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Preparatory Process for the Third International Conference on Financing for Development

Substantive informal on international public finance, including Official Development Assistance (ODA)

New York, 12 November 2014

Swiss Statement

Distinguished Co-Chairs

Mr. Moderator

Excellencies,

Ladies and Gentlemen,

The world is different today from when Member States first came together to discuss the crucial issue of financing for development in Monterrey, or even when they met again to discuss the follow-up in Doha. International financing has changed dramatically since then and other sources of cross-border finance have grown at a much faster pace than ODA. Let’s be clear about it: the role of ODA remains critical and central in the pursuit of sustainable development!

However, ODA will be nowhere near sufficient to finance the ambitious and universal Post-2015 agenda we are all striving for. In order to understand the complementary role ODA plays compared to other sources of finance, the Addis outcome document needs to find a balance between the firm commitment to ODA; as well as showing an understanding that ODA alone will not nearly be enough to finance the Post-2015 Sustainable Development agenda.

Switzerland recognizes the UN-ODA target of 0.7% of GNI. We think that ODA should be focused increasingly on LDCs and lower middle income countries and in particular on countries affected by conflict as these countries highly depend on ODA and have limited access to other sources of finance. In this regard, we strive, together with other governments, to develop an Action Plan for progressively increasing ODA to LDCs up to 2020, with each member individually putting in place a strategy for contributing to this global undertaking.

While ODA is crucial, it is not enough! In order to put more resources at work for sustainable development, ODA should be used in a smart way to leverage other sources of financing, both public and private. This may require a review of the way development actors operate and how they are applying different financing instruments. In this regard, very promising initiatives are under way in other fora like the World Economic Forum or the OECD aiming at a more systematic and mainstream approach to aligning capital from philanthropists, private and commercial investors and development institutions.

Despite the great potential smart ODA provides us with, it is important to understand that not all projects or countries are equally suited for leveraging other finance through ODA. In LDCs and the social sectors, for example, this might be difficult to achieve at times. We therefore appreciate discussions about different levels of consessionality for different contexts. Addis could lay out a blueprint in this regard.

But even in countries and sectors that used to be deemed “un-investable” there are encouraging developments, such as the increased availability of impact investment funds which are investing in projects where both a social and economic return can be achieved. Public actors should consider supporting the development of such investments and the overall impact investment ecosystem by lowering the risk of these investments, for example in fragile countries or LDCs, through the provision of seed funding, technical assistance, first loss investments or guarantees. Addis could strive at providing a global framework for social impact investments, creating smart incentives that allow the many different actors to thrive, without putting regulatory or bureaucratic barriers in the way of sustainably oriented capital.

In the spirit of an inclusive preparatory process and much like during the preparation for the Monterrey Conference we should take a close look at inputs and proposed solution coming from other international for a, including the private sector. Development Finance Institutions (DFIs) are also playing a key role in leveraging resources for development, including Switzerland’s own DFI SIFEM. By reinvesting profits from their ODA-investments, DFIs can multiply their impact on sustainable development.

The active involvement of the private sector is key to mobilize additional non-public sources across all three dimensions of sustainable development, including for climate finance. Therefore, Switzerland is engaged as a co-chair in the Private Sector Advisory Group of the Green Climate Fund (GCF), which, come January 1 2015, is a specific funding window to specifically mobilize private sector funds through various instruments such as loans, bonds, guarantees or risk insurances.

With all these exciting opportunities out there, we mustn’t forget to complete the unfinished business started in Monterrey, and further developed in Paris, Accra and

Busan: Resources should be directed according to needs and commitments to achieve results; they should be used effectively and efficiently. In addition, fragmentation of international efforts should be reduced and coordination enhanced, in view of a sound global governance.

On the institutional level, Switzerland, as a member of both the UN Development Cooperation Forum and the Global Partnership for effective Development Cooperation, urges the two organizations to maximize synergies and collaborate towards making development cooperation more effective at the national and international level.

I thank you very much for your time!