

U.S. Statement
Substantive Informal Sessions on international public finance and on private and blended finance
Third International Conference on Financing for Development
November 12-13, 2014

- The presentations today and yesterday start to give a picture of the full set of flows, public and private, that have the potential to contribute to sustainable development. We recognize that these flows – ODA, remittances, foreign direct investment, debt, philanthropic contributions -- are distinct from one another in terms of their sources and their role in contributing to sustainable development. But all of these flows can and do make significant contributions – and given the scale of the resources required we need to be thoughtful regarding the strategies and policies to mobilize them.
- The US sees the need to adapt our investment strategies to meet the increased ambitions of an updated development agenda. In relation to ODA, the United States remains the largest bilateral donor, having disbursed over \$31 billion in Official Development Assistance (ODA) in 2013. A sustained commitment to ODA will remain vital. As we have emphasized previously, we are working to direct assistance as strategically as possible to focus on areas of particular vulnerability and to catalyze and leverage other flows.
- We agree that the recent aggregate ODA trend toward MICs and away from LICs is inconsistent with the highest need and best use of ODA. We believe, therefore, that it is critical for each DAC member to re-double its efforts to direct a higher proportion of its ODA to LDCs and other LICs, including fragile states starting now, but certainly after agreement on the post-2015 development agenda.
- At the same time we should remain ambitious about using our ODA and other forms of public investment to catalyze and leverage additional resources and maximize their results for development. The Power Africa initiative offers a useful example of the catalytic power of U.S. assistance: the U.S. government has announced more than \$7 billion in financial support and loan guarantees for Power Africa and this has helped mobilize more than \$29 billion in additional commitments from the private sector, multilateral development banks, and other bilateral partners. It's helpful to note that we are using a range of financial tools through Power Africa – some ODA, some not.

- And as we think about getting the most out of development investment, the policy environment needed for investment is the same whether you are talking about public or private finance: good governance, and macroeconomic and structural reform policies (including those affecting industrialization and structural transformation, infrastructure finance, international trade and development, external debt sustainability and international financial systems), are critical to create an enabling environment for sustainable growth.
- We appreciated the focus this morning on financial inclusion and remittances, both important issues in the context of FFD. In fact remittances are the largest financing flow from the US -- larger than FDI and ODA -- to a range of countries across Asia, Latin America. Total remittances from the US are nearly 100bn per year, three times as much as our assistance budget and equal to FDI flows. Remittances and financial inclusion are two pieces that fit into a larger discussion on the importance of financial sector development more broadly, as well as the need for other critical tools like insurance, including micro-insurance, savings, and payment transfer systems. There is a tremendous amount of innovation in the private sector on these and other instruments, including social impact investments and social impact bonds, and FFD allows us an important opportunity to raise awareness of these various tools and work together to support and increase their use.
- We are also encouraged by the recognition of the role that blended finance and other innovations have been playing in the changing development landscape over the last decade, and we need to seek opportunities harness the resources, interest and capabilities of private actors.
- Finally we look forward to discussions this afternoon on the transformative role that responsible investors and investment standards are playing in the financial markets and within companies.
- As we look at this much broader set of financing we will need robust data, transparency and accountability around commitments and resource flows.
- These discussions are extremely valuable as we chart the path to Addis and look forward to further interactive discussions.