

Presentation of the OECD Multilateral Development Finance 2024 report

Challenge and opportunities for multilateral development finance in South Asia
Sunday September 29th, 2024

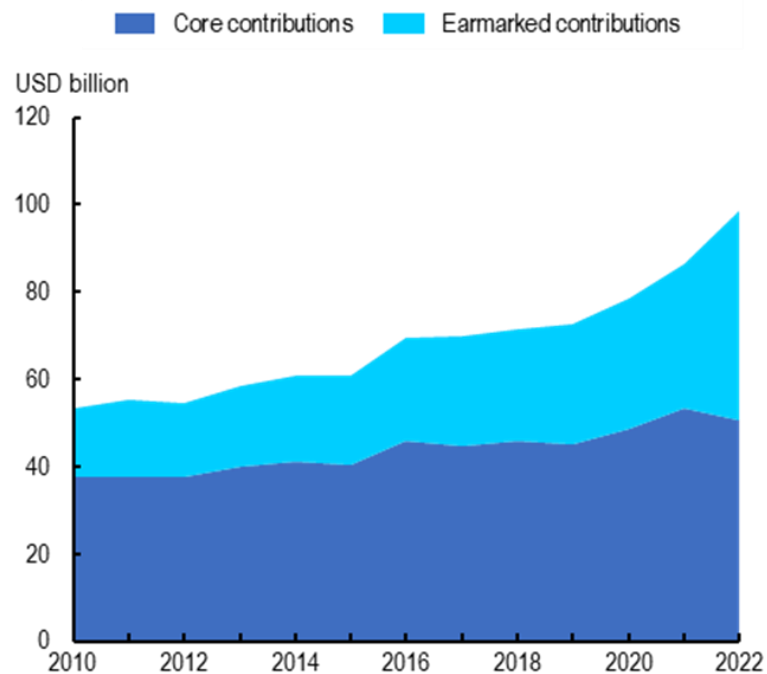
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Introduction

The multilateral system is increasingly important and relevant in the development landscape

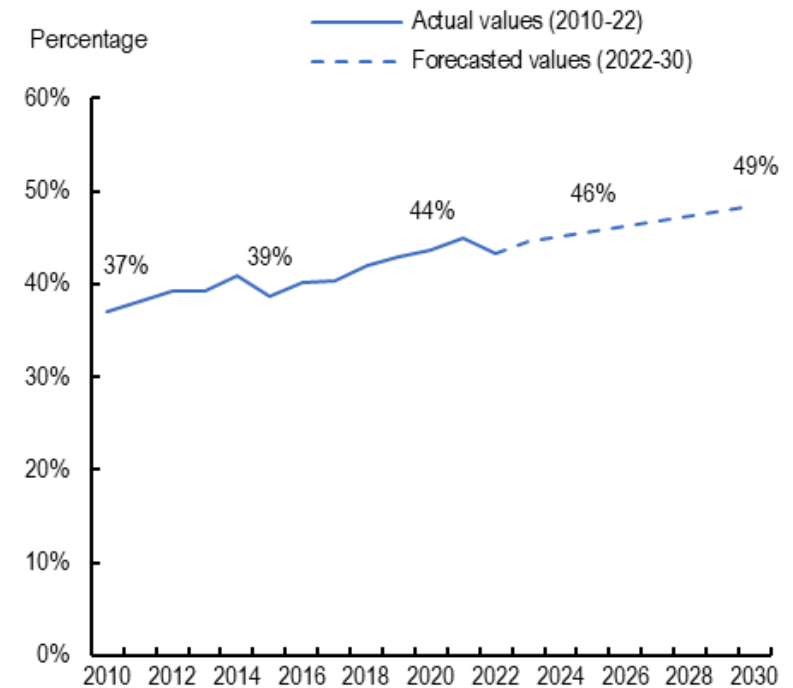
Contributions to multilateral organisations reached a new record high in 2022

Volume of core and earmarked contributions to multilateral organisations (2010-22)



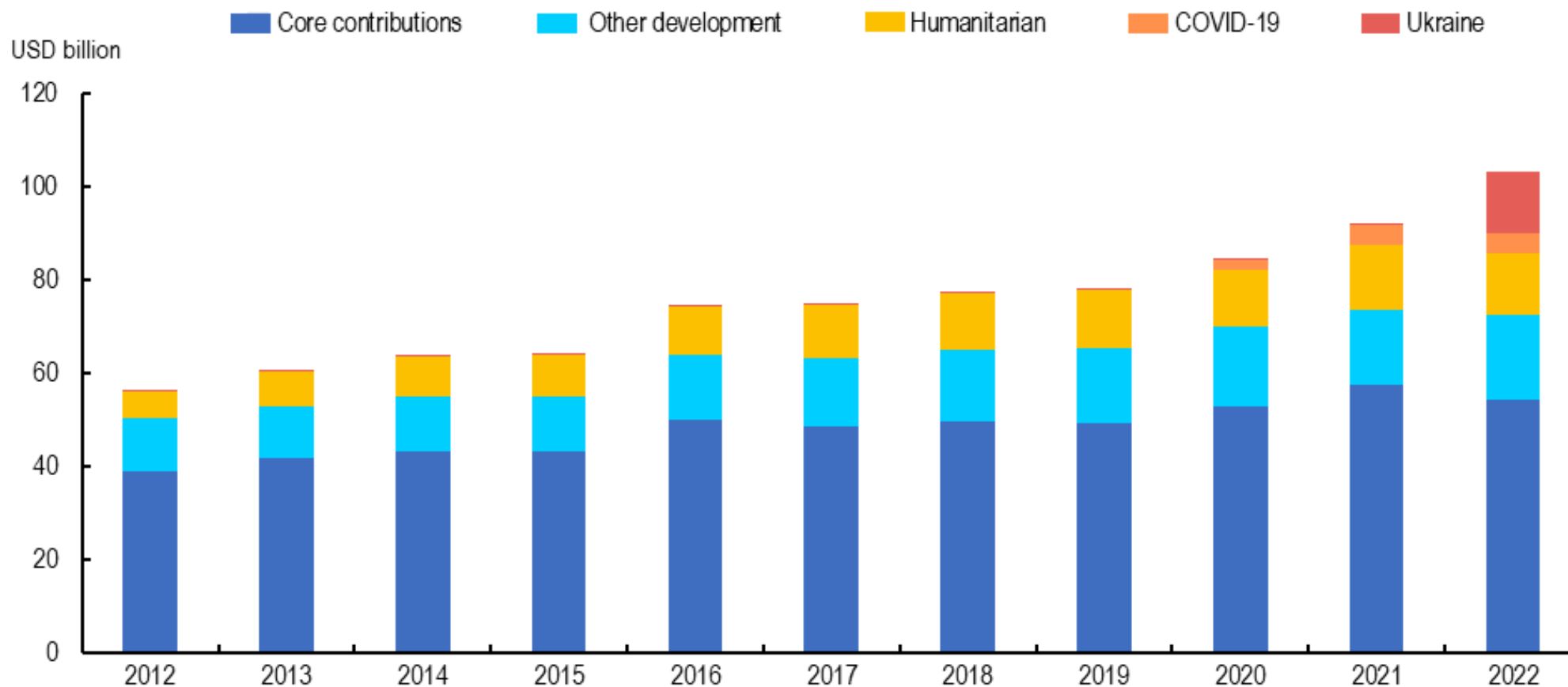
A growing share of OECD DAC members' ODA is channelled through multilateral organisations

Total use of the multilateral system (core and earmarked contributions)



