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Pushing the boundaries of official development assistance: challenges and opportunities

Side Event at 2nd Financing for Development Review Forum

23 May 2017, New York, NY

The CSO Financing for Development Group, facilitated by Eurodad, the Trade Union Development Cooperation Network and UK Aid Network, organised a side event convening different constituencies within the development community to exchange views on current efforts underway to reshape how Official Development Assistance (ODA) is measured and used. From the side of the organisers there was a particular interest to understand how principles of accountability, inclusion, ownership and results were being considered in the modernisation process.

The meeting was kicked off by recognising that, while the process of redefining ODA originated in the OECD Development Assistance Committee, it was broadened in the Addis Ababa FfD negotiations with the AAAA committing donors to ensuring that this process is both transparent and inclusive of the broadest range of development stakeholders. The specific references and commitments on modernisation of the ODA measure were highlighted; namely, *"We will hold open, inclusive and transparent discussions on the modernisation of the ODA measurement and on the proposed measure of "total official support for sustainable development" and we affirm that any such measure will not dilute commitments already made."* Similarly, the discussion was informed by the commitment towards the use of blended finance, with a particular focus on PPPs - *"We also commit to holding inclusive, open and transparent discussion when developing and adopting guidelines and documentation for the use of public-private partnerships, and to build a knowledge base and share lessons learned through regional and global forums."*

The OECD provided a useful summary of the ongoing discussions on this issue with a particular emphasis on the motivation behind the different efforts. Recognition was given to the fact that blended finance is a reality and its application in development is on an upward trend. It was noted that there is a great deal of pressure to ensure that blended finance respects the same principles as ODA. As such, specific guidelines and principles adapted to blended finance are required. An advisory group was set up and tasked with the development of these principles by October 2017.

Reflections from the European Commission, a DAC Member, focused on the notion that available resources are not necessarily increasing, and thus there is a need to make the most of what is available. To this end, it was suggested that the ODA system needs to be modernised because there is a need to use it as an incentive to mobilise other resources that are there. There was acknowledgement, however, that blending is in some cases controversial and carries certain risks that need to be addressed. Finally it was highlighted that, for some donors, blending is essential to keep a link with Middle Income Countries that continue to require assistance but different to that of traditional ODA.

The Mexican Government followed with a unique perspective emphasising the importance of effectiveness when using ODA for different and differentiated purposes, such as climate change and migration. It acknowledged the importance of the DAC's work, but emphasised that it needs to be supported by evidence and placed in the context of the broader Financing for Development agenda, which, when first established, was very advanced for the time. In this respect, the principle of inclusion is key.

A representative of Civil Society then shared some of the issues that must be addressed by the principles and criteria:

- Do no harm, do some good – highlighting the example of PPPs in Africa, particularly in infrastructure, it was shown that risks and burdens are disproportionately being borne by the public.
- Blended finance is not simply a quantity issue – there is a new mantra about moving from billions to trillions, but little discussion about the quality of those trillions. However, if the impact and quality of the trillions is not as good as that of the billions, is it worth it? The profitability of the private sector cannot be the primary goal but rather the focus must remain on development outcomes.
- Using leverage for good – How are public resources used to leverage sufficient influence to ensure good standards on things like human rights?
- Development additionality is critical – what is the real added value of us putting this money into the private sector?



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The panel closed with the FfD Office highlighting that, while blended finance remains small, there is a need to get out ahead of the curve with the right principles. It was suggested that, while the AAAA establishes a general set of principles, the [Inter-Agency Task Force](#) on Financing for Development should continue to develop them further, though much work remains. The importance of having this discussion now, prior to a possible future increase in the use of blended finance as a source of development finance, was strongly emphasised.

Speakers

Pierre Habbard, Senior Policy Advisor, TUAC (moderator)

Jorge Moreira da Silva, Director, OECD Development Cooperation Directorate

Shari Spiegel, Chief, Policy Analysis & Development Branch, Financing for Development Office, Department of Economic and Social Affairs, United Nations

Dr Fanwell K. Bokosi, Executive Director, Afrodad

Ana Gallo-Alvarez, Team Leader Financing for Development, Directorate-General International Cooperation and Development, European Commission

Noel Gonzalez, Director General for Policy Planning and Multilateral Affairs at the Mexican Agency for International Development Cooperation