DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE

Summary Record of the DAC Senior Level Meeting held on 22 February 2019

The Draft Summary Record [DCD/DAC/M(2019)2] was approved at the 29 March 2019 DAC meeting, under Item 2 of the Draft Annotated Agenda [DCD/DAC/A(2019)5] and is now issued as FINAL. The Committee also agreed to declassify this final version.

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Draft Summary Record of the DAC Senior Level Meeting
held on 22 February 2019

> **Morning Session: "Supporting implementation of the 2030 Agenda for Sustainable Development through a DAC fit for purpose"**

Item 1. Welcome by the DAC Chair and Adoption of the Agenda

1.   The new DAC Chair, Ms. Susanna Moorehead, welcomed participants to this DAC Senior Level Meeting (SLM). She invited the SLM to adopt the draft agenda, which delegates did without modification. She then handed the floor to OECD Deputy Secretary-General Masamichi Kono to deliver an opening address. Mr. Kono welcomed the new Chair on behalf of the OECD and commented that she was arriving at a pivotal moment — development co-operation has never been more important. The DAC is a recognised, global leader in measuring and mobilising financing for sustainable development, in reviewing and peer learning around what works in development co-operation, in providing evidence-based development policy guidance, and in convening multi-stakeholder partnerships and dialogues for development. The DAC and other development co-operation providers address problems that transcend borders and affect everyone, in every country. He closed by saying that the DAC and its partners must collaborate to develop collective responses to shared challenges.

Item 2. DAC Fit for the Future

2.   The DCD Director presented the context for the discussion on the DAC's Fit for Future agenda, highlighting opportunities and challenges for charting development co-operation's transformed – and transformative – role to support the ambitious 2030 Agenda. Global threats like persistent poverty, increasing climate change and protracted conflicts, paired with rapid advancements in technology and innovative financing models, will demand collaborating with a wider range of partners, mobilising a wider range of resources, and addressing a wider range of issues than DAC members have in the past. The DCD will support the DAC and broader development community's deeper engagement on issues including: first, the prevention agenda, for more proactive aid investments to build long-term resilience and protect against fragility; second, financing for sustainable development, focused on better measurement, better regulation, and better co-ordination to connect supply and demand for finance that is driven by impactful outcomes; and third: development effectiveness, harnessing the power of the Global Partnership for Effective Development Co-operation (GPEDC) to join up action to deliver results and impact. Also, better aligning development co-operation with the Paris Agreement, to improve the consistency of development finance portfolios with the objectives of the Paris Agreement, will be required for development co-operation to support all aspects of the 2030 Agenda.

3.   The DAC Chair presented initial elements a vision for the DAC, building on progress in implementing the DAC reform. She highlighted a focus on increasing commitments to gender equality, promoting effective development co-operation, ongoing strengthening of the development–humanitarian–peace nexus, better aligning development co-operation with climate change objectives, and a focus on targeting support for LDCs. She also highlighted the importance of positive momentum on the TOSSD agenda, supported by forthcoming case studies to demonstrate the benefits of greater transparency of financial flows, including from a recipient perspective.

4.   DAC Members welcomed the Secretariat's call for a stronger agenda and narrative about the role of development co-operation in the 2030 Agenda, and welcomed the Chair's vision for the DAC's actions to advance this. DAC Members responded on the need to carry out this initiative through an approach that is country-focused, working with developing country partners, focused on countries most in need, and that mobilises additional funds beyond ODA through innovative practices, to provide support throughout the

development pathway. Many members underscored support for commitments to increase ODA and ensure it is better aligned with the 2030 Agenda, specifically the objectives of the Paris Agreement on climate action. Members also agreed on using development co-operation as a tool to prevent fragility. Strong signals for supporting deeper work on gender equality were also echoed, as was support for the GPEDC, and TOSSD. Members also noted ongoing work to finalise how private sector instruments are counted in ODA. Some countries also encouraged a more concrete discussion about engaging partners and countries beyond DAC Membership, including CSOs. Overall, there was strong agreement on the need for a stronger, more simple narrative about development co-operation that connects with people whom the DAC serves.

