

## **Statement by Erik Solheim**

### **Reflections on the Future Role of the DAC and the challenges facing its new chair**

For almost seven years, I was Norway's Minister of International Development and later Minister of the Environment and International Development. It is my profound belief that the two major challenges in the world, poverty and environmental degradation, cannot be solved separately. If we try to solve one without the other, we will fail to solve either. Many people make this point, but we – the international community – have not followed up with sufficient action.

On many occasions, I have left a meeting of development ministers and gone straight to a meeting of environment ministers to discuss exactly the same topic, but there has been little relation between the two. We need to speak together more, not only across countries but also across sectors. Development concerns all sectors of society. Policy coherence is far more than just a buzzword, it is fundamental for sustainable development.

During my time as minister, we increased the level of Norwegian ODA to 1 % of GNI. At the same time I reoriented Norwegian development policy and presented a white paper entitled *Climate, Conflict and Capital*. This title indicates the key areas that need to be addressed in order to achieve development. Conflicts are one of the main reasons for children not going to school today and for investments not being made. In order to be sustainable in the long term, development must be based on private capital and business. Developing nations need to be in control of their own revenues and economic resources through sound taxation and economic policies.

The fight against corruption and tax havens is crucial in this context. We know that the amount of money leaving developing countries in the form of illicit financial flows each year is many times greater than the amount of aid coming in. In my capacity as minister, I launched several initiatives such as the Norwegian Government's International Climate and Forest Initiative, which paved the way for the global REDD+ scheme, as well as Norway's Energy+ initiative, the Norwegian Oil for Development Initiative, and the Tax for Development programme, thus mainstreaming development cooperation and environmental perspectives into Norway's overall foreign policy.

Current international thinking about development in a rapidly changing global environment is converging with this approach. As a forum of innovative policy discussions and a source of knowledge and analysis based on best practice, the DAC can play a vitally important role in this new architecture. This role depends on a thorough understanding of what the critical challenges are and how the intended results can be achieved.

A primary task for the new leadership will be to identify the various interests, create a common agenda for action, and build consensus for change. The active participation of all stakeholders will be needed to define and implement the DAC mandate and follow up the commitments agreed at Busan. If elected I will build upon the important work carried out by Brian Atwood. I will devote considerable time to listening to different views, visiting capitals and discussing a range of issues both with delegates and staff in Paris and with partners outside the organisation.

### **Moving on from Busan**

The geopolitical changes we have seen over the last two decades have changed our perception of "donor" and "recipient". It has become so much clearer that we are all in this one world together. We can no longer talk about "us and them"; we can only talk of "us". And we have to make sure that we do not present yesterday's solutions to tomorrow's challenges.

Emerging economies are extensively involved in economic development in poorer countries, but not as traditional donors. They may have new perspectives that we should learn from. We came a long way in respecting the various partner roles and strengths in Busan. I want to build on that. I want the DAC and the Global Partnership to promote more south–south and triangular cooperation. I would like to see the DAC as a meeting place where old and new development partners can learn from each other’s experiences, and where we can further develop our work on basis of best practices. The DAC needs to position itself within the framework of the Global Partnership, by building upon its strengths and comparative advantages. This will enable the organisation to provide unique inputs to the development of the post-2015 agenda.

### **Interaction with the other OECD committees**

There is a wealth of knowledge on a broad range of topics to be found in the OECD, which can be used to help governments to foster prosperity and fight poverty through economic growth and financial stability. For example, the OECD is probably the foremost global resource base in the education sector. The Pisa evaluations have set the agenda for education policy in Europe. The OECD also has extensive knowledge of economic policy, tax systems, environmental issues, and many other areas. Sharing the OECD’s expertise in other fields in a way that is relevant for developing countries will be an important task.

This is spelt out very clearly in the Development Strategy, which I consider to be a very good initiative on the part of the OECD as a whole. We need to build on this in the years to come. Through an interdisciplinary approach, the OECD could provide useful support for poor countries and contribute to the fulfilment of the Busan commitments. In addition, the DAC is well placed to play an important role in bringing the policy coherence for the development agenda forward. As DAC chair, I would make it my task to integrate this thinking into the policy work of the OECD and its member countries.

### **Including other tools in the fight against poverty**

ODA will continue to play a major role in the least developed countries and fragile states in the foreseeable future. These countries must therefore remain a key focus of DAC activity. At the same time, some middle-income countries that are still on the ODA list are among the key drivers of global economic growth. Over the last decade, the emergence of a wide range of growth and development models underscores that there are no one-size-fits-all solutions. The development financing picture is changing and many emerging economies are becoming important actors in international finance, trade, investment, innovation, and indeed in development cooperation.

These developments are bringing about a fundamental change in the development cooperation architecture. ODA will continue to play a catalytic role, but the private sector will gradually play a greater part in linking public and private investments for growth. The DAC could become a key institution for fostering practical solutions that enable development assistance to leverage private investment in the poorest nations.

### **Close links between environment and development**

We need to do everything we can to reach the globally agreed two degree target in relation to global warming. At the same time, we know that the global temperature will rise, and that the poorest countries and people will be the most affected. It is crucial that that climate change adaptation and efforts to protect biodiversity are integrated at all levels of development decision-making. The *OECD Policy Guidance on Integrating Climate Change Adaptation into Development Co-operation* is an important step in this direction. Efforts to integrate climate change adaptation should be led by developing country partners, but the donor community also has a critical role to play in supporting such efforts and integrating adaptation

into its own plans and activities. The DAC is well positioned to increase understanding of the implications of climate change for development practice and provide examples of good practice. The DAC should also promote an integrated approach to green growth, taking into consideration the economic and social aspects of greening economies in developing countries.

### **Focus on results**

Gathering and collating empirical data is difficult, although a lot of work has been done in the donor community in recent years to develop indicators and introduce systems to measure results and evaluate programmes. I have been a keen advocate for performance-based aid, or “cash on delivery”. Both the Climate and Forest Initiative and Energy+ are built on this principle. Performance-based aid is very useful in some sectors, but not in others. I would like to continue to develop this aid modality under the auspices of the DAC.

### **Concluding remarks**

The DAC plays an important role in enabling effective development at a time when new cooperation structures are being established and the challenges facing development policy and programmes continue to grow in complexity.

One of the primary tasks for the DAC chair will be to identify the member states’ interests and positions in the global environment of development cooperation, and to build consensus among the DAC countries on the development agenda agreed at Busan, and on the post-2015 agenda.

I am aware of the financial challenges faced by many DAC members. As chair I would work with these countries to strengthen and promote their comparative advantages and discuss with them how to make development cooperation as effective as possible. I would also like to see more observer members become DAC members.

I believe that my experience as a politician and as minister of international development will enable me to have fruitful dialogue with ministers and governments. Together we can lead the DAC into the future, find our role within the Global Partnership and assist member states in delivering on commitments from Busan.