Post-2015: Delivering on and Implementing a Transformative Post-2015 Development Agenda

UNGA High-Level Thematic Debate on

"Means of Implementation for a Transformative Post-2015 Development Agenda"

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A renewed global partnership for implementation of the post-2015 development agenda

Statement delivered by Erik Solheim,
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The world is undergoing a great transformation and that pace of change will need to be maintained if the ambitious sustainable development goals for 2030 are to be reached. Indeed, the scope and ambition of the post-2015 agenda offers tremendous opportunities for ending poverty, protecting our environment, achieving gender equality and realising sustainable development for all. We have good strong achievement to build on: we have succeeded in halving the proportion of people living in extreme poverty five years ahead of the 2015 deadline, more people are better educated and live longer and healthier lives than ever before, but we need to do more.

Every country has work to do if political aspirations are to become a reality – internationally and at home. The international institutions, including the OECD DAC, are at work to support all countries in this endeavour.

As the Chair of the OECD Development Assistance Committee (DAC), I am proud to be a part of this global effort to shape the sustainable development agenda and end world poverty. We are looking at the challenges from all angles in order to ensure that the right incentive frameworks and financing and investment tools are on the table for all countries.

I see three criteria for success: more and better official development assistance, more and better tax and more and better investment.

We need to get the fundamentals right. Official development assistance, ODA, reached an all-time high of USD 134.8 billion in 2013. It is and will remain a crucial source of finance, particularly for very poor and fragile countries.

Last month's historic agreement by DAC Ministers has provided a more accurate and credible measure of ODA which carries the right incentives. They reaffirmed their commitments toward ODA and in particular to allocate more ODA to countries most in need, including least developed countries (LDCs), low-income countries, small island developing states, land-locked developing countries and conflict affected states.

The rules that define what counts as ODA were first set over 40 years ago. It was indeed high time to modernise, building on the historic success of aid, and make it fit for the future. We have modernised how we account for concessional loans. Today, concessional loans represents one-third of ODA, and with the modernised rules, we have ensured that developing countries can access ODA loans on better terms and conditions than ever before. In other words, our ODA system now incentivizes grants rather than loans, and it incentivizes cheaper loans over more expensive ones. A modernised ODA also encourages more resources on softer terms to the poorest countries, while also putting in place safeguards to ensure debt sustainability.

And let me put to rest what ODA is not: ODA is not military spending and ODA is not private sector investment. ODA *is* the public effort that our members are putting toward sustainable development!

We are continuing to hold our governments to account to meet their commitments on ODA, and our modernisation will result in more and better development assistance to the poorest nations. More grants for schools and hospitals. More loans for railways and clean energy.

We have an ambitious agenda in front of us and to get there, we need the big drivers of global development - domestic resources and private investment.

A three letter word for development is tax.

The vast majority of the money spent on education in the developing world comes from domestic resources. A 1% increase in developing country tax revenues would mobilise twice as much for health, education and roads as total development assistance.

By being strategic and smart, development assistance can help to mobilise domestic resources. For example, just USD 500 K donor support to the *Philippines'* tax reform enabled them to raise an additional USD 1.18 billion in tax revenues in 2012.[1]

A fairer and more transparent tax system will be essential for all countries. The *OECD/G20 Base Erosion and Profit Shifting Project* is tackling gaps in international tax rules that help curb multinational tax avoidance and offshore tax evasion in developing countries. For example, *Zambia* is losing as much as USD 2 billion annually to tax avoidance, the country's mining industry being the biggest culprit.[2] Engagement of developing countries in the international tax agenda is critical, in particular to ensure they receive appropriate support to address the specific challenges they face. We must respond to capacity needs, and ODA can be used strategically in this respect.

The new global standard for *Automatic Exchange of Information for tax purposes* will also contribute to tackling corruption and fight against tax evasion. For example in 2013, *South African* Revenue Service collected USD 62 million through a settlement from one taxpayer, based on information obtained through this standard.[3] Another top priority for maximising resources for sustainable development is to curb illicit financial flows, which is considerably bigger than the ODA that developing countries receive each year. The OECD is working to strengthen awareness and share knowledge on effective approaches to tackle issues including illicit trade, money laundering and bribery.

