Summary Record of the 1049th DAC meeting, held on 27 September 2018

The Draft Summary Record [DCD/DAC/M(2018)8] was approved at the 25 October 2018 DAC meeting, under Item 2 of the Annotated Agenda [DCD/DAC/A(2018)15/FINAL], without modification and is now issued as FINAL.

The Committee also agreed to declassify this final version.

Eric Bensel - Tel: +33 (0)1 45 24 76 52 - E-mail: eric.bensel@oecd.org.
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Item 1. Welcome and Adoption of the Agenda
1. The DAC Chair welcomed new delegates from Bulgaria, Colombia, Greece, Japan, Korea, Lithuania, Luxembourg, New Zealand, Norway, Slovenia, Sweden, Switzerland, and USA. The delegate from Bulgaria, the newest DAC Participant, intervened to present his country’s development co-operation programme.

2. The Chair invited the Committee to adopt the day’s agenda. A number of countries requested that the aid untying issue be changed to a discussion item, while others preferred to keep it for decision. The Chair decided that it was best to maintain the ambition to arrive at a consensus decision. Should the DAC not be able to do so, the Committee will deal with the issue in another manner.

3. The Committee then approved the agenda without modification.

Item 2. Approval of Draft Summary Records
4. The draft summary record from the 16 May 2018 DAC meeting was approved and will be issued as final and declassified. Members had two revisions to request to the 10 July 2018 summary record, in particular to paragraphs 9 and 50, as follows (changes in brackets):

- Paragraph 9: “The revision of DAC network mandates is ongoing. In cases where networks will not hold their plenary meetings until much later in the year, the co-chairs are agreeing [to] the revisions via email. …”
- Paragraph 50: “… [The Secretariat maintained that] some migration-related activities were in the boundaries of ODA and it was difficult to assess their eligibility on a project-by-project basis. …”

5. The Secretariat will incorporate these changes to the July record then issue as final and declassified.

Item 3. Briefing by the DCD Director and DAC Chair
6. The Director reported to the Committee on recent development from the perspective of the Secretariat. He highlighted progress in advancing the discussions on the Total Official Support for Sustainable Development (TOSSD) measure. The International TOSSD Task Force has a new co-chair – the National Statistician of South Africa, Mr Risenga Maluleke, who will complement the work of the other co-chair, Mr. Laurent Sarazin from the EU. This week, the TOSSD team in the Secretariat is in Ghana for the fifth Meeting of the Task Force. The next meeting of the Task Force will take place in Stockholm, Sweden on 6-7 November. The pilots funded by the European Union are going very well and continue to prove useful to inform TOSSD discussions.

7. The DAC has approved Brazil’s request to adhere to two legal instruments under DAC responsibility (the Recommendation of the Council on Good Institutional Practices in Promoting Policy Coherence for Development and the DAC Recommendation on Good Pledging Practice) The request will now be transmitted to the External Relations Committee for approval via written procedure with a deadline of 3 October. In the 25 October DAC meeting, there will be a discussion on the revisions to the policy coherence instrument. The Secretariat has invited Brazil to attend that discussion.

8. In response to the request for greater co-ordination with the G7, the Secretariat has co-ordinated with multilateral actors, various initiatives, representatives from the CSOs, think tanks and the United Nations community in order to develop a blended finance roadmap and common narrative. The roadmap sets out a shared value system for blended finance and guidance based on these values. All relevant actors, including DAC members, are invited to join the common narrative, and to contribute within this shared value system. Indonesia and the OECD in conjunction with major partners from governments, development
finance institutions and private sector entities, will express support for the Tri Hita Karana Roadmap for Blended Finance at the Tri Hita Karana Sustainable Development Forum on "Blended Finance and Innovation for Better Business Better World" in Bali, Indonesia, from 9-10 October 2018.

9. The Director then highlighted the results from his mission to China, which included participation at the 2018 Asian Evaluation Week in Chengdu. The event was organised by the Ministry of Finance of China and the Asian Development Bank and was a unique opportunity to present the DCD’s work on evaluation & monitoring and the DAC evaluation criteria, which were positively and widely referred to as a reference point. Following that event, he held discussions in Beijing with leading Chinese development co-operation officials and experts. The last high-level mission to China from a DCD Director or a DAC Chair took place four years ago. Chinese officials showed an openness towards dialogue with the OECD and appreciated being informed about recent DCD work. China is clearly interested to learn more about DAC standards and methods, as the country is in the process of setting up a new Development Cooperation Agency.

10. Lastly, the Director announced the arrival of Ms Paloma Duran Lalaguna as Head of the DCD’s Global Partnerships and Policies Division. She will take up her duties on 1 October 2018. Since 2014, she has been the Director of the Sustainable Development Goals Fund.

