SUMMARY RECORD OF THE 1023TH DAC MEETING

held on 2 February 2017 at the OECD Conference Centre, Paris

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1. Welcome by the Chair and Adoption of the Agenda [DCD/DAC/A(2017)1]

   The DAC Chair welcomed delegates to the first Committee meeting of 2017. In response to a question from members, the Director of the Development Co-operation Directorate confirmed that item 5 on the meeting agenda was for discussion rather than decision. The Committee then adopted the agenda without modification.


   In light of written comments received the previous night and the morning of the meeting, the Director proposed to postpone approval of the draft summary records from the Senior Level Meeting held on 10-11 October 2016 and the 1022nd DAC meeting held on 6 December 2016. He invited written comments by the following day. The Secretariat would then circulate revised records to the Committee for approval at the March DAC meeting. The DAC agreed to this proposed way forward.

3. Briefing by the DCD Director and DAC Chair [DCD/DAC/RD(2017)1/RD1]

   The Director provided a summary of recent and ongoing developments. He referred to a Secretariat note [DCD/DAC/RD(2017)1/RD1] which presents an overview of recent official development assistance (ODA) and development finance trends to better mobilise resources for the SDGs. The Secretariat shared this document with the Council in advance of its 26 January discussion on development and also to the High Level Panel as a factual input to their deliberations.

4. The 2017 edition of the Development Co-operation Report is underway and will have a special focus on data-driven development, as approved in the 2017-18 PWB. The DCD is collaborating with the Statistics Directorate, and especially PARIS21, to deliver on this special focus. The report will be published towards the end of 2017. In the next couple of weeks, the Secretariat will be reaching out to all DAC members to gather information for the donor profiles part of the report and for the usual fact-checking of the profiles. The donor profiles should include information on how members support statistical capacity development in partner countries. The Secretariat intends to gather this information from members through a short survey in the next few weeks.

5. This year's Global Forum on Development will be held on 5 April. The theme will be "Achieving the Sustainable Development Goals: How can business and governments work better together?" An informal session will be held on 13 February from 3pm to 5pm in room CC20 to share information with delegates on preparations and to invite feedback and ideas.

6. This year's joint OECD/WTO publication "Aid for Trade at a Glance" examines how digital trade-related connectivity can contribute to the 2030 Agenda for Sustainable Development. In particular, it discusses connectivity as a driver for competitiveness, including from the perspective of least developed countries, small and medium sized enterprises, and women-led business. The report will provide recommendations on how to address factors that limit digital connectivity (e.g., infrastructure, regulatory frameworks, skills and training) and participation in ecommerce (e.g., legal frameworks, access to payment systems, poorly adapted services regimes). It will also examine how to use development finance to address these factors, in particular as a catalyst for public-private partnerships and private sector investment that
will help developing economies realise the gains from trade by connecting to the digital economy. The draft report will be discussed by the DAC and the Working Party of the Trade Committee mid-May and presented by the Secretary-General at the Global Review of Aid for Trade at the beginning of July.

7. The Director then mentioned that the high-level United Nations Conference to Support the Implementation of Sustainable Development Goal 14 (Conserve and sustainably use the oceans, seas and marine resources for sustainable development) will be convened at UN Headquarters in New York from 5 to 9 June 2017, coinciding with World Oceans Day. The Conference will be co-hosted by the Governments of Fiji and Sweden. The Swedish DAC delegate intervened to stress how keen his government and that of Fiji are to see UN member states agree a declaration, a substantive partnership dialogue, and a list of voluntary commitments. He encouraged DAC members to attend the conference at the highest possible level.

8. In the margins of a mid-February preparatory meeting for the conference, the OECD will partner with the World Bank’s Global Facility for Disaster Reduction and Recovery and the government of Grenada to organise a side event on “Building climate resilience of Small Island Developing States”. The discussion will build on the findings from the joint OECD-World Bank Report *Climate and Disaster Resilience Financing in Small Island Developing States*.

9. On 26 January, the Council approved the DAC In-Depth Evaluation. The Committee now has six months to produce and agree an action plan to implement the evaluation recommendations. Once approved by the DAC, it will have to be submitted to the Evaluation Committee before the end of July 2017. It may therefore be necessary that the DAC convene a number of informal discussions to agree its action plan. The Committee will then have to produce a monitoring report on the implementation of those recommendations within one year – that is, by end of January 2018.