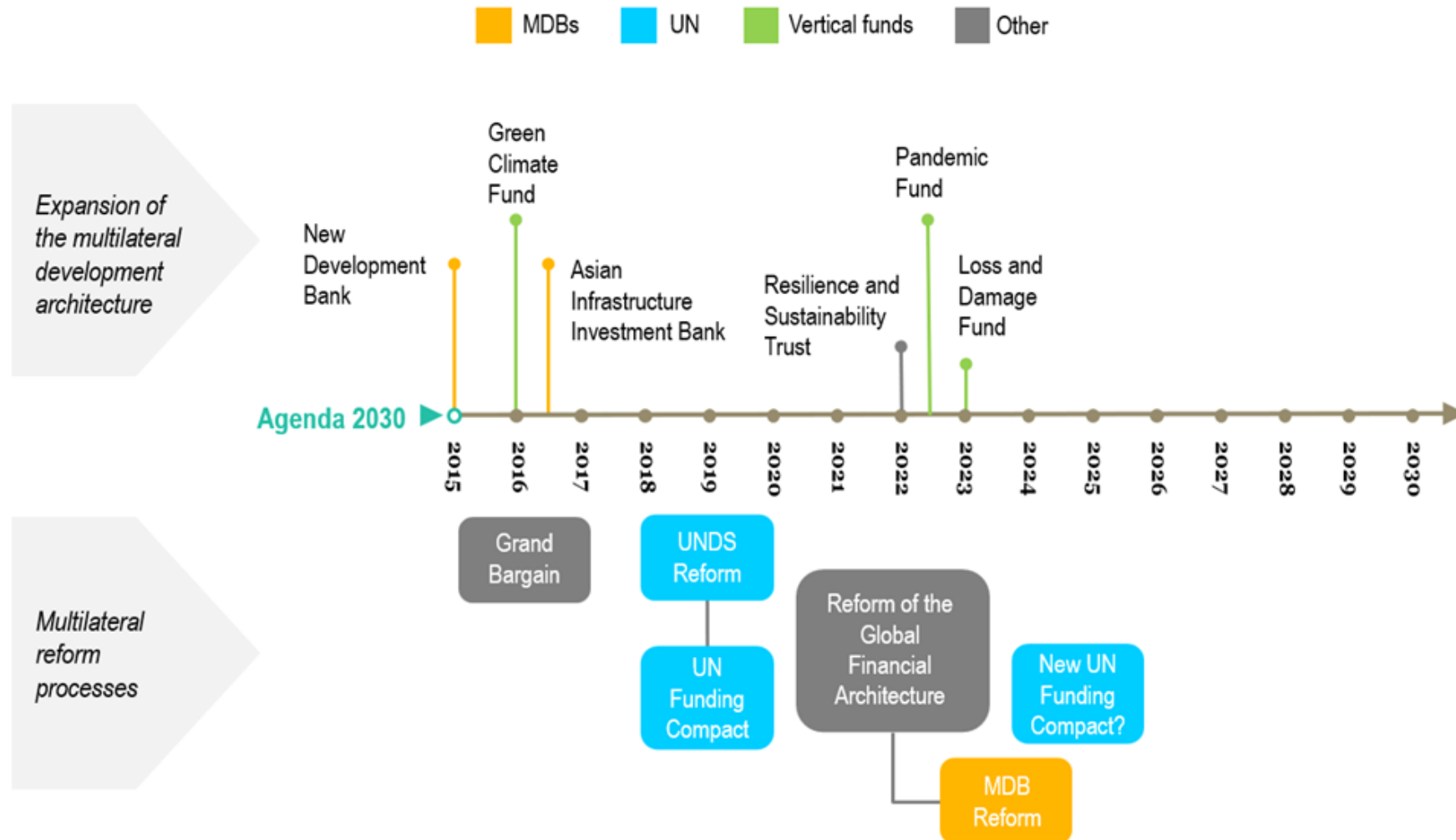
The multilateral development system is responsive to crises ...

Core contributions and earmarked contributions for humanitarian, COVID-19, Ukraine and other development purposes (2012-22)



... but faces mounting pressures to further adapt to new development challenges

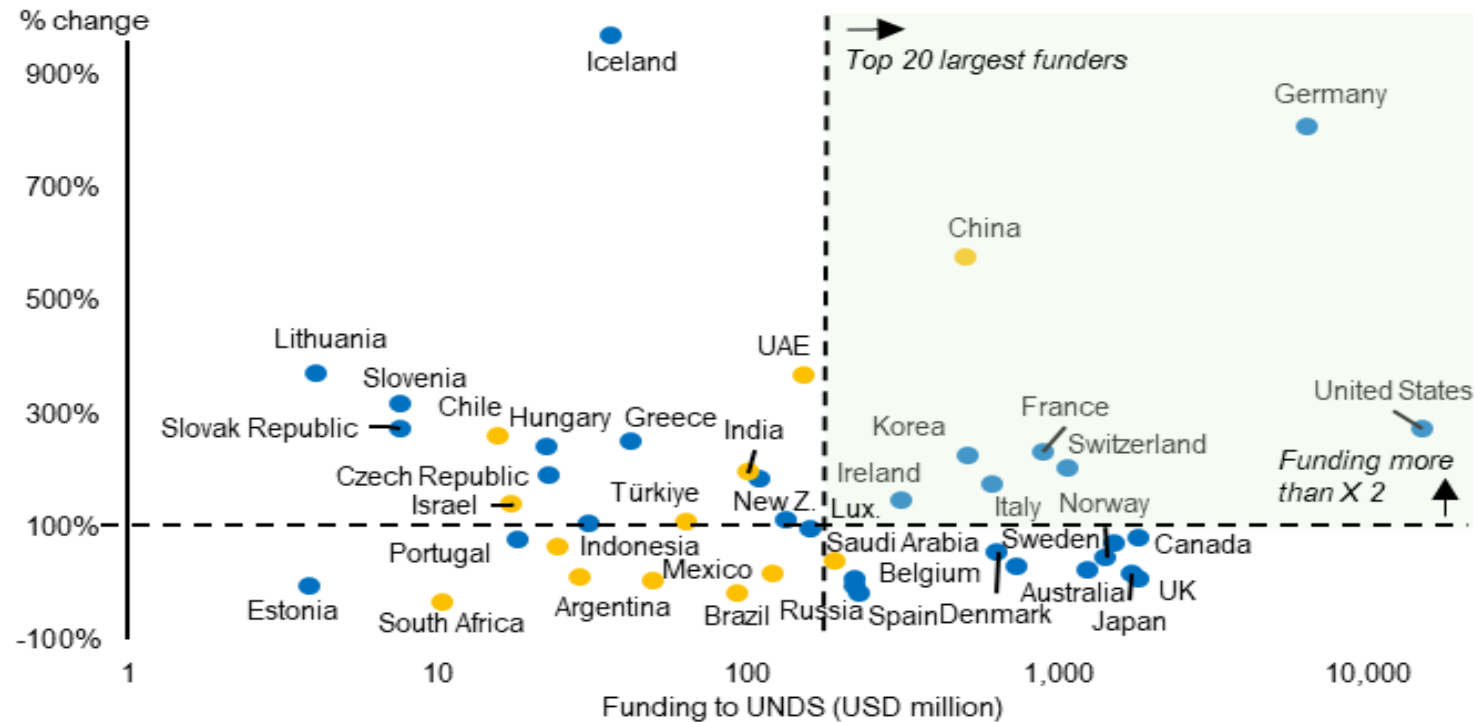
The multilateral development system is under constant reform pressure



Some emerging donors are rapidly gaining prominence in the multilateral development system

