

FOCUS SESSION 34

Development cooperation in the post-2015 era: Where to find the resources – and how will they be deployed and tracked?

16 April 2014 - 11.45 to 13.00, Room Montejo 2, Centro Banamex

Speakers:

- Mr. Angel Gurría, OECD Secretary General
- Ms. Helen Clark, UNDP Administrator
- Mr. Wu Hongbo, UN/DESA Under-Secretary-General
- Mr. Abul Maal A Muhith, Minister of Finance, Bangladesh
- H.E. Sheikha Lubna Al Qasimi, Minister for International Cooperation and Development, UAE
- Mr. Gavin Wilson, CEO of IFC Asset Management Company
- Mr Sidi Ould Tah, Minister of Economic Affairs and Development, Mauritania
- Ms. Lilianne Ploumen, Minister for Trade and Development, Netherlands
- Mr. Mahmoud Mohieldin, WB President's Special Envoy on MDGs and post-2015 process

Conclusions and key messages:

By the end of 2015, the international community is expected to approve a new sustainable development agenda and the means for implementing it. **The emerging post-2015 global development framework – which will go beyond the MDG framework to address important issues such as inequality, human rights, and global public goods – will need a financing strategy that is up to the task.** This strategy will need to identify existing and potential resource flows – public and private - how they might best be combined and leveraged, where they might best be allocated, and the relative magnitudes required.

This focus session provided a timely opportunity to bring key stakeholders together and to reflect on **how development co-operation and its financing should evolve** to enable the largest possible contribution to the post-2015 sustainable development vision and explore **how accountability for development can be enhanced** in the post-2015 sustainable development finance strategy.

Key messages emerging from the discussions were:

- **The focus of the post 2015 agenda should be on green and inclusive growth where no one is left behind.** In the last 15 years, economic growth and domestic resource mobilisation has helped developing countries reduce poverty and in some inequalities. However more efforts need to be made to ensure poverty eradication and sustainable development through maximizing and providing the right mix of public and private resources available for development.
- **In crafting a sound post-2015 financing framework, it will be important to take into account the fact that countries are different and require different solutions.** The diversity of developing countries also suggests that **classification based on income alone is not sufficient** and financing instruments for post 2015 will need to be tailored to capture the diversity of needs and circumstances. For example the complexity of the socio-economic reality of Middle income countries (MICs) is not captured by current indicators and threshold and calls for specific approaches to development cooperation in MIC. In this

context, a first step to adopt a more refined approach is represented by the UN classifications, which do not consider income as the only criterion (e.g. LDCs, LLDCs, SIDs).

- **A few donors have recently made considerable progress in reaching the UN target of 0.7 % of ODA to GNI, however, ODA levels need to continue grow and be spent effectively.** While ODA reached an all-time high in 2013, there is a net drop in ODA allocated to LDCs. These in particular still relying heavily on ODA, having little recourse to other external sources of finance and limited domestic resources. There is a need to better support capacity of countries to be able to attract and leverage all available sources of development finance (grants, loans, climate finance, etc.). Furthermore, the mechanisms for accessing resources and reporting for them are complex and there is a need to work on increasing the absorption capacity of countries. **Monitoring of resources would need to reflect the increased complexity of the development financing landscape.** A modernised ODA definition is required for the post-2015 financing framework and should provide the right incentives to increase resource allocations to countries most in need. **Transparency will be at the core of the post 2015 financing framework.** There is a need to enhance accountability by providing better information on all resources available and on innovative approaches is needed, as knowing the real size of various sources of spending for development will be key to achieve the sustainable development goals. The example of the United Arab Emirates (UAE) was highlighted in terms of how through support from the OECD they have standardized their reporting and improved coordination of their development co-operation.
- **It is essential to find new ways to engage with private sector and to make it accountable.** Greater attention needs to be paid to how public resources can encourage private sector's contribution to development and how the private sector can be held accountable. Both the private and public sectors need to become better suited to use innovative instruments, like guarantees etc. Development Financing Institutions can play an important role by promoting investments in frontier countries, showing that perceived risks are often higher than actual risks in those complex markets.
- **Domestic resources remain core to the financing framework.** Development partners have a role to play in building capacities in developing countries for better domestic resource mobilisation (DRM). Development partners also have a role in **revising outdated tax treaties, combating tax evasion,** especially of mailbox companies; and **investing in tax inspectors without borders,** and IMF capacity building to strengthen countries' finance ministries. A few examples were provided on how setting ambitious objectives for DRM allowed to make substantial progress on reducing poverty and inequalities. **As importantly, illicit financial flows need to be combated** through co-operation among countries. This provides a low hanging fruit to mobilise additional resources for sustainable development.
- **Migration has to be a key development issue in the Post-2015 agenda.** The charges for remittances need to be reduced and action taken to lower it across the globe so that more money flows to poor or low income households who depend on it for their livelihoods. Better international regulations are also needed to stop exploiting migrants and ensure we get the full benefits from migration.
- **Developing countries need to demonstrate greater ownership,** commitment and management of resources for their development by political leaders. Combatting corruption should a priority as well as adopting an inclusive approach to development.
- In going forward, **these messages will enrich the discussions in the global and regional processes on the post-2015 framework,** including the Open Working Group on Sustainable Development Goals, the Intergovernmental Committee of Experts on Sustainable Development Financing, the Development Co-operation Forum, the Global Partnership for Effective Development Co-operation, the up-coming Financing for Sustainable Development Conference and the OECD/DAC work on modernising the international statistical system for monitoring and measuring external development finance.