

# A New DAC in a Changing World: Setting a Path for the Future

## Report of the High Level Panel (HLP)<sup>1</sup>

### Main Findings and Recommendations

The adoption of four international agreements<sup>2</sup> with direct repercussions for development cooperation in 2015 establishes a new consensus development agenda where ending poverty and achieving sustainable development go hand in hand with actions to stabilise the climate. The agreements increase the ambition and comprehensiveness of development cooperation and, as a result, must transform the role and the actions of development cooperation providers, including the Development Assistance Committee (DAC).

The DAC plays a critical role in defining bilateral aid and shaping donor practice, but if it is to remain influential, it needs to bring its development partners actively into its work and to share the results of its work proactively with the wider sustainable development community. The DAC needs to be a servant leader<sup>3</sup>, in tune with the surrounding world, open to new ideas and ready to lead among peers but not dominate. Development shaped in a more inclusive manner will inevitably lead to new approaches, both complementing and challenging the existing values and norms of the DAC.

The HLP makes three overall recommendations with more detailed sub-recommendations to build on the strengths and inform the transformation of the DAC:

Recommendation 1: The DAC should change its mandate to promote development cooperation in support of the new consensus development agenda.

Recommendation 2: The DAC should be more inclusive of other development partners in its work and intensify its outreach and dialogue with other development partners in order to increase effectiveness and achieve results.

Recommendation 3: The DAC should reform its working methods to respond more effectively to the new consensus development agenda.

The HLP believes that the recommendations in this report can assist the DAC to transform in response to the new consensus development agenda. Cognisant of the urgency of the new agenda and the need to build accountability into the process, the HLP recommends that the DAC chair should provide an update in January 2018 on the measures taken to implement any recommendations in this report accepted in principle by the DAC, and make a public report available online. The DAC High Level Meeting (HLM) will play an important role in guiding and overseeing implementation of such measures.

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<sup>1</sup> See Annex 1 for Terms of Reference for the HLP.

<sup>2</sup> 2030 Agenda for Sustainable Development (“Agenda 2030”) with the 17 Sustainable Development Goals, the Addis Ababa Action Agenda on Financing for Development, the Sendai Framework on Disaster Risk Reduction and the Paris Climate Agreement.

<sup>3</sup> The servant-leader serves first rather than leads first. While the idea of servant leadership is thousands of years old, the modern servant leadership movement was launched by Robert K. Greenleaf in 1970.

## 1. The Changing World

### 1.1 A NEW DEVELOPMENT AND FINANCIAL LANDSCAPE

2015 marked a year when sustainable development became the shared goal of all countries, developed and developing. A year of active multilateralism led to the adoption of four international agreements with direct repercussions for development cooperation; namely the 2030 Agenda for Sustainable Development (“Agenda 2030”) with the 17 Sustainable Development Goals (SDGs), the Addis Ababa Action Agenda on financing for development, the Sendai Framework on Disaster Risk Reduction and the Paris Climate Agreement. These agreements make clear that combatting climate change and ending poverty are integral to sustainable development and can no longer be taken separately. The agreements increase the ambition and comprehensiveness of development cooperation and, as a result, must transform the role and the actions of development cooperation providers. **Throughout this report, we use the phrase “new consensus development agenda” to refer to these four international agreements.**

The new consensus development agenda heralded a new level of coherence between international agreements, with each one recognising the role the others play in achieving sustainable development. Common themes thread through each of the agreements, including country ownership, equity, the role of domestic and international resources (public and private), the particular needs of vulnerable and fragile countries, the need to protect the most vulnerable people in society, gender equality, human rights, transparency and accountability and partnership. The overall message is that progress on any one of the 2015 agreements cannot be achieved without progress on the other. Likewise, the 17 SDGs are indivisible, with progress on one contingent on progress on all of the others.

The development cooperation landscape has changed beyond recognition since 1961 when the DAC was founded as a committee of donors and global wealth was concentrated in a small number of industrialised countries. Over time, development gains have brought prosperity to more and more countries and as a result the relationship between what have traditionally been seen as donor and recipient countries has changed. The international agreements secured in 2015 embrace universality – they both include and apply to all countries – levelling the playing field as never before. The traditional lines that distinguished one group of countries from another have eroded and the future is one of partnership amongst equals. This partnership requires respect for differing approaches to development and development cooperation.

As no country has achieved sustainable development to date, all countries share the challenge and will only be successful in achieving their goals through cooperation with others. In this new era of universality, the DAC can best serve its members by being open to learning from other development actors and partner countries. Implementing the new development consensus is a shared task for developed and developing countries, acknowledging also the crucial role of developing countries in shaping the domestic policies that will implement the new consensus development agenda. Likewise, the sources of finance to assist developing countries to implement the new consensus development agenda are changing; while ODA remains a crucial element of development finance, particularly for countries most in need, including Least Developed Countries (LDCs), Small Island Developing States (SIDS) and fragile and conflict affected countries, its relative importance is diminishing as financial flows from domestic resource mobilisation, blended finance, private investment, remittances and philanthropy play an increasingly important role.

