

Preparatory Process for the Third International Conference

giving. Such demonstrable successes would be critical to create and maintain political support for ODA.

Mrs. Dorothy Mwanyika, Deputy Permanent Secretary in the Ministry of Finance of Tanzania, noted the large role that ODA played in her country, in particular in financing the development budget. In terms of its modalities, Tanzania preferred budget support, which facilitated its use in line with national priorities and under the supervision of parliament. For this reason, she regretted the decreasing appetite among donors for budget support. To further increase ODA effectiveness, she also called for greater predictability of aid flows, the use of national systems, and mutual accountability mechanisms, to ensure a genuine partnership between donor and recipient countries.

Mr. Vitalice Meja, Coordinator of the Reality of Aid Africa Network, emphasized the importance for developed countries to meet the target of 0.7 per cent of GNI for ODA, and called for a binding mechanism to achieve this goal. He also noted that while many developing countries now had middle income status, they still rely on ODA to finance some of their needs. With respect to aid effectiveness, he underlined the importance of the Busan principles, and in particular democratic ownership and the participation of all stakeholders. Inclusive fora such as the United Nations Development Cooperation Forum have the ability to bring all stakeholders together in an inclusive manner.

Ms. Smita Nakhooda, from the Overseas Development Institute, explained that development progress was being threatened by new challenges such as climate change, with the poorest people concentrated in countries that are most vulnerable to climate change. To address these challenges, developing countries required international public finance, in line with existing commitments under the United Nations Framework Convention on Climate Change (UNFCCC). However, these resources drew from the same pool that provided development finance. There was a substantial role for ODA in the delivery of Fast Start Finance, and climate-related ODA has grown rapidly. While these overlaps were to be expected, they had implications on allocation, with climate-related ODA more targeted toward middle income countries and towards the Asia and Pacific region.

Points made in the subsequent interactive discussion included the following:

- Many delegations emphasized that existing ODA commitments had to be met, and some called for clear and concrete timetables. Additional ODA was needed also in view of increasing international public finance flows dedicated to climate change mitigation and adaptation in developing countries, which largely count as ODA. There were also calls to increase the effectiveness of ODA, for example by increasing its predictability and flexibility, by untying aid and by making greater use of budget support as an aid modality.
- Different perspectives were raised with regard to the most desirable allocation of ODA. Thern0JTJ -226.995 -12.84 Td 28772(,4.85055()JTJ 230.1-5.80816(d0946(a)-3.66523(s)5.28642()

countries to attain tax to GDP ratios of 20 per cent; more support to private finance, and philanthropic and concessional finance to fill remaining gaps; and lastly funding for investments in research and development at scale.

Mr. Rodney Schmidt spoke about the potential of ‘innovative development financing’ mechanisms, such as a financial transaction tax (FTT) to raise resources for sustainable development. The FTT as implemented from 2016 in eleven European countries is estimated to generate US\$ 45 billion annually, and could raise US\$ 75 billion if implemented across the European Union. However, there is currently no decision to allocate these resources to development. Finally, he noted that a carbon tax would be an alternative idea to raise significant new resources for sustainable development.

During the subsequent interactive discussion, the following points were raised:

- Delegations noted efforts by the Leading Group on Innovative Financing for Development to mobilize resources complementary to ODA, and highlighted the willingness of the Leading Group to contribute constructively to the elaboration of the post-2015 development agenda.
- Some concerns were raised that concessional lending could contribute to debt crises. The point was made that it was critical to emphasize prevention of debt crises and that the World Bank’s International Development Association had adopted a policy to make only grants available for countries in high debt distress.

Panel 2: South-South and triangular cooperation

The panel was moderated by Mr. Navid Hanif, Director of the Office for ECOSOC Support and Coordination, UN DESA. Panellists included Dr. Sachin Chaturvedi, Director-General at the Research and Information System for Developing Countries, New Delhi, India; H.E. Mr. Hazem Fahmy, Secretary General, Egyptian Agency of Partnership for Development; Mr. Admasu Nebebe, Director, UN Agencies and Regional Economic Cooperation, Ministry of Finance, Ethiopia; and Mr. Cosmas Gitta, Assistant Director in the United Nations Office for South-South Cooperation.

Mr. Navid Hanif introduced the topic and noted that South-South cooperation (SSC) – loans, grants, and technical cooperation – was estimated to amount to US\$16 to 19 billion in 2011. Its key features were that it was demand driven, predictable, and fast.

Mr. Sachin Chaturvedi, reported on new institutions that Southern countries were setting up to address their priorities. They include the BRICS Bank, the Asia Infrastructure Development Bank, or reserve funds such as the Chiang Mai Initiative. These regional efforts allow safeguarding the economic interests of Southern countries. He also noted that South-South cooperation was demand driven, so that these efforts would

