DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE

DRAFT ANNOTATED AGENDA OF THE SENIOR LEVEL MEETING

to be held on Tuesday 12 December 2000 at 15.00 and closing on
Wednesday 13 December at 18.00, at the Château de la Muette, Paris
### Development Assistance Committee

**Draft Annotated Agenda of the Senior Level Meeting**

**To be held on 12-13 December 2000, beginning at 15.00 on Tuesday 12 December and closing at 18.00 on Wednesday 13 December at the Château de la Muette, Paris**

| 1. Adoption of the Agenda                        | DCD/DAC/A(2000)13 |
| 2. Partnership, Poverty Reduction and Policy Coherence: From Commitment to Implementation | DCD/DAC(2000)26/REV1 DCD/DAC(2000)31 Tue. 15.00 - 17.00 |
| • DAC Guidelines on Poverty Reduction (Chapter 4)/OECD Policy Coherence Checklist | SG/SD(2000)11 |
| c) Draft Terms of Reference for DAC Task Force on Donor Practices | Wed. 11.30 -11.45 |
| d) OECD-Wide Sustainable Development Report:      | Wed. 11.45 -13.00 |
| • Draft Chapter 6: Strategies for Enhancing Sustainable Development in Non-Member Countries | DCD/DAC/EV(2000)7 Wed. 15.00 -16.00 |
| • Draft Chapter 5: Trade, Investment and Sustainable Development | DCD/DAC(2000)29 and /CORR1 Wed. 16.00 -16.30 |
| e) Supplement to DAC Guidelines on Conflict, Peace and Development Co-operation – Progress Report | Wed. 16.30 -17.15 |
| 3. Untying ODA to the Least Developed Countries: Effort Sharing - Report from Chairman of the Working Party on Financial Aspects of Development Assistance | JCF(00)183 Wed. 17.15 -17.45 |
| 4. Strengthening the DAC Peer Review Process     | Wed. 17.45 -18.00 |
| 5. 1996 DAC Recommendation on Anti-Corruption Clause: Review and Assessment of Experience | |
| 6. Review of ODA Reporting of the Costs of Refugees in Donor Countries | |
| 7. Suggested Topics for DAC 2001 High Level Meeting | |
| 8. Other Business                                | |

**Notes:**

- A Bulletin will be prepared for the SLM to provide brief and selective coverage of progress and plans in other areas of DAC work.
- Proposed topic for the working lunch discussion on Wednesday 13 December: DAC Input into forthcoming UN Events: LDCIII Conference and Financing for Development Event (Room Document)
ANNOTATIONS

Agenda Item 2: Partnership, Poverty Reduction and Policy Coherence: From Commitment to Implementation

1. Ministers for Development Co-operation and Heads of Aid Agencies endorsed a policy statement at their last High Level Meeting (11-12 May 2000) recording their commitment to implementing partnership principles in support of poverty reduction [DCD/DAC(2000)15/FINAL]. The DAC is working on a number of fronts to help guide the implementation process.


2. The DAC Informal Network on Poverty Reduction has been working since April 1999 on these guidelines. During the drafting process, consultations have been held with partner countries in Africa, (Dar es Salaam, March 2000), Asia (Dhaka and Jakarta, April 2000) and Latin America (Santiago, June 2000). A special consultation is scheduled for 15 February 2001 with human resource and management staff of DAC Aid Agencies to discuss Chapter V, on “Development Agency Institutional Capacity and Change”. The draft Guidelines will be revised as necessary in the light of the outcomes of this consultation and SLM guidance and then presented to the DAC High Level Meeting in April 2001 for endorsement.

3. The discussion under this agenda item should also take into account the ongoing work in the DAC Working Party on Development Co-operation and Environment (WP-ENV) on formulating guidance for donor support in implementing national strategies for sustainable development (nssds) in partner countries. This includes, in particular, identifying ways to support the integration of poverty reduction within long-term sustainable development strategies. DCD/DAC(2000)31 provides an overview of the themes to be covered in a final guidance document to be presented to the 2001 DAC High Level Meeting for endorsement. The final document will take account of the SLM discussion and the results of a workshop to be held in Bolivia in February 2001.

