

U.S. Statement
Substantive Informal Session on Domestic Public Finance
Third International Conference on Financing for Development
November 11 and 12, 2014

Thank you Chair. The presentations we have heard today and yesterday have given us a chance to have an interesting and important discussion on issues that play an important role in the FfD process. We want to comment specifically on raising domestic resources, international cooperation, and the effective use of public finance.

First, regarding raising domestic resources, as panelists have stated, domestic resources are by far the most important source of financing for development in each developing country. We recognize the efforts made by developing countries that have led to a more than doubling of this source of finance, as also reported in the briefing note for this session.

We emphasize the strong link between domestic revenue mobilization and access to credit. Those countries that are able to successfully mobilize domestic resources through diversified and stable tax revenues to establish a strong fiscal position are more stable and thus have a better position from which to access external and domestic debt financing. Countries have unprecedented access to new sources of credit to finance development. At the same time, they must successfully manage that debt to realize sustainable growth and stability.

The United States supports mobilizing domestic financial resources for development through good governance, fighting corruption, transparency, and the pursuit of sound macroeconomic policies aimed at achieving growth and poverty reduction. Through various initiatives, the US supports programs that enhance and strengthen domestic resource mobilization including, where appropriate, modernized tax systems, more efficient tax collection, the broadening of the tax base and the effective combating of tax evasion and capital flight.

Second, on international cooperation, we recognize that while each country is responsible for its tax system, it is important to support national efforts in these areas by strengthening technical assistance and enhancing international cooperation and participation in addressing international tax matters.

To address tax avoidance and evasion, the U.S. views exchange of tax information as an important tool in facilitating the full and fair enforcement of our domestic tax laws. The U.S. understands that capacity to undertake those exchanges is developing, as noted in recent OECD and IMF documents, and will continue to strive to assist countries in need. By working together we can help to build a stronger, more stable, and more accountable global financial system.

We believe the OECD/G-20 Base Erosion and Profit Shifting (BEPS) initiative is a promising effort, which will help advance coherence in taxation at the international level as well as transparency and predictability for businesses.

Finally, on effective use of public finance, it's clear that regardless of the source, the creation of an enabling environment that provides accountability, transparency, and respect for the rule of law **is critical** to attracting financing and promotes effective means of implementation.

There is also a close connection between effective integrity systems that promote accountability and reduce corruption and the achievement of other goals such as inclusive economic growth, sustainable development, and human rights.

Chair, we thank you for the opportunity to recognize the importance of domestic resource mobilization to sustainable development, and to contribute to today's discussion.