Summary Record of the 1041st DAC meeting, held on 12 March 2018

The Draft Summary Record [DCD/DAC/M(2018)3] was approved under Item 2 of the Draft Annotated Agenda [DCD/DAC/A(2018)5] without modification at the 9 April 2018 DAC meeting and is now issued as FINAL. The Committee also agreed to declassify this final version.

Contact: Eric Bensel - Tel: +33 (0)1 45 24 76 52 - E-mail: eric.bensel@oecd.org

JT03429934
Summary Record of the 1041st DAC meeting, held on 12 March 2018

Item 1. Welcome and Adoption of the Agenda

1. The DAC Chair welcomed participants and acknowledged new delegates from Austria, the Czech Republic, and Luxembourg. The Chair then invited the Committee to approve the day's agenda, which they did without modification.

Item 2. Approval of Draft Summary Record

2. The Chair invited delegates to approve the draft summary record from the 1039th DAC meeting held on 1 February 2018. Sweden intervened to announce that it had revisions to propose on paragraph 8, which would be sent to the Secretariat. The Chair asked the Secretariat to work with Sweden to propose a revised record for the full Committee to approve via the written procedure. The DAC then agreed to declassify the summary record, once approved.

Item 3. Briefing by the DCD Director and DAC Chair

3. The DCD Director reported to the Committee on a number of recent developments. He presented the restructuring of the Development Co-operation Directorate: the division formerly known as REED has been rebranded as the Review, Results, Evaluations and Development Innovation (RREDI) division. The SDF division has been rebranded as the Financing for Sustainable Development (FSD) division which now includes a unit on Environment and Climate Change, and a new unit under the Director's Office has been created entitled Foresight, Outreach and Policy Reform (FOR). The Global Partnerships and Policies (GPP) division now houses the work on refugees and migration. He then outlined a number of successful recruitments to fill several vacant positions.

4. On the issue of debt relief, the Director asserted that the Secretariat is of the view that a conservative approach should be followed to maintain the credibility of Official Development Assistance (ODA) by not inflating it, keeping in mind that a solid narrative will be needed to explain why some ODA credit is given for debt relief in a risk-adjusted grant equivalent system. He announced that the Bureau of the DAC Working Party on Development Finance Statistics (WP-STAT) will decide on appropriate next steps for finalising the revision of rules in time for reporting of 2018 data in the grant equivalent system. He promised to share further details with the Committee on the debt relief issue in writing.

5. On the issue of private sector instruments (PSI), the Director stated that, given that some members do not accept any changes to the Reporting Directives and others disagree on the changes to be made, the Secretariat will proceed with its proposal to revert back to the original text of footnotes on PSI and to include a cover note. These changes will be made in a revised version of the draft Directives, which will be issued for approval under the written procedure in the coming weeks. The DAC Chair then outlined a process for taking forward the PSI issue, which as a first step will involve a dinner discussion in the margins of this year's World Bank / IMF Spring Meetings in mid-April. Invitees will primarily be G7 countries but if other DAC members are able to deliver ministerial-level participation, they are invited to reach out to the DAC Chair to discuss. Following that meeting, the Chair will report back to the full DAC to spell out the results of the meeting and outline next steps in the process.

6. The Director reported on the results of a meeting the previous week in the margins of the UN Statistical Commission (UNSC) in New York on the Total Official Support for Sustainable Development (TOSSD) measure. The Director moderated a side event that featured the OECD Chief Statistician and panellists from Costa Rica, Nigeria, and the TOSSD Task Force co-chairs from the Philippines and the EU. An Inter-Agency Expert Group meeting on the SDGs will be
held in April at which participants will address TOSSD then at the 2019 UNSC in March TOSSD is expected to be approved. He encouraged delegates to engage with their UN delegations to take this important work forward. The next TOSSD task force meeting will be held in Brussels on 29-31 May 2018.

7. On 20 February 2018, the Secretariat launched the new report, “Illicit Financial Flows (IFFs): The Economy of Illicit Trade in West Africa”. The event initiated discussions about a process to enhance OECD and ECA collaboration on preventing IFFs through the potential creation of an OECD-ECA Platform for Mutual Review and Policy Dialogue on IFFs, focused on three key policy priorities: tax transparency, trade and investment, and corruption. Together with Portugal, the Secretariat is organising a meeting on triangular co-operation in Lisbon on 17-18 April 2018. This year’s meeting will focus on how to make best use of the value added of triangular co-operation. The Director of the UN Office for South-South Co-operation, Mr. Jorge Chediek, has confirmed his participation.

8. The Director then announced the 30 January 2018 approval of Kuwait as a new DAC Participant. The internal consultation processes have now been completed and the Secretary-General will soon send a formal invitation to Romania to become a Participant of the DAC. The Secretary-General has also sent a formal invitation to Saudi Arabia to become a Participant.