China is among the largest and fastest-growing donors to the UNDS

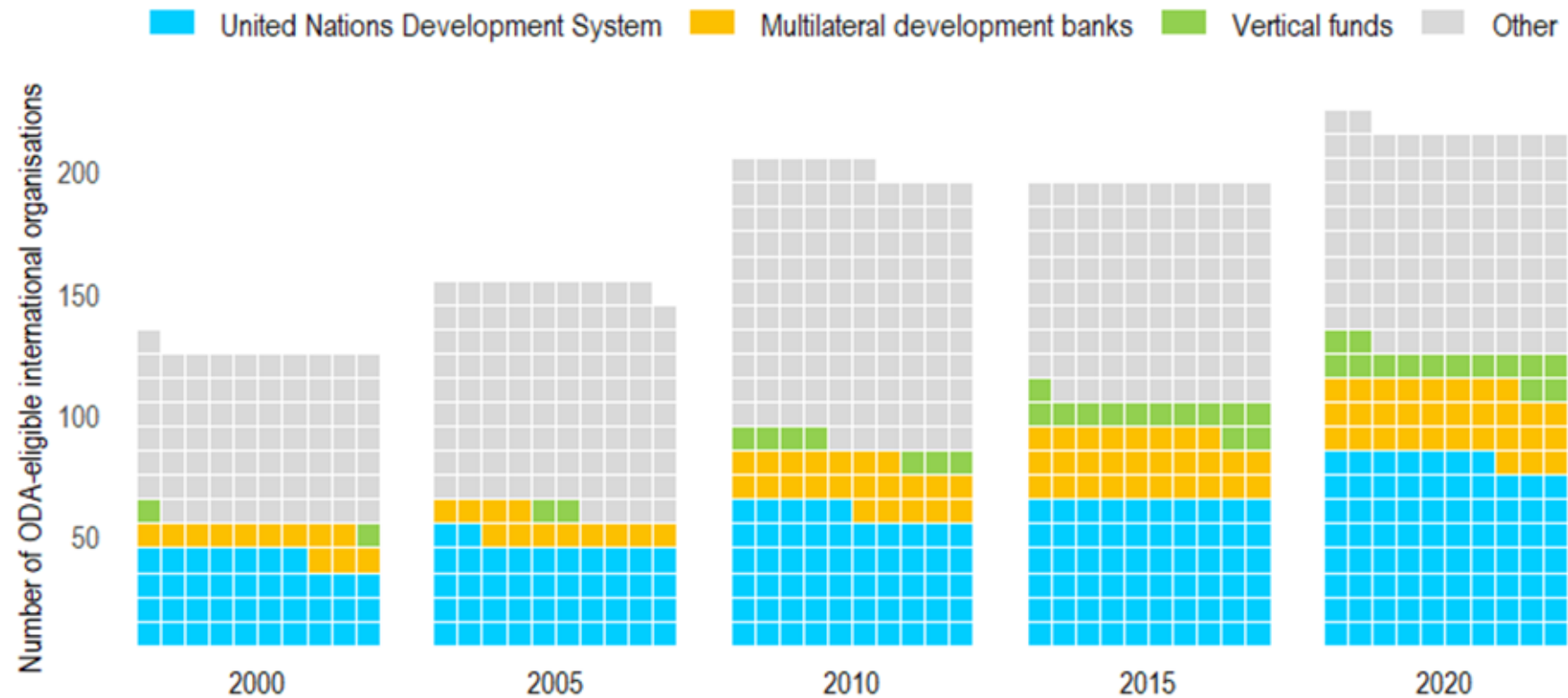
Funding to UNDS, 2022, and % change in contributions, 2012 versus 2022



Challenge #1: Expansion and fragmentation of the multilateral architecture

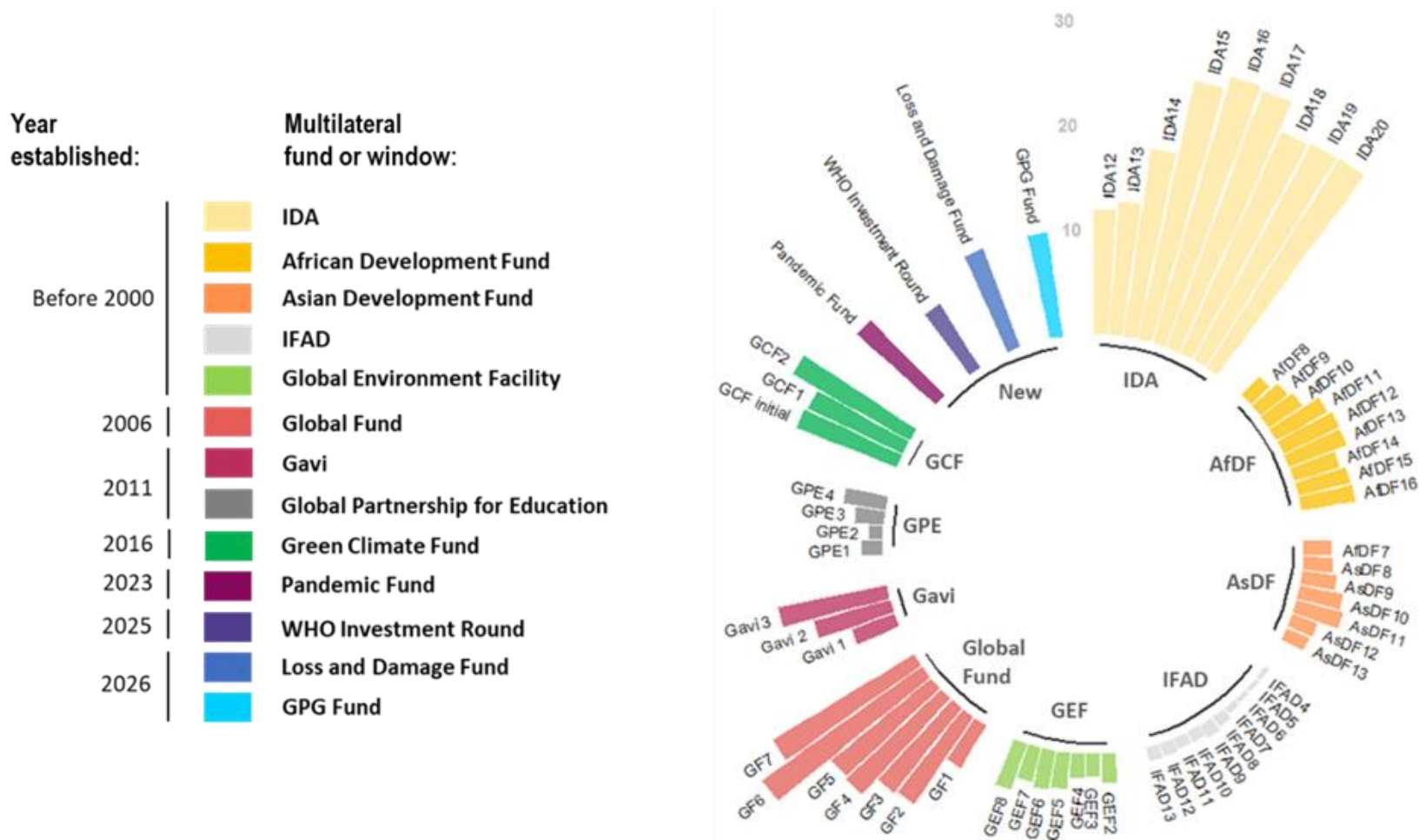
New entities are being created in response to each new crisis or development priority

Number of ODA-eligible international organisations, 2010-22



The continued expansion of the multilateral architecture generates increased complexity and resource competition

