

# THE DAC

50 YEARS, 50 HIGHLIGHTS



## THE DAC IN A CHANGING WORLD

**F**or 50 years now, the DAC has grouped the world's main donors, defining and monitoring global standards in key areas of development. The DAC is a unique forum for sharing views and exchanging lessons and has gained a reputation for neutrality and high-quality work. One of the OECD's oldest and principal committees, it has ready access to a diverse array of policy communities.

Increasingly, the DAC looks beyond the traditional aid arena to address pressing development challenges such as climate change, conflict and fragility, and more open and fair trade.

Over the past 50 years, the world has seen unprecedented welfare gains: life expectancy at birth has increased by 20 years, real incomes per person have risen more than threefold since 1950, the proportion of people living in extreme poverty fell to around one quarter in 2005 (from around one half in 1981), the proportion of people living in hunger halved between 1970 and 2007, and youth and adult literacy in developing countries increased by more than 10% between 1988 and 2000. But these gains have been uneven, and progress indicators may mask absolute numbers that have actually become worse: for example, around one billion people still suffer from hunger, and 1.4 billion live in extreme poverty.

At the same time, acute crises – most recently, the global economic crisis – now occur with increasing frequency and the world faces a series of long-term and urgent global



challenges. A more inter-connected world also means that these crises are immediately and acutely shared.

For the DAC, addressing these global challenges is a strategic priority. This includes assisting its members and the expanded donor community in delivering on their commitments while engaging in global efforts to make aid work better. The DAC will continue to hone its core competencies in statistics, peer reviews and policy guidance, but will also accelerate its work on policy coherence, global public goods and advocacy.

Successful development requires much more than aid. Trade, investment, security, migration, tax co-operation, and corruption are all fundamental issues that need to be addressed. And every available source of development finance (including domestic resources, export revenues, foreign investment and remittances) must be leveraged to deliver concrete development results. The DAC will rise to these challenges, continuing its tradition of co-operation and excellence to contribute to global efforts to improve the lives of those most in need.



## DEVELOPMENT ASSISTANCE GROUP

On 13 January 1960, the Development Assistance Group (DAG) is created as a forum for consultations among donors on assistance to developing countries. The DAG is part of an extraordinary surge in aid-related institutional developments, which have laid the foundation for the current aid system.

### DAG members in 1960...

Belgium, Canada, France, Germany, Italy, Portugal, the United Kingdom, the United States, the Commission of the European Economic Community, Japan, and the Netherlands.

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1960

### DAC ESTABLISHED

Following the OECD's entry into operation in September 1961, the DAG becomes the Development Assistance Committee (DAC), holding its first meeting on 5 October 1961. The OECD Development Department is created, consisting of two branches: the Development Finance Branch, and the Technical Co-operation Branch. The Development Finance Branch later becomes the Development Assistance Directorate (DAD, 1969), and then the Development Co-operation Directorate (DCD, 1975), which acts as the operational arm of the DAC.

#### Meanwhile...

The United Nations General Assembly designates the 1960s as the United Nations Development Decade, setting two specific objectives: to achieve, by 1970, a rate of growth in developing countries of 5% *per annum*; and to increase international assistance and capital flows to developing countries to “approximately 1% of the combined national incomes of the economically advanced countries.”



## IMPROVING AID

The DAC launches regular reviews of its members' development assistance efforts and policies. The first annual DAC High Level Meeting is convened in July to examine the conclusions of the first Aid Reviews (now known as Peer Reviews). The DAC issues agreed Directives for Reporting Aid and Resource Flows to Developing Countries on a comparable basis. The DAC Chair also issues the first annual Development Co-operation Report.

### Meanwhile...

The OECD establishes the Development Centre, which comes into operation in 1964.

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1962

### TERMS AND CONDITIONS OF AID

The DAC adopts a Resolution on the Terms and Conditions of Aid, recommending that DAC members ensure that the terms of aid are adapted to the circumstances of each developing country or group of countries. This will serve as the basis for the first Recommendation on Financial Terms and Conditions (1965), setting the standards for official development assistance (ODA). (See Box 2.)

#### Meanwhile...

Denmark joins the DAC.



1963

## AID QUANTITY AND QUALITY

A new DAC Recommendation on Financial Terms and Conditions commits members to offering softer terms on development loans and reducing the tying of their aid. (See Box 3.) DAC members reaffirm their support for the target of providing 1% of their national product in assistance and capital to the developing world. (See Box 1.)

### Meanwhile...

Austria and Sweden join the DAC.



