Statement by Mr. Navid Hanif
Assistant Secretary-General for Economic Development

ECOSOC Development Cooperation Forum
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Introduction of the Report of the Secretary-General on Trends and progress in international development cooperation (E/2025/8)

Mr. President, Excellencies, Distinguished Delegates, Colleagues,

It is a privilege to present the 2025 Report of the Secretary-General on trends and progress in international development cooperation.

The past 2 months have seen major donors reducing budgets at a time when global needs are at their highest. These decisions come as developing countries confront mounting debt pressures, climate disasters, and sustained inequalities.

The 2025 Secretary-General's Report makes clear that we are at a decisive moment for international development cooperation.

Together with the latest Development Cooperation Forum Survey Study, the report delivers an unambiguous verdict: the global development cooperation system has become increasingly disconnected from its fundamental purpose – and from the needs and priorities of developing countries and local communities at the frontlines of our SDG efforts.

The report identifies four imperatives for transforming development cooperation to make it fit-for-purpose, supported by data that demands our collective attention and action.

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<u>First, we must restore the integrity, impact, quality, and effectiveness of Official Development Assistance.</u>

ODA remains a vital lifeline for many countries across the developing world. Yet it accounts for only 0.37% of donor GNI—far below the longstanding 0.7% commitment. Many donors are further reducing their ODA budgets.

As for the Least Developed Countries (LDCs), the situation is even more concerning. These nations receive a mere 0.08% of donor Gross National Income (GNI)—a figure that falls significantly short of the SDG target (17.2), which calls for between 0.15% and 0.20% of donor countries' GNI to be allocated to LDCs.

In light of these trends, the report champions a renewed commitment to the 0.7% GNI target, and calls for at least 0.2% allocated to LDCs: a target also reflected in the co-facilitators draft of the outcome being negotiated for the Fourth International Conference on Financing for Development (FFD4).

But the data also reveals a troubling shift in allocation patters, given growing competing needs for concessional finance.

Country Programmable Aid (CPA)—funds that are delivered to developing countries and are the most stable and predictable form of development finance— stands at a historical low of only 43.7 per cent of bilateral ODA.

In 2000, in-donor refugee costs accounted for 9% of total ODA; today, that figure has risen to 25%.

This shift has left long-term investments in education, health, infrastructure, and economic transformation chronically under-funded.

Notably, the FFD4 outcome document calls on reversing these trends, including the share of ODA delivered to countries and budget support. There is also a proposal for setting a new indicator and targets for ODA programmed at the country level.

<u>Second, we must scale up and simplify access to climate finance that is additional to ODA commitments.</u>

COP29 established a new climate finance goal of $300 billion per year by 2035, an important step towards the estimated $1.3 trillion needed yearly for mitigation, adaptation, and resilience efforts.

The DCF Survey shows that small island developing states and low-income countries face formidable barriers when it comes to climate finance: complex eligibility requirements, lengthy application procedures, and high transaction costs.

The architecture of climate finance must be reformed to facilitate direct access for vulnerable countries; streamline reporting mechanisms; and reduce reliance on debt-based instruments that compound fiscal pressures on already stressed economies.

Third, we must ensure development cooperation modalities are aligned with development impact, such as leveraging private sector engagement in a meaningful way.

The 2024 DCF Survey reveals a stark disparity: only 19% of SIDS, 17% of LDCs, and 19% of LLDCs report blended finance as a commonly used form of development finance: less than half of what upper middle-income countries report. To date, blended finance largely benefits middle-income countries, leaving high-risk sectors and vulnerable countries underserved.

Blended finance can be particularly valuable in projects which have difficulty attracting private finance on their own due to high perceived risks, which is the case in many vulnerable countries. Yet if we focus only on quantity targets – we will likely continue to increase blended finance in middle income countries, where risks are lower and leverage ratios are higher.

It is time for a new approach to blended finance as called for in the drat FFD4 outcome document — one that puts sustainable development impact at the center. This implies better measurement of impact along with better aligning with national sustainable development strategies and Nationally Determined Contributions (NDCs).

<u>Fourth, we must modernize the international development cooperation architecture to make it fit for purpose.</u>

The development cooperation landscape has changed dramatically, with a proliferation of actors, instruments, and financing mechanisms that has increased fragmentation and transaction costs.

Developing countries now face a complex web of bilateral donors, multilateral banks, vertical funds, and private financiers—each with different conditions, reporting structures, and priorities. This complexity drains administrative capacity and undermines national ownership.

First, we must reform the architecture to address fragmentation and incoherence at the country level. This starts with empowering country leadership. National plans, such as integrated national financial frameworks, and within such plans, Development Cooperation Policies, should be the foundation for effective cooperation.

Second, national plans should be the basis of country-led coordination, through country-led platforms and through tools. The DCF Survey shows that almost 40 per cent of developing countries have no government-led platform for bringing together international actors and domestic stakeholders to discuss issues and review progress.

Third, we must pursue bold reforms toward an updated international development cooperation architecture that brings greater coherence in policies and actions for sustainable development. A first step is strengthening the DCF as the most inclusive global platform for policy dialogue and knowledge sharing on high-quality and high-impact international development cooperation, advancing the creative ideas to address the challenges laid out in the report.

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Looking to FFD4, we have a unique opportunity to reset international development cooperation. The message of the Secretary-General's Report and the DCF Survey is clear:

This moment calls for a new global partnership for international development cooperation—one that is predictable, responsive, and resilient. One that is driven by solidarity, trust, country leadership, and policy coherence for sustainable development impact.

I wish you a most productive meeting.

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