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DACnews September 2013

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SEPTEMBER 2013

Where next for the development agenda?

With only days before the UN General Assembly debates the post-2015 development agenda, DACnews explores key related issues: a "ZEN" approach to post-2015, as well as the limitations of the current MDG framework and key ways to move forward (feature article). This issue of DACnews also covers important discussions of tax and development at the G8 Summit in Lough Erne, as well as the Fourth Global Review of Aid for Trade. Finally, it looks at the "how" of building resilience on the ground.

G20 and G8 endorse OECD work on tax and development



At the G20 Leaders' Summit in St. Petersburg (5-6 September 2013), leaders "fully endorse(d) the ambitious and comprehensive [Action Plan](#) – originated in the OECD – aimed at addressing base erosion and profit shifting" (paragraph 50). They also endorsed OECD's work on [tax transparency](#) (para 51), calling on the global community to work with OECD to help developing countries benefit from these initiatives. [Tax Inspectors without Borders initiative](#), a new OECD

initiative aimed at sharing knowledge and increasing domestic capacities in developing countries in the tax area was highlighted (para 52).

The [OECD Task Force on Tax and Development](#), a joint undertaking of OECD's [Development Co-operation Directorate \(DCD\)](#) and [Centre for Tax Policy and Administration](#) (CTPA), works to ensure that the possible benefits derived from OECD-led work in areas such as base erosion and profit shifting extend to developing countries. The Task Force is helping to make it easier for developing countries to collect taxes fairly and effectively, and has become an international reference point on tax and development. The Task Force has already made considerable progress, including:

- Colombia — Transfer pricing adjustments made as a result of audits of multinational enterprises have increased revenues from USD 3.3 million in 2011 to USD 5.83 million in 2012 (a 76% increase).
- Kenya — The Kenya Revenue Authority (KRA) successfully negotiated a transfer pricing adjustment resulting in additional tax revenue of USD 12.9 million.
- Viet Nam — A recent audit of large multinational enterprises increased tax revenues by USD 3.9 million.

These endorsements from the G20 echo the findings of this year's G8 summit (Lough Erne, 17-18 June 2013), which also focused on tax and transparency. In the [Summit Communiqué](#), G8 leaders gave wide recognition to OECD work in the areas of [tax](#)

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[avoidance and evasion](#) (para 3), [base erosion and profit shifting](#) (para 24), tax reporting systems (para 25), [multilateral exchange of information](#) (para 26), [Tax Inspectors Without Borders](#) (para 28), [transfer pricing](#) (para 29), [Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#) (para 40) and [aid transparency](#) (para 49).

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Global value chains strengthen aid for trade

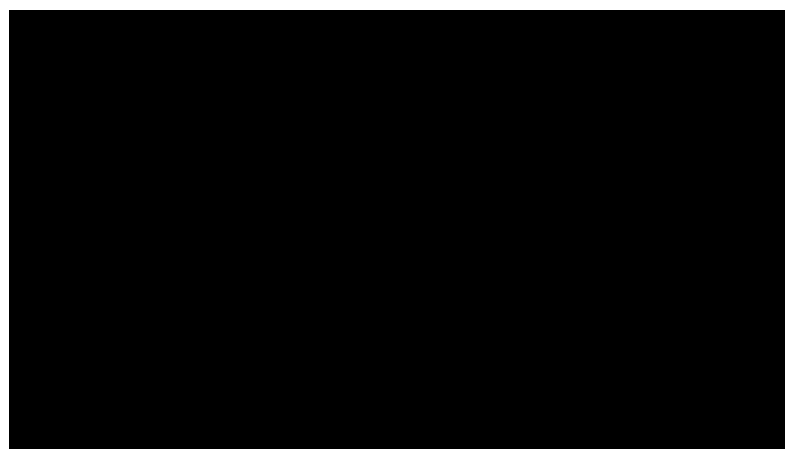
Aid for trade is helping developing countries reduce trade costs, improve competitiveness and plug into regional and global value chains – but much more can still be done, according to a new joint report from the OECD and the WTO, [Aid for Trade at a Glance 2013: Connecting to Value Chains](#).