## **THE 0.7% TARGET**

The best known target in international aid is to raise ODA to 0.7% of donors' national income.

A target of 1% was first suggested by the World Council of Churches in 1958 and during the 1960s, all DAC members subscribed to it. But it had a major flaw: this target was based on total flow of official and private resources to developing countries, but governments could not control or predict private capital flows, nor could they adjust official flows to compensate for fluctuations in private flows.

Efforts were made to correct this flaw by elaborating a sub-target for official flows. Based on work by the Nobel-Prize-winning economist Jan Tinbergen, a target of 0.75% of national income was proposed; it was accepted by some donors at the Second United Nations Conference on Trade and Development in 1968.

In 1969, the Pearson Commission's report *Partners in Development* proposed a target of 0.7% of donor GNP, to be reached "by 1975 and in no case later than 1980." This was taken up in a United Nations resolution on 24 October 1970.

The 0.7% target built on the DAC's 1969 definition of ODA (See Highlight 7, Box 2.) This definition was later tightened (see Highlight 8) by establishing a minimum grant element required for loans.

DAC members generally accepted the 0.7% target for ODA with some notable exceptions: Switzerland – not a member of the United Nations until 2002 – has not adopted the target, and the United States does not subscribe to specific targets or timetables, although it supports the more general aims of the resolution.

With the revised System of National Accounts in 1993, gross national product was replaced by gross national income (GNI), an equivalent concept. DAC members' performance against the 0.7% target is therefore now shown in terms of ODA/GNI ratios.

The 0.7% target has been repeatedly endorsed at the highest level. In 2005, the 15 countries that were members of the European Union by 2004 agreed to reach the target by 2015. It also served as a reference for 2005 commitments to increase ODA made at the G8 Gleneagles Summit (2005) and the United Nations World Summit (2005).

0.7%

### REPORTING ON AID

The OECD Council approves the Expanded Reporting System on External Lending, a joint project by the OECD and the International Bank for Reconstruction and Development (IBRD) that will serve as the basis for the Creditor Reporting System (CRS), the DAC database on individual countries' aid activities.

#### Meanwhile...

Australia joins the DAC.



## WHAT IS AID?

The DAC adopts the concept of ODA (see Box 2), which separates aid funds from other official flows. The annual DAC Chair's report publishes first-time figures on ODA as a percentage of gross national product (GNP).

### Meanwhile...

Switzerland joins the DAC.



### TRACKING ODA

The DAC adopts a firmer definition of ODA – one that still applies today (see Box 2) – as part of the revised DAC Terms Recommendation (see Highlight 5), which sets an overall financial target for each DAC member's ODA programme at 84% grant element. Special terms are recommended for least developed countries.

#### Meanwhile...

New Zealand joins the DAC (1973).



## OFFICIAL DEVELOPMENT ASSISTANCE

Official development assistance (ODA) consists of flows of concessional official financing that have as their main objective the promotion of the economic development and welfare of developing countries. They must have a grant element of at least 25% (using a fixed 10% rate of discount). ODA flows comprise contributions made by donor government agencies at all levels to developing countries (“bilateral ODA”) and to multilateral institutions. ODA receipts comprise disbursements by bilateral donors and multilateral institutions.

The DAC is the authoritative monitoring hub for its member countries’ ODA, maintaining a comprehensive statistical database and publishing regular reports that serve as the basis for ODA references, analyses and comparisons.

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### UNTYING AID

Ten DAC members subscribe to a Memorandum of Understanding on Untying Bilateral Development Loans in Favour of Procurement in Developing Countries, encouraging other bilateral donors to increasingly untie their bilateral development loans. (See Box 3.)

#### Meanwhile...

Portugal withdraws from the DAC and requests to be included on the DAC List of Developing Countries.



## UNTYING AID: THE RIGHT TO CHOOSE

Tied aid describes official grants or loans that stipulate that procurements with those funds must be used to purchase services, goods or works from companies in the donor country. Because of this, tied aid often prevents recipient countries from ensuring best value for aid money.

Untying aid – removing the legal and regulatory barriers to open competition for aid-funded procurement – generally increases aid effectiveness by reducing transaction costs, increasing value for money and allowing recipient countries to make their own choices. It also encourages donors to align their aid programmes more fully with the objectives and financial management systems of recipient countries.

From 1999-2001 to 2008, the proportion of untied bilateral aid rose progressively from 46% to 82%.