Item 3. Promoting Coherence across the Humanitarian–Development–Peace Nexus

5.   The DAC Chair opened this item highlighting the rarity of adopting recommendations in the DAC and therefore the importance of adopting this DAC Recommendation on the Humanitarian–Development–Peace Nexus. The DCD Director summarised the process of developing the Recommendation mentioning that it was carried out in an inclusive manner undergoing five rounds of consultations including with DAC members, focal points in the International Network on Conflict and Fragility (INCAF), 346 civil society organisations, g7+, and the UN system. The Recommendation is a product of two years of work and is highly anticipated by many stakeholders in the multilateral system as well as by fragile countries.

6.   The INCAF Co-chairs (United Kingdom and Germany) underlined the significance of the Recommendation to work closer on issues of crisis and fragility to reduce likelihood and impact of leaving no one behind, through better co-ordination, programming and financing and agreeing on collective outcomes. Especially in light of the mounting protracted crises, the Recommendation is needed now, calling for joint analysis, empowered local leadership and political engagement to support prevention. The Co-chairs highlighted the need to tackle exclusion, gender inequality and other root causes of fragility, as well as close the financing gap and shift to predictable, multi-year funding.

7.   All Members expressed strong support for adopting the Recommendation and many cited instances where the implementation of the Humanitarian–Development–Peace nexus principles, both internally and with development partners, is already taking place. Many members commended the Recommendation as a step toward operationalising international commitments but also cited the need to translate the Recommendations into concrete action. Regarding next steps, multiple members highlighted the integration of the Recommendation into the Peer Review but mentioned that INCAF will be important for dissemination and implementation for DAC members and beyond. The DAC Chair closed the discussion by concluding that the SLM had approved the Recommendation and agreed to the declassification of the text.

Item 4. Preventing Sexual Exploitation and Abuse

8.   The purpose of the session was to discuss how the DAC can best respond to disturbing reports of sexual exploitation and abuse related to development co-operation and humanitarian assistance. The Secretariat reminded members that at its June 2018 meeting, the Committee supported developing a DAC instrument and established a DAC Reference Group on Preventing Sexual Exploitation and Abuse (PSEA). Since then, the Co-Chairs of the DAC Reference Group on PSEA (Austria, Ireland, and the United Kingdom) have worked to develop a document submitted for discussion and a road map to take this work forward.

9.   Members were invited to discuss the Pillars of a Proposed DAC Recommendation on Preventing Sexual Exploitation and Abuse, and Sexual Harassment in Development Co-operation and Humanitarian Assistance [DCD/DAC(2019)10], based on members' survey responses and five previous Reference Group meetings. A draft was presented at the 21 January DAC meeting, and members were invited to submit their written comments to the Secretariat. Following the DAC meeting, the Reference Group convened on 31 January to discuss the draft in more detail. The Co-Chairs revised the document based on these discussions and the members' written comments.

10.   Members stressed their strong support for the Pillars document and welcomed efforts by the Reference Group Co-Chairs and Secretariat to move quickly on this important issue and thanked the DCD Task Force and the Gender Equality Team for its swift and focused technical and diplomatic work. Members welcomed the inclusion of sexual harassment in the document, the strong focus on survivors and victims, and the emphasis for further learning and co-ordination among members and partners. One member underlined the need to ensure feasibility and to focus more on prevention. Members encouraged the Secretariat to keep the pace moving forward to have a Recommendation by the summer, while also ensuring continued engagement of UN entities, Civil Society, and other relevant partners. The Co-Chairs recommended adding this work to the DAC's 2019-20 Programme of Work and Budget and called on others to ensure adequate resources.

11.   The Secretariat reiterated that it stands ready to support the DAC Reference Group to work towards a Recommendation and to continue to promote shared learning and greater co-ordination among members.

