



News and ideas from the OECD Development Assistance Committee (DAC) Secretariat

February 2010

## Beyond aid

*This issue of DACnews looks at several areas in which the DAC is moving beyond aid to deliver more comprehensive impact on development. From domestic resource mobilisation to sustainable reconstruction, from climate change preparedness to building national statistical capabilities, the many facets of development require action – and policies – that span numerous and diverse concerns.*

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## Recovery in Haiti: how to "build back better"

*We will be working with the donor community to promote efficient and principled humanitarian assistance, both in the short-term relief effort and in the longer-term challenge of reconstruction and development. - OECD Secretary-General Angel Gurría*

In 2006, Haiti turned a corner in terms of security and elections, and we began to see a progressive increase in foreign direct investment. Yet despite this, Haiti remained the poorest country in the Western hemisphere, with 72% of the population surviving on less than two dollars a day.

Today, in the aftermath of the devastating earthquake, the fragility of the country's institutions, networks and coping mechanisms has been exposed and exacerbated.

The OECD is committed to supporting the international effort to "build back better" – a term coined in the wake of the Asian tsunami – in Haiti. This will hinge on co-ordinated short- and long-term recovery efforts that address the country's multiple challenges: heavily affected infrastructure, food insecurity, youth unemployment, socio-economic imbalances, environmental degradation and vulnerability to hurricanes and storms. Haiti needs durable

infrastructure and early warning/early response systems that can withstand the hostile forces of nature, as well as long-term economic development planning and statebuilding – which is essential to building resilience.

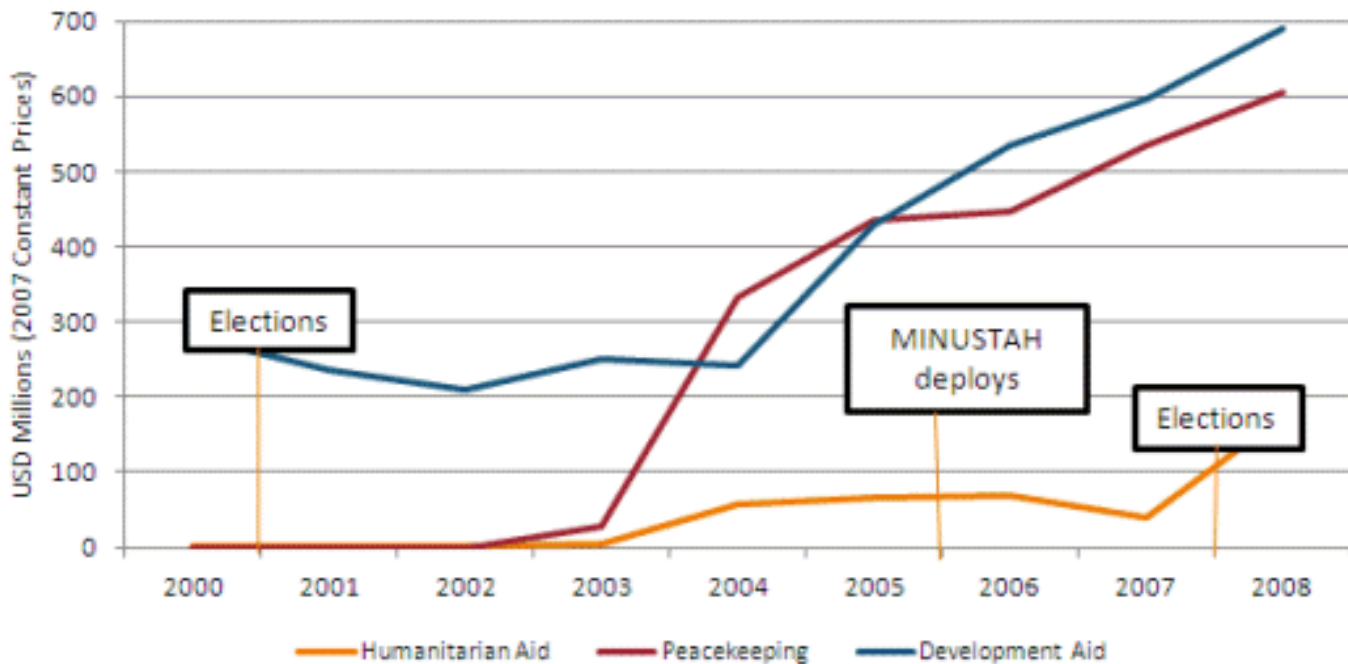
Steady support from the international community over the next decade will be fundamental. At the same time, Haiti must hold stewardship of the reconstruction effort. This means that robust plans to “get the job done” will need to be developed, but this will need to be done with an eye to fostering capacity development and national accountability. The experience in the Indonesian province of Aceh, which was affected both by conflict and the tsunami, shows that this is possible.