4. The outcomes of the following recent events in the DAC should also be taken into account during the discussion:

- Informal Meetings of the DAC with Heads of a number of UN Agencies on their role in poverty reduction: Emerging questions from discussions held so far [UNESCO, UNICEF, WHO, ILO (Room Document)].
5. In reviewing the text of the draft Poverty Reduction Guidelines and its accompanying Executive Summary as well as the overview of nssd Guidance, SLM Participants may wish to consider the following issues:

- **Do the Poverty Reduction Guidelines** provide adequate and appropriate orientations for addressing poverty reduction through partnership based on country-led, country-owned strategies? What key political messages should be included in the Statement that will be issued by Ministers at the time they endorse the Guidelines at the April 2001 HLM?

- **Part V of the Poverty Reduction Guidelines** lays out a challenging agenda for strengthening DAC Members’ institutional capacity to support partner country efforts to reduce poverty. How appropriate are its observations and recommendations in view of the constraints agencies face in this regard? What areas will be stressed by your agency in the future in terms of adjusting its structure, practices, culture and/or incentive systems to the demands of partnership country ownership and the increased focus on poverty reduction? Are there ways that agencies could work together to achieve some of these aims?

- **What should be the role of bilateral agencies in the still-evolving poverty reduction strategy process?** How can the different strategic planning frameworks in partner countries, such as nssds for example, be streamlined to facilitate coherence, participation and sound decision-making?

b) **Policy Coherence**

*Trade and development*

6. The collaborative OECD work on trade and development seeks to provide the elements for a broad-based strategy for shaping trade policies and the multilateral trade system in ways that enhance their contribution to poverty reduction. The “story line” emerging so far is that: (i) the liberalisation of trade and investment is the driving force behind the globalisation of the production process; (ii) some non-OECD countries are starting to participate in and benefit from this process, but many others are still lagging behind; (iii) compliance with WTO standards and technical requirements is far more demanding on the human and institutional capacities of many poor countries than the process of removing market access barriers; and (iv) the codification of rules and regulations for trade in goods and services in the WTO Single Undertaking has brought benefits to non-OECD countries.

7. However, more remains to be done, in particular with respect to (i) further liberalisation of market access; (ii) operationalisation of the provisions for Special and Differential Treatment; and (iii) effective trade capacity building. The Trade Committee discussed a first draft of the Trade Directorate’s study on trade and development issues [TD/TC/(2000)14 and ADD1] on 24-25 October 2000. The Director of the Trade Directorate, M. Jean-Marie Metzger, will introduce this study to Senior Level Meeting Participants.

8. It is proposed that the collaborative work be discussed at a half-day brainstorming among senior development and trade officials. A suitable moment for such a meeting would be the afternoon of 24 April 2001, *i.e.* immediately after the Trade Committee meeting and before the DAC High Level Meeting. The meeting would discuss all the building blocks of the present OECD work on trade and development. Participants could also address the requirements for an effective communication policy, including a strategy to reach out to non-members and civil society.
9. Members are requested to:

- Comment on the progress to date.
- Provide further guidance for the next phase of the collaborative work.

Capacity development for trade

10. The Secretariat is working closely with a small steering group of experts to produce guidance that will be relevant for bilateral and multilateral agencies, their partners in developing countries as well as the trade community. The guidance should help multilateral and bilateral donors and their development partners at the country level to address the implementation issues identified by the independent Review of the Integrated Framework for Trade-Related Technical Assistance, carried out by the World Bank in June of this year. Drawing on lessons learned at a DAC workshop held in May 2000 and a set of country case studies, the guidelines aim to clarify why this support is needed and the tools and modalities required to be effective. It will highlight the importance of bringing trade into comprehensive development frameworks in ways that provide a strong and positive contribution to growth and poverty reduction and assist the less advanced developing countries to effectively enter the globalisation process. A progress report, including an annotated outline of the guidelines is provided in document DCD/DAC(2000)32.

11. Questions for SLM participants:

- What needs to be done to ensure these guidelines promote synergies between the aid and trade communities on the one hand, and between the bilateral and multilateral donor communities on the other hand?
- How can the guidelines make a contribution to the effective implementation of the Integrated Framework/trade dimension of Poverty Reduction Strategy Papers (PRSPs)?
- How might relevant feedback best be sought from partner countries and civil society, prior to adoption of the guidelines at the HLM?

Policy Coherence Checklist

12. Chapter 4 of the Guidelines on Poverty Reduction will be the basis for an OECD-wide process designed to generate participation by different substantive Committees of the Organisation to frame issues and undertaking follow-up. The objective of this process is to draft an OECD Checklist on Policy Coherence for Poverty Reduction as requested by the 2000 OECD Council at Ministerial Level. SLM participants will be informed of progress to date [see Room Document].

