Development Assistance Committee High Level Meeting, 15-16 May 2002
Press Statement by the Chairman, Mr. Jean-Claude Faure


2. This 2002 HLM was held concurrently with the OECD Annual Ministerial Meeting which included an enlarged session on trade and development. OECD Ministers adopted a statement on “OECD Action for a Shared Development Agenda” which reinforces OECD’s role in encouraging policy coherence for development; supporting developing countries’ governance and policy capacities; improving aid effectiveness and ensuring adequate aid volume; and strengthening partnerships and accountability.

3. A feature of these concurrent meetings was the attendance of representatives of the New Partnership for Africa’s Development (NEPAD) at both the OECD Ministerial Meeting and the DAC High Level Meeting, to discuss how future OECD/DAC support for this initiative could take shape in a spirit of mutual trust and partnership.

The Achievements of Doha and Monterrey: Following up

4. The DAC High Level Meeting underlined the important landmarks for development embodied in the Doha Development Agenda emerging from the WTO Ministerial Meeting in November 2001 and the Monterrey Consensus confirmed at the International Conference on Financing for Development in March 2002. These events established the Millennium Development Goals as a common reference point for a global partnership, based on mutual undertakings and accountability, to achieve important and measurable progress in growth, sustainable development and poverty reduction. The momentum now generated needs to be maintained so that the World Summit on Sustainable Development in Johannesburg successfully moves this shared international agenda for development forward.

5. Participants recognised the important role of civil society and the private sector at Doha and Monterrey and as part of the new global partnership for development. They agreed on the need to encourage private flows and the creation of governance environments that are conducive to increased flows of stable finance and to further development of trade and investment. The need to facilitate flows from the general public via NGOs was also stressed.

6. DAC Members see that determined implementation of the commitments made is now the central task, both in the field of development co-operation policies and broader coherence among their policies impacting on development prospects, particularly in the areas of trade, agriculture, environment and development. This commitment is shared by bilateral and multilateral donors alike.

7. The DAC, the World Bank and IMF, and the UNDP are working closely together to take this agenda forward:

**ODA Prospects**

8. DAC Members welcomed the new prospects for ODA. After ten years of decline, the trend of ODA efforts has stabilised, with the majority of DAC Members increasing their aid in 2001. The outlook now is for a significant increase in ODA flows over the next four to five years as the new commitments made in the context of Monterrey materialise. The DAC, with the relevant international institutions, will monitor and facilitate progress in fulfilling these commitments, in relation to meeting the MDGs. The medium-term predictability of aid inflows will be important as an essential contribution to macroeconomic stability and sound public management in partner countries and as part of the good governance of aid.

**Development Effectiveness**

9. The turnaround in aid prospects in the context of Monterrey goes hand in hand with an intensified effort to improve the effectiveness of aid in terms of promoting sustainable growth and development and measurable progress in transforming the lives of poor people. While development co-operation needs to be flexible in its implementation, this effort will have to be pursued involving a broad number of aspects:

- **Country-owned and driven development strategies embodying sound policies and good governance are the starting point.** Aid efforts should be carefully designed to encourage and support countries with national visions and associated reform efforts that aim at stimulating accountable government, participatory development and successful integration into the world economy.

- **Within such country-led frameworks, this involves improved co-ordination among donors at the country level.** In this context, the DAC should help with systematic efforts to draw on the lessons of the recent Review of the Poverty Reduction Strategy process, and look further at how bilateral donors are delivering their aid with a view to assisting complementarity, synergies and effectiveness at the country level.

- **In terms of donor practices, further harmonisation, so that the burden of multiple procedures on developing country partners is decisively reduced and their capacities for effective leadership and efficient and accountable public management are increased.** Good practice reference papers are being developed by the DAC, with the active participation of fifteen developing countries, which will be followed up as part of the broader work programme with the multilateral development banks called for by the World Bank/IMF Development Committee.

- **Making capacity building in both the private and public sectors a key priority, built into the design and implementation of aid programmes.**

- **Continued participation in monitoring progress towards fulfilment of Millennium Development Goals, jointly with the UN, World Bank and IMF.**

- **Gearing aid management to country level development goals and results, including in such central sectors as health and education.** The DAC is collaborating with the Multilateral Development Banks on this issue, with a first Roundtable on “Better Measuring, Monitoring and Managing for Development Results” to be held in Washington on 5-6 June 2002.
Policy Coherence

10. A wide range of OECD Members’ policies have important consequences for the prospects of developing countries. The DAC High Level Meeting welcomed the OECD Ministerial Statement on “OECD Action for a Shared Development Agenda”, with its programme on coherence for development to enhance understanding of the development dimensions of Member country policies and their impacts on developing countries. The DAC should play its full role in this multidisciplinary effort, including through its peer reviews.