11. The Chair then reported on developments from her office. She highlighted her mission to New York for the UN General Assembly meetings, where she attended events on development finance and the Gordon Brown facility on education. She then mentioned her mission to Oceania. In Pacific Island nations, governments face traditional and new challenges. ODA remains important there, while access to private funding will be challenging. She encouraged the DAC to keep the SIDS issue on the table and to help Australia, New Zealand, and others to make the green finance agenda work. On the issue of private sector instruments (PSI), the Chair highlighted that partners are conducting ongoing conversations. She has asked Eric Postel to facilitate the conversations. The group held a first meeting on 5 September and will explore until early October to see if it will be possible to develop a proposal. Alternatively, it may be necessary for the DAC to work on the consequences of a non-agreement. She then encouraged members to reach out to the Chair’s Office with any questions. She closed her intervention by announcing that her last day as DAC Chair would be on 15 October.

12. In discussion, delegates called for accelerating progress in the TOSSD measure and even for publishing initial data to reduce the perception of risks. Members welcomed the proposal to receive a debriefing following the next TOSSD Task Force meeting.

Item 4. Draft Programme for DAC Senior Level Meeting

13. Members discussed a revised proposal from the Secretariat and Chair’s Office to hold a Senior Level Meeting (SLM) on 5 December 2018 that included a proposed session on 4 December of the LAC-DAC Dialogue. Members expressed different views about whether the SLM should be maintained on 5 December, given that the new DAC Chair will have recently assumed the position. While some called for the December meeting date to be approved, as a way to maintain momentum for key pending DAC issues – notably, DAC Chair financing, private sector instruments, the sexual exploitation and abuse legal instrument, and ODA reinstatement – others argued that it would be more effective to schedule the meeting once the new DAC Chair is secured.

14. In conclusion, members agreed to reschedule the SLM for February 2019. A majority of DAC members considered the LAC-DAC Dialogue on Development Co-operation to be a very important meeting and suggested organising it back-to-back with the DAC SLM in February. The Secretariat shared a zero draft agenda with possible topics for discussion and invited the DAC members to comment and provide further suggestions.
Item 5. Financing the Functions of the DAC Chair

15. The DAC Chair shared the results of the phone survey conducted by the DAC Chair’s Office. According to the survey, more than half of members stated to be in favour of a new financing arrangement, while roughly one-third were in favour of the status quo. Since there was no consensus on which of the four existing alternatives to adopt, the DAC Chair explained that she would use survey feedback to develop a final compromise proposal that combined features of the options. She promised to circulate a new proposal for a written procedure the morning after the meeting, with a one-week deadline for expressions of any objections.

16. Some members took the floor to state their positions and express varying degrees of support and openness for compromise. A group of members raised concerns with using ODA volume as the way to differentiate contributions.

Item 6. Policy Network Update: Global Partnership for Effective Development Co-operation (GPEDC)

17. The DCD Director highlighted the tangible contribution the Global Partnership continues to make to the SDG follow-up and review process and called on members to engage actively in the preparations of the 2019 Senior Level Meeting (in July 2019 in the margins of the HLPF in New York).

18. Germany, GPEDC Co-chair, represented by Ms. Martina Metz, Head of Division in BMZ, and the Secretariat informed members of the outcomes of a vibrant GPEDC event “Reinvigorating Effectiveness for the 2030 Agenda” (12-13 September, Paris). Over 190 participants from over 80 countries attended the meeting, providing encouraging examples of how country processes are embedding the Global Partnership monitoring and using it to shape national dialogue and policymaking. Members welcomed the frank discussions at the meeting, reflecting the Global Partnership’s relevance in advancing the quality of partnerships at country level. Members also reiterated the importance of the Partnership for the DAC to broaden its engagement with other actors.

19. The Secretariat provided an update on the status of GPEDC work programme implementation. The 2018 Monitoring Round is currently in full swing, building on strengthened indicators and delivering fresh evidence, while also adapting the framework to monitoring effectiveness in fragile contexts. The private sector work stream has resulted in selected issue areas – which centre around the comparative advantages of development co-operation in private sector engagement (PSE), making PSE at country level work and monitoring results, impact and accountability. These issues will inform inclusive consultations over the next months to shape mutually agreed principles and guidelines for effective PSE through development co-operation. Country-level implementation of pilots in mainstreaming effectiveness principles into policymaking and knowledge sharing efforts to promote learning and innovation are also under way.

