

**DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT ASSISTANCE COMMITTEE**

Cancels & replaces the same document of 04 July 2013

**REPORT ON RECENT MEETINGS**

**Room Document 1**

**DAC Meeting, 9 July 2013**

*This Room Document is submitted for INFORMATION to the 9 July DAC Meeting under item 3 [DCD/DAC/A(2013)10].*

*This room document is reissued to include a report on a meeting of the Advisory Group on Investment and Development and to amend text in paragraph 13.*

Contacts: Eric Bensel - Tel. +33 (0)1 45 24 76 52 - E-mail: [eric.bensel@oecd.org](mailto:eric.bensel@oecd.org)  
Merili Soosalu - Tel: +33 (0)1 45 24 89 20 - E-mail: [merili.soosalu@oecd.org](mailto:merili.soosalu@oecd.org)

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### **Joint WTO–OECD Workshop on Aid for Trade, World Trade Organisation (WTO), Geneva, 18 June 2013**

1. The objective of the joint OECD–WTO workshop held in Geneva on 18 June 2013 was to present findings of the 2013 Aid-for-Trade monitoring and evaluation exercise to WTO Members after the presentation on 7 June to the joint meeting of the Development Assistance Committee (DAC) and the Working Party of the Trade Committee (WPTC). The monitoring exercise solicited the views from partner countries, donors, and South-South partners, as well as the private sector through a separate but complementary self-assessments and questionnaires. On the basis of the responses, a series of reports have been prepared for the 4<sup>th</sup> Global Review of Aid for Trade, including the joint OECD–WTO flagship publication "*Aid for Trade at a Glance: Connecting to Value Chains*", as well as five sectoral reports on Agri-food, Textiles and Apparels, Information Technology, Tourism, and Transport & Logistics. The reports will be presented by Secretary-General Angel Gurría to the 4<sup>th</sup> Global Review on Aid for Trade.

2. The workshop was opened by WTO Director-General Pascal Lamy, who explicitly thanked the OECD for their contribution. He highlighted some key findings, including: (i) developing country policy-makers aim to add value and to move up the value chain; (ii) constraints such as access to finance, customs procedures, lack of regulatory certainty, labour skills and standards compliance prevent developing countries from joining and moving up value chains; (iii) moving up the value chain means giving more weight to services; and (iv) partner countries see private investment, both foreign and domestic, as the main source of financing to connect their firms to value chains.

3. The key messages from the Aid for Trade at a Glance 2013 report are that developing countries can greatly benefit from integrating into fragmented production processes where activities are located according to competitive cost advantages. Value chains offer a path to economic development that is easier to follow than building a complete production process. But value chains also raise the costs for those countries that restrain the flow of goods, services, information and the movement of people. Developing countries are already well connected to value chains in textiles, tourism and agri-food, but suppliers from developing countries could capture more of the gains and connect to more value chains if they further improve their business climate, strengthen their supply side capacities, and enhance their connectivity to international markets.

4. In terms of the way forward, the discussion highlighted the need to adapt the Aid for Trade Initiative to changes in trade and development, maintain concessional funding, leverage aid for 'investment in trade', expand partnerships with private sector, focus on in-country discussions, but keep Global Review comprehensive and most importantly, obtain a new commitment from 9th WTO Ministerial Conference in Bali.

### **15<sup>th</sup> DAC Network on Development Evaluation (EVALNET), 18–19 June 2013**

5. A workshop on "**Evaluating support to private sector development**," co-sponsored by the Independent Evaluation Group of the World Bank, was held on the first day. The event brought together over 130 participants from development agencies and ministries, multilateral banks, development finance institutions and the private sector — demonstrating the strong interest in evaluation of this field.

6. The workshop discussed various approaches for evaluation of support to the private sector and also the findings of recent and on-going evaluations in two specific areas: support to Small- and Medium-sized Enterprises (SMEs) and Public–Private Partnerships (PPPs). Several case studies were presented as well as a systematic review on PPPs. The meeting highlighted the need for further work and discussion on methods and standards related to evaluation of private sector support, as well a relatively weak evidence

base in certain areas, for instance in the development outcomes arising from SME financing and PPPs. Further consideration of how to assess development returns, additionality of investments, and inclusive and green growth was suggested. Members are planning a number of future evaluations in this area of growing importance, and it was agreed that it would be useful to continue to share approaches and lessons.

