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 TWELFTH MEETING
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Statement by

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1. **Despite high policy uncertainty, the global economy continued to be resilient in the first half of this year, with annualised GDP growth of 3.2%.** Growth was strong in several emerging market economies, including India and Indonesia, trade activity accelerated in advance and in anticipation of expected tariff increases, and AI-related investment boosted activity in the United States.

2. **However, several recent trade and activity indicators point to slowing momentum.** The average tariff rate on merchandise imports to the United States, at 19.5% as of the end of August, is higher than at any time between the 1930s and 2024 based on our analysis, while inventories that firms built up in response to tariff announcements are declining. Industrial production has fallen in recent months in Brazil, Germany and Korea, and retail sales growth has slowed in China, the euro area and the United States.

3. **Global growth is projected to decline in the near and longer term.** The OECD's September 2025 Interim Economic Outlook projects global GDP growth to slow from 3.3% in 2024 to 3.2% in 2025 and 2.9% in 2026. Looking further ahead, global potential GDP growth is expected to slow markedly according to new projections of the OECD Long-Term Model, from 2.9% in 2024 to 2.1% by the early 2040s, mostly due to population ageing.

4. **Vulnerabilities from debt distress in emerging market and developing economies are significant.** This year's OECD Global Debt report shows that, between 2025 and 2027, 50% of all outstanding public debt in low-income countries is maturing, and will likely need to be refinanced at higher rates. This is a much higher share than the 32% for high- and upper middle-income countries, increasing refinancing risks in low-income countries.

5. This anticipated slowdown in global growth will likely continue to constrain public resources. Emerging markets and developing economies in particular, face acute challenges in mobilising finance. OECD analysis shows that global financing needs increased by 36% between 2015 and 2022 from USD 6.7 trillion to USD 9.2 trillion per year. In the same period, available resources grew by 22% from USD 4.3 trillion to USD 5.2 trillion, leaving an annual development financing gap of USD 4 trillion. If left unaddressed, this gap could reach USD 6.4 trillion by 2030. The OECD deploys its broad range of technical expertise, unique data, and a growing set of practical policy tools to support policy-makers in mobilising investment to close this gap.

Enhancing domestic resource mobilisation

6. **Strengthening domestic resource mobilisation is a key priority to enable developing countries to meet investment needs and achieve their development goals.** Emerging markets and developing economies have, on average, lower tax-to-GDP ratios than OECD countries, limiting their ability to finance key services and make investments in long-term growth, development and well-being. For example, African and Latin American countries have an average tax-to-GDP ratio of 16% and 21.3% respectively, compared to 34% among OECD countries.

7. **Through the Inclusive Framework on Base Erosion and Profit Shifting and its Two-Pillar Solution, the OECD continues to strengthen international standards to curb tax avoidance and help emerging markets and developing economies optimise government revenues.** The introduction of the Global Minimum Tax has raised the floor for taxing cross-border profits, helping to safeguard revenues, reduce harmful tax competition, and support a more stable investment environment. Under the Base Erosion and Profit Shifting in Mining Programme, the OECD and the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development have developed a toolkit to support developing economies in addressing the tax policy and tax administration challenges associated with the extractive sector. This toolkit was published in July 2025, and a second toolkit covering transfer pricing for copper is currently being developed for future publication.

8. **The OECD's capacity building activities help developing countries enhance their tax and financial crime enforcement efforts.** Tax Inspectors Without Borders, an OECD-United Nations Development Programme joint initiative, has helped generate an additional USD 2.4 billion in tax revenue and USD 6.39 billion in tax assessments across 70 developing jurisdictions since 2015, including by supporting the application of the Inclusive Framework on Base Erosion and Profit Shifting rules and transfer pricing standards. At the Fourth International Conference on Financing for Development, we marked the 10th anniversary of Tax Inspectors Without Borders and launched Tax Inspectors Without Borders 2.0, under which the programme will extend its coverage to strategic capacity building, deeper peer-to-peer knowledge exchange, and more diverse partnerships.

