

Key messages and conclusions from the Briefing session on “The Role of ODA and broader official development finance in the post- 2015 era: creating opportunities for “smarter” official finance”

Contact:

Teresitakelly.Lopez-Treussart@oecd.org; Sara.Kincaid@oecd.org

OECD Conference Centre, 31 March 2015

Background

Over 100 experts, practitioners, non-state actors and policy makers from developed and developing countries gathered at the OECD Headquarters, in Paris, France, to learn more about the DAC's recent historic agreement to modernise its statistical measurement system and to identify ways for ODA and other forms of development finance to best support the achievement of the Post-2015 Sustainable Development Goals.

Building on the insightful panel presentations and lively discussions, the debates confirmed that Official Development Assistance (ODA) is and will remain a critical source of finance, particularly for very poor and fragile countries. Overall, the exchanges highlighted the importance of using ODA in innovative and catalytic ways, and strengthening developing country leadership in managing the diversity of finance and the mobilisation of domestic resources.

Overall highlights from the meeting

- Participants welcomed the **DAC's efforts to modernise ODA** and underlined the importance of using TOSSD (Total Official Support for Sustainable Development) to promote further transparency and accountability for aid commitments. ODA modernisation will ensure that developing countries can access ODA loans on better terms and conditions, while incentivising grants rather than loans, cheaper loans over more expensive ones, with softer terms for the poorest countries.
- **TOSSD does not replace ODA.** It is a distinct and complementary measure, devised to enhance reporting and international accountability for broader development finance. **ODA will remain the yardstick of DAC members' effort and will continue to be used for monitoring the performance of development co-operation providers** against the United Nations' ODA/GNI target of 0.7%.
- Participants emphasised the need to **use ODA in smarter and more catalytic ways**, and to sharpen its focus on poverty reduction and equity. ODA needs to be used to **leverage private finance and to support public sector reforms** in key growth and economic sectors, with a particular emphasis on fostering domestic resource mobilisation.
- It will be essential to better target ODA to countries most in need in order to meet the unprecedented ambition and scope of the SDGs. Participants also stressed the importance of **ensuring that ODA meets developing countries' priorities and needs**. Building strong domestic institutions to support the effective use of ODA at national level will be key to achieving sustainable and lasting development impact for all.
- Participants highlighted the role of the **principles of effective development co-operation** – *country ownership, focus on results, inclusive partnerships, and transparency and accountability* – as key enablers for a smarter use of existing resources for development, as well as to **leverage new and diverse sources of public, private and innovative finance** for sustainable development beyond 2015.

- Participants agreed that delivering the Sustainable Development Goals will require **more and better official development assistance, and stronger and more inclusive partnerships**. By focusing on the quality and more effective use of *all* development finance, the Global Partnership for Effective Development Co-operation can make a significant contribution to achieving development results beyond 2015.
- Participants agreed that **country ownership** is crucial to develop and implement sustainable development mechanisms and strategies, and noted the need to **invite partner countries at the table** to discuss the means of implementation for the SDGs from the outset. Participants also called for **public and private actors to work together**, to ensure the complementarity and better co-ordination of all forms of development co-operation.

How can the Global Partnership for Effective Development Co-operation best support “smarter” ODA and overall high-quality development finance?

- Ensuring the **effective use** of resources is a critical counterpart to ongoing discussions on the **definition and volume of financing for development**. This nexus has been recognised since the Monterrey Consensus. Upholding it remains the key focus of the Global Partnership for Effective Development Co-operation in the run-up to and beyond the Addis Ababa conference.
- The Global Partnership for Effective Development Co-operation can play a **key role in supporting the implementation of all milestone 2015 agreements**. It provides a vehicle to ensure **quality of financing** for sustainable development, as well as **inclusiveness and accountability of all multi-stakeholder partnerships** for implementing the **SDGs**, including **climate finance goals**.

Conclusion

Overall, participants agreed on the need to combine the technical aspects of ODA modernisation with more political considerations on its effective use, management, and delivery. They also emphasised the importance of engaging further at country-level to achieve the Post-2015 agenda.

In the lead-up to the Addis-Ababa conference, participants called for using development co-operation more effectively and in a way that helps to further support and scale up domestic resource mobilisation, as well as to better leverage private finance for development.

Finally, participants emphasised the need for strong and inclusive partnerships for achieving the post-2015 goals and confirmed the unique value added of the Global Partnership for Effective Development Co-operation in facilitating dialogue on the quality of partnerships and development finance among various stakeholders, including the DAC and its partner countries.