82%

### ENGAGING ALL ACTORS

The OECD Ministerial Council adopts the Declaration on Relations with Developing Countries and establishes an Ad Hoc High-Level Group on Economic Relations between Member Countries and Developing Countries. Also in this year, the DAC holds a first meeting on the integration of women in development, with two priorities: securing decent standards of health, nutrition and housing for women; and incorporating women in economic, social, political and decision-making processes.

#### Meanwhile...

Finland joins the DAC.



## MEETING BASIC HUMAN NEEDS

The DAC High Level Meeting adopts a Statement on Development Co-operation for Economic Growth and Meeting Basic Human Needs, which places emphasis on their essential role in economic growth. Because programmes supporting basic human needs are likely to have high local costs in developing countries, DAC members adopt the DAC Guidelines for Local Cost Financing.

### Meanwhile...

The OECD Sahel and West Africa Club is created at an inaugural session in Dakar.



### HIGHER BENCHMARKS FOR AID

DAC members agree to strengthen the Recommendation on Terms and Conditions of Aid (see Highlight 5), raising the required grant element of each member's total ODA to 86% and establishing higher benchmarks for their aid to the least developed countries.



## GUIDELINES FOR BETTER AID

The DAC conducts an in-depth comparative review of the aid procedures of DAC agencies and adopts the Guidelines for Improving Aid Implementation. The DAC also adopts Guidelines on Local and Recurrent Cost Financing, which introduce an important new element of flexibility in the policy of development co-operation financing.



### DEVELOPING-COUNTRY DEBT

The international debt crisis marks the beginning of a long process of policy reform and structural adjustment by developing countries. The Development Co-operation Directorate publishes the first survey of external debt of developing countries.



## WOMEN IN DEVELOPMENT

With the Guiding Principles to Aid Agencies for Supporting the Role of Women in Development – the foundation of later work (see Highlight 22) – the DAC affirms that development “must involve the full participation of both men and women to be effective. Substantial gains will only be achieved with the contribution of both sexes.”



### IMPROVING DONOR CO-ORDINATION

To promote better aid co-ordination and policy, the DAC steps up its agreements with the Bank for International Settlements (BIS), the World Bank and the United Nations Development Programme (UNDP). The first annual OECD External Debt Statistics are published, based mainly on OECD/BIS combined data.



## THE DAC AT 25

The DAC publishes *Twenty-Five Years of Development Co-operation*, tracing aid volumes and major policy developments to assess the effectiveness of aid. Despite setbacks in sub-Saharan Africa and some countries in Latin America, the report finds that many developing countries have achieved remarkable economic and social growth and that aid, accompanied by growing exports to OECD countries, has significantly contributed to these gains.

### Meanwhile...

Ireland joins the DAC.



### DEVELOPING COUNTRIES IN THE LEAD

The DAC High Level Meeting adopts Guiding Principles on Aid for Improved Development Policies and Programmes and Implications for Aid Co-ordination, acknowledging that recipient governments have the central responsibility for co-ordinating aid and that the role of international organisations is to promote effective development strategies and programmes for improved aid co-ordination.



## VALUE FOR MONEY

To ensure value for money, the DAC sets out Good Procurement Practices for Official Development Assistance (see Box 3) to encourage competition among suppliers of goods and services supported by aid. These recommendations are supplemented in 1997 when the DAC adopts a recommendation on tackling corruption in procurement.



### AID AND THE ENVIRONMENT

The OECD Council calls for the thorough assessment of the potential environmental impact of aid projects and programmes. The resulting Recommendation on Measures Required to Facilitate the Environmental Assessment of Development Assistance Projects and Programmes stresses the need to ensure appropriate staff and financing, and to build local capacity.



## FAIR AID

To ensure that aid does not lead to unfair trade competition – and that it goes to priority development projects – the DAC agrees on Guiding Principles for Associated Financing and Tied and Partially Untied Development Assistance. (See Box 3.)



### GENDER EQUALITY

The DAC Guidelines on Women in Development signal that attaining sustainable development is only possible when the needs and interests of both men and women are fully recognised in the planning and implementation of projects and programmes.

#### Meanwhile...

The OECD establishes the Centre for Co-operation with European Economies in Transition (1990).



## TARGETING THE ENVIRONMENT

OECD development and environment ministers endorse the Guidelines on Aid and Environment – a series of principles developed by the DAC to address environmental threats such as climate change, ozone layer depletion, deforestation and deteriorating water supply. Donors pledge to target financial support to ensure sustainable development.



### REGULATING TIED AID

To complement work on untying aid (see Box 3), the DAC teams up with the export credit community to issue New Disciplines for Tied Aid and Associated Financing. These prohibit the use of tied aid credits for commercially viable projects, as well as in better-off developing countries, and require international competitive bidding for large projects.



