

Multilateral Development Finance in the COVID-19 Era and Beyond

Perspectives from Around the World, Webinar Series,
Starting October 26, 2020

Multilateral Development Finance 2020

WEBINAR SERIES

MULTILATERAL DEVELOPMENT FINANCE IN THE COVID-19 ERA AND BEYOND: PERSPECTIVES FROM AROUND THE WORLD

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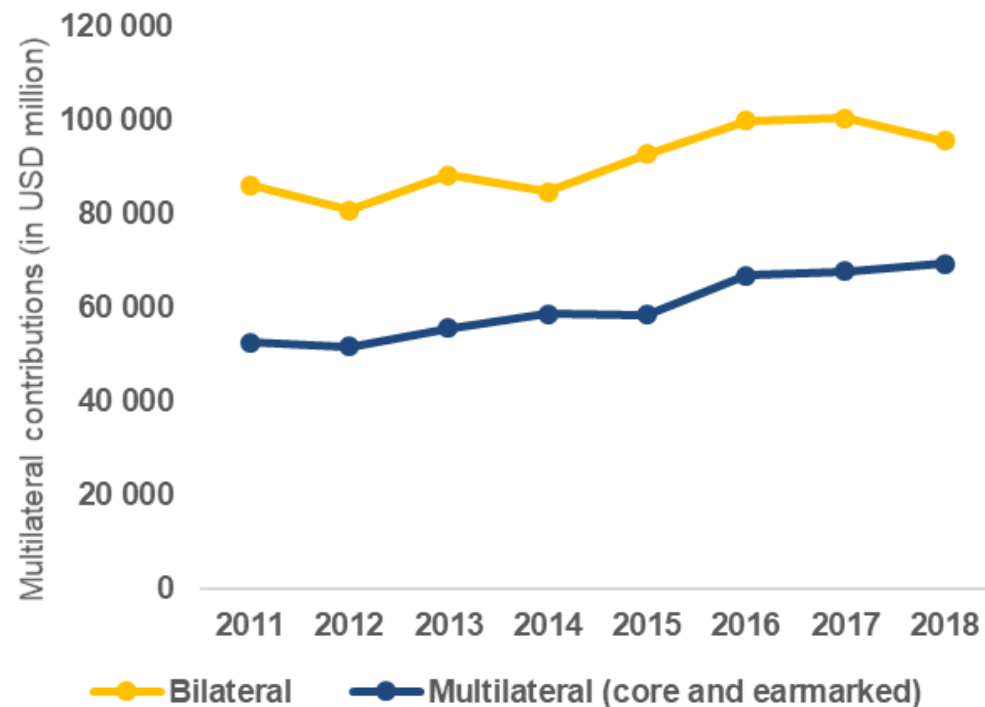
PARTNERS: die, ETTG, SDPI, sawtee, FDI, and others.

Multilateral Development Finance is on the Rise

COVID-19 reaffirms interconnectedness: Global problems require global solutions

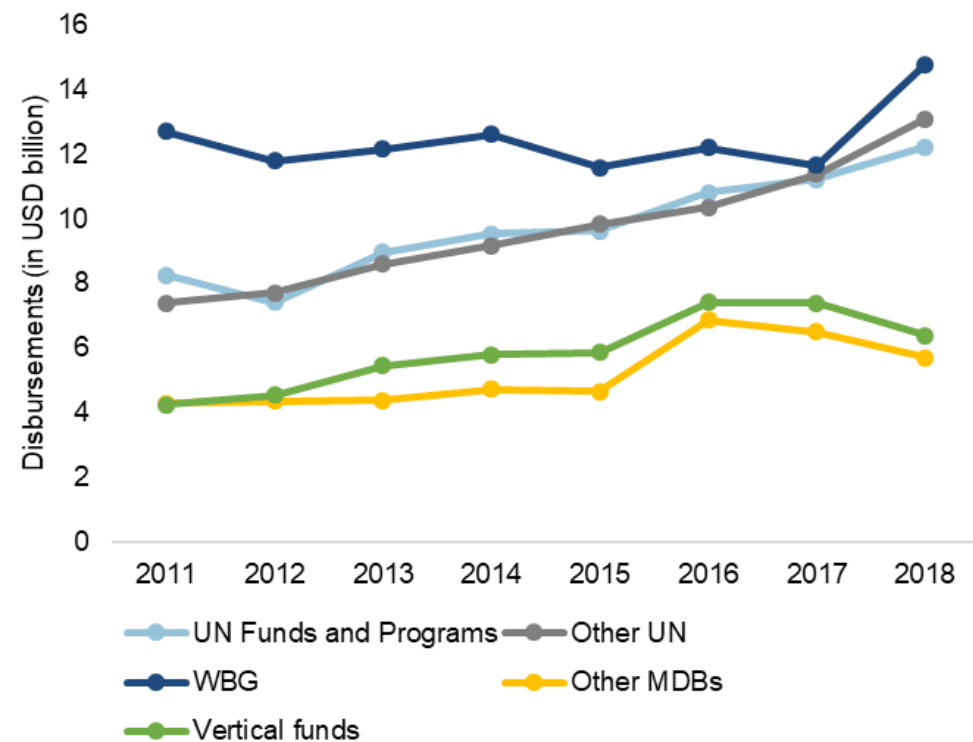
The multilateral system is growing in importance as a channel of development co-operation

Multilateral development finance has been steadily growing and at faster pace than bilateral cooperation. Multilateral contributions reached an all-time high in 2018 at USD 71.9 billion (representing 42 percent of ODA)



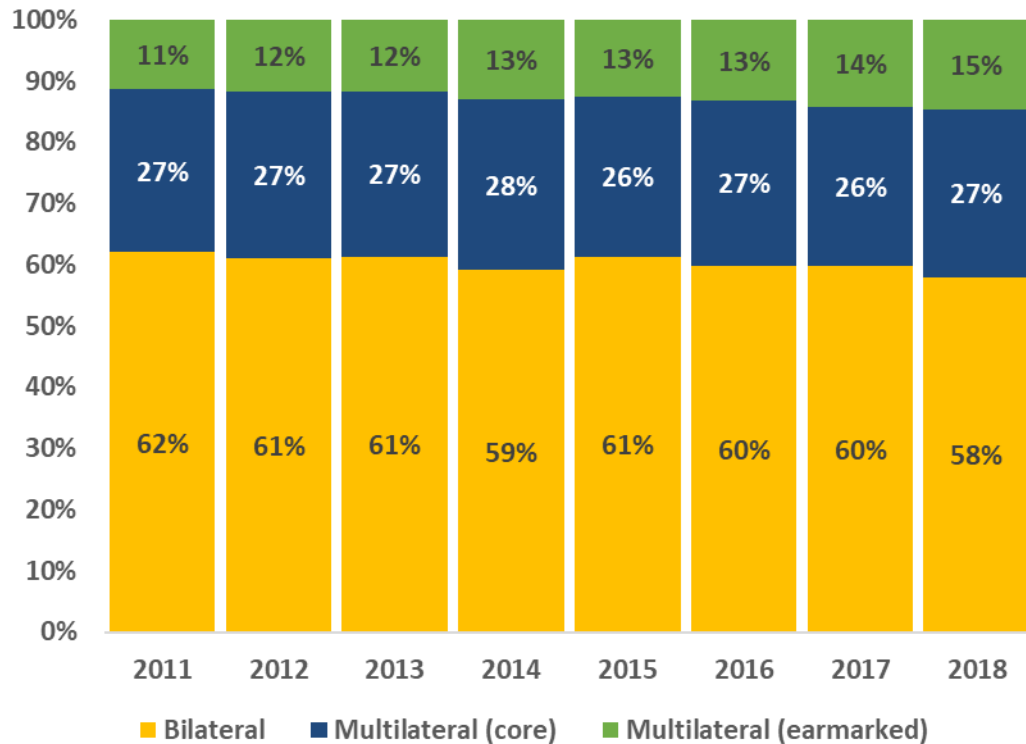
The United Nations and the World Bank Group remain the two pillars of the multilateral development system, receiving more than three quarters of multilateral funding.

