

Statement by H.E. Mr. Omar HILALE
Ambassador, Permanent Representative of the Kingdom of Morocco to the UN
On behalf of the African Group

Preparatory Process of the Third International Conference on Financing for
Development
First drafting session
Private financing
New York, 29 January 2015

Co-facilitators,

I am pleased to deliver the following statement in relation with private financing, on behalf of the African Group.

Africa is on the rise and becoming one of the most attractive regions for investment and a pole for growth, offering an opportunity for governments across the continent to mobilize new resources, both domestically and internationally.

Currently Africa needs for a massive capital infusion to finance a number of crucial projects in areas including infrastructure, with particular emphasis on the Programme for Infrastructure Development in Africa (PIDA), mineral resources exploitation,

Funds for development projects, with focus on improving policy and institutional environment to assure investment returns.

Co-facilitators,

As we understand the nature and characteristics of private funding and the need to further develop financial schemes that encourages FDI flows, it is equally important to highlight that achieving this must include a change in the mindset of private investors to ensure that their investment decision making is not based on profit only, but must incorporate sustainable development needs.

Co-facilitators,

While Philanthropy funding has positively impacted investment needs in Africa and supported its sustainable development needs, its effect has been limited due to the massive needs of the continent. Furthermore, we believe that when addressing private financing we cannot bundle remittances as a source of private financing as the majority of remittances aim at enhancing the lives of families in the recipient country, and address vulnerabilities associated with the increased prices of commodities and decreasing levels of subsidies in developing countries, leaving minimal amounts to be channeled to investment.

Co-facilitators,

In those lower-income countries where PPPs have their limitations, exploring other forms of innovative financing may be required. Other options should also be examined. Ways to further involve African financial institutions, such as the African Development Bank and Regional Development Banks (for mitigation or for lending opportunities) should be considered. Regional development banks could yet play an important financial role in providing concessional loans to support projects in infrastructure areas where private sector investment has in the past been limited.

We can also encourage Initiatives such as UN Global Compact who can serve as a platform for governments to engage with the private sector and discuss how best to mobilize finance to achieve the SDGs.

There is also a need to foster linkages between multinational companies and the domestic private sector, specifically facilitating the transfer of knowledge and skills to the region.

Government should incentivize investors to integrate local businesses into their value chains and to help provide educational training and employment opportunities to local workers.

Lastly, we should encourage more impact investments aimed to deliver financial and social returns.

Thank you