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**DCD(2008)30**



Organisation de Coopération et de Développement Économiques  
Organisation for Economic Co-operation and Development

**12-Nov-2008**

**English text only**

**DEVELOPMENT CO-OPERATION DIRECTORATE**

**DCD(2008)30  
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**DRAFT REPORT ON THE DAC REFLECTION GROUP MEETING**

**Held on 9-10 October 2008, Washington DC**

Contact: Kaori Miyamoto - Tel: +33 (0)1 45 24 90 09 - E-mail: [kaori.miyamoto@oecd.org](mailto:kaori.miyamoto@oecd.org)

**JT03255094**

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**I. Introductory Remarks by the Chair**

1. The Chair identified the group's challenge as to find a worthy successor to the *Shaping the 21<sup>st</sup> Century: The Contribution of Development Co-operation* document of 1996. The new strategy should focus on activities where the DAC has a strong comparative advantage. Focus on the three pillars—statistics, peer reviews and standard setting—would likely to continue, but the DAC would need to address broader issues of development. Furthermore, the DAC's current structure should not unduly drive its activities—instead the new priorities should determine the structure. Therefore, the strategy should bring enhanced legitimacy for the standard-setting role and result in improved procedures with lower transaction costs.

**II. Presentations<sup>1</sup>**

2. There were several presentations during the meeting.

**a) *Perspective from the Brookings Institute***

3. Johannes Linn, Executive Director of the Wolfensohn Center for Global Development in the Brookings Institute identified four dimensions of aid that require attention. These are (a) ***aid composition***, noting in particular the modest proportion (less than 50%) of the total bilateral aid that is delivered through Country Programmable Aid, with less than half of that reaching ultimate beneficiaries; (b) ***fragmentation***, noting in particular the growing non-DAC and private donors whose aggregate amounts have reached 60 to 70% of ODA annually, with stagnant or declining proportion of multilateral aid; (c) ***volatility***, where research by Brookings has identified that aid is 5 and 3 times more volatile than GDP and exports respectively, with the “dead weight” loss of aid volatility estimated at 15 to 20%; and (d) ***scaling-up***, commenting that it has received inadequate attention, including in the Paris Declaration.

4. He identified a number of areas in which gaps exist in terms of knowledge and donor response, noting that these are areas in which the DAC may be able to add value. They are: (a) ***the information gap***, especially with respect to tracking and evaluating private flows; (b) the ***funding gap***—less the aggregate funding commitment gap, and more the gap in selected priority areas such as youth, early childhood, urban, and regional development; (c) the ***organisational gap*** in an environment of increased fragmentation and evolving multi-stakeholder alliances; and (d) the ***incentive gap***, in particular to scale-up, implement the Paris Declaration, and build effective partnerships.

**b) *Global Development Scenario***

5. Dirk Messner of the German Development Institute (GDI) made a presentation on global development scenarios, identifying challenges for both developing countries and development policies. It focused on two main dimensions—shifting global governance, both political and economic, and the

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1. All presentations and documents are available at [www.oecd.org/dac/reflectiongroup](http://www.oecd.org/dac/reflectiongroup).

possible effects of climate change. Three broad scenarios were identified, with options for development policy makers for each scenario.

*c) Presentation on views by former DAC Chairs<sup>2</sup>*

6. James Michel, DAC Chair from 1994 to 1999, shared remarks with the Group based on deliberations among five former DAC Chairs. The presentation highlighted the need for more policy-relevant statistics, sharper Peer Reviews and overall stronger focus on evaluation of achieving development results. Greater attention needs to be given to global issues and policy coherence, owing to the increasing interdependence and linkages among countries.

7. In terms of working methods, the DAC should have a participatory approach, rather than being prescriptive. In this context, great value was seen in partner-country based reviews. The Committee should focus on fewer but more developed products, which would mean fewer subsidiary bodies and effective dissemination. It should also look at the broader question of rationalising or better division of labour among the OECD Development Cluster. One aspect of this might be to rely on the Development Centre's policy research capacity for areas where the DAC struggles to formulate a consensus.

*d) Other presentations*

8. Presentations on their respective units were made by Richard Carey, Director, Development Co-operation Directorate, and Javier Santiso, Director of the Development Centre. Brenda Killen, Head of the Aid Effectiveness Division, made a presentation on the outcome of the High Level Forum in Accra in September and its implications for the future of the DAC. Andrew Rogerson presented the first draft of the intellectual contribution on Aid Architecture, and Paul Bermingham as reflection facilitator, presented a series of questions to the group on the DAC's role, business lines, and organisation and processes. A number of speakers noted the importance of the 1996 "Shaping the 21<sup>st</sup> Century" report as a reference document in the current exercise.