In the past, development efforts have not always been co-ordinated – and they have not always paid off. A co-ordinated effort will be essential to lift Haiti out of its present situation. The OECD DAC has built on lessons from the past to endorse and develop internationally agreed principles – in particular the [Principles for Good Humanitarian Donorship](#), the [Principles for Good International Engagement in Fragile States and Situations](#), and the [Paris Declaration on Aid Effectiveness](#) – that can help to guide Haiti’s rebuilding.

The OECD will support monitoring and reconstruction efforts by tracking DAC members’ aid commitments to Haiti as well as their subsequent disbursements. The OECD will also advise, in the short run, on service delivery – matching needs with services offered by private and NGO providers – and over the long term, on capacity building.

The OECD is joining forces with the main donors in Haiti and the UN Office of the Special Envoy for Haiti in advance of the donor conference scheduled on 15 April 2010 in New York. On 24-26 February 2010, the OECD International Network on Conflict and Fragility directors’ meeting (Washington, D.C.) will focus on donor challenges in Haiti, and on 24-26 March, the OECD High Level Event on South-South Co-operation and Capacity Development (Bogotá) will receive a progress update on Haiti from the Organisation of American States.

### Humanitarian Aid, Peacekeeping and Development Aid 2000-2008



Source: OECD-DAC Online database and 'Annual Review of Global Peace Operations'  
[www.oecd.org/dac/stats](http://www.oecd.org/dac/stats)

More information on [international engagement in Haiti](#) and [statistics on official development assistance to Haiti](#) (2002-2008) are available online.

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## Tracking aid flows to build climate change resilience

