

Chairs' Report

Joint Meeting of Coordination Group Institutions and the OECD Development Assistance Committee

(Kuwait, 10 May 2009)

Abdlatif Y. Al-Hamad, Director General/ Chairman of the Board of Directors
Arab Fund for Economic and Social Development, and
Eckhard Deutscher, Chair, OECD Development Assistance Committee

Aims of the Meeting

On 10 May 2009, Arab Coordination Group Institutions and Members of the OECD Development Assistance Committee (DAC) met in Kuwait in order to renew the long-standing dialogue they pursued until the 1980s. We had three specific purposes:

- to agree on an appropriate framework for future dialogue;
- to share lessons and experiences on effective development cooperation;
- to identify opportunities for practical collaboration at partner-country level.

Discussions focused on the following themes, each of which was introduced by representatives of the two donor groups (see Agenda in Annex II).

- I. Recent trends in Arab and DAC development cooperation.
- II. Working together to make aid more effective.
- III. Sharing knowledge and developing statistical capacities.

General outcome: we agreed on the elements of an Action Plan for a stronger partnership

Following the open and constructive discussions at our Meeting, we are convinced that the desire of our two groups to cooperate with one another is stronger than ever. Representatives of both groups emphasised their common values and agreed on the shared goals of international development cooperation. They also identified a number of opportunities for joint work.

Participants welcomed the idea of a senior dialogue event every two years. However, they also stressed that such a dialogue would only be successful if underpinned by collaboration between donors at a technical level. Participants thus called on the Secretariats to develop a plan outlining the elements of a stronger partnership between both donor groups and ensuring that agreements at the senior level were followed up in a structured manner (see Annex I).

I. Recent trends in Arab and DAC development cooperation

In Session I, participants exchanged information on the evolving priorities of their development cooperation programmes.

We share common development goals

Our discussion revealed the large extent to which development goals are shared by both groups of donors. Reducing poverty – and achieving the Millennium Development Goals – remains our highest priority. At the same time, we agree on the need to address a number of other development challenges collectively, such as the impacts of climate change and the participation of developing countries in the global economy.

Participants also discussed the current financial and economic crisis, which risks undermining our collective efforts in development cooperation. Several of our donors shared the view that, in the long term, we will need to work together to limit the systemic risks of cross-border finance, for example by developing early-warning systems and regulatory frameworks. In the short term, we must remain committed to helping our partner countries deal with the impacts of the crisis. Several DAC donors confirmed that they remained committed to their pledges to scale up aid volumes towards the 0.7% UN target for aid as a proportion of gross national income. Coordination Group Institutions stated that their assistance was also unlikely to decline as a result of the crisis, given that it does not depend on year-to-year budgetary allocations from governments.

Participants agreed that the ultimate objective of development cooperation was to lead partner countries onto a sustainable path of development, helping them become independent of aid. This has two implications for providers of development cooperation.

First, our efforts need to support partner countries in developing their capacity to take ownership of their development strategies and programmes. Both of our donor groups recognise that such ownership is imperative: development strategies will not work unless they are driven by partner countries and adapted to local values and needs.

Second, we need to take a holistic view of development. Aid alone cannot meet the long-term financing needs of developing countries. We must thus use development cooperation to help catalyse trade and investment flows for developing countries. Similarly, we must reflect on how the whole range of our policies affect development: trade, migration and investment policies have often had detrimental impacts on our partner countries' ability to participate in the global economy.

Our ways of delivering aid are diverse, but complementary

Whilst we share common goals, Coordination Group Institutions and DAC donors use different approaches to deliver their development assistance. Participants agreed that homogenising donor approaches would not be desirable. Addressing a complex set of development challenges requires a broad range of potential solutions. Moreover, it is worth remembering that there is a rich diversity of approaches even within each of our donor groups.

Participants agreed that we should seek to ensure that our diverse approaches complement each other in ways that achieve the best collective impact on development. We discussed ways in which this could be achieved.

First, we noted that most Coordination Group Institutions specialised in providing "hardware" in the form of infrastructure projects, whilst many DAC donors had provided "software" in recent years by focusing their support on macro-economic and sectoral policies. Several participants argued that donors from both groups could combine these areas of expertise in the context of specific projects, making sure that both "hardware" and "software" needs were being addressed.

