

**STATEMENT ADOPTED BY MEMBERS OF THE OECD'S
DEVELOPMENT ASSISTANCE COMMITTEE (DAC)**

High Level Meeting, 15-16 April 2004

Development Co-operation Ministers and Agency Heads of DAC Members met in Paris on 15-16 April 2004 along with the Administrator of the UNDP, Mr Mark Malloch Brown, senior representatives of the World Bank and IMF, and of non-DAC OECD Members. The meeting was chaired by Mr Richard Manning, Chair of the DAC. They agreed on the following statement:

1. In anticipation of a high-level plenary meeting to review the implementation of the Millennium Declaration, to be held by the UN in 2005, we took stock of the trends in Official Development Assistance (ODA), noting that the real increase over the last two years has been 11 per cent, reversing the declines in aid of the previous decade. In the context of the 2002 Monterrey Conference on Financing for Development, a large number of DAC members have now set timetables for reaching an ODA/GNI ratio of 0.7% or are committed to significant increases in their ODA volume, and some members are proposing a new mechanism for financing an early doubling of development assistance.

We agree that the consensus reached in Monterrey in 2002 and the pledges made by a large number of DAC countries, remain the basis for decisions on aid budgets in the context of tackling the internationally agreed development goals set out in the Millennium Declaration (MDGs). These pledges represent a further prospective increase in aid of around 25 per cent between 2003 and 2006. We note that while some among us are making faster than expected progress, others will need to lift ODA levels rapidly in order to meet commitments made. In addition to ODA, we reaffirmed the importance of mobilizing in a coherent manner a variety of resources, including domestic resources and foreign direct investment. We also recognise that capacity development in partner countries, and their ownership of development strategies, are essential for the achievement of the MDGs. We note that countries in the sub-Saharan Africa region face particular challenges in reaching these goals, and we are committed to supporting their own co-operative efforts, notably in the context of NEPAD.

2. We recognise the compelling need to increase the effectiveness of our aid as an integral part of the Monterrey Consensus and for delivering scaled up aid programmes to support achievement of the MDGs. We welcome the work in hand in the DAC, with the participation of the Multilateral Development Banks, the UN, and developing country partners, to turn the principles of harmonisation and alignment—agreed at the Rome High Level Forum in 2003—into reality on the ground. It is vital to see concrete results from this work, and from other parts of the aid effectiveness agenda, by the time of the follow-up Paris High Level Forum in early 2005.

We commit our agencies and our field staff to implement the action plans that each of us has undertaken to introduce and implement as part of the follow-up to Rome. We accept that this will mean significant changes to the way our agencies and field offices manage the delivery of aid. We emphasise the need for all donors, multilateral and bilateral, as well as the global funds, to participate in harmonisation and alignment initiatives. We encourage developing countries to lead strong local co-ordination processes on the basis of their own development strategies and medium-term budget frameworks. We endorse the 2004 joint Marrakech Memorandum on Managing for Development Results, and the Core Principles attached to it, as a basis for consultation with developing countries. The proposed action plan should also be included in these consultations. We call for thorough preparation of the Paris High Level Forum and request the DAC Senior Level Meeting, to be held in December 2004, to identify where more progress in changing actual donor practices is needed, in the light of the report it will receive on progress since Rome.

3. We recognise the fundamental importance of broad-based economic growth to raising millions of poor people out of poverty, as demonstrated in the sustained growth in many Asian countries over recent decades. We are concerned that the growth prospects in many other countries are well below what should be attainable in today's world and well below what is needed to reach the MDGs in many poor countries, particularly in Africa. New efforts are needed to connect poor people into the growth and development process, especially the large proportion of poor people located in rural areas. Accountable and well-functioning legal and financial systems, as well as sound public management, are basic requirements.