Regional development banks and vertical funds are slowly gaining ground in the multilateral development landscape.



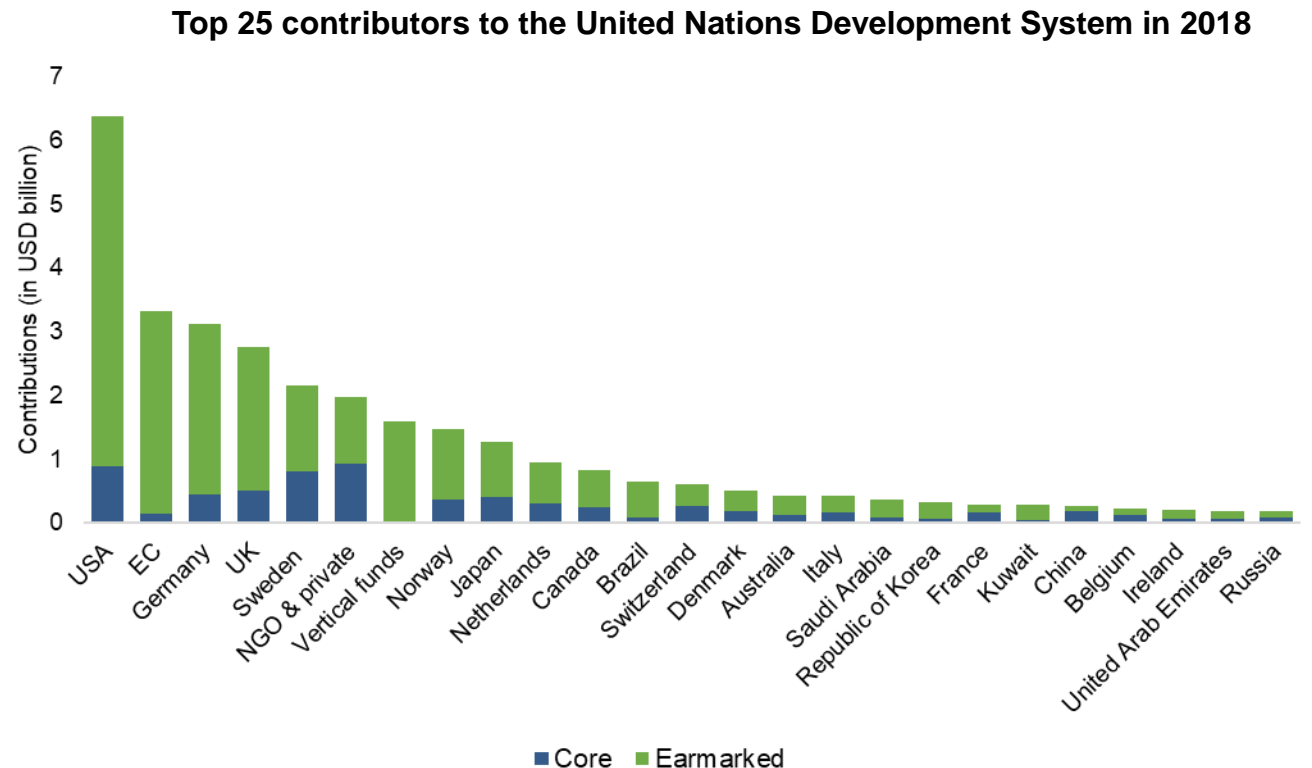
This growth is driven in part by increased earmarked funding and the emergence of new actors

Funding earmarked through the multilateral system seems to have grown at the expense of bilateral ODA. The share of core contributions remained relatively stable while earmarked funding steadily increased over the period.



Source: OECD Creditor Reporting System (2020)

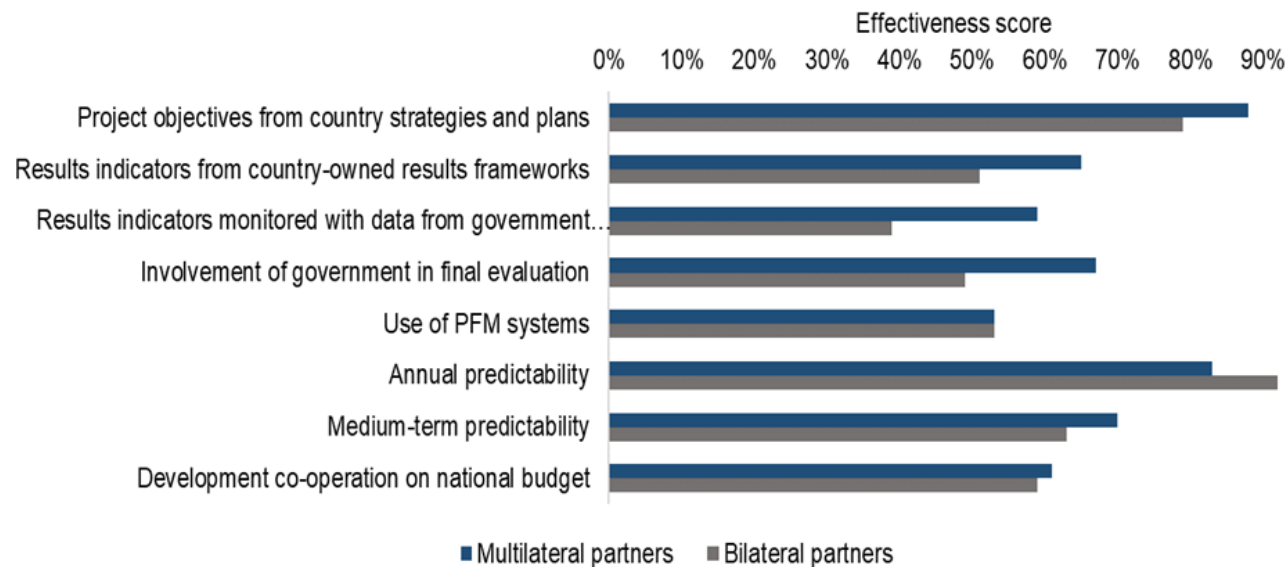
1/3 top contributors are non-DAC, amounting ¼ total funding, with private actors now the 6th contributor to the UN development system. Despite the record-setting DAC contributions to the multilateral system, multilateral organizations are gradually broadening their donor base.



