REPORT ON RECENT MEETINGS

Room Document 1

DAC Meeting, 14 December 2010

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I. Experts Meeting on Measuring Aid-For-Trade Impacts at the Country Level, 22 October 2010

1. The OECD Development Assistance and Trade Committees jointly organised a technical-level meeting to review the use of indicators to measure results across various types of aid for trade programmes, and to consider how best to collectively report these results at the country level. In particular, three questions were addressed:

1) What is the demand and supply of aid-for-trade indicators?

2. Demands for indicators to monitor and evaluate aid-for-trade projects and programmes were articulated by presentations from representatives of the Government of Vietnam and the European Commission. It was generally acknowledged that the harmonisation of the use of indicators was neither feasible nor desirable given differences in operational needs and strategic priorities of different donor and partner countries. There was consensus around the idea to establish a menu of indicators drawn from the existing sources. The menu of indicators should be representative of the key characteristics of aid for trade – as defined by the WTO Task Force – and be subject to periodic improvements as our knowledge improves.

2) Which indicators to select?

3. Participants generally agreed with the proposal of focusing on outcomes or measuring “intermediate” effects of aid-for-trade activities. But a number of participants also expressed concerns about the problem of attribution or the “missing middle” that donors were often confronted with – i.e. the further we moved away from specific output results to higher-level results, the more difficult it would become to attribute those results to a specific donor intervention. The complexity of assessing the impact of individual donor projects on the country’s overall trade capacities and performance was identified as a key methodological challenge.

3) How do we go forward?

- All Members agreed that indicators to monitor aid-for-trade results were needed and that it would be useful to have a menu of these indicators for measuring progress during the implementation as well as for ex-post evaluations.

- Nobody wished for a “one-size-fits-all” menu of indicators, neither at the country level nor for the whole Aid-for-Trade Initiative. Rather, there was a preference for developing a menu of indicators for programmes and projects.

- It was agreed to select these programme-level indicators through a number of pilot studies in partner countries. It was also emphasised that partner countries and donors in the field – i.e. the eventual users of these indicators – were to be involved in the process. The OECD Secretariat would develop a proposal for the pilot studies and a road map to take this work forward.
II. First meeting of the INCAF-supported International Dialogue on Peacebuilding and Statebuilding Working Groups on Capacity Development (18 Nov.) and Aid Instruments (19 Nov.), 18-19 November 2010

4. The **International Dialogue** offers a unique forum, which brings together fragile and conflict-affected states (the g7+) and development partners to discuss challenges in peacebuilding and statebuilding. It offers invaluable opportunities to fragile states to learn from each other and to development partners to learn from fragile states.

5. The **Meeting of the Working Group on External Assistance to Capacity Development**, co-chaired by the Democratic Republic of Congo and Japan, met for the first time on 18 November 2010. Featuring high-level representation from fragile states, it offered a rich forum for discussing fragile states’ experiences with external assistance to capacity development. Participants identified several problems with current capacity development approaches and discussed their impact on peacebuilding and statebuilding efforts. These include the negative impact of development partners’ hiring procedures and salary top-up policies, which create market distortions and a brain-drain from the government; a lack of integration of technical assistance into capacity development programming, which minimises effectiveness; and development partners’ focus on short-term results at the expense of sustainable outcomes.

6. To address these challenges, the working group set itself an ambitious work plan to contribute to HLF4 in Busan. It will generate evidence on current CD practices and the impact of development partners’ hiring and procurement procedures as well as creating recommendations on strengthening the effectiveness of technical co-operation and development partner practice to avoid undermining local capacity and distorting local labour markets. Highlighting success stories from its members and developing clear, action-oriented recommendations will allow the working group to make an important contribution to improving external assistance to capacity development.

7. The **Meeting of the Working Group on Aid instruments**, co-chaired by Afghanistan and Sweden, met for the first time on 19 November 2010. Representatives of fragile states, development partners, multilateral organisations and civil society gathered to share experiences and begin working towards an action plan for HLF-4. Moving forward in preparation for the HLF-4, the Working Group agreed to focus in particular on i) how to speed up processes, through innovative approaches, to deliver using country systems, and ii) how to improve co-ordination between external financing instruments and national decision making processes. Recommendations for the issue of country systems will likely focus on dual accountability mechanisms and standards between national and international partners and recommendations on how to align different instruments (e.g. multi-donor trust funds) and use them as vehicles for improved government-donor dialogue and co-ordination in contexts where donors are not ready to use country systems.

III. 4th Joint Task Team Meeting of DAC-ENVIRONET and DAC-WP-STAT, 22 November 2010

8. The meeting discussed i) the quality of Rio marker data on biodiversity, climate change mitigation and desertification; ii) first experiences in the implementation of the new adaptation marker; and iii) tracking climate finance.