“Aid for trade works, and it is making a difference,” said OECD Secretary-General Angel Gurría in his [plenary address](#) at the [Fourth Global Review of Aid for Trade](#) (8-10 July 2013, World Trade Organization, Geneva). “Mobilising aid flows to boost trade and help connect developing countries to global value chains is a good investment. The challenge today is maintaining momentum, fulfilling commitments, boosting results and making value chains accessible to all. An important next step would be the agreement of a comprehensive package of trade reforms, with a focus on trade facilitation.”

The report analyses the strategies, priorities and programmes used by developed and developing countries to connect their suppliers to value chains. It suggests that future aid for trade flows should be targeted at reducing trade costs through trade facilitation, standards setting and compliance, and improvements to trade-related infrastructure. Frameworks for results-based management of aid for trade programmes – based on a menu of trade-related targets – are also important, as are indicators to measure performance. The new study assesses tangible results of aid for trade.

At the Fourth Global Review, [DAC Chair Erik Solheim](#) joined ministers from China and Indonesia in a discussion on the future of Aid for Trade in a changed environment for trade and development. The OECD also presented [Aid for Trade and Development Results](#), based on case studies of national management systems in Bangladesh, Colombia, Ghana, Rwanda, the Solomon Islands and Viet Nam. In addition, OECD and WTO have recently published a range of complementary sectoral studies (see Publications).

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DAC Development Debates


The ZEN approach to post-2015

The 13th DAC Development Debate (12 June 2013) welcomed Guanghua Wan, Principal Economist of the Asian Development Bank (AsDB) and co-author of “A ZEN approach to Post-2015”; Olivier Consolo, Director of CONCORD, the European NGO confederation for relief and development; and Aldo Aldama Breton of the Mexican Delegation to the OECD. The debate took place a few weeks after the release of the [Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda](#) (HLP).

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PEER REVIEWS

[Development Co-operation Peer Review: France 2013](#) – France’s Official Development Assistance (ODA) was USD 12.1 billion in 2012, making it the 4th largest member of the DAC in terms of volume of development co-operation. This represents, however, 0.46% of French Gross National Income (GNI) – below France’s international commitment. The review recommends that France plan to reach the 0.7% ODA/GNI ratio as soon as possible. OECD’s review of French aid commends the country’s overall strategic vision for development and its engagement at the global level to promote development, including innovative ways of financing. The review recommends, however, that France do more to support civil society organisations and gender equality, to build stronger capacity for developing countries to manage their own futures, and to monitor the results of its development efforts.

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[Evaluating Development Activities: 12 Lessons from the OECD DAC](#) – As development co-operation faces ever increasing pressures to demonstrate results, donors and partner governments need credible, timely evidence to inform their programmes and improve performance. Evaluation has a critical role to play in providing such evidence. New methodologies and ways of working are being developed to better understand what works, why and under what circumstances and improve mutual accountability. The 12 Lessons on Evaluating Development Activities are aimed at strengthening evaluation for better learning and decision-making.

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PUBLICATIONS

[“A post-2015 information system for international development and climate finance”](#) This paper provides emerging insights and lessons learned from monitoring climate finance, including using the “Rio markers”. It also outlines future work to improve tracking of climate finance and provides lessons for future financing frameworks. Finally, the paper proposes ways forward for measuring broader external



Although Asia has achieved remarkable success in poverty reduction, noted Mr Wan, the region still faces major challenges: it is home to two-thirds of the world's extreme poor and is experiencing rising inequalities. The paper "[A ZEN approach to post-2015: Addressing the range of perspectives across Asia and the Pacific](#)" ("Z" for zero extreme poverty; "E" for Epsilon, or country-specific challenges and benchmarks; and "N" for nature, i.e. environmental sustainability) presents a conceptual framework for addressing these challenges, based on global goals and national voluntary targets.

