

# High-Level Political Forum on Sustainable Development: Strengthening integration, implementation and review – the HLPF after 2015

*Session 11b: Investing in the future we want*

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# Structure of the presentation

1. Official Development Assistance (ODA) data
2. Development Cooperation Report (DCR) 2014 “Mobilising resources for sustainable development”
3. From aid to AIT (Assistance, Investment and Trade)
4. ODA modernization
5. A new measure in the making: Total Official Support for Sustainable Development (TOSSD)
6. Broader Mol
7. Partnerships and peer reviews
8. Focus on Risk, Resilience and Conflict
9. A Statistical Framework that is “Fit for Purpose” in the Post-2015 Development Finance Context

# ODA performance

- Net official development assistance (ODA) from DAC members totalled USD 135.2 billion, level with a record USD 135.1 billion in 2013, though marking a 0.5% decline in real terms if price rises and exchange rate moves are factored in.
- Net ODA as a share of gross national income was 0.29%, also on a par with 2013 once upward revisions to DAC countries' GNI due to methodological changes are accounted for.
- ODA has increased by 66% in real terms since 2000, when the Millennium Development Goals were agreed.

# DCR 2014 “Mobilising resources for sustainable development”: The architecture of sources and instruments of development finance has become more complex

Sustainable development as the main objective

Other objectives



DAC donor agencies  
(concessional &  
concessional bilateral  
finance)

Private  
philanthropy  
(foundations  
& NGOs)

Non-DAC sovereign  
providers  
(e.g. BRICS & MINT  
countries, other  
South-South co-  
operation  
providers)

Export credit  
institutions

TOSSD

Multilateral agencies  
incl.  
regional & Arab  
organisations  
(concessional & non-  
concessional finance,  
& investments)

DFIs  
(non-  
concessional  
loans &  
Investments)

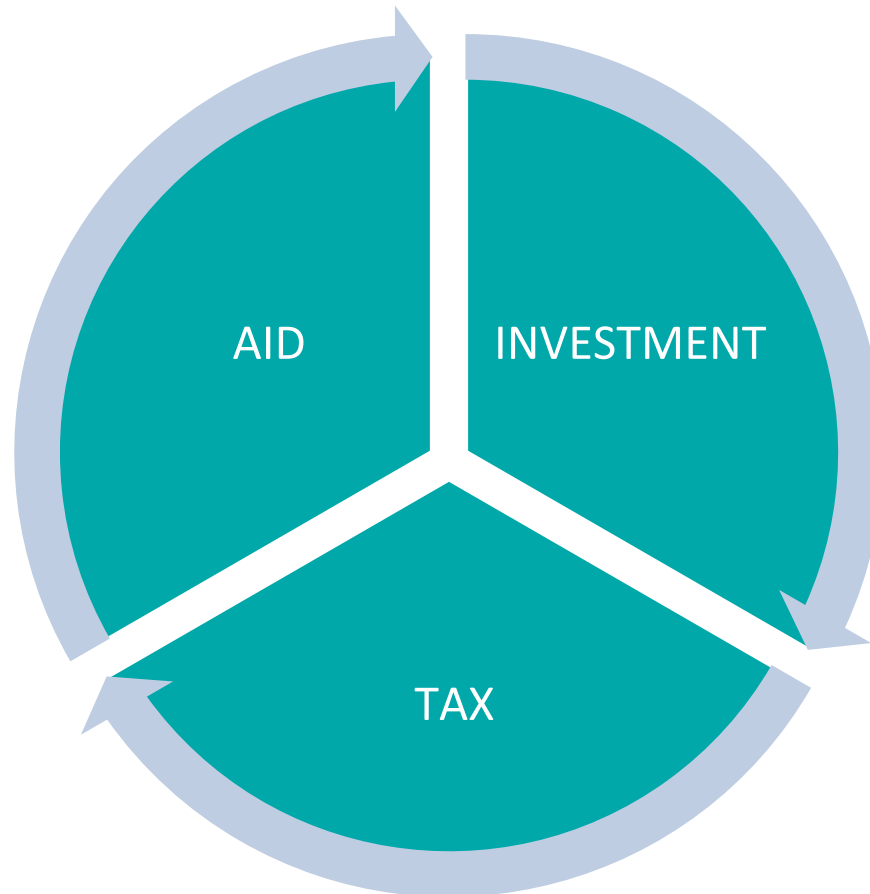
Private actors/  
investors  
(FDI & other private  
flows at market  
terms)

# From « aid » to AIT:

## More and better Aid, Investment and Tax:

OECD's « AIT Approach » to financing sustainable development and the post-2015 development agenda

ODA is core - it should be better targeted and used more catalytically .