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[1] See ODI (2014), Booth, David, AIDING INSTITUTIONAL REFORM IN DEVELOPING COUNTRIES: Lessons from the Philippines on what works, what doesn't and why, page X.
[2] See OECD (2014), Part 1 of a report to G20 Development Working Group on the impact of BEPS in low-income countries, page 11.
[3] See Global Forum on Transparency and Exchange of Information for Tax Purposes, Annual report 2014, page 39.

An integrated framework is also necessary to increase investment – both foreign and domestic – as a crucial catalyst to create jobs, spur innovation and hasten the integration of local enterprises into global value chains. USD 20 trillion will be invested annually across the world in the coming decades[4] and more of this should be directed to green growth and development.

Development assistance can also help to mobilise the billions of dollars needed to end poverty, produce clean energy for the 1.3 billion people worldwide without access to electricity and create jobs for the 1 million young Africans joining the labour market every month.

The *Republic of Korea* is a good example of how ODA and other public resources can be used smartly. Between 1945 and the late 90s, the country received USD 12.7 billion of ODA, and from 1953 to 2013, experienced a 390-fold increase in its per capita income. It did so by investing in robust social infrastructures and promoting private investment to build strong human capital through education, and promoting the diversification of development resources[5].

The *OECD's Policy Framework for Investment* is an example of tool that aims at supporting countries to increase their capacity to generate investment, build the enabling environment to promote responsible investment, and get the right policy mix to spur investment that promotes inclusive growth and sustainable development. It has been used by over 30 emerging and developing countries and is an important policy resource for enhancing investment that contributes to achieving and implementing the Sustainable Development Goals.

Addressing financing challenges also requires greater attention to all existing and potential resources, both from the public and private sector, and how they might best be combined and leveraged.

The goal is to use *public funds and actions to help mobilise more* of the USD 20 trillion, to which I referred to previously, for green growth and development. In collaboration with leading multilateral and bilateral development agencies, we are developing new benchmarks for measuring private finance mobilised through official actions which creates incentives to work in closer co-operation with private sector actors that utilise financial instruments such as guarantees, blended finance and public-private partnership schemes.

We are consulting with a wide range of stakeholders, including developing countries, to develop a new broader measure of *Total Official support for Sustainable Development (TOSD)* which is meant to complement and not replace ODA. Such a concept should enable the international system to more transparently monitor how resources are deployed and financing packages comes together. I am already pleased to hear that our call to work with all countries, private sector and civil society organisations has been heard.

But strong economies can and must be achieved without jeopardizing our environment.

[4] See Better Growth, Better Climate: The New Climate Economy – Synthesis Report, The Global Commission on the Economy and Climate, and the World Resources Institute, September 2014, pg. 15.
[5] See OECD (2014) Development cooperation report 2014, OECD Publishing, Box page 32

Climate change poses one of the greatest threats to development. We should take the example of *Brazil* who has succeeded in reducing deforestation in the Amazon while experiencing rapid economic growth. Another country, *Ethiopia*, aims to become a middle-income country without increasing its greenhouse gas emissions. If they can do it, others can too.

In implementing the post-2015 agenda, *financing climate action must not be considered in isolation*. It is estimated that between 10 to 40% of development assistance activities per country will be affected by climate risk. It is therefore absolutely vital that ODA is "climate-proofed" to ensure that advances in poverty reduction and development are not eroded by climate change.

Money alone does not drive development – partnerships and policies do. Of particular importance for the future, we need to remember that girls and women represent 3.3 billion ways to change this world.

The *Global Partnership for Effective Development Co-operation* is well placed to support implementation of our shared development goals. It brings together all actors responsible for development programmes to find shared solutions to shared challenges. By monitoring the quality of partnerships at country level, it facilitates the mutual learning and accountability crucial for delivering the results that countries need.

Lastly, a coherent and innovative international system for the post-2015 world is only attainable through our concerted efforts.

A *stronger OECD-UN collaboration* is crucial as we work toward our shared goal of devising the requisite strategic financing framework in Addis Ababa and effectively mobilising, monitoring and implementing the wide array of resources available for achieving the Sustainable Development Goals.

I am fully committed to engaging in an inclusive process to deliver the best possible outcomes, especially for developing countries. We have set in motion a process that depends on trust, collaboration and knowledge sharing among all countries, actors and people.

We want to raise the bar for development, while protecting the planet.

We stand ready to work with you – and for you.