

Unclassified**English - Or. English****18 July 2019****DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE****Summary Record of the 1063rd DAC meeting held on 18 June 2019**

The Revised Draft Summary Record [DCD/DAC/M(2019)5/REV1] was sent for APPROVAL via the written procedure. No objections were expressed by the deadline; the record is therefore considered approved, issued as final, and declassified.

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Summary Record of the 1063rd DAC meeting held on 18 June 2019

Item 1. Welcome and Adoption of the Agenda

1. The Chair welcomed participants and invited delegates to approve the draft agenda, which they did without modification.

Item 2. Approval of DAC Summary Record

2. The DAC Chair invited delegates to approve the draft summary record of the 1062nd DAC meeting held on 15 May 2019. Several members had comments on the draft record, which they agreed to share with the Secretariat in writing. The Chair asked the Secretariat to amend the record then circulate it for adoption via the written procedure. If necessary, the revised record can be put on the agenda for the 10 July meeting for adoption.

Item 3. Briefing by the 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 the previous day. The Chair announced changes to upcoming DAC meetings: the September meeting will be held on the 10th and the December meeting will be a regular Committee meeting rather than a High Level Meeting, which is now proposed to be held in early 2020.

Item 4. DAC Recommendation on Preventing and Responding to Sexual Exploitation and Abuse, and Sexual Harassment in Development Co-operation and Humanitarian Assistance

4. The purpose of this session was to provide Members with the opportunity to comment on and discuss the current DAC Draft Recommendation on Preventing and Responding to Sexual Exploitation and Abuse, and Sexual Harassment in Development Co-operation and Humanitarian Assistance to discuss and begin to settle text for the Recommendation to be adopted at the 10 July DAC meeting.

5. The Co-chairs of the DAC Reference Group on Preventing Sexual Exploitation and Abuse (Austria, Ireland, and the United Kingdom) and the Secretariat presented background information on the Recommendation and updated Members on key textual changes made since the 28 May Reference Group meeting. In particular, the Secretariat provided an update on recent developments, including the incorporation of civil society commentaries, a title amendment, and wording amendments to Section III of the Recommendation.

6. Following preliminary discussions, the Committee expressed very strong support for the text, commended the co-chairs and the Secretariat for the work achieved, and welcomed a title change. Members also commented on the importance of implementing the Recommendation promptly and putting in place monitoring mechanisms to track progress.

7. Several Members provided comments on their textual preferences; the Secretariat requested that they submit these comments in writing before incorporating them into a new version for adoption at the 10 July DAC meeting. The DAC Chair also requested that Members communicate red lines as soon as possible to resolve any outstanding issues in the current text.

8. Following the round of comments, the Irish Co-Chair announced that she will be stepping down in July and invited delegates to express their interest in occupying her seat on the Reference Group. The DCD Director subsequently shared some reflections on how to incorporate the follow-up to DAC recommendations (dissemination, implementation, monitoring) into the DAC's Programme of Work and Budget (PWB). In response, the Committee asked that the Secretariat prepare a concept note outlining plans for monitoring, learning and implementation to ensure exchange of emerging practices. DAC Members welcomed the Director's comments and expressed a strong preference in developing a strategy to ensure the Recommendation can be implemented before 2021, which could require amending the PWB.

Item 5. Blended Finance for Least Developed Countries (LDCs)

9. This session featured three distinguished external speakers: (i) Dr. Perks Master Ligoya, UN Ambassador from Malawi and UN Global Coordinator of the LDC Group; (ii) Ms. Judith Karl, Executive Secretary of UN Capital Development Fund (UNCDF); and (iii) Mr. Jean-Philippe de Schrevel, Founder and Managing Partner of Bamboo Capital Partners. The three speakers expressed how important blended finance is to finance sustainable development, in particular in LDCs. They offered their perspectives on how to mobilise such financing, reflected on why LDCs are not receiving sufficient funds, and highlighted the need to demystify risks and set out the right incentive structures.

10. In discussion, Members expressed strong support for the work on blended finance and underscored its central role in mobilising finance for LDCs. One member clarified that at the October 2017 DAC High Level Meeting members reaffirmed their respective Official Development Assistance (ODA) commitments, including the commitment by many to allocate 0.15-0.20 per cent of Gross National Income as ODA towards LDCs, and decided to continue to make all efforts to achieve them, taking into account their specific circumstances¹. Delegates asserted that not all actors understand what blended finance means and entails, derisking is complicated and in critical need of being scaled up, and reforms in LDCs could usefully help attract greater volumes of finance.

11. The Chair concluded the session by commenting that unlocking blended finance for LDCs is a work in progress and, as such, requires continued discussion within the Committee. DAC members must collectively and individually socialise on blended finance and demystify it. She called on heads of delegation to the High Level Political Forum in New York to attend the official launch of the joint OECD-UNCDF report on blended finance for LDCs, to take place on 16 July.