20. Germany introduced the objectives for the Global Partnership Senior Level Meeting in 2019 – to galvanise governments, civil society and other actors into the ‘gear change’ needed to accelerate SDG implementation at the country level, by reviewing and restating the crucial role of effectiveness and driving concerted action and forging coalitions around new ‘frontier’ issues on effectiveness. Germany also reiterated the importance of linking effectiveness more directly with the global policy debate on financing sustainable development. Members welcomed the suggested focus, the synergies with the UN Follow-up and Review of the SDGs and the importance of a strong narrative on development effectiveness. They agreed to avoid a negotiated outcome document. Some members underscored their interest in playing an active role during preparations and called on each other to ensure good and senior-level (Directors-General) representation from the DAC at the SLM.
21. Delegates also started to discuss additional resourcing needs for the Global Partnership in view of the current work programme being extended to the 2019 SLM (by six months), both in terms of institutional support and costs for the SLM proper, which come in addition to the PWB. The Secretariat will circulate a note with resourcing requirements for consideration by members shortly.

Item 7. Transition Finance

22. This agenda item comprised a two-part presentation: the first from Chile and the second from the Secretariat. The delegation from Chile (Mr. Enrique O’Farrell and Ms. Cecilia Alemany) presented the main results of a study conducted in collaboration with the United Nations Development Programme, “First analysis of the impact of graduation of Chile”\(^1\). The DAC warmly acknowledged the results of this study, as it represents a very useful contribution to an area currently with no literature.

23. The Secretariat (Mr. Olivier Cattaneo, Ms. Cecilia Piemonte, and Ms. Rachel Morris) presented the main avenues of research and policy implications of the methodological paper on transition finance to be released in December 2018, as well as the main conclusions and recommendations of the Cabo Verde country pilot carried out in July 2018. The Secretariat shared some reflections with the DAC, including (i) suggestion for members to keep notifying on ODA for countries that had graduated from the DAC recipient list (because of research needs and possibility of reinstatement); (ii) the willingness to design a toolkit on how to analyse transition finance issues to be applied in different country contexts; and (iii) the need to define four country pilots representative of different transition challenges, to be carried out in the next PWB.

24. A majority of DAC delegates expressed their accordance with the Secretariat in the way it is addressing this new evidence-based work on transition. They recalled the importance, in order to define the next country pilots, of taking countries representative of different stages of transition. Two countries were proposed: Chile (by Spain) and Uruguay (Portugal). The Development Centre welcomed the complementarity between this work and the work currently being carry out by its own analysts.

Item 8. Preventing and Managing the Risks of Sexual Exploitation and Abuse in Development Co-operation

25. The Secretariat provided a brief background of the work on preventing sexual exploitation and abuse (PSEA), reminding participants that an internal DCD Task force was established in April to consider how to best support the DAC and bring substance to members’ considerations on preventing SEA. The DAC, at its meeting on 11 June, agreed to develop work on a DAC instrument (recommendation or declaration) and to set up a DAC Reference Group on Preventing Sexual Exploitation and Abuse. On 6 July, the first meeting to launch the DAC Reference group on PSEA was held.

26. The second DAC Reference Group meeting was held on 18 September, chaired by the three co-chairs from Ireland, the United Kingdom, and Austria. Ireland will be represented by the DAC Delegate, Ciara Begley, and Austria by DAC Delegate, Christina Stummer. The UK has appointed as a Co-Chair, Mary Thompson, Senior Social Development Adviser in the new Safeguarding Unit in DFID. Future reference group meetings will be held in October and November. Ireland announced that they will provide initial funding of EUR 100K to support the work. Given the ambitious timeline, the Secretariat invited members to explore further options for supporting this work, including financial and in-kind resources such as secondees.

\(^1\) Available in Spanish and English at the following address: https://issuu.com/agci/docs/primer_analisis_impacto_de_la_gradu
27. The Secretariat announced that it will issue a questionnaire to all DAC members (sent 28 September 2018) covering the following topics: internal ethics, code of conduct and policies; reporting, structures, assistance mechanisms, and accountability; awareness raising, communication, and training; co-ordination with governments and other stakeholders; and agency assessments and priorities on sexual exploitation and abuse. The Secretariat also announced that they will re-issue the Terms of Reference for the Reference Group for written approval by members.

28. Members reiterated their support for this work, underscoring the need for a victim-centred approach grounded in the gender equality agenda. Members encouraged the DAC to aim for the highest-level commitment, given the strong consensus and momentum around this issue. Members also stressed the need for the DAC to provide a space for learning and knowledge sharing going forward. They mentioned the need for pragmatic tools for donors to address this issue and to look at how to drive organisational culture change in donor agencies.

29. The UK announced that a draft set of commitments had been issued by the Donor Technical Working Group on Safeguarding that will be presented at the 18 October Summit on Safeguarding in London. They announced that this document would be circulated to all DAC members, emerging donors and partners who will be invited to agree. Members welcomed these news and encouraged the Secretariat to explore options for greater collaboration with the Donor Technical Working Group after the Summit in October.

