Summary Record of the 1072nd DAC meeting held on 20 February 2020

The revised draft summary record [DCD/DAC/M(2020)2/REV1] was issued to the DAC for approval via the written procedure. No objections were expressed by the 10 April 2020 deadline. The summary record is therefore considered approved, issued as final, and declassified.

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Summary Record of the 1072nd DAC meeting held 20 February 2020

**Item 1. Welcome and Adoption of the Agenda**

1. The DAC Chair opened the meeting by asking that the Committee adopt the meeting agenda, which they did without modification.

**Item 2. Approval of Draft Summary Record**

2. The Chair announced that a revised version of the draft summary record from the 10 December 2019 DAC meeting [DCD/DAC/M(2019)11/REV1] had been circulated to the Committee for approval via the written procedure with a deadline for comments of 6 March 2020. She then invited the Committee to approve the draft summary record from the 23 January 2020 DAC meeting. The Committee approved the summary record with minor changes to paragraphs 2 and 10 and agreed to its declassification.

**Item 3. Briefing by the DAC Chair and DCD Director**

3. The DAC Chair and DCD Director reported to the Committee on a number of developments and work streams, including through updates issued via email a few days earlier. The Chair announced a pair of upcoming consultations with civil society (a DAC–CSO Dialogue on 28–29 April and a DAC Roundtable with Heads of CSOs on 19 May) and the establishment of a steering group on climate (to be co-chaired by Belgium, Japan, and the UK). The DAC Chair then highlighted progress on arriving at an agreement on the treatment of debt relief in ODA with the Paris Club. The chair of the two bodies met on 17 February and decided to set up a steering group to produce an agreement by June.

4. Japan intervened to specify that the climate steering group will invite all DAC members, the DCD, the Global Partnership Secretariat, and the Development Centre to participate. The group’s main task will be to prepare for the climate discussions at Tidewater. The co-chairs will convene a meeting mid-March to prepare for the 26 March DAC meeting at which a number of climate issues will be addressed.

5. The Director then announced that, following the deadline for comments, a revised version of the terms of reference for the Temporary DAC Working Group on the ODA Eligibility of Migration-Related Activities will be recirculated for approval via the written procedure. He also informed the Committee that the Secretariat has already begun the collection of preliminary 2019 ODA figures for which the reporting deadline is 15 March. He urged members to provide these data by the deadline, to give the Secretariat sufficient time to consult in case of questions and draft the narrative for the press release, which will be issued by mid-April.

**Item 4. DAC Programme of Work and Budget 2021–22**

6. The Secretariat presented a revised proposal for the 2021–22 Programme of Work and Budget that integrates member comments to highlight the DAC’s comparative advantage and strategic priorities from the 2017 DAC High Level Meeting. It also describes the development co-operation policy challenges and the expected outcomes the DAC should aim to achieve through implementation of the intermediate outputs. The Director announced that he would share his talking points for this item after the meeting (included as annex to the summary of conclusions).

7. A group of the ten largest VC donors to the DAC PWB had prepared a joint statement on priorities, budget, and transparency which was read out (reproduced in the annex below). Several members shared their views while other members expressed their discomfort with this process and cautioned the Committee.
8. In discussion, several members expressed their appreciation of the revised proposal and made several specific requests and suggestions for inclusion in the next iteration of the proposal, which should strike a good balance between brevity and clarity, provide more precision on the intermediate outputs, and highlight the role of the Subsidiary Bodies in the PWB. There was some convergence on thematic priorities. Members commented that a zero real growth budget would be optimistic and a zero nominal growth budget more realistic. Members were invited to share their comments in writing following the meeting. Members were also encouraged by the Chair to participate in the consultation organised on 25 February 2020 with Co-Chairs of Subsidiary Bodies and Partnerships.

**Item 5. Tidewater and the DAC High Level Meeting**

9. The DAC Chair and the Irish hosts of the Tidewater meetings (to be held 18–19 June 2020, just outside of Dublin) presented the event’s theme and progress in preparations. The overarching theme will be climate and environment, which would present an opportunity to build consensus on the same topic ahead of the HLM in the autumn. The Chair indicated that the overall strategic intent was to bring climate and development conversations closer together. Specific deliverables would be developed under the guidance of the climate Steering Group. The DAC Chair’s office agreed to take detailed notes at Tidewater 2020 and feedback to the DAC.