Second, we noted that Coordination Group Institutions favour project-based assistance and tend not to have a regular presence at country level. Many DAC donors, on the other hand, have shifted towards providing programmatic assistance, including budget support, and have decentralised much of their decision-making to their offices in partner countries. While recognising the advantages of project-based assistance (e.g. the relative speed with which it can be disbursed), several participants called for greater coordination between both approaches: could projects be embedded in partner countries' development programmes?

Some participants observed that the lack of a permanent field presence of most Coordination Group Institutions rendered donor coordination more difficult at country level. Others pointed out that this lack of presence resulted in less bureaucracy and required fewer resources. Greater coordination would still

be possible: all donors could meet, for example, at the occasion of field visits by Coordination Group Institutions to partner countries.

We agreed to share more information on our aid programmes

Throughout the Joint Meeting, participants agreed that there was much room for both donors groups to share more information about their activities, including on aid statistics. Several interventions stressed that transparency was a fundamental principle of both donor groups and that, given the valuable experiences all donors had to share, there was much to be learnt from one another. Two observer institutions noted that the collection and broader dissemination of aid statistics would allow Coordination Group Institutions to receive the appropriate recognition for their development cooperation efforts: there were positive stories, but these were not always being told.

DAC members agreed to share data on aid, debt and debt cancellation, studies on aid at the sectoral level, country strategy papers, performance-based lending reports and information on lessons. Coordination Group Institutions agreed to share the information collected on aid by the Group's Secretariat.

Participants called on the Secretariats to foster the exchange of information by maintaining more regular contact, for example at the occasion of their participation in the Annual Meetings of the Bretton Woods Institutions. On a bilateral level, participants agreed to explore the possibilities of short-term exchanges of staff, providing experts from our donor groups with opportunities to gain insights into the work of their counterparts in other agencies.

II. Working together to make aid more effective

In Session II, participants discussed how Coordination Group Institutions and DAC donors could best work together to make aid more effective at partner-country level. Interventions showed that donors from both groups already had many rich examples of bilateral collaboration and strategic partnerships in specific sectors and countries. They proposed a number of areas in which such collaboration might be replicated, scaled up or broadened to include other actors. Participants agreed that both groups ought to meet again at a technical level in the near future, in order to explore these proposals in greater detail. The OPEC Fund for International Development proposed to host such a technical meeting in Vienna.

We agreed to meet again at a technical level

Drawing on the proposals made at our Meeting, such a technical meeting could focus on one or more of the following potential areas of collaboration:

- Water, waste-water treatment and sanitation in Yemen and Lebanon;
- Co-financing and collaborating on major infrastructure projects (e.g. transport; energy);
- Rehabilitation and reconstruction in situations of fragility (e.g. Afghanistan; Yemen);
- Supporting financial sector reform (e.g. investment climate; trade finance and facilitation; microfinance);
- Microfinance, particularly in agriculture and focussing on women, who make up a high percentage of farmers in Africa;
- Capacity development: support training institutions for economic reform;
- The food crisis and support for agriculture in developing countries;
- Collaboration in statistics (e.g. Yemen, Palestine and Iraq); and
- Partnerships for higher education in Yemen.

A technical meeting of our donor groups could also identify the most appropriate platforms for and modalities of collaboration in these specific sectors and countries. Drawing on the examples proposed at our Joint Meeting, such modalities could range from joint missions and delegated cooperation to co-financing or parallel financing arrangements. Participants agreed that any such efforts in coordination would have to be based on the demand and leadership of the partner country concerned.

Coordination Group Institutions will consider their formal participation in the Working Party on Aid Effectiveness

Participants agreed that the Third High-Level Forum on Aid Effectiveness (Accra, 2-4 September 2008) had provided renewed momentum for all donors to consider how to collaborate and achieve better development results. Welcoming the contributions that Coordination Group Institutions had made to the discussions and preparations of the Forum, DAC donors invited Coordination Group Institutions to reflect upon their preferred modality for participating in the activities of the Working Party on Aid Effectiveness. The Working Party, which is co-chaired by Talaat Abdel Malek (Egypt) and Koos Richelle (European Commission) and has grown to almost 80 member institutions, will be overseeing the implementation of the Paris Declaration on Aid Effectiveness and Accra Agenda for Action ahead of the Fourth High-Level Forum, to be hosted by Korea in 2011.