12.   The DAC Chair closed the session, underlining the overwhelming support for the Pillars of a Proposed DAC Recommendation Preventing Sexual Exploitation and Abuse, and Sexual Harassment in Development Co-operation and Humanitarian Assistance and the way forward to arrive at an adoption of the Recommendation.

Working Lunch: What will it take for development co-operation to answer the pledge to leave no one behind?

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13.   During the lunchtime session, a panel of experts drew on the results from the *Development Co-operation Report: Joining Forces to Leave No One behind* to reflect on the role of development co-operation in addressing the pledge to leave no one behind. Ms. Carolina Sanchez-Paramo, Senior Director of the Poverty and Equity Global Practice, World Bank, shared the latest data and trends on global poverty and implications for poverty reduction, based on the World Bank's Poverty and Shared Prosperity 2018 Report[1]. Key messages included the need to understand and invest in poverty reduction from a multidimensional perspective. At the global level, the share of poor according to a multidimensional definition that includes consumption, education, and access to basic utilities is approximately 50 percent higher than when relying solely on monetary poverty. Ms. Sanchez-Paramo advised the Committee that economic growth in sub-Saharan Africa would need to be 8% per annum or higher to help bring down extreme poverty to the 3% target of the World Bank. The report identified three priorities for the World Bank: (i) Transformational change is needed in Africa and conflict-affected areas; (ii) New measures of poverty must be developed with richer data sets; and (iii) Data investments are critical. Ensuring that no one is left behind in the fight against extreme poverty requires that we expand investments in country systems and capacity to measure and monitor welfare in a timely, comparable manner.

14.   Mr. Rudjimin Rudjimin, Counsellor in the Indonesian Embassy in France, shared insights from the country's food assistance programme and progress in reaching the poorest households, nationwide. Lessons, documented in the case study provided by Indonesia's National Team for the Acceleration of Poverty Reduction in the *Development Co-operation Report*[2], stressed the need to analyse and understand, from monitoring and evaluations, how the programme works, how users access and benefit from the assistance and how to better reach the poorest households. This evidence-based approach along with

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[1] http://www.worldbank.org/en/publication/poverty-and-shared-prosperity

[2] https://www.oecd-ilibrary.org/development/development-co-operation-report-2018/case-studies-from-developing-countries-what-works-and-why_dcr-2018-13-en

political leadership (from the President's office) led to impressive reform to improve performance and targeting to contribute more effectively to the alleviation of poverty: by the end of 2018, the programme aimed to cover 10 million households in 219 districts/cities and will cover districts and cities nationwide by 2020.

15.   Mr. Alex Kolev, Head of the Social Cohesion Unit in the OECD Development Centre, presented some key messages on the risks that rising income inequalities pose for development progress and achieving the 2030 Agenda, based on his contribution to the report[3]. His key messages focused on drivers of rising income inequalities. Examples include: increases in income and wealth inequality coinciding with an increase in wage inequality, policy choices that rely excessively on GDP as a measure of economic performance, and tax policies' ineffective correction for market failure and negative externalities. Development co-operation policies can tackle and contribute to reducing these inequalities through (i) better country-level diagnostics and tailoring of responses to factor in the nature and range of deep-rooted obstacles that developing countries face in their efforts to pursue economic equity and (ii) increased support and engagement in international regulatory mechanisms such as tax schemes to reduce global inequality.

16.   Interventions from SLM participants recognised the need to reform and refocus international co-operation, including development co-operation, on the following: empowering women and girls and scaling up development finance for gender equality with more support for grassroots women's organisations; breaking down siloed sector-based programmes; and investing in tackling the multidimensional drivers and symptoms of being left behind and measuring results and impact in relation to these objectives. Panellists also identified the need to get beyond national averages and GDP to understand poverty and inequalities experienced by sub sections of the population and the need for much more disaggregated data. They also pleased for identification of good practices for social protection programmes to address deep pockets of poverty in middle-income countries, as well as gearing up support for universal access to basic services, and stepping up and sustaining focus and investments in Africa where helping to create jobs at a time of rapid population growth should be a top priority.