9. The Global Forum on Development will take place on 5 April 2018 with a focus on youth and gender. Her Royal Highness Crown Princess Mary of Denmark, the first lady of Afghanistan, and the R.H. Princess of Burkina Faso have all been confirmed. The Secretary-General will open the proceedings and the DAC Chair has kindly agreed to serve on a panel to discuss the "Economic Empowerment of Youth and Women in Developing Countries". Delegations are asked to encourage their governments to attend at the highest level possible.

10. 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 referenced the DAC retreat held on 8 February and echoed the message she delivered at that time: that her priority is to drive the DAC reform, of which one of the most central components is outreach. She then reported on the results of her recent missions to South Korea and Geneva. On the former mission she presented the Korean peer review and discussed how South Korea can engage more on outreach efforts, including facilitating closer work with China. During that same mission, she met with the Green Climate Fund. In Geneva, the Chair conducted outreach to UN bodies and communicated around DAC work on development finance. She asserted that it is important to build trust in the G77, in particular relating to the TOSSD process, and announced that the G77 head in Geneva invited the DAC to convene a meeting there.

11. The Chair then highlighted that there are two parallel processes currently being undertaken with the subsidiary bodies: one to engage them in defining the PWB and another to revise their mandates. These bodies have already been involved in the PWB and will continue to contribute to the process. The Secretariat is working with DAC facilitators of subsidiary bodies and the Bureau to define the process of mandate renewal.

**Item 4. Programme of Work and Budget 2019-20**

12. The Co-chairs of the DAC Focal Group on the Programme of Work and Budget (PWB) briefed the Committee on the discussions of the 26 February informal meeting and announced that the next such meeting would take place on 28 March. They requested that the Secretariat provide a revised PWB proposal by 23 March.
13. The Director presented the draft PWB for the 2019-20 biennium [DCD/DAC(2018)8]. He thanked the co-chairs of the PWB focal group for having convened the informal meeting and acknowledged the participation of delegates and network co-chairs at the meeting on 1 March. The Director highlighted that a marginal increase of 1.9% was proposed for the total PWB envelope but clarified that Part 1 assessed contributions will not increase. Budget envelopes for foundational outputs increased by 3.3 million €; optional outputs decreased by 1.6 million € and partnerships decreased by 975 KEUR. In line with the results of the MTO survey, Part 1 funds have been primarily used to fund DAC work on statistics (OA 5.1.1) and peer reviews (OA 5.1.2). Marginal increases were made to OA 5.1.3 and OA 5.1.4. The total amount for the Global Partnership increased and those for EIP and IDPS decreased (since during the current PWB the Secretariat has not received financial contributions from DAC members to support these hosted partnerships). In order to clarify the Committee's views on the hosting of the EIP and IDPS platforms, the Secretariat will organise a consultation with DAC members.

14. In discussion, members welcomed the proposal and requested that more attention be given to prioritising LDCs and poverty eradication; highlighted their priorities, including the Committee's core strengths (statistics, including TOSSD, peer reviews), the work of the subsidiary bodies, the work on gender and conflict, peacekeeping, horizontal collaboration within the OECD (including with CTP on tax and development). Members emphasised the need to work on transition finance in collaboration with other parts of the Development Cluster and advised to focus on the core values of the DAC, avoiding duplication with other international organisations.

15. Some members supported the inclusion of a new IOR on data for development and others highlighted the need to ensure a better balance between IOR 1, IOR 2 and IOR 3 within the output result 5.1.1. Others referred to the importance of the CSO work, the DCR, the Multilateral Development Finance Report, the Aid for Trade Report, triangular co-operation and oceans and blue economy analysis. Some delegates asked for more information on IOR 3.4 relating to energy, on IOR 7.3 on policy reform, and on IOR 8.3 on the IFF Platform.

16. Regarding energy, the Director mentioned that, in line with the mandate delivered at the HLM and taking into consideration the importance of the topic for development co-operation, DCD could gather, in co-ordination with IEA and other relevant organisations, data and develop policy analysis. Policy support will be developed based on specific requests by countries with the aim to support DAC members in developing their own structural reforms on development co-operation.

17. In concluding the discussion, the Director reassured members that the budget reflected the core priorities of the DAC and that the level of finance on statistics had not decreased. He mentioned the UN interest in all of the DAC development finance work, including blended finance. He acknowledged members' comments, clarified that negotiations on PSI should be finished by the end of this year so it was not necessary to include them in the next PWB and stressed that the work on transition finance was developed in co-ordination with DEV and SDD. On data for development, the inclusion of a new work stream would have implications in reducing the financing of other IORs.