Mr Consolo expressed his disappointment with the HLP Report for: rephrasing the challenges rather than changing the paradigm; and overlooking issues of crucial importance for NGOs, such as inequalities, human rights, democracy, alternative economic approaches and changes in production and consumption patterns. "[Putting people and planet first](#)" addresses these issues, outlining the recommendations of CONCORD's Beyond 2015 European Task Force for the Post-2015 framework.

The importance of ensuring [policy coherence](#), adopting a broader definition of poverty, promoting [green growth](#) and putting in place stronger measures against [tax evasion](#) (see article on tax and development) were stressed by Mr Aldama Breton. He also emphasised the importance of [peer reviews](#) and sharing experiences through efforts such as the OECD Knowledge Sharing Initiative

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Point of View: Resilience for Donors

By Rachel Scott, Senior Humanitarian Advisor



For more information, see: [UN Report: An Overview of Global Humanitarian Action at Mid-Year](#)

I attended the UN Economic and Social Council's annual humanitarian segment in July, where I gave a [presentation on resilience for donors](#). I wasn't the only one talking about this – in nearly every panel and side event, and in countless discussions over coffee, resilience – what it is and how to “do” it – was the theme.

Humanitarians are convinced of the need for a better way to deal with today's crises, as these escalate in number, cost and human impact; of the massive [USD 12.9 billion requested for crisis response in 2013](#), over USD 5.1 billion – a huge amount – has already been

received. But certainly there is a better way to use this money to save lives, limit losses and empower people to deal with the risks they face every day. That is where resilience comes in.

There is already substantial political commitment to resilience, although it is not always clear how this translates into better working practices on the ground, or what all this means for the people providing the funding. The OECD-DAC Experts Group on Risk and Resilience – now with over 100 members, from [OECD-DAC member countries](#), UN agencies, the Red Cross/Red Crescent family, Multilateral Banks, NGOs and think tanks – has set out to answer these questions. The group draws on work across the OECD, where issues around risk and resilience are big topics in the context of the global financial crisis.

[Initial findings from this work](#) have confirmed that we are on the right track. Numerous types of risks – from violence, to social unrest and conflict, climate change, natural disasters and global economic shocks – are inter-connected. Working in silos no longer makes sense - if we are to deal with these risks properly, experts in climate change, development, governance and humanitarian action will need to work together, and to co-ordinate better with states.

In July, we published a set of preliminary findings: [What does resilience mean for donors?](#) [What are the right incentives to help donors support resilience?](#) [How should donors communicate about risk and resilience?](#) There is now consensus that the first step in resilience programming is to forge a common understanding of the risk landscape; to do this we propose a [methodology for joint risk analysis](#) based on the G20/OECD risk assessment tool. This methodology will be tested in field locations in the second half of

development finance post-2015.

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[Aid for trade and value chains: Sector studies](#) – In preparation for the 4th Global Review of Aid for Trade (see article on “Global value chains and aid for trade”), the OECD and the WTO collaborated with several other institutions to prepare a series of sectoral studies on [agrifood, tourism, textiles and apparel, transport and logistics](#) and [information and communication technology](#).

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[“Making growth green and inclusive: The case of Cambodia”](#) – This report presents a case study on Cambodia designed to answer some key questions for development planning, including: Can developing countries strike a balance between economic growth, societal well-being and environmental protection? Can inclusive, green growth be a way forward?

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[“Making growth green and inclusive: The case of Ethiopia”](#) – The paper reflects on green growth policy in Ethiopia, explores green growth already in action through a range of on-the-ground activities and begins to assess the country's enabling framework, offering preliminary recommendations on how to strengthen those policies, instruments and mechanisms currently used.

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VACANCIES

Governance Specialist – Political Economy of Institutional Reform (Job number: [08782](#)): The Governance For Development and Peace (G4DP) Team (within the Global Partnership and Policies Division of the Development Co-operation Directorate [DCD]) is looking for a Governance Adviser who can lead thinking on innovation in institutional reform and accountability, making available to partners their substantial knowledge and experience.

