



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

ONE HUNDRED AND NINTH MEETING
WASHINGTON, DC – APRIL 19, 2024

DC/S/2024-0025
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Statement by

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and

Carsten Staur
Chair of the OECD Development Assistance Committee

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Charting continued economic progress

1. **The global economy has continued to grow at a modest pace, despite the negative shock of Russia's war of aggression against Ukraine and the necessary tightening of monetary policy to tackle high inflation.** According to the February 2024 OECD *Interim Economic Outlook*, global GDP is projected to grow by 2.9% this year and 3.0% in 2025. An expected easing of monetary policy as inflation converges on central bank targets and a steady recovery in real incomes are key factors that should underpin growth.
2. **Governments are navigating major structural transitions, as they face increasing fiscal challenges and rising spending pressures.** Population ageing will exert considerable fiscal strain. Public pension spending is expected to rise by 1.5% of GDP cumulatively by 2060 in the median OECD country, alongside a projected 2.1% increase in public health and long-term care costs. Digitalisation is reshaping markets, enhancing productivity and growth, while also generating disruptions and new risks to be managed. Climate change is disproportionately affecting vulnerable countries and their populations, highlighting the need to accelerate investments in the green transition. Without early and well-coordinated climate and development action, as many as 216 million people could become internal climate migrants by 2050 due to slow onset climate change impacts. Investing in disaster risk reduction and prevention can save up to USD 15 for every USD 1 spent on post-disaster recovery.
3. **The current economic and financial environment presents particularly challenging conditions for low- and middle-income countries.** They face large debt repayment obligations in the years ahead. Over half of the least developed and other low-income countries are at high risk of or already in debt distress, twice the proportion observed in 2013. 45 developing countries allocate more funds to debt servicing than to public health investments, and 19 developing countries allocate more to debt servicing than to education. The financing gap to achieve the Sustainable Development Goals is also estimated to be between USD 2.5 and USD 4 trillion annually. Based on the 2023 *OECD Global Outlook on Financing for Sustainable Development*, the COVID-19 pandemic and subsequent shocks increased developing countries' financing gap by 56% from USD 2.5 trillion to USD 3.9 trillion in 2020. Accelerated efforts are needed to increase development finance from both private and public sources in line with international commitments.

4. **Economies that reduce gender inequalities are more productive and resilient.** At the current rate of progress though, it is estimated that closing gaps in legal protection and removing discriminatory laws will take 286 years. Estimates by the World Bank suggest that long-run GDP per capita would be almost 20% higher on average worldwide if gender employment gaps were closed. The OECD offers internationally comparable data, tools and indicators for monitoring progress on gender equality. Through the *OECD Gender Data Portal*, indicators are updated annually across domains like education, employment, entrepreneurship, public governance, health and development.

Global efforts in response to development finance challenges

5. **The OECD remains strongly committed to better data, policies and partnerships for mobilising development finance.** The OECD and its Members continue to assist low- and middle-income countries to navigate the global financing landscape, address immediate challenges and achieve their long-term objectives. This commitment is underpinned by a comprehensive approach that leverages the OECD's broad-ranging expertise in data analysis and evidence-based policy recommendations, alongside ongoing collaboration with key multilateral stakeholders.
6. **The OECD closely monitors global debt, analysing countries' debt sustainability and access to finance.** The 2024 *OECD Global Debt Report*, a new annual flagship publication, presents the OECD's latest data and analysis on global bond markets, leveraging our longstanding expertise in both sovereign and corporate bonds. It finds that sovereign bond issuance in emerging market and developing economies rose from USD 3.0 trillion in 2022 to USD 3.9 trillion in 2023. Around 40% of sovereign bonds will mature by 2026 globally. Debt coming due in emerging economies, excluding China, in the next three years has grown significantly in both absolute terms and as a share of total outstanding debt, representing 48% (USD 4.1 trillion) at the end of 2023.
7. **A robust multilateral development system is essential for driving reforms in the international financial architecture.** Multilateral development banks are at the forefront of current reform efforts, for example, by improving Capital Adequacy Frameworks within their own governance frameworks and increasing access to finance including through special drawing rights re-allocations and changes to the global debt management system. The 2022 *OECD Multilateral Development Finance Report* presented trends in multilateral development finance that inform decisions by the members of the Development Assistance Committee on their engagement with multilateral organisations, and analyses ongoing reform efforts and the evolution of financial flows to, and from, these organisations.
8. **The OECD has been selected to host the Secretariat for the Paris Pact for People and the Planet (4P).** The 4P Secretariat aims to help eradicate poverty and preserve the planet, by better equipping vulnerable countries to tackle crises stemming from climate change and conflict, and mobilising all sources of financing including official development assistance, national resources and private investment. In this role, we will track and facilitate the implementation of the 2023 Summit on a New Global Financing Pact commitments, with the objective of translating them into stronger and better quality global financial architecture.
9. **To mobilise more and better financing for sustainable development, the OECD is also modernising official development assistance (ODA).** Together with the members of the Development Assistance Committee, we are analysing how to optimise the use of official concessional resources to ensure that ODA is targeted to areas where it most effectively addresses poverty, inequalities and long-term development priorities. We are assisting developing countries in overcoming barriers to attract substantial private investments. To provide a comprehensive measure of all official resources and enhance coordination and effectiveness of sustainable development finance, the OECD is supporting the development of the Total Official Support for Sustainable Development statistical framework.
10. **The World Bank Group Evolution Process will accelerate development finance reform.** The OECD supports the World Bank initiative to review its operational and financial models, recognising

the valuable insights and lessons learned for other development stakeholders. Evidence from the ongoing monitoring exercise of the *Global Partnership for Effective Development Co-operation*, supported by the OECD, will be key in assessing progress and informing reforms based on the Effectiveness Principles. The OECD collaborates with the Multilateral Organisation Performance Assessment Network (MOPAN), which assesses the effectiveness of multilateral organisations in addressing global challenges such as climate change and promoting private sector-led development.