18. On next steps in the process, the Director invited written comments on the proposal by Thursday, 15 March. The Secretariat will redraft the proposal based on those written comments and the comments expressed today. On 23 March, the Secretariat will provide a new updated version of the PWB in advance of the third informal meeting of the PWB focal group on 28 March. The DAC Chair also highlighted that after an agreement on the DAC Chair financing, adjustments in the PWB may be required to accommodate such a decision.
Item 5. Responsible Mineral Supply Chains

19. The Secretariat (Investment Division, Directorate for Financial and Enterprise Affairs – DAF) presented an update on the implementation of the Recommendation on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas [C/MIN(2011)12/FINAL], specifically on Adherent monitoring of the Council Recommendation [COM/DAF/INV/DCD/DAC(2017)2] and the 2017-19 work plan [COM/DAF/INV/DCD/DAC(2017)1]. The DAC was invited to provide feedback on strategy and areas where it would like to contribute as well as to identify connections with other relevant DAC work streams.

20. DAC delegates voiced their support for the ongoing work on responsible mineral supply chains and called on the Secretariat to identify more areas of possible collaboration between DAF and DCD. Several delegates called on the Secretariat to include more specific references to gender in the work on responsible mineral supply chains. The Secretariat clarified that the work plan and ongoing activities already include a range of gender-specific projects and work streams and committed to making more explicit references in documents going forward.

Item 6. Statistical Peer Reviews

21. The Secretariat (Ms. Julia BENN) presented the WP-STAT pilot Statistical Peer Reviews that have the purpose to enhance the quality and use of data on development finance among DAC and non-DAC countries through peer learning and recommendations. The first pilot – Australia – had been carried out in November 2017 and the review team is currently finalising the report covering the 7 dimensions as outlined in the Guide on Peer Reviews on Development Finance Statistics [DCD/DAC/STAT(2017)8]. Both a long and a short version of the report, including peer learning aspects, will be issued for discussion at the next WP-STAT meeting in June.

22. Australia provided the Committee with information on topics covered in the review (e.g., the budgeting process, data collection and statistical reporting process, TOSSD, monitoring SDGs). Australia expressed its appreciation for hosting the first pilot and considered the review as an opportunity to learn about specific DAC reporting requirements, update staff on key developments in the field of statistical reporting and also clarify specific reporting issues (e.g., use of channel of delivery codes). The review addressed and proposed solutions to issues of specific interest to Australia, including through guidance directly from the Secretariat. The three key benefits mentioned by Australia were: (i) gaining a better understanding of ODA principles within the Department as well as in other Government departments and agencies, (ii) providing opportunities for shared learning, and (iii) building relationships to support future collaboration.

23. The two peers – Canada and Denmark – stated they considered the statistical peer reviews as extremely useful and a highly valuable product, which contributes to the quality of DAC statistics. The first pilot had shown that this exercise was in line with the DAC reform and it could advance transparency and create positive relationships among WP-STAT members and the Secretariat. In addition, it helped address various implementation issues related to data collection such as IT systems and staff turnover. Canada informed that it will host the second pilot statistical peer review in May.

24. Several members expressed their interest in the pilot reviews. In response to members’ questions, the Secretariat clarified that the pilot covered six countries and that it would welcome additional countries to volunteer to be reviewed or to be an examiner of another country in 2018-19. As regards funding, Germany had provided a junior professional officer to support this work while other staff costs and missions were funded by the core 2017-18 budget. The reviews have been included in the proposed PWB for 2019-20 with the intention to become a regular feature of WP-STAT work. The Secretariat highlighted that ensuring high data quality and strengthening
statistical capacity requires investments in databases and constant learning opportunities. The Secretariat further clarified that for the time being the statistical peer reviews were complementary to the regular peer reviews but linking the two more closely would be discussed in due course. A summary of the six pilot reviews outlining the main peer learning aspects, strengths and weaknesses, differences and complementarities, had been planned for 2019 but a first summary report could possibly be prepared already at the end of 2018.

Item 7. Global Partnership for Effective Development Co-operation

25. The Director reminded DAC delegates of the importance to update the Global Partnership Monitoring Framework to reflect the 2030 Agenda, in line with commitments made at the Nairobi High-Level Meeting. He emphasised the opportunity this provides for DAC members to revitalise substantive discussions on development effectiveness. The Secretariat (Ms. Nadine GBOSSA, Ms. Hanna-Mari KILPELAINEN) briefed members on ongoing work to strengthen the Global Partnership monitoring framework to ensure it contributes meaningfully to scale up the effectiveness of development co-operation to achieve the SDGs, also in new priority areas and contexts. The process to strengthen the framework follows two tracks: 1) strengthening the quality and usefulness of the current indicators; and 2) adapting Global Partnership monitoring to the 2030 Agenda challenges.

