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DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE

REPORT ON RECENT MEETINGS

Room Document 1

DAC Meeting, 3 December 2013

This Room Document is submitted for INFORMATION to the 3 December 2013 DAC Meeting under item 5 of the Draft Annotated DAC Agenda [DCD/DAC/A(2013)15/REV1].

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Advisory Group on Investment and Development (AGID) - 17 (pm) and 18 (am) October 2013

1. The Advisory Group on Investment and Development (AGID) reviewed proposals to update and evaluate the Policy Framework on Investment, based on lessons from its application in partner countries and regional programmes as well as inputs from the development community to strengthen its development dimension. An open and informal Focus Group has been developed to work out details of the areas to add or update and the events through which the update will be conducted as well as to mobilise the required budget for this work.

2. A session on infrastructure, which is linked to the work of the DAC on development finance, focused on how both the public sector, including development finance institutions and multilateral development banks, can optimise risk-mitigation tools to attract private investment in developing country infrastructure. This included i.a. the work of the DAC on guarantees for development and donor support to private investment for infrastructure. Some of the key issues raised included the need to capture guarantees adequately in DAC statistics, enhance support for private sector involvement in infrastructure, and establish sound and transparent policy and regulatory frameworks for such investments in developing countries.

3. AGID also reviewed progress with the preparations for the 2014 report to Council on experience with the implementation of the due diligence guidance on responsible supply chains for minerals, which included the results of a survey of donors' actions, efforts and experiences to date in supporting their implementation.

Fourth meeting of the OECD's Task Force on Tax & Development - Seoul, 30–31 October.

4. The OECD's Task Force on Tax & Development — involving 120 delegates from 28 developing countries, 18 OECD members, international and regional organisations, civil society and business — met in Seoul, hosted by the Ministry of Strategy and Finance, the Republic of Korea, on 30–31 October to explore ways to help developing countries mobilise their domestic resources. The Task Force took stock of an unprecedented recent period of international action and commitments on international tax avoidance and evasion, including progress made by the G8 and G20. International efforts – to address Base Erosion and Profit Shifting (BEPS), to exchange tax information on an automatic basis, to increase the transparency of businesses and individuals, and to address capacity needs – all offer potential for developing countries to raise domestic resources for development. In this context, the Task Force noted progress and proposed future actions to support developing countries in several areas. These include holding a Task Force meeting dedicated to BEPS, implementing Tax Inspectors Without Borders (including a practical Toolkit and pilot projects), scaling up support to developing countries from the joint OECD–World Bank–EC transfer pricing capacity building programme, carrying out further reviews of tax incentives for investment in developing countries on a demand-led basis and organising a knowledge-sharing event on tax incentives. The Task Force will help to ensure that developing countries can benefit from international action on tax transparency, including by preparing a report to the Global Forum on Transparency and Exchange of Information for Tax Purposes and the G20 Development Working Group on the opportunities and constraints facing developing countries in undertaking automatic exchange of information. It was agreed the Task Force will explore potential new work on illicit financial flows, natural resource taxation and revenue statistics. The Task Force also agreed to support the efforts of the Global Partnership for Effective Development Co-operation to raise the profile of international tax matters in development co-operation in preparing the Ministerial meeting in Mexico in 2014 and urged the UN to continue to highlight the importance of taxation in the development of the post–2015 replacement framework for the Millennium Development Goals. The next step will be a discussion of progress and new proposals at the joint meeting of the DAC and the Committee on Fiscal Affairs in January 2014.

GENDERNET/IANWGE joint workshop – 6–7 November 2013

5. The joint biennial workshop of the United Nations Inter-Agency Network on Women and Gender Equality (IANWGE) and the OECD DAC Network on Gender Equality (GENDERNET) took place on 6–7 November 2013 at the OECD Conference Centre. This year’s workshop was on *Gender equality, women’s rights and women’s empowerment: cornerstones for achieving the MDGs and accelerating development beyond 2015*. Over one hundred participants attended, principally gender equality advisors from DAC institutions and UN specialised agencies, as well as experts from research institutes and civil society organisations from the north and south.