## POLICY-ORIENTED AID

With the Principles for Programme Assistance, DAC members underline the increasing trend to provide budget support – that is, cash, commodities and sector-based aid – as opposed to stand-alone projects. These principles emphasise the need for appropriate policies in developing countries, as well as the long-term objectives of strengthening developing countries' administrations and financial self-reliance.

### Meanwhile...

Spain joins the DAC, Portugal re-joins.

Luxembourg joins the DAC (1992).



### AID RECIPIENTS: WHO QUALIFIES?

With emerging aid recipients in Eastern Europe and the former Soviet Union, diversification among developing countries and new development challenges such as environmental sustainability and security, the DAC revises its List of Developing Countries and Territories. A new two-part DAC List of Aid Recipients distinguishes between countries in transition, where aid is not counted as ODA, and developing countries and territories. In 2005, the DAC returns to a single List of Recipients of Official Development Assistance. (See Highlight 42.)

#### Meanwhile...

Mexico and the United Nations Development Programme (UNDP) become DAC observers.

## DEVELOPMENT IN A NEW CONTEXT

With the adoption of the Statement on Development Partnerships in the New Global Context (see Box 4), the DAC reaffirms its commitment to putting developing countries directly in charge of managing their own integrated development strategies – to address economic, social, political and environmental factors, built on solid foundations of democratic accountability, protection of human rights and rule of law.



### DEVELOPMENT FOR AND BY PEOPLE

Reinforced by a detailed survey of DAC members' policies and practices, the DAC issues the Guidelines on Participatory Development and Good Governance, giving a high-level profile to this issue. The DAC High Level Meeting also adopts the far-reaching Policy Statement on Gender Equality: Moving towards Sustainable, People-Centred Development, which makes gender equality a strategic objective for development co-operation.



## INVOLVING THE PRIVATE SECTOR

The DAC Orientations for Development Co-operation in Support of Private Sector Development encourages aid agencies to involve this sector in creating wealth and reducing poverty as a means of fostering dynamic market-based economies in developing countries.

### Meanwhile...

The DAC launches a self-reflection exercise to help prepare development co-operation strategies for the 21st century.



### SHAPING THE 21<sup>ST</sup> CENTURY

Continuing its emphasis on people-centred development, local ownership, global integration and international partnership, the DAC designs a strategy for “a new global partnership with developing countries [...] to achieve global results”. *Shaping the 21st Century: The Contribution of Development Co-operation* gathers strong consensus around a series of goals for global development. (See Box 4.)



## MEASURING PROGRESS

The DAC introduces a set of indicators to demonstrate progress towards internationally agreed development goals, measured against a 1990 baseline. These indicators – reflecting the recommendations of donors, developing countries, multilateral organisations and international experts – build momentum towards the adoption of the Millennium Development Goals in 2000. (See Box 4.)



### FOCUS ON STATISTICS, GENDER EQUALITY

The DAC leads the establishment of the Partnership in Statistics for Development in the 21st Century, PARIS21 in short. This network of countries, organisations, agencies and individuals helps developing countries overcome the challenges of producing, analysing and using sound, transparent data. In this same year, the DAC issues Guidelines for Gender Equality and Women's Empowerment in Development Co-operation.

#### Meanwhile...

Greece joins the DAC.



## A BETTER WORLD FOR ALL

On the eve of the United Nations Millennium Summit, the International Monetary Fund (IMF), OECD, United Nations and World Bank jointly publish *A Better World for All: Progress towards the International Development Goals*. (See Box 4.) The DAC endorses this report and adopts a Policy Statement on Partnership for Poverty Reduction: From Commitment to Implementation, outlining key actions to achieve these agreed goals.



## **THE DAC AND THE MILLENNIUM DEVELOPMENT GOALS**

In its 1995 Statement on Development Partnerships in the New Global Context, the DAC called for a comprehensive development strategy with poverty reduction at its core. In doing so, it laid the ground for the elaboration of the Millennium Development Goals (MDGs).

The DAC recognised that such a strategy could only be implemented through close partnerships among the wider development community. After intense research, consultation and dialogue, in 1996 it brought together a set of concrete, medium-term goals – based on recommendations of major United Nations conferences – in *Shaping the 21st Century: The Contribution of Development Co-operation*. (See Highlight 30.)