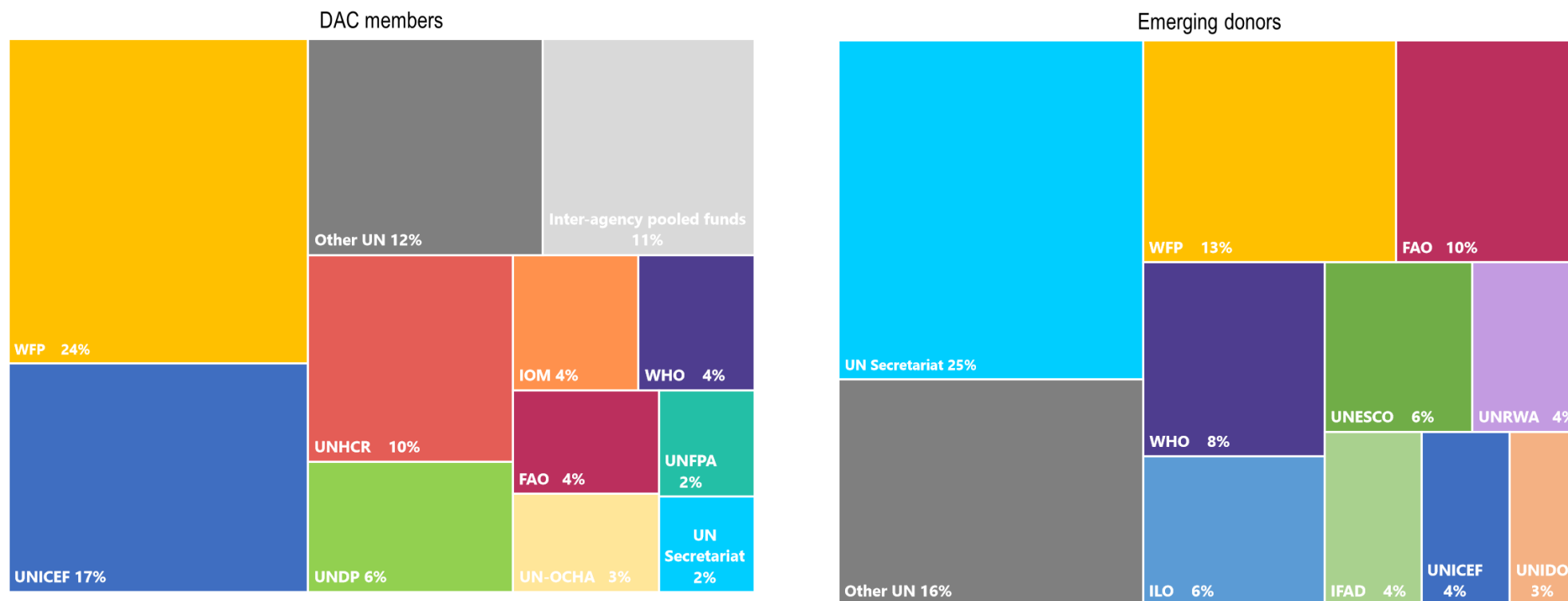
Pledges to MDB concessional windows and global funds' replenishments



Traditional and emerging donors secure influence in the system and shape its multiple priorities through their funding allocations

A greater share of emerging donors' contributions to the UNDS supports the system's strategic and norms-setting functions

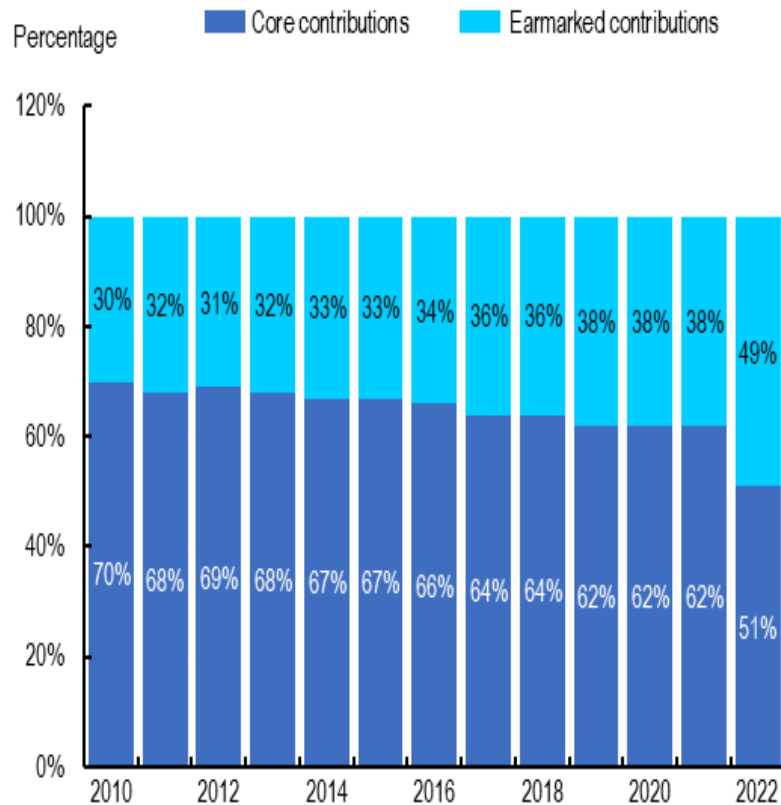
Top UNDS entities funded by emerging (top) v. DAC members (bottom), 2022



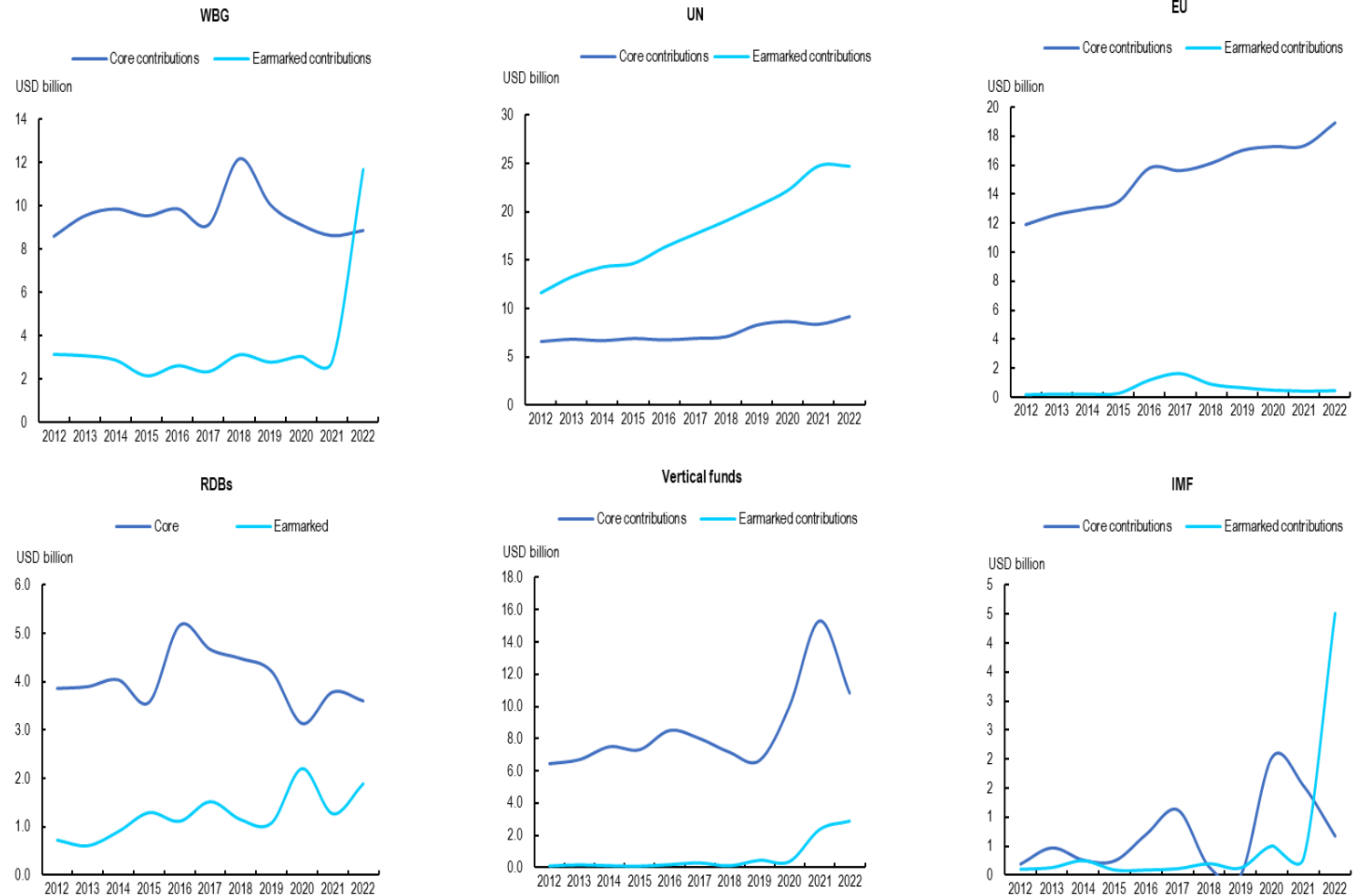
Challenge #2: Funding quality and the need to invest in the system