10. The DAC Chair then presented progress in work from her office. She reminded the Committee of the launch of the US peer review in Washington in December and encouraged other members to consider similar events around their own reviews. The chair also mentioned her participation at the Davos World Economic Forum. She commented that the profile of development has increased at Davos in recent years and is now in competition for high-level attendance. The data and good practice that the DAC can bring is very welcome in that space. She proposed to try to sort out the ecosystem of the important initiatives to ensure that there is no duplication.

11. The chair has recently travelled to a number of DAC capitals to get to know members more. She will also go to New York to meet with the UN Secretary-General in two weeks to discuss DAC reform and the current landscape for development overall.

12. The chair reminded delegates that the Arab-DAC Dialogue on Development will take place on 27 March in Bern and be hosted by the Swiss Development Agency. Back-to-back with the Dialogue, Switzerland will organise a “Water Day” on 28 March. She encouraged the DAC to come at a high level, as Arab partners will do. Invitations and an agenda outline for the meeting have now been sent to DAC capitals; further information will be sent later this month.

4. **Recommendations from the DAC High Level Panel**

13. In introducing the discussion on the High Level Panel (HLP) for a New DAC in a Changing World, the DAC chair welcomed Mary Robinson and Jean-Christophe Donnellier, HLP chair and panellist respectively, and thanked them for their attendance. The Panel chair affirmed that the HLP felt that, with the agreement of the new consensus development agenda in 2015 and the ongoing challenges to
multilateralism, the DAC has never had a more critical role to play. She emphasised that the DAC must be a "servant leader" and thereby move from being an exclusive club to a collaborative partner.

14. In presenting the HLP report, she highlighted the three overarching recommendations from the Panel: namely: (i) "The DAC should change its mandate to promote development co-operation in support of the new consensus development agenda"; (ii) "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"; and (iii) "The DAC should reform its working methods to respond more effectively to the new consensus agenda". Each of these three recommendations includes sub-recommendations. The HLP chair stressed the need for action, as only 14 years remain before the 2030 deadline of the Sustainable Development Goals. She called on the DAC to take forward the HLP's recommendations and to provide a publicly available update on progress by January 2018.

15. In discussion, delegates stressed that their comments were only preliminary reactions, as they had yet to receive formal feedback from capitals. They noted that the HLP recommendations overlapped significantly with those in the DAC In-Depth Evaluation (IDE). Regarding the first recommendation, many delegates highlighted their support for the focus on the core strengths and principles of the DAC and were broadly in agreement that the DAC should strengthen its leadership and role in the international sphere. While some members expressed support for recommendation 1.4 on addressing the challenges facing middle-income countries, others questioned the focus on graduation criteria and saw contradictions with recommendation 1.2 on championing the pledge to leave no one behind.

16. On the second recommendation, members expressed general support for further inclusiveness and outreach but felt that more discussion was required on the structure and criteria for outreach. Many delegates appreciated the vision of membership remaining with "like-minded" donors. Some support also emerged for outreach with civil society and the private sector as well as greater co-operation with the Global Partnership for Effective Development Co-operation. A few members supported increased co-operation with the OECD Development Cluster and the Development Centre more specifically; however, others expressed scepticism, pointing out that the DAC and the Centre have different mandates and strengths.

17. On the third recommendation regarding working methods, many delegates questioned the wisdom of recommendations 3.1 and 3.3 (on the DAC's meeting structure and residency status, respectively), arguing that the Committee's heavily charged agenda required maintaining the current frequency of meetings and residency status.

18. The Committee underlined the importance of this discussion and expressed its wish that it continue in more detail as delegates look more closely at how the report's recommendations can be implemented. The DAC Chair therefore spelled out the process going forward. The end point is to endorse DAC reform and incorporate the IDE at a High Level Meeting (HLM) in October/November 2017. Leading up to the HLM, the DAC will need a structured process, with a mixture of formal and informal consultations, including a one-day Senior Level Meeting in June to prepare the HLM. She proposed that the Committee consider the HLP recommendations in sequence, closely following the report's structure. The DAC must discuss its approach to the consensus agenda, perhaps already in May/June. The Chair promised to work with the Bureau on this in the coming weeks. She then closed the discussion by announcing that Mary Robinson will address the OECD Council on 23 March to present the HLP report and that she would participate as well to provide her perspective as Committee chair.

