DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE

Summary Record of the 1071st DAC meeting held on 23 January 2020

The Draft Summary Record [DCD/DAC/M(2020)1] was approved under Item 2 of the Draft Annotated Agenda [DCD/DAC/A(2020)2] with minor modifications to paragraphs 2 and 10 at the 20 February 2020 DAC meeting 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. The DAC Chair welcomed new DAC delegates and asked that the Committee adopt the meeting 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 10 December 2019 DAC meeting. A few members requested modifications to paragraphs 5 and 6. The Chair asked the Secretariat to provide a revised version of the record for review and approval by the Committee.

Item 3. Briefing by the DCD Director and DAC Chair
3. The Director and Chair reported to the Committee on a number of developments and work streams, including through updates issued via email a few days earlier. The Chair highlighted a recent discussion with the chair of the Paris Club at which it was agreed to set up a small and time-bound joint working group to agree on the issue of debt relief by June 2020. A number of members expressed their interest in participating in this group; others are invited to communicate their interest to the DAC Chair’s office. The Chair also expressed thanks to Ireland for its support in preparing the upcoming Tidewater meeting (18-19 June), for which she invited ideas from members for themes to be discussed.

4. Members discussed the upcoming LAC–DAC Dialogue scheduled to take place in Peru in June. The Committee underscored the importance of this Dialogue as a key tool for outreach. Some members asserted their intention to attend at a high level from capital, whereas others expressed their inability to secure high-level participation. The Chair concluded that the DAC Bureau would discuss this meeting in-depth tomorrow and circulate a note to the full Committee on the issue.

5. Members also considered how to improve collaboration between DCD/DAC and the Development Centre and its Governing Board. The Chair suggested that, following the 5 February meeting of the Council at which an item on the Development Cluster will be included, the bureaux of the DAC and Governing Board meet to consider areas for collaboration and ways to take this work forward. These ideas will be shared with the full committees. In addition, the Secretariat will circulate a note to delegates that demonstrates the extent of DCD collaboration with other directorates.

Item 4. Private Finance for Sustainable Development
6. At the DAC meeting on 10 December 2019, the Committee discussed the paper outlining terms of reference for a Private Finance for Sustainable Development Community of Practice. The Secretariat reworked that paper based on comments from members and presented a revised version in this session. Members were enthusiastic about the Community of Practice and warmly welcomed the revised version of the terms of reference, providing a series of further comments. The Chair concluded that the Committee had agreed to the establishment of the Community of Practice and to the text of the TORs with the amendments proposed by members.

Item 5. Blended Finance
7. The OECD Survey on Blended Finance Funds and Facilities aims at gathering a more comprehensive picture of the latest market trends in blended finance funds and facilities, by better understanding their investment strategy and development performance. The Secretariat presented the main results from the 2018 edition, which are also published as OECD Development Co-operation Working Papers (n° 59 and 67).
8. DAC members expressed general support for this work and its continuation. In view of the next survey edition, their interest lies in gathering more in-depth information regarding geographic and sectoral analysis, guarantees as a leveraging mechanisms, the use of concessionality, gender-based analysis and development impact.

Item 6. Impact measurement and management of sustainable investment

9. The Secretariat proposed to work on a Development Impact Framework, a set of minimum standards to help DAC members measure and manage the impact of sustainable investments in developing countries. The Secretariat proposed to conduct this work as part of the Community Practice on Private Finance for Sustainable Development (see item 4 above).

10. DAC members expressed strong interest in and support for this work. Members recommended to continue the close co-ordination both with internal initiatives (especially with the DAC Network on Development Evaluation and the Directorate for Financial and Enterprise Affairs) and external efforts (including the Impact Management Project, the recently-launched development impact investing group and the development finance institutions harmonisation initiative).

Item 7. DAC Programme of Work and Budget 2021–22

11. The Secretariat outlined the key elements of a proposal for the 2021–22 PWB and set out the main steps in the PWB preparation to reach consensus and member approval by end April. This preliminary PWB proposal strives to build on the DAC’s unique strengths and positioning within the OECD to leverage the multi-disciplinary expertise to address the development co-operation challenges within the complex and interconnected 2030 Agenda. By nature, it is much more horizontal than previous PWBs.

12. Members provided a wealth of comments to refine the proposal, including an emphasis on the DAC’s core competencies and comparative advantage, its role in addressing specific development co-operation challenges, and clear references to the outcome of the 2017 DAC High Level Meeting. Several members expressed their appreciation of a new approach to the PWB that is outcome-oriented, cross-cutting, and focussing more on quality and impact versus inputs. The Secretariat emphasised that the document was a first iteration and that each next step of the PWB preparation process will provide more specific information on outputs, and take into consideration all the comments and feedback provided by members.