9. Members that had not yet corrected anomalies identified in the marker data for previous years (scores “not targeted” and “not screened”) were invited to do so as soon as possible. To further improve the quality and comparability of the marker data in future, participants discussed the applicability of the markers to various types of aid, such as general budget support or earmarked (core) contributions to multilateral institutions and NGOs. They also provided comments on the ‘Frequently Asked Questions on the Rio markers’ and the adaptation marker glossary. The Secretariat informed participants of two recent academic papers that had challenged the quality of climate change marker data. Participants agreed that the Secretariat should respond to the authors to signal any errors in the analyses.
10. The Secretariat explained the possibilities for expanding the coverage of Rio markers to multilateral ODA and informed participants of its co-operation with three OECD Directorates (ENV, TAD and DAF) on tracking non-ODA climate finance.

IV. Special Session on Climate Change Financing and Development Architecture, 22 November 2010

11. Participants discussed how donor communities can contribute to the ongoing debate on climate change financing architecture. They stressed the need to leverage private financing and develop the capacity of the recipient countries to effectively use the finance. It was noted that the messages of Paris Declaration – particularly harmonisation and use of country systems - are valid in climate financing, and there is a need to better communicate Paris messages beyond aid communities. It was also noted that the climate change/finance discussion is important but should not crowd out other critical environmental issues such as biodiversity.

V. Plenary Meeting of the DAC Network on Environment and Development Co-operation, 23 November 2010

12. ENVIRONET members exchanged views on the importance of the upcoming 4th High-Level Forum on Aid Effectiveness and how ENVIRONET will be able to contribute substantive inputs. This includes in particular providing lessons learned from experience with regard to i) Strategic Environmental Assessment, ii) Climate Financing and iii) Green Growth. Members stressed the need to maintain an appropriate balance between addressing climate change challenges and other vital environmental issues, such as biodiversity.

13. The supporting role ENVIRONET should play in incorporating the development perspective to the overall OECD Green Growth Strategy was another key discussion topic. Members raised a word of caution on the political sensitivity of communicating the Strategy to developing countries, emphasised the importance of policy coherence for development, and suggested going beyond low carbon growth to cover wider environmental aspects including natural resource efficiency.

14. Lastly, members emphasised the need for additional work on tracking climate change financing and environmental financing more broadly, including biodiversity financing, which was a key outcome from the Conference of the Parties to the UN Convention on Biodiversity held in Nagoya in November 2010.

VI. Joint DAC-EPOC Task Team on Governance and Capacity Development for Natural Resources and Management, 24 November 2010

15. Members were informed that the two Task Team background reports on Capacity Development for Environmental Management in the Agricultural Sector in Developing Countries and Capacity Development for Environmental Management and Governance in the Energy Sector in Developing Countries had been finalized and published as OECD Environment Working Papers. These two background reports will provide the main inputs to a draft chapter of the forthcoming Guidance on Capacity Development for Environment to be prepared by the Task Team. Task Team members also discussed the draft chapter on The Role of Donor Agencies in Supporting Capacity Development for Environment and agreed that it constituted a solid basis from which to develop a chapter of the forthcoming Policy Guidance.

16. It was agreed that Task Team members will provide written comments and any relevant material (in particular case studies on Capacity Development for Environment initiatives) to the Secretariat by 10th December 2010. It was also agreed that the next meeting of the Task Team will take place in June 2011 (date to be confirmed) at the OECD Conference Centre in Paris.
VII. Capacity Development in Donor Business Practices: Getting it Right, 29-30 November 2010

17. Two years after the launch of the 2009-2010 DAC Initiative on Capacity Development [DCD/DAC(2008)51], the Secretariat and key partners are actively consolidating their collective learning on the AAA capacity development priorities. To ensure a more joined up DAC member perspective in this process, a special consultation on Capacity development in aid business processes: Getting it right! was organised on 29-30 November 2010. The event assembled over 50 representatives from donor agencies, partner countries, multilateral organisations (UNDP, WBI) and civil society. This included agencies from 18 DAC member countries. The meeting offered an opportunity to share donor experiences, identify good/bad practices and more joined up action, and to shape key messages for Busan.

18. The meeting indentified a range of widely supported technical and political messages on capacity development. These included incentives for effective capacity planning and practice, a stronger focus on capacity results, and more effective delivery of support. Support was expressed for current attempts to link with other processes such as the International Dialogue, WP-EFF cluster work on “country systems” and environment capacity development. The need to engage more with emerging donors and other “non-traditional” actors such as the private sector was similarly recognised.

19. Participants appreciated the fact that conclusions from this meeting will feed directly into the more Southern led meeting in Cairo on 28-29 March 2011, which symbolically confirms the initial DAC intent to move the focus of the capacity discussion from the North (Bonn 2008) to South (Cairo 2011). The Cairo event will conclude with joint messages for capacity development in Busan and beyond. In preparation for the meeting, a special framing document will be prepared by a small “High Level Group” of Southern professionals grouped around WP-EFF Co-chair Talaat Abdel-Malek.

VIII. Meeting of the DAC International Network on Conflict and Fragility (INCAF), 2-3 December 2010

20. Looking back: INCAF members took stock of INCAF work in 2009-2010, which notably included the annual report on resource flows to fragile states, the fragile states principles survey, innovative policy guidance on transition financing, work on risk perception and management, the due diligence guidance, statebuilding guidance, analysis on “do no harm” and state legitimacy, and policy and programming notes on Armed Violence Reduction. Progress made was noted with satisfaction. In the area of conflict and fragility INCAF is recognised as a credible and high quality source of analysis. Members underlined the need to now improve distilling lessons learned and to develop the next series of operational products to help implementation of insights achieved.