Following the meeting, the report was posted online at: http://www.oecd.org/dac/Report-High-Level-Panel-on-the-DAC-2017.pdf
5. **Indicative Roadmap for Decisions and Discussions in the DAC in 2017 [DCD/DAC(2017)1]**

19. The Director presented an indicative roadmap for decisions and discussions to be held in the DAC in 2017. He highlighted that this roadmap was produced at the request of the DAC Bureau and benefits from several consultations with the Chair, Bureau, and Secretariat. The starting point for the roadmap was an inventory of the decisions to be taken, followed by a mapping of those discussions required to lead up to those decisions, the most political of which are proposed to be taken at a DAC High Level Meeting (HLM) in late 2017. The roadmap proposes that the DAC put to the HLM a series of decisions in three main categories: (i) financing for development, (ii) the future of the DAC, and (iii) policy dialogue on the Sustainable Development Goals (SDGs) and effective development co-operation. The roadmap also proposes that the DAC address some sensitive topics, such as transitioning.

20. The Director emphasised that the roadmap is intended to be a living document and will need to be adapted as the year unfolds. He affirmed that the paper did not propose the number of meetings on any criteria other than the content of discussions.

21. The DAC Chair then presented a structured sequencing for discussions on the results from the High Level Panel (HLP) and the In-Depth Evaluation (IDE). She reminded the Committee that it must agree an action plan for implementation of the IDE recommendations and submit it to the Evaluation Committee before the end of July 2017. The DAC must also revise its mandate before its expiration date of 31 December 2017. She felt that the Committee would most likely require a meeting in May (in addition to the regular meeting) to cover HLP/IDE issues, followed by a Senior Level Meeting (SLM) in June. She underscored the urgency of those deliberations and called for two informal meetings within a month from now. The Committee must work on refining the mandate from May onwards up to the HLM. She also asserted that the Committee must engage in a reflection on how to approach the SDGs.

22. The Committee welcomed the roadmap and highlighted a number of additional issues that it would like to discuss in 2017, including the SDGs, tax and development, communications, and more regular feedback from the subsidiary bodies and networks. The sensitive issue of ODA graduation could be usefully rebranded as "countries in transition and most in need". Many delegates felt it necessary to arrive at decisions on technical issues within the Committee, rather than at an SLM or HLM. In order to deliver on these decisions, members requested more formal meetings than were proposed in the roadmap. While one option would be to relegate some issues to an informal setting, some members argued that informal meetings facilitate neither transparency nor engagement from capitals.

23. The Chair concluded that the Committee supported an increased number of meetings in 2017 relative to the roadmap proposal. The Director intervened to affirm that the high frequency of meetings has a negative impact on the Secretariat’s effectiveness in delivering the agreed Programme of Work and Budget (PWB). He said that the agenda should be PWB-driven and not meeting-driven and invited the DAC Bureau to submit to the Secretariat a new proposal that balances the number of meetings with the need for effectiveness.


24. The Committee discussed a Secretariat proposal to anchor the TOSSD measurement framework within the UN system under the purview of the UN Statistical Commission (UNSC), in line with the conclusions reached during the DAC’s October 2016 Senior Level Meeting. Members supported the proposed “TOSSD roadmap” laying out the sequence of steps required for i) briefing UNSC members on the framework and enlisting their support for conducting work over 2017 to map out the statistical details
of the cross-border flow component, ii) establishing a “TOSSD Working Group” composed of selected DAC members, UN bodies, multilateral banks, and international statistical experts to work “virtually” on a range of TOSSD statistical issues, and iii) produce a first set of TOSSD Reporting Directives in time for its endorsement by the UNSC in March 2018, thereby enabling data collection and analysis in time for the major stock-take on SDG implementation in July 2019 under the auspices of the UN’s High Level Panel.

25. Members emphasised the importance of ensuring a strong and iterative substantive link between the DAC and the work of the TOSSD Working Group in developing the TOSSD Reporting Directives. Mr. Paul Schreyer, Deputy Director of the OECD’s Statistics Directorate, provided details to the Committee on the workings of the UNSC, noted the appropriateness of positioning TOSSD as an international statistical standard in the context of the UNSC’s mandate to develop the SDG indicator framework, and offered to provide guidance and feedback to the DCD as work under the auspices of the UNSC is implemented.

7. **Private Sector Instruments (PSI)**

26. The Secretariat (Mr. Schütte) presented a summary of the discussions at the first meeting of the PSI ODA modernisation Task force held on 17-18 January 2017. The first day had focused on improving understanding on a number of fundamental questions (the development finance institutions’ and export credit agencies’ business models, the WTO Agreement on Subsidies and Countervailing Measures and the OECD Arrangement rules on export credits and tied aid, the concept of trade-related PSI and the meaning of the grant equivalent as a measure of donor effort for PSI) and perspectives from the civil society and the private sector. The second day had been spent on launching work on specific tasks as described in the Task force terms of reference, i.e., calculating the PSI grant element and setting a technical threshold, qualitative safeguards and transparency provisions. The Task force had identified six action points on which proposals would be developed in sub-groups for discussion at the second Task force meeting to be held on 13-14 February 2017.