11. Policy coherence for development is a central element in both the Doha Development Agenda and the Monterrey Consensus. Trade, agricultural and financial policies (including debt reduction) are key areas. Decisive reductions in high tariffs and agricultural subsidies in product areas where poorer developing countries have a potential to build major export-oriented sectors will be a priority concern for developing countries in the Doha negotiations. Indeed, the OECD Ministers renewed their pledge to reject the use of protectionism and recognised their responsibility to ensure that implementation of the Doha Agenda should not be hindered. **

12. Members noted that the DAC was making a significant contribution to trade capacity building through working closely with the other international institutions to implement the Integrated Framework for Trade Related Technical Assistance and through its joint work with the WTO to construct the Doha Development Agenda Data Base. The database of technical co-operation activities was launched during these meetings by a letter signed by Mike Moore, Director General of the WTO and Donald Johnston, Secretary General of the OECD. ***

NEPAD

13. DAC Members welcomed the opportunity to meet with NEPAD representatives. **** The character of the NEPAD as an African initiative engaging first and foremost the efforts and responsibilities of African peoples themselves was a key message from the NEPAD representatives, which was underlined by the launching of an African Peer Review mechanism. They also stressed the inclusive nature of NEPAD as a process through which all African regions and countries, however diverse their circumstances, would work on the agenda for political and economic reform and development laid out in the NEPAD. DAC Members recognised the special nature of the NEPAD and the needs and opportunities for “investing” in the vigorous reform and development process required to tackle the severe problems underlying the lagging development performance in a large part of the African region.

14. The discussion showed that:

- There is now a shared approach to development partnership centred around good governance.
- The NEPAD provides a basis for implementing the Monterrey Consensus in the African context, with mutual undertakings and accountability in the areas of good governance, aid levels and aid effectiveness, and policy coherence.
- These elements should be brought together in an ongoing process of interaction between the DAC and NEPAD, to be articulated in the further dialogue envisaged between the OECD and NEPAD.

** See above, para 13. See http://www.oecd.org
Development Co-operation in Difficult Partnerships

15. There was a large consensus that, despite the risks involved, donors should stay engaged in countries under stress (“poor performers”, “failing states”, “Low-Income Countries Under Stress - LICUS”), although aid in these circumstances is risky, and often needs more explanation to publics and parliaments. Approaches to aid allocations that look only at efficiency for short-term poverty reduction need to be modified to take account of needs for difficult partnerships and post-conflict reconstruction. DAC Members strongly supported the analysis and recommendations presented on “Development Co-operation in Difficult Partnerships”, including a set of key principles for action in engaging with situations of difficult partnership. Broad areas for action include:

- Promoting conditions, including capacity building, that would make political systems more able to respond to the voice and legitimate interests of poor people.
- Maintaining support for services to the poor, where there are governmental and non-governmental agencies that can function effectively in these adverse circumstances.
- Reinforcing donor co-ordination and furthering policy coherence, which require special effort in such difficult circumstances.

16. There is a need for more sharing of “toolboxes” for assessing when countries in difficulty are in danger of slipping into violent conflict and acting quickly to help arrest the momentum towards violence. In this context, DAC Members encouraged continuing joint work, in connection with implementation of the DAC Guidelines on Helping Prevent Violent Conflict, on best practice in preventing violence. This further work applies also to identifying and dealing with risks of terrorism through development co-operation instruments.

17. The linkage between this work to that of the World Bank in its analysis of “Low Income Countries Under Stress”, and the complementarity of its conclusions, was noted. It was suggested that continuing work on these approaches should be carried out jointly between the DAC and the World Bank, in close collaboration with UNDP. There was also support for the proposed joint virtual advisory work to offer advice on selected country cases, keeping in mind the importance of country specificity.

18. DAC Members appreciated the results of the 2-3 May “DAC Expert Meeting on Afghanistan Reconstruction and Recovery: Seeing Round the Corner”. The meeting had provided practical advice from a range of outside experts and from relevant DAC Working Groups to donors involved in the Afghanistan reconstruction effort and to the Afghan Interim Authority. DAC Members suggested that the DAC and DCD should be open to conducting other such meetings, on an ad hoc basis.