The Global Outlook on Financing for Development:
Better Policies for Better Finance
INNOVATIONS FOR THE 2030 AGENDA

WHAT IS THE GLOBAL OUTLOOK?

The Global Outlook on Financing for Development provides a **holistic framework**, data and concrete solutions to navigate the global development finance architecture, and to support better policies for better finance in support of inclusive and sustainable development.

Reducing trade costs by 1% would increase global income **by USD 40 billion, 65% of it** in developing countries.

Remittances to developing countries **total USD 440 billion**. Reducing the cost of transfer by 1% would increase this by **USD 30 billion, or 21% of ODA**.

1/3 of aid would fill the poverty gap if domestic resources worth 1% of GDP were spent on poverty reduction.

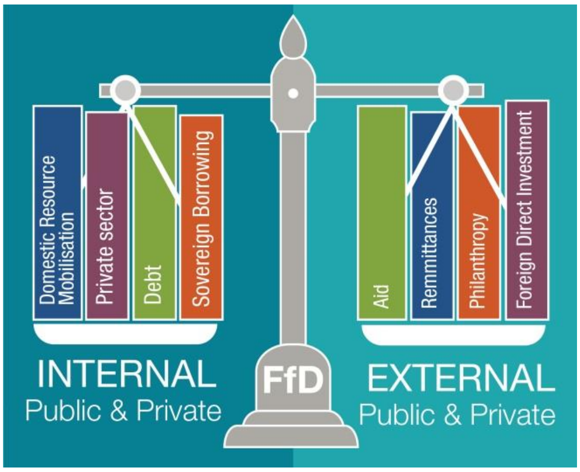
Illicit financial flows drain public finances and distort markets, yet **55% of illicit financial flows** are traceable to developed countries.

WHY DO WE NEED A FRESH APPROACH TO FINANCING FOR DEVELOPMENT?

The 2030 Agenda raises the bar on development. Two years in, current rates of progress and financing toward implementation are far from sufficient and crucial gaps persist: **we will need to double the pace of poverty reduction** from 48 to 96 people a minute to eliminate poverty by 2030.

Global challenges such as those stemming from climate change, the refugee crisis, and the global financial crisis, have increased pressures on available financing for sustainable development. Maximising the development impact of **aid, tax, investment, philanthropy and remittances**, means harnessing the objectives and motivations of **new actors, instruments, and technologies**.

It is now imperative to achieve **efficient and coherent policies** across the Addis Ababa Action Areas to deliver the world we aspire to by 2030.



HOW CAN WE WORK SMARTER TOGETHER TO ADVANCE FINANCING FOR DEVELOPMENT?

Our ultimate goal is a future in which no country depends on aid. OECD/DAC members can have a profound leadership role in **unleashing the transformative and catalytic potential of development finance**. OECD/DAC members have the opportunity to deliver "smart aid" and the **right policy mix** for sustainable development investments.

There are still missed opportunities. In the new global development finance architecture, demonstrating returns on investment will require **better measuring and increasing the development footprint** of the various actors, and better understanding **interlinkages**. New forms of **partnerships** will need to build on comparative advantages, **leveraging opportunities** and **managing risks** for development impact across sectors.

Incomes of the **richest** 1% grew **182 times** as much as incomes of the **poorest** 10% in only 20 years.	Losses in world assets could reach **$24 trillion** if the **Paris Climate Agreement** is not reached, disproportionately affecting the poor.	The top ten global firms earned **$306 billion** in 2016, twice global ODA. Yet, business contributes to only **40** out of **169** SDG targets.	External debt in developing countries is at a record USD 5.4 trillion, with **USD 575 billion** spent on **debt service** annually.