11. **Mobilising resources to reduce poverty and pursuing complementary processes for the climate transition will be important.** Multilateral development banks' concessional windows and global funds should be driven by the principle that scarce concessional resources must go to countries and people most in need. While the establishment of new funds to tackle climate change can provide much needed resources to incentivise climate action, careful consideration of how these mechanisms work together and the overall proportional allocation of finance across the twin agendas would help guide decision-making. In July 2024, we will release our flagship *Development Co-operation Report*, which highlights synergies between climate action and poverty reduction, and strategies to deal with trade-offs.
12. **The OECD is exploring how recent financial innovations and reforms can be effectively translated into tangible development outcomes.** A key challenge is the lack of technical capacity in low- and middle-income countries, which impedes their ability to benefit from innovative financing sources such as sovereign carbon finance or green, social, sustainable and sustainability-linked bonds. This is particularly important for countries transitioning from least-developed and low-income, to middle- and high-income status. Evidence-based policy advice will support countries in managing the loss of eligibility for specific types of financing and assistance.
13. **Strengthening domestic resource mobilisation is key to enhancing financial stability and building the capacity to invest in sustainable development.** Tax is the largest and most stable form of financing for development in most countries, as illustrated by our Global Revenue Statistics initiative. The OECD's work on tax policy, tax administration and international tax co-ordination assists countries in building robust domestic resource mobilisation systems. Through initiatives such as The Platform for Collaboration on Tax, we are partnering with the International Monetary Fund, the United Nations, and the World Bank, to support developing countries with domestic resource mobilisation.
14. **The scale, scope and complexity of impactful tax reform can be challenging across jurisdictions who have varying capacity and resources.** Our capacity development efforts take many forms, including helping train thousands of officials every year through the OECD Academy for Tax and Financial Crime Investigation and the joint OECD-UNDP Tax Inspectors Without Borders initiative which has so far raised over USD 2.3 billion in additional tax collected for governments. We are working with regional organisations in Africa, the Asia-Pacific and Latin America and the Caribbean, as well as the 145 countries and jurisdictions on the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting and the 171 members of the Global Forum on Transparency and Exchange of Information for Tax Purposes. The OECD remains committed to enhancing tax administration, tax transparency, and global tax coordination for a more fair, effective global tax system.

Enhancing International Cooperation and Collaboration

15. **We continue augmenting our contributions to the sustainable development agenda through partnerships and global engagement.** The OECD continuously engages with the United Nations, the World Bank, and other multilateral development banks to strengthen partnerships to help accelerate progress towards development objectives. We have standing collaborations with the World Trade Organisation in the context of the joint bi-annual OECD-WTO Aid for Trade Monitoring and Evaluation exercise and with the Food and Agriculture Organisation in the context of the annual OECD-FAO Agricultural Outlook. Guided by our *OECD Global Relations Strategy*, adopted by Ministers at the October 2021 Meeting of the Council at Ministerial Level, we engage with developing and emerging

economies to exchange knowledge, policy solutions and best practices based on mutual benefit and on equal footing.

16. **The OECD is collaborating closely with Members and multilateral stakeholders to contribute to the *Fourth International Conference on Financing for Development* preparatory process.** This includes the April 2024 session of the UN Economic and Social Council Forum on Financing for Development and the UN Summit of the Future in September 2024. Our work, including the forthcoming reports *Multilateral Development Finance 2024* and *the Global Outlook on Financing for Sustainable Development 2025*, aims to deliver data, analysis and recommendations to inform our Members' contributions to these processes. The OECD Development Centre's High-Level Meeting of the Governing Board this year will focus on financing for development, including in the *Latin American Economic Outlook 2024: Financing for Development* which will analyse initiatives to mobilise resources for this region's development agenda.

17. **By engaging beyond our membership, we aim to foster economic growth and well-being, providing a platform for policy dialogue and peer learning.** This includes comprehensive Regional Programmes with South East Europe, the Middle East and North Africa, Eurasia, Southeast Asia and Latin America and the Caribbean, to contribute to knowledge sharing, dissemination of OECD standards and best practices in these regions, and improving regional cooperation. The Africa-OECD Partnership focuses on mutually agreed priorities in support of Africa's Agenda 2063, including regional integration, resource mobilisation for economic transformation, and human capital development. Projects include an *African Virtual Investment Platform* to provide evidence and data that policymakers and the private sector can use to identify and encourage greater investment, including in infrastructure, and ultimately job creation.