2016 was the year implementation of the SDGs at the national level got underway and the year the Paris Agreement entered into force and became international law. It should have been a year when the international community carried the positive momentum of effective multilateralism into efforts to deliver action on the ground. Instead 2016 has revealed a fractured world, where national populism has threatened to surpass multilateralism and where conflict, migration, natural disasters, and inequality shake the very core of our common endeavours. The institutions created in the aftermath of World War II to keep peace and protect human dignity are being tested, as are the values they stand for.

While the 2015 agreements signal an era of unprecedented cooperation for inclusive sustainable development that leaves no one behind, there is a counter narrative that threatens to reverse progress and further alienate the most marginalised and vulnerable people in society. In the face of these challenges, the development community must champion the collective agreements reached in 2015 and use these and the values of the United Nations (UN) to implement the change we need and achieve the SDGs by 2030. Bringing the worlds of humanitarian aid, fragility, climate action and development cooperation together has become a critical and complex interactive agenda. There is no time to lose, just 14 years remain to implement the Agenda 2030 and protect the global commons for present and future generations.

## 1.2 THE DAC IN A NEW ERA OF SUSTAINABLE DEVELOPMENT

Within this new landscape the DAC has realised that it needs to change to better support the implementation of the new consensus development agenda and to increase its relevance and impact. In fact, the DAC has been making efforts to increase its relevance and efficiency over the last decade through a series of evaluations and internal reflections. Due to the fact that the DAC continues to be seen by many to be an exclusive club of traditional donors, the HLP assessed two options: to increase inclusiveness by expanding its membership or by maintaining membership and increasing outreach. The HLP considered that the first option was not realistic at this time and has formed recommendations in this report related to the second option.

The DAC continues to fill important functions as a platform for setting the policies and rules for official development finance and as a guardian of statistics and good practice standards. But as development finance increasingly comes from a wide range of sources and actors, and as the standards and measures of good practice are increasingly shaped through more inclusive fora, the DAC needs to evolve apace to remain relevant. The DAC also has work to do to be better known outside the OECD where its role and working modalities are less well understood, and as a result, its value less appreciated. Development cooperation is no longer provided uniquely by OECD DAC countries and increasingly developing countries are funding their own development with domestic resources. The norms and benchmarks used by emerging countries for delivering development assistance to other developing countries under South-South Cooperation, are often different from those followed by OECD countries. It has not been possible so far to evolve an international consensus on an agreed approach and a common set of standards on international development cooperation, but that has not precluded emerging economies such as Brazil, China, India and South Africa from working together with the U.N., international financial institutions such as the World Bank and OECD countries in delivering assistance to third countries. Such cooperation has expanded in recent years.

While ODA remains an important and stable source of support for some countries, in particular countries most in need<sup>4</sup>, domestic resource mobilisation and investment now far outstrip global aid resources. Increasing the tax take in developing countries by one percentage point would yield roughly an additional USD 300 billion, which is more than double the amount of global aid today. Development cooperation no longer flows only from north to south, it is increasingly south-south in nature. The private sector is also playing an increasingly important role in financing current account deficits with business responsible for 80% of capital flows in developing countries. In addition, climate funds, innovative financing mechanisms, finance from non-governmental organisations (NGOs) and philanthropy also contribute to overall resource mobilisation. Coordinating and combining the multiple sources of finance for the new consensus development agenda will be challenging but is a prerequisite for a coherent and consistent financing for development framework.

The DAC is also cognisant that the volume of resources needed to implement the SDGs will far exceed the approximately USD 135 billion provided annually as ODA. It is estimated that the investment needed to achieve the SDGs is in the order of USD 3.3-5.5 trillion per year. Inadequate financing or financing of some goals to the detriment of others will result in failure across the board, as the indivisible nature of the SDGs emphasises their interdependence. For example, failure to mobilise adequate funds to achieve the 1.5°C temperature goal set in the Paris Agreement and to build resilience to climate risk, will undermine the achievement of the other SDGs.

Just as increased financial flows are urgently needed, ODA has become subject to growing levels of criticism from the press and politicians in many DAC Member States. The DAC has a key role to play in supporting the credibility of ODA, ensuring that ODA definitions are observed, that donors are following good practice, and aid is achieving real impact.

Aware of these changes the DAC has already taken steps to adapt. Proposals for a new statistical measurement framework TOSSD (Total Official Support for Sustainable Development) is a direct response to the understanding that broader frameworks are needed to measure sustainable development finance. TOSSD will measure external finance to developing countries beyond ODA while clarifying the distinct and separate nature of ODA. As another example of change, the DAC has taken steps to be more inclusive, with partner countries, think tanks and non-DAC donors invited to attend meetings of the DAC and its sub-committees on an ad-hoc basis.