7. The second day was a regular Network meeting, focused on taking forward on-going work and discussion of future work, including engagement, triangular co-operation, communicating evaluation findings and sharing evaluation plans. Karin-Christine Kohlweg (Austria) was elected new vice-chair of the Network following the retirement of vice-chair Henri Jorritsma (The Netherlands). In-depth discussions included:

- **Building a culture of evaluation:** based on the presentation of members' experience, several challenges in creating a learning culture in development agencies were identified: quality in decentralised evaluation systems, balance between building capacity and out-sourcing evaluations, quality of contractors for evaluation work, ensuring independence, information dissemination, application of lessons learned, buy-in at management level, and evaluation methodologies appropriate to new areas in development.
- **Multilateral effectiveness:** Members reviewed the assessment of the UNEG-DAC Network peer reviews of evaluation functions. A number of UN organisations are now interested in undergoing such a review indicating a strong demand. The current status of the development effectiveness reviews led by CIDA was discussed and the MOPAN Secretariat presented information on the on-going evaluation of MOPAN. In order to ensure complementarity between the various approaches, members decided to follow-up on the issue of results in multilateral effectiveness reviews once the MOPAN evaluation will be available.
- **Supporting evaluation capacity development:** members reviewed progress with the Network's task team on Evaluation Capacity Development, led by Finland, including work on a tool-kit for advocating for evaluation. An update was provided on the Clear Initiative: Regional Centres for Learning on Evaluation and Results created in 2010. France presented a concept note on supporting joint evaluations with partner countries and members agreed to further gauge the demand by partner countries for the initiative as a first step in taking it forward.

8. This meeting also provided an opportunity to **celebrate the network 30's anniversary and to launch the 12 lessons publication: Evaluating development activities**. Both of these publications are now being actively disseminated.

### **Meeting of the China–DAC Study Group, Beijing, 19 June 2013**

9. The China–DAC Study Group met at the office of the International Poverty Reduction Centre in China (IPRCC). Highlights from the meeting included:

- The Study Group organised its first Roundtable in Beijing on 18 June 2013 on **“Effective Development Co-operation: Drawing Lessons from Agricultural Development in Africa”** [see: DCD/DIR(2013)4]. A short note will now be prepared, in English and in Chinese, drawing on the findings from the joint study visits to Tanzania [DCD(2012)3] and Zimbabwe [DCD(2013)1] and the main messages from the Roundtable discussion. Study Group members proposed some messages that should be reflected in this summary. Study Group members also discussed lessons from this experience for future Roundtables. In particular, the many contributions from people from Africa were highlighted as an important factor in making the Roundtable participatory and useful.

- **Strengthening evaluation capacity.** Chinese representatives observed a United States Agency for International Development (USAID) Mid-Term Evaluation in October 2012. French Development Agency (Afd) has now invited colleagues from China to observe the evaluation that will take place over the next few months of a hydropower project in China. USAID advised that Chinese representatives could also participate in the Millennium Challenge Corporation's annual evaluation conference in Washington in December 2013, which will focus on the development impact of roads. The Roundtable on this theme could take the form of a seminar on quality assurance to improve the development and poverty reduction impact of external assistance. Sessions could focus on: i) the findings from the observations of the USAID and Afd evaluations; ii) the evaluation policies of some bilateral agencies and the methodologies they use to assess outcomes and impact; and iii) peer reviews as a process for improving quality (including the experience of China observing the DAC Peer Review of Switzerland). The findings from this seminar can be used to prepare a manual for use by the Chinese. The workshop could be held in Beijing in March 2014.
- **Future work.** The Study Group has identified three themes that it could address in the future: i) green growth and climate change; ii) infrastructure; and iii) social sectors [see: DCD(2013)2]. Building on the findings from the joint study visits to Tanzania and Zimbabwe, International Poverty Reduction Center in China (IPRCC) suggested conducting, with the involvement of Africans, a study on China's dry-land farming experience to identify relevant lessons for countries in Africa. The findings could be used to implement a pilot project on a trilateral basis. This experience could then form the basis for a discussion on triangular co-operation. This activity relates to the themes of green growth and climate change as well as infrastructure.