27. Several members commented on the progress in the work of the Task force: Spain highlighted the good dialogue in the first meeting of the Task force and expressed its support for its continued work. It stated it valued the expertise and the role of the Secretariat as a facilitator of agreement between members and asked the Secretariat to make sure that all members’ views were reflected in the documents and summaries of the Task force. The Slovak Republic acknowledged the increased collaboration between the DAC and Export Credit Secretariats and welcomed the progress made by the Task force, and stressed the importance of strictly aligning language on additionality and concessionality with the HLM agreement. Austria expressed its support for further work on the alternative ODA credit calculation. Portugal also supported work on alternative solutions, but noted that, depending on the solution selected, a political decision might be needed. The European Union commented that the political decision had already been taken at the 2016 HLM and that there was some urgency now to conclude the work on the technical details. Japan emphasised the need for a whole-of-government approach. Canada recalled that it remained concerned over high quantitative thresholds and asked that the issue be addressed in the package proposal; it also informed the Committee that it would submit an updated version of its non-paper on additionality. The United Kingdom commented that the political decision had already been taken at the 2016 HLM and that there was some urgency now to conclude the work on the technical details. France also flagged the key issues from its perspective – not to jeopardise decisions of the 2014 HLM, setting a clear boundary between aid and export credits, and also clearly separating the DAC statistical methods from those of the Arrangement.

28. A few members expressed their concerns over the time schedule for concluding the work on PSI. Denmark referred to the conference call of the Task force earlier during the day and noted that some of the sub-groups had not advanced their work as much as one would have hoped; therefore, some time should be set aside in the second meeting for the sub-groups to finalise their work. France stated that it was important to reach agreement as soon as possible, but it would be challenging to do so already in March. The United Kingdom commented that it was not possible to conclude the work on PSI in time for the March 2018 endorsement by the UNSC.
States commented that it was important to allow sufficient time for consultations, given the complexity of the issues and the need to elaborate whole-of-government views.

29. In response to a question from the Czech Republic, the Secretariat (Mr Schütte) explained that export credit agencies were welcome to further contribute to the discussion at the meeting scheduled on 27 February. As regards the timeline, he noted that the Secretariat was following the guidance from the Chair as well as the co-chairs of the Task force. However, discussions in the Task force had brought into light some issues that went beyond its terms of reference, for example in relation to the Arrangement, and that would have to be tackled, in collaboration with the ECG, in a second phase. The Secretariat (Mr. Moreira da Silva) further emphasised that the Committee should strive to reach compromise on PSI implementation details before the SLM which should focus on the future of the DAC. The Secretariat was available to facilitate members’ discussions, including in capitals, where relevant.


30. The Secretariat provided an update on the Phase II of the OECD Social Impact Investment work (Phase I resulted in the OECD publication “Social Impact Investment: Building the Evidence Base” in 2015). Delegates expressed strong support for the ongoing work and plans going forward which include developing global data standards to enable the collection of internationally comparable data, development of case studies of actual transactions that can shed light on various financing approaches and instruments, workshops to examine practices and policy issues in key regions and a mapping and assessment of existing policies in developed and developing countries. The work is framed in the context of Agenda 2030, which is a key priority for the DAC, and an integrated part of the private sector engagement and financing for development work in DCD as well as connected to other work across the OECD.

31. Many countries noted that the data work as well as the lessons learned from the case studies will be very helpful to policy makers as well as guidance resulting from the policy mapping. Social impact investment is new in many DAC countries but interest and activity is growing so practical advice would be very valuable. Delegates noted that it would be helpful to have a clearer framing of the similarities and differences between social impact investment and blended finance and perhaps a joint workshop for policy makers.

32. The DAC appreciated that the OECD is recognised as an important player in the Social Impact Investment market and affirmed that the work should continue to focus on the competitive advantages of the OECD and DAC, not duplicating existing efforts. The Committee pointed out that the data work requires a long-term commitment. The Secretariat concurred and laid out the shorter-term deliverables as part of a longer-term plan. Finally, it was suggested that some of the cases include a focus on inclusive innovation, gender equality as well as examples from small island countries.

9. Any Other Business

33. The Committee recognised the contributions of three departing delegates: Denmark, Hungary, and Ireland. The chair also thanked Portugal for hosting the upcoming Tidewater meeting (2-4 July in Lisbon). All DAC members are invited to this year’s event at ministerial level. The chair’s office will soon issue a save-the-date message and invitation.