26. DAC members voiced strong support for Global Partnership monitoring as a tangible contribution to the SDGs, welcoming improvements made in the quality of the Monitoring Report and expressing support for the refinement process under Track 1 to further strengthen the usefulness and quality of existing indicators. Members highlighted the importance of ensuring that the refinement process is inclusive, that it does not add complexity to the process, and that refined indicators remain comparable over time. Under Track 2, most members supported the proposal to assess the effectiveness of development co-operation in addressing systemic issues and welcomed an initial focus on conflict and fragility. Some expressed concerns on the feasibility of the proposed approach particularly in light of time and capacity constraints. Regarding next steps to facilitate DAC contributions to the framework revision, members expressed broad support for further informal discussions among DAC members, with some also highlighting the importance of engaging in multi-stakeholder dialogue with key partners to help shape the DAC’s contributions going forward.

Item 8. Policy Network Update: INCAF Work on Supporting Conflict Prevention

27. On behalf of the co-chairs of the International Network on Conflict and Fragility (INCAF) – the United Kingdom and Germany – the Secretariat (Ms. Rachel SCOTT) updated members on INCAF’s contribution to supporting better prevention efforts at the Global Fragility Forum through events and launches on Financing for Stability, the gender equality in conflict-affected situations work and the different INCAF workshops (including humanitarian-development-peace coherence and States of Fragility). DAC Members were invited to express their views, especially on (i) the DAC’s role in facilitating the necessary changes around conflict prevention towards the Sustaining Peace agenda and the Pathways for Peace recommendations, as bilateral donors and as shareholders of the multilateral system; (ii) INCAF’s work to consider in preparation of the upcoming high-level roundtable on humanitarian–development–peace coherence; and (iii) how DAC and INCAF members should take forward the Financing for Stability work.

28. DAC members expressed their interest and appreciation for INCAF’s role and work. They welcomed INCAF’s collective response to the Pathways for Peace report, and some delegates noted that the resilience agenda should be at the heart of prevention. The United States pointed out the challenges they had agreeing to collective responses. Other members agreed that
the collective voice of members was useful in supporting the multilateral system as they advance the prevention agenda.

29. Regarding humanitarian-development-peace coherence, members expressed the need for a strengthened nexus that respects humanitarian principles and builds on work already done by members on resilience. Denmark, Sweden and Ireland suggested that the planned high-level roundtable should focus on country-specific issues, and Sweden asked that the event be as inclusive as possible. Denmark asked that the outcomes build on the discussions at the Fragility Forum. The European Union raised concerns about the timeframe and asked if the roundtable could be postponed to allow INCAF members sufficient time to develop the outcome document that will be signed at the roundtable.

30. On the Financing for Stability work, Belgium would like to see more analytical work to ensure that finance addresses the root causes of conflict while Sweden requested work on capacity building and increasing the use of country systems in fragile contexts. The European Union cautioned that guidance should not overburden the international system. Finally Austria expressed its interest in the next steps for the INCAF–GENDERNET work.

31. The Secretariat noted members’ concerns and welcomed their suggestions. DAC members were reminded that although coherence has been discussed for many years, this time is different: the aim is not to improve each member’s internal coherence but rather to improve coherence between all actors in a specific fragile/crisis context. The roundtable should indeed be as inclusive as possible and based on humanitarian principles. Concerning the timeframe, the meeting can be postponed if members need more time to come up with a collective response. On the DAC’s role around conflict prevention, it was agreed that resilience needs to be linked to prevention and that the multilateral system needs support to deliver its side of the prevention agenda. Regarding Financing for Stability, members’ suggestions for future work will be taken into account. Finally on the joint INCAF–GENDERNET work, this is on hold at the moment as GENDERNET reflects on the most useful way forward.

Item 9. Summary of Conclusions

32. The Secretariat (Mr. Eric BENSEL) provided an overview of the decisions, action points, and next steps emerging from the day's proceedings. The Secretariat will circulate this overview to the Committee in electronic form.

Item 10. Any Other Business

33. The Hungarian delegate took the floor to inform delegates of vacancies for DAC facilitators of subsidiary bodies, specifically those for WP-STAT and ENVIRONET. She reminded the DAC that she has already sent an e-mail detailing these vacancies and invited delegates to reach out to her if they are interested in serving. The Japanese delegate took the floor to bid farewell to Ms. Asuka TSUBOIKE in the Japanese delegation for whom this is her final meeting. Her successor will be Ms. Yurie KOMINE. The Korean delegate inquired about invitations for the 2018 Tidewater meeting; the Chair announced that they had been issued the previous Friday.