This report called for wide international partnership to:

- reduce by one-half the proportion of people living in extreme poverty by 2010
- provide universal primary education in all countries by 2015
- eliminate gender disparity in primary and secondary education by 2005
- reduce mortality rates for infants and children under the age of five by two-thirds, and for mothers by three-fourths, by 2010

- provide access for all individuals of appropriate ages to reproductive health services no later than 2015
- put in place national strategies for sustainable development by 2005 so as to effectively reverse negative trends in the loss of environmental resources at both national and global levels by 2015

Impressive consensus emerged in the international community around these goals, culminating in a joint report by the International Monetary Fund (IMF), OECD, United Nations and World Bank entitled *A Better World for All: Progress towards the International Development Goals*. Published on the eve of the 2000 United Nations Millennium Summit, *A Better World for All* was hailed as “...a common framework to guide our policies and programmes and to assess our effectiveness.”

In September 2000, the Millennium Declaration and the Millennium Development Goals were adopted as a universally agreed-upon vision to guide international development co-operation.



### **GENDER IN THE 21<sup>ST</sup> CENTURY**

During a United Nations Special Session, Women 2000: Gender Equality, Development and Peace for the 21st Century, the DAC contributes a plan for mainstreaming gender into development – a critical precondition for achieving the international development goals.



## REDUCING POVERTY

The DAC adopts the Guidelines on Poverty Reduction, building consensus on the central role of poverty reduction in aid agency strategies and pioneering the use of a multidimensional and interdisciplinary perspective.



### DEVELOPMENT AND SECURITY

The DAC issues Guidelines on Helping Prevent Violent Conflict, including the seminal DAC Guidance on Conflict, Peace and Development Co-operation. Developed in the late 1990s, this guidance provides the basis for two special DAC meetings on the complex reconstruction and relief challenges of Afghanistan (2002) and Iraq (2003), bringing seemingly polarised players to the table around common concerns for peace and security.



## UNTYING AID FOR THE POOREST

The DAC Recommendation on Untying ODA to Least Developed Countries encourages further untying of aid in the countries most in need. (See Box 3.) It does not apply, however, to free-standing technical co-operation and food aid.

### Meanwhile...

To reinforce co-ordination among OECD development units, the OECD creates the Development Group comprising the Development Co-operation Directorate, the Development Centre, the Centre for Co-operation with Non-Members, and the Sahel and West Africa Club. This group later takes the name of the Development Cluster (2002).

### BOOSTING AID QUANTITY AND QUALITY

With the Monterrey Consensus reached at the International Conference on Financing for Development (Monterrey, Mexico), donor countries pledge substantial increases in aid by 2006, and developing countries recognise the importance of creating an enabling environment for investment. The DAC approves six Good Practice Papers on Harmonising Donor Practices for Effective Aid Delivery.

#### Meanwhile...

The Statement on Policy Coherence for Development – Action for a Shared Development Agenda is adopted by the OECD Council. (See Box 5).



2002

## **POLICY COHERENCE FOR DEVELOPMENT**

Achieving global prosperity through economic development has been at the heart of the OECD's work since its foundation. In an interdependent global economy, aid is only one component of development. The OECD works to support policies in diverse areas, including agriculture, trade, investment and migration.

When policies in different areas conflict, their positive impact on developing countries is weakened – or can turn negative. The OECD initiative on policy coherence for development promotes coherent, whole-of-government approaches that ensure sound design of institutional frameworks at all stages of policy making. In June 2008, OECD ministers adopted the OECD Declaration on Policy Coherence for Development.



### DONORS ALIGN TO COUNTRY NEEDS

At the High Level Forum on Harmonisation (Rome), the Rome Declaration on Harmonisation is adopted to promote donor co-ordination of aid efforts, tailored to meet the most pressing development needs of recipient countries. The DAC Task Force on Donor Practices – which becomes the Working Party on Aid Effectiveness (see Box 6) – is created as an open forum for donors to share experiences and expertise.



## A COALITION OF THE WILLING

Growing out of the DAC Task Force on Donor Practices (see Highlight 39), the Working Party on Aid Effectiveness has grown from its origins as a forum for donors to become a widely inclusive international partnership. Its 80 members include representatives from bilateral, multilateral and emerging donors, developing country governments, civil society organisations, international aid initiatives, and the public and private sectors. Their shared aim is to make aid work better. Hosted by the DAC, the Working Party on Aid Effectiveness is the forum behind the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. (See Boxes 7 and 8.)

WP-EFF

### THE PARIS DECLARATION

At the Paris High Level Forum, over 100 developed and developing countries endorse the Paris Declaration on Aid Effectiveness, agreeing to tackle issues that have hampered development for decades. (See Box 7.)



