Summary Record of the 1039th DAC meeting held on 1 February 2018

By the 31 March 2018 deadline, only minor editorial comments were received to paragraphs 32 and 33 of the revised summary record [DCD/DAC/M(2018)2/REV1] from the 1 February 2018 DAC meeting. This record is now considered approved by the Committee, issued as FINAL, and declassified.

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Summary Record of the 1039th DAC meeting
held on 1 February 2018

Item 1. Welcome and Adoption of the Agenda

1. The DAC Chair, Ms. Charlotte Petri Gornitzka, welcomed participants and invited comments on the agenda. The delegate from the United States asked if the Committee was requested to approve the establishment of the private sector platform under agenda item 9. The Director, Mr. Jorge Moreira da Silva, clarified that the Secretariat would request Committee feedback to guide the proposal and would come back to the DAC for formal approval at a later time. The Chair then proposed to invert the order of items 8 and 9 to accommodate the schedule of speakers. The Committee agreed to this change and approved the agenda without further modification.

Item 2. Approval of Draft Summary Records

2. The Chair invited the Committee to approve four draft summary records: the 1033rd DAC Meeting held on 29 September 2017, the DAC High Level Meeting (HLM) held on 30-31 October 2017, the 1036th DAC meeting held on 28 November 2017, and the 1038th DAC meeting held on 11 January 2018. The DAC approved all four without modification. The Committee further agreed to declassify all four records so that they would be accessible to an external audience.

Item 3. Briefing by the DCD Director and DAC Chair

3. The DCD Director highlighted a number of recent and upcoming meetings of interest to the Committee. The DAC Network on Gender Equality (GENDERNET) organised, together with the Development Centre and the Statistics Directorate, the first OECD Policy Dialogue on Women’s Economic Empowerment on 25 January. The event focussed on identifying lessons learned for reducing women’s unpaid care and domestic work, to allow women to access economic opportunities. GENDERNET will pursue this work stream on women’s unpaid care work together with the other parts of the OECD, including by preparing analytical work and policy guidance, and organising future meetings at the regional level. On 29 January, the Chair and Secretariat launched the report "Making Blended Finance work for the SDGs" at a meeting on Private Finance for Sustainable Development.

4. The Effective Institutions Platform will convene the International Forum On Peer-To-Peer Learning For Effective Institutions: Implementing The New Development Agenda in the Boulogne Auditorium on 13-14 February 2018. The aim of this Forum is to demonstrate how peer-to-peer learning can serve as an innovative and sustainable form of capacity development which respects country ownership and involves South-South co-operation. Invitations with a concept note and agenda will be issued shortly.

5. The 2018 Illicit Financial Flows (IFFs) report, entitled The Economy of Illicit Trade in West Africa, will be launched on 20 February in Paris. The event will be

1 http://dx.doi.org/10.1787/9789264288768-en
attended by Ambassador Segun Apata, member of the High Level Panel on IFFs from Africa and former Ambassador of Nigeria in the Democratic Republic of the Congo, senior officials from pan-African institutions, DAC Ambassadors, several African Ambassadors in Paris, and senior IFF experts. The Secretariat will share an invitation with OECD ambassadors very shortly.

6. The DAC Chair reported on recent developments from her office and pointed delegates to the newsletter update she had just issued to the Committee. She highlighted a mission to London to meet with the new State Secretary and to Washington to meet with USAID Administrator Mark Green as well as thought leaders at the Brookings Institute. At the latter meetings, participants expressed their hope that the DAC position itself more visibly on development issues and place development policy higher on the political agenda. With USAID, the chair initiated discussions on this year's Tidewater meeting and agreed on the dates of 3-5 June, although the exact location near Washington is still to be determined. All DAC Members (including DAC participants and non-DAC OECD delegations) will be invited to attend the event at the ministerial level. June. Invitations will be issued soon with a detailed agenda available in early April.