21. Looking forward: Four key events and processes will influence the policy field in which INCAF operates. First, the release of the WDR in Spring 2011 will reinforce and build on many key pointers for effective engagement in fragile states. Second, the International Dialogue is elaborating a set of international peacebuilding and statebuilding goals, joint principles for good engagement and an Action Plan by mid-2011, which will offer a key input into HLF 4 in Busan. Third, at the HLM there will be an opportunity to raise the attention to fragile states by presenting key recommendations on statebuilding and transition financing. Finally, HLF 4 marks a key point in the five year process since the Paris Declaration. As fragile states have emerged as a critical challenge in the area of aid effectiveness, the meeting offers a good opportunity for taking stock and formulating next steps.

22. Next steps: INCAF work over the period 2011-2012 will focus on four key output areas: first, delivering further support for peacebuilding, statebuilding and security in situations of conflict and fragility (focus on state-society relations, gender and security & justice); second, providing practical guidance on suitable financing and aid modalities in situations of conflict and fragility; third, monitoring the implementation of norms promoted by INCAF; fourth, developing practical recommendations on how gaps in the international system can be closed to address global drivers of conflict and fragility. Given the many
key events and processes unfolding in 2011, INCAF also needs to retain a measure of flexibility to be able to stay in tune with a dynamic policy agenda to continue to lead thinking on conflict and fragility.

IX. Seminar on Trends in Support of Accountability: Political Party Assistance – (GOVNET and International IDEA) 9 (am) December 2010

23. In line with a growing recognition that politics matters for development, the OECD-DAC GOVNET and International Institute for Democracy and Electoral Assistance (IDEA) jointly hosted this seminar to allow for frank discussions on how to move from ‘thinking politically’ to ‘acting politically’ when providing assistance to political parties and supporting domestic accountability more broadly. There is a wide understanding that, whilst democratic governance and accountability are driven by internal political dynamics, external actors can and do have a direct role to play. As part of the GOVNET programme on domestic accountability, the seminar aimed to improve the effectiveness of donor support in this sensitive area of development assistance, particularly on how support for parties can be linked to broader development, democracy and governance strategies.

24. The GOVNET-IDEA seminar brought together donors, developing country experts from regional organisations, ECOWAS and others, with practitioners from implementing organisations. Participants considered a range of approaches to party assistance and links to development outcomes by bilateral and multilateral donors through examples, including party dialogue efforts in Uganda, Cambodia and Ghana. Participants agreed that the paper, “Political Party Aid: Changing Challenges and Possible Principles”, by Thomas Carothers, Vice President of Studies, Carnegie Endowment for International Peace (CEIP), offers a strong basis for greater consensus on party assistance and development linkages. The paper will be revised as part of operational guidance on improving support to domestic accountability. Members agreed the meeting represented concrete progress toward building a consensus as to why and how to support political parties in the context of broader support to domestic accountability, governance and development.

X. Plenary Meeting of the DAC Network on Governance (GOVNET), 9 (pm) – 10 December 2010

25. The GOVNET reviewed progress in taking forward four country case studies (Mali, Mozambique, Peru and Uganda, led by France, Switzerland, the US and UK/Ireland, respectively) on aid and accountability as an important source of evidence for Busan. Emerging lessons point to the centrality of the budget process, capacity constraints, weaknesses at the local level, the value of self-assessment and the need for effective communications. The GOVNET also heard reports from the preceding days’ discussions on political parties and on measuring results of donor support to governance.

26. GOVNET members concluded discussions on their Reflection Exercise, taking stock of the ways in which the Network functions and its value added. Participants addressed the need for greater flexibility to tackle emerging issues and work more effectively at country level, as partners take increasing ownership of development strategies. Governance efforts require donors to facilitate, ‘do no harm’ and focus on coherence in OECD country approaches, e.g. in terms of domestic resource mobilisation and taxation, as well as anti-corruption efforts.

27. These considerations shaped GOVNET’s discussion of the Programme of Work and Budget for 2011-12. Key areas of focus for the coming biennium and in the lead up to the HLF4 on Aid Effectiveness in Busan include: (a) developing policy and operational messages and guidance on domestic accountability, as part of broader learning on how reform happens – based on case work and seminars on elections, parties, the media and parliaments, being developed in close collaboration with the WP-EFF; and (b) responding to the urgent requirement to better demonstrate results from governance support by gathering results from multi-donor evaluations underway and sharing tools for measuring impact. Work on taxation and development, seen as a top priority, will continue as a major input to the emerging multi-stakeholder Task Force on this issue. Work on anti-corruption – in particular on international drivers of corruption and on illicit flows — will be bolstered by greater co-operation across the OECD. Evidence of progress and remaining challenges in work on human rights will also be emphasised in the run up to HLF4.