13. The Chair concluded that the Committee should convene an informal meeting on priorities based on the current document as soon as possible.

Item 8. DAC Action Plan on Legal Instruments

14. In 2017, the DAC adopted an action plan on the legal instruments under its responsibility [DCD/DAC(2017)8/FINAL], as part of an OECD-wide effort to review the Organisation’s standards. Since that review, the DAC has adopted two new legal instruments [OECD/LEGAL/5019 and OECD/LEGAL/5020] and agreed to the revision of an existing recommendation, jointly with the Public Governance Committee [OECD/LEGAL/0381]. With these new developments, the DAC has a total of thirteen legal instruments: six under its sole responsibility and seven under joint responsibility with other OECD committees.

15. The Secretariat presented this updated inventory of DAC legal instruments, proposed actions for each instrument, and sought guidance from the Committee on directions for future work. Members expressed general support for the proposals, in particular the revision of the DAC Recommendation on Terms and Conditions of Aid [OECD/LEGAL/5006] and the review of the DAC Recommendation on Untying Official Development Assistance [OECD/LEGAL/5015]. The Secretariat will revert to the Committee with content and timeline proposals. The Committee also agreed that any review of the Paris Declaration on Aid Effectiveness should initially take place in the context of the newly formed working
group on development effectiveness. On the potential for new instruments, a number of members expressed support for a CSO instrument; others expressed caution about adopting new instruments and instead recommended focusing on implementing the existing ones. In all cases, the DAC will as always have the final word on adoption (or not).

**Item 9. Transition Finance**

16. The Secretariat presented an update of its recent work on transition finance. First, it announced the finalisation of the transition finance country study of Chile, which sheds light on the country’s experience of “ODA graduation” and explores how to better manage such graduation processes. Second, the presentation introduced the recently launched Transition Finance Toolkit, an online resource hosting methodology, evidence and tools on transition finance. Among other resources, the toolkit includes a new policy paper, the ‘transition finance ABC methodology’, a set of fact sheets on key transition stages, and an online data visualisation tool, the transition finance dashboard. Third, the Secretariat presented a snapshot of the upcoming transition finance compendium, which showcases emerging messages from the work stream and presents policy recommendations on better handling transition across the development spectrum.

17. Further, the Secretariat informed the DAC about its recent collaboration with the UN on Integrated National Financing Frameworks (INFFs). The Secretariat also asked DAC members to discuss how to move forward with the evidence and recommendations emerging from the work stream.

18. In discussion, DAC members expressed their firm support for this work stream and congratulated the Secretariat for the recent papers and tools produced. Members expressed that transition finance is at the core of the Addis Ababa Action Agenda (AAAA) and helps bring together different areas of work (e.g., blended finance, aid for trade). Members also expressed their support for the observations and recommendations outlined in the compendium presentation. Tailoring these recommendations to specific contexts could be key, for instance to small island developing states (SIDS) which were highlighted by several members. Members also acknowledged the importance of multi-dimensional development indicators (e.g. on inequality, gender), building government capacity, creating markets, and mobilising sufficient domestic and international resources. DAC members showed support for the idea of establishing a “Graduates’ Club” which could bring together DAC members as well as former and future ODA–graduating countries.

19. Concerning the transition finance dashboard, members confirmed the usefulness of the tool. Some members raised the importance of updating the data frequently to ensure coverage of most recent data points. With respect to the Chile study, DAC members acknowledged that countries could experience challenges despite economic growth and macroeconomic stability. Regarding the choice and volume of instruments delivered by development partners, a discussion at the DAC could be held as to how lower middle-income countries (LMICs) could be best supported.

**Item 10. Summary of Conclusions**

20. 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 11. Any Other Business**

21. The delegate from the United Kingdom announced that she has taken on the role of facilitator of the informal group on subsidiary body oversight. She commented that there remain gaps in the facilitation of the subsidiary bodies and invited interested delegates to reach out to her.

22. The delegates from Norway and Portugal presented an update on recent and upcoming work of the DAC Working Party on Development Finance Statistics (WP-STAT). At the informal meeting in December, delegates discussed, inter alia, the declassification of WP-STAT summary records starting in...
2020, policy markers, and Annex II. The next meeting will be informal and held in February. Agenda items will include discussions on regional aid to SDGs, SDG reporting, directives on reporting blended finance in the Creditor Reporting System, donor refugee costs, and TOSSD. The next formal meeting will be held on 22–23 June.

23. The delegate from Canada announced that the first meeting of the working group on development effectiveness will be held on 6 February in the afternoon and encouraged the participation of all delegations.