7. The Chair invited delegates to read a Development Matters blog she had recently authored on the results from the Davos World Economic Forum. She commented that there is great interest around the world for the DAC to participate in panels and discuss development issues. She announced that her office had circulated a concept note on the 2018 DAC roundtables; the next such event will focus on whole-of-government approaches to SDG implementation and will take place in mid-March. She then reported on a successful presentation of the monitoring report on the DAC In-Depth Evaluation, delivered to the Evaluation Committee on 29 January. She said that Evaluation Committee delegates recognised that the DAC does much more than the report outlines.

8. In his capacity as DAC co-facilitator of the Working Party on Development Finance Statistics (WP-STAT), the delegate from the Slovak Republic reported on the results from the informal meetings on 30-31 January. Over 140 attendees participated. Comments were sought until end of February on a number of issues. On refugees/migration, a work plan on peer learning has been approved. Members provided comments on the new codes. Participants expressed an urgency to find an agreement on the treatment of EU refugee facility in Turkey, for which the EU will provide operational-level data. A discussion on revising the WP-STAT mandate will continue in the bureau with a formal discussion in the June WP-STAT meeting. The debate centred on alignment with the new DAC mandate, SDGs, and greater engagement with CSOs. If successful, the revised mandate will be submitted to the DAC by September 2018. On the list of ODA recipients, alternative presentations were discussed with diverging views from members. On reinstatement, discussions will continue on governance. On the work conducted to examine emergency financing mechanisms, including a possible role for temporary ODA spending, guidelines need to be developed to protect the credibility of ODA. Additional work on the matter is required, particularly research on alternative financing available to high-income countries. In updating the reporting directives, the cover sheet will make an explicit reference to PSI, subject to comments by end February.

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2 Available at: https://oecd-development-matters.org/2018/01/29/reflections-on-scaling-up-financing-for-development/
Item 4. Strategic Planning for 2018

9. On behalf of the DAC Bureau, the delegate from Canada presented a document outlining the strategic planning for 2018, which was based on a consolidation of the January roadmap and the Secretariat’s mapping of High Level Meeting decisions. Canada emphasised that it is a working and living document intended to informally guide the work of the DAC in 2018. He stressed that the agendas for meetings were heavily packed with items and that members may therefore wish to take full advantage of the DAC facilitator groups to better organise the work.

10. Members welcomed the document and expressed their high appreciation for the very useful and practical information it provides. The Committee agreed that members will send any comments for improvement in writing to the Secretariat. Although members recognised that the work ahead will inform and help the Committee set common objectives for 2018, some expressed nevertheless the need for further prioritisation. Many members highlighted their priorities for the work ahead, including private sector instruments, more targeted focus on Least Developed Countries and emerging countries, engagement with partner countries, follow-up to the Development Co-operation Report, gender equality and women’s economic empowerment, and financing of the Chair. Some members asked for more meetings on substance as well as ongoing work, including the Global Partnership for Effective Development Co-operation, modernisation of Official Development Assistance, and Total Official Support for Sustainable Development (TOSSD). The Director pointed out that the “Summary of key DAC decisions / product launches for 2018” on page 2 of the document constitutes a preliminary and indicative pitch for priority setting. He added that the Secretariat would point out in writing some superficial inconsistencies in the paper that will need to be corrected.

11. Regarding the financing of the DAC Chair, one member suggested leaving all the options on the table open and another that the discussion be deferred to a later point, even after the ongoing negotiations on the Programme of Work and Budget, arguing that it may be more appropriate for 2019. Regarding the organisation of an SLM, members were overall supportive but affirmed that the precondition for organising one would be to have enough substantive topics for discussion and decision to attract the attendance of senior-level representatives from capitals. As far as timing is concerned, members agreed that the end of the year would be more appropriate, with one suggesting that the Committee might be in a better position to assess the need for an SLM in June or July 2018 when certain work will have advanced.