10. A meeting of the China–DAC Study Group will be held back-to-back with the seminar on quality assurance to improve the development and poverty reduction impact of external assistance, expected to take place in early 2014. To prepare for this event, a meeting may also be organised in late 2013.

#### **DAC Network on Environment and Development Co-operation (ENVIRONET) Workshop on Rio Markers, Climate and Development Finance, 24-25 June 2013**

11. The OECD workshop was organised by the Secretariat of the DAC Network on Environment and Development Co-operation (ENVIRONET), and co-chaired by **Ms Hedwig Riegler**, Chair of the OECD DAC Working Party on Development Finance Statistics (WP-STAT), and **Ms Annemarie Watt**, Director of Integration and Environment, Australian Agency for International Development (AusAID).

12. The objective of the workshop was to share recent DAC developments on improving the use and methodologies underlying the Rio Marker system to measure, monitor and report on development finance for climate change and beyond (ODA and non-concessional), to discuss members' application and use of the markers, and to provide updates and facilitate member exchange on other climate-relevant OECD work on mobilising and tracking private climate finance, and on development and climate finance effectiveness.

13. **Rio Markers and development finance statistics in the Development Assistance Committee Creditor Reporting System (DAC CRS):** The workshop updated participants on the latest work of the WP-STAT on capturing climate-related aid in the OECD DAC CRS. Discussion was facilitated through workshop-style break-out groups on the current application and use of the Rio Markers for tracking climate-related aid in particular, but also beyond. Recommendations to improve the system were discussed. There was strong support to keep the Rio Markers system but to make improvements. Discussions revealed little appetite for a complete overhaul of the methodology, but to firstly make small scale improvements in the descriptions and guidance to apply the markers and support greater consistency, including the treatments of the Climate Investment Funds (CIFs). Mixed views were expressed regarding

whether the methodology should move towards a more quantitative approach to facilitate greater use of the data for international reporting on climate finance commitments under the United Nations Framework Convention on Climate Change (UNFCCC). Some objections were raised in principle, as were concerns about the resource implications for moving towards a more quantitative approach. Members underscored the value of the current system to assess the multiple objectives and the mainstreaming of climate finance into donor portfolios. Discussion highlighted that communication of the Rio Marker system should be improved to avoid misunderstandings on what is reflected by the data. Finally, some participants suggested a key objective would be to work together to improve the data quality, including the consistency and the transparency of how the system is used by members particularly in the context of international reporting.

14. **Understanding and tracking non-concessional climate finance:** This short session provided updates to participants on the latest work of WP-STAT on broadening the coverage of the OECD DAC to include non-concessional development finance, and on the OECD co-ordinated Research Collaborative on tracking climate finance. Discussions concluded that non-concessional and private climate finance will be important sources going forward and that tracking these flows and efforts is important. Issues regarding the definition of concessionality, additionality and attribution were highlighted.

15. **Climate change and development finance effectiveness:** The workshop updated participants on the latest developments of the Busan Partnership on climate finance and development co-operation, as well as the results of a recent OECD survey on what enables climate finance effectiveness. Presentations from the Overseas Development Institute and EU Global Climate Change Alliance provided an overview of recent research and initiatives. Participants highlighted that achieving effectiveness is key for climate finance, but that what enables and constitutes effectiveness can be considered very broadly in different ways across different stakeholders and contexts.

