AUSTRALIA

AUSTRALIAN MISSION TO THE UNITED NATIONS E-mail australia@un.int

150 East 42nd Street, New York NY 10017-5612 Ph 212 - 351 6600 Fax 212 - 351 6610 www.AustraliaUN.org

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Financing for Development (First Drafting Session): Australian key messages for the first negotiation session

Statement delivered by Ms Harinder Sidhu

Australian Mission to the United Nations, New York

(Check against delivery)

Co-chairs,

Australia commends both co-chairs for their guidance to date and their work in developing the Elements Paper. We also thank Ethiopia for their generosity and ambition in hosting what we anticipate will be a highly successful financing for development conference.

For Australia, a key part to this success is ensuring that our shared vision for Financing for Development produces an outcome that is relevant and meaningful for countries at all stages of development. It must speak to all actors and across all flows. It must speak to policy makers and implementers, to lenders and creditors, to established actors and new and emerging actors. It must be balanced and it must be clear and it must be ambitious.

Development is changing, and Addis must help provide an updated model for development finance for sustainable development.

Public international finance, including ODA, will be an essential element to support financial flows for this outcome. But for it to be used effectively, we must identify how best it should be used and to whom it should be directed.

The evidence base tells us that one of the most effective uses of public money, including ODA is to facilitate and maximise other, larger flows of finance for development.

We know that to transform economies and build sustainable development, we as a global community should focus on four key things:

1) Domestic resource mobilisation – which is the key to providing domestic governments with the finance to implement their policy agenda

2) The domestic private sector – where broad access to capital and the development of domestic capital markets can build domestic economies that provide jobs and growth

3) A supportive international environment which reinforces trade and market access; access to finance; global economic growth and promotes foreign direct investment

4) Government policies and financing which shift these financial flows into sustainable development outcomes.

However, our task does not end here. Within this broad approach there must be sufficient flexibility for all actors to see the Financing for Development process as offering the tools and support to help address development challenges faced by each country and in each region. One size cannot fit all.

Australia is located among regional partners as diverse as Indonesia and small Pacific Island Countries. So, for Australia, success in Addis means that emerging Asian partners, like Indonesia, a country of 250 million people, can see progress on issues such as trade, the provision of adequate financing, private sector engagement and capacity building to address infrastructure investment gaps.

Equally, it must respond to considerably different challenges faced by our partners in the Pacific, such as the Kiribati, a nation of just over one hundred thousand people, comprising over 30 atolls, reefs and a coral island spread over 3.5 million square kilometres. Kiribati faces a complex range of development challenges exacerbated by difficulty in accessing markets and requires greater access to financing and to develop resilience to a range of economic shocks.

Turning now to our comments on the elements paper, we believe it is an excellent first step in starting this conversation. In assessing the elements paper and in turn the zero draft we will focus on the following criteria, namely that it:

- Reflects the evidence base
- Captures all flows, actors and regions
- Balances mobilisation with the effective use of finance
- Promotes partnerships and coherence, rather than fragmentation; and
- Sets clear actions and priorities for shared ambition.

With this in mind, Australia supports the structure of the elements paper, as it provides a framework under which all issues can be clearly addressed. It also reflects the evidence base and analytic work well and, while faithful to the framework of the Monterrey Consensus, is well-adapted to current global development finance circumstances.

We would emphasise that the grouping together of both flows of private finance into a single chapter will mean that this chapter is very long. We would support either making a separate chapter for both, or simply recognising that this may need to be a more detailed part of the text. A possible use of sub-headings of public and private finance may be useful here.

There are two key areas where we think the substance sitting below the structure of the Elements paper can be improved.

First, we consider there are a number of gaps in the paper which should be addressed to ensure it is as comprehensive and balanced as possible. These include:

- a greater focus on domestic actions given the importance of them to a positive Financing for Development outcome

- more detail and actions on the effective use of financing and the links between this and development results

- a greater focus on the balance between the rights and responsibilities of established donors and lenders and emerging donors and lenders

- more attention to ensuring that the growing role of non-concessional finance and its development impacts are better recognised and integrated across the framework

- greater recognition of the centrality of sustained global economic growth and policies and actions to that end, including through the G20

- in support of Rwanda, Switzerland, Sweden and Norway, a greater focus on gender equality as a powerful driver of growth and development.

Second, we note that the paper tends towards institutional rather than results focused solutions. We would support a greater consideration on the outcomes being sought in the first place. If an institutional solution is needed, we should look first at how existing structures can be adapted to establish more flexible and creative partnerships that build capability and results. If new institutions or structures are required then we need to make the case for them, and demonstrate that we are achieving value for money, and more timely, better policy and programming outcomes.

Thank you.