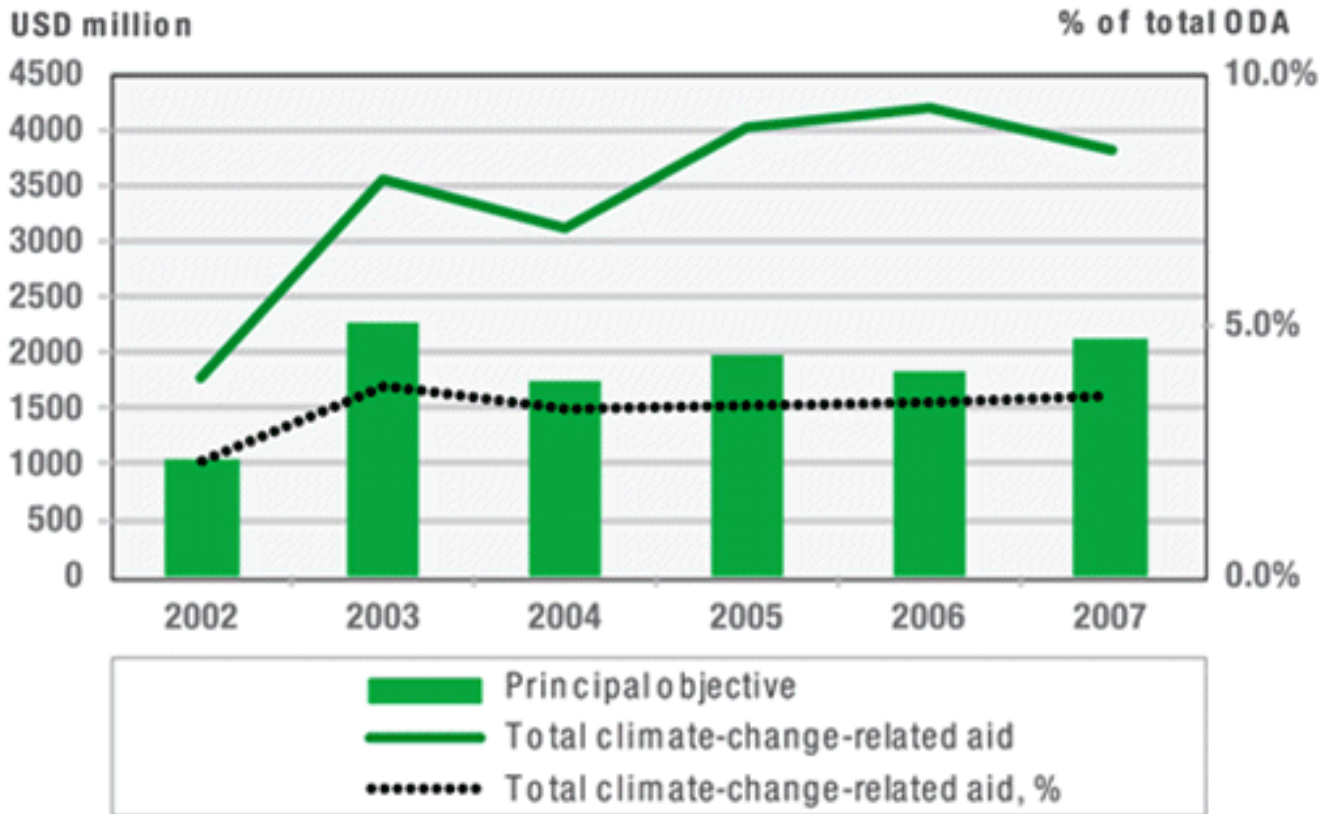
In the wake of the Copenhagen UN Climate Change Conference 2009 (COP15), DAC members approved a means of tracking official development assistance (ODA) in support of climate change adaptation. DAC members have begun to assess their aid activities against this new "policy marker" as of 1 January 2010, identifying aid projects that have climate change adaptation as their main or significant objective.

Adaptation-related aid aims to reduce the vulnerability of human or natural systems to climate change and climate-related risks by maintaining or increasing adaptive capacity and resilience. It encompasses a range of activities – from information and knowledge generation to capacity development, planning, and the implementation of actions to promote climate change adaptation.

This new marker complements the already existing "Rio marker" on climate change mitigation. An [analysis of OECD data for 2007](#) shows that based on the "Rio marker", DAC members provided USD 3.8 billion in bilateral ODA to help developing countries reduce greenhouse gas in the energy, transport, water and forestry sectors. This represents about 4% of total bilateral ODA that year. The largest donors were Japan (USD 1.3 billion), Germany (USD 0.8 billion) and France (USD 0.5 billion).

## Climate-change-related aid

2002-07, commitments, USD million, constant 2007 prices



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## Supporting development through statistics

To ensure that they have the data they need to support their policy decisions, countries – especially developing countries – need strong statistical systems. In the words of the Millennium Declaration, statistics help make “globalisation a positive force for all the world’s people.”

For ten years, the Partnership in Statistics for Development in the 21st Century – or PARIS21 – has supported the compilation, publication and use of statistics in developing countries. PARIS21 celebrated its tenth anniversary in Dakar, Senegal, with the endorsement of the Dakar Declaration on the Development of Statistics (DDDS). The unanimous decision to support this declaration was made during a conference that took place under the theme “Statistics for development – renewing the partnership”, co-organised with the Government of Senegal (16-18 November 2009).

Drawing heavily on the principles of the [Paris Declaration](#), the [Dakar Declaration](#) outlines a five-point call to action for PARIS21 on issues relating to:

- strategy design and implementation
- mobilisation of technical and financial resources for statistics
- co-ordination of donor support to statistics

- meeting the needs of data users
- development of statistical tools and methodologies.