Item 5. Programme of Work and Budget 2019-20

12. The Director presented an initial draft Programme of Work and Budget (PWB) for the 2019-20 biennium [DCD/DAC/RD(2018)2], which takes into account comments received from members verbally at the 23 January informal meeting of the DAC focal group on the PWB as well as in writing following that meeting. This proposal also incorporates the vision and reflections from the DAC reform process, the HLM, and the 2030 Agenda as well as the lessons learned from the current PWB. It outlines the DAC’s role in delivering on the 2030 Agenda in a world with great development challenges and emerging megatrends. The PWB proposal is in line with the 2019-20 Medium-Term Orientations (MTO) report, which was discussed in Council in December 2017. For the DAC, the key points of the 2019-20 MTO are: (i) the vast majority of preferences are for current Part I Budget resource allocations to remain constant; and (ii) for each of the
4 Output Areas there is a minority of members that have preferences for increases and/or decreases.

13. The PWB proposal includes 15 output results (the same number as in the current PWB) and 48 intermediate output results (as opposed to 45 in the current PWB). The Director then clarified the proposals for a number of specific intermediate output results (IOR), including work on a financing for development platform (IOR 3.6), innovation (IOR 7.1), communication (IOR 15.6).

14. The delegate from Switzerland, in his capacity as co-chair of the DAC focal group on the PWB, intervened to outline the results from the 23 January meeting. He said that members had commented on the title of the document which makes specific reference to the 'leaving no one behind' pledge in the 2030 Agenda. The narrative was generally well received and could benefit by spelling out the role of the DAC more clearly. Members had also commented on the ambition of the introductory chapter and the resources required to live up to that ambition.

15. In discussion, members welcomed the proposal and highlighted their priorities, including the Committee's core strengths (aid statistics, peer reviews), the work of the subsidiary bodies, TOSSD, conflict and fragility, peacekeeping, outreach and collaboration with ODA recipient countries, horizontal collaboration within the OECD, and gender equality mainstreamed across all output results. Many delegates called on the Committee to focus its efforts on support to Least Developed Countries and countries most in need. Others emphasised the need to work on transition finance and support to small island developing states. A few delegates questioned the reduction (by two) in the number of peer reviews proposed over the biennium. The Secretariat responded that, in addition to the 10 full country reviews it would also produce thematic reviews; increasing the number of reviews would require greater resources. The DAC supported the use of agreed language from the HLM Communiqué in the PWB and expressed its eagerness to see a proposed breakdown between foundational and optional elements.

16. In concluding the discussion, the Director pointed out that the document proposes to expand certain work streams (e.g., blended and transition finance, small island developing states), reduce the scope of others (e.g., certain aspects of ODA modernisation), and draw to a close others (e.g., some aspects of infrastructure policies) due to a lack of interest from members to provide financing. He acknowledged members' comments on the need to prioritise work and encouraged members to express their prioritisation preferences. On next steps in the process, the Director invited written comments on the proposal by Wednesday, 7 February. The Secretariat will redraft the proposal based on those written comments and the comments expressed today. At the second informal meeting of the focal group on the PWB in late February, the Secretariat will provide preliminary budget figures and additional text on IORs. In addition, a meeting with the co-chairs of the subsidiary bodies and networks will be held shortly thereafter (dates to be communicated later) to fine-tune the proposed PWB.

Item 6. Transition Finance

17. The DAC Chair introduced this item by highlighting the increasing attention that the development community has paid to transition finance in recent years. For example, the 2014 DAC HLM recognised the need to better target concessional finance and agreed to allocate more of total ODA to countries most in need. At its May 2017 meeting, the DAC discussed the issue of transition finance in particular relative to small island
developing states, and the 2017 DAC HLM delivered a concrete call for analytical work to help identify where ODA is most needed.