#### **DAC Network on Environment and Development Co-operation (ENVIRONET), 25–26 June 2013**

16. Four main topics were discussed at the 15<sup>th</sup> Meeting of the DAC Network on Environment and Development Co-operation, which took place on 25–26 June 2013 in Paris:

17. **Discussion on Post-2015:** ENVIRONET members had a lively exchange on the Post-2015 agenda and ideas on the added value from the OECD and the DAC on the environmental sustainability aspect of the Post-2015 discussion. Suggestions from members include: the OECD's role in supporting governance and better institutions to plan, deliver and achieve environmental sustainability and pro-poor inclusive green growth, for instance through mainstreaming these policy objectives into development co-operation programmes and activities; better use of the OECD's comprehensive database on official development assistance and green growth indicators, as well as in using our datasets to help improve transparency on fiscal and financial information; OECD's analytical capacity in bringing together existing analysis and evidence on the interface between environment and development and draw on this to highlight where there are gaps and key issues missing from the debates; and finally building a strong link between the Post-2015 work and the Global Partnership to mobilise a full spectrum of development actors into the global debate. Members did underline, however, that the OECD needs to clearly define its broad role in the post-2015 discussions.

18. **Discussion on future work on green growth and development co-operation:** the Secretariat presented two future work proposals at the ENVIRONET meeting. There is broad support for the proposal focusing on biodiversity and development co-operation, and members are keen to kick off this work in the coming weeks after the Secretariat has further consulted other organisations with relevant initiatives. A small ad-hoc working group composed of delegates with a particular interest on this topic was also formed (i.e. United Nations Development Programme, Finland, France, USA, Sweden, and International Union for Conservation of Nature) to provide expert views to the Secretariat throughout the project. On the second

proposal looking at green growth and development co-operation with a potential focus on Africa, members advised the Secretariat to revise it based on their comments. Members also expressed a keen interest to fully finish work carried out by the former Task Team on Green Growth and Poverty Reduction, with a main option being to ensure it is prominently addressed and fully integrated into the future work on green growth and development co-operation. A “friends” group will be established to help the Secretariat revise the second proposal and to advise on how best to combine these two work streams.

19. **Discussion on future work on climate change:** there was fairly broad agreement on the need to work with WP-STAT to improve the use and the quality of Rio markers data. Most members indicated usefulness of reviving a joint Task Team to work closely with WP-STAT, with the exception of the government of Japan. There was no significant comment on the Development Assistance Committee-Environment Policy Committee (DAC-EPOC) joint Task Team on climate change and development co-operation. However, as a point of process, Japan pointed out that a decision on the future of this Task Team should be referred back to the DAC and the EPOC as they are the parent bodies.

20. **Discussion on the preparation of Programme of Work and Budget 2015-16:** Members welcomed the Secretariat’s proactive approach in engaging them in identifying priorities and work areas for the coming biennium work programme preparation. They indicated their willingness to be engaged at an early stage and show leadership in this preparation process. For example, members decided to work together informally to consider how to best integrate experience with Strategic Environmental Assessment practice into the next DAC PWB.

21. In addition to these four topics, ENVIRONET delegates also presented their strong views on refreshing the way the network operates. They underscored that they want to work more like a network of practitioners with more time for early engagement and discussion to draw on and share their expertise and experience. They would like to focus less on document production with shorter and fewer papers, and focus more on better disseminating results of their work so that they have a greater impact on the ground. They also expressed a desire to engage with a broader set of stakeholders through the network, such as key partner countries, civil society organisations, the private sector, and new international bodies such as the Global Green Growth Institute. ENVIRONET delegates also suggested that the Secretariat learn from other DAC subsidiary bodies to see how they organise themselves in meetings and the type of products they produce so we can learn from their good practices.

#### **DCD/EDU PISA for Development: Initial Technical Meeting, 27-28 June 2013**

22. This was the first Programme for International Student Assessment (PISA) for development technical meeting. The aims of the meeting were to reach a common understanding of the project among the countries considering participation, their development partners and the other agencies with whom there could be beneficial technical partnerships; identify the main challenges and opportunities and set out next steps, in particular the immediate technical work on which we need to commission expert input. There was strong representation at the meeting from countries committed to or considering participation in PISA for development [Cambodia, Ecuador, Guatemala, Mongolia, Punjab (Pakistan), Senegal, Sri Lanka, Zambia], development partners [France, Germany (BMZ/GIZ), Inter-American Development Bank, Korea, Norway, UK (DFID), World Bank], international agencies (United Nations Educational, Scientific and Cultural Organization (UNESCO), United Nations Children's Fund (UNICEF), United Nations Global Monitoring Report (GMR), the Conference of Ministers of Education of French-Speaking Countries (CONFEMEN) and the Programme for Analysis of the Educational Systems of CONFEMEN Countries (PASEC) and independent technicians in the field.