Source: UN DESA (2020)

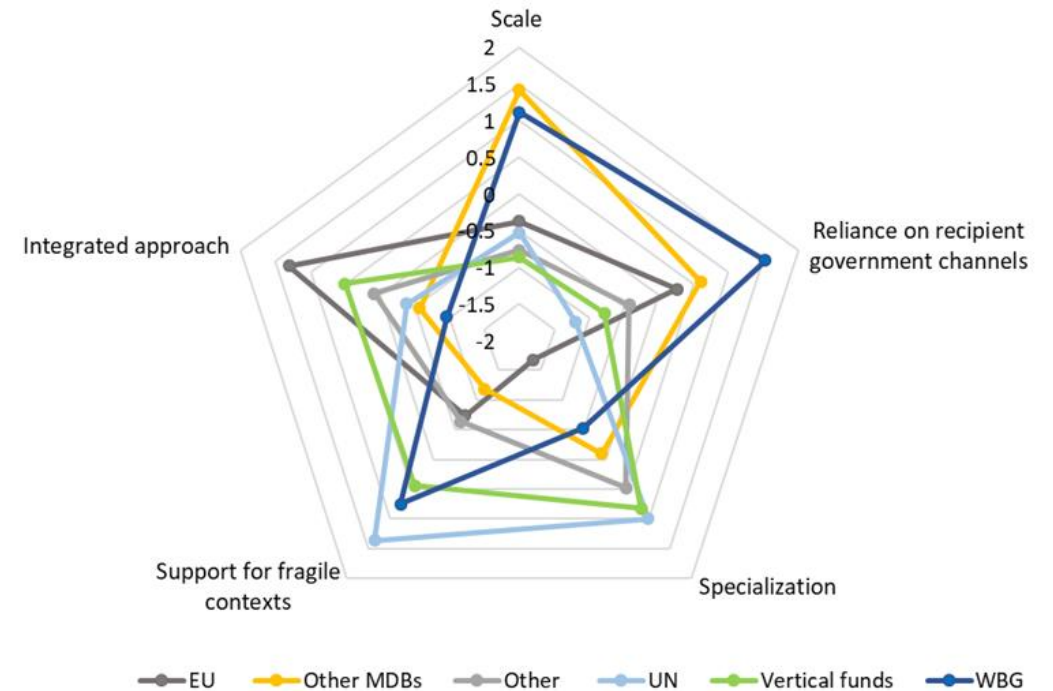
Multilateral organisations also appear more effective, with diverse and complementary comparative advantages

Effectiveness of multilateral organizations relies on better country-ownership, results monitoring and evaluation according to development partners (source: GPEDC monitoring round).



Source: GPEDC monitoring round (2019)

Each multilateral organization has its own set of comparative advantages.



Source: OECD Creditor Reporting System (2020)

Multilateral Development Finance is under Stress

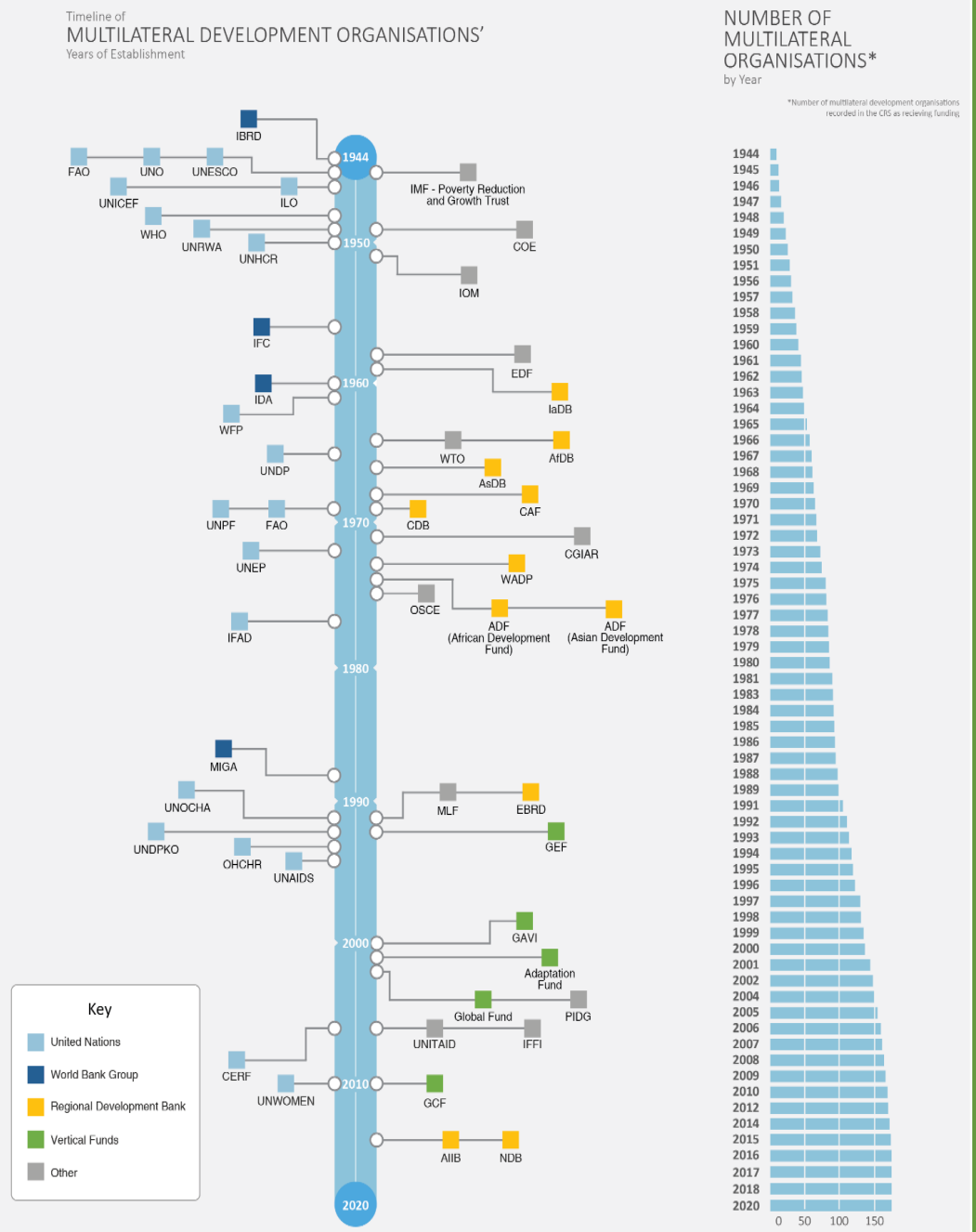
The COVID-19 response imperative:

