



## DAC AND NON-DAC OECD DONORS RESPONDING TO GLOBAL DEVELOPMENT CHALLENGES AT A TIME OF CRISIS:

### DAC HIGH LEVEL MEETING ACTION PLAN

1. We, the participants in this DAC meeting at high level in Paris on 27 and 28 May, 2009, adopt the following Action Plan in response to the development challenges raised by the global economic and financial crisis. This Action Plan will feed into other major international forums, such as the upcoming OECD Ministerial Council Meeting, G8 Summit, UN Conference on the World Financial and Economic Crisis, the G20 Summit and the UN General Assembly.

#### A. Delivering on our pledges.

2. Member countries are deploying a wide range of policies for crisis recovery and sustainable growth, which will have major development impact. Policy coherence is all the more important in the crisis context. Recent OECD and DAC pledges on open trade, trade finance, aid, and the Doha Declaration on financing for Development underscore the importance of rejecting protectionism and of acting counter-cyclically. ODA reached record levels in 2008, and is now some 80% of the projected 2010 level implied by our current commitments. The shortfall remains significant and aid to Africa is falling well behind pledges. We all recognise the need for further collective momentum. We also recognise the risk of pressures towards additional aid tying as a result of the crisis.

- *We reaffirm our existing ODA commitments, especially for Africa.*
- *In the spirit of the Accra Agenda for Action, we will resist pressures to tie aid.*
- *We will work within our governments for coherent use of all policy levers for development.*

#### B. Integrating crisis management with long-term growth and the MDGs.

3. A return by 2011 to 2007 development levels still means four years lost on the road to the 2015 MDG horizon. For some low-income countries, recovery will be delayed further. Partner countries already face difficult tradeoffs between enduring priorities and urgent needs. The crisis also presents them with opportunities to reshape their strategies in a changing world economy. Aid provides a bridge to help countries safeguard social progress and social investments and at the same time build foundations for stronger, cleaner and fairer growth and the MDGs. Programmes in support of private sector development, employment and social protection, agriculture and food security, and infrastructure are central to this transition. Investing in women is critical at this time so that both women and men have the resources not only to survive - but also to thrive. Protecting developing countries from capital flight associated with tax evasion and strengthening asset recovery process are also action frontiers.

- *We will enhance our support for partner country priorities which help manage the impact of the crisis and underpin long-term development strategies, strengthened by accelerated action on gender equality. We believe aid can be catalytic in joining these two objectives.*

#### C. Embedding the Paris Declaration and the Accra Agenda for Action into the crisis response.

4. Improving the quality and effectiveness of aid, by delivering on the Paris Declaration and the Accra Agenda for Action, is the cornerstone of our crisis response. This starts with country ownership and leadership. New and existing thematic facilities which aim to disburse specific sectoral development assistance quickly across countries need to build more on national priorities, use existing channels for aid delivery and respect national accountability systems. There is also a need for stronger partnerships to collectively respond to the evolving country situations. Applying best practices in aid effectiveness in our crisis response will also help retain continued public support for ODA despite the economic downturn.

- *We will ensure that key commitments of the Paris Declaration and Accra Agenda for Action on country ownership, use of country systems and predictability are integral to the crisis response.*



- *We will signal clearly that any crisis responses, whether formulated at the country or at the international level, must be supportive of national strategies and processes. International coordination is not a substitute for country ownership.*
- *We will keep under review the thematic facilities developed in the crisis response context, and phase them out as appropriate, so as not to distort long-term recovery nor fragment the global architecture.*

#### **D. Signalling greater predictability in the international response.**

5. For low-income countries, additional concessional resources are relatively limited so far, and terms and timing are not yet certain. In the absence of predictable new resource envelopes, the major multilateral institutions have acted quickly to redeploy their existing programmes toward priority crisis-led needs. From a partner country standpoint, however, such redeployment entails the risk of an early exhaustion of existing country allocations. This might reduce take-up of the facilities offered, or require sacrificing other investments needed to reach the MDGs. It is up to donors to these international institutions to break this impasse by signalling greater predictability.

- *We confirm our willingness to consider the potential need to deploy additional resources for multilateral institutions to help meet emerging needs at the country level.*
- *We recognise the value of multilateral crisis-response facilities and that voluntary bilateral contributions to them can be effective. These should be additional to resources at country level and not reduce predictability.*

#### **E. Ensuring complementarity between ODA and other development flows.**

6. The crisis needs to be tackled using all instruments available, not just ODA. Policy coherence for development is critical. A wide array of instruments, channels and sources are available beyond ODA or leveraged by ODA which deliver important development results. This world of development finance includes various elements of other official flows, such as a large share of non-DAC assistance, some “innovative finance” and the private component of public-private partnership schemes, and philanthropic and voluntary contributions. It also includes some of the major new activities and sources linked to climate change, such as the Clean Development Mechanism, as well as to other global public goods. It is essential to make the most of possible synergies between these sources and actors and ODA. Overall financial flows, starting with domestic revenues must, be sustainable for partner countries. This would also raise public awareness and support for ODA in relation to other flows.

- *We will strengthen monitoring and benchmarking of this landscape of activities financed by, and beyond, ODA and seek overall debt sustainability for partner countries.*
- *We will promote complementarity between, and greater public understanding of, ODA and other forms of development finance.*

#### **F. Monitoring and accounting for our response to the crisis.**

7. The collective impact of our response to the crisis needs to be monitored, to ensure we are meeting our commitments on aid volumes and aid effectiveness and that our responses are supporting the needs of our partners. We will work with our partners to ensure that their needs and our forward aid intentions are co-ordinated at country level using existing processes.

- *We will co-ordinate around common country specific responses based on each partner country’s plan and we will jointly and regularly monitor the impact of our support.*
- *We will regularly review the speed and coherence of the overall crisis response and hold ourselves to account for delivering the commitments we have made today, at next year’s HLM and in following years.*