23. In summary, the main conclusions of the meeting were:

- The group expressed unanimous support for the PISA for development project and acknowledged the unique value that PISA has as an international benchmarking tool for quality and equity in schooling and for guiding policies for system improvement.
- The meeting was inspired by the presentation of Luiz Costa, President of the National Institute of Studies and Educational Research (INEP), who explained how participation in PISA has helped drive up the quality and inclusiveness of the school system in Brazil. This illustrated that there does not need to be a trade-off between increasing inclusiveness and raising quality.
- Endorsed the critical role that the PISA context questionnaires play in providing countries with the policy information that can support system improvement and agreed that adaptation was needed to fit the contexts of developing countries including in measures of the student's home, family and socio-economic contexts, the student's health and well-being, their school experience up to the age of 15 years, the resource challenges facing schools.
- Agreed that the cognitive assessment should seek to provide greater resolution of the skills of students at the lower end of the proficiency distribution. Asked for expert input as to how this could be done with the existing pool of PISA items, recognising that a new item on development would be needed in due course if this was not possible. The empirical data will show the extent to which this is necessary. Noted that PISA has already developed and implemented a component reading skills assessment that provides more detailed information of the reading skills at the lower end of the skills range and noted the value in having something similar for mathematics and science.
- Agreed the importance of seeking approaches for including out of school 15-year-olds in the study but recognised the significant challenge in conducting a representative international assessment of their skills. Suggested nevertheless that valuable policy information should be sought that would support efforts for greater inclusiveness in school systems in the participating countries.
- Noted the important role that PISA for Development should play in building capacity in the participating countries, including for developing and conducting national and international large-scale assessments and for using performance data to diagnose strengths and weaknesses in the education system and for supporting school improvement efforts and asked the Secretariat to elaborate the proposals in this area.
- Noted the important role PISA and PISA for development can play in contributing to post-2015 global educational targets that are focused on learning quality.

24. A set of next steps was agreed at the end of the meeting that should result in the confirmation of at least five participating countries in the project together with the necessary development partner support and technical partnerships with key international agencies, such as UNESCO Institute for Statistics (UIS) and UNICEF, as well as regional assessment programmes such as PASEC and the Southern Africa Consortium for Monitoring Educational Quality (SACMEQ).

**Advisory Group on Investment and Development (AGID), 28 June 2013**

25. A Special Session on Investment and Infrastructure brought together business representatives with OECD Members (DAC and Investment Committee). Linked closely to DAC work on development finance, the session focused on developing countries' priorities for infrastructure investment, constraints faced by business in relation to both the enabling environment and financing, and where donor (including Development Finance Institutions) interventions should be best focused. Some of the key issues raised were the need for long-term commitment by all stakeholders, how to improve project preparation to generate more bankable projects, the need for better instruments to deal with financial risk, revisiting traditional approaches to PPPs to better meet today's (and tomorrow's) realities, and how to reorient more ODA to infrastructure, especially to intermediation activities. This meeting format will continue throughout the PWB period to help deliver outputs in areas such as the review of the infrastructure chapter in the Policy Framework for Investment and DAC guidance on how best to support infrastructure investment.

26. In the area of OECD Due Diligence on responsible supply chains of minerals in conflict areas, discussion focused on the preparation of the progress report to Council in May 2014 on experience with the implementation of the guidance. AGID will essentially concentrate on how donors have been supporting partner countries to provide the appropriate enabling environment and how well such efforts have been working (with the Investment Committee's Working Party on Responsible Business Conduct reporting on how the private sector has been responding).