However, the latest evaluation of the DAC finds that despite repeated commitments to be more inclusive, to focus on core competencies, and to engage more effectively with other development actors, the DAC continues to struggle to systematically include non-DAC actors in its work, to communicate its work and to engage effectively with the main global players in sustainable development<sup>5</sup>. As a result, this report will reiterate recommendations already made several times before in previous reviews. The DAC needs to both bring its development partners actively into its work and to share the results of its work proactively with the wider sustainable development community if it is to be relevant and influential. The DAC needs to be a servant leader, in tune with the surrounding world, open to new ideas and ready to lead among peers but not dominate.

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<sup>4</sup> including LDCs, SIDS and fragile and conflict affected countries

<sup>5</sup> The development partners the DAC needs to work more closely and interactively with include non-DAC donors, developing countries, the United Nations, multilateral and regional development banks, regional commissions, development institutions based in developing countries, climate funds, non-governmental organisations, philanthropy, the private sectors, academia and think tanks.

The transformation required within the DAC to make it fit for purpose in a new era of universal cooperation for sustainable development must now begin in earnest. The DAC needs to take a fresh look at how it can best contribute to the work of the UN and its member states in implementing the new consensus development agenda. The UN High Level Political Forum (HLPF) is tasked with tracking progress towards the SDGs, the G7 and the G20 lead a range of development priorities, the World Bank, the IMF and the regional development banks are also significant players in delivering the SDGs as are business and civil society. It is in this new landscape that the DAC must locate and add value to its work.

## **2. The role of the DAC in the context of the new consensus development agenda**

The High Level Panel (HLP) proposes the following recommendations as a result of its collective deliberations, consultations and three in-person meetings (Annex 3). The HLP members consulted nationally, regionally and internationally with government ministries and officials, former and current DAC members, development agencies, the OECD secretariat, members of parliament, UN agencies, civil society organisations, philanthropic foundations, business organisations, trade unions, think tanks, research institutes and academics. DAC members were also consulted and contributed their views in writing through the DAC chair.

**RECOMMENDATION 1:** The DAC should change its mandate to promote development cooperation in support of the new consensus development agenda.

The HLP considers that the DAC should build on its strengths in definitions, statistics, and peer review, but adapt its instruments to the new consensus development agenda. This includes making changes to peer learning and reviews, policy development, setting rules for official development assistance and finance and development finance statistics, and providing analysis, accountability, good practice and standards for international development efforts, in order to make them fit for purpose in this new era of development cooperation. It also involves engaging proactively with other development stakeholders and being more inclusive of the views of partner countries, other donors, civil society and business in all aspects of the DAC's work.

Given the transformation that has occurred in the development arena, transformation of the DAC is also necessary. The DAC of the next 5-10 years will have to be relevant not only to its members and the OECD but to the entire development community. The breadth of the new consensus development agenda, its universality and ambition requires the DAC to critically examine its role, its place in the global development architecture and its openness to and engagement with others.

## MEANS OF IMPLEMENTATION OF THE NEW CONSENSUS DEVELOPMENT AGENDA

**Recommendation 1.1: The DAC should retain its central role in defining and monitoring Official Development Assistance, including improving the quality of the data and holding its members to account.**

In addition, the DAC should strengthen its role in advocating for the mobilisation of ODA and continue to report on members' progress towards the commitment made by many countries to reach 0.7% of Gross National Income (GNI) as ODA, as restated in the new consensus development agenda.

**Recommendation 1.2: The DAC should champion the pledge made in Agenda 2030 to leave no one behind and to reach the furthest behind first.**

DAC members should report on their progress towards the goal of 0.15-0.2% of GNI for LDCs while increasing ODA to LDCs. The DAC should develop guidance on how to target resources to countries most in need, in particular SIDS, LDCs and fragile states in response to the new consensus development agenda. DAC members should lead by example to ensure that no one is left behind in the new consensus development agenda, by inter alia, adopting a people-centred approach to development and increase investment in social protection, gender equality and human rights.

**Recommendation 1.3: The DAC should continue to prioritise work on the drivers of fragility and vulnerability to increase resilience to environmental, social, economic and political risk.**

The links between development assistance, humanitarian aid, vulnerability and fragility are well known to the DAC and future work should actively target resources to the underlying causes of vulnerability and fragility in order to protect development gains. Better coordination and integration of efforts to manage risk and build resilience will enhance the implementation of the new consensus development agenda.