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Policy Analyst – Tax and Development (Job number: [08801](#)): The Tax and Development Programme is currently seeking to recruit a Policy Analyst to contribute to our work on domestic resource mobilisation, aid, development and statebuilding issues,

2013.

Going forward, we will build on the [initial findings and good practices](#) to develop simple guidance on how to “do” resilience on the ground. More research is required in numerous areas – measuring resilience, extensive (everyday) risk, the role of the private sector, risk transfer, risk financing, the governance of risk and its ownership by the different layers of society – so the group has its work cut out for it. In the process, we will continue to look at identifying and transferring good practices to field operations – and above all at ways of empowering people, communities, and states to make themselves more resilient.

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FEATURE ARTICLE: The Power of Numbers and the MDGs

by Sakiko Fukuda-Parr, Professor of International Affairs, the New School



Sakiko Fukuda-Parr is a development economist currently working on human rights and poverty, conflict prevention, and global technology. From 1995 to 2004, she was lead author and director of the UNDP Human Development Reports. She is the author of a chapter on “Delivering the vision of the Millennium Declaration” in this year’s Development Co-operation Report: Ending Poverty (to be released in November 2013).

Simplicity, numerical targets and consensus have been frequently cited as key strengths of the [Millennium Development Goals](#) (MDGs). Nonetheless, before formalising the [post-2015 development agenda](#), we

must fully assess the MDG experience.

Surprisingly little systematic research has been conducted on the strengths and weaknesses of the MDGs. To address this research gap, Alicia Yamin and I initiated a research project with an international network of scholars – [The Power of Numbers: A Critical Review of MDG Targets for Human Development and Human Rights](#). We conducted eleven case studies on the effects of selected MDG goals/targets. This included both the empirical effects on policy priorities and strategies, and the normative effects on development discourses around priorities, objectives and the means to achieve them. Our conclusions? The MDGs’ key strengths – simplicity, numerical targets and consensus – are also their key weaknesses.

Simplicity or reductionism?

The MDGs were powerful because, unlike many vaguely worded and overloaded UN development agendas, they were simple and clear. Simplicity’s downside, however, is reductionism. It is now acknowledged that the MDGs were too narrow in scope and left out many priorities, such as employment, climate change, inequality and discrimination. Reductionist goals can distort the planning and programming of development resources and efforts, and can also lead to agendas that do not reflect national priorities.

“Simple goals and numeric targets cannot capture the complex transformational change needed to attack poverty.”

– Sakiko Fukuda-Parr,
DCR 2013 (forthcoming)


Simplicity also leads to reductionist thinking about causes and solutions. In the 1990s, lessons from development experience, research and consultations led to the adoption of broad agendas for conferences and symposia. Yet when confronted with the MDGs, this breadth was condensed into one or two targets. For example, the MDGs’ simple education goal reduced the education challenge to individual completion of primary education. This created perverse incentives, such as neglecting other levels of education – or other forms

of skills acquisition – as well as inequalities in access to education. Similarly, while the Beijing Conference on Women and Development agreed on a thirteen-point platform of action, the MDGs included only the goal of gender equality in primary and secondary school enrolment. As the OECD papers on [development and the Programme for International Student Assessment \(PISA\)](#) and [gender equality beyond 2015](#) help to demonstrate, applying these simple goals has meant side-lining other important objectives.

Numerical targets: prioritisation or distortion?

Numerical targets were a core strength of the MDGs because they represented a means of “firming up” commitments. Performance could be measured and governments

including: i) Global Partnership for Effective Development Co-operation; ii) monitoring aid flows; iii) financing for development.

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could be held accountable. Yet the MDG targets have come under heavy criticism from economists for the arbitrary methodology used, the unrealistic levels set for the poorest countries, and the resulting bias against Africa.

Faulty target setting is compounded when “meeting the 2015 goals” is applied to country – versus global – performance. Being “on track” to meet the MDGs is seen as evidence of good government performance, and “not being on track” as evidence of incompetence and neglect. Yet a country’s progress depends as much on its starting point as its effort. A more appropriate metric would measure the pace of progress. In those terms, the best performers to date are countries that are far from achieving the MDGs, mostly in Sub-Saharan Africa. Additionally, many targets create perverse incentives, such as feeding calorie-laden foods to children to meet the hunger goal.