The practice of earmarking is now entrenched and widespread

Share of core and earmarked contributions to multilateral organisations (2010-22)

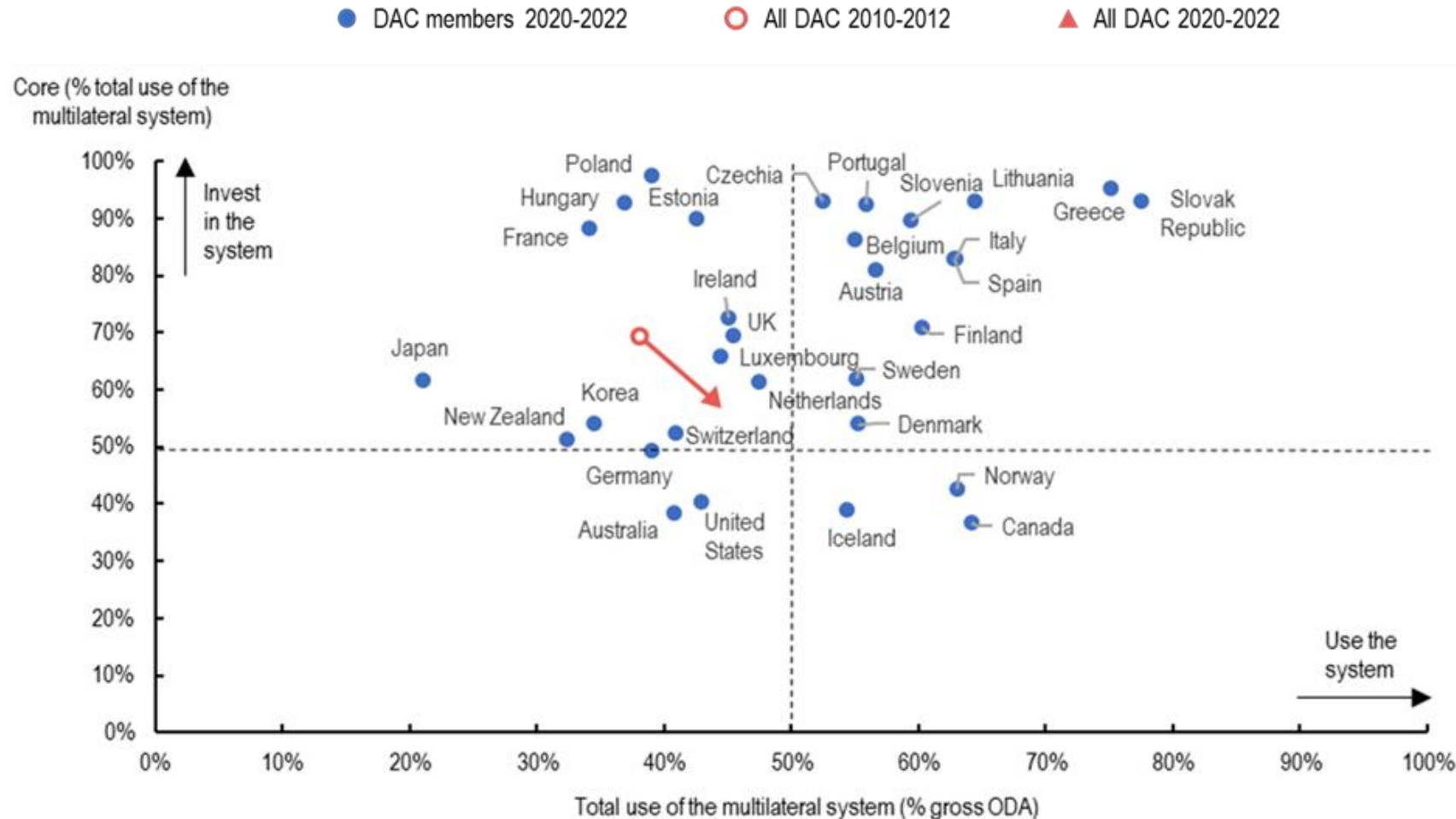


Core and earmarked contributions to multilateral organisations (2010-22)

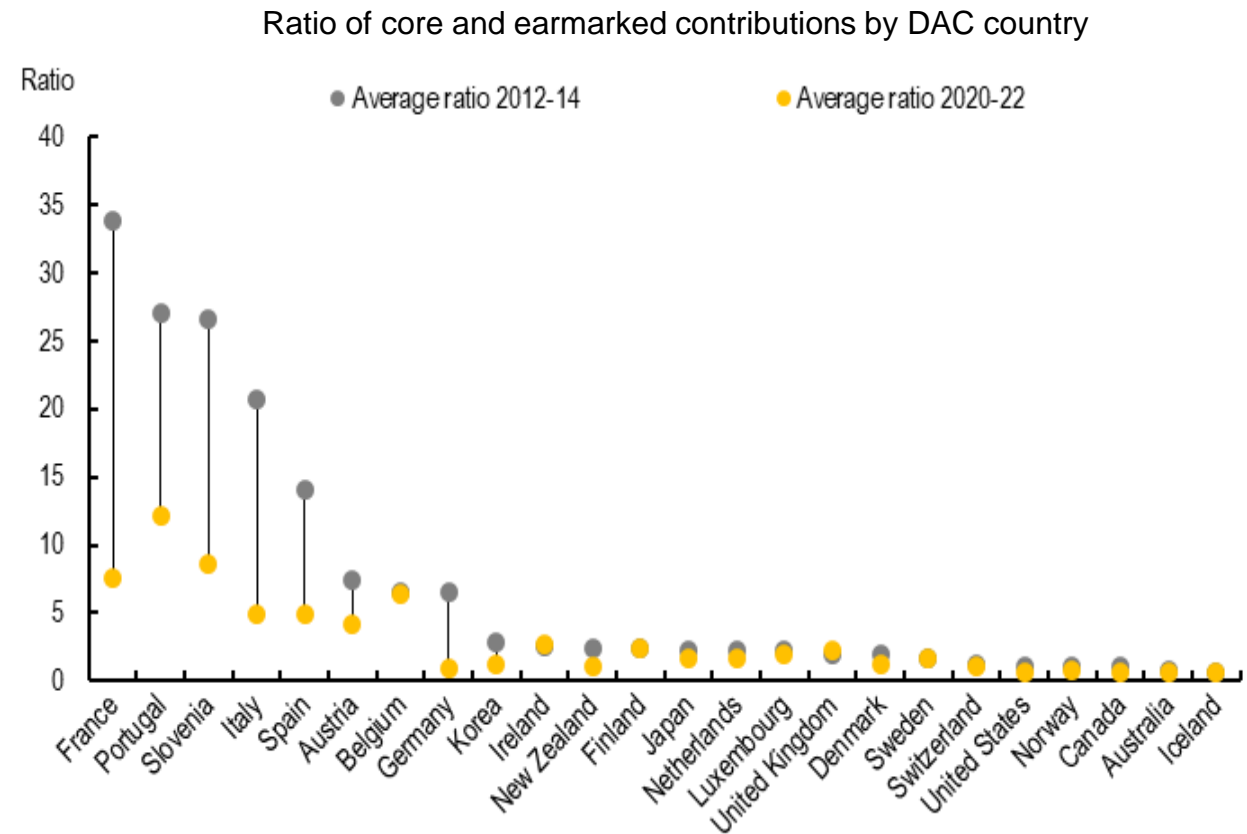
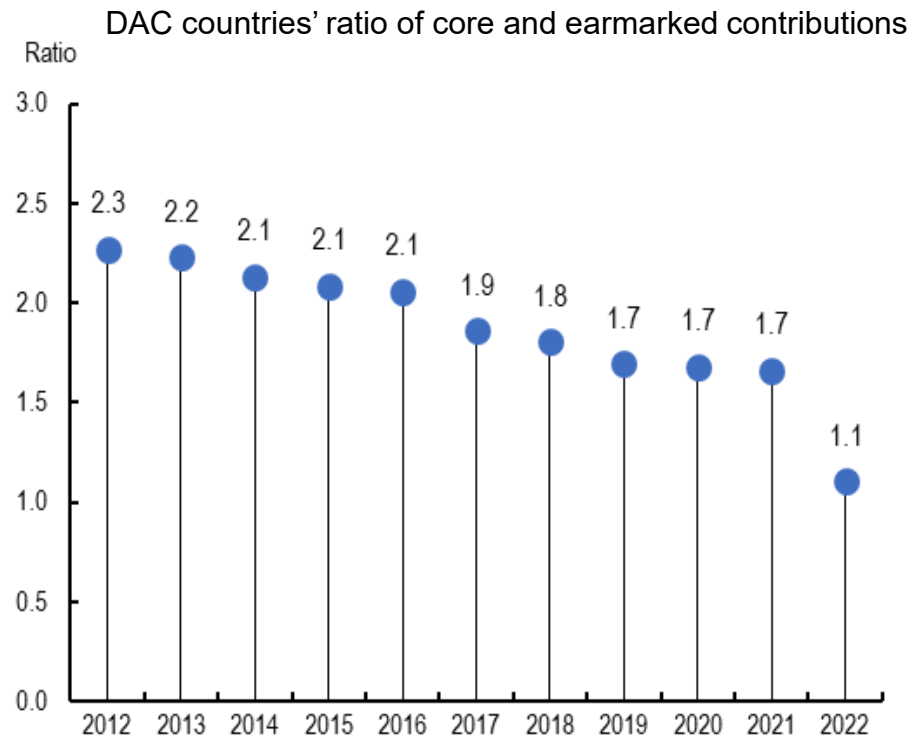


