

Second Drafting Session of the Third International Conference on FfD:

Statement by Mr. John Hurley, U.S. Lead FfD Negotiator

FfD Opening Statement **(As Prepared)**

Co-Facilitators, Excellencies, Colleagues,

We'd like to start by thanking the co-Facilitators and their staffs from the Missions of Guyana and Norway for their hard work in drafting the zero draft, as well as the UN Secretariat staff for organizing this week's discussion. We commend the significant efforts of the Co-Facilitators in developing a document that provides the basis for our discussions. We have a starting point, but significant work remains and we think the current draft requires substantial strengthening to bring us to a successful outcome in July.

We begin this conversation today at a moment of tremendous opportunity – at a moment when we are compelled to reflect, as our President did in this year's State of the Union, on *“who we want to be over the next fifteen years, and for decades to come.”* To ask *“Will we accept an economy where only a few of us do spectacularly well? Or will we commit ourselves to an economy that generates rising incomes and chances for everyone who makes the effort?”*

We, ourselves, have work to do domestically to answer this question affirmatively, to empower the poor and the middle class in the United States. Together, we must rise to this historic occasion to define a vision for the future, and deepen our collective commitment to developing a policy framework for development finance that is clear and compelling both to policy makers and ordinary citizens, as well as transformational in scope. For the FfD outcome to have major impact, it must demonstrate our joint resolve to use our resources more effectively to end extreme poverty and promote inclusive and sustainable development, and to help us achieve an ambitious and effective post-2015 development agenda. The United States continues to be committed to this effort at the highest levels.

We appreciate that the zero-draft seeks to address the changes to the development financing landscape since the Monterrey Consensus, while reinforcing Monterrey's basic tenets of mobilizing domestic resources, international financial and technical cooperation, promoting international trade as an engine for development, sustainable debt financing, and enhancing the coherence and consistency of the international monetary, financial, and trading systems while still respecting their separate mandates. We note the evolution in the balance among these tenets, and particularly welcome the determination of many countries to drive their own development through domestic revenues and effective debt management. We also welcome the focus on eradicating extreme poverty and hunger, achieving inclusive and sustainable economic growth, addressing environmental challenges, including natural disasters and climate change, and promoting peaceful and inclusive societies. We also commend the fact that the zero draft does not attempt to import divisive political issues that have no relevance to our discussions and have never been part of financing for development, such as foreign occupation.

We appreciate the broad-based recognition that inclusion—leaving no one behind—is central to both FfD and post-2015 conversations. However, while we recognize the considerable progress achieved since Monterrey, notably in halving rates of extreme poverty, too many *HAVE* been left behind in the path towards prosperity. Focusing on inclusion and the needs of people in fragile situations must therefore be a key tenet of our approach to sustainable development.

The sheer numbers are a call to action: about 1.2 billion people live in countries affected by fragility; and we know that conflict and violence are the enemies of development and can also reverse years of development gains in a flash. If we are to meet our commitment to eliminate extreme poverty by 2030, we must make a concerted effort to address the specific needs of fragile and conflict-affected states.

Similarly, the negative effects of climate change exacerbate extreme weather; alter land, forests and oceans upon which peoples' livelihoods depend; and set back development. There is a great overlap between the geography of poverty and the geography of disasters. The poorest countries are the most susceptible to these negative effects and so we must make a concerted effort to address vulnerabilities, build resilience, and improve the capacity for risk management. We also commend the recognition of climate change as a crosscutting issue, and the recognition that sustainable development must be climate-friendly development and build a low-carbon, climate resilient world.

We must also recognize the importance of social inclusion – conditions, for example, that allow for full participation in the economy by women, on terms equal to those of men – as being essential for poverty reduction and fostering economic growth. Women make up just over half the world's population, but their potential contributions to measured economic activity, growth, and well-being are far below potential, with serious macroeconomic consequences.

We applaud the zero-draft for maintaining the principle that each state has primary responsibility for its own economic and social development. The concept of common but differentiated responsibilities (CBDR) has no relevance or application to our task of working together to build on the commitments in Monterrey and Doha to further strengthen the international framework to finance the post-2015 development agenda. Both Monterrey and Doha emphasized the concept that good governance is a critical ingredient for economic growth. Creating strong domestic institutions that promote business activities and financial stability through sound macroeconomic policies, and policies aimed at strengthening the regulatory systems of the corporate, financial and banking sectors is of paramount importance. We welcome the inclusion of good governance concepts, including transparency and data availability in the zero-draft, and believe they should be given more weight and greater treatment. In particular, there is increased recognition of the critical importance of data – especially data that informs evidence-based decision making as a development objective in its own right. A 21st century view of the role of science, technology and innovation to accelerate development is also critical, as is the commitment to build science, technology, engineering and mathematics capacity to effectively realize the benefits of the knowledge that they generate and allow countries to leapfrog from one generation of technological advances to another.

We believe the importance of development cooperation and development effectiveness should be also given fuller treatment. Monterrey recognized the catalytic role that targeted international

assistance can play in the context of a demonstrated commitment to good governance and private sector-led development. Doha added the importance of universal adoption and implementation of the development cooperation effectiveness principles (host country ownership, aid alignment with host country development priorities, harmonization of aid from different donors, managing for results, and mutual accountability). We believe that greater elevation of these elements is absolutely critical for the success of this new framework.

In addition to highlighting areas that merit greater emphasis, we would like to note several specific issues of concern with the zero draft.

- The United States questions language suggesting that governments should or can effectively direct private investment flows; given the critical and independent role our private sector and regulators play in our own economy, we note with caution language that implies a more directive role for governments.
- The proposed global “new social compact” gets to the heart of what smart public expenditure can prioritize to provide a basic level of social protection to the poor. However, the specifics of the proposal require significant additional scrutiny, notably on whether it is financially feasible and consistent with generally settled intergovernmental discussion in the International Labor Organization on nationally-determined social protection floors.
- We also question proposals for the establishment of global taxes, in addition to an upgrading of the U.N. Committee of Experts on International Cooperation on Tax Matters.
- We must be ambitious, but we must respect our—and other processes’—mandates and not prejudice other intergovernmental processes and forums. Attempts to mandate the transfer of intellectual property rights (IPR), to do the work of the World Trade Organization, or to put forth a suggested weakening of vital social and environmental safeguards of the International Financial Institutions (IFIs) is also of significant concern to us.

Finally, we emphasize that this document should firmly grasp the universality of the Post-2015 agenda – a major innovation and change from the framing of the Millennium Development Goals. Only through collective action and shared responsibility can we deliver on the hope for a better future that drives this agenda. We view this as an unprecedented opportunity for a renewed and revitalized partnership all among nations, moving beyond archaic typologies of developed and developing, recognizing that the world is too complex for a simple dichotomy. Through a frank assessment of our greatly evolved landscape, we can define a more honest and constructive path to success. As we affirm the universality of the Post-2015 agenda, we also welcome FfD’s acknowledgement of the challenge for countries in special situations, including least developed countries (LDCs), landlocked developing countries (LLDCs), small island developing states (SIDs), countries in conflict and post-conflicts situations and fragile states.

Co-Facilitators, and fellow country representatives, let me close by underscoring the importance the United States attaches to the Financing for Development process as an historic opportunity to raise the level of ambition in how we think about achieving and investing in development. It is evident from all the interventions today that we share the goal of accelerating substantial and

lasting development outcomes for our citizens, economies, and environment. With our collective eyes on the prize, we can rise above our differences – which undoubtedly exist – and find common ground on those principles and ideas that will have most impact in reaching our shared vision .