- In the short term: make the most of all available resources under stress
- In the medium-long term: build back better and reform the system

Trend 1:

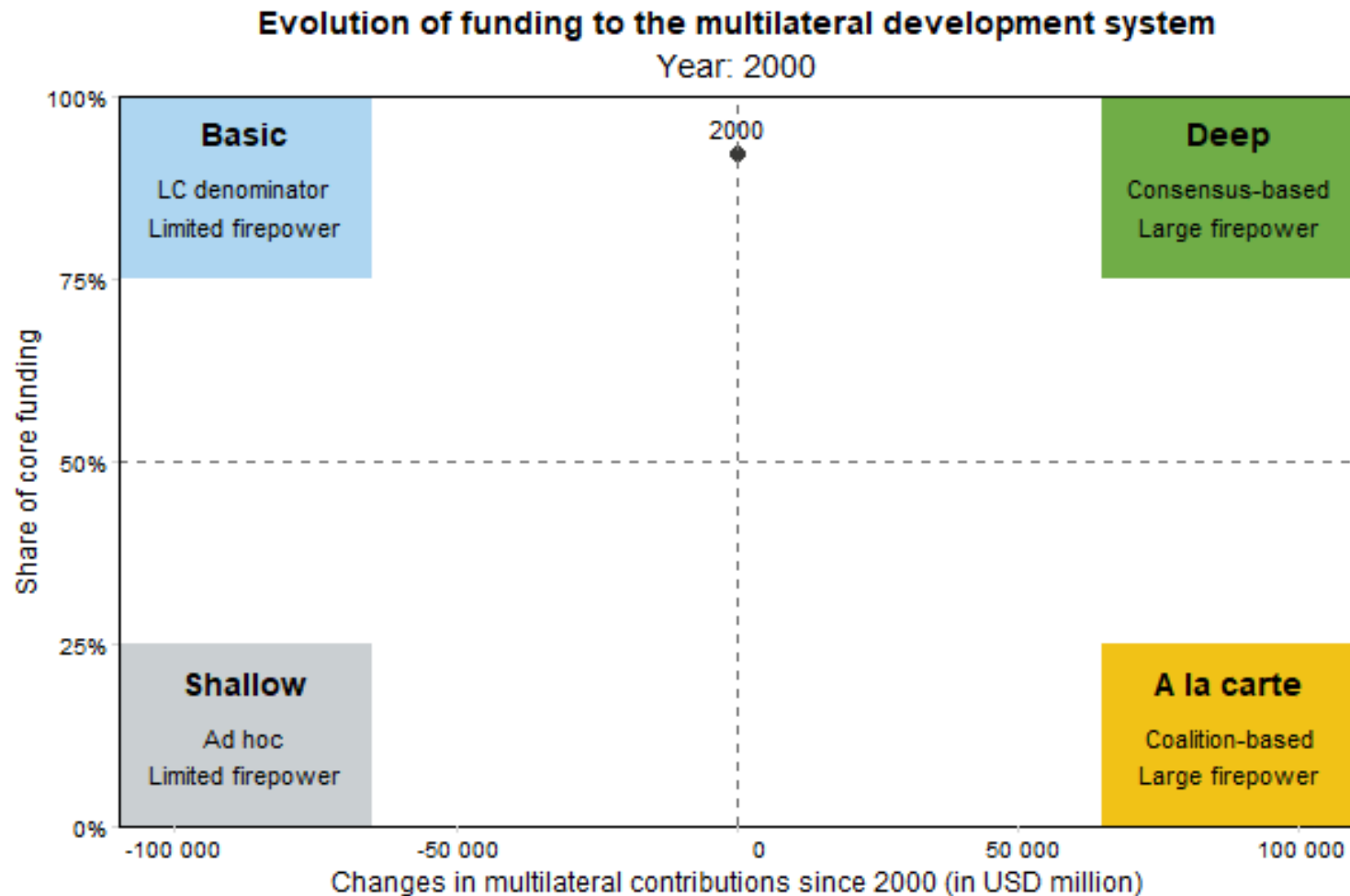
The multilateral development system is an increasingly crowded and fragmented space

Source: Authors' design



Trend 2. Towards a multilateral development system “à la carte”?

While funding to the system is steadily increasing, the share of core contributions is declining. The COVID-19 crisis could accelerate this trend if budget constraints and emergency needs translate into an increased use of earmarking modalities.