Mobilising private finance for sustainable development and climate action

9. **Official development assistance can help unlock new sources of financing for development.** The OECD is supporting governments with innovative approaches to use public finance to attract and de-risk private investment. Launched in September 2025, the OECD Development Assistance Committee's updated Blended Finance Guidance will help policymakers, development assistance providers and private investors unlock much-needed private financing for development, at a time of growing pressure on development assistance budgets and increasing sustainable development financing needs. Building on the first edition launched in 2020, the updated Guidance draws on lessons learned and reflects key opportunities to further scale up blended finance and enhance its effectiveness. This updated version provides practical recommendations for stronger links between blended finance projects and development objectives. This includes, for example, systematic adoption of the OECD-United Nations Development Programme Impact Standards for Financing Sustainable Development to increase the use of standardised performance metrics across blended finance projects.

10. **Robust, transparent data is key for scaling up private investment in sustainable development projects, providing investors with the information needed to make financing decisions.** At the Fourth International Conference on Financing for Development, the OECD released a policy paper titled "Mobilising private finance for development, climate and biodiversity in emerging markets and developing economies", which offers evidence-based policy recommendations for (i) scaling up private finance through more transparent data on investment risks and returns, and (ii) tackling regulatory barriers that hold back investment in these areas. This paper was accompanied by a new, publicly available dashboard on private finance mobilisation, aimed at enhancing transparency and tracking progress in private finance mobilisation.

11. **Large and efficient domestic capital markets can play an important role in unlocking new sources of investment.** The OECD is working in close partnership with key emerging markets and developing economies to identify policy levers that can strengthen local and regional capital markets, including through the forthcoming Africa Capital Markets report, which will offer tailored policy recommendations to help address structural challenges such as low investor participation and regulatory uncertainty, and to strengthen corporate governance standards. We will launch this report at the OECD Roundtable on Capital Markets in Africa, to be held in Mauritius on 3-4 November 2025. This roundtable will help advance financial market development in Africa, by presenting unique data

on market activity across key peer African economies and providing a platform for dialogue between senior officials from OECD Members and African countries on strengthening business financing, including the policy tools available to African countries to deepen and develop local and regional capital markets.

12. **The OECD is developing guidance on responsible business conduct in development co-operation for donor agencies and development finance institutions to leverage their policy tools in support of high-quality private investment.** This guidance will enable developing countries to implement responsible business conduct standards such as the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and enhance development co-operation providers' capacity to integrate responsible business conduct standards into their projects. The guidance will also help standardise responsible business conduct safeguards across development finance institutions to avoid conflicting requirements for businesses seeking to attract development finance. We plan to launch this guidance in 2026.

13. **The new "Strengthening Capacities for Financing for Development" joint initiative launched by the OECD, the African Union, Italy, Spain and the United Nations will help create an integrated capacity-building approach to financing for development.** Aimed at public officials and private enterprises in emerging markets and developing economies, it will build capacity in taxation, sovereign debt management and investment in developing regions, including strengthening the integrity of tax administrations and public institutions, all of which can contribute to expanding the fiscal space and unlocking new resources for sustainable development. As an implementing partner, the OECD will provide its technical expertise in domestic resource mobilisation, public debt management and innovative debt instruments such as green, social, sustainability and sustainability-linked bonds.

14. **The OECD-hosted Blue Dot Network offers an internationally recognised certification for quality infrastructure projects that meet rigorous environmental, social, and governance standards.** Since its launch in May 2024, the Network has certified five projects, with another 20 currently being evaluated. The Blue Dot Network is actively engaging with multilateral development banks and development finance institutions to align frameworks and promote coherence across standards. A dedicated multilateral development bank dialogue will be convened during the Annual Meetings of the World Bank Group and the International Monetary Fund this month to explore further collaboration.

Increasing the effectiveness of development co-operation

15. **The OECD Development Assistance Committee's ongoing review is assessing the impact of the changing development finance landscape - notably the shrinking development co-operation budgets - for the role of official development assistance and the Development Assistance Committee's work.** The outcome of this review will help define the mandate of the Development Assistance Committee beyond 2026. This review is a core component of the Sevilla Commitment adopted at the Fourth International Conference on Financing for Development, and the OECD has committed to report on the progress made to the United Nations Member States at the 2026 Development Co-operation Forum. Additionally, the Sevilla Platform for Action initiative "Strengthening the Process for Graduation from the Development Assistance Committee's List of Official Development Assistance Recipients" will support countries approaching graduation from concessional finance eligibility.