Overall, earmarked multilateral contributions increasingly replace bilateral development finance...

DAC members vary significantly in their use of, and investment in, the multilateral development system

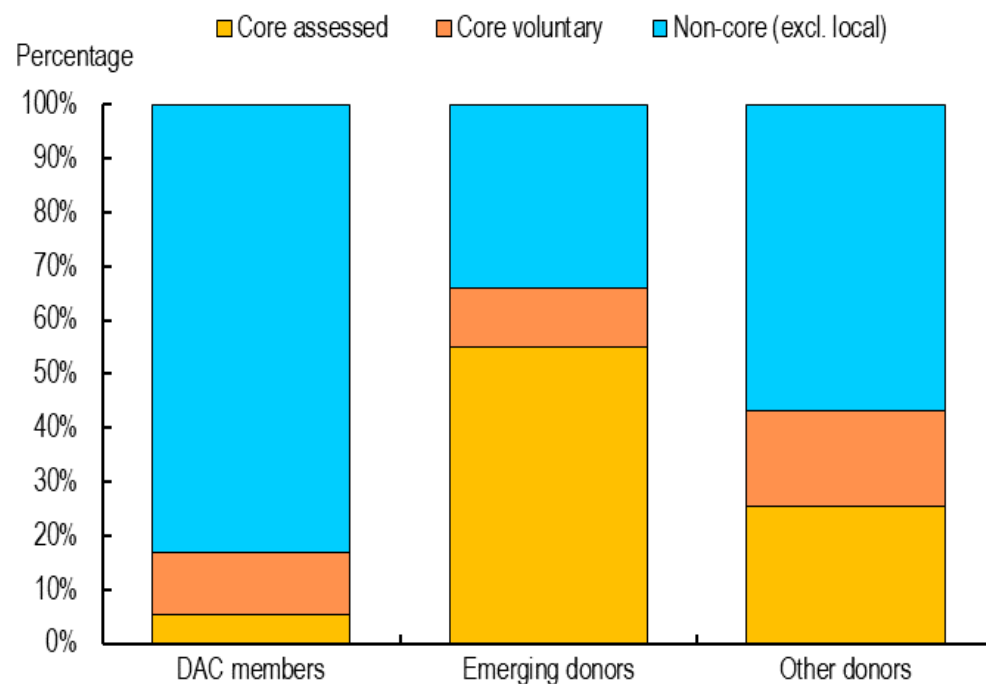


... while the majority of DAC members invest less in core multilateral functions



Compared to DAC members, emerging donors maintain a larger share of core contributions in their funding mix

UNDS funding mix per type of provider



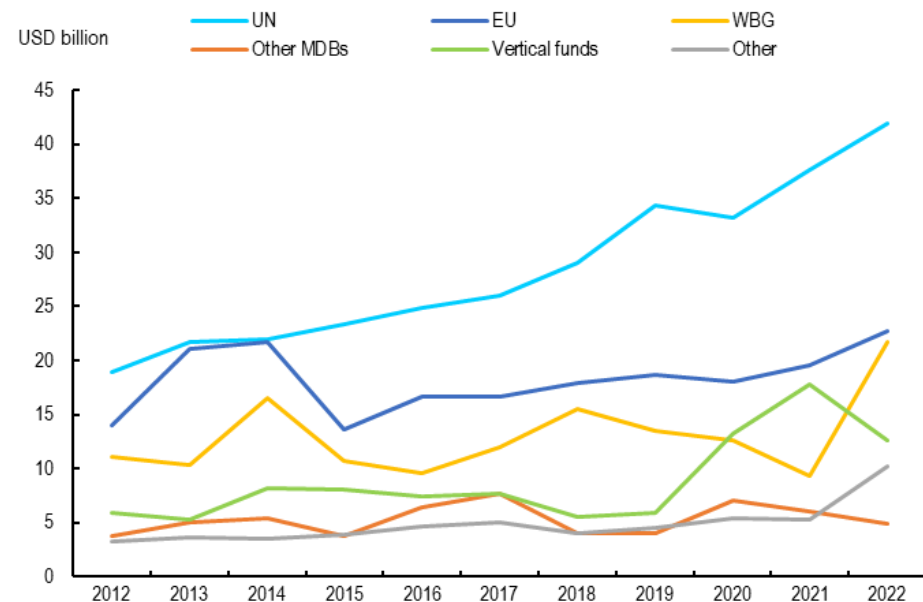
Core assessed contributions to the UNDS represent a mere 5% of DAC members' funding to the UNDS, but a substantial 55% for emerging donors

Challenge #3:
The growing “financialisation” of the system comes with risks

MDBs' leveraging capacity is stretched thin as members' contributions have stagnated

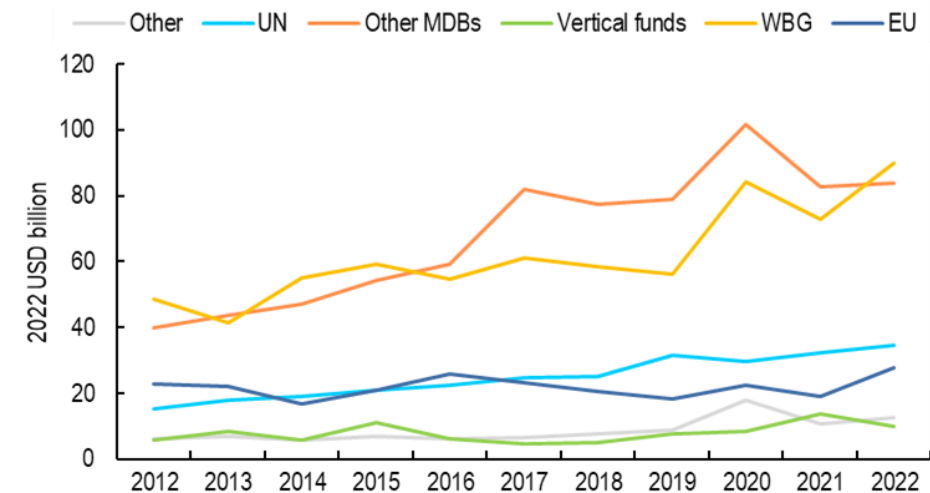
Contributions to the MDB system have remained relatively flat...