13. Members are requested to:

- Indicate whether they are in a position to contribute to the internal OECD consultation process through improved consultation and co-ordination on this issue among different policy communities in their capital.
- Provide further guidance for the next phase of the work.
c) Draft Terms of Reference for DAC Task Force on Donor Practices

14. In their 2000 policy statement, HLM participants requested the DAC to consider the guidance needed to implement the partnership agenda. In this context, they suggested that work be undertaken - together with the Multilateral Development Banks and the United Nations - to facilitate the management tasks of partner countries, in particular where these are unnecessarily burdened by multiple procedural requirements on the donor side. To follow up on this mandate, an ad hoc meeting of the DAC on 26 October discussed a proposal to establish a Task Force (with a two-year mandate) to work on these issues. Subsequently the Secretariat drafted Terms of Reference for the envisaged Task Force, which were discussed by the DAC in its meeting on 7 November. The present draft [DCD/DAC(2000)28/REV1] takes account of Members’ comments and suggestions made at that meeting. In a separate note [DCD/DIR(2000)32], an estimate is provided of the resources needed for the Task Force to become operational. It should be noted that the bulk of these resources will have to be provided through voluntary contributions from Members.

15. SLM Participants are requested to:

- Endorse the establishment of a DAC Task Force and discuss and approve its Terms of Reference.
- Provide guidance on the future work of the Task Force, in particular on issues which should be considered by the Task Force when formulating its programme of work.

d) OECD-Wide Sustainable Development Report

16. In the context of the OECD-wide initiative on sustainable development, a draft chapter on enhancing sustainable development in non-member countries has been prepared by an OECD Secretariat team co-ordinated by the Development Co-operation Directorate and including the Environment Directorate, the Centre for Co-operation with Non-Members, the International Energy Agency, the Development Centre and the Club du Sahel.

17. SLM participants are invited to discuss this draft chapter and provide comments.

18. A related chapter, focusing on trade, investment and sustainable development, prepared by an OECD Secretariat team led by DAFFE, ECH, ENV and DCD is also submitted to SLM participants.

19. Both chapters will form part of the OECD "Analytical Report" on Sustainable Development. They will also provide inputs to the "Policy Report" on Sustainable Development being prepared, with the help of a multi-disciplinary ad hoc group of experts from capitals, for the OECD Ministerial Council Meeting in May 2001.

e) Supplement to Guidelines on Peace, Conflict and Development Co-operation

20. The Task Force on Conflict, Peace and Development Co-operation will meet on 14-15 December 2000 to discuss and review a draft policy note provisionally entitled, "Helping Prevent Violent Conflict: Orientations for External Partners" [DCD(2000)15]. This document supplements the key messages contained in the 1997 DAC Guidelines on "Conflict, Peace and Development Co-operation on the Threshold of the 21st Century". It builds on analytical work and consultations carried out by the Task Force, based on evolving experience and lessons learned. It is intended to submit the Policy Note to the 2001 High Level Meeting for approval.
Agenda Item 3: Untying ODA to the Least Developed Countries: Effort Sharing

21. In line with the mandate given by the DAC, the Working Party on Financial Aspects of Development Assistance (WP-FA) has so far held two rounds of discussion (in October and November) to explore possible approaches and mechanisms to address effort-sharing. The report from the Chairman of the Working Party, set in the broader context of the OECD 2000 Ministerial mandate and the encouragement from the Okinawa G8 Summit, takes stock of these discussions and the extent to which they offer productive avenues to meet the different perspectives held by Members on effort-sharing.

22. With reference to the report of the Chairman of the Working Party, SLM Participants are invited to assess the outlook for reaching agreement on an approach to satisfactorily address effort-sharing. With this in mind, SLM Participants are also invited to offer guidance with a view to:

- Concentrating efforts on an approach (or a combination of approaches) that is most likely to be a basis for eventual consensus on an effort-sharing mechanism; and
- Setting objectives for an effort-sharing mechanism that are realistic and within the reach of DAC Members.

Agenda Item 4: Strengthening the Peer Review Process

23. Following earlier discussions in the DAC, suggesting closer collaboration between the Peer Review and Policy Monitoring Division (PRPM) and the Working Party on Aid Evaluation (WP-EV), this issue will be discussed at the meeting of the WP-EV in late November. In a note prepared for that meeting [DCD/DAC/EV(2000)7] it is proposed to create a small WP-EV task force to interact with PRPM and give informal advice on the peer reviews from an evaluation standpoint. Tasks that could be taken up by such a task force include:

- Advise on the possible introduction of a mid-term self-assessment as a means to follow up on peer review recommendations and conclusions, and formulate parameters for such an assessment.
- Address concerns regarding the participation of examiners in the review process.
- Consider the possibility of involvement and inputs by the Member’s Evaluation Department in the initial phase of peer reviews.
- Consider an annual discussion in the WP-EV on peer reviews which would could be retrospective and/or prospective.