18. The DCD Director mentioned the Secretariat’s participation in a pair of transition finance events in 2016 and 2017 organised by the EU and Development Centre respectively and recognised the formal mandate to conduct work in this area, delivered at the HLM. The Secretariat (Mr. Olivier Cattaneo and Ms. Cecilia Piemonte) then presented the outline of some preliminary work on transition undertaken by the Secretariat under the ‘countries most in need’ work stream. With regard to the multitude of actors actively working on this issue (Development Centre, UNDESA, UNDP, UNCTAD, etc.), the Secretariat suggested to focus on financing for development issues and donors’ perspectives in particular (to include, for example, regional integration dimensions, and ensure the long-lasting effect of development assistance). The Secretariat presented the methodology used for the work, based on data and fact-based analysis at key stages of transition, and illustrated the analysis with selected case studies of countries at different stages of transition (Cabo Verde, Kenya, Samoa, Vanuatu, Low Income Countries, Least Development Countries, ODA-graduated countries).

19. The DAC welcomed the Secretariat’s transition finance work, its focus and methodology. Strong support was especially expressed by Japan, Spain, the EU, New Zealand and Portugal. The USA (supported by Italy and France) highlighted that the transition work should be seen in the light of the new DAC mandate’s commitment to a future in which no country depends on aid. In particular, an evidence-based picture of other sources of private and domestic finance available to countries in transition can help inform the understanding of how best to assist developing countries, securing these other sources of financing over the long term. The DAC provided some guidance on possible ways forward for this specific work and beyond in the next biennium: for a number of delegations such as Sweden, Denmark, Ireland, Norway, Canada, Korea and Finland, the focus of the work should be on the countries most in need, especially LDCs. Other delegations, including Spain, Mexico, Japan, and Australia, pointed to the need to explore the case of ODA graduation given persistent inequalities (and the related issue of inclusiveness and most vulnerable people). This led some delegations, such as the EU and Australia, to suggest that a representative sample of countries be selected, including to explore the various stages of transition (Belgium and New Zealand). It was also recommended, for instance by Canada, Ireland and Portugal, to look not only at flows (quantity) but also at the quality of the flows (not all sources of finance are equal). Related to this issue was the question of capacity building and domestic resource mobilisation. Lastly, it was stressed that not all sectors are equally dependent on the various sources of development finance and the impact of transition might vary accordingly.

20. Members expressed the need to enhance synergies with the Development Centre and asked to clearly define the division of labour between the two directorates. Mexico suggested to link this work with the outreach team. Members also encouraged linking this with work currently being undertaken by the multilateral development banks; the World Bank offered to liaise with the Secretariat to share its own experiences in IDA and IBRD graduation.

Item 7. Multilateral Development Finance: Update and Way Forward

21. The Secretariat presented a paper describing the concept and timeline for the next Multilateral Development Finance report, to be published at the end of 2018. It then
invited members to express their views, especially in relation to: (i) the priority events and processes that they would like to influence with this work in the year ahead and (ii) the relevance and focus of this work stream in the medium term.

22. Members stressed the relevance and value added of the work on multilateral development finance, providing concrete examples of how this work has helped them shape their multilateral development policies and influenced their stances in domestic and international discussions on the topic. For example, some members highlighted how the broad overview and analysis of funding to the multilateral system in the report has contributed to their discussions relating to effectiveness review targets within MOPAN and several donor group discussions. Some members also noted that while other efforts to analyse multilateral development finance efforts exist (e.g., G20 efforts on MDB balance sheet optimisation, MOPAN, the Global Partnership on Effective Development Co-operation, UK Multilateral Aid Review), the work stream on multilateral development finance seems to have thoughtfully considered its added value and has represented a unique and valuable source of evidence and policy guidance on multilateral development matters.

23. Members appreciated the timely contribution that the next edition of the report offers to current international discussions on multilateral reforms – especially in the context of the United Nations development system – as well as to the OECD ‘rebuilding multilateralism’ agenda. Several members welcomed the focus on an evidence-based discussion of what constitutes “good multilateral financing”, with some members highlighting how this could also inform existing and perspective domestic multilateral aid reviews. Several members expressed interest in the pilot study on the World Health Organisation that will be part of the next report, and some offered to collaborate with the report’s team to provide additional evidence and statistical data for this exercise. Members also highlighted interest in further investigation of other issues, including: why donors choose different multilateral channels and when/where multilateral organisations have the most value added compared to bilateral channels; how competition over funding is affecting the incentive structures of multilateral organisations; how multilateral development banks are supporting specific priorities, including gender equality.