**Recommendation 1.4: The DAC should continue to address the particular challenges faced by Middle Income Countries (MICs) experiencing persistent poverty, growing inequality and climate change, as well as increasing its focus on the particular challenges of Upper Middle Income Countries.**

The DAC and partners need to engage in an open dialogue on graduation criteria and on the methodologies used to identify development priorities and measure development gaps and the multiple dimensions of development.

**Recommendation 1.5: The DAC should support the mobilization of finance for the new consensus development agenda.**

The DAC has a key, and growing, role to play in using ODA to mobilize resources that contribute to the new consensus development agenda, including (i) domestic resources; (ii) non-concessional public finance, both from bilateral and multilateral agencies; and (iii) private finance, including institutional investors. This requires developing norms for understanding which investments have safeguards that ensure a contribution to the global goals, and through promoting uses of ODA that serve to motivate others.

This may include:

- Aid for domestic resource mobilization, including capacity development for tax administration and combatting tax evasion;
- Aid to prepare bankable projects, including through capacity development for project identification, de-risking, reduction of capital costs and crowding-in public non-concessional financing;
- Aid to develop new platforms for private sector finance, including promotion of new asset classes for sustainable infrastructure, new structures to enable long-term private investments contributing to the global goals, and Public Private Partnerships.

## MEASUREMENT

**Recommendation 1.6: In addition to ODA, the DAC should continue to develop TOSSD to measure cross-border financial contributions to the SDGs and pro-actively engage non-DAC members on the methodologies and use of DAC data and statistics.**

If, as the OECD intends, TOSSD is to be accepted by the UN in the future as the basis for a standard against which all development cooperation providers report SDG relevant flows, it will have to be inclusive in its design and in its execution. Examples of avenues for more engagement include a) bringing a diversity of actors, in particular non-DAC donors, into the pilot phase of TOSSD; and b) working with the UNFCCC on climate finance accounting and tracking.

**Recommendation 1.7: The DAC should work in collaboration with UN and others, to develop open access development finance databases where the DAC and others can make their data available for use by all actors contributing to the implementation of new consensus development agenda.**

The DAC should continue to collaborate and engage with the International Aid Transparency Initiative and engage with the UN-led Inter-Agency Task Force (IATF) to showcase the full breadth of OECD resources and tools that are available to help monitor the progress of member states to achieve the Addis Ababa Action Agenda (including through the UN Annual Forum on Financing for development), as well as engaging with the UNFCCC's Standing Committee on Finance and other bodies relevant to the new consensus development agenda to share its data, methodologies, standards and policies and to seek inputs on these from other development actors.

## MUTUAL ACCOUNTABILITY

**Recommendation 1.8: The DAC should accelerate and increase the ambition of the ongoing process to update its peer review methodology in light of the new consensus development agenda.**

The DAC should seek inputs to the new methodology for peer review from a wide range of development actors including recipient countries. The DAC should actively engage non-DAC members, in particular partners that are recipients of development assistance, non-DAC donors and civil society, in peer reviews. This has been done to a limited extent in recent years and must be strengthened and systematised if peer reviews are to be a credible and effective contribution to the follow up of Agenda 2030 and the SDGs. As part of this process

the HLP recommends that the DAC consider thematic reviews (linked to SDGs), new methodologies, wider dissemination including consultation processes in member capitals and in partner countries (as routine elements) and closer links with the monitoring framework of the Global Partnership for Effective Development Co-operation (GPEDC).

**Recommendation 2: The DAC should be more inclusive of other development partners in its work and intensify its outreach and dialogue with other development partners in order to increase effectiveness and achieve results.**

The DAC needs to be a servant leader, in tune with the surrounding world, open to new ideas and ready to lead among peers but not dominate. Development shaped in a more inclusive manner will inevitably lead to new approaches, both complementing and challenging the existing values and norms of the DAC. The DAC needs to both bring its development partners actively into its work and to share the results of its work proactively with the wider sustainable development community if it is to be relevant and influential. Engagement with the wider sustainable development community will enable the DAC's work to be better understood thereby increasing demand for and engagement with the DAC's outputs.

## OUTREACH

**Recommendation 2.1: The DAC should systematically engage non-DAC members, in particular partners that are recipients of development assistance, non-DAC donors, civil society and the private sector, in all elements of its work to ensure its relevance to the new consensus development agenda.**

This has been done to a limited extent in recent years and must be strengthened and systematised if the work of the DAC is to be a credible and effective contribution to the new consensus development agenda.

The DAC must ensure that partner countries, non-DAC donors, development finance institutions, philanthropic organisations, civil society and business have a voice in its work, including through the urgent implementation of existing OECD and DAC outreach strategies<sup>6</sup>. Outreach includes active participation in peer learning and reviews, development finance statistics including TOSSD, policy development and good practice and standard setting. It also involves active participation by development partners in meetings of the DAC and its subsidiary bodies.