Consensus or status-quo thinking?

The MDGs built unprecedented consensus around ending poverty as the over-arching purpose of international development co-operation. Yet here again, there is a downside: privileging consensus favours the lowest common denominator and status-quo thinking. Not surprisingly, the MDGs are criticised for lacking ambition and not aligning with the transformative vision of the [United Nations Millennium Declaration](#): commitments to solidarity, equality, and the respect for human rights and democracy.

At the same time, a consensus agenda unavoidably reflects existing power structures, and is, therefore, not necessarily in the interests of the global South. This is clearly reflected in MDG 8 (“Develop a global partnership for development”), which lacks accountability and quantitative targets for the global North. I would expect that discussions during the first Ministerial-level meeting of the [Global Partnership for Effective Development Co-operation](#), set to take place in Mexico in 2014 (see News in brief), will centre around how to better address this issue within the post-2015 development agenda.

Avoiding misuse of the power of numbers

Because of their scientific concreteness, numbers have power. They allow us to reduce complex and contextually-specific concepts such as gender equality to universally applicable measurements, and to raise awareness and galvanise support for urgent but neglected priorities.

Yet these strengths also become weaknesses when the MDGs are used beyond their purpose as a communication tool and are converted into a planning framework. The confusion around the purpose of the goals (campaign slogans versus global development strategies) is a crucial issue to be addressed by the post-2015 development agenda and calls for important conceptual differentiation: goals should not only be quantitative and outcome-driven, but also qualitative, to tackle institutional arrangements.

In moving towards post-2015, there are numerous other challenges – among these ensuring data availability. I welcome the positive signs of progress from [PARIS21](#) in bolstering national statistical capacity, as well as the calls for a “data revolution” from the [High-Level Panel of Eminent Persons on the Post-2015 Agenda](#) as well as participants in the OECD’s [2013 Global Forum on Development](#).

Ultimately, we must recognise the limitations of global goal setting. The post-2015 agenda needs to go beyond goals to achieve greater consensus on the priority actions

that are needed to produce real social and economic change. [Tweet #DACnev](#)

NEWS IN BRIEF

Mexico to host first Global Partnership Ministerial meeting

During the third Global Partnership Steering Committee meeting (hosted by the African Union Commission in Addis Ababa, Ethiopia, 25-26 July 2013), Luis Campuzano, Mexican Ambassador to Kenya, confirmed that Mexico will host the Global Partnership’s first Ministerial-level meeting in 2014. “We regard the responsibility of hosting the first Ministerial-level meeting as a great honour and as a challenge. The development world is on the eve of a major crossroads. We need common and inclusive action, based on our successful experiences and lessons learned to improve our approach and identify areas of opportunity in order to shape the post-2015 development co-operation agenda,” said Ambassador Campuzano in his opening remarks.

For more information on the Steering Committee meeting, visit the [Global Partnership website](#).

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INCAF focuses on post-2015 agenda, New Deal

The Fifth Director-Level Meeting of the [DAC International Network on Conflict and Fragility](#) (5-6 June 2013) focused on assessing progress towards implementing the [New Deal](#) and positioning conflict and fragility issues within the post-2015 global development framework. The meeting found that overall, progress in New Deal pilot countries has been mixed.



Members emphasised the need for balance between quick wins and longer-term efforts and offered ideas on how to show incremental improvements in transparency of reporting and use of country systems. INCAF members were pleased to see issues of conflict and fragility strongly reflected within the narrative and indicative goals proposed within the [Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda](#). The INCAF Secretariat will provide a discussion paper on key messages, entry points and ways to improve impact at the UN General Assembly in September 2013.

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OECD DAC COUNTRIES' NET ODA IN 2012:

USD 126.6 billion, down by -4.0% in real terms and 0.29% of DAC members' combined GNI.



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