

2012 DAC HLM COMMUNIQUE

1. The Development Assistance Committee (DAC) met at ministerial level at Marlborough House in London on 4-5 December 2012, hosted by the Government of the United Kingdom. Participating were DAC and OECD members, the International Monetary Fund, the World Bank, the United Nations Development Programme and other UN representatives, the African Development Bank, the Asian Development Bank, the Inter-American Development Bank and co-Chairs of the Global Partnership for Effective Development Co-operation. Invited high-level representatives from Brazil, China, India, Indonesia and South Africa were also present as observers to this meeting.

2. Participating governments met against a backdrop of rapid change in global conditions. They acknowledged the unequivocal evidence of development success over the past 20 years: absolute poverty has been halved, and progress has been achieved on all Millennium Development Goals (MDGs). Economic growth has been a key factor in reducing absolute poverty, in the success stories of many emerging countries and in economic recovery in many developing regions. While investments in Official Development Assistance (ODA) were credited with some of the progress made, participating governments acknowledged the pivotal role played by the partnerships for development co-operation that had been created and the two-way exchange of information and experiences. Yet daunting challenges persist: 1.4 billion people are mired in absolute poverty; food insecurity affects 850 million people, and 1.3 billion of the world's people – including many women -- have no access to electricity. Social inequalities are increasing in all countries -- developed, emerging and developing – and are a growing concern given the threat they pose to social, political and economic stability.

3. Participating governments also recognised important risks. The world's population will reach 9 billion people in 2050 which, when coupled with changing consumption patterns, is estimated to require a 70% increase in food production by 2050. Within that same timeframe, global GDP may quadruple. Given current trends and policies, this will result in an 80% increase of primary energy consumption which will impact on climate change and, as a consequence, global health, water management, food security, and poverty reduction prospects -- and the protection of natural capital for future generations. Sustainable development and green growth are key approaches to address these challenges, and participating governments welcomed the Rio +20 commitment to integrate sustainable development goals in the post-2015 agenda.

4. Finally, participating governments recognised that the context for development co-operation has now irrevocably changed. Shifting global wealth is breaking down the former division between North and South. Co-operation among South-South partners, as well as triangular co-operation, is complementing North-South co-operation, thereby increasing the scope, reach and effectiveness of the international development assistance system. Likewise, civil society and the private sector are playing an increasingly important role as partners in development co-operation.

5. To address these challenges and opportunities, a new and ambitious global partnership has been established. The Global Partnership for Effective Development Co-operation launched in Busan could pave the way forward by providing a forum of equal partners with shared principles and differentiated but well-defined commitments. This Partnership will enable all providers and partners to focus on results at the country level in support of both national and global goals. For too long a lack of coordination, the fragmentation of efforts and failure to honour country ownership have inhibited the pursuit of goals to which all are committed. The Global Partnership offers a space within the international community to discuss these matters as full and equal partners.

6. Participating governments committed to make the effort to connect different agendas -- MDGs, financing for development, development effectiveness and policy coherence for development – and thereby ensure that these vital elements are more in sync in the cause of development progress. They recognised that this broader agenda engages a larger set of partners who can contribute in different ways to development progress.



7. Participating governments recognised that the international community is at an historic juncture. Work on post-2015 development goals will define development co-operation for years to come. The agenda for the meeting provided for briefings by members of the United Nations (UN) High Level Panel on the Post-2015 Development Agenda -- and participating governments gained important insights from their contributions. Co-Chairs of the new Global Partnership for Effective Development Co-operation also participated in a valuable exchange of views. Finally, participating governments engaged in forward-thinking on development finance and the importance of ODA and other flows that impact on development. They set out below their views and agreed on next steps regarding each of these important topics.

The post-2015 development goals

8. Participating governments committed to keep their focus on achieving the existing MDGs. These unique development goals have rallied the global community behind a common vision that has had lasting impact on the lives of hundreds of millions of people. The establishment of a common global development agenda has been an immensely important force for galvanising support, mobilising resources, focusing efforts and making it possible to assess progress.