Afternoon Session: "Financing for Sustainable Development"

Item 5. Total Official Support for Sustainable Development (TOSSD)

17.   The co-Chair of the International TOSSD Task Force (Mr. Laurent Sarazin) provided an update on the progress made by the Task Force in its seven meetings. The Task Force had finalised the reporting instructions for pillar I on cross-border resource flows and in-kind technical co-operation; and defined eligibility criteria for pillar II on international public goods, development enablers, and global challenges. Mr. Sarazin informed the meeting of the Task Force's work plan in the coming months, including the finalisation of pillar II, the TOSSD pilots, and the data survey to which he invited all members to participate. He also described the actions planned at the UN Statistical Commission and the Inter Agency and Expert Group on SDG Indicators for integrating TOSSD in the global SDG indicator framework. He explained that the Task Force had updated its mandate to take into account the fact that the work now focused on pillar II and to expand the membership and increase the legitimacy of the Task Force as an interim governance mechanism pending a more permanent arrangement.

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[3] https://www.oecd-ilibrary.org/development/development-co-operation-report-2018/what-does-it-mean-to-leave-no-one-behind_dcr-2018-8-en

18.   Mr. Sarazin highlighted three key items: i) the potential of TOSSD to fill the data gap on financing for sustainable development and provide partner countries the data needed to inform their decisions, which would help promote TOSSD in the UN context; ii) a fear that TOSSD would undermine ODA, largely based on misconceptions that could be addressed by members reaffirming their respective ODA commitments and ensuring that TOSSD will have no impact on the scope of ODA; and iii) measuring private finance mobilised which could be based on either the OECD or multilateral development bank (MDB) methodology, the latter however providing less transparency at the activity level and requiring specific actions to remove possible double-counting. Mr. Sarazin then invited the SLM to support the work of the Task Force and specifically consider what actions they could take to promote TOSSD at the UN, reassure the international community of the integrity of ODA and ensure increased transparency of reporting on mobilised private finance.

19.   Twenty-six delegates took the floor, including 19 DAC members, 4 non-DAC countries, the World Bank, and the DAC–CSO reference group. A large majority of members expressed strong support for TOSSD, noting that it responds to the need for a more comprehensive measure of development finance in line with the Addis Ababa Action Agenda, the 2030 Agenda and the Paris Agreement. TOSSD is complementary to the ODA measure and will help to integrate, explain, and improve the transparency of broader financial flows and international co-operation for sustainable development and, in due course, improve the accountability to constituencies both in provider and recipient countries. With its keen focus on recipients, TOSSD has the potential to provide a much better picture of their external resources and support more effective planning.

20.   Members generally valued the inclusiveness of TOSSD and the fact that the Task Force membership included both DAC and G77 countries. It was noted that during the LAC–DAC Dialogue on 21 February several Latin American and Caribbean countries had expressed their appreciation for the inclusive process to develop TOSSD. The CSO representative welcomed the Task Force's responsiveness to their views, appreciated the process and encouraged the Task Force to continue broad consultations with relevant actors, which were essential for the legitimacy and relevance of the measure.

21.   Members generally acknowledged good progress made by the Task Force and supported its continued work, including the continued development of TOSSD until a suitable, permanent custodian arrangement was found. Several members stated they supported an expansion of the Task Force membership and encouraged efforts to involve more G77 countries, including small island developing states, in the discussions. Broader participation from the MDBs and the UN is needed as well. However, the expansion of the Task Force should not compromise its ability to move forward as it is now urgent to show results of this work launched several years ago. A few members also expressed their support for a city group of the UN Statistical Commission to advance TOSSD development and efforts to identify a UN co-custodian agency, recognising however that this process would take time.