Over 440 participants from 100 countries attended the conference, which was opened by the President of Senegal, his Excellency Maître Abdoulaye Wade. The event also marked the beginning of a new mandate and strategy for PARIS21 into 2014.

All meeting documents, including the full text of the declaration in several languages, are available on the dedicated [Consortium PARIS21 website](#).

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## Feature Article

### Taxing development

*The theme of taxation – and its role in development – was on the table at the recent [Global Forum on Development](#) (28 January, OECD headquarters). Just prior to this meeting, experts from two of the OECD’s major committees – the Committee on Fiscal Affairs and the Development Assistance Committee – held their first-ever joint meeting to agree on how tax specialists and development experts can work together to help developing countries.*

*In her presentation to that gathering, Ingrid Fiskaa, the Norwegian State Secretary for International Development, added further momentum to the OECD’s work on tax and development.*

The development community has been focusing on aid – and on how to improve aid delivery – rather than concentrating on how to use aid strategically in order to influence the larger capital flows that determine social and economic development. In much the same way, the international tax policy community has been focusing on regulations and standards – and how to improve them – rather than looking squarely at how standards and regulations are being implemented, applied and adhered to.

This is not to say that there are not positive developments. We can cite the work to promote the implementation of the [Tax Information Exchange Agreements](#) – a vital first step in helping tax administrations know which individuals and companies are paying tax and where. We hope that the OECD and the global community will continue to work towards automatic exchange of information, with fewer restrictions on access to information.

The agreement to initiate a process by countries of peer reviewing each other’s progress on tax transparency – made last year just after the successful [Global Forum on Transparency and Exchange of Information](#) in Mexico – will be important in helping all of us to scrutinise compliance and adherence to agreed standards. The reports from these reviews should be made public to contribute to political pressure.

The idea of the “globalisation” of transparency efforts, with the inclusion of countries like China and India, and the expansion of today’s [Convention on Mutual Administrative Assistance in Tax Matters](#) are also important.

From a development perspective, these are all necessary and relevant measures and processes. Nonetheless, they are still insufficient. We need to make sure that developing countries build the necessary capacity to take full advantage of international transparency efforts. But we also need to actively include developing countries and their interests in international tax co-operation and the development of regulatory frameworks. We must ensure equal access for developing countries to the mechanisms and practical processes necessary for implementation!

Studies indicate that illicit capital flows out of developing countries could be as high as USD 1 billion, or about ten times all global official development assistance coming in to developing countries. As a politician responsible for development issues, I cannot ignore such numbers – even though they are rough estimates. We cannot focus only on the expenditure side of development; we cannot focus on aid alone. We need to address the income side of the equation as well. Economic growth – and increased tax revenues – are central to sustainable economic and social development in poor countries.

Norway is very pleased with the increased global focus on international tax issues and illicit financial flows in the G20, the UN, the World Bank and the IMF; in the EU and in countries like Germany, France, Spain and the USA; and in the OECD. The focus of developed countries, however, tends to be on tax evasion and loss of developed countries’ own tax revenue, and not on the devastating effects of illicit capital flows for developing countries. That is why we particularly welcome the intention of the OECD to become a driving force in addressing the development dimension of illicit capital flows.

It is important that we back initiatives to combat illicit capital flows, corruption and money laundering, and that we work to curb the harmful effects of tax havens on developing countries. But it is also important that developing countries take primary responsibility for their own development by putting in place appropriate policies and measures to mobilise domestic financial resources for development.

Accountability and transparency of revenue streams are vital to effective public oversight, but not sufficient to guarantee social and economic development. Strong, accountable and democratic institutions will deter mismanagement and corruption, and wisely managed resources will generate revenues that also need to be wisely spent in order for a country or society to prosper.