24. After the discussion of these proposals in the WP-EV a Room Document will be prepared for consideration by the Senior Level Meeting.
Agenda Item 5: 1996 DAC Recommendation on Anti-Corruption Clause: Review and Assessment of Experience

25. The report from the Working Party on Financial Aspects of Development Assistance reviews the measures taken by Members in compliance with the 1996 DAC Recommendation on Anti-Corruption Proposals for Aid-Funded Procurement and assesses their impact in tackling corruption. The review is based on Member’s responses to a questionnaire.

26. The report first recalls that all Members have introduced or strengthened anti-corruption provisions in their procurement systems, in full compliance with the Recommendation. The review of experience with these provisions shows that, in different ways, they have made important contributions to Members’ efforts to identify and tackle corruption. At a general level, the provisions taken pursuant to the Recommendation have sent strong and clear signals that donors, collectively, are resolved to fight corruption through common and co-ordinated approaches. This approach has also facilitated a constructive dialogue with other stakeholders (partner countries, the private sector, civil society). At more specific levels, the Recommendation has strengthened the ability and authority of Members to take actions, including legal actions, in cases where there has been evidence of corruption.

27. While the Recommendation specifically targets the area of aid-supported procurement, the review also shows that Members consider combating corruption to be an integral part of the broader development agenda, especially in relation to good governance. In these respects, SLM Participants are invited to comment on the following suggestions raised in the context of this review:

- Openness and transparency, together with monitoring and review procedures, are critical to combating corruption. Would Members consider developing a role, within the DAC, of a “clearing house” or forum to exchange information and experiences to strengthen the effectiveness of donor approaches and their dialogues with other stakeholders? If so, such a function could realise important synergies with other OECD initiatives to tackle the corruption issue [see Annex 1 of DCD/DAC(2000)29], and strengthen overall approaches.

- Increasing awareness of the costs and consequences of corruption, and strengthening countries’ ability to fight corruption, are regarded as crucial elements of the dialogue with partner countries. Do Members agree that DAC work in these areas could be strengthened and made more visible? If so, efforts could include initiatives to raise awareness in partner countries (both with government employees as well as with the public and media more generally) as well as efforts to improve human and institutional capacities, dovetailing anti-corruption initiatives with good governance programmes.

Agenda Item 6: Review of ODA Reporting of the Costs of Refugees in Donor Countries

28. At last year’s Senior Level Meeting, Switzerland requested, and offered to fund, a study of Members’ ODA reporting of the costs of refugees in donor countries. This was completed by two consultants, Mr G. Perroulaz and Ms V. Peat, both from the Institut Universitaire d’Etudes de Développement in Geneva [DCD/DAC(2000)22]. The consultants will present their report to the meeting.
29. The DAC meeting on 7 November 2000 was scheduled to consider the report, but had insufficient time to do so. To help prepare discussion at the SLM, the Secretariat therefore circulated a revised version of the consultants’ suggested new rules for reporting these costs [DCD/DAC(2000)30], and requested Members’ comments by 17 November.

30. It appears there is still considerable divergence of views among Members on this topic. Some would prefer not to count any expenditure on refugees in donor countries as ODA, others wish to extend ODA reporting beyond what is currently allowed. Various other proposals fall between these positions.

31. The Secretariat will inform Members in advance of the SLM of the responses received to DCD/DAC(2000)30. At this stage SLM Participants are invited to provide guidance on the following issues:

- Should ODA reporting of this item continue, or be phased out?
- If ODA reporting continues, should it continue to be restricted to the first twelve months of a refugee’s stay?
- If ODA reporting continues, which categories of refugees should be counted?
- Are the prospects for securing agreement on new reporting rules sufficiently encouraging to warrant asking the DAC to finalise and adopt the proposals in the new year?

Agenda Item 7: Suggested topics for DAC 2001 High Level Meeting

32. The SLM is asked to propose main topics for discussion at the High Level Meeting in 2001. The DAC Chairman has written a letter to participants providing ideas and suggestions [JCF(00)183].