Statement by

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The global economy is showing signs of recovery, with prospects improving over recent months. However, the recovery is fragile and the outlook is mixed from region to region. Advanced economies remain deeply scarred and many of the imbalances underlying their slow and protracted recovery remain. In emerging markets and developing countries there are signs of a slowdown. While domestic factors account for some of this slowdown, external demand is also playing a role as growth in world trade has plateaued.

Sustainable economic development is a priority for all. To build stronger and more resilient economies in an interconnected global economy, we need to promote the emergence of new sources of aggregate demand and sustainable growth. There have been some notable successes, and across the world millions of people have been lifted out of poverty. However, today we are faced with a new reality. The global economic landscape has changed beyond recognition since the OECD was established. This includes: huge shifts in the centre of global economic gravity, more interconnected economies, a growing diversity of economic and development models, changes to the nature of development financing, rising economic inequality in both OECD economies and some dynamic emerging economies, and a growing middle class in developing countries that remains vulnerable and needs effective safety nets and innovative instruments to promote social cohesion.

Looking toward the 2015 deadline for the Millennium Development Goals, and as a large part of the world struggles to recover from the worst economic crisis in 50 years, all actors must prioritise strong collective and co-ordinated action in a way that promotes sustainable economic development worldwide and collectively empowers the developing world to deliver change. The OECD and its Development Assistance Committee (DAC) will contribute to these efforts in a number of areas, including through:

- **The Global Partnership for Effective Development Co-operation**, agreed upon at the Busan High-Level Forum, which provides a firm and equal platform to promote such action.
- **The OECD Strategy on Development**, which will guide the Organisation’s contribution to global development efforts for years to come and reinforce its collaboration with all actors and among the range of policy communities.
- **Support for global governance and international processes**, such as the G20 and Rio + 20.

The Busan Forum represented a significant paradigm shift for global development. It brought all actors to the table and, building on the experience of previous Forums in Paris and Accra, saw developing countries take an active and leading role in determining the Forum’s outcomes. Busan saw an important shift from aid effectiveness to development effectiveness, and a recognition that much remains to be done to move from transactional aid relationships to transformational development relationships. Moreover, it has provided an opportunity to change the way partners for development work together, and to rethink the fundamental approach to development issues within organisations and countries.
The promise of Busan must be fully implemented to fulfil aspirations. An effective Global Partnership will:

- foster an equal and synergistic relationship, in which traditional donors, partner countries in the developing world, providers of South-South cooperation, civil society actors and the private sector fulfil defined and differential commitments;
- engage all levels and departments of government, and improve co-ordination between them, encouraging more coherent policies beyond development co-operation, lowering transaction costs, focusing efforts and reducing fragmentation at the country level;
- empower developing countries to scale up their capacity to create strategies, measure results, enforce co-ordination, request more transparency and monitor against indicators that relate directly to their own strategies;
- create global indicators for those whose “differential commitments” require monitoring, promoting accountability and encouraging mutual learning and knowledge sharing;
- inspire an open and constructive dialogue that leads to a better understanding of the complementarity of South-South and North-South cooperation at the country level, including through triangular co-operation, strengthening the overall effort to achieve the Millennium Development Goals.

The bulk of efforts will need to focus on the country level. However, success also depends on political momentum, oversight and dialogue at a global level. The UNDP and OECD have been tasked with supporting this partnership and welcomes continued collaboration with organisations such as the World Bank and regional organisations. The DAC and its members have pledged their full support.

As the Global Partnership is put in place, dynamic work is underway on a number of substantive agreements reached in Busan, including the New Deal for Engagement in Fragile States. More than 1.5 billion people live in fragile and conflict-affected countries and few of these countries will achieve a single Millennium Development Goal by 2015. The New Deal, endorsed by over 40 countries and organizations through the International Dialogue on Peacebuilding and Statebuilding, sets out five goals — legitimate politics, justice, security, economic foundations and revenues and services — to provide a framework for more effective partnerships in conflict-affected and fragile states. A number of countries are now piloting the New Deal and the OECD strongly encourages all actors to adapt their efforts in these countries, for example by aligning their funding with the goals and modernising their approaches to risk management.

As a result of the Busan agreement, the effective leveraging of private sector finance for development is now also gaining momentum. The Joint Statement on “expanding and enhancing public-private cooperation for broad-based, inclusive and sustainable growth” calls on public and private actors to jointly promote more inclusion of the private sector in country-led strategies, promote more use of relevant national laws and align them with local priorities and capacities, promote more transparency of flows and activities, and be accountable for results. In order to improve the business climate, there is also a need for effective legal and regulatory frameworks, appropriate risk mitigation instruments and enhanced access to finance for SMEs.

Within these broader efforts, Official Development Assistance (ODA) remains crucial in supporting global development. It helps the poorest countries build sustainable prosperity and well-being, respond to emergencies and, eventually, to outgrow dependency on external assistance. Our data shows that DAC members provided USD 133.5 billion of net ODA in 2011, representing 0.31 per cent of their combined gross national income (GNI). This was a 2.7 % drop in real terms compared to 2010, when ODA reached a historical peak. The fall of ODA is a source of concern, coming at a time when developing countries have been hit by the knock-on effect of the crisis and need it most. However, the continued high level
provided by many countries reflects the growing awareness that, despite the fiscal constraints brought about by the crisis, global challenges cannot be resolved without development progress.

**The OECD Strategy on Development, to be presented to the OECD Ministerial Council Meeting next month, will guide the Organisation’s contribution to global development efforts for years to come.** Since we last informed this Committee about the preparations of the Strategy, much has been achieved.

