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## **Making Financing for Development Work for Fragile and Conflicted Affected States**

*Side event at Financing for Development summit in Addis Ababa*

**Date and time:** Tuesday, 14 July 2015, Morning (10.00 am – 12.30 pm)

**Hosts:** g7+ Group, Sierra Leone, Timor-Leste and United States of America

**Venue:** Hotel Jupiter, Conference Hall

### **Thematic Focus:**

How can Financing for Development (FfD) enable Fragile and Conflict-Affected States (FCAS) secure the necessary resources, either domestically, internationally or through the private sector in order to finance their development needs through:

1. Investments in institutional and human capacity for domestic resource mobilization, including improving tax policy and administration;
2. Support to global and national measures to (a) Ensure responsible investment in natural resource for the maximum benefits to the population, and (b) help curb tax evasion and illicit financial flows; and
3. Fostering private sector development, through investment by partners in physical and soft infrastructure in a context-sensitive way and in line with the national development strategies.

### **Objectives:**

- Renew commitments to strengthen state and non-state institutions that are critical to country-led resource mobilization in FCAS.
- Determine how international initiatives to curb tax evasion and illicit financial flows can be developed to meet the needs of FCAS.



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- Underline the potential of the private sector to create jobs and ensure long-term fiduciary health in FCAS and discuss how, in a context sensitive manner, to ensure a strong enabling environment that can facilitate such outcomes.
- Promote responsible and context-sensitive investment (ODA, Private investment) in FCAS.

### **Issues to be addressed:**

- What are the specific challenges of private sector development in FCAS? How can development interventions help create an enabling environment for domestic and international private sector investment? How can we address pressing infrastructure needs in FCAS?
- How can we invest more sustainably in institutional capacity? Moving from short-lived technical assistance to build domestic institutions with the capacity to generate resources to sustainably finance development needs in FCAS.
- How can regional and global measures curb tax evasion and illicit financial flows?

**Format:** Moderated panel discussion with remarks by Ministers and heads of organizations

**Moderator:** Zeinab Badawi (TBC)

### **10.00 – 10.30: Opening**

1. Opening remarks by The Chair of the g7+, Dr. Kaifala Marah, Minister of Finance of Sierra Leone
2. H.E. Xanana Gusmao, Minister of Planning and Strategic investment and g7+ eminent person
3. Official from the US Government

### **10.30 – 11.30: Different perspectives**

4. Minister Isabella Lövin, Swedish Minister for International Development Cooperation and IDPS co-Chair
5. Minister from a G77 country
6. IMF to provide perspective on curbing illicit financial flows and tax evasion
7. Private Sector
8. Civil Society



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### 11.30 – 12.20: Intervention from floor and Question and Answer

Interventions from the floor and Q&A

--moderator will have a list of individuals to make floor interventions

### 12.20 - 12.30: Closing remarks

Closing remarks by Sierra Leone, Timor-Leste and USA

### **Background**

As the world gathers to agree on the overarching framework on financing for development, the reality is that nearly half of all people living in extreme poverty reside in countries affected by conflict and fragility (FCAS). Unless concerted and dedicated action is taken by 2030 that figure is expected to rise to around two-thirds and the post-2015 ambition of leaving no one behind and eradicating extreme poverty will fail. But this does not have to be our future. Peace, resilience and accountable, effective institutions can and will foster sustainable development in FCAS. The ability of countries to mobilize domestic finance will be critical to addressing the constraints hampering progress toward resilience and sustainable prosperity.

This event seeks to explore questions around (i) institutional capacity for domestic resource mobilization (tax revenue, natural resource management and curbing tax evasion and illicit financial flows); (ii) fostering an enabling environment for country-sensitive private sector development.

The g7+ is a group of 20 conflict and fragility affected countries (FCAS) formed in 2010 to articulate the unique needs of FCAS through peer learning and to advocate for improved development engagement tailored to their needs. Chaired by the Sierra Leone Minister of Finance, and with a Secretariat based in Timor-Leste, the g7+ is a powerful advocate for country-led and country-owned transition towards sustainable peace and resilience as pre-requisites to sustainable development. The New Deal for engagement in fragile states is the first ever framework that sets principles for effective development intervention in FCAS, and is endorsed by more than 40 countries and organizations.



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This side event is co-hosted by the Republic of Sierra Leone (the current Chair of the g7+), the Republic of Timor-Leste, and the United States of America. It will bring together Ministers from g7+ and other developing and least developed counties, donor countries, Civil Society Organizations, multilaterals and the private sector. It will provide an opportunity for the g7+ to showcase not only their unique contribution, but also demonstrate they are at the forefront of their own transitions toward resilience. It will also bring US Government capacities to bear in considering how to harness the power of the private sector in FCAS.