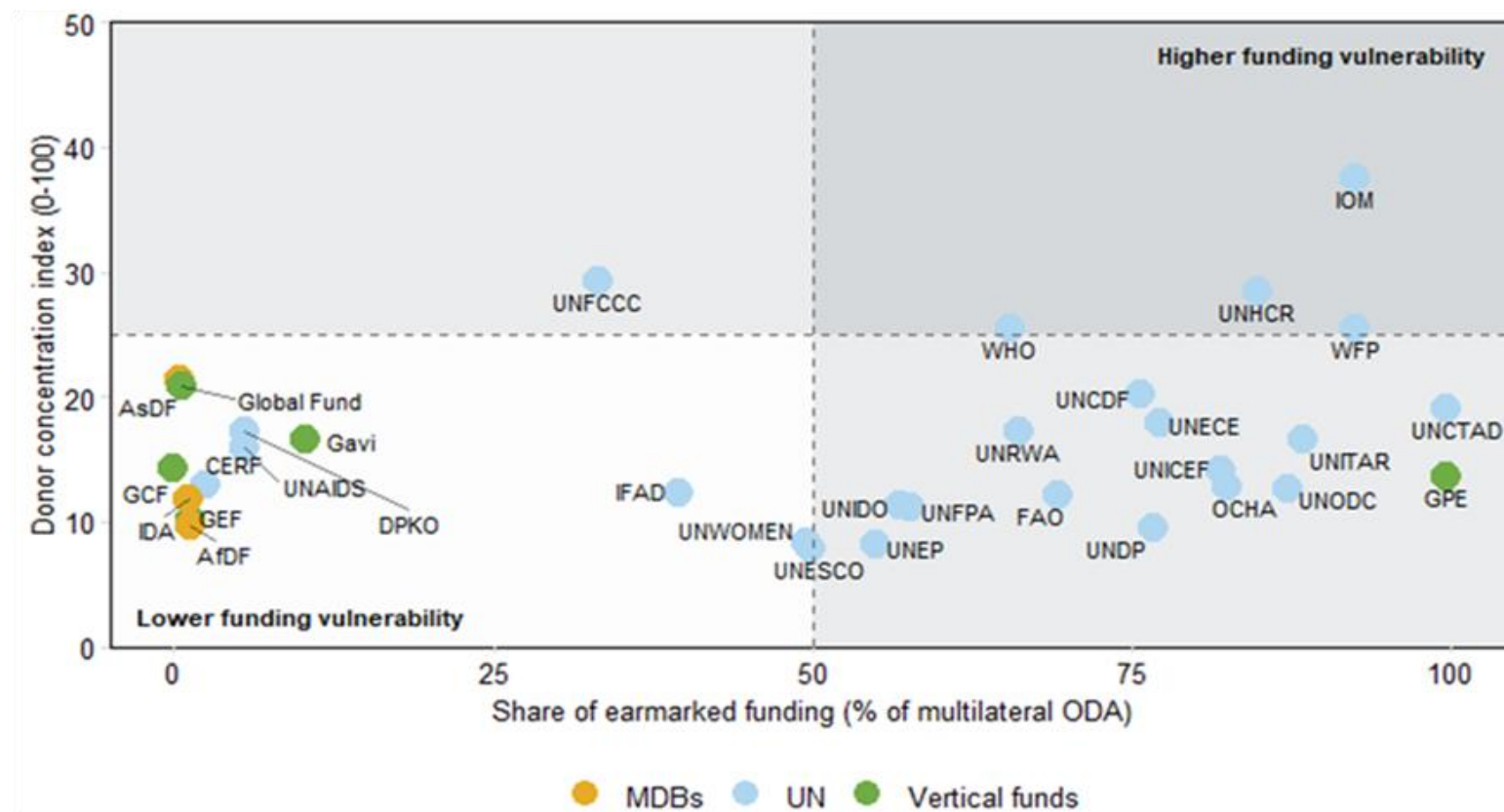


Source: OECD Creditor Reporting System (2020)

Several UN entities present high funding vulnerability

Vertical axis: concentration of multilateral organisations' donor base
Horizontal axis: share of earmarked funding

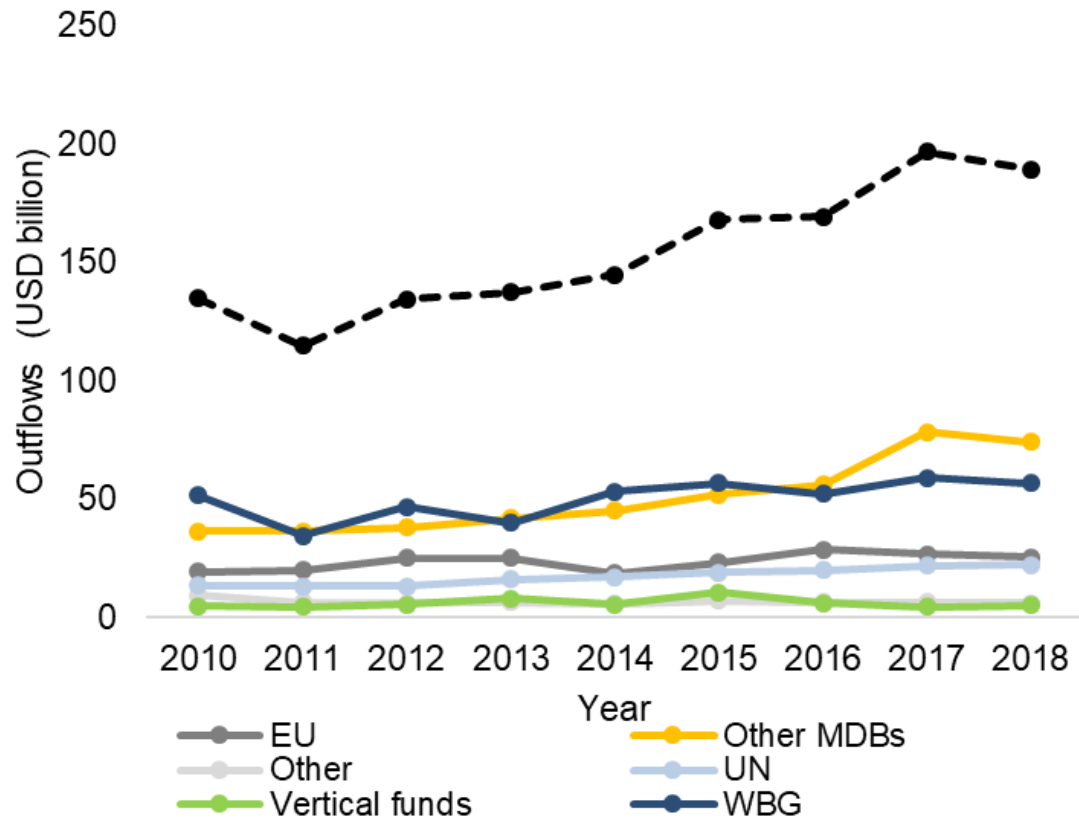
Entities with highly concentrated donor bases and poor funding quality are more vulnerable to the influence of individual donors



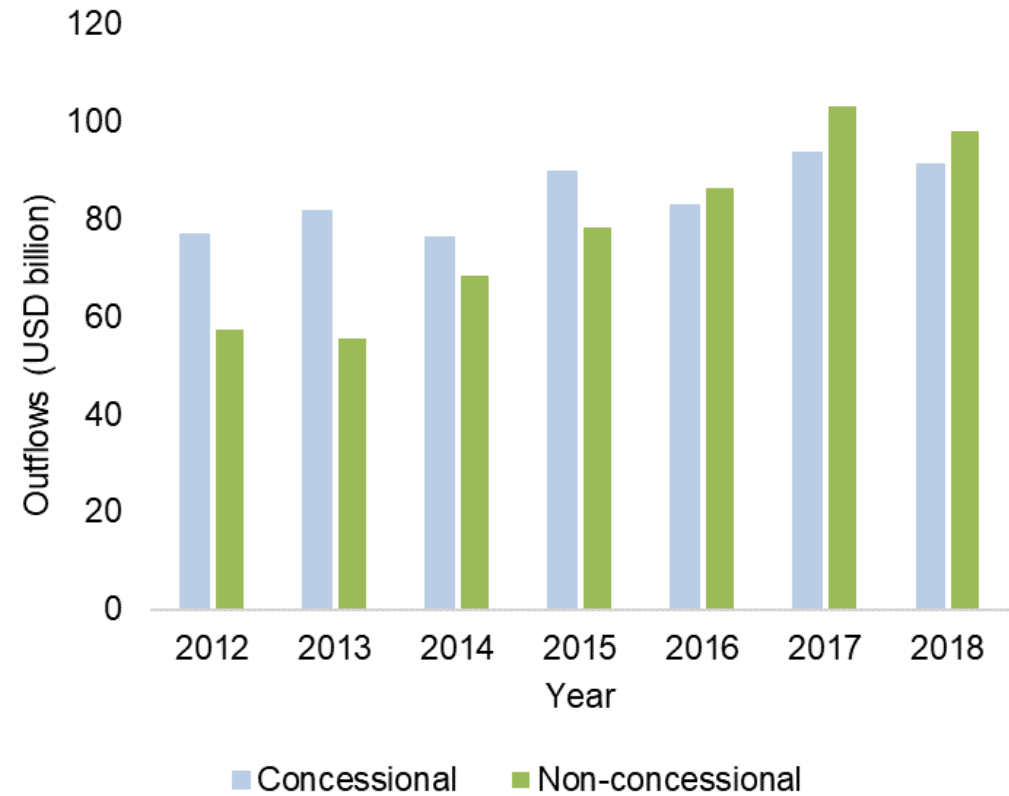
Source: OECD Creditor Reporting System (2020)

