

INTERNATIONAL DEVELOPMENT COOPERATION
Multi-stakeholder round table discussion, 25 July 2024, Addis Ababa

**Intervention by ambassador Carsten Staur,
Chair of the OECD Development Assistance Committee (DAC)**

This Round Table is about part C of the AAAA – 28 paragraphs [50-78] on international development cooperation – and we have been asked to take stock and identify areas where action can be accelerated to ensure that we deliver stronger, better and more effectively. And although it's tempting to discuss other related issues related as well, I will stick to the task we have been given. I look forward to the discussion – and to address whatever issues you may raise.

As the Chair of the OECD Development Assistance Committee (DAC), I will focus on **three issues**.

The **first** is the volume of Official Development Assistance (ODA). OECD DAC first defined ODA in 1969 and the Committee follows and keeps track of how its members perform in delivering on the 0.7 % target.

Only five DAC members have reached the 0.7 % target, so we are clearly not there.

However, since the adoption of the AAAA in 2015, ODA has increased by 47 percent in real terms. In 2023, ODA reached a record of 224 billion USD, equalling 0.37 % of DAC-members' combined GNI.

Also, if we look at the numbers – excluding both In-Donor Refugee Costs, and all aid related to Covid-19 and Ukraine – we see an increase of ODA of 21 percent in real terms from 2015 to 2023. This figure shows that, while ODA institutions and systems have been used, and effectively so, to respond to sudden crises, overall existing ODA levels have not been redirected to crises response.

At the opening session last Monday, DSG Amina Mohammed mentioned rising aid levels as one of the positive features over recent years. I agree.

That does not mean that things are as they should be. DAC members absolutely have to further increase their development assistance. Global needs have risen dramatically since 2015, due to climate change and the knock-on effects of Covid-19 and the Russian aggression. The number of people living in extreme poverty is going up.

We absolutely need more ODA. No doubt about that. In this ambition, we may build on and further our efforts to increase increase aid volumes over the past ten years since AAAA in 2015.

My **second** point is about the **quality, impact and effectiveness of aid**, which is another key issue for the DAC – and has been so for decades.

I agree that there are concerns to be addressed in this context. We see development efforts becoming more dispersed and fragmented. More short-term and ad-hoc. Less aid through governments and national systems. If we want to strengthen the role of ODA in supporting crucial reforms and building capacity in partner countries, we need closer cooperation with governments and more national ownership. And also more emphasis on technical assistance and capacity building.

And, we need to reboot the development effectiveness agenda – especially the Principles on Aid Effectiveness: national ownership, alignment, harmonization, managing for results and mutual accountability. INFF is of great value here, and we may also use preliminary findings from the ongoing GPEDC monitoring exercise to course correct and strengthen local coordination in partner countries.

Speaking of development effectiveness, this is clearly an area, where we need broader cooperation between different providers of development cooperation, whether that be DAC members or other providers of development aid, for example those partners engaged in South-South or Triangular cooperation. Over the past few months, DAC has had substantial dialogues with both Arab and Latin American providers – and while we have different histories and backgrounds to development cooperation, we can all learn from each other and cooperate to deliver impactful support of high quality – especially within the development effectiveness agenda

My **third** point is on the use of ODA – some ODA – to **leverage private finance through blended finance instruments**.

Here, we have not been successful. It has not been from “billions to trillions” as headlined in 2015 – more from some billions to some more billions. Expectations were maybe too high from the very beginning – but the results are clearly too low.

We need to carefully analyse why? – and to learn from this. DAC members have taken a number of initiatives since 2015: Setting up or further capitalizing DFIs, de-risking investments, included in cooperation with pension funds, creating new types of green or sustainability bonds, established more guarantee schemes – but it has taken a long time to do so. DAC needed eight years to find agreement on the ODA reporting rules for Private Sector Instruments.

And maybe we put too much emphasis on the instruments and too little on other factors, some of which have been raised during the discussions this week: the need to focus even more on the enabling – financial and business – environment in partner countries, on institutions, capacities, systemic resilience – but also on

risk perception, credit rating, and on policy coherence and financial obstacles in donor countries themselves.

We need a thorough assessment. The basic idea is, in my view, still very valid, but we need some joint recalibration to make it work going forward from here.

Let me **conclude** by saying that the OECD – and the DAC – will try to be as helpful as we can in the discussions and negotiations to come – by delivering data, transparency, evidence, thorough analysis and policy ideas to move forward the discussions on international development cooperation.

I will work hard for a recommitment to 0.7 %. The OECD DAC has a strong mandate on ODA, encompassing both rulemaking, accountability, and learning communities dedicated to improving quality, impact and effectiveness of aid.

The DAC will, of course, not be a part of the intergovernmental discussions, but we will do our best to weigh in in a transparent, fact-based manner – within our mandate – to help deliver on the objectives and goals of the AAAA and to contribute to our common ambition of taking the financing for development discussion to its next level.

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