22.   Several members emphasised the need to raise the visibility of this work at the political level and indicated their preparedness to promote TOSSD for example at upcoming high-level UN (ECOSOC, UNGA) and G7 events. They suggested showcasing the results of the TOSSD pilots, which had demonstrated the usefulness of the measure to developing countries, and enhancing this type of work.

23.   Several members indicated their intention to participate in the TOSSD data survey. A few members, while not questioning the imperative to develop the measure, thought that the TOSSD methodology might need to be simplified so that it could be used by all countries. The survey would help to evaluate the robustness of the data.

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24.   A few members commented on the need to ensure consistency in the reporting on private finance mobilised and suggested that members collectively work through the Boards of the MDBs to achieve this. The World Bank representative emphasised that transparency is a priority for the Bank, but that the reporting on private finance mobilised needs to respect client confidentiality. The World Bank would continue engaging on TOSSD and follow the statistical standards of the UN Statistical Commission; the IFC was discussing a possible data disclosure agreement with the Secretariat.

25.   Four members, while supporting the objective of TOSSD to measure broader resource flows for the SDGs in a transparent manner and acknowledging the progress made by the Task Force, expressed concerns and thought the SLM should focus on the more fundamental and political questions around TOSSD.

26.   The four members expressed the view that the development discourse had changed since the work on TOSSD started and there could be a need to re-discuss the rationale in the current political context, but also taking into account that TOSSD would demand significant resources from the DAC, the recipient countries and the UN. These members had not seen much interest for TOSSD outside the DAC, and needed to be convinced that TOSSD would be useful for the poorest countries. Broad support by the UN and its membership would be critical for TOSSD to succeed, and TOSSD should not undermine ODA. It was also flagged that TOSSD was an input measure, while the global SDG indicator framework focused on measuring outcomes, which raised questions on the value-added of TOSSD and whether it was really needed as a lot of flow data were available through other sources, such as the IMF.

27.   Of the four non-DAC countries that intervened, three expressed support for TOSSD and stressed that it was essential to continue open and transparent discussions on measuring sustainable development finance but also in-kind technical co-operation in a statistically relevant way. They welcomed the work of the Task Force and the inclusive approach with South–South and triangular co-operation providers and recipient countries participating in the development of the measure. Important issues for them included the operational definition of sustainable development, the treatment in TOSSD of dual countries that are both providers and recipients of development co-operation as well as multi-dimensional criteria for defining TOSSD recipient countries. DAC members should carefully address the concerns of developing countries to make TOSSD a truly collective measure. TOSSD could help to close the information gap on resources not recorded in current statistics, and be a useful tool for development planning and improved transparency and monitoring. However, the implementation of TOSSD required capacity building for data collection and management in developing countries. One non-DAC country was concerned that TOSSD would over-emphasise the role of innovative finance instruments over traditional development assistance.

28.   The Chair noted that the discussion had shown there were still differing opinions on TOSSD. The DCD Director responded to various questions and comments by noting that the "why" of TOSSD was clear: developing countries needed to be able to scrutinise all financial flows from all sources and TOSSD provided a methodology for measuring them in a comparable manner. The process for developing TOSSD was most relevant and the difficulties, which mainly were an issue of perception, could be solved by focusing on the "how". The developing country members of the Task Force had influenced the development of the measure, for example regarding the measurement of in-kind technical co-operation, but they also provided an interface with G77 and the Least Developed Countries (LDC) Group at the UN. In bilateral meetings with these countries, it has been easy to explain why TOSSD is vital.

29.   The Director commented that the UN Secretariat and UN-DESA were very interested in TOSSD but not able yet to be part of the process, pending expressions of support from the member states in relevant meetings in New York. The next steps consisted of the data survey, three additional pilots and the definition of pillar II on international public goods that members had wished to see for some time. He also noted that, at the governance level, the expansion of the Task Force could solve some issues by increasing the ownership of the DAC in the process. Any DAC member would be welcome to join the Task Force as long as a developing country joined at the same time to keep the Task Force balanced. Members' support was

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required to promote TOSSD in New York and to ensure a whole-of-government approach. The Secretariat is working with the MDBs on the issue of private finance mobilised but members need to be involved as they are the shareholders of these institutions.