## PARIS DECLARATION ON AID EFFECTIVENESS

Beyond its principles on effective aid, the Paris Declaration lays out a practical, action-oriented roadmap to improve the quality of aid and its impact on development by 2010. It puts in place a series of specific implementation measures and establishes an international monitoring system to ensure that donors and recipients hold each other accountable for their commitments – a feature that is unique among international agreements. The Paris Declaration's 56 partnership commitments are organised around five fundamental principles for making aid more effective:

**Ownership:** Developing countries set their own strategies for development, improve their institutions and tackle corruption.

**Alignment:** Donor countries bring their support in line with these objectives and use local systems.

**Harmonisation:** Donor countries co-ordinate their action, simplify procedures and share information to avoid duplication.

**Managing for results:** Developing countries and donors focus on producing – and measuring – results.

**Mutual accountability:** Donor and developing country partners are accountable for development results.

### SECURITY SYSTEM REFORM

The DAC deepens existing research on the challenges of where development and security meet (2001) with the Guidelines on Security System Reform and Governance. This authoritative work paves the way for ground-breaking co-operation across government sectors – judicial, police and the armed forces – to tackle critical problems in conflict-affected, fragile states.



## AID RECIPIENTS REDEFINED

The DAC approves a new, simplified List of Recipients of Official Development Assistance (see Highlight 26). It includes all low- and middle-income countries, except those that are members of the G8 or the European Union. It also excludes countries with a firm date for EU admission.

### Meanwhile...

As an OECD contribution to the United Nations World Summit, the OECD Ministerial Council approves a Statement on Making Poverty Reduction Work, outlining what the OECD and its members bring to the international development effort.

### REVIEW OF DEVELOPMENT EFFECTIVENESS

In 2005 – following a request from African Heads of State – the United Nations Economic Commission for Africa and the DAC develop a Mutual Review of Development Effectiveness. Through this biennial consultation, African leaders and policy makers engage with OECD counterparts to assess commitments, monitor performance and identify good practice on the continent.

#### Meanwhile...

The United Nations Millennium+5 Summit and the Gleneagles G8 Summit rally commitments by many donors to increase ODA by 2010.



## AID FOR TRADE

The World Trade Organization (WTO) and OECD launch an initiative to promote more and better aid for trade, emphasising the central role that trade can play in reducing poverty. The initiative encourages developing countries to take charge of their trade-related aid needs and promotes open and transparent dialogue on what works and what doesn't, based on the Paris Declaration. (See Box 7.)



### **GROWTH THAT BENEFITS THE POOR**

The DAC endorses guidance to help donors increase the impact of growth on poverty reduction (Promoting Pro-Poor Growth), focusing on areas that are important for long-term and sustainable poverty reduction: the private sector, agriculture and infrastructure.



## STRENGTHENING FRAGILE STATES

A model for donors working with conflict-ridden states – developed by the DAC and the World Bank Learning and Advisory Process on Difficult Partnerships – is formally adopted as the DAC Principles for Good International Engagement in Fragile States and Situations.

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2007

### ACCRA AGENDA FOR ACTION

At the Accra High Level Forum on Aid Effectiveness, developed and developing countries endorse the Accra Agenda for Action. (See Box 8.) In doing so, developing countries commit to taking control of their own future, donors pledge to coordinate better amongst themselves and all agree to be more accountable to each other – and to their citizens.



## THE ACCRA AGENDA FOR ACTION

Designed to strengthen and deepen implementation of the Paris Declaration (see Box 7), the Accra Agenda for Action (AAA) takes stock of progress and sets the agenda for accelerated advancement towards the 2010 targets. The AAA represents an unprecedented alliance of more than 80 developing countries, DAC donors, some 3 000 civil society organisations, emerging economies, United Nations and multilateral institutions, and global funds. It proposes three main areas for improvement:

**Ownership:** Countries have more say over their development processes through wider participation in development policy formulation, stronger leadership on aid co-ordination and more use of country systems for aid delivery.

**Inclusive partnerships:** All partners – including DAC donors and developing countries, as well as other donors, foundations and civil society – participate fully.

**Delivering results:** Aid is focused on real and measurable impact on development.

Capacity development – to build the ability of countries to manage their own future – also lies at the heart of the AAA.

### CHINA-DAC STUDY GROUP

The China-DAC Study Group is created to promote dialogue and co-operation in development efforts in Africa. This forum for dialogue and mutual learning enables DAC donors and China to share lessons from their experiences and approaches in the continent.