Trend 3. A steady increase hides disparities and a shift towards relatively less concessionality of outflows

Evolution of multilateral outflows by type of organisation (2010-2018)



Concessional versus non-concessional outflows (2010-2018)



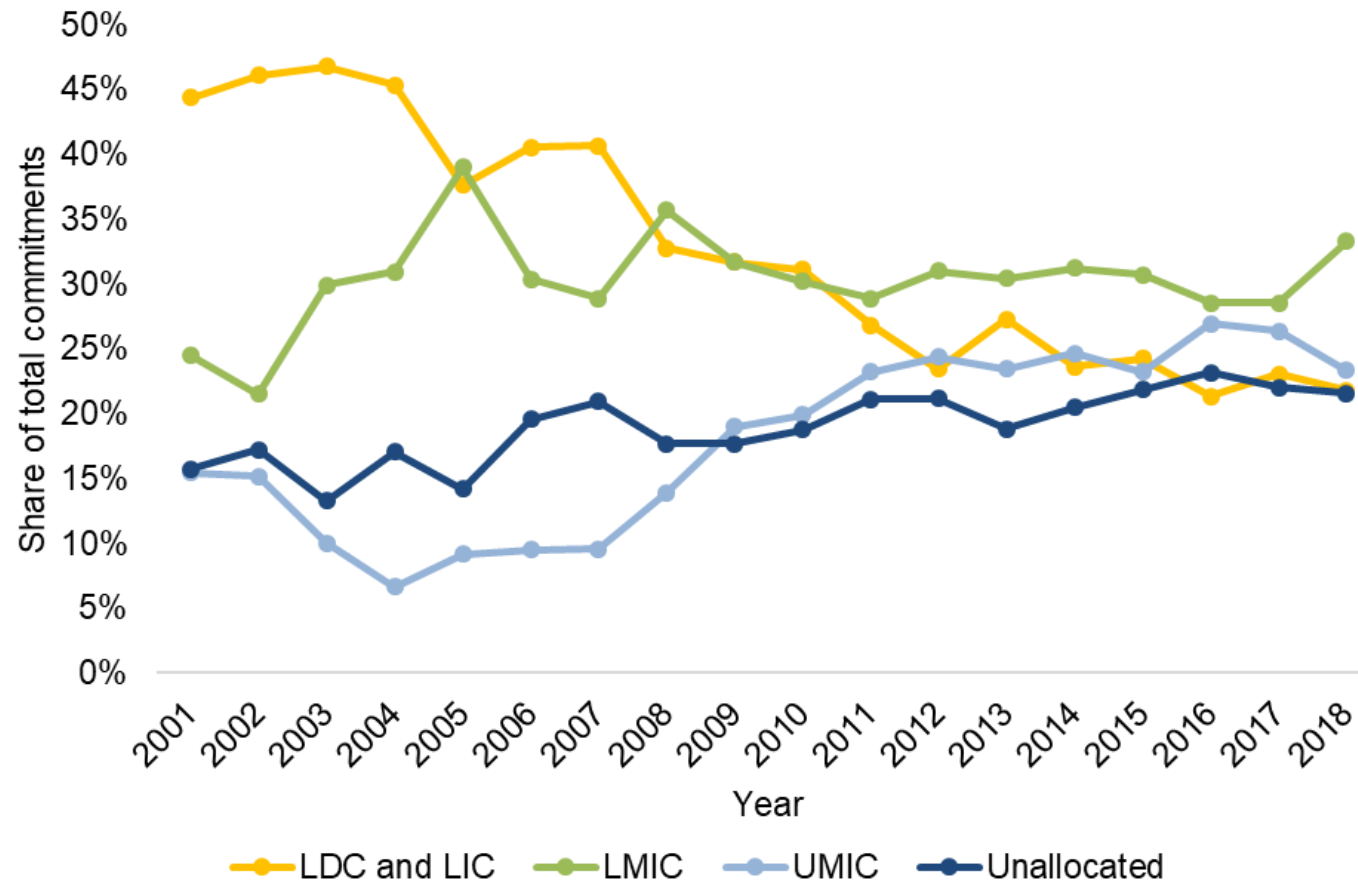
Note: Commitments in USD billion, 2018 prices

Source: OECD Creditor Reporting System (2020)

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This shift is to the benefit of middle-income countries and to the detriment of low-income countries