### **III. Discussion on the Future Role of the DAC**

9. The meeting conducted wide-ranging discussions on the DAC's overall role, operating environment, scope of activities, and selected organisational issues. The following were points that emerged:

- a) Development should be the DAC's primary focus rather than a narrower focus on aid. This implied increased attention on:
  - i. Enhancing policy coherence for development, as the DAC's location within OECD offers unique opportunities for cross-sectoral work with other policy communities in bringing poverty reduction perspectives. However, it cannot be a one-sided interest from the DAC and should also be accompanied with shifting of resources.
  - ii. increased engagement of non-DAC players (aid and non-aid), as well as partner countries in order to ensure DAC's sustained relevance.
  - iii. effectiveness and results as opposed to inputs and processes, particularly in making the case for aid to member countries' Parliaments.

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2. The revised document with the contribution from the five previous DAC Chairs is available as OLIS document [DCD(2008)27/REV1] and on the website of the Reflection Exercise.

- b) On the other hand, the DAC should avoid over-expanding its role and improve the three core pillars of peer reviews, statistics, and standard setting (“back to basics”). This implied:
- i. Peer Reviews:
    - more rigorous implementation assessment of commitments and good practices, including on the Accra Agenda for Action, as well as use of quantitative indicators and data on results based management;
    - having some form of developing country based reviews. This could also be done with some help from the Development Centre and potentially using independent policy institutes in developing countries, where available, as a way to contain costs;
    - carrying out reviews of multilateral organisations, although there may be organisational or representational issues of the DAC vis-à-vis multilateral organisations.
  - ii. Statistics: to more fully capture aid and non-aid flows in order to become more policy responsive by providing a sounder basis for both donor and developing country policy makers in decision making.
  - iii. Standard Setting: while it is difficult to determine the comparative advantage in a dynamic environment where other players are also redefining their roles, it is still necessary to have clear and demonstrable added value in all DAC activities. More specifically, the DAC needs to:
    - be more selective to focus on priorities;
    - discontinue some activity areas such as sector work that are carried out by others;
    - subsume some Networks under a few Working Parties;
    - work towards ownership of standards by new development partners.
- c) The strong leadership role by the DAC and the Working Party on Aid Effectiveness (WP-EFF) had made the High Level Forum in Accra successful. However, the WP-EFF’s membership, its relationship to the DAC, and its mode of deliberation and decision making need to be clarified. A question was raised regarding the appropriateness of keeping the WP-EFF in the DAC or OECD if the body is to retain an equal partnership with the other stakeholders. This implied that the DAC would become a constituent of a WP-EFF-like-body instead of the WP-EFF being a subsidiary body of the DAC.
- d) Expanding the WP-EFF model of widened participation, including recipient countries, in other areas of DAC work has pros and cons. While it could make monitoring of commitments stronger, it should be manageable, or the Committee will become disconnected from the rest of the OECD.
- e) Enhanced communications is necessary to sustain and increase public support for aid by making a better case for its value added and simplifying the technocratic language.
- f) While acknowledging that it remains outside the terms of reference of the Reflection Exercise, there is a need for the Development Cluster to be more streamlined (described as “cluster clean-up”) or have a better division of labour.

#### **IV. Next Steps.**

10. It was agreed that based on the above discussion, a range of concrete options would be submitted for consideration at the next meeting of the Reflection Group. Furthermore, members re-committed to take into account information from the external consultation processes that are currently underway.

11. The next meeting of the Reflection Group will take place in Paris from the afternoon of December 10, 2008, immediately following the Senior Level Meeting of December 9-10, ending by lunch time on December 11. The detailed options paper, setting out broad strategic directions and their specific organisational options will be prepared and circulated in advance of the meeting. Progress on the status of the reflection process will be reported to the SLM in a brief status report, which may be supplemented orally, but it would not present substantive conclusions, recognising that the Reflection Group has yet to make concrete determinations.

12. Further Reflection Group meetings are anticipated in February 2009, and, to consider the final report, in April 2009 in advance of the High Level Meeting at the end of May. An updated and amended timetable will be prepared and shared with members. The next meeting (December 10-11) will consider and provide guidance on an annotated outline of the planned final report.