6. The primary objectives of the workshop were to: 1) exchange lessons on achievements and challenges in the implementation of the MDGs for women and girls; 2) identify priority targets and indicators on gender equality to be integrated into the post–2015 framework; and 3) strategise about how to influence key political and intergovernmental processes leading to the agreement of the post–2015 framework. Key milestones are:

- The gender equality session of the Open Working Group on the Sustainable Development Goals (February 2014)
- The “agreed conclusions” of the 58th UN Commission on the Status of Women, which will have as its priority theme the “unfinished business” of the MDGs (March 2014)
- The post-2015 framework itself.

7. Highlights of the workshop included 21 case studies; and a high-level video-conference with Open Working Group representatives from Columbia and Australia, UN Women’s Deputy Executive Director for Policy and Programmes, and Sweden’s Ambassador for Post-2015.

8. The meeting concluded that:

- It is critical to retain a strong, stand-alone goal on gender equality in the post–2015 framework alongside the comprehensive integration of gender equality indicators across the goals.
- A new post–2015 framework will need to address the structural factors that underpin the widespread persistence of gender inequality.
- The achievement of gender equality is a universal concern that applies to all countries.
- Adequate and sustained financing and gender-responsive accountability systems will be essential for the implementation of gender-equality commitments beyond 2015.

Informal meeting of the DAC Network on Gender Equality (GENDERNET) - 8 November 2013

9. The informal GENDERNET meeting focused on four main topics:

- follow-up to the joint workshop with the United Nations Inter-Agency Network on Women and Gender Equality
- key findings from the GENDERNET study on DAC donor approaches to gender equality, including a frank discussion on what donors are doing to support country ownership and leadership for achieving gender equality
- a consultation and information exchange with the World Bank
- planning for the 2014 GENDERNET meeting and 2015–16 programme of work

DAC Working Party on Development Finance Statistics (WP-STAT) – 19–20 November 2013

10. The first day of this meeting was a workshop on the issue of concessionality in DAC statistics. Its main aim was to gain knowledge and share ideas to help shape how concessionality would be defined after 2015, particularly in response to the mandate from the 2012 High Level Meeting (HLM) to establish a clear quantitative definition of “concessional in character” in line with prevailing financial market conditions. The meeting generated exceptional interest, with over 130 participants from DAC members, developing countries, international organisations, research NGOs, and other OECD directorates.

11. There was considerable discussion of what discount rate to use in making grant element calculations and whether there was scope for harmonising the methodology internationally. The DAC has used 10% since 1972. One alternative was 5%, which the IMF (with the concurrence of the World Bank) would use until 2015 for assessing the concessionality of loans under the Debt Sustainability Framework for low-income countries. The 5% figure was a proxy for funding costs. Another alternative was to adopt a “risk-adjusted” discount rate which would add to the funding cost a variable premium to cover default risk. The implications of these and other options were broadly discussed.

12. Participants also discussed whether the discount rate should be applied (i) to rule a loan in or out of Official Development Assistance (ODA), or (ii) to calculate a “grant equivalent” of the loan to be recorded as ODA, with actual disbursements being counted as other official flows (OOF). The first alternative had the advantage of continuity with the present approach of measuring actual cash flows; the second would provide a more accurate comparison of donor effort and burden sharing, and remove the unrealistically sharp dividing line between loans that just qualify as ODA and those that just fail to qualify. The meeting also noted that the ODA vs. OOF distinction in DAC statistics was irrelevant from the perspective of developing countries.

13. The second day was an informal meeting of the WP-STAT, which was also heavily attended. Delegates expressed support for collecting data on developmental guarantees after 2015, probably on an annual basis. They also agreed that more attention should be paid to remittances, although most believed that these should not be considered as development finance. Several suggestions were also made to improve proposals on a new “type of finance” classification to better capture the wide range of instruments now in use. The WP-STAT contribution to the implementation of the HLM mandate on development finance was discussed also more generally. Some felt there may be a need to convene an extra meeting in January or to hold the formal meeting earlier than usual, in April or May, but it was agreed that any decision would need to be co-ordinated with the DAC.

14. The meeting was the last to be chaired by Ms Hedwig Riegler of Austria. Delegates thanked her warmly for her dedication to this task since 2009, and welcomed her successor, Mr Maher Mamhikoff of Canada.