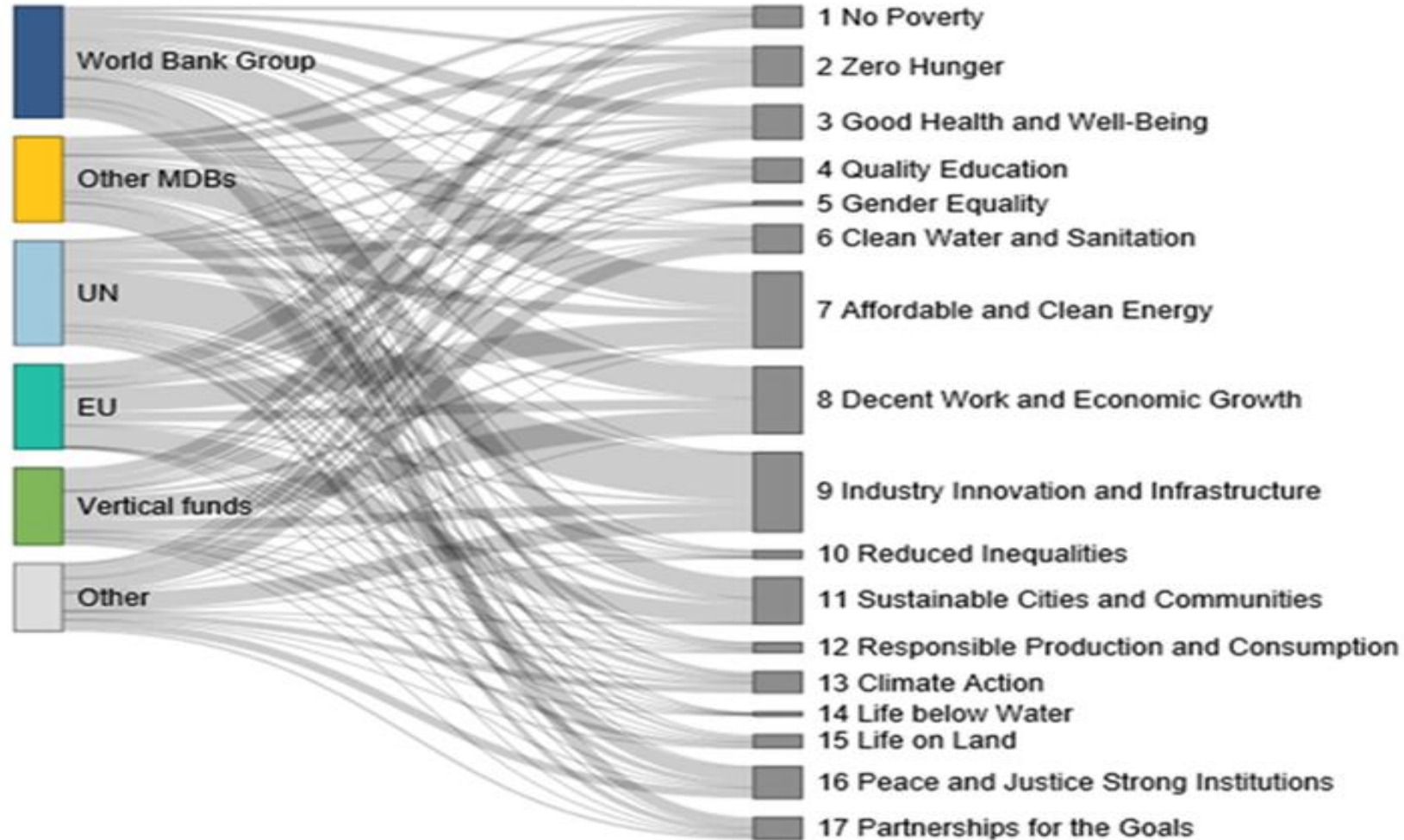
Share of total multilateral commitments



Source: OECD Creditor Reporting System (2020)

This shift also affects the distribution of spending across SDGs

The activities of multilateral organisations span all 17 SDGs



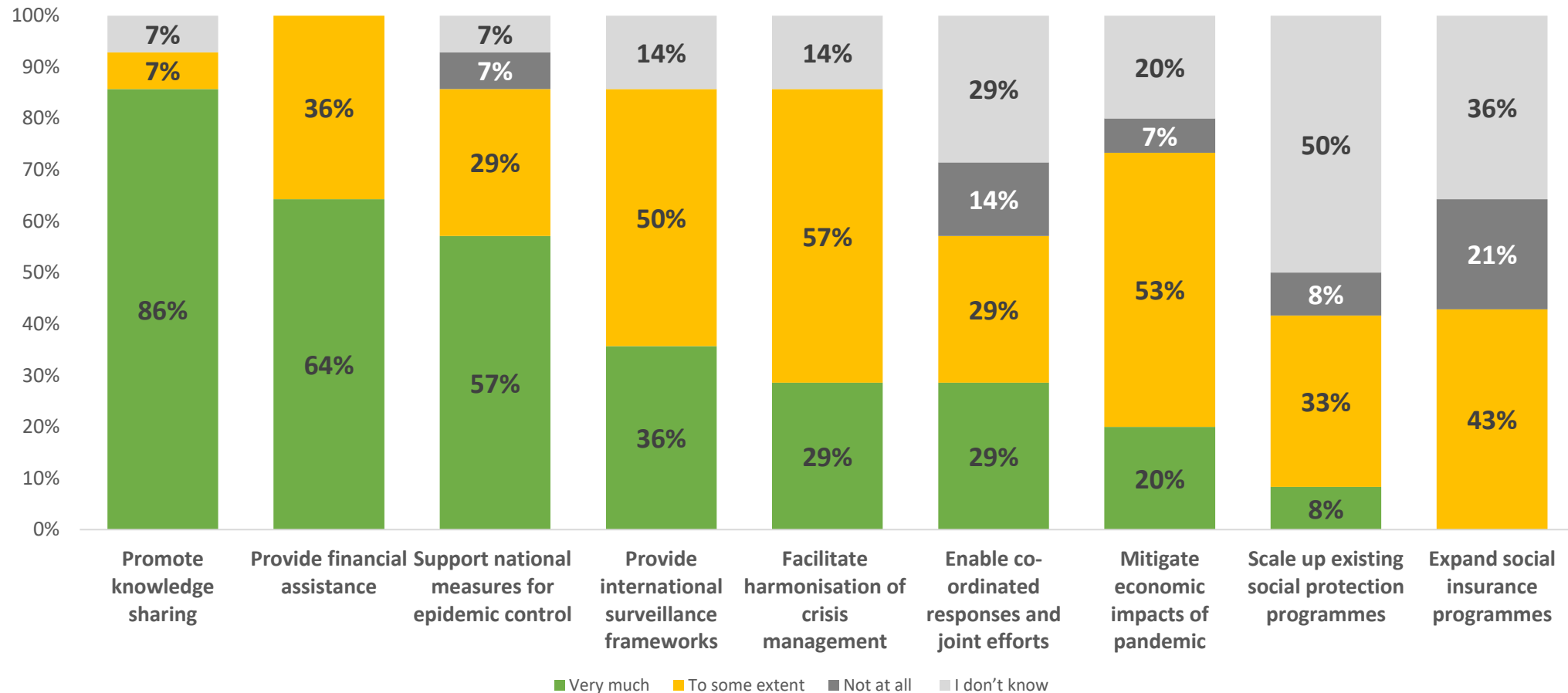
Source: Analysis based on data from the OECD's SDG Financing Lab

COVID-19: a time for multilateral innovation?

Multilateral stakeholders can use the current crisis as an opportunity to build a system that is better equipped to address new global development challenges

The multilateral system has played a key role in the response to the COVID-19 crisis