We agree to give renewed priority to assisting partner countries to launch a dynamic growth process that decisively reduces poverty. We support the work in the DAC and elsewhere to understand better how to help generate sustained broad-based growth, through country-specific reforms which stimulate local entrepreneurship and trade capacity and create synergies between private sector development, trade, and investment in agriculture and infrastructure. Such growth strategies should be embedded in Poverty Reduction Strategies (PRS), investment in agriculture and infrastructure should receive renewed attention in this context. We also recognise the importance of assisting the emergence of a knowledge economy in developing countries. We welcome the interest and activities of other policy communities in the OECD in development co-operation, and their engagement in working for greater coherence of OECD policies impacting on trade, growth, and development prospects. We look forward to collaborating more closely with them in promoting an international environment facilitating development. Trade is key and we emphasise the importance of fulfilling the objectives of the Doha Development Declaration.

4. We recognise that security and development are inextricably linked. Conflict kills the prospects for broad-based growth. The DAC's 2001 Guidelines on Poverty Reduction identified human security as one of the five main dimensions of poverty. Without security in its broadest sense, the MDGs will not be attainable for millions of the poor. And without development, there can be no sustainable human security. There is a need for more integrated development and security policies, with greater civilian involvement and oversight of security systems. Security systems should seek to provide freedom from violence and fear. They should be people-centred, locally-owned frameworks, based on democratic principles, human rights and the rule of law. These principles are at the core of the concept of security system reform, which provides a new framework to structure co-operation to address security challenges facing states and their populations.

We endorse "Security System Reform and Governance: Policy and Good Practice", a DAC policy statement and reference paper that includes recommendations for donors to work on Security System Reform through whole-of-government approaches; strategic planning frameworks; and facilitation of reforms that are owned and led by developing country partners. We note that this guidance is in line with the conclusions of the final report of the Commission on Human Security submitted to the UN Secretary General in 2003, which we support.

5. The question of ODA eligibility in relation to conflict prevention, peace building and security-related activities has become more significant as our Governments and our developing country partners give greater attention to issues around peace, security and development, and reflect on the best use of development funds for this purpose. At the same time, we are committed to maintaining credibility of the definition of ODA and the role of the DAC as its guardian.

Against this background, we agreed that the definition of ODA relevant areas would need to be adjusted and clarified and we discussed a number of proposals. We decided to adjust and clarify ODA reporting guidelines relating to preventing recruitment of child soldiers, enhancing civil society's role in the security system, and civilian oversight and democratic control of the management of security expenditure. We also agreed to continue work and discussion on other items, bearing in mind the need to maintain the credibility of ODA and to protect the integrity of ODA budgets. We have asked the competent DAC bodies to report to the Senior Level Meeting in December 2004, with a view to reaching a consensus by the time of the 2005 High Level Meeting.

6. A substantial amount of ODA is devoted to humanitarian assistance, often in the context of crisis situations.

We encourage the DAC to see how it might best contribute, in the framework of its Peer Reviews, to meeting and improving standards in the area of Good Humanitarian Donorship.

7. The case of ODA eligibility of assistance for projects that would qualify under the Clean Development Mechanism (CDM) of the Kyoto Protocol poses important issues of how to support this instrument for sustainable development, while guarding against the risks of aid diversion.

We confirm our commitment to the Marrakesh agreement as the basis for our consideration. We note that it is the host party's prerogative to confirm whether a CDM project assists it in achieving sustainable development, and that the recipient country will need to approve each project including its source of financing. We agree that the value of any Certified Emission Reductions (CERs) received in connection with an ODA-financed CDM project should lead to a deduction of the equivalent value from ODA, irrespective of whether the CERs are sold or retained by the donor. We also rule out the possibility of counting as ODA funds used to purchase CERs. We request the DAC's expert groups on environment and statistics to continue work to clarify remaining unresolved issues and formulate a practical approach in time for the next reporting cycle. This approach would be subject to review within three years.

8. To conclude, we believe that, more than ever, development co-operation is a key instrument for achieving a world which offers decent and secure lives for all. As we approach the UN review in 2005, we are resolved to build on the new impetus to gear aid volume and effectiveness, as well as other development-related policies, to achieving the MDGs and to ensure that our publics are properly informed on the outcomes of these efforts.