We need to help strengthen developing countries’ capacity to manage their own natural resources. Natural resources should be a blessing, not a curse. Revenues from natural resources should be used to provide essential services for the many and not be allowed to disappear into the pockets of the few. Local communities should experience new economic opportunities. Countries rich in natural resources should prosper and not slide into violent conflict and political chaos. Sustainable natural resource management – and taxation of such resources – is essential in this respect.

We are also very enthusiastic about the ambition of the OECD to strengthen its development perspective on important matters like transfer pricing and country-by-

country reporting, which have the potential to reduce tax avoidance and evasion by large multinational enterprises operating in developing countries. Finally, we welcome the OECD-led discussion on taxation of aid-funded goods and services. This is a long-overdue debate concerning our own practices.

In conclusion, bringing the tax and development policy areas together in an [OECD tax and development programme](#) could be an important contribution to raising tax revenues in developing countries, but also to strengthening the relevance of the OECD as an organisation by firmly acknowledging that tax policy is more than a technical or judicial exercise; International tax policy is also development policy.

For more viewpoints on this topic, see *The OECD Observer*: [www.oecdobserver.org/tax](http://www.oecdobserver.org/tax) and [www.oecdobserver.org/development](http://www.oecdobserver.org/development)

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## Also in this issue...

### News in Brief

#### **South-South co-operation and capacity development**

On 24-26 March 2010, Colombian President Álvaro Uribe Vélez is set to open a high-level meeting of ministers and technical experts that zooms in on aid effectiveness principles through the lens of the OECD DAC's Southern partners. Held in Bogotá, Colombia, the meeting will look at [65 case reports](#) from Asia, Latin America and Africa with the aim of culminating in a "Bogotá Statement".

In the lead-up to the Fourth High Level Forum on Aid Effectiveness in Seoul, Korea, in late 2011, this meeting offers a unique opportunity for exchange and learning between DAC members (Germany, Ireland, Japan, Korea and Spain), key OECD South-South co-operators (Colombia, Peru, Thailand, Vietnam), other global players and emerging economies (Argentina, Brazil, China, India, Indonesia, South Africa), developing countries (Bangladesh, Cambodia, Guatemala, Niger), and multilateral organisations (WB, ADB, AfDB, OAS, SEGIB, UNDP).

More information on the event is available through its official website <http://bogotahle.info>

#### **Strengthening country systems for environmental management**

In light of recent Copenhagen Accord commitments to provide nearly USD 30 billion in Fast Start Climate Change Financing by 2012, the importance of sound country systems to manage this financing is paramount.

Strengthening country systems for environmental management – and in particular integrating environment into planning and public financial management – is the central theme of a Poverty Environment Partnership meeting in Lilongwe, Malawi, on 4 March 2010. There will be a special session on climate change financing and aid effectiveness at the meeting.

More on this and related Poverty Environment Partnership meetings is available at <http://www.>

[povertyenvironment.net/pep15](http://povertyenvironment.net/pep15)

## Aid to health in developing countries rises fourfold

Since 1990, aid to health in developing countries has seen a dramatic increase: from USD 5 billion to USD 21.8 billion in 2007. By 2008, this had contributed to a 28% reduction in the child mortality rate in developing countries and access to anti-retroviral treatment for more than 3 million people.

Patterns in aid for health are changing: new actors like the Global Fund to Fight Aids, Tuberculosis and Malaria, and the GAVI Alliance have risen from less than 1% of health assistance in 2002 to 8% and 4.2% in 2007. The Gates Foundation alone accounted for 3.9% of health assistance in 2007.

Not all developments are positive, however: maternal mortality rates remain stubbornly high in many developing countries. To quote a November OECD [report](#): "Improvements in aid management , both generally and in relation to health, are slower than they should be, and are uneven."

More on the main priorities and challenges for aid to health is available online at [www.oecd.org/dac/effectiveness/health](http://www.oecd.org/dac/effectiveness/health)

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## DAC Peer Reviews

**Italy:** Italian development co-operation faces two main challenges: the first is an urgent need to reform official development co-operation; the second the growing threat of not meeting its international commitment to increase official development assistance from 0.22% in 2008 to 0.51% of its gross national income (GNI) by 2010, and to 0.7% by 2015. The peer review commends Italy for its 2008 improvements – such as placing priority on 35 countries, and delegating greater authorities to embassies and technical offices to facilitate aid delivery.