24. Some members expressed the need to integrate this work in the next PWB in a way that adequately reflects the broad support and interest expressed during this discussion. The Secretariat acknowledged the broad support and comments from members and highlighted the existence of funding opportunities for members who would still like to contribute to the financing of the report.

Item 8. Total Official Support for Sustainable Development (TOSSD)

25. The Secretariat provided an update on the ongoing work of the international Task Force established to help define the statistical features of TOSSD. The Secretariat (Ms. Julia Benn) presented an overview of progress made by the Task Force in developing draft emerging Reporting Instructions on the TOSSD cross-border resource flows pillar, flagging questions that were still under discussion and on which views would be sought from broader stakeholders. She informed the Committee that the Task Force had also discussed the governance of the TOSSD measure and had expressed strong support for situating the political home of TOSSD within the United Nations (UN Statistical Commission or ECOSOC) while the OECD could be designated as the main implementer of the system in partnership with the UN. She then outlined the planned TOSSD events and consultations, including with the DAC, until March 2019.
26. The Committee welcomed the update and thanked the Secretariat also for the presentation made to the WP-STAT on 30 January. Members were encouraged by progress in the work of the Task Force on the cross-border resource flows pillar and looked forward to work starting on the second pillar on development enablers and global challenges. Belgium expressed interest in having some aspects of TOSSD discussed in the Committee and noted its specific interest in the second pillar. The EU expressed support for the proposed approach regarding the governance of TOSSD, noting that an inclusive multi-stakeholder governance mechanism anchored in the UN would ensure the political legitimacy of the framework, but TOSSD also needed a solid technical basis that could be found in DCD. Canada, Denmark and the EU stressed the importance of events aiming at socialisation of TOSSD, including the upcoming side event at the UNSC in March and potential regional consultations which should be organised on a geographically balanced basis. Canada flagged that there was still scepticism about the TOSSD measure in some developing countries and civil society organisations as it could be perceived as reducing the prominence of ODA and countries’ commitments on ODA. In their view the DAC Delegates could play a useful role, reaching out to their UN counterparts to inform them about, and gain support for, the work of the Task Force. The Czech Republic informed the Committee that one of the priorities for its UN ECOSOC presidency was to strengthen the co-operation between OECD and ECOSOC; it supported TOSSD and would host an event under its presidency.

27. Mexico flagged the need for the DAC to understand the reasons why Southern providers were reluctant to monetise technical co-operation and that for TOSSD to be acceptable for these countries, a method such as an international standard salary table or purchasing power parities was needed. The United States shared the view that the key to getting the Southern providers on board was the valuation of technical co-operation and that it was necessary to be as open and flexible as possible to ensure buy-in from them. It further suggested that if there were issues that could not be agreed upon, data collection could proceed on a two-track basis and the data could inform future decision making.

28. The DCD Director noted that, in comparison with the discussion on TOSSD a year ago, the inclusive nature of the TOSSD Task Force had helped to solve some issues and the DAC should be given credit for following this approach. There was however a need to think beyond the Task Force and seek support for TOSSD at the UN. As regards accountability to the DAC, the Committee should be invited to provide some guidance on the content. Ms. Benn suggested that the Secretariat could discuss with the DAC Bureau which aspects of TOSSD might be presented for discussion in the DAC. She also clarified that the intervention at the March 2018 meeting of the UN Statistical Commission (UNSC) would be a brief statement requesting the inclusion of the TOSSD statistical framework on the formal agenda of the March 2019 UNSC meeting.
Item 9. Private Finance for Sustainable Development

29. The Secretariat presented a concrete proposal [DCD/DAC(2018)6] for the establishment of a two-pillar platform for private sector in development policy work and engagement with the private sector. The presentation detailed in particular how the platform would function, with Pillar I focusing on inclusive growth and Pillar II on financing for sustainable development. The two pillars would ensure a strong cross-fertilisation between one another and create links among communities within the OECD and beyond. It would build on existing work and committees across the OECD (Pillar I), as well as existing partnerships outside the OECD (Pillar II), bringing together different perspectives and expertise on common topics.