The OECD brings its comparative advantages to help drive forward the international agenda and to strengthen FfD strategies across stakeholders. The OECD can add value by serving as:

I. **A hub of expertise** integrating whole-of-OECD data, statistics and applied analysis, to strengthen policy coherence and donor effectiveness across Addis Ababa action areas (e.g. Investment, Taxation, Trade, Environment, Science, Technology and Innovation, and others);

II. **Convening power across policy communities and stakeholders,** helping build the community of practice between policy communities, North and South and public and private actors;

III. **A space for developing and implementing an integrated approach** across policy areas to **influence and drive international dialogues** and global agendas on financing sustainable development (e.g. G20, WEF, etc.).

WHAT'S NEXT?

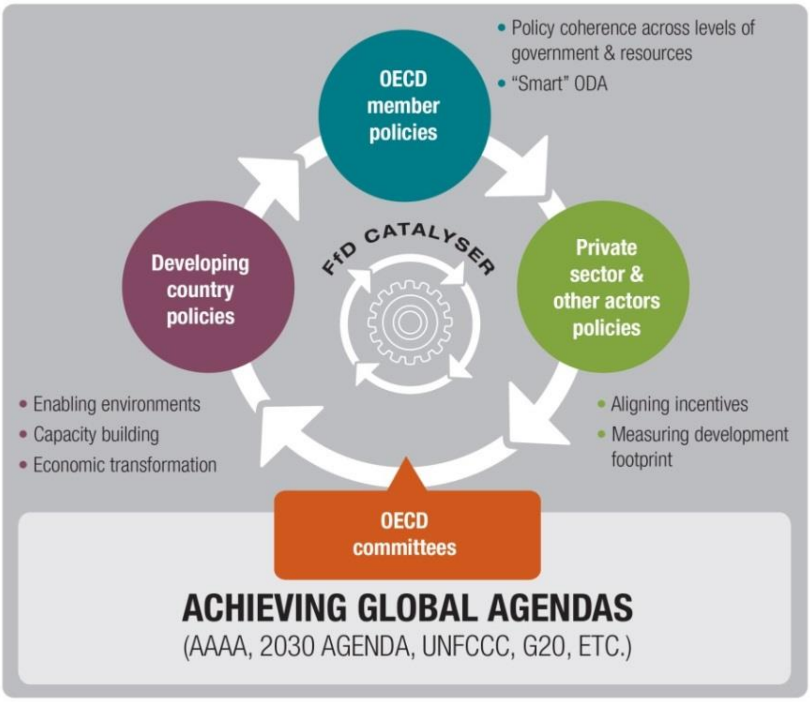
The Global Outlook will present a **more holistic OECD approach to FfD, for launch at the UN General Assembly 2018**. This will enable the OECD to step-up its role as **best supporting actor** to the UN-led follow-up to the Addis Ababa Action Agenda, and to better articulate the OECD member role in achieving Agenda 2030.

The Global Outlook on FfD will provide.

- **A framework** for a holistic and integrated approach to Financing for Development;
- **Data** and new statistical resources, including **OECD member profiles;**
- **Concrete solutions** and tools to maximise development finance, and to enable countries to sustainably finance their own development.

Looking across levels of policy - **OECD members, emerging and developing economies, and private sector and other actors** - this holistic approach aims to maximise **FfD "catalysers"** by identifying **interlinkages** and options for strengthening **policy coherence**. Future applications could include:

- **Operationalising** the approach at country-level to improve **country diagnostics** and donor effectiveness, working with partner organisations to support integrated national financing frameworks
- **Developing** gap analyses and **strategic mappings** to inform future donors' actions, policies, and **international financing models.**



- **Building a body of evidence on Financing for Development** to help place development finance firmly at the heart of international agenda.

Almost **USD 800 billion a year in commercial finance** enters developing countries, 70% of it from the OECD.	93% of CEOs see sustainability as key to their company's future, yet **reporting lacks indicators for gender, water risk and sanitation targets**.	Private investment is not a panacea; it has **declined since 2015**, with project finance projected to **drop 13% in 2017 to its lowest level since 2006.**	In 2015, **15%** of development finance went to developing core systems **critical for private investment**: tax, regulatory, public financial management, trade, R&D and innovation.