Summary Record of the 1043rd DAC meeting, held on 16 May 2018

The revised Draft Summary Record [DCD/DAC/M(2018)5/REV2] was approved at the 27 September 2018 DAC meeting, under Item 2 of the Draft Annotated Agenda [DCD/DAC/A(2018)12], without modification and is now issued as FINAL.

The Committee also agreed to declassify this final version.

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Item 1. Welcome and Adoption of the Agenda

1. In opening the meeting, the DAC Chair welcomed the delegation from Romania, who officially became the newest DAC Participant on 5 April. The Chair reminded the Committee that a special lunchtime event would be held on combatting sexual exploitation in development co-operation. She 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 the Committee to approve the draft summary record from the 9 April 2018 DAC meeting. Spain proposed a minor modification to paragraph 20, the European Union to paragraph 30, and Ireland to paragraph 16. Those members will e-mail their proposed changes to the Secretariat who will issue a new version for approval via the written procedure. The DAC will be invited to approve the revised version and to agree that the final version is declassified.

3. Members also requested details on consultations with the Export Credits Group on the aid untangling work and confirmation on the inclusiveness of the instrument — before Members can approve the annexes at the June DAC meeting. The Secretariat agreed to send a communication to the Committee on these issues.

Item 3. Briefing by the DCD Director and DAC Chair

4. The DCD Director reported to the Committee on a number of recent developments. He informed the Committee that Bulgaria had requested on 29 March 2018 to become a DAC Participant. By 4 May 2018, the External Relations Committee did not raise any concerns with the DAC processing this request. The Secretariat circulated an explanatory note on 7 May 2018 giving information on the Participant role in OECD committees as well as on Bulgaria’s development co-operation programme and its engagement with the DAC. The deadline to raise objections from the DAC is 21 May.

5. The Director then reported on three recent missions he conducted: to Washington, New York, and Lisbon. In Washington, he attended the Steering Committee meeting of the Global Partnership for Effective Development Co-operation on 21-22 April, together with the DAC Chair. The meeting confirmed that the Partnership is on track to demonstrate its capacity and relevance to SDG implementation. One issue at the meeting that was not conclusive was the discussion around a non-executive Co-Chair. The three current Co-Chairs will follow up to propose options to which all members could agree. Next steps to pave the way for a successful 2019 Senior Level Meeting will require political outreach to key players, especially in New York. A specialised policy dialogue is planned for late 2018 in New York, convening the Global Partnership and BRICS communities. Over the coming months, DAC members will need to help position the Global Partnership in the New York context.
6. During the New York mission, the Secretariat facilitated five side events with key partners from both OECD and non-OECD countries. The mission generated renewed momentum for the OECD’s work on financing for sustainable development. The events covered the Global Outlook on Financing for Development, blended finance, social impact investing, and Total Official Support for Sustainable Development. The Secretariat also launched the OECD report Making Development Co-operation Work for Small Island Developing States at an event co-hosted with the Australia, Cape Verde, and New Zealand UN missions.

7. Together with Portugal, the Secretariat organised the fourth international meeting on triangular co-operation in Lisbon on 17-18 April. Over 100 representatives from countries across all regions, international organisations, municipalities, private sector, civil society, academia, trade unions and philanthropy participated. This year’s meeting looked at how to make best use of the value added of triangular co-operation and how to scale-up multi-stakeholder partnerships. The Secretariat launched the “Toolkit for identifying, monitoring and evaluating the value added of triangular co-operation”, which is a direct follow-up product from the last meeting in Lisbon in 2016.

8. The DAC Chair then reported on recent developments from her office. She also attended the Washington meeting of the Global Partnership, where the Steering Committee confirmed the usefulness of the monitoring report, which is clearly a major flagship publication. While in Washington, the Chair hosted a dinner with DAC members to discuss two issues: (i) how to crowd in the trillions for the SDGs and (ii) the peace–security–development nexus. The meeting provided a new impetus on private sector instruments (PSI). Members agreed to use Tidewater to conclude where the DAC is collectively on PSI. The Chair will report back on this Tidewater discussion in the June DAC meeting. The Chair then promised to circulate notes from yesterday’s DAC roundtable on the Global Battery Alliance, which was held in close collaboration with the Secretariat and the World Economic Forum. She also informed members that the fourth DAC roundtable would take place on 19 June with the topic “Accelerating fourth sector development and impact investing”.

Item 4. Programme of Work and Budget 2019-20

9. This item comprised two sub-items: the 2017 Committee Progress Report (for information) and the 2019-20 Programme of Work and Budget (PWB) proposal (for approval).