Need for the right incentives to further unlock private investments (frameworks, private sector instruments, measurement – e.g. TOSSD).

Enhance countries' engagement in the international tax agenda (Base Erosion and Profit Shifting, Automatic Exchange of Information for Tax Purposes) and respond to capacity needs

# ODA modernisation: A Statistical Framework that is “fit for Purpose” for the financing the SDGs

**Access to comprehensive statistics on development finance is essential for the post 2015-financing framework.**

**To be fit for purpose it should:**

promote transparency and facilitate monitoring of development finance.

carry the right incentives to maximise resources mobilisation, their smart allocation and catalytic use.

be based on international standards for measuring and monitoring of development finance.

# A robust ODA fit for post-2015

## CONCESSIONALITY and REPORTING ON LOANS IN ODA

- **Concessional loans account for a third of ODA.**
- **Strengthening of the ODA measure by only scoring the grant equivalent of ODA loans:**
  - Allows for better comparison between loans and grants.
  - Provides a clear, quantifiable measure of concessionality.
  - Ensures access to ODA loans on better terms and conditions than before as it incentivises concessionality.
  - Establishes safeguards to ensure ODA debt sustainability.

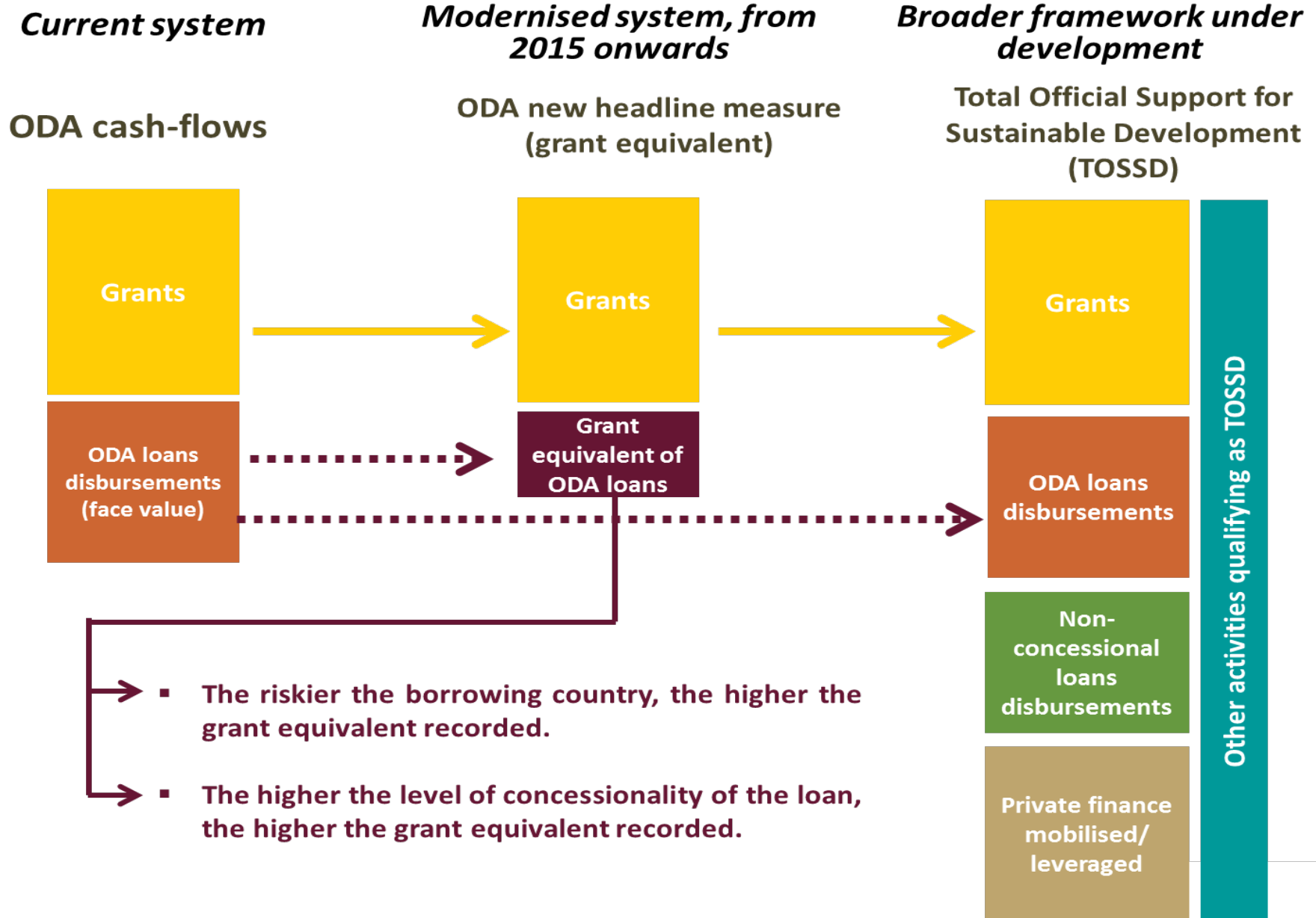
# Total Official Support for Sustainable Development (TOSSD)