30. The platform received broad support from the DAC, though a number of questions were raised on issues such as how the platform would function and how it would engage with external actors. The Secretariat will develop terms of reference for the platform to be submitted to the DAC for endorsement.


31. The DCD and CFE Directors expressed appreciation for the horizontal collaboration between the Centre for Entrepreneurship, SMEs and Local Development and Tourism (CFE) and the Development Co-operation Directorate (DCD) in co-operation with the European Commission's Directorate-General for International Cooperation and Development (DG DEVCO) over the past year on Decentralised Development Co-operation (DDC). The Directors stressed that the DDC work is an area of increasing strategic importance – involving new actors and new financing modalities, as well as new opportunities to maximise development impact. The project presents the opportunity to help fulfil the DAC HLM October 2017 agreement to ensure that development co-operation policies are fit-for-purpose at all levels of government and that they respond to the realities of the 2030 Agenda. The Directors reaffirmed the timeliness and relevance of the project for both directorates, particularly to appraise the potential of DDC as a vehicle to localise Global Agendas, through mainstreaming the SDGs in local and regional policies and to fulfil the Addis Ababa Action Agenda on DDC to LDCs and SIDS\(^3\).

32. The Secretariat presented the draft report which seeks to stocktake financial flows related to DDC, including an update on the 2005 study on “Aid extended by local and regional governments”. Several DAC members participated in the 2017 DDC Survey which aimed to facilitate co-ordination on CRS data reporting with sub-national counterparts and provided valuable insights on approaches to DDC across levels of government. The report highlights the potential of DDC to enhance transparency and effectiveness. Although several members improved reporting on DDC as a result of the project, there is a need to fill persistent data gaps, further harmonise reporting, and ensure disaggregation between municipal and regional reporting. The report also provides a typology of DDC definitions, underscoring the challenges due to a lack of a common definition and conceptual framework. The report highlights further challenges in terms of fragmentation of projects and transaction costs, financial predictability, monitoring of impacts, and co-ordination and alignment with priorities across levels of government. The

report also emphasises emerging trends and innovative paradigms which present new opportunities to mobilise resources and maximise development impact. The study shows that DDC also includes city-to-city co-operation, peer-to-peer learning, and exchange of know-how/good practice, including in key sectors to achieve the SDGs such as gender equality and women's empowerment and climate change adaptation. In the last decade, DDC approaches have shifted from vertical, top–down and north–south DDC to more horizontal, territorial and triangular partnerships including north–north and south–south. The report proposes several recommendations to leverage the potential of DDC.

33. The EU welcomed the encouraging trends in DDC which will underpin the EU Consensus on Development, noting the role of twinning to support urbanisation and the SDGs. The EU appealed to DAC members to improve reporting on DDC. DAC members welcomed the work, stressing the importance of a universal definition of DDC and expressed interest in improving data availability. Members further welcomed future work on DDC to enhance data collection and understanding of emerging paradigms as well as on DDC as a vehicle to localise the SDGs. DAC members were invited to provide written comments on the draft report [COM/CFE/RDFC/DCD/DAC(2018)1] by 16 February 2018.

**Item 11. Any Other Business**

34. The delegate from Finland reminded the Committee that the DAC retreat would be held on 8 February 2018 at the Finnish embassy. The delegates from New Zealand, Ireland, and Finland are chairing the organisation team and have shared an agenda with delegates. More information will be shared soon.

35. The delegate from the Czech Republic announced that he had circulated an invitation for the 13 February meeting of the DAC informal group on engagement. The main topic of discussion will be a revised global relations strategy for the DAC.