10. The Director informed delegates that the Secretariat issued for information the 2017 Committee Progress Report [DCD/DAC(2018)18], covering the period 1 January 2017 to 31 December 2017. He highlighted that the overall expenditure for the DAC PWB is at 85% of the total estimated costs for 2017. Expenditure levels vary across the 15 DAC priorities/output results, depending on their budget status: foundational/optional/hosted partnerships. He referred to the 2017 Statement of Income and Expenditure on voluntary contributions, included in Annex I.

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11. On the 2019-20 PWB, the Chair invited the co-chairs of the DAC Focal Group on the PWB to brief the Committee on the discussions of 30 April. The DAC Chair stressed the importance of reaching an agreement today. The Director presented a new version of draft Programme of Work and Budget (PWB) for the 2019-20 biennium [DCD/DAC(2018)8/REV3]. He thanked the co-chairs of the PWB Focal Group for having convened the informal meeting on 30 April and the delegations for their comments. The Director mentioned that the revised version of the PWB proposed no changes to the budget relative to the previous version (since some of the suggestions proposed by some members were not supported by all). The Secretariat had however integrated member comments on the text of the proposal and had shared the revision-mode version in advance of the meeting on the Community Space platform.

12. He highlighted in particular some of the changes. On LGBTQI there is now recognition in the text that this is very important and that the DAC should discuss how to better integrate it in the work. The Director mentioned that for the moment DCD does not have expertise on this topic, proposed to include LGBTQI issues in the peer review methodology, and explained that the process of delivering the Development Co-operation Report (on leaving no one behind) this year is already finalised. On the issue of ODA modernisation, in particular peacekeeping, under Output Area 5.1.1, the Director informed the DAC that the Secretariat had introduced the precise text from the HLM Communique, namely “we will prioritise the finalisation of the current work on ODA modernisation and consider further appropriate work to contribute to the realisation of the 2030 Agenda” since this had already been agreed by ministers. On transition finance, the new text highlights the horizontal collaboration with other directorates. On the number of peer reviews in the next biennium, the text was changed to read “at least” 10 peer reviews. The Director also informed delegates that the Secretariat compiled the corporate templates – the tables required for the formal approval of the PWB from the corporate perspective – under a separate document in the form of the addendum\(^2\). It was noted that, as in the 2017-18 PWB, these corporate templates include MOPAN under Output Area 5.1.2.

13. Members welcomed the new draft, and several of them were ready to approve the current version. Some countries stressed the importance of having a discussion in the DAC on how to better integrate LGBTQI in policy work. It was agreed to add language in the text to reflect this concern. Several members mentioned that it would be necessary to ensure that work on least developed countries (LDCs) be developed. New language was added in the text to state that the information/policy analysis of the different output areas of the PWB on LDCs would be gathered in a document to be presented on a yearly basis to the DAC.

14. On the issue of peacekeeping there were different views expressed by several members. Some wanted to keep a reference to peacekeeping in the second bullet on page 13 while others did not. Those against mentioned that they do not see the need to revisit the work on the ODA coefficient and would prefer to stick to the consensus achieved at the HLM. Some members also did not feel comfortable with the introduction of language on an issue that is controversial at this late stage in the PWB negotiation process. Members agreed that in the context of discussions on this issue it is important to maintain the integrity of ODA.

\(^2\) Originally issued as DCD/DAC(2018)8/REV3/ADD1 then later revised and reissued as DCD/DAC(2018)8/REV4/ADD1
15. Members agreed to keep the sentence from the HLM Communiqué on page 13 and remove the reference to peacekeeping in the second bullet point of that same page. The DAC asked that the summary record indicate that Members currently held differing views on whether to conduct a coefficient review during 2019-20 and, if conducted, what the review should include, and that WP-STAT is the competent body to clarify agreements on this matter. Members agreed that a more technical discussion on the issue would be needed but it should not take place in the context of the PWB negotiation.

16. One member suggested including a sentence mentioning that the Global Outlook will be assessed by the end of 2019 and an explicit reference stating that the work on illicit financial flows will not duplicate that of the Financial Action Task Force. This point was incorporated. There was also agreement to take out the references to “sustainable” and “quality” infrastructure on page 19. The Secretariat then circulated at the end of the morning session a version for members to review, highlighting changes in revision mode. In the afternoon, members reopened the discussion on the PWB and expressed agreement with the above-mentioned changes and approved the draft 2019-20 Programme of Work and Budget, which was subsequently issued under cote [DCD/DAC(2018)8/REV4].

Item 5. Proposal for a 2018 DAC Senior Level Meeting

17. The DAC Chair outlined a potential programme for a DAC Senior Level Meeting (SLM) that could be held on 5 December 2018, underscoring the importance of the meeting as a milestone to highlight the progress of the DAC reform agenda, and suggesting an open approach, inviting civil society and private sector engagement.