## SOUTH-SOUTH CO-OPERATION

A high-level meeting in Bogota, Colombia, points to co-operation among developing countries as a fundamental component of international efforts to deliver development results. The Bogota Statement – founded on 110 case stories from countries that are both aid recipients and donors – aims to adapt the aid effectiveness principles of the Paris Declaration (see Box 7) and Accra Agenda for Action (see Box 8) to South-South co-operation.



### DILI DECLARATION

Developing and developed countries come together in Dili, Timor-Leste, to agree on the Dili Declaration, which outlines goals for peacebuilding and statebuilding as well as concrete commitments for governments and international actors to reach these goals.

#### Meanwhile...

Korea joins the DAC. (See Box 9.)

## KOREA JOINS THE DAC

In January 2010, Korea joined the DAC, demonstrating the changing face of international development assistance.

Between 1945, when Korea became independent, and the late 1990s, the country relied heavily on foreign assistance – a total of USD 13 billion – to rebuild its economy. “Making good use of this assistance, we worked hard to overcome poverty and achieve development,” said Oh Joon, Korean Deputy Minister of Foreign Affairs. “For many Koreans, including myself, it happened in our own lifetime. As a child, I went to an elementary school where we drank milk and ate corn bread that came in containers marked ‘United Nations’ or ‘US Government’. A few months ago, I visited a kindergarten in Mongolia where children were studying with textbooks marked as gifts from the Republic of Korea.”

Today Korea is a major global economy and its aid to other countries – in particular in Asia – has grown: in 2008 Korea gave USD 803 million, up from USD 696 million one year earlier.



1961

2003

1963

2008

1967

1974

1979

1991

1986

1982

1999

1994

2008

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## THE DAC AT A GLANCE

### DAC Chairs by year of appointment

<b>1961</b>	James W. Riddleberger
<b>1963</b>	Willard L. Thorp
<b>1967</b>	Edwin M. Martin
<b>1974</b>	Maurice J. Williams
<b>1979</b>	John P. Lewis
<b>1982</b>	Rutherford M. Poats
<b>1986</b>	Joseph C. Wheeler
<b>1991</b>	Alexander R. Love
<b>1994</b>	James H. Michel
<b>1999</b>	Jean-Claude Faure
<b>2003</b>	Richard G. Manning
<b>2008</b>	Eckhard Deutscher
<b>2011</b>	J. Brian Atwood



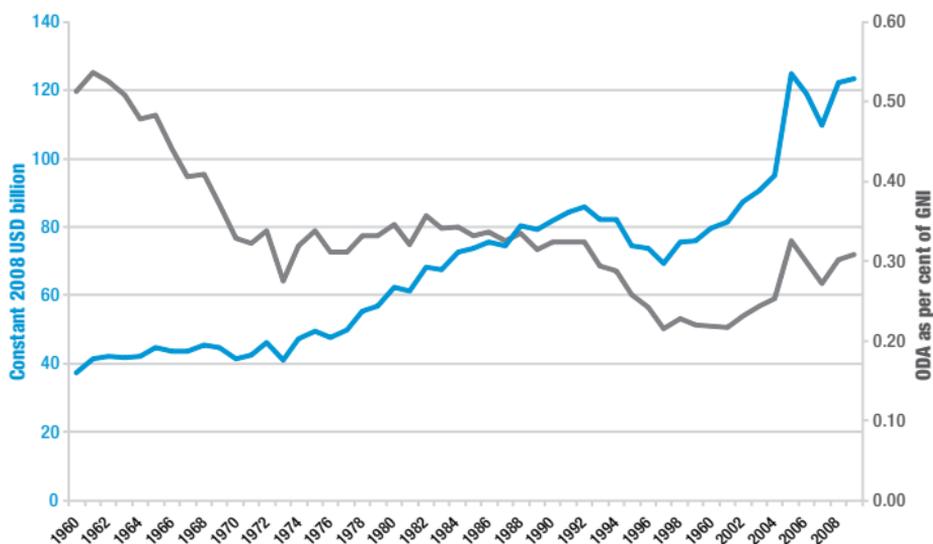
## THE DAC AT A GLANCE

### DAC members by year of membership

<b>1960 (DAG)</b>	Belgium, Canada, European Commission, France, Germany, Italy, Japan, the Netherlands, Portugal*, United Kingdom, United States
<b>1962</b>	Norway
<b>1963</b>	Denmark
<b>1965</b>	Austria, Sweden
<b>1966</b>	Australia
<b>1968</b>	Switzerland
<b>1973</b>	New Zealand
<b>1975</b>	Finland
<b>1985</b>	Ireland
<b>1991</b>	Portugal*, Spain
<b>1992</b>	Luxembourg
<b>1999</b>	Greece
<b>2010</b>	Korea

\*Portugal joined the DAC in 1960, withdrew in 1974 and re-joined in 1991.