The approach outlined in the Strategy commits the OECD to strengthening its contribution to development in a number of ways: by building on its core experience and expertise on development, including in the OECD Development Centre, the African Partnership Unit, the Club du Sahel, and the Development Assistance Committee, and combining it with its multidisciplinary expertise in the broadest range of policy areas. This will start by fostering a better understanding of how the major OECD initiatives on Green Growth, Skills, Gender, Investment and Innovation should be adapted when dealing with developing countries. For many years we have done so, but the Strategy will systematise and organise this contribution to render it more effective. A good example of the work that could be carried out in cooperation with other international organisations includes our task force on tax and development.

The Strategy will also leverage the OECD’s comparative advantage of gathering and adding value to experiences and knowledge from a wide range of sources, enhancing its policy communities and networks and building on its peer learning and knowledge sharing methods. The OECD’s contribution to development will also be strengthened by applying a more comprehensive and inclusive approach, taking into account the heterogeneity of growth and development models, the differentiated institutional settings, and capacity to tap into resources and address binding constraints; as well as by adapting and upgrading the Organisation’s frameworks and mechanisms for broader application in a diverse set of developing country circumstances.

We will seek to make the Strategy operational at three levels: (i) strengthening OECD members’ capacities to design policies consistent with development, (ii) enhancing international efforts to seek effective solutions to emerging global issues and development challenges, and (iii) working to strengthen engagement and knowledge sharing with developing countries. A number of proposals for action have already emerged. Some of these proposals deepen and expand existing initiatives; others forge new connections between areas of expertise within the Organisation into innovative lines of work.

At the level of OECD members (advanced and emerging-market economies), for example, we are working to strengthen members’ institutional, regulatory and legal arrangements to curb illicit financial flows (IIFS), which strip resources from developing countries that could finance development. At the global level, as requested in Busan, the OECD will assist in developing and implementing a global monitoring framework to assess progress towards Busan outcomes. At the level of partner countries, the OECD is considering new multi-dimensional policy reviews that will take a comprehensive, diagnostic look at the constraints to economic and social development, based on our policy analysis and experiences, as well as peer review methods.

The Strategy will also require strengthening policy coherence among developed countries, and food security is an important area in which we will be looking into that. The OECD will be addressing policy coherence dimensions in the field of food security by focusing on three aspects: (i) the spillover effects of advanced countries’ policies, especially agricultural policies; (ii) the ways in which OECD countries can make a positive contribution to global food security, for example through the provision of global public goods such as agricultural research; and (iii) how Official Development Assistance policies can be aligned more effectively with developing countries’ own food security strategies. This work will build on
OECD’s recent and ongoing work for the G20 on issues pertaining to food security, and on OECD and DAC support for effective development cooperation, including Busan’s “shared results framework”.

This is just a taste of the initial proposals and work that will stem from the OECD Development Strategy. The Strategy will continuously evolve to help us respond to global realities and development needs. As with any strategy, the key to its success will be in the implementation. Here, the OECD is committed to strengthening its collaboration with other international organisations. This will help ensure that global efforts remain complementary and maximise our positive impact on development.

The Rio+20 Conference in June provides an important opportunity for all countries to reaffirm their commitment to sustainable development and consider how a greener growth path can help contribute to sustainable development and poverty eradication. The OECD is fully supportive of these efforts, as evidenced in recent statements by our environment ministers and senior DAC policy makers. Through the Green Growth Strategy, the OECD is examining how to tailor a general green growth policy toolkit to specific circumstances in advanced, emerging and developing countries. Green growth concerns are being integrated into our economic, environmental, investment and innovation surveys. The OECD is also drafting a report, in close consultation with developing countries, to better understand their views on issues such as payments for ecosystem services, the certification of sustainable production, subsidy reforms, green investment frameworks and sustainable public procurement. Moreover, the OECD is working with the G20, along with the World Bank and the United Nations, to define Green Growth policy toolkits to integrate green growth and sustainable development policies into structural reform agendas.

The OECD stands ready to support all countries on their green growth policies and track progress towards national and international goals. As our aid figures show, bilateral ODA for general environmental protection grew from USD 1.9 billion to USD 5.1 billion between 2001-02 and 2009-10, while support for other activities addressing environmental sustainability rose from USD 5.8 billion to USD 20.3 billion. DAC donors are making catalytic green growth investments in renewable energy, sustainable agriculture and low carbon transportation across the developing world.

Through support for the implementation of the Global Partnership, progress on the OECD Strategy on Development, and ongoing support for international processes such as the G20 and Rio+20 the OECD seeks to promote a renewed energy towards achieving the MDGs by 2015. Looking further ahead, these efforts should also provide the foundations for a post-2015 development agenda. The MDGs, which emerged from the 1996 OECD DAC Report on “Shaping the 21st Century”, have proven the value of quantified and time-bound goals. They have helped focus international development co-operation efforts, increase accountability and mobilise support from the development community and beyond.

The post-2015 development agenda will need to build on these successes while reflecting a more holistic approach to development, growth and poverty reduction. It will need to combine global pursuits – in areas such as climate change – with support for country-specific priorities, taking into account their requirements, capacities and aspirations, as promoted by the Busan agreement and the OECD’s Development Strategy. More specifically, we will need to place people’s lives – their needs, ambitions and feelings – at the centre of policy making, including by drawing on the OECD Better Life Initiative, through its How’s Life? Report that has the notion of people’s well-being at the core of its reflections.