Item 6. Senior Level Meeting of the Global Partnership for Effective Development Co-operation (GPEDC)

12. The Secretariat delivered an update on preparations for the GPEDC Senior-Level Meeting (SLM), to be held on 13-14 July 2019, in New York. The DCD Director noted that the SLM will provide an opportunity to strengthen collaboration and better use of new GPEDC products: fresh monitoring evidence from the third monitoring round, sourced from a record 86 partner countries and territories; a new approach to monitoring effectiveness in fragile contexts; and the new Kampala Principles for effective private sector engagement.

13. The Secretariat then highlighted the SLM's three objectives, which are to: (i) launch new evidence and results from the GPEDC work programme; (ii) demonstrate that the effectiveness agenda is already adapting and expanding to new actors (including providers of South-South co-operation, those engaged in triangular co-operation, the private sector, and fragile states); and (iii) look ahead and decide together upon future effectiveness priorities to accelerate implementation of the 2030 Agenda and the SDGs. The Secretariat also indicated that Ambassador Thomas Gass, incoming Swiss co-chair, will intervene at the 2019 High Level Political Forum (HLPF) to report on the outcome of the SLM. Regarding participation, it was noted that nearly 400 participants have registered, including numerous senior and high-level participants from: over 60 partner countries; the majority of DAC members; emerging economies (including South Africa, Mexico, Indonesia, and the New Development Bank); as well as diverse non-executive stakeholders. The Secretariat also provided an update on the monitoring process, noting that the first part of the report, focusing on how partner countries are promoting effective partnerships, has been published, and the second part, on how effectively development partners support country-led efforts, will be published shortly. The Secretariat will also produce country and donor profiles and an innovative third chapter that will 'give evidence a GPEDC voice' based on stakeholder reflections at the SLM. This will

¹ <https://www.oecd.org/dac/DAC-HLM-2017-Communique.pdf>, paragraph 9.

inform considerations on how to best use the results to learn and change behaviour on the ground, as well as on the future scope and process of the monitoring.

14. The DAC Chair welcomed encouraging indications regarding participation of DAC members. Germany and Switzerland, as outgoing and incoming co-chairs, welcomed the status of SLM preparations. Germany was pleased with progress in engaging the private sector in the Global Partnership, and noted that Co-chairs are developing their SLM statement that will need to be finalised in New York. It echoed the need to address the complexity of the monitoring process. Switzerland highlighted the close link of the SLM to the 2030 Agenda and the 2019 HLPF, welcomed the richness and depth of the monitoring results, and noted the high political legitimacy of the monitoring process, signalling openness to work with DAC members to adapt the monitoring process further. The Swiss delegate also raised the possibility of arranging a strategic side discussion at the SLM between Ambassador Gass and the heads of the DAC delegations to discuss the future of development effectiveness from a DAC perspective.

15. Delegates commended the strong linkages between the SLM and the 2019 HLPF and SDGs under review this year, supported the notion that the SLM would seek to expand the relevance of effectiveness to broader actors through addressing private sector engagement and South–South co-operation, and welcomed the robust levels of participation by development stakeholders. Delegates also welcomed plans to strengthen further the monitoring process through discussions both at and following the SLM, and signalled strong interest in operationalising the Kampala principles for effective private sector principles.

16. The EU asserted that the SLM will be a defining moment in the future of the Global Partnership. Linking the SLM to HLPF is an opportunity to show the relevance of the partnership and of development co-operation effectiveness to the SDGs. But, it is also a challenge. The SLM will need to be able put forward a convincing case that impact across the SDGs is faster and more sustainable in those countries and contexts where development co-operation effectiveness mechanisms and processes have been and are in place. Going forward the focus on the country level should be continued and deepened. But work at that level needs to become more directly connected to SDG impact by moving away from work on national-level architecture to working more at sector and subsector level on specific SDG challenges – it should move closer to where impact is delivered. Work at this level is more practical and advantages of ownership, alignment, co-ordination, and inclusive dialogue are much more visible and convincing. Finally, the EU delegate added that the SLM will also be an opportunity for the DAC to restate and recommit to its role as promoter and guardian of aid and development effectiveness among its members – by reviewing how effectiveness is addressed in peer reviews and by providing policy support to members on how to pursue effectiveness in the context of the changing nature of development co-operation.

17. The DCD Director noted that the high level of inclusiveness of the SLM is in part due to the GPEDC providing concrete deliverables in areas such as private sector engagement, triangular co-operation and South–South co-operation. He signalled that the GPEDC’s enhanced inclusiveness will also depend on the extent to which the DAC is inclusive through its various initiatives that reach out beyond its membership.