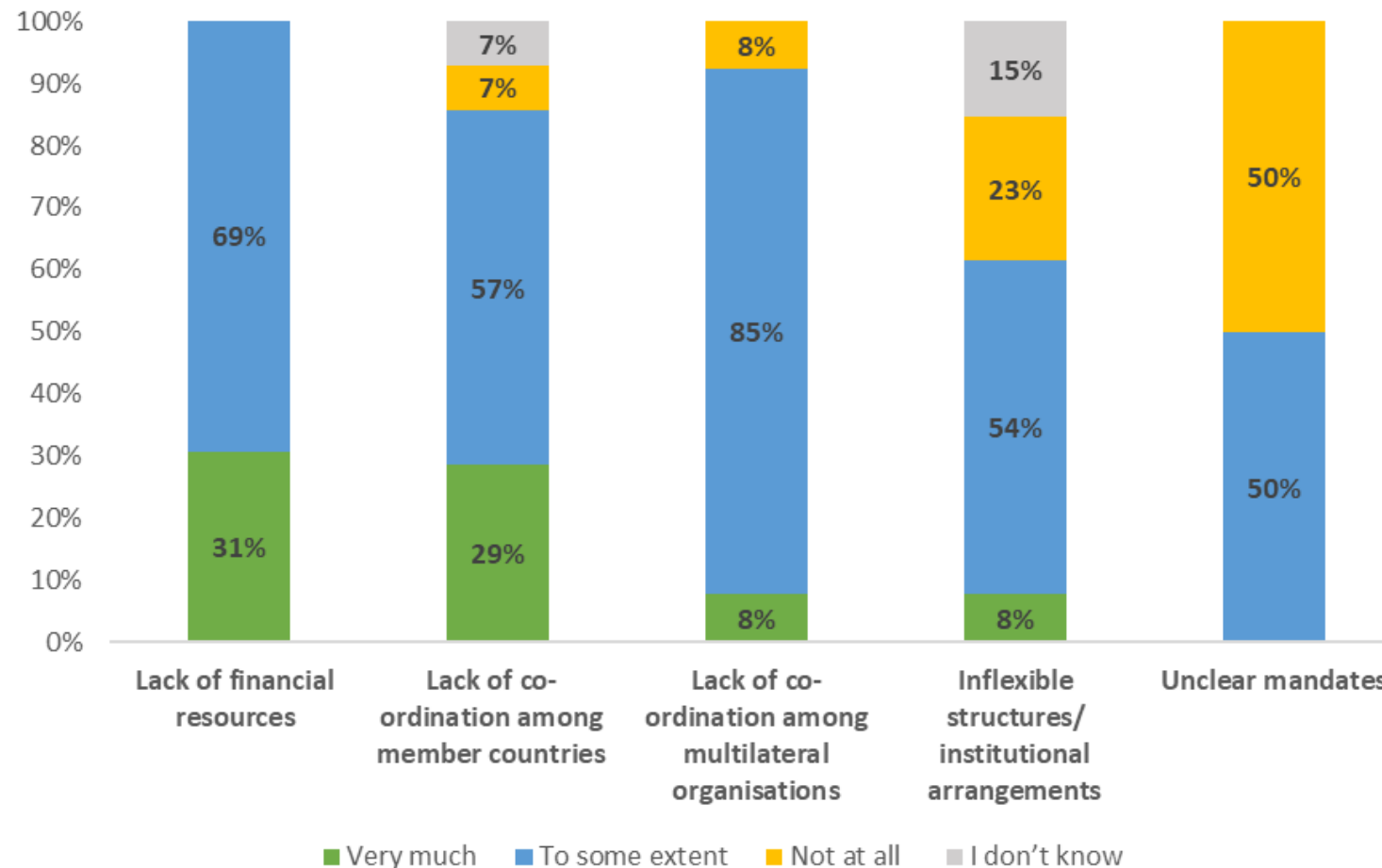
In light of the response to the current COVID 19 outbreak, in which areas has the multilateral system performed well?

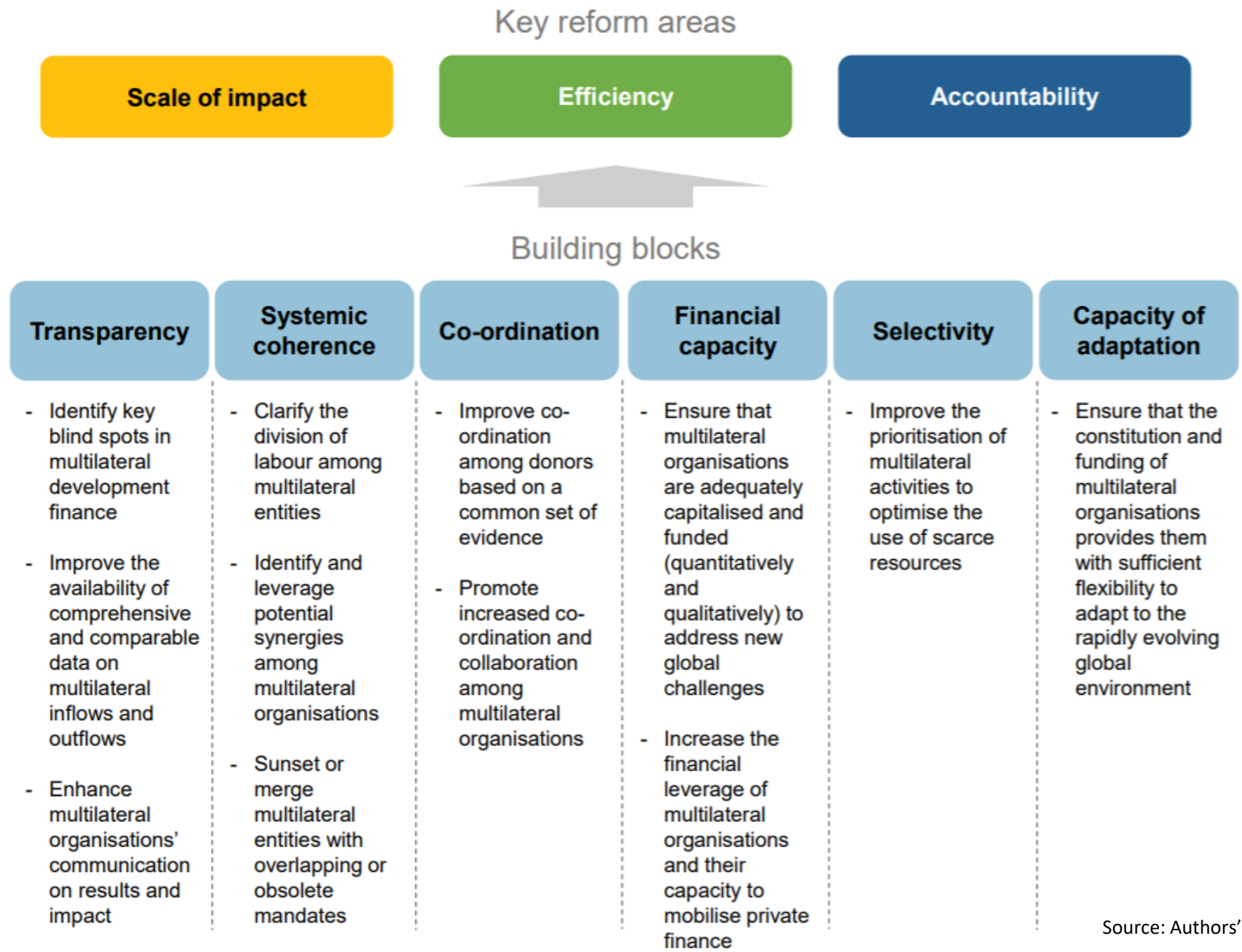


Source: Survey on DAC members' policies and practices vis-à-vis the multilateral system (OECD, 2020)

The crisis has also exposed some limitations of the system

Has the COVID-19 response revealed any constraints to effective multilateral co-operation in the area of public health emergency and pandemic response, economic crisis management, etc.?





Source: Authors' design

Thank you

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Read the full report @ <https://doi.org/10.1787/e61fdf00-en>