Statement by

Angel Gurría
Secretary-General, OECD

and

Erik Solheim
Chair of the Development Assistance Committee (DAC)
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As the target year of the Millennium Development Goals (MDGs) approaches, work on their successor framework is now well underway. In addition, 2015 will be a crucial year for the environment, and for our common future: the 21st Conference of the Parties (COP21) will convene in Paris in December with the aim of reaching a universal agreement to tackle climate change.

Much has happened in the spheres of international development, and development co-operation, in the last year. Official development assistance (ODA) rose by 6.1% in real terms in 2013 to reach the highest level ever recorded; the Global Partnership for Effective Development Co-operation held its first ever High Level Meeting in Mexico in April 2014; and in May this year, OECD ministers endorsed a statement on climate change that will see them reinforcing efforts on a number of fronts.1 The OECD’s Strategy on Development continues to frame the Organisation’s response to fast-changing global realities, and to the evolving post-2015 agenda.

GETTING IN RIGHT: THE IMPORTANCE OF GOALS TO ADDRESS INEQUALITY, WELLBEING AND SUSTAINABILITY

Post-2015 goals will need to build on the lessons of the MDGs, and go further. They must tackle, inter alia, inequalities and disparities across and within countries. They provide an opportunity to refocus our efforts on wellbeing. And they must seize the opportunity to address the threats presented by climate change.

Inequality needs to be addressed in its various forms

In its recent publication How was Life?, the OECD has documented how rapid industrialisation since the early nineteenth century opened a yawning gap between rich and poor nations. Evidence suggests that this inequality between countries is now beginning to decline as a result of the rapid growth experienced by China and India.2 But there are many countries that are being left behind.

At the same time, income inequality within countries has increased sharply in the vast majority of countries since the 1980s, and has worsened dramatically during the crisis. This is particularly stark in many developing and emerging economies. While a sustained period of economic growth in countries such as China and India has helped lift millions of people out of absolute poverty, the benefits of this

2 OECD (2014), How was life?, OECD, Paris.
growth have not been evenly distributed. Income inequality has risen further. Brazil is perhaps an important exception – though the gap between rich and poor there remains about five times that found in the OECD countries.³

The Sustainable Development Goals (SDGs) must address the widening inequalities and disparities within countries. In doing so, they should go beyond measures such as income (GDP) per capita. Economic growth is not an end in itself. Addressing the multidimensional nature of inequalities – and their impacts on different population groups – will be crucial. OECD initiatives such as the Better Life Index – and our growing body of work on Inclusive Growth – underscore the Organisation’s commitment to these goals.

Gender inequalities remain one of the most pervasive forms of inequality globally, and a key barrier to achieving inclusive and sustainable development. Addressing gender inequalities remains crucial. Recent discussions and fresh evidence bring home the scale of the challenge ahead. For example, 1 in 10 girls globally have experienced sexual violence⁴, and more than 700 million women alive today were married as children.⁵ Although gender equality in access to primary schooling has almost been achieved in most countries, there are still 68 countries where the disparity remains significant.⁶ Gender equality is a development outcome in its own right. It is also important in reducing poverty and boosting growth.

**Hard-won development gains need to be sustained**

Poverty alleviation needs to be long-lasting. A high share of the emerging middle classes in developing economies remains at risk of falling back into poverty. Policies must take account of the impact of vulnerability, and public action is needed not only to respond to shocks, but also to build resilience.

Climate change, in particular, represents a serious and potentially irreversible threat to global development. Future large-scale climate shocks could have a significant impact on output, with repercussions on employment and on public finances. As a region, Africa remains particularly vulnerable to the effects of climate change. Yet it represents less than 4 per cent of the world’s CO2 emissions from the consumption of energy⁷ and less than 7% of total emissions⁸.

The OECD Recommendation on the Governance of Critical Risks can provide a baseline for a strategic approach to disaster risk reduction. These issues will feature prominently at the High Level Risk Forum in December 2014. We will also engage actively in the 2015 Sendai World Conference on Disaster Risk Reduction and the post-2015 Hyogo Framework for Action (HFA).

Events in recent weeks and months have also highlighted our vulnerability to epidemics. An immediate and large-scale response will be crucial to tackling Ebola in West Africa. The epidemic will leave scars on households, communities, and entire economies for some time to come. It also underscores quite how

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⁴ Unicef (2014), *Hidden in plain sight*.
⁵ Unicef (2014), *Ending child marriage*.
important investment in health systems is, if we are to avoid seeing history repeat itself. Like climate change, this is a global challenge that needs a global response.

IMPLEMENTING POST-2015 GOALS: AID AND BEYOND

For many countries, aid will remain an important instrument in the fight against poverty

Mobilising sufficient resources will be essential for achieving the post-2015 goals. The record volume of official development assistance (ODA) – USD 135 billion in 2013 – offers momentum that can be built on further.\(^9\) While other forms of external development co-operation are important – and gaining prominence in many countries – ODA will continue to play a vital role in the post-2015 development finance landscape. This is especially the case for least developed countries (LDCs) and fragile and conflict-affected states, which often have limited access to other forms of financing. ODA currently represents over 70% of total external finance in LDCs.\(^10\)

ODA levels from DAC members collectively amount to 0.09% of their gross national income. Further progress will be needed if they are to achieve the existing UN target of 0.15-0.20% of GNI provided as ODA.\(^11\) A better global balance in the allocation of external financing will be required to meet agreed commitments.