III. Sharing knowledge and developing statistical capacities

In Session III, participants agreed that capacity development was a priority for both donor groups and needed to be integrated into all of our work. Coordination Group Institutions are very actively engaged in providing training for partner-country officials and promoting local expertise, for example through the proposed Arab Development Portal and programmes such as Project Management Information System (PROMIS) and Research Initiative for Arab Development (RIAD). Some of the Coordination Group Institutions (Arab Monetary Fund and the Islamic Development Bank) make direct contributions to training programs, while other institutions make indirect contributions by financing training institutions. Most DAC donors are also engaged in capacity development, for example through the LenCD initiative or the partner country-led Capacity Development Alliance.

Statistical capacity development was a particular focus of discussions, with participants agreeing that improving the availability, use and interpretation of statistics would lead to more evidence-based decision making and development results.

In order to discuss progress and share lessons in this area, participants proposed the organisation of regional roundtables. They also proposed joint missions to partner countries by representatives of both donor groups to support statistics. Two forthcoming events, both supported by the Partnership in Statistics for Development in the 21st Century (PARIS21), would provide opportunities to discuss the issue of statistics further: the Fourth Forum on Arab Statistical Capacity Building, to be held in Cairo on 25-27 May 2009, and the PARIS21 Consortium meeting, to be held in Dakar, Senegal on 16-18 November 2009.

IV. Action Plan: Elements of a Stronger Partnership

In the closing session, we agreed on several elements of a stronger partnership between Coordination Group Institutions and the DAC:

1. A high-level policy dialogue event shall bring together both groups every two years.
2. The Chairs of both groups will consult regularly and the Secretariats will consult annually.
3. Coordination Group Institutions will consider a structured engagement in the Working Party on Aid Effectiveness ahead of the Fourth High-Level Forum on Aid Effectiveness in 2011. The DAC will invite the Coordination Group to participate in the next meeting of the Working Party in December 2009.

4. Both donor groups will meet at a technical level in late 2009 to identify opportunities for practical collaboration in specific countries and sectors. This discussion will be based on the themes proposed in the Joint Meeting on 10 May 2009. The OPEC Fund for International Development could host such a technical meeting in Vienna.
5. Members of both donor groups will explore the potential of bilateral staff exchanges between donors. They will inform the Secretariats of their interest in such collaboration by September 2009 – proposals will be shared at the forthcoming Annual Meetings of the BWIs in Istanbul in October 2009.
6. The Secretariats of both groups will send each other the most recent full sets of statistics on development assistance submitted by their members by June 2009.

ANNEX I
Action Plan for a Stronger Partnership
between Coordination Group Institutions and the
OECD Development Assistance Committee

On 10 May 2009, Coordination Group Institutions and Members of the OECD Development Assistance Committee met in Kuwait in order to renew their longstanding dialogue, exchange experiences on development cooperation and identify opportunities for joint work.

They agreed on the following Action Plan for a stronger partnership.

1. A high-level policy dialogue event shall bring together both groups every two years.
2. The Chairs of both groups will consult regularly and the Secretariats will consult annually.
3. Coordination Group Institutions will consider a structured engagement in the Working Party on Aid Effectiveness ahead of the Fourth High-Level Forum on Aid Effectiveness in 2011. The DAC will invite the Coordination Group to participate in the next meeting of the Working Party in December 2009.
4. Both donor groups will meet at a technical level in late 2009 to identify opportunities for practical collaboration in specific countries and sectors. This discussion will be based on the themes proposed in the Joint Meeting on 10 May 2009. The OPEC Fund for International Development could host such a technical meeting in Vienna.
5. Members of both donor groups will explore the potential of bilateral staff exchanges between donors. They will inform the Secretariats of their interest in such collaboration by September 2009 – proposals will be shared at the forthcoming Annual Meetings of the BWIs in Istanbul in October 2009.
6. The Secretariats of both groups will send each other the most recent full sets of statistics on development assistance submitted by their members by June 2009.

ANNEX II – Agenda

8:30 – 8:45

Chairs' Welcome

- **Abdlatif Y. Al-Hamad**, Director General/ Chairman of the Board of Directors, Arab Fund for Economic and Social Development
- **Eckhard Deutscher**, Chair, OECD Development Assistance Committee

8:45 – 10:15

Session I: Recent trends in Arab and DAC development cooperation

To begin this session, each Chair will provide an overview of recent trends in Arab and DAC development cooperation (10 minutes each). What are the evolving priorities of Arab and DAC development cooperation? What drives their current activities? What is the impact of the current financial crisis on development cooperation activities? What is their future outlook as the 2015 MDG deadline approaches?