**Switzerland:** Switzerland's official aid amounted to USD 2.02 billion in 2008 (2.19 billion CHF), an increase of over 6% compared to 2007. The peer review recommends that Switzerland adopt a 0.5% target for ODA/GNI. While welcoming Switzerland's focus on the poorest countries and its thinking on governance and fragile situations, the peer review calls for enhancing cohesion between the two ministries entrusted with development co-operation, and ensuring that all policies are coherent with Switzerland's development aims.

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## Publications

[\*Civil Society and Aid Effectiveness: Findings, Recommendations and Good Practice\*](#)

Better aid requires a broader understanding of the aid effectiveness agenda and a place for civil society organisations (CSOs) as development actors in their own right and as aid donors, recipients and partners. This book is a resource for implementing the Accra Agenda for

Action's recommendations on civil society and aid effectiveness, addressing developing country governments, donors, and CSOs from developing and developed countries.

### [Aid Activities in Support of Agriculture](#)

Unique and comparable data consistent with definitions and methodologies of DAC statistics cover aid flows to agriculture from 2002-2007. This publication covers trends in donors' aid and geographical focus of flows, and paints a broader picture of donors' short- and long-term measures to address food security challenges.

### [Do No Harm: International Support for Statebuilding](#)

This publication presents a set of recommendations on how donor countries can avoid the risks of undermining positive statebuilding measures, based on comparative case studies of Afghanistan, Bolivia, Democratic Republic of Congo, Nepal, Rwanda, and Sierra Leone.

### **Other products:**

[Making reform happen in environmental policy](#): drawing on a number of case studies from different OECD countries, this study analyses the political economy of environmental policy reform, concentrating on how political and institutional factors influence reform design, decision-making, adoption and implementation.

[Untying aid: is it working?](#) A first-ever independent evaluation of DAC members policies and practices towards untying aid finds positive developments, and encourages continued progress through genuine partnerships between donors and aid recipients.

China-DAC Study Group: an [introduction](#) and [concept note](#) look into sharing experiences and promoting learning about growth and poverty reduction in China and African countries.

[Security system reform: what have we learned?](#) To help bridge the gap between security system reform (SSR) policy and practice, this report provides insights into SSR implementation programmes from OECD DAC members and other parties, based on the good practices advocated in the [OECD DAC Handbook on SSR: Supporting Security and Justice](#) (published in February 2008).

[Binding constraints to trade expansion](#): a report on aid-for-trade objectives and diagnostic tools to help countries and donors channel resources into reform projects with maximum impact.

[Overview of the Task Team on South-South Co-operation](#): a short presentation of the task team, its context and work at a glance.

[Statistical Annex of the Development Co-operation Report 2010](#): data from the forthcoming Development Co-operation Report 2010, based on the DAC List of ODA Recipients for 2008 flows.

[Definition of the Rio marker on climate change](#): a brief analysis of aid in support of greenhouse gas mitigation in developing countries, in light of the UN Climate change conference in Copenhagen.

[Reflections on shared priorities in gender equality and global public goods](#): a paper providing early reflections on whether, and to what degree, linkages can be made between the work on global public goods and the promotion of gender equality and women's empowerment.

[Measuring aid to agriculture](#): the latest ODA data to the agricultural sector.

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### OECD DAC countries' ODA in 2008

USD 121.5 billion up 11.7% in real terms and  
0.31% of DAC members' combined GNI

OECD [DAC Statistics](#) including Aid at a Glance charts for [DAC members](#), [recipient countries](#), and [by region](#).

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### About Us

The [OECD DAC](#) is the main global forum where bilateral donors, alongside multilateral donors, work together to achieve real development progress for poorer countries.

[Inside the DAC](#). What is the DAC? How does it function? This brochure will give you all the answers.

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