## Participants list for Development Assistance Committee

### The DAC Reflection Exercise Group Meeting

Washington , United States

9/10/2008 - 10/10/2008

#### **CHAIR/PRESIDENT**

**Eckhard DEUTSCHER**

*DAC Chair  
DCD*

**M. Herman DE CROO**

**Belgium/Belgique**  
*Ministre d'État, Vice-président de la Chambre des Représentants  
Chambre des Représentants*

**Mrs. Christine HOGAN**

**Canada/Canada**  
*Vice-President  
Canadian International Development Agency*

**Mr. Ulrik KNUDSEN**

**Denmark/Danemark**  
*Ambassador, Permanent Representative (as of 1st July 2008)  
Permanent Delegation*

**Mr. Pertti MAJANEN**

**Finland/Finlande**  
*Ambassador, Permanent Representative  
Permanent Delegation*

**Mr. Adolf KLOKE-LESCH**

**Germany/Allemagne**  
*Director General  
Federal Ministry for Economic Cooperation and Development*

**Mr. Masato WATANABE**

**Japan/Japon**  
*Deputy Director General  
Japanese Ministry of Foreign Affairs*

**Mr. Kang-ho PARK**

**Korea/Corée**  
*Director-General  
Ministry of Foreign Affairs and Trade*

**M. Marc BICHLER**

**Luxembourg/Luxembourg**  
*Directeur  
Direction de la Coopération au Développement  
Ministère des Affaires Etrangères et de l'Immigration*

**Professor Peter VAN LIESHOUT**

**Netherlands/Pays-Bas**  
*Member of the Scientific Advisory Council to the Government  
Scientific Council for Government Policy*

**New Zealand/Nouvelle-Zélande**

**Ms. Jackie FRIZELLE** *Director  
New Zealand Agency for International Development*

**Mr. Atle LEIKVOLL** **Norway/Norvège**  
*Assistant Secretary General  
Ministry of Foreign Affairs*

**Ms. Ines ROSA** **Portugal/Portugal**  
*Vice-Presidente  
Portuguese Institute for Development Assistance*

**Mr. Jan KNUTSSON** **Sweden/Suède**  
*Director-General for International Development Cooperation  
Ministry for Foreign Affairs*

**Dr. Joerg FRIEDEN** **Switzerland/Suisse**  
*Head, Development Policy & Multilateral Cooperation  
Swiss Agency for Development and Cooperation*

**Mr. Owen BARDER** **United Kingdom/Royaume-Uni**  
*Director  
AidInfo @ Development Initiatives*

**Ms. Lisa CHILES** **United States/États-Unis**  
*Counsellor  
US Agency for International Development*

**Mr. Maciej POPOWSKI** **EC/CE**  
*Director, Horizontal Issues  
European Commission*

**UN Development Programme (UNDP)/  
Programme des Nations Unies pour le développement (PNUD)**

**Mr. Bruce JENKS** *Director,  
Bureau for Resources and Strategic Partnerships  
UNDP*

**Mr. Jeffrey LEWIS** **World Bank/Banque mondiale**  
*Senior Advisor  
Poverty Reduction and Economic Management Vice  
Presidency  
The World Bank*

<b>OECD/OCDE</b>	
<b>Mr. Richard CAREY</b>	<i>Director - DCD</i>
<b>Mr. Stephen GROFF</b>	<i>Deputy Director - DCD</i>
<b>Ms. Brenda KILLEN</b>	<i>Head of Division - DCD/EFF</i>
<b>Ms. Kaori MIYAMOTO</b>	<i>Counsellor to the Director's Office - DCD</i>
<b>Mr. Jens SEDEMUND</b>	<i>Advisor to the DAC Chair</i>
<b>Mr. Javier SANTISO</b>	<i>Director / Chief Development Economist - DEV</i>
<b>Mr. Paul BERMINGHAM</b>	<i>Facilitator</i>
<b>Other/Autre</b>	
<b>Mr. Young-Joon CHO</b>	<i>1st Secretary Embassy of Korea in USA</i>
<b>Mr. Naoki HIKOTA</b>	<i>First Secretary Embassy of Japan in USA</i>
<b>Mr. Shinji SUZUKI</b>	<i>Second Secretary Embassy of Japan in USA</i>
<b>Mr. Johannes LINN</b>	<i>Visiting Fellow, Economic Studies Program The Brookings Institution</i>
<b>Mr. Dirk MESSNER</b>	<i>Director German Development Institute (DIE)</i>
<b>Mr. James MICHEL</b>	<i>Former DAC Chair</i>
<b>M. Andrew ROGERSON</b>	<i>Consultant - Research Fellow ODI-Overseas Development Institute</