## OFFICIAL DEVELOPMENT ASSISTANCE (ODA) OVER 50 YEARS



**F**rom 1960 to 1990, flows of official development assistance (ODA, see Box 2) from DAC countries to developing countries rose steadily. By contrast, total ODA as a percentage of DAC countries' combined gross national income (GNI) fell between 1960 and 1970, and then oscillated between 0.27% and 0.36% for a little over twenty years. (See Box 1.)

Between 1993 and 1997, ODA flows fell by 16% in real terms due to fiscal consolidation in donor countries after the recession of the early 1990s.

Aid then started to rise in real terms in 1998, but was still at its historic low as a share of GNI (0.22%) in 2001.

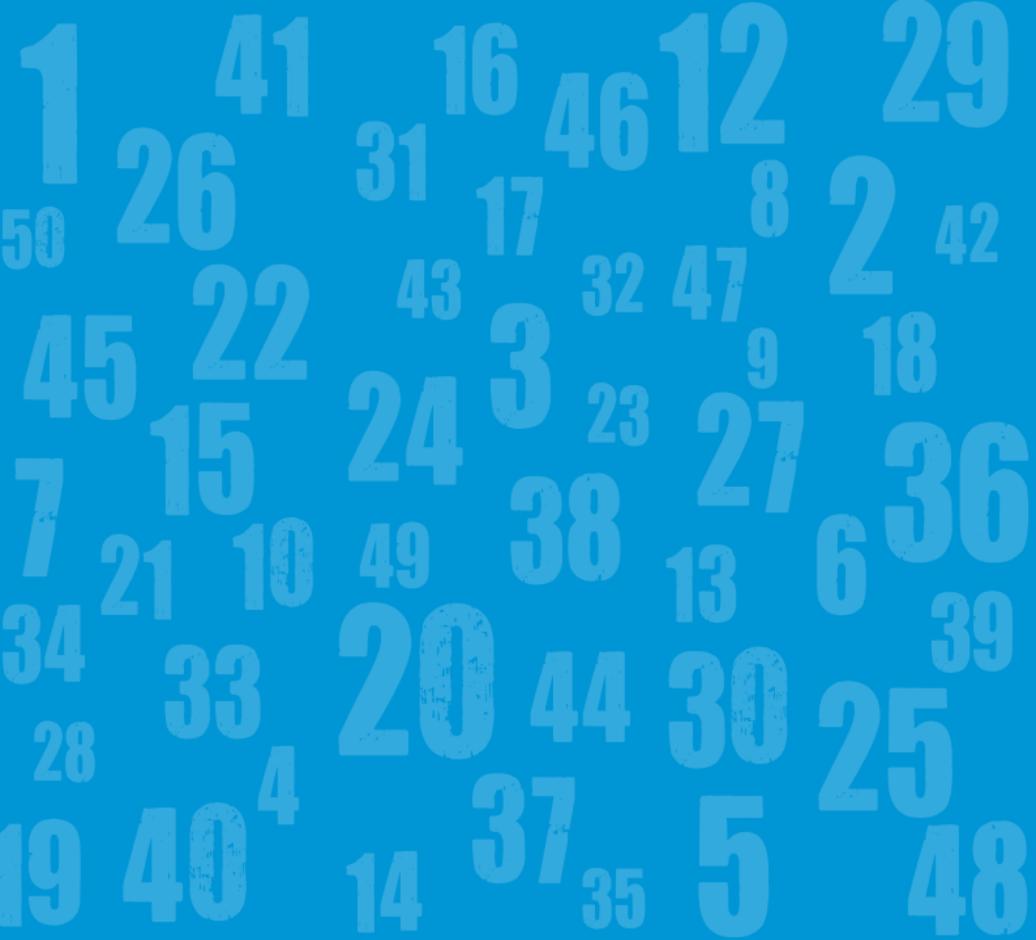
Since then, a series of high-profile international conferences have boosted ODA flows. In 2002, the International Conference on Financing for Development, held in Monterrey, Mexico, set firm targets for each donor and marked the upturn of ODA after a decade of decline. In 2005, donors made further commitments to increase their aid at the Gleneagles G8 and United Nations Millennium +5 summits.

In 2005 and 2006, aid peaked due to exceptional debt relief operations for Iraq and Nigeria.

Despite the recent financial crisis, ODA flows have continued to rise.



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50

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