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DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT ASSISTANCE COMMITTEE

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## REPORT ON RECENT MEETINGS

### Room Document 1

DAC Meeting, 17 September 2013

*This Room Document is submitted for INFORMATION to the 17 September DAC Meeting under item 5 [DCD/DAC/A(2013)12].*

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### **DAC Network on Governance (GOVNET): Informal DAC meeting on the IFF paper (27 June 2013)**

1. On 27 June, DAC Members held the first discussion on the draft report “Illicit Financial Flows from Developing Countries: Measuring OECD Responses” (working title). Chapter 3 (“Tax evasion and Illicit Flows”) was not included in this version but will be shared with Members shortly. The DAC congratulated the Secretariat on the outstanding technical quality of the Illicit Financial Flows report, highlighting the unique nature of this cross-directorate effort which could be an example for future DAC-led PCD work. Portugal raised the prospect of proposing a new Council recommendation on combating financial and economic crime as a possible future output. Some members expressed concern about the comparability of FATF data and urged the Secretariat to consult with the FATF Secretariat on the use and presentation of the data. Members also noted the need to be more careful in the way the data for the development co-operation chapter were presented to avoid sending the message that more ODA funds dedicated to this issue are necessarily the best solution.

2. Members also noted the need to be less prescriptive in the policy recommendations given some of the caveats with the data. Members urged the Secretariat and the Anti-Corruption Task Team to work with agencies in OECD countries to organise events on the report’s findings in OECD capitals. Several members also noted the importance of working with developing countries to explore particular areas of collaboration. The Chair agreed to further consult with other directorates on the data before finalising the report. Members will also receive the missing Tax Chapter once that has been cleared by CTP. He concluded by noting the emerging partnership with the Economic Commission for Africa (ECA) as a concrete next step for future work and proposed that the Secretariat follow up with interested members to identify suitable pilot countries for OECD-level PCD work and country level work on IFFs. The Global Partnership is also a forum where these issues can be raised at a higher political level and where joint OECD-developing country agreements can be forged.

### **DAC Network on Governance (GOVNET) – Anti Corruption Task Team (1 July 2013)**

3. The DAC’s Anti-Corruption Task Team (ACTT) met on 1 July 2013. The Secretariat presented the draft report on “Measuring OECD Responses to Illicit Flows from Developing Countries” (preliminary title). Members welcomed the report, in particular the expanded and more detailed proposals for development agency engagement on illicit flows and expressed support for a future ACTT agenda on illicit flows. Members noted the need for an active dissemination strategy for the report, including in donor capitals, and encouraged the Secretariat to align the future work plan on IFFs with findings from the current report.

4. The Secretariat presented the preliminary data from the survey for updating the 1996 DAC Recommendation on Anti-Corruption Provisions in Aid Financed Procurement. Members debated the need to expand the scope of the Recommendation to develop a general “integrity standard” for development assistance – which should go beyond aid-financed procurement to cover all aspects of aid, and asked the Secretariat to gauge DAC appetite to engage in developing such a wider standard.

5. The joint U4/ILPI/OECD publication on donor responses to corruption in aid programmes is near completion. It was agreed that a practical guide (“fire instructions”) for field-level personnel should be developed. This guide should use the evidence gathered in recent years by ACTT partners in implementing the 2007 DAC Policies and Principles on Anti-Corruption.

6. ACTT members expressed strong support for the proposal of a *Joint ACTT/DAC and Emerging Donors Symposium: Sharing experiences on combating corruption* and asked to be kept informed as the idea develops. Members welcomed the proposals for the future ACTT work plan and asked the Secretariat

to submit a proposal to the entire ACTT group for comments. Members requested the Secretariat to reintroduce the Incentives Practices work in the ACTT work plan, starting with the development of donor principles on preventing the abuse of per-diems.

### **INCAF Workshop and Task Team (8–10 July 2013)**

7. On 8 July, the International Network on Conflict and Fragility (INCAF) held a workshop for its members to explore how to strengthen, and increase the use of, country systems in fragile and conflict-affected states. This workshop was intended as a preliminary discussion among development partners before engaging the g7+ countries on the scope of the New Deal commitment on country systems, along with its related issues, challenges, and opportunities. INCAF members sought to ensure a shared understanding of the commitment and explore possible ways forward for making progress over the short and medium term. Particular attention was put on the need to develop country-level targets and step-by-step approaches to be undertaken jointly with g7+ countries. Agreement on key safeguard and developing joint risk management systems are key parts of such approaches. Country-level workshops on this issue may follow.

8. On 9 July, the INCAF Task Team on Implementation built on the workshop's conclusions to agree on approaches to, and identifying areas for, greater risk sharing in fragile states, e.g., joint risk assessments, sharing individual risk analyses, identifying shared risks with government and other stakeholders. The INCAF secretariat will help its members to identify such options and opportunities, as well as work with members to provide greater support to partner countries seeking to develop a compact. Australia and the Netherlands also reported back to the Task Team on their recent efforts to implement reforms and activities within their agencies and governments to enhance their effectiveness in fragile states.

### **Improving international support to Somalia (3 September 2013)**

9. The DAC Chair hosted a meeting with Turkey and Arab donors on 3 September, ahead of the EU-sponsored conference "A New Deal for Somalia" (Brussels, 16 September). Somalia is the first country member of the International Dialogue on Peace and State building, and of the g7+, to have adopted the New Deal as the main framework to frame its transition towards peace and state building and to have developed a compact aligned to the goals and principles of the New Deal. A variety of actors are engaged with Somalia in addition to OECD/DAC Members, in particular Turkey and some Arab donors. The meeting on 3 September provided a first opportunity for a focussed discussion between Turkey, Arab donors, and OECD/DAC Members engaged in Somalia in view of enhancing country-level co-operation around the New Deal and the compact.

10. The discussions during the meeting demonstrated a need and willingness on the side of all partners to align their co-operation behind the Somali Government priorities, plans, and systems — as per the request of the Somalia President — and to do so in a co-ordinated manner. The participation of Turkey and Arab donors in the compact and in funding mechanisms that are planned to support its implementation are to be further discussed. In the meantime, it seems particularly important to keep the dialogue going and to continue to exchange and pull together experiences to best support the Somali transition.