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<sup>6</sup> for example, the DAC Global Relations Strategy



## COOPERATION

**Recommendation 2.2: The DAC should strengthen horizontal collaboration with other parts of the OECD to ensure coherence and increase its effectiveness.**

The DAC should work closely with other OECD bodies, notably the Development Cluster<sup>7</sup>. In particular, the DAC should work closely with the Development Centre to take advantage of the broader membership of southern countries, to enhance experience sharing, south-south cooperation and triangular cooperation. The Development Centre can provide a valuable platform to promote dialogue with the DAC about the different perspectives on development cooperation. The DAC and the OECD Development Centre (as a whole and not just a bureau level) should meet jointly on a regular and systematic basis to advance areas of common work, to benefit from the centre's wider membership, including emerging economies, and to develop coordinated outputs. An agenda of topics of mutual interest should be identified and working modalities agreed between the members.

This broader collaboration between the DAC and other parts of the OECD will help to reinforce the DAC's contribution to making the OECD more responsive to the multidimensional and multi-sectoral challenges of sustainable development and the universal nature of the SDGs, and capture the full range of expertise relevant to the SDGs and the new consensus development agenda. The ongoing work of the OECD on policy coherence for sustainable development is an important contribution to more effective multi-sectoral and integrated development cooperation.

**Recommendation 2.3: The DAC should actively engage with the United Nations, notably with the UN Development System and the High Level Political Forum (HLPF), to determine how best the DAC can support (through its focus on development cooperation) the coherent implementation of the SDGs and contribute to follow up and monitoring of progress towards the SDGs and the new consensus development agenda.**

This could include triangular cooperation and shared-learning as part of the universal sustainable development agenda and the development cooperation related targets in Goal 17<sup>8</sup>. The DAC should also increase high level political engagement by the DAC with the main actors in implementing the new consensus development agenda including the UN, G7, G20, World Bank, IMF, MDBs, civil society and the private sector. The DAC, in collaboration with the OECD Development Cluster, could conduct an exercise to determine how best to contribute, both technically and politically, to meeting the development cooperation related targets set by SDG17.

**Recommendation 2.4: The DAC should recommit at a political and technical level to the Global Partnership for Effective Development Co-operation (GPEDC), and engage with development partners to maximise their participation in GPEDC.**

The DAC should also promote more active participation in the Partnership by the full range of development actors (notably emerging economies). Given the DAC's role in helping create the GPEDC, it needs to ensure the Partnership's future relevance and the delivery of its commitments as part of the new consensus development agenda. This includes

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<sup>7</sup> The OECD Development Cluster includes the Development Co-operation Directorate (DCD), the Development Centre (DEV) and the Club du Sahel (SWAC).

<sup>8</sup> SDG 17: Revitalize the global partnership for sustainable development  
<http://www.un.org/sustainabledevelopment/globalpartnerships/>

strengthening and empowering the GPEDC secretariat to lead the partnership and ensure it makes a valuable contribution to the new consensus development agenda. The refreshed mandate of the GPEDC agreed in Nairobi is an opportunity to reinvigorate the GPEDC. The DAC's partnership with UN Development system, and in particular UNDP, through GPEDC provides a useful link into the new consensus development agenda.

**Recommendation 2.5: By the year 2020 the DAC should, in collaboration with other development actors, conduct a comparative evaluation of DAC standards and norms to assess their effectiveness and suitability to the new consensus development agenda.**

DAC standards on data quality, reporting and evaluation remain relevant. The norms and standards followed by DAC countries in delivering development assistance to developing countries may however often be different from those advocated by emerging economies. Resulting from the DAC's refreshed commitment to outreach, this evaluation could be informed by the interactions the DAC has had with other contributors to the new consensus development agenda over the preceding 3 years. This does not preclude DAC and non-DAC members working together in the UN, IFIs and elsewhere in delivering assistance to third countries. Indeed, such cooperation should be considerably expanded.

## MEMBERSHIP

**Recommendation 2.6: The DAC should remain open to prospective like-minded donors who meet the DAC standards and are willing to assume the responsibilities of DAC membership.**

Many of those consulted by the HLP value the peer discipline DAC membership imposes and the standards of development cooperation this elicits. The HLP is of the view that an effective and transparent process for accession as a full DAC member is required.

**Recommendation 2.7: The DAC should encourage structured participation by development partners in its work of the DAC, including through associate membership, observer and participant status.**

Civil society should have the same observer status in the DAC as trade unions (represented through the Trade Union Advisory Committee (TUAC) and the private sector (represented through the Business and Industry Advisory Committee (BIAC)).

**Recommendation 3: the DAC should reform its working methods to respond more effectively to the new consensus development agenda.**

Changes to the DACs working methods are an integral part of the transformation needed to enable it to be an effective partner in the new consensus development agenda. While the DAC has considered some of these changes in the past – now is the time to implement the actions needed to shape a DAC that is fit for purpose in a transformed development landscape.