A new comprehensive statistical measure that would capture the diversity of resource flows in support of sustainable development.

- **Complements** and does not replace ODA.
- Covers activities that **promote sustainable development**, including contributions to global public goods.
- Includes **concessional and non-concessional financing** and captures all financial instruments.
- Captures international public finance and public schemes for **mobilising private finance**.
- Is **pertinent for any provider of development finance**, including private actors that take part in blended finance schemes.
- Responds to the call for an **open, transparent, and inclusive dialogue process** and to be developed in the post-2015 context.

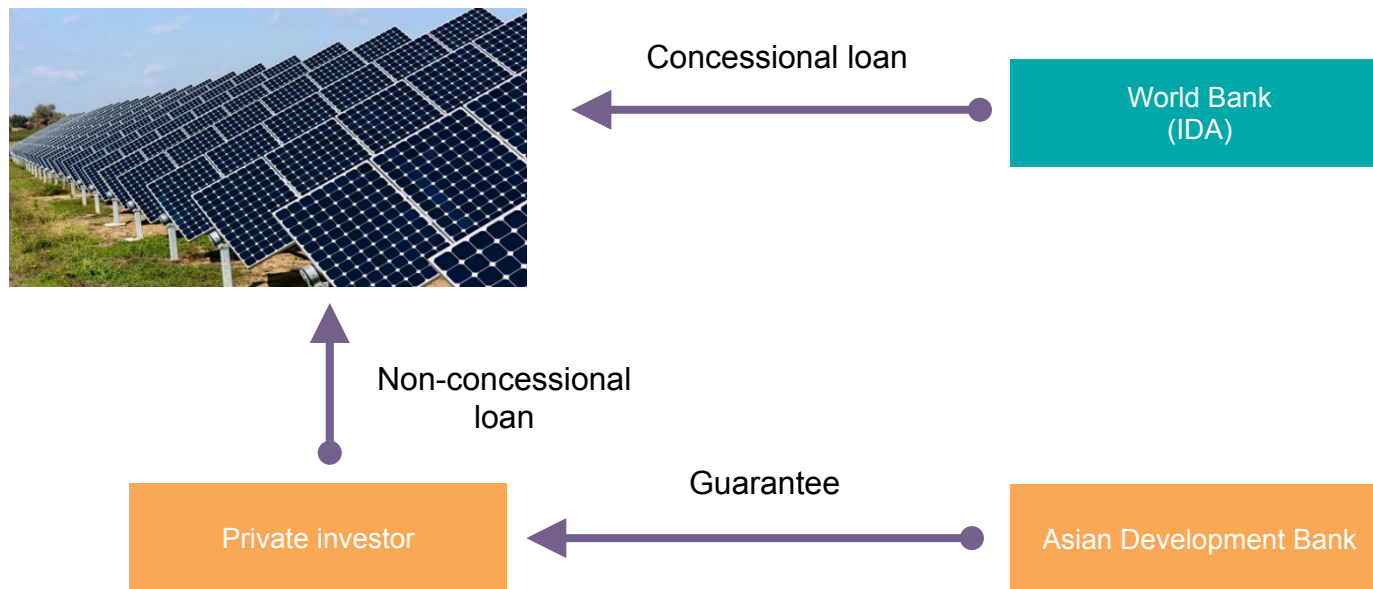




# How would TOSSD complement ODA?



# Visualising TOSSD example

## A Solar panel project financed through blended finance



-  Already captured in the current system
-  To be captured in the new system

# Elements for consideration

- Would the proposed TOSSD measure provide the right incentive framework to maximise resource mobilisation in support of the SDGs, including global public goods?
- What would be the key considerations for an open, transparent and inclusive process to develop TOSSD?

# Broader MoI for the Post-2015 Framework

- The GPEDC and other partnerships
- Peer reviews
- DCR 2015 on “Making partnerships effective coalitions for action”
- Focus on risk, resilience and conflict
- A statistical framework fit-for-purpose

# GPEDC and other partnerships

- Financing for sustainable development needs to be complemented by a '**Global Enabling Environment**' that builds on **partnerships, accountability and trust**.
- OECD maintains multi-stakeholder partnerships to **hold members accountable** for their development commitments and to **support them in delivering on these**.
- The **Global Partnership for Effective Development Cooperation (GPEDC)** set up in Busan in 2011, co-chaired by Mexico, Malawi and the Netherlands and jointly supported by UNDP and the OECD is a unique and inclusive forum bringing together around 200 actors who agree on a common development agenda and use the GP and its 40 voluntary initiatives as a forum for dialogue and exchange on how to achieve common goals.

# Peer reviews

- **OECD's peer-review mechanism** is central to strengthening the accountability of these partnership frameworks, and builds trust and mutual respect among partners.

# Development Cooperation Report 2015

## “Making partnerships effective coalitions for action”

- The DCR 2015 (to be published in September 2015) examines the potential of partnerships to create incentives for responsible action and provides practical guidance for partnerships that work.