Total contributions (core and earmarked) by type of multilateral organisation, 2012-22



... while MDB outflows keep progressing

Multilateral outflows by type of multilateral organisation, 2012-22

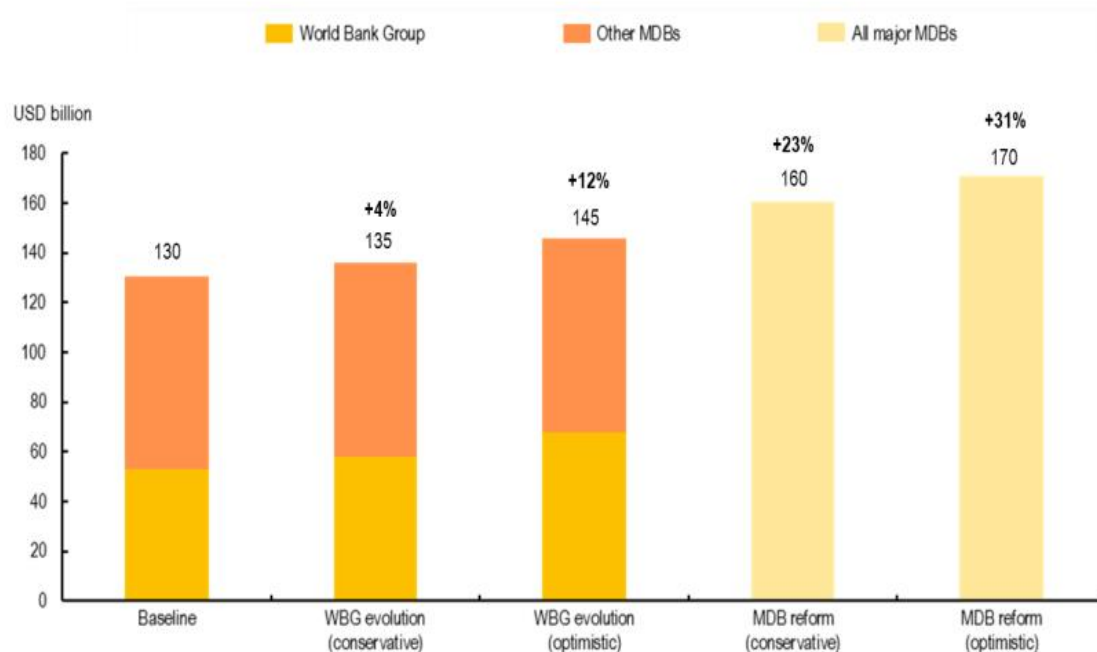


Financialisation is the latest trend, but falls short of ambitions

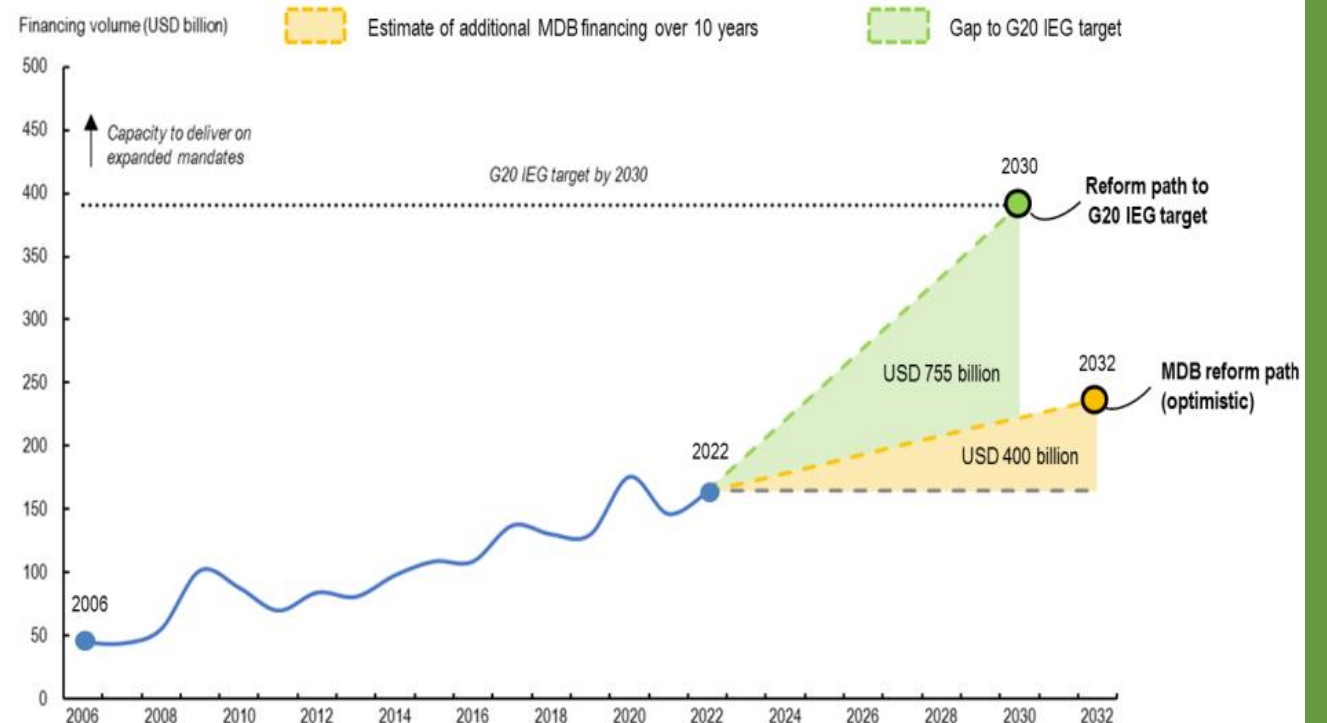
The current reform drive could support a 30% increase in MDB financing...

... but even optimistic estimates remain far from initial targets

Annual MDB reform gain, scenarios by 2030



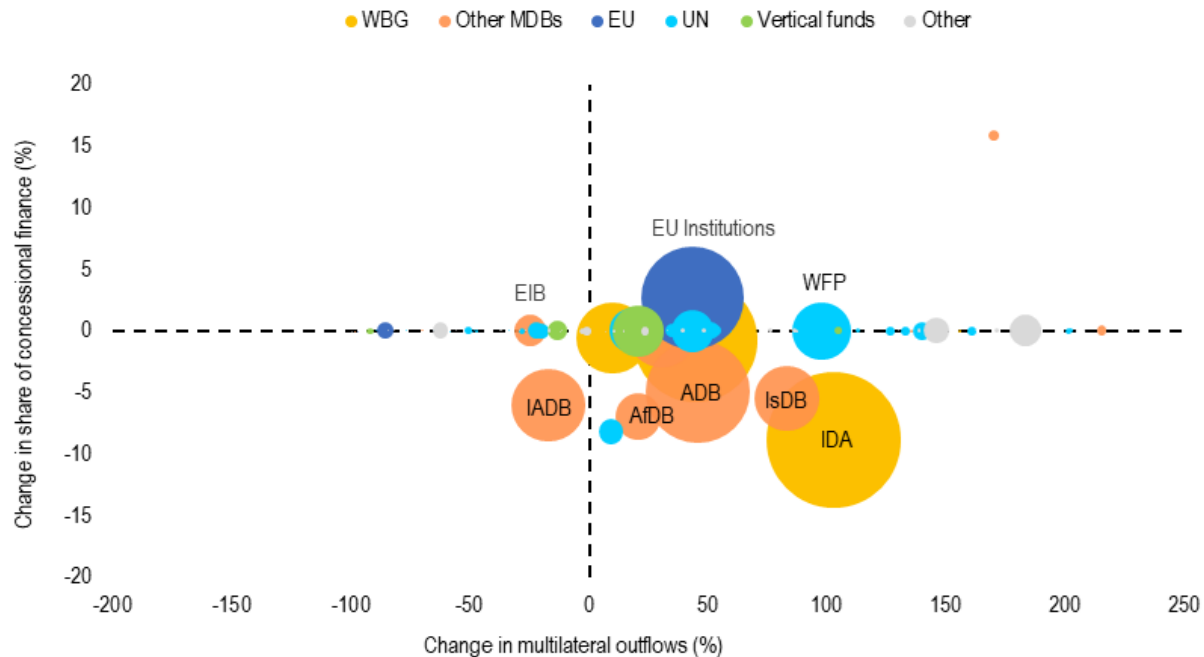
MDB commitments (2006-22) and pathways for scaling MDB financing capacity (2022-32)