Speaker

- **Representative of the OPEC Fund for International Development**
- **Lisa Chiles**, Acting Deputy Administrator, United States Agency for International Development

In discussions, members of each donor group will share their views on these questions, underlining the common values and interests that underpin Arab and DAC development cooperation. They will explore the options for joint work and information sharing between both groups in the future.

10:15 – 10:30

Coffee break

10:30 – 12:00

Session II: Cooperating to make aid more effective

Speakers

- **Representative of the Islamic Development Bank**
- **Andreas Gies**, Head of Division for Regional Development Policy – Middle East, Federal Ministry for Economic Co-operation and Development, Germany
- **Martin Dinham**, Director General, International, Department for International Development

This session will be opened by presentations from members of each donor group (max. 10 minutes each). Drawing on practical examples, for example in the Middle East and North African region, the speakers will outline the major features of their development assistance. The aim will be to highlight commonalities and differences in donors' operating models and compare their approaches to aid effectiveness. Speakers will also explore how donors can work together to ensure that their cooperation is adapted to the priorities and needs of partner countries.

Discussions will have a particular focus on the 2008 Third High-Level Forum on Aid Effectiveness and its preparations (Accra, Ghana, 2-4 September), in which members of the Coordination Group Institutions played active roles. The Forum's outcome document, the Accra Agenda for Action, reaffirms the importance of aid effectiveness principles such as partner-country ownership and harmonization among donors. In accordance with these principles, many DAC donors have begun using programme approaches

to deliver their aid: aligning aid with partner countries' sectoral strategies and harmonizing their activities and procedures with other donors working in the sector.

Members of the Coordination Group Institutions have also been very active at providing support to certain sectors, notably in agriculture, energy and water. Representatives of Coordination Group Institutions will be invited to share information on their recent initiatives and commitments in these sectors, and to share their experiences in aligning such support to partners' strategies.

The ensuing discussion could address the following questions:

What are the success factors of working at the sectoral level? To what extent are different donors participating in sectoral coordination groups, and how can these groups be as inclusive and effective as possible at country level? Could participants envisage closer cooperation in particular sectors, and are triangular cooperation agreements feasible?

12:00 – 13:00

Session III: Sharing knowledge and supporting statistical capacity development

Speakers

- **Representative of the Kuwait Fund for Arab Economic Development**
- **Nicole Gesnot**, Counselor, Canadian Delegate to the OECD Development Assistance Committee

Knowledge-sharing and capacity-development are strong pillars of Arab development cooperation, particularly as part of their support for reconstruction and reconciliation in post-conflict scenarios. Participants will discuss options for sharing knowledge and information on their respective activities particularly through exchanging data on Development Aid and debt and documentation and official reports.

They will also explore practical ways to develop the statistical capacities of aid recipient countries. Recent initiatives have included setting up web-based development portals and training institutes for partner-country officials, particularly in the Middle-East region. One of the goals of these initiatives is to foster improved evidence-based decision-making among officials in partner countries, for example through the development of statistical capacities. DAC donors have also engaged in statistical capacity building, for example through the Partnership in Statistics for Development in the 21st Century (Paris21), the Secretariat of which is based at the OECD.

Following brief overviews on related initiatives, participants will explore the potential for practical collaboration on knowledge sharing and statistical capacity development for partner countries. How can members of the Coordination Group Institutions and the DAC best complement each other in supporting capacity development for statistics in partner countries, particularly in the Middle East? What initiatives are best suited for collaboration? What concrete steps can be taken towards joint projects?

13:00 – 13:30

Closing Session: Next Steps

Following the day's discussions, which themes are of mutual concern and greatest interest for future dialogue?