30.   The Chair concluded the debate by noting that the majority of delegations who had spoken wanted the Task Force to continue its work, but a sizeable number had also expressed concerns. She asked the DCD Director to reflect on the discussion and inform members about next steps.

Item 6. Innovative Financing for Sustainable Development

31.   The Secretariat introduced the topic of innovative financing, focusing on building evidence through case studies and thorough data analysis and supporting the development of guidelines and principles on the use of innovative financing instruments. It stressed the importance of impact investment, the potential of the blue economy to mobilise resources for sustainable development, and the need to further align the financing system with the SDGs and the Paris Agreement.

32.   Several SLM participants underscored the importance of raising additional resources and acknowledged the private sector's role and contribution to achieve sustainable development. Participants provided a range of examples showing successful partnerships and initiatives undertaken, expressing appreciation for the Secretariat's work in studying new financing instruments and supporting a regulatory environment that addresses potential risks associated with new financing mechanisms.

33.   Participants stressed the importance of building absorptive capacity in recipient countries to maximise use and impact of innovative financing and several members highlighted the role of development partners in providing technical assistance when engaging in innovative instruments.

34.   Some participants raised concerns that innovative financing does not target countries and contexts most in need, risking leaving countries behind. Therefore, one needs to monitor closely the development impact of ODA used in mobilising private resources. Similarly, participants underpinned the importance of ODA where markets do not provide the necessary financing, for example in the context of global public goods.

35.   DAC members, the DAC Chair and the Secretariat underscored the DAC's key role in setting and improving standards and principles, advancing measurement of the private sector's contribution to the SDGs, increasing transparency and sharing best practice around innovative financing instruments, and ultimately in ensuring sustainability and impact of innovative financing tools. This is closely in line with the Secretariat's work focusing on better measurement, frameworks and regulation, and co-ordination.

36.   The Secretariat concluded by echoing the opportunities and risks coming with innovative financing instruments and stressed the importance of the five components of the Tri Hita Karana Roadmap for blended finance. Namely, moving from principles to practice, raising additional resources otherwise not targeting development purposes, building markets and taking into account eventual phase-out of subsidies, advancing transparency, and lastly to move from results to impact. The Secretariat highlighted its multi-stakeholder process engaging policy actors, the private sector and civil society organisations. The Secretariat underscored the importance of its future work in addressing contexts where application of innovative financing is more difficult, for example among Least Developed Countries.

37.   The DAC Chair closed the session by stressing the importance of linking the discussions on innovative financing with the agenda on leaving no one behind. The Chair highlighted the DAC's role in outlining instruments and mechanisms that prove effective and in engaging in peer review and learning exercises. The Chair further concluded that the DAC is critical to establish guidelines and principles that also address members' concerns. The DAC should move forward with an agenda of impact, monitoring, and transparency.

Item 7. Conclusions

38.   The Chair closed the proceedings by providing a brief summary of the day's achievements. The SLM adopted the revised DAC peer review reference guide and the DAC Recommendation on the Humanitarian–Development–Peace Nexus and agreed to declassify them so that they can be shared externally. The SLM agreed to the proposed pillars for the text that will compose the legal instrument on preventing sexual exploitation and abuse in development co-operation and agreed to the roadmap for taking this work forward. SLM participants exchanged views and expressed differing opinions on TOSSD; the Chair asked the Secretariat to reflect on the way forward and report back to the Committee. She commented that she would issue a "Chair's Summary" to highlight SLM outcomes to the external world[4]. She then announced that her office was in discussions with French authorities to organise a Tidewater meeting in France later in 2019.

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[4] Available at: http://www.oecd.org/dac/chairs-summary-dac-slm-2019.htm