18. Many members urged the DAC Chair and Secretariat to take steps to ensure the meeting is driven by a clear and practical need to take policy decisions, and that the agenda is focused and targeted on the most relevant, forward-looking policy priorities. Many members echoed calls to edit the range of topics covered on the agenda with the goal of enabling high-quality, robust discussions that produce value-added results and concrete decisions. The objective will be to draw high-level participation from capitals, so the SLM should aim to connect the SLM to other events, and potentially build out the programme to last more than one day, in order to maximise the engagement of high-level delegations.

19. The DAC Chair concluded that while there was agreement in principle to hold an SLM on 5 December 2018, the Committee would take a decision on the agenda at a future point, based a revised proposal from the Secretariat and Chair’s Office to the DAC.

Item 6. Financing the Functions of the DAC Chair

20. The Chair presented a paper on financing the functions of the Chair’s Office, which responds in part to members’ questions that emerged from the 28 March informal meeting on the topic. Members welcomed the information contained in the paper, including the budget simulations, and expressed a variety of preferences for the options proposed. The Chair concluded that some members did confirm that the principles outlined in the paper were the right ones but perhaps not interpreted in the same way by all. Some members felt the need to define those principles more fully, as the principles will influence not only the choice of financing option but also the process for selecting the DAC Chair. Certain members requested to add a reference to the principle of having an open, transparent, merit-based, and inclusive selection process, according to which DAC members could submit suitable candidates without having to cover the full costs of the DAC Chair financing (equal shares option). A number of members requested a detailed breakdown of the Chair’s Office
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budget, which the Chair agreed to provide. She proposed to programme a discussion on this topic in the June and July meetings, for which a new document narrowing the field of financing options would be produced. It may be necessary to convene informal meetings to drive deliberations forward and/or to conduct a second round of the survey with the possibility of selecting a second-best option.

**Item 7. Global Outlook on Financing for Development**

21. The Secretariat presented some key messages and initial highlights from the Global Outlook on Financing for Development, emphasising the role of this product in advancing the financing for sustainable development agenda and addressing the particular role and responsibilities of OECD members. The Secretariat highlighted the strong connection between the inclusive growth agenda at home, and the sustainable development agenda globally. These goals can only be achieved in tandem, with holistic and coherent approaches to policy and financing. Looking forward, the presentation emphasised three major shifts needed to sustainably finance Agenda 2030:

- Moving from measuring raw volumes of financing to measuring how much is achieved: the development footprint;
- Moving from mobilising to the broader concept of maximising, increasing the impact of all financial resources by investing in the upstream enablers of Financing for Sustainable Development, through innovative partnerships (including mobilisation), and through policy levers to increase the development footprint of all sources of financing.
- Moving from siloed approaches to Financing for Sustainable Development to more integrated, holistic actions, applied at the country level but also globally, regionally, subnationally, and through sectoral approaches. This can more effectively deploy a stronger inclusion lens (for example, gender equality) and support the transition towards greener economic development.

22. The committee thanked the Secretariat for this work and the clear articulation of how to take the agenda forward. The analytical support and data provided to the Inter-Agency Task Force on Financing for Development (of which the OECD is a member) was well noted, along with the need to ensure the Global Outlook remains value-added to other processes. One member noted the survey had posed a challenge for respondents, given the breadth of the policy coherence agenda and welcomed a discussion on how best to manage this process. Members noted the strong linkages to the transitioning and countries most in need agendas, to understand how development finance can best be deployed for long-term gains in these contexts.

**Item 8. DAC Policy Network Update: Governance**

23. The Secretariat updated the Committee on the anti-corruption work of the Governance Network (GovNet) and its Anti-Corruption Task Team (ACTT). Activities undertaken are structured around the monitoring and reporting obligations following the adoption of the 2016 OECD Recommendation of the Council for Development Cooperation Actors on Managing the Risk of Corruption (‘the Recommendation’). The DAC, jointly with the Working Group on Bribery in International Business Transactions (WGB), is responsible for reporting back to Council by 2021 on the implementation of the Recommendation.
24. To meet these obligations, the Secretariat has been working, under the leadership of the ACTT, to develop a mechanism to monitor and report. A first step was to complete a *Compendium of Existing Practices* which provides practical examples of tools and mechanisms for managing corruption risks that are already in use in the development co-operation agencies of Adherents and constitutes an important piece of work. To move from an illustration of existing practices to the identification of good practices, the Secretariat was further requested to take stock of the existing evidence-base – i.e., what works and what does not, and any gaps associated with the implementation of the Recommendation. In addition, the Secretariat was also asked to review existing OECD mechanisms to monitor the implementation of Council Recommendations, with a view to identify feasible options for regular monitoring and follow-up on the Recommendation.