The financialisation of the multilateral system brings risks

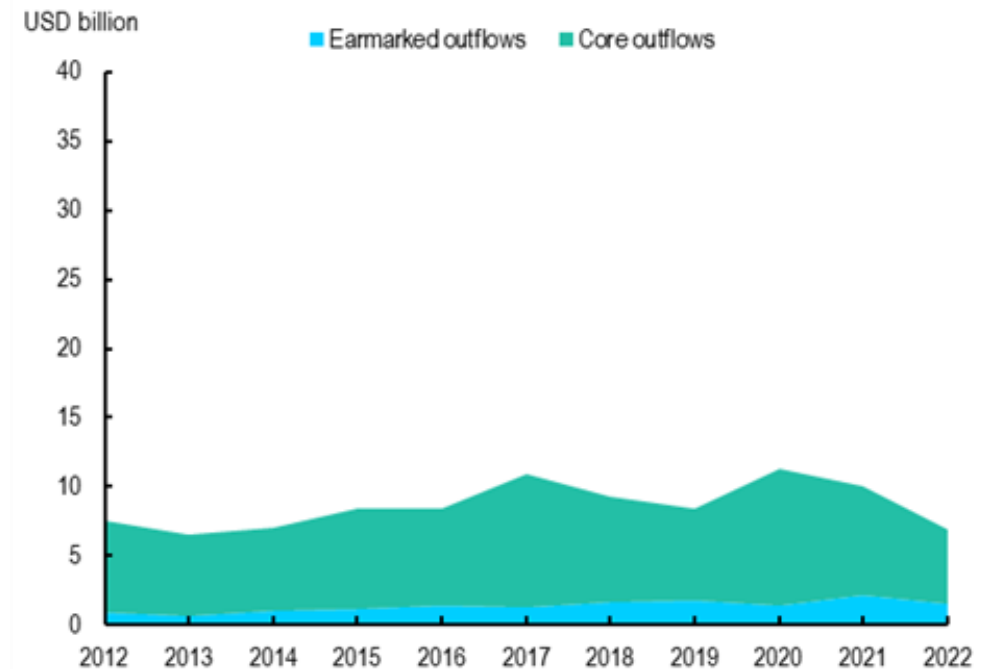
Focus on scale can come at the expense of concessional financing for the poorest countries

Change in outflows and change in share of concessional finance, 2013-15 versus 2020-22



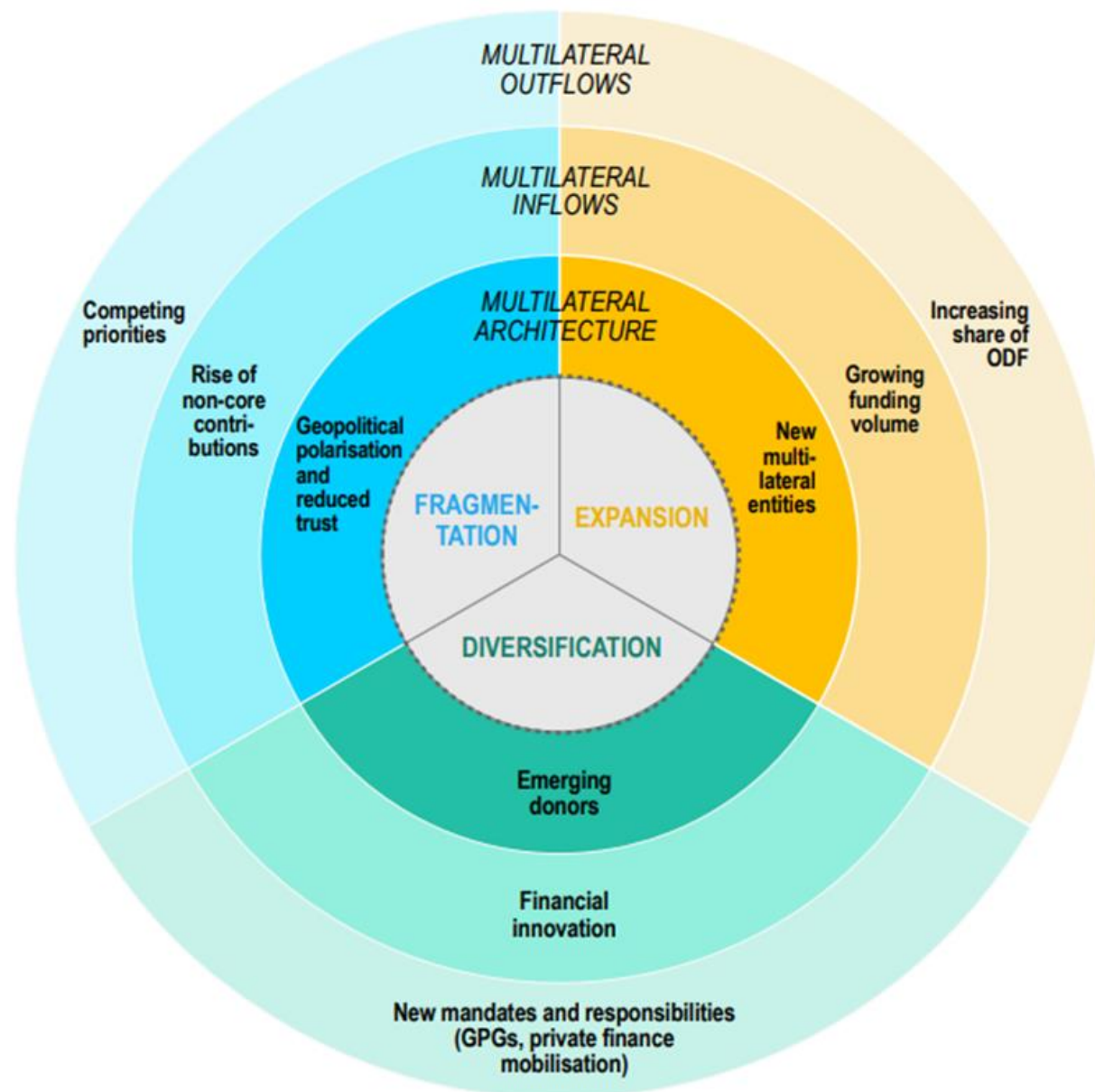
Multilateral finance for education has dropped by 30% (USD 3 billion) between 2021 and 2022

Multilateral financing for education, 2012-22



Solutions

- Maximise contributions to high-impact funding mechanisms
- Safeguard the system's capacity to support the poorest
- Ensure adequate funding for core strategic functions
- Effectiveness at scale through better co-ordination and coherence
- Engage with emerging donors on multilateral development finance



Key OECD Multilateral Development Finance products



- **REPORT:** [Multilateral Development Finance 2024](#)

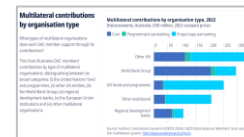


- **WEBPAGE:** [OECD Multilateral Development Finance webpage](#)



- **DISSEMINATION EVENTS:** [Multilateral Development Finance Week](#)

DASHBOARDS:



- [DAC members' use of the multilateral system](#)



- [DAC members' earmarked funding to multilateral organisations](#)

Thank you

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