Second drafting session on Financing for Development
Session on "International Public Finance"

Statement by the Organisation for Economic Co-operation and Development (OECD)

Wednesday 15 April 2015
New York

Co-facilitators,

The OECD welcomes the importance accorded in the zero draft to official development assistance (ODA) which is and will remain a crucial source of finance, particularly for very poor, vulnerable and fragile countries. In 2014, net ODA flows were USD 135.2 billion, matching the all-time high of 2013, though with a slight decline in real terms and in the flows to the poorest countries[1]. OECD DAC Ministers have reaffirmed their commitment to reversing this decline.

The OECD will continue to hold its member states to account in meeting their ODA commitments. Although we support the wording in paragraph 56, we would further add that the text should include reference to efforts by the OECD Development Assistance Committee (DAC) to foster accountability on commitments individually through the OECD DAC Peer Review process and collectively during annual DAC Senior Level Meetings.

We welcome the wording in paragraph 57 which references the decision in December 2014 by OECD DAC Ministers who reaffirmed their commitments toward ODA, and in particular to allocate more of total ODA to countries most in need, including least developed countries, LICs, SIDS, LLDCs and conflict affected states. DAC Ministers also took decisions leading to ODA at more concessional terms to LDCs, other LICs and LMICs. They also committed to use ODA in a catalytic way in all developing countries

Furthermore, in paragraph 58 we welcome the call for an open, inclusive and transparent dialogue on the proposed TOSSD measure, which aims to ensure international benchmarks for measuring, monitoring and enhancing transparency of international development finance above and beyond ODA. DAC ministers stressed the importance of TOSSD to complement and not replace ODA. Furthermore, we look forward to continuing informing the members' states about the modernisation of the ODA measure, which encourages more resources on softer terms to the poorest countries, while putting in place safeguards to ensure debt sustainability.

[1] OECD DAC press release.

Paragraph 61 calls for the importance of aligning financial flows with all three dimensions of sustainable development. We welcome the increase in the share of development finance targeting environmental sustainability and climate change. We would suggest including a reference to OECD work on measuring climate-related development finance, particularly through the Rio Markers. Furthermore, we also believe the text should integrate support for risk mitigation and management to build resilience.

Although paragraphs 63, 64, and 65 make a strong acknowledgment of the role of the MDBs and IFIs, the text could be strengthened by also emphasising the important role of national/bilateral Development Finance Institutions and development banks both from the north and the south. They are also key players in mobilising additional resources for sustainable development, from both public and private sources, using financial mechanisms that mitigate risks.

Finally we agree with many of the interventions that we should also focus on the quality and effectiveness of development finance for ensuring maximum impact.

Thank you.