10. Members and the Secretariat expressed general support for the proposed thematic climate focus. The Director indicated the Secretariat’s willingness to support the Chair and members through the preparations for the meeting. Some members expressed support for a broadened focus beyond small island developing states (SIDS) to those countries facing specific climate vulnerabilities (whether LDC or LMIC).

11. Other members indicated interest in a discussion on effectiveness in some form. The DAC Chair flagged that Tidewater 2019 had addressed effectiveness. However, she agreed to consider whether this would be feasible and would follow up with a discussion at the Bureau.

12. The DAC Chair informed delegates that she was trying get the OECD Development Week confirmed for the same week as the HLM and would follow up with DSG Schlagenhauf on this matter.

**Item 6. Private Sector Instruments: Report on 2018 data and members’ assessments of the ODA eligibility of their PSI vehicles**

13. The Secretariat presented a report on members’ assessments of the ODA-eligibility of their private sector instruments (PSI) vehicles [DCD/DAC(2020)10] as well as members’ reporting on PSI in 2018. The received assessments can be accessed in a Compendium [DCD/DAC(2020)9]. The Secretariat explained that significant progress had been achieved with regard to the implementation of the provisional reporting methods on PSI [DCD/DAC/STAT(2018)9/ADD3/FINAL], but some important shortcomings in the comprehensiveness and overall quality of the reported data on PSI ODA still needed to be addressed. Moreover, while the members’ self-assessments had proven to be a rich source of information on the PSI vehicles’ mandates, operations, and ODA characteristics, they had included little explanations on the vehicles’ compliance with international trade agreements.

14. Members welcomed the report and its findings. They particularly appreciated its collective peer learning function. They also took note of the shortcomings in the 2018 data on PSI ODA and possible areas of improvement in the self-assessments. They also took note of the shortcomings in the 2018 data on PSI ODA and possible areas of improvement in the self-assessments. Some members requested a clarification of the definition of a “PSI vehicle”. Members suggested that the Secretariat contact their respective WP-STAT delegates individually to address these issues, in particular the additionality of individual PSI activities as well as details on loans and equities.
15. Members had different views on whether the Report and Compendium should be shared with the Export Credit Group (ECG)/Participants. Some members proposed these documents be shared, while others expressed reservations in this respect, pending improvements in the data quality and the ODA-eligibility self-assessments. One member suggested sharing the findings with the Export Credit community only as far as trade-related support is concerned. Another member cautioned that DFIs and other PSI vehicles should not be subject to financial disciplines and rules for export credits as a matter of principle.

16. Moreover, some members highlighted the provisional nature of the reporting methods and the need to improve them going forward. In response to one member’s suggestion to resume the PSI negotiations as soon as possible, the Secretariat expressed the view that data collected over two cycles (2019 and 2020) would be beneficial in particular for the discussions on the discount rates.

17. The discussion concluded with the following next steps:

- In March–April 2020, the Secretariat will revert to members individually on their specific issues regarding both the data and self-assessments.
- Further discussions on PSI data quality (e.g., activity-level reporting on additionality, terms and conditions of PSI loans, sales and dividends of equity) will take place at the DAC Working Party on Development Finance Statistics (WP-STAT) in June 2020. The WP-STAT will be invited to report back to the DAC on this topic later this year.
- The DAC will await the revised version of the Report and Compendium, corrected for any factual errors, before sharing these documents officially with the Export Credit Group (ECG)/Participants.

Item 7. Innovation for development

18. As part of its effort to increase policy and political awareness on innovation for development and build innovation capabilities across the DAC membership, the Secretariat conducted a peer learning exercise focused on a selection of members’ innovation for development efforts. The analysis concluded that the DAC collective effort has a number of strengths. In addition to flagship initiatives, the innovation approach is becoming more structured, systematic, and goal-driven; pockets of staff and teams feel empowered to take on board novel approaches; and many joint efforts are underway to strengthen innovation for development as a global public good. The analysis also reflects on opportunities for improvement, such as a closer alignment of strategy, governance, and management; more consistent organisational incentives; strengthened evidence, learning, risk management, and portfolio approaches; and sustained engagement with the global South.

19. Members welcomed the report and its recommendations – targeting individual members and the DAC as a whole. They reaffirmed the crucial role that innovation can play to drive development effectiveness and impact, and to tackle global challenges. Members emphasised the need to improve the enabling environment for innovation, including through strengthened strategies, governance, and management of innovation efforts, and informed risk appetite. Members also acknowledged the need to invest in locally driven solutions and partnerships. Finally, members reflected on the role of the DAC in helping improve practices and strengthen collective actions for better, quicker, smarter results in development.