- The DCR 2015 identifies 10 success factors that we have identified based on the evidence of 11 partnerships across the world.

# OECD's Focus on Risk, Resilience and Conflict

LDCs are **particularly affected by different types of risk** – violence and conflict, climate change, disasters, global shocks, and other risk factors such as urbanisation and ageing populations. This **needs to be reflected** both in the FfD and in the broader MoI framework.

- OECD **aims at being a strong partner** for LDCs, SIDS, and countries that are affected by fragility and conflict.
- This is, for example, reflected by OECD's contribution to the **International Dialogue for Peacebuilding and Statebuilding (IDPS)**, and our work on **risk and resilience** that aims at **making LDCs less vulnerable to shocks**.

Research suggests that **external risk financing** should:

- Play a **catalytic role** to draw in further investment.
- Involve **multiple stakeholders** including the public and private sector.
- Disaster risk reduction needs to **be built into all programmes** in states at risk of disaster .



# OECD's Focus on Risk, Resilience and Conflict

- Four things will be necessary to ensure this happens:
  1. **Political will** – high level commitment from states, development actors and others such as private sector to prioritise disaster risk reduction
  2. The right strategic **planning tools** – knowing where there are risks of disasters, and how to build the right programmes to help communities absorb disaster shocks, and adapt so they are less exposed to shocks
  3. The **right mix of partnerships and finance** – concessional and non-concessional, public and private finance including innovate tools such as risk financing
  4. The **right systems and incentives** in development cooperation agencies – such as the proposed OECD disaster risk reduction marker, which will help drive better programming decisions

# A Statistical Framework that is “Fit for Purpose” in the Post-2015 Development Finance Context

**Access to comprehensive statistics on development finance is essential for the post 2015-financing framework.**

**To be fit for purpose it should:**

promote transparency and facilitate monitoring of development finance.

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# Conclusion

- The knowledge and means to deliver on the ambitious aspirations are available, but need to be effectively mobilised and put to use:
  - national and international, public and private finance,
  - partnerships to provide
    - Accountable action
    - Co-ordinated and effective action
    - Experience-based action
  - focus on risk, resilience and conflict
  - a statistical framework fit-for-purpose
- The OECD stands ready to work with you and for you.

**Thank you!**