A changed development landscape calls for new measures of support for development

The OECD-DAC is currently modernising its statistical system so that it reflects recent changes in the financial flows, actors and instruments of the development landscape. It aims to remain “fit for purpose” in a post-2015 world. The outcomes of DAC Ministers’ deliberations in December 2014 should offer a relevant input to the 2015 conference on Financing for Development. This includes work on a possible new, more comprehensive measure of support for development which will capture, \textit{inter alia}, support to peace, security and justice in developing countries.

Another focus will be on the potential of official development finance to leverage other financial flows – including from the private sector. In this regard, the OECD report on \textit{Official Support for Private Sector Participation in Developing Country Infrastructure},\(^12\) prepared at the request of G20 Finance Ministers, makes an important contribution.

Developing countries should be empowered to mobilise domestic resources

The vast majority of development resources are raised by countries domestically. The international community can and should help developing countries deepen their domestic resource mobilisation efforts. This will include efforts to both address some of the pitfalls of the international tax system, and to strengthen capacity in developing country administrations.


\(^11\) Ibid.

\(^12\) http://www.oecd-ilibrary.org/development/official-support-for-private-sector-participation-in-developing-country-infrastructure_5jz14cd40nf0-en
In June 2013, 44 countries – including all OECD and G20 members – launched the Base Erosion and Profit Shifting (BEPS) Project. This aims to address mismatches and gaps in international tax rules which allow multinational enterprises to shift profits to low- or no-tax jurisdictions, separating them from the location where the economic activity and value creation take place.

The G20/OECD BEPS Project presented the first seven deliverables from its 15-point Action Plan to the G20 in September 2014. At the same time, the OECD presented the second part of its report on the impact of BEPS issues on low-income countries, their specific priorities, and entry points for engagement in the project.

The urgency and the risk posed by BEPS issues to developing countries come into sharp focus when developing country reliance on revenue from corporate income tax is considered. In some countries, almost 90% of tax revenues are derived from multinational enterprises. With support from G20 Finance Ministers, the OECD will expand engagement with developing countries into a new structured dialogue with clear avenues for developing countries to collaborate and directly input into the BEPS Project. Furthermore, at their September 2014 meeting, the G20 Finance Ministers asked the OECD to work with other international organizations and regional tax administrations to develop guidance and tool kits to translate the BEPS deliverables into practical advice for lower capacity countries.

The OECD’s Tax and Development Programme is also working with developing countries to build capacity in their tax administrations and to ensure sustainable domestic resource mobilization. In addition to targeted country programmes that provide assistance on transfer pricing and broader BEPS issues, the OECD is piloting the Tax Inspectors Without Borders initiative, which facilitates hands-on audit assistance from tax experts, who work alongside local officials in developing countries to tackle some of their biggest audit challenges.

In 2014, the OECD established a single, common global standard for the automatic exchange of information (AEOI) – the next generation tool in the fight against tax evasion. More than 60 countries have already committed to implementation of the AEOI Standard, and 45 countries have agreed to a specific and ambitious timetable for implementation that will see the first exchanges take place from 2017. The Global Forum on Transparency and Exchange of Information for Tax Purposes, which has 122 members including more than 60 developing countries, has set out a roadmap that will enable low-income countries to benefit from automatic exchange of tax information through a sequenced approach to implementation, factoring in their priorities and capacity constraints. This global effort to crack down on tax evasion is already having a strong deterrent effect: 37 billion euros have been identified from voluntary disclosure programmes targeting offshore evasion involving just 24 countries over five years.

Looking ahead, the OECD will build on its efforts to date to track member countries’ efforts in curbing illicit financial flows, which extend beyond tax evasion to include money laundering, international bribery, and stolen assets.

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13 OECD report to the G20 Development Working Group on BEPS in developing countries (PART 1).

14 OECD internal calculations based on data from member countries. http://www.oecd.org/tax/g20-finance-ministers-meeting-tax-session.htm

TOWARDS PARTNERSHIP MODELS FIT FOR THE 21ST CENTURY

The latest proposal for the post-2015 SDGs underscores the important roles of “multi-stakeholder partnerships that mobilise and share knowledge, expertise, technologies and financial resources”. The Global Partnership for Effective Development Co-operation — which the OECD is proud to support, alongside the United Nations Development Programme — is one such mechanism. When ministers gathered at the Global Partnership’s first ever ministerial meeting in Mexico City earlier this year, some 40 multi-stakeholder voluntary initiatives — addressing tangible challenges such as private sector engagement, tax and domestic resource mobilisation — were launched to advance development on the ground. This reaffirmed the potential for the Global Partnership as a driver of more effective development solutions in the post-2015 landscape.

Foundations in particular are becoming more engaged on policy and partnership issues. The OECD Network of Foundations Working for Development (netFWD) brings together leading foundations which, in the first half of 2014, developed Guidelines for Effective Philanthropic Engagement.

Conclusion

The next 18 months will be crucial for the world. We must collectively push on all fronts — achieving the MDGs; agreeing an inclusive and comprehensive SDG framework; bringing a broader range of state and non-state actors under the development tent; promoting well-informed and coherent policies; and mobilising financial flows from the full spectrum of available and potential sources. Pragmatism, readiness to compromise, and a focus on tangible actions that have real impact will be essential.

On all these fronts, the OECD is committed to working with partners to help them fulfil their ambitions for the SDG agenda. The OECD stands ready to continue to shape “Better Policies for Better Lives” for every person in every country. Count on us.

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16 http://sustainabledevelopment.un.org/content/documents/4518SDGs_FINAL_Proposal%20of%20OWG_19%20July%20at%201320hrsver3.pdf