9. Going forward, participating governments agreed to:

- Focus their efforts on achieving the MDGs by 2015, and to work together with partners and new providers to enhance effectiveness, improve co-ordination of development activities and apply innovative methods to reach these goals.
- Strongly support the High Level Panel and the UN-led process to define a successor set of goals and a framework around which the global community can unite. This process should be inclusive of all partners, not donor-driven. Participating governments were greatly encouraged to hear of the active participation of all regions and of both state and non-state actors in this endeavour. They expressed support for goals that would expand and amplify the overall development impact of the current set of goals, including measurable targets for the global partnership as expressed in MDG8.
- Recognise that global goals were vital in establishing a common accountability agenda for development, and that national goals should be owned by all members of society and reflect the context of a particular country, its state of development and the particular needs of society as determined through the full participation of citizens.
- Recognise the importance of supporting enhanced goals for the future. Participating governments focused on the centrality of poverty reduction, with many expressing support for its eradication. They expressed concern about evidence of growing inequality, and acknowledged the special needs of fragile states.
- Support, in line with the agreement reached at the Rio +20 UN conference on sustainable development, the full integration of the sustainability dimension in the new set of goals, as essential in any development context.
- Emphasise that human rights principles will be important in developing any set of viable goals and the means for achieving them. Development of these goals should also take account of the role of democratic institutions, human security and references to the quality of life as a complementary measure to traditional benchmarks such as national income measures.
- Express the hope that, like their predecessors, future goals will be clearly defined, realistic, politically salient and measurable.

10. Members of the DAC, and other OECD Members, stand ready to contribute to the process of elaborating the post-2015 development framework, and welcome an offer by the Secretary General of the OECD to share policy expertise and knowledge with the UN Panel and the United Nations in areas of its acknowledged competency, consistent with OECD's Strategy on Development as endorsed by Ministers in May 2012.

The Global Partnership for Effective Development Co-operation

11. Participating governments enthusiastically welcomed the establishment of the Global Partnership for Effective Development Co-operation. This Partnership holds significant promise as a new “space” where all partners can work together to explore the effectiveness of their efforts to achieve tangible development results, to discover the complementarities between South-South and North-South modalities and focus on results, improved transparency and increased local ownership at the country level. The Global Partnership provides a framework for learning, exchange, reform and transformation.

12. DAC members reported on the state of commitments they had undertaken that must be completed by the end of 2012. Ongoing efforts need to be accelerated and deepened in order to fully meet the milestones agreed in Busan. These included: transparency, untying and country-level predictability. Collective commitments on under-aided and multilateral proliferation were also reviewed.

13. Participating governments that represented several of the “constituencies” that make up the Partnership offered their support in the following ways:

- In the context of the new Global Partnership, participating governments will continue efforts to reach out -- to one another and other providers of development co-operation, civil society, the private sector, parliamentarians, global funds and philanthropic institutions, and private citizens -- to engage in dialogue on the common development agenda.
- Participating governments agreed that the Global Partnership should be a forum for addressing the nature of development co-operation which should assess not only the effectiveness agenda, but also broader public policies that create incoherencies when they undermine development efforts in various sectors.
- The contributions of South-South co-operation were welcomed and participating governments agreed that the Partnership represented an important forum for learning from one another. They noted that a large number of triangular projects are underway in many countries, and agreed to engage in a policy dialogue on these endeavours.
- The most significant long-term contribution of the Global Partnership will be enhanced relationships in the cause of effective development co-operation. It was agreed that relationship-building will lead to more co-ordination and changed behaviours at the country level, better results and a more rational system for development co-operation. It was acknowledged that this will take time and effort on the part of every constituent part of the Partnership. Clearly, however, participating governments are committed to this path. Concrete actions include having the DAC address the impediments to reducing fragmentation and improving predictability and sharing knowledge with others about experience with triangular co-operation in the spirit of the Busan principles. DAC HLM delegates also agreed to take forward work to better balance and streamline joint risk management and joint risk assessment with multilateral organisations.