ANNEX III - List of Participants

A. Members of the Coordination Group

1. **Abu Dhabi Fund for Development**
 - Mohamed Saif Al-Suwaidi Acting Director General
 - Anas H. Hamed Acting Director, Project Department
2. **Arab Bank for Economic Development in Africa**
 - Osama Hassen Saeed Director General Assistant
3. **Arab Fund for Economic and Social Development**
 - Abdlatif Y. Al-Hamad Director General/ Chairman of the Board of Directors
 - Ahmed Osman Director, Technical Department
 - Imad Limam Economist
4. **Arab Gulf Programme for United Nations Development Organizations**
 - Jebrin AL-Jebrin Director
5. **Arab Monteray Fund**
 - Jassim AL-Manai Director General Chairman of the Board
 - Muhammed Yasr Burnai Economist
6. **Islamic Development Bank**
 - Ahmed Mohammed Ali President and Chairman of the Board of Executive Directors
 - Mohamed Ennifar Senior Advisor of the VPO
 - Intizar Hussain Senior Water Ressources Management Specialist
7. **Kuwait Fund for Arab Economic Development**
 - Hisham I. AL-Waqayan Deputy Director General
 - Fawzy Y. Al-Hunaif Director of Operations
 - Abdul Karim Sadik Economic Advisor
8. **OPEC Fund for International Development**
 - Sulaiman Al-Jasir Al-Harbish Director General
 - Said Aissi Assistant Director General, Operations Management
 - Imhemed Bukader Director of Asia Region
9. **Saudi Fund for Development.**
 - Yousef Bin Ibrahim Al-Bassam Vice Chairman and Managing Director
 - Hussain Bin Mohammed Al-Attass Director General Technical Department
10. **Arab Coordination Group Secretariat**
 - Azzeddine Bouchelaghem Economist

B. Members of the OECD Development Assistance Committee

- 1. Canada**
 - Nicole Gesnot Canadian Delegate to the OECD DAC
- 2. France**
 - Olivier Deseez Counselor, Embassy of France, Kuwait
 - Julian Clec'h Technical Assistant, Embassy of France, Kuwait
- 3. Germany**
 - Andreas Gies Head of Division for Regional Development Policy; Middle East, Federal Ministry for Economic Co-operation and Development
 - Bettina Fellmer Advisor, Division for Regional Development Policy; Middle East, Federal Ministry for Economic Co-operation and Development
 - Beatrix Kania Counsellor, Deputy Head of Mission, Embassy of the Federal Republic of Germany, Kuwait
- 4. Italy**
 - Tarek Chazli Deputy Head of Mission and First Secretary at the Italian Embassy in Kuwait
- 5. Japan**
 - Takashi Akao Aid Coordination Advisor, Japanese International Cooperation Agency, Saudi Arabia Office
 - Takanori Yamashita First Secretary, Japanese Embassy, Kuwait
- 6. The Netherlands**
 - Ton Boon Von Ochssee Ambassador of the Netherlands to Kuwait
 - Djoeke Adimi-Koekkoek First Secretary Development Cooperation, Royal Netherlands Embassy, Yemen
- 7. United Kingdom**
 - Martin Dinham Director General, International, Department for International Development
 - Rana Saifi Regional Social Development Advisor, British Embassy, Jordan
- 8. United States**
 - Lisa Chiles Acting Deputy Administrator, United States Agency for International Development
 - Raouf Youssef Senior Arab Donors Counselor, United States Agency for International Development
- 9. European Commission**
 - Nicola Bellomo Counsellor, Delegation of the European Commission in Egypt
- 10. DAC Chair**
 - Eckhard Deutscher Chair, OECD Development Assistance Committee
- 11. DAC Secretariat (Development Cooperation Directorate)**
 - Richard Carey Director
 - Stephen Groff Deputy Director
 - Mohamed-El-Heyba Manager, PARIS21 Secretariat
 - Lemrabott Berrou
 - Felix Zimmermann Policy Analyst

Observers / International Development Institutions

1. Turkey

- Mustafa Şahin Vice-President, Turkish International Cooperation Agency
- Ömer Özdenören Expert, Turkish International Cooperation Agency

2. International Fund of Agricultural Development (IFAD)

- Rihane Fawzi Programme Manager Resource Mobilization Division

3. United Nations Development Program (UNDP)

- Mohammad Naciri Resident Representative a.i., Kuwait
- Walid Badawi Deputy Director, Emerging and Multilateral Partnership, Division for Resource Mobilization Partnership Bureau

4. World Bank

- Mustapha Rouis Lead Economist, Office of the Chief Economist, Middle East and North Africa Region