**Recommendation 3.1: The DAC should cluster its meetings and reduce the overall number in order to reduce costs, increase participation from capitals and strengthen decision making.**

Streamlining the DAC meeting calendar will also reinforce high-level political engagement from its member countries. The HLP was not in a position to define the precise meeting structure, but one example could be condensing the annual schedule of meetings into four high-level meetings a year alongside meetings of the Development Centre governing board. One of these sessions could occur at the same time as the Annual Global Forum on Development, which draws wide participation from developing and emerging economies, and can include high level representation from the UN System.

**Recommendation 3.2: The financing structure for the DAC chair should be changed in order for the chair to play an outreach role as ambassador for the DAC and as a representative of the servant leadership of the DAC.**

The current arrangement does not allow for a diversity of qualified candidates from all member countries to fill the role of Chair. The new structure would require all members to contribute to the financing of the Chair, which will open the position to a broader list of countries, making the position more inclusive and more accountable to DAC members.

**Recommendation 3.3: The DAC should review the resident nature of DAC delegates and consider both the benefits and the costs of the current arrangement for achieving its objectives and improving its impact.**

In the context of a new mandate for the DAC and new ways of working to enhance outreach and inclusion, the working modalities of the DAC also need to be reviewed. The assessment should take into account the benefits and value for money of the current structure and its impact on decision making and high-level political participation in DAC meetings.

**Recommendation 3.4: The DAC should build on work already undertaken to reform the subsidiary bodies to increase their relevance, for example through enhanced links to other OECD committees and the systematic participation of other development cooperation partners in their work.**

The subsidiary bodies play an important role in driving policy development and informing the political commitments taken at the full committee level. Bringing the subsidiary bodies under the joint leadership of the DAC and other parts of the OECD could help to increase

participation and open up dialogue for two way conversations, criticism and challenge. Likewise the systematic inclusion of development partners, in particular partner countries, in the work of the subsidiary bodies would enable more inputs into concrete areas of work ranging from fragile states to climate change.

**Recommendation 3.5: The DAC should be integrated fully into and be coherent with the overall communication strategy of the OECD development cluster.**

This will allow the DAC and its chair to take advantage of the existing combined resources of the OECD Development Cluster communications team in explaining the committee's role in the new development landscape.

**Recommendation 3.6: All DAC documents should be made public as standard practice, unless there are formal objections.**

This will enable the DAC to lead by example on transparency and accountability, two central themes of the new consensus development agenda.

### **3. Time for Implementation**

Just as it is now time for the implementation of the Agenda 2030, the SDGs, the Sendai Framework, the Addis Ababa Action Agenda and the Paris Agreement, so too it is time for the DAC to build on its strengths and embrace change. The HLP makes the recommendations in this report to assist the DAC to transform in response to the new consensus development agenda. The HLP is fully aware that some of the recommendations may require further elaboration by the DAC but also stresses the urgency of taking action. After all, there are only 14 years left in which to achieve the SDGs, with the need for progress on climate action even more urgently required if the temperature goals set in Paris, to hold global warming well below 2°C above pre-industrial levels and to pursue 1.5°C, are to be met.

Given this urgency, and the need to build accountability into the process, the HLP recommends that the DAC chair should provide an update in January 2018 on the measures taken to implement any recommendations in this report accepted in principle by the DAC, and make a public report available online. The DAC High Level Meeting (HLM) will play an important role in guiding and overseeing implementation of such measures.

To be fit for purpose in the new universal era of sustainable development the DAC must build on its core strengths and membership, while becoming more inclusive and more engaged with other stakeholders in the new consensus development agenda. This will ensure that the DAC's work is relevant, credible and impactful, and above all valued by DAC members and development partners alike.

**ANNEX 1: Terms of Reference of the High Level Panel****A new DAC in a changing world  
Setting out a path for the future****Terms of REFERENCE - HIGH LEVEL PANEL**

1. At the February 2016 High-Level Meeting, the Development Assistance Committee (DAC) agreed to make proposals and recommendations for enhancing its inclusiveness and representativeness, and maximising its relevance and impact so as to better support sustainable development efforts as set forth by the United Nations and its member states.
2. To this end, DAC Members supported the establishment of a High-Level Panel. This Panel will elaborate proposals and recommendations for the Committee, on the following basis:

**Background**

3. Agenda 2030 and the implementation of the Sustainable Development Goals call for all stakeholders, including the DAC, to meet the need for change. The DAC was founded as a committee of donors in 1961, at a time when industrialisation and economic growth were largely limited to OECD countries, when many of today's nations did not even exist, and when only a small group of countries had the resources and capabilities to provide international cooperation at a significant scale.
4. Today, thanks to impressive national development gains, more and more countries have enhanced their capacity, experience and resource base and are now increasingly in a position to harness this for international development. An ever growing number of countries are both recipients and providers at the same time, while the share of countries that are purely recipients or purely donors continues to shrink. The ability to contribute varies among nations, but the responsibility and commitment to contribute to Agenda 2030 is shared by all. Existing commitments, notably on ODA, must be safeguarded, while better ways must be found to reflect efforts by all and to generate additional resources. There is also recognition of the need to situate Official Development Assistance (ODA) in a mix of development resources, including private investments, domestic resources and philanthropy.
5. The mandate of the DAC is to promote development cooperation and other policies so as to contribute to sustainable development, including pro-poor economic growth, poverty reduction, improvement of living standards in developing countries, and to a future in which no country will depend on aid. In pursuing its mandate, the DAC has long recognised the world's transformations and the need to adapt. The Committee has changed substantially over the last decade. It has broadened its membership, and both expanded and deepened the participation of other countries. Following a Strategic Reflection Exercise in 2008-09, it has also welcomed a wide range of providers of development assistance, states and non-state actors. Acknowledging the importance of promoting partnership and dialogue, the DAC is a key constituent in the Global Partnership for Effective Development Co-operation and has strengthened its collaboration with the United Nations, including its Economic and Social Council.

6. At the same time, the DAC continues to be perceived by many as the exclusive club of the traditional donors which alone take decisions on what counts as development cooperation. For the DAC to continue servicing its current members and the wider range of international partners that will implement Agenda 2030, and to sustain its central role in the global development effort as a forum of nations committed to supporting development, good policy and accountability within the new Sustainable Development Goals context, the Committee has to evolve.

7. The DAC also works within an OECD context that has evolved over time. The OECD Strategy on Development has helped to mainstream development thinking across the Organisation, as well as work with non-member countries. Initiatives in a diverse set of areas now see other parts of the OECD working with the DAC, and with developing countries, in new ways. The OECD Development Centre provides a forum for policy exchange and dialogue with non-OECD members on an equal footing. The forthcoming OECD Action Plan on the Sustainable Development Goals will go further in proposing a whole-of-OECD effort on the Sustainable Development Goals<sup>9</sup>. The work of the DAC – and its future evolution – should also be considered in this context.

### Objectives

8. For more than 50 years, the DAC has fulfilled an important function in the international development architecture – as a platform for setting policies and rules for official development finance, as keeper and guardian of statistics, in particular ODA, through its accountability mechanisms and its work to promote good practice and policy standards, building on distinctive working methods of the Committee and the OECD more generally. Based on these functions, the DAC has taken on over time a wide and evolving range of priorities and work areas.

9. The present exercise will propose options for the future of the DAC in an international landscape and development context that has witnessed fundamental change since it was created and in which the United Nations and its member states play a leading role.

10. The objective of the Panel will be to make proposals and recommendations, testing the status quo and focusing on the following main issues:

- the DAC's contribution to global development efforts and its relevance and impact within the international development architecture, reflecting its mandate, traditional role and functions (these include peer learning and reviews, policy development, setting rules for official development finance and development finance statistics, and providing analysis, accountability, good practice and standards for international development efforts).
- the evolution of the DAC and its work, including the enhancement of the inclusiveness and representativeness of the committee, in line with the universal and inclusive nature of the Sustainable Development Goals.
- the strategic implications for the working methods and structure of the committee, including its subcommittees and networks.

11. In this regard, the Panel's work should take account of the DAC unique position, the constellation of other relevant fora, initiatives and partnerships in relation to the Committee's

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<sup>9</sup> The Secretary-General's *21 for 21* proposal, currently under discussion by the OECD Council, sets out a vision for further strengthening the development work of the Organisation.

mandate and function. It should reflect upon the need to ensure efficiency and effectiveness of the Committee's processes, working methods, decision-making modalities, and structures (meeting at High Level, Senior Level, resident committee, subsidiary bodies, and secretariat arrangements) and their role in light of the objectives set out in paragraph 10. Moreover, it should situate its work in the context of building coherence and interacting with other policy communities within the OECD development cluster, the organisation at large, and beyond it, so as to ensure unity of efforts for development in light of the enhanced impact of globalisation on development processes.

12. The recommendations should take the form of a succinct report of approximately 10-15 pages. Scenarios for the future of the DAC could be proposed to that effect.

### **Composition**

13. The Panel will be composed of a small group of senior individuals (approx. 8-10 people) with due consideration to balanced representation. Panel members should have experience at the highest level in international development. They should include nationals from DAC members, other OECD members, non-OECD countries, including but not limited to those with significant South-South Cooperation activities, and those with high levels of aid dependency, as well as key international organisations. A chair will be selected from within the group.

14. The DAC Chair will propose panel members to the DAC for endorsement by the Committee. The DAC Chair will not be a member of the panel.