16. **The OECD provides recommendations to ensure resources for development co-operation are channelled effectively and in a better coordinated way through the Global Partnership on Effective Development Co-operation, which we co-host with the United Nations Development Programme.** The preliminary findings from the 2023-2026 monitoring exercise under this partnership show that official development assistance predictability has modestly improved across the countries

assessed, however the use of partner countries' public financial management systems in development co-operation has declined. The OECD-hosted 2030 Pact for Effective Development Co-operation launched at the Fourth International Conference on Financing for Development will map available data, identify priority issues, and convene dialogues and regional learning labs, with the objective of developing a compendium of good practices for effective development co-operation.

17. **Outcomes-based financing tools offer a practical solution to optimise the use of resources for sustainable development.** Since 2012, an estimated USD 120 billion in development finance has been channelled through outcomes-based financing instruments, generating cost savings of up to 25% and outcome gains of up to three-fold in key sectors such as education, employment and healthcare. At the Fourth International Conference on Financing for Development, the OECD launched a new joint initiative on "Maximising Development Impact through Outcomes-Based Financing Mechanisms" in co-operation with Colombia, South Africa, Switzerland and the United Kingdom. Together with these partner countries, we have committed to developing an internationally recognised guidance and mobilising a coalition of countries to scale up outcomes-based financing, building on individual Members' efforts and international organisations to promote outcomes-based financing.

Driving global action to close the gender finance gap

18. **Gender equality and women's empowerment are fundamental pillars of progress towards achieving the Sustainable Development Goals and require financial investment for effective implementation.** The OECD's data and analysis allow development co-operation providers and development partners to assess and monitor their efforts in support of gender equality. For example, the latest OECD data on development finance for gender equality show that in 2021-2022, half of the USD 216 billion in international development finance screened against the OECD Development Assistance Committee's gender equality policy marker included gender equality objectives. A further USD 163.3 billion was reported to the OECD but was not screened against this marker. Wider use of this marker by international organisations and multilateral development banks would help enhance available data on gender equality efforts.

19. **To advance the Sevilla Commitment on mainstreaming gender and promote gender-responsive solutions, a universally accepted financial reporting system will be key.** The OECD Development Assistance Committee's gender equality policy marker, used by more than 30 multilateral organisations, 40 foundations and 33 Development Assistance Committee members, provides a comparable framework for tracking resources. The OECD's new Development Finance for Gender Equality Dashboard provides a practical tool to inform evidence-based policy making in support of closing the gender gap in financing.

OECD engagement in the Fourth International Conference on Financing for Development

20. **As a founding member of the United Nations-led Inter-Agency Task Force on Financing for Development, the OECD contributed key data and analysis to the Fourth International Conference on Financing for Development and helped shape the Sevilla Commitment, including through 28 initiatives as part of the Sevilla Platform for Action.** Key OECD contributions to the Conference included (i) the Global Outlook on Financing for Sustainable Development, which helped inform the negotiations on the outcome document, (ii) analysis of projected cuts to official development assistance, which provided a sound assessment of the current development co-operation landscape and practical recommendations to avoid major negative effects on populations in need, and (iii) analysis on private finance mobilisation presenting insights into the policy options to support private finance mobilisation.

21. **Launched at the Fourth International Conference on Financing for Development, the Beyond GDP Global Alliance marks an important step forward towards expanding the way sustainable development progress is measured.** This alliance will engage policymakers and other stakeholders

to provide universally applicable indicators of sustainable development to complement GDP data. It will build synergies with the forthcoming United Nations High-Level Expert Group on Beyond GDP and leverage the OECD's Well-Being Framework to reflect the multidimensional nature of sustainable development to advance a comprehensive and inclusive approach to measuring progress. The OECD is proud to serve as both a knowledge and implementing partner for this alliance.

22. **The OECD promotes decentralised development co-operation as a key driver of sustainable and inclusive local development.** We have developed a dedicated policy toolkit for implementing effective decentralised development co-operation, alongside a comprehensive monitoring and evaluation framework for city-to-city partnerships, aimed at bolstering the role of subnational governments in advancing the Sustainable Development Goals. Building on this, the OECD launched the "Localising Finance to Drive Systemic Impact for the Achievement of the 2030 Agenda" initiative in partnership with Spain and the Local2030 Coalition at the Fourth International Conference on Financing for Development. This initiative will establish a community of practice on decentralised development co-operation with a view to strengthening the capacity of local and regional governments for urban development and scaling up efforts to direct financing to the local level.