarantee in Indonesia with USAID. This credit guarantee will enable local commercial banks to provide greater access to debt finance and increase the competitiveness of the Indonesian business environment.

We are also proud signatories to the Innovation Call to Action, which was launched yesterday. The Call to Action outlines a range of key principles to facilitate innovation in international development. It also recognises that without embracing science, technology, risk taking and innovation we will not achieve our goals.

As the examples I have outlined show, Australia is already making the promise of the Addis Agenda a reality.

We believe in the Global Partnership and the potential it has to deliver development outcomes if we all play our part.

We must all leave Addis Ababa this week committed to doing all that we can to deliver on the promise in the Addis Agenda. We need to ensure that we are able to generate and effectively use all sources of development finance

and by engaging all partners to deliver development outcomes in a way that truly leaves no one behind.

Thank you.