14. OECD Members further reaffirmed their commitment to exploring the scope for the DAC to become a more inclusive global hub for transparency in development co-operation, as well as ongoing efforts to improve country-level predictability of ODA flows, to monitor ODA flows to under-aided countries, and to develop principles to reduce fragmentation in multilateral development assistance.

Development finance

15. The Monterrey Consensus of 2002 established the primacy of domestic resources, the essential need for a hospitable enabling environment in fostering growth and development, and the importance of all resources available for financing development, while emphasising the role of ODA as a complement and catalyst for other sources of



financing for development, both public and private. Against the background of vast changes to the development financing landscape over the past decades, participating governments:

- Agreed on the need to explore more deeply the potential of this landscape, so as to achieve an enhanced understanding of the relationship of different flows and types of finance to each other, and of the conditions, contexts and sequence of these flows that will maximise their impact.
- Emphasised the strategic role of ODA as an essential resource for development and recognized that it can be effectively combined with, and leverage, other flows.
- Recognised internationally agreed definitions and reporting as important elements of accountability.
- Emphasised that classifications and analysis of development finance should increasingly focus on the need to link inputs to results, while continuing to bear in mind the key development assistance objective of reducing poverty and maintaining or establishing basic social services and security.
- Agreed that the DAC is well-placed to make a contribution to modernising the measuring and monitoring of external development finance provided by its members and can also provide substantive input to the global discussions on the post-2015 development finance framework.
- Welcomed DAC work – in close co-operation with all partners, particularly non-DAC countries -- to develop the statistical categories and methods to capture all relevant official finance and facilitate reporting by all providers of development co-operation, public and private.

16. Participating governments are convinced that ODA is essential as an external financing resource for many countries with limited means that are still some distance from achieving their development goals. Recognizing the economic challenges of today's world, participating governments reaffirmed their respective ODA targets, including those who had endorsed the 0.7% Gross National Income UN target, and agreed to continue to make all efforts to achieve them. The DAC has a special role as the custodian of ODA – to ensure it achieves results, to justify and advocate for its use, to conserve its integrity as an important metric.

17. With a view to ensuring that ODA is directed to where it is most needed and where it can catalyse other flows and promote accountability, the DAC will:

- Elaborate a proposal for a new measure of total official support for development.
- Explore ways of representing both “donor effort” and “recipient benefit” of development finance.
- Investigate whether any resulting new measures of external development finance (including any new approaches to measurement of donor effort) suggest the need to modernise the ODA concept.
- Undertake this work in close collaboration with other interested international agencies, in particular the United Nations, and also the IMF and World Bank, while engaging others in this exercise. A first report should be completed in 2013.

18. DAC members discussed the reporting of ODA loans in light of multiple views on the interpretation of “concessional in character” in relation to such loans. They agreed about a number of key principles that ODA measurement should meet. These are that ODA reporting should:

- Withstand a critical assessment from the public;
- Avoid creating major fluctuations in overall ODA levels;
- Be generally consistent with the way concessionality is defined in multilateral development finance;
- Maintain the definition of ODA, and only attempt to clarify the interpretation of loans that qualify as ODA;

- Prevent notions that ODA loan schemes follow a commercial logic: this includes the principle that financial reflows should be reinvested as development resources.

19. In this spirit, they agreed to:

- Transparency regarding the terms of individual ODA loans.
- Ensure equal treatment of all DAC members.
- Establish, as soon as possible, and at the latest by 2015, a clear, quantitative definition of “concessional in character”, in line with prevailing financial market conditions.
- Recognise development loans extended at preferential rates – whether “concessional in character” under a future post-2015 definition or not – as making an important contribution to development.

DAC membership and enlargement

20. DAC Members invited other OECD members to consider taking steps toward membership and recognised that their participation has enriched its work, discussions and vision through the introduction of valuable new elements and perspectives. This participation has also reinforced the common development co-operation principles shared by all members of the OECD. They expressed hope to welcome new members before long and their desire that all OECD members, EU members, and other donors, current and future, will eventually join the Committee.

21. DAC members further reaffirmed the recent invitation of the DAC to other providers of development co-operation to engage in open dialogue “without preconditions...and without requiring acceptance of [DAC] norms and rules”.