20. The final version of the report will be published in the first quarter of 2020 together with a refined self-assessment tool. Interested members can contact the Secretariat to receive support when using the tool.
Item 8. Summary of Conclusions

21. 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 9. Any Other Business

22. The delegate from Canada intervened to provide the Committee with an update on the work of the DAC Reference Group on Development Effectiveness. The group’s first meeting was held on 6 February with a high level of participation of members as well as the DAC Chair and DCD Director. This group discussed issues to be included in a renewed effectiveness narrative and will help produce language to be included in the Communiqué for the DAC High Level Meeting in October. The group’s next meeting will take place on 2 April.
Annex: Joint Statement from Top 10 Donors to the DAC on the 2021-22 PWB

Chair, Secretariat, thank you

Ten of the largest donors to the DAC have worked together to form a joint position on our main priorities for the PWB 2021-22. This is not exhaustive and colleagues may wish to add individual points during the plenary discussion. We would have preferred to consult the whole committee on the statement but could not because of time constraints and therefore there may be other Members who would like to join but are not listed. We would welcome their support.

The Members who signed up to this statement so far are:

Canada, Denmark, Germany, Ireland, Netherlands, Norway, Sweden, Switzerland, UK and US

Draft Document

We appreciate the Secretariat is approaching the PWB in a new and innovative way to address the complexity and urgency of the SDG agenda. However, we believe the current draft is still too long and does not clearly enough highlight the comparative advantages of the DAC. Whilst we accept that the policy challenges are important to reflect on how different teams in the DAC Secretariat work, the level of detail describing them is not required in the PWB document and cause confusion as to whether the narrative or outputs are determining the work plan.

We believe the draft should be short (maximum 10 pages), focus on comparative advantages of the DAC and our collective policy priorities. The Expected Outcomes and Intermediary Outputs must be precise and comparable in level of detail and ambition.

We believe that the information in the current draft’s Annexes 1 and Annex 2, and the subsequent financing implications, is the most important so should be upfront in future drafts.

Priorities

We have listened to the Secretariat that the priorities for upcoming work, including de-prioritization, need to come from Members. Considering the DAC’s current work plan and advantages, recognising the recent Council steer to increase our collaborative efforts in Africa, and considering the challenges that may lay ahead of us in coming years, we suggest the following four policy themes. We would like the PWB to focus on these thematic themes and four of the DAC Chair’s operational priorities. We have distributed a matrix setting these out and would like this to be the basis for how we form our list of outputs.

1) Financing for Development
   This includes the Addis Ababa Action Agenda/ Financing the SDGs, mobilising additional flows and work on the private sector.

2) Environment & Climate
   A key policy priority for DAC Members that we need to be more explicit about.

3) Conflict & Fragility
   A key policy priority for DAC Members that we also need to be explicit about.

4) Leaving No-one Behind
   This includes inequality, gender, and vulnerable groups such as the LGBTQI community and disabled people. Under this priority the DAC could refocus on poverty reduction and concentrate on the LDCs.
Budget

We must accept that a zero-real growth budget for the Secretariat is optimistic and that zero-nominal growth is more realistic. To make this possible we accept some work will need to be deprioritised. We are concerned that there is an assumption that a reduction in the Part 1 budget will be made up for in VCs. Further, whilst 80% of the PWB envelope is Foundational, only 30% of Secretariat funding is Part 1. We think these should be much more closely aligned.

Transparency

The DAC, as the guardian of ODA, must uphold the highest level of transparency and accountability. With the current level of access to details of VC contributions, allocations and spend it is harder to follow progress of implementation of the PWB than it was previously. Previously, under the DCD Director’s leadership, we had more opportunity for discussion on this so we would like the DAC Secretariat to work with Members on ensuring the necessary flow of information and transparency and providing opportunities to discuss progress on the budget.
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<th>Category</th>
<th>Upholding, monitoring and making ODA rules and statistics for accountability, transparency and analysis.</th>
<th>Promoting knowledge, best practice and peer learning in international development policy and practice, via thematic networks, peer reviews and evaluation.</th>
<th>Generating new evidence for better, more innovative, effective policies for development</th>
<th>Investing in partnerships with donors, developing countries, the multilateral system, the private sector, civil society, and other parts of the OECD to promote better development outcomes.</th>
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<td>Financing for Development</td>
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