25. Building on this work, and as an outcome of the ACTT Plenary Meetings of November 2017 and March 2018, ACTT members agreed to propose a hybrid monitoring mechanism to fulfil the monitoring and reporting obligations of the Recommendation. This mechanism builds on three elements: (i) the use or extension of existing DAC and WGB peer reviews and related material, to be potentially completed by additional questions and/or direct participation in field visits where relevant; (ii) regular meetings and dedicated consultations to exchange on the implementation of specific provisions or on more global anti-corruption issues; and (iii) specific work to enrich the evidence base and enhance knowledge and understanding of specific provisions of the Recommendation.

26. ACTT members also expressed interest to invest further, as a priority, in three substantive policy areas: strategies to link audit and investigation with project design (prov. 4); corruption risk identification, assessment and mitigation strategies and responses (prov. 5); and joint donor responses (prov. 9). The Secretariat is currently engaging in these monitoring activities and will collate the data and results of this work in a draft monitoring report to be produced by the end of 2020, which will assess the implementation, impact and relevance of the Recommendation.

27. The Recommendation currently has 43 Adherents. All Adherents are WGB Members but 13 are non-DAC Members. Monitoring and reporting on the implementation of the Recommendation has been subject to a clear division of labour between DAC and WGB. It is expected that the WGB will focus on issues of bribery, in line with its principal area of competence and responsibility, and that the DAC will report, as needed, on all provisions. Switzerland specifically enquired about any challenges arising from the fact that both DAC and non-DAC members have adhered to the Recommendation. The Secretariat underlined this implies good co-ordination of the work of both Committees and respective Secretariats (DCD and DAF) to ensure coherence. The Secretariat further observed that any work undertaken by the DAC will need to include non-DAC members to ensure it allows for a comprehensive monitoring of the implementation of the Recommendation.

28. Several members suggested working more closely with the Secretariat to strengthen existing mechanisms and/or share lessons learned. Regarding the proposed hybrid monitoring mechanism, Germany and the United States underlined that monitoring should be facilitated through existing mechanisms. On the use of peer review mechanisms, several members asked about current coverage of the Recommendation and whether, and if so how, the Secretariat was planning to better integrate the Recommendation into existing reviews. In particular, the United Kingdom asked to what extent the Secretariat would participate in on-site visits, the Netherlands and the United States asked to what extent the
Recommendation was already included in current reviews and how to better integrate it. The United States also enquired about Secretariat plans to work with the WGB in doing so.

29. The Secretariat responded that the DCD peer review methodology revised in March 2017 now includes an explicit reference and section on corruption risk management. The principal objective of the Recommendation is therefore included although this provision and the work associated with monitoring its implementation might benefit from further development to allow for a more comprehensive monitoring. Discussions are ongoing with the peer review team to see how best to address these issues. The Secretariat is also working closely with the WGB Secretariat to ensure that monitoring of the Recommendation is as comprehensive as possible across Adherents and provisions. As an outcome of the recent ACTT Plenary Meeting, the Secretariat has confirmed that it would participate in on-site field visits, to the extent possible, to maximise and enhance existing mechanisms. How often this would occur remains under discussion with the respective DCD and DAF teams, and would be subject to available resources.

30. Finland emphasised the difficulty of sharing lessons from corruption cases and suggested reaching out to internal audit organisations to foster discussion. Ireland also pointed to the difficulty of monitoring corruption in the field and to the role played by auditing and evaluation staff. In response, the Secretariat noted that it has reached out to a newly established International Audit and Integrity Group (IAIG) with the aim to exchange further and discuss potential collaboration and synergies between our respective networks.

31. The Netherlands asked about the opportunity of sharing any lessons learned from the Recommendation process for forthcoming work on sexual harassment. The Secretariat informed members that current work to develop a recommendation on sexual harassment will be based on and informed by the process used to design the Recommendation on Managing the Risk of Corruption. Peer review colleagues are also involved in the work.

**Item 9. Summary of Conclusions**

32. The Secretariat 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 delegate from Hungary informed the Committee that there exist vacancies for DAC facilitator positions in WP-STAT and INCAF. She promised to issue a note to the Committee on this topic soon.

34. The delegate from Finland reported on the results from the Environet plenary meeting held the previous day (whose agenda is available under cote DCD/DAC/ENV/A(2018)1). The meeting held discussions on climate change adaptation and aid, the revised mandate for the network, and funding issues. The network held an inception workshop on peer learning and another on managing environmental risks in development banks and development finance institutions.

35. The delegate from Iceland announced that his administration is reposting him. His successor will be Paris-based. The delegate from New Zealand announced that she would be on maternity leave until late October. Two different colleagues will cover her post; she will circulate their names shortly.