15. The Panel will be assisted by the Secretariat. A facilitator will be appointed to support the work of the panel. S/he will oversee the collection and editing of notes, record conclusions and recommendations and work with the panel to draft the final report.

### **Working Methods**

16. The Panel will situate its work within the context of the new United Nations universal agenda for global development resulting from the United Nations Conference on Financing for Development, the Sustainable Development Goals, and the Paris Climate Conference. It will build on previous strategic reflections of the DAC, including the strategic reflection exercise of 2008 and the current In-Depth Evaluation of the DAC (whose final report is expected to be approved in April/May 2016), as well as evolving OECD-wide thinking on the 2030 Agenda.

17. As part of the exercise, extensive consultations are foreseen with DAC members, other OECD members, as well as non-member of the OECD, key partners in multilateral international organizations (including the United Nations, the World Bank and the IMF) and other stakeholders.

18. DAC members, as well as other OECD members will be invited to actively support the stakeholder consultation process. Moreover, the Panel may call for submissions from other parties and ask the DAC Chair to establish ad hoc task forces from members to contribute specific inputs and intellectual contributions to the process.

19. The Panel report will be submitted to the DAC, with decisions on the recommendations to be taken at the DAC High Level Meeting in 2017.

## Timeline

20. The Panel will report back by the end of the first quarter of 2017 at the latest. More specifically, the following broad timeline is proposed:

- End-May 2016: Confirmation of panel members
- June-July: First meeting of the High Level Panel
- October: Progress report at and discussion with the DAC Senior Level Meeting
- November: Second meeting of the High Level Panel
- December: Finalisation of the High Level Panel Report

21. If required, the panel may consider holding a third meeting. If so, this should be done without a delay to the delivery deadline of the panel report of Q1 2017.

## Budget

22. The costs of the High Level Panel will essentially relate to the physical meetings and associated travel costs of the group, plus a fee for the facilitator. The following is a first rough estimate for a budget:

- Two meetings with travel for 10 panel members @ EUR 5000 per travel = 2 x EUR 5,000 for 10 panel members, or a total of EUR 100,000.
- Miscellaneous costs in relation to meetings and report preparation = EUR 5,000.
- The fee for a facilitator, preferably with experience in similar exercises, equivalent to 20 working days=EUR 20,000.

23. The total resource implication is estimated at EUR 125,000 maximum. The actual resources requirements are expected to depend on factors such as, whether participation costs for individual panel members may be funded by that national's government. Members are strongly encouraged to take on participation costs for panel members from their nations.



**ANNEX 2: Members of the High Level Panel**

1. Mary Robinson (Chair)
2. Michael Anderson
3. Alicia Bárcena
4. Emma Bonino
5. Luisa Dias Diogo
6. Jean-Christophe Donnellier
7. Douglas Frantz
8. Heidi Hautala
9. Oh Joon
10. Homi Kharas
11. Justin Yifu Lin
12. Kuntoro Mangkusubroto
13. Ibrahim Assane Mayaki
14. Steven Radelet
15. Shyam Saran
16. Akihiko Tanaka
17. Peter Varghese

**ANNEX 3: The work of the High Level Panel**

At its High Level meeting in February 2016, the DAC agreed to make proposals and recommendations for enhancing its inclusiveness and representativeness and to maximise its relevance and impact so as to support sustainable development efforts as set forth by the United Nations and its member states. To inform this work the DAC supported the establishment of a High Level Panel to elaborate recommendations and proposals.

The role of the High-Level Panel is to debate the options for the future of the DAC in an international landscape and development context that has changed fundamentally since it was created, and to test the status quo and propose new ways forward.

The Terms of Reference for the Panel advise that the DAC's unique position amongst other relevant actors be taken into account while reflecting on the effectiveness and efficiency of its working methods and structures. Explicit reference is also made to situating the work of the DAC in the context of the OECD development cluster, the OECD and beyond to enhance coherence and impact.

The panel members were proposed by the DAC chair and endorsed by the Committee. The 17 members of the HLP are listed in Annex 2. The panel is composed of senior individuals with experience in international development from a wider range of geographies and institutions. As such the panel represents a broad diversity of views and philosophies on development cooperation. Mary Robinson chaired the Panel.

The panel members gave their time generously at three one-day meetings, and through written inputs and extensive consultations. Consultations were conducted by individual members in their national and regional contexts to collect a diverse range of perspectives on the future role of the DAC. DAC members also supported outreach and consultations based on the Chair's Summary of the second HLP meeting. The HLP chair briefed the DAC on two occasions during the work of the panel. It should be noted that the panel members gave their time on a voluntary basis for both attendance at meetings and their own consultations. The panel had modest support from the OECD secretariat but was not supported by a team of researchers. Hence the findings of the Panel are by nature high level.