Item 9. Reinstatement onto DAC List of ODA Recipients

30. The Secretariat presented for Committee approval the proposal [DCD/DAC(2018)31/REV1] for a methodology on reinstating countries or territories on the DAC List of ODA Recipients. The proposed rules are unchanged from those presented in the July paper [DCD/DAC(2018)31]. In addition, the Secretariat presented a process for communicating to aid recipients their graduation from, and reinstatement onto, the DAC List [DCD/DAC(2018)35].

31. There was broad endorsement of the proposal on reinstatement, with seven members intervening to explicitly express their full support. Switzerland did not oppose the adoption of the proposal but felt there were some drawbacks with reinstatement after only a one-year drop in GNI per capita below the high-income threshold. It expressed its concerns about maintaining the integrity and credibility of the DAC statistical system. Poland and the United States also joined the consensus but would have preferred that the time period below the high-income threshold to qualify for reinstatement be three years instead of one year. Japan was not entirely convinced that the proposed time period to qualify for reinstatement and the subsequent application of the regular rules for graduation (requiring three consecutive years above the high-income threshold at the time of a triennial review) for countries that have been reinstated was well-balanced. It also asked for evidence-based analysis on the economic decline and recovery of countries to identify how many years are appropriate for reinstatement and for re-graduation.

32. The discussion on reinstatement concluded with the adoption by the Committee of the proposed rules and criteria presented in section III (paragraphs 12 through 21) of the paper, ad referendum for one member until 24 October 2018.

33. Members also welcomed the paper on communication. However, one member questioned whether it was desirable to inform partner countries, possibly three years in advance, that they may be on track for graduation from the List, fearing that this could lead to lobbying by the partner country to change the graduation criteria. This member also stressed that the letters should portray graduation as positive.
Item 10. Untying Aid: Coverage of the Recommendation

34. The Secretariat presented a proposal for the updated country coverage for the extension of the DAC Recommendation on Untying beyond Least Developed Countries (LDCs). This proposal had been developed on the basis of the mandate given by the Committee to the Secretariat and reflected consultations with and guidance received from the Committee. While many members were ready to approve the proposal, not all members were in a position to support it. In this regard, several members stressed the importance of continued coverage of non-LDC Heavily Indebted Poor Countries (HIPC). One member objected to the inclusion of Democratic People’s Republic of Korea without substantive further analysis, including in light of the absence of reliable data; and another member raised broader questions with regard to untying and encouraged the Committee to reconsider this agenda. Members also asked for corrections to some formal aspects and references.

35. The Secretariat stressed again that, while it was working for the Committee on the basis of the mandate given to it for this work, it was essential for the Committee to reach a decision, as the absence of a decision would result in an outcome that goes against the stated preference of the Committee, i.e., to avoid an effective reduction of the scope of the recommendation. In response to a question by a member, the Secretariat further confirmed that the provision would continue to apply, by which members can reserve their position on the extension of coverage beyond LDCs, as has already been invoked by one member since the last renewal of the expanded coverage in 2013. The Chair decided that the Secretariat would prepare an amended proposal, reflecting a final round of consultations of the membership. The proposal should be issued for approval by the DAC under the written procedure, with a deadline prior to the next DAC meeting.

Item 11. Summary of Conclusions

36. 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 12. Any Other Business

37. The Hungarian delegate intervened to announce vacant positions for DAC facilitators on the informal groups for the PWB, INCAF, and WP-STAT. She also announced that the new U.S. delegate had agreed to act as one of the two facilitators of INCAF. She will circulate an email to delegates with these details.

38. The Belgian delegate reported on the results of the recent GOVNET meetings (19-21 September). Discussions covered topics such as gender and inclusive governance in fragile states, climate change adaptation governance, participatory governance, media, digital governance, anti-corruption, and illicit financial flows. GOVNET delegates also discussed their mandate. The Network would like to work on its visibility and is reflecting on organising a side event at the 2019 HLPF. Their next meeting will be 24-26 April 2019.

39. The UK delegate intervened to highlight the upcoming kick-off meeting on data for development to be held on 5 October. The organisers are looking for member states to join the core group to get this work going. The UNSD director and DFID chief statistician will present.

40. On behalf of the Committee, the Vice-Chair from the Netherlands thanked the Chair for her service to the DAC, as this is her last DAC meeting. She highlighted the Chair’s vision for the DAC reform and her success in opening the DAC up to other partners including CSOs. The DCD Director intervened to thank the Chair for the great partnership between her office and the Secretariat.