Item 7. Illicit Financial Flows

18. The co-chairs of the Anti-Corruption (ACTT) Task Team updated the DAC on its recently launched multi-year programme of work on illicit financial flows (IFFs) and commodity trading, the genesis of which emerged from the direction of an expert group to focus on those IFFs that constitute the largest imposition on the macro-fiscal position of developing countries. The ACTT co-chairs and DCD Director signalled that this work breaks new ground by looking at the role of OECD countries not only as providers of ODA, but also as home or hosts to traders, financiers and bankers; constitutes a good example of developing and developed countries working together to achieve one of the SDG targets, demonstrating joint responsibility and action; and demonstrates the DAC’s leadership on mobilising non-ODA sources of development finance to achieve the SDGs, in this case, money that has been lost or diverted from Africa

through commodity trading on oil and gas. The Director underscored that this work provides an opportunity to further our dialogue with African economies on IFFs – building on the highly collaborative approach adopted for our most recent work on the Economy of Illicit Trade in West Africa – and focuses on fragile resource-rich economies, in line with the DAC’s priority given to fragile states. The Director further highlighted the relevance of this work from a domestic resource mobilisation perspective, given that oil sales by the ten largest Sub-Saharan African oil exporters today constitute up to 56% of their combined government revenues.

19. Distinctive elements of this programme include its focus on first trade risks, the relational nature of the work and the new and foundational contributions to existing policy dialogues in this space. This work will be delivered in nine-month blocks, oriented around the ACTT Plenaries, and will seek to achieve the following:

- Assemble a credible body of evidence on the efficacy of transaction transparency efforts, particularly at the nexus of National Oil Companies (NOCs) and trading relationships.
- Document the mutually sustaining network of actors and interests that shape and facilitate oil trade risks, in recognition of the reality that the source of IFFs in producer countries is often fuelled by networks of offshore jurisdictions, trading, finance, and banking entities.
- Examine or recommend the ways that IFF risks could be reduced by ODA, but also by the reciprocal actions of OECD member states in their own host jurisdictions.

20. This work benefits from collaboration with other OECD directorates: the Centre for Tax Policy and Administration (CTP), the Development Centre (DEV), and the Directorate for Financial and Enterprise Affairs (DAF). During the session, DEV presented its work on commodity trading and corruption, which established the commodity trading thematic dialogue in June 2017. This aims to drive global collective action for transparency in commodity trading by producing complementary tools that countries, SOEs and trading countries can use to reduce the drivers of corruption. It was noted that the Extractive Industries Transparency Initiative’s (EITI) engagement with ongoing OECD efforts in this domain would also be a useful opportunity to elevate EITI’s work to the global scale.

21. DAC members expressed their broad support for this work and particularly applauded the horizontal approach adopted, both between directorates and with external partners. Several members also expressed support for the work’s focus on oil and gas commodity trading, and welcomed the prospect for increased OECD collaboration with African partner governments and institutions. The DAC Chair, ACTT co-chairs, and members lauded this initiative as a good example of the DAC’s leadership in looking at non-ODA sources of development finance, and of the OECD development cluster’s value add.

22. In closing, the DAC Chair highlighted the Committee’s strong support for this programme of work, emphasising its importance as a tool to mobilise other sources of financing beyond ODA. The potential for this programme to expand into many areas was also underscored, noting that it would be incumbent on the Committee to ensure that this work does not duplicate that of others. In this regard, partnerships with other countries and organisations will be indispensable.

Item 8. Election of DAC Vice Chairs

23. In accordance with established practice, the Director chaired this session to elect new DAC Vice-Chairs. He reminded the Committee that on 3 May, he sent a letter to all DAC delegates to inform them that the delegates from the Netherlands and Canada, Ms. Marit Van Zomeren and Mr. Darren Rogers, would be reassigned in their governments over the summer. In that same communication, he invited nominations to replace them on the DAC Bureau as Vice-Chairs, with a deadline of 17 May. By the 17 May deadline, the Secretariat had received two nominations then issued a second letter to the DAC on 20 May, informing delegates of the two nominations for the two vacancies and inviting the DAC to elect its new Vice-Chairs on that basis. In this session, the Director asked the Committee if it had any objections to

the two nominations: Ms. Thea Lund Christiansen (Denmark) and Mr. Jae-Myong Koh (Korea). The DAC approved these nominations by acclamation. The Director congratulated Denmark and Korea, thanked the Netherlands and Canada for their service to the Committee over the years, then handed the floor back to the Chair.

Item 9. Summary of Conclusions

24. 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 10. Any Other Business

25. The representative from Greece announced openings for facilitators on the DAC informal groups and networks. She also informed the Committee that she would soon step down, so her role as facilitator of the oversight body will become vacant. She will circulate an e-mail with the vacancies and deadlines for expressions of interest. In his capacity as co-facilitator of the International Network on Conflict and Fragility (INCAF), the representative from the United States reported to the Committee on ongoing and upcoming INCAF activities, including planned fieldwork in the Central African Republic, Colombia, and Liberia and workshops in member capitals to roll out the nexus recommendation.