

**Unclassified****English - Or. English**

7 November 2019

**DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT ASSISTANCE COMMITTEE****Summary Record of the 1065th DAC meeting held on 10 September 2019**

The Revised Draft Summary Record [DCD/DAC/M(2019)8/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 1065th DAC meeting held on 10 September 2019

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

1. The DAC Chair welcomed the new delegates who had joined the Committee over the summer break and announced that the agenda would be reordered to switch item 4 with item 7. Germany asked that the private finance item (currently item 4) be for discussion rather than for decision. The Chair then asked that the Committee adopt the meeting agenda, which they did without further modification.

### Item 2. Approval of Draft Summary Records

2. The Committee approved the summary record from June and agreed to its declassification. A few members (the European Union, Japan, and the United States) had comments on the July summary record, which they will forward to the Secretariat, who will then reissue the record for approval via the written procedure.

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

3. Via email the previous day, the Director and Chair issued updates to the Committee on a number of developments and work streams. The Chair highlighted in particular the results from the Global Partnership for Effective Development Co-operation (GPEDC) Senior Level Meeting held in New York in July. Participants had emphasised the need to refresh the GPEDC, including by demonstrating to the global community the relevance of development effectiveness to delivering the 2030 Agenda. At the upcoming presentation within the DAC of the findings from the Global Monitoring Report (likely to be in November), the Committee would like to broaden the discussion to include the implications for DAC members on taking the Partnership forward. The GPEDC co-chairs will convene a retreat on 15-16 October; the results of that discussion will feed into the DAC's discussion in November.

### Item 4. Private Finance for Sustainable Development

4. The Secretariat presented a proposal for the establishment of a community of practice as a means to engage the private sector in implementing the SDGs. Members welcomed the Secretariat's work on mobilising and measuring private finance for sustainable development and provided comments on the proposed terms of reference for the community, calling in particular for greater details on the outputs/deliverables to be achieved, an indication of incentives for the private sector to participate, the need to avoid duplication with other already existing initiatives, and the community's comparative advantage relative to the many existing partnerships and initiatives (inside and outside the OECD) that also seek co-operation with the private sector. The Committee decided to defer decision on the establishment of the community and to review a revised proposal from the Secretariat for agreement in a future formal meeting (likely at the November meeting). The Chair invited the Committee to share its comments in writing with the Secretariat and suggested the formation of a small group of members with diverging views to work with the Secretariat on the new proposal.

### Item 5. Blended Finance in Water and Sanitation

5. Financing water is a prerequisite throughout the Sustainable Development Goals (SDGs). However, to date, commercial finance flows to the water sector have generally been limited. In this session, the Development Co-operation Directorate and the Environment Directorate presented the results of a joint publication on scaling blended finance to water investments. The "Making Blended Finance Work for Water and Sanitation – Unlocking Commercial Finance for SDG 6" report assesses the state and potential of blended finance for water-related investments, drawing on analysis from three sub-sectors: (1) water and sanitation utilities, (2) small-scale off-grid sanitation services, and (3) multi-purpose water infrastructure and landscape-based approaches.

6. DAC delegates raised the relevance of the work and the water and sanitation sector in general for gender equality, emphasised blended finance as a market building tool, highlighted the relevance of transaction-level and policy-level co-ordination as highlighted in the report, and underscored the need to provide more evidence on other sectors that are relevant for leaving no one behind such as agriculture, as well as risk and return sharing modalities in blended finance. The Secretariat highlighted that in particular the last two aspects will be addressed by an ongoing Smallholder and Agri-SME Finance and Investment Network (SAFIN) and an OECD deep-dive to better understand the actual and potential role of blended finance in agriculture and with respect to rural finance. The sharing of risks and returns will be analysed in depth in the Guidance on the OECD DAC Blended Finance Principles, which is currently being developed. A workshop to inform “Principle 2: Design Blended Finance to Increase the Mobilisation of Commercial Finance” will take place on 10 October 2019.

#### **Item 6. Tax and Development**

7. The OECD Centre for Tax Policy and Administration (CTPA) presented the Global Relations and Development annual report [COM/CTPA/CFA/DCD/DAC(2019)1] and described the new approach to mainstreaming development across the work of CTPA. Members expressed strong appreciation for the work of CTPA and support for the new mainstreaming approach. The range of actors in the tax and development landscape was noted, and co-operation and collaboration encouraged. Several members specifically encouraged the development of triangular and South–South co-operation alongside existing technical assistance. Finally, the Chair encouraged consideration of what lessons we can learn from the CTPA model and how it could be a model for other areas of development cooperation.

8. CTPA then presented a CTPA/DCD paper [COM/CTPA/CFA/DCD/DAC(2019)3]. Ms. Marlene Parker, Chair of the UN Subcommittee on the Tax Treatment of ODA projects, and Jacques Sasseville of the United Nations secretariat, presented the work of the Subcommittee and asked DAC members for support in their preparation of voluntary guidelines on the tax treatment of ODA. The discussion reflected the variety of members’ positions on claiming exemptions on ODA-funded goods and services. Several members described recent changes in policies and practices including lessons learnt from the process of withdrawing blanket exemptions. There was a consensus that further work on transparency, evidence gathering and stocktaking on ODA tax exemptions policy and practices would be valuable, including discussions at the technical level with DAC members on ODA data collection, standards and financing considerations.

#### **Item 7. Peer Learning on Mainstreaming Environment in Development Co-operation**

9. The DAC Chair introduced this item by observing that unless we move quickly to talking about environment and climate in the same breath as development we risk losing the support of young people. She noted that learning is an important dimension of the DAC’s work and the results of this peer-learning exercise are important for all Members given that just 29% of bilateral allocable ODA targets the environment. Collectively we need to do better. The Secretariat emphasised that mainstreaming is challenging, observing that if members are unable to mainstream environment and climate in development co-operation, then they are collectively missing an opportunity to do all they can to achieve sustainable development for this current generation and, most importantly, for future generations. By applying the five building blocks identified in the peer-learning exercise, members and other providers of development co-operation will go beyond doing no harm, ensuring that they take every opportunity to do good for the environment.

10. Delegates roundly welcomed the results of the peer-learning exercise on environment mainstreaming and encouraged the Secretariat to integrate the learning which emerged into future peer reviews. Members who had hosted and participated in peer-learning visits felt that the experience had been timely and of great help, in particular the advice from visiting peers as to ways in which their own practice of environment mainstreaming could be improved. They encouraged the DAC Network on Environment and Development Co-operation (ENVIRONET) to explore opportunities for joint work, including exchange on good mainstreaming practice and co-ordinating approaches with multilateral organisations.

A number of members proposed amendments to the text, including by adding reference to desertification, ensuring clear links to nationally determined contributions of partner countries, and emphasising the importance of responding to country actors' demands.

11. The Secretariat advised that report will be finalised and published on 15 October 2019, and the results will be share at upcoming meetings of DAC policy networks. Another peer-learning exercise (on innovation in development co-operation) is ongoing, and members are invited to propose ideas for future peer-learning exercises.

#### **Item 8. Summary of Conclusions**

12. 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. Other Business**

13. The representative from the Czech Republic announced that they would co-host (with the OECD, Latvia, and Lithuania) a high-level event on "Placing Well-being at the Heart of Climate Policy: Accelerating mitigation actions and achieving well-being benefits" at the UN Climate Summit on 23 September in New York.

14. The representative from Poland requested details on the 11 December event on peer learning. The Secretariat responded that this event is a commitment in the DAC's Programme of Work and Budget to present issues that are emerging from peer reviews over the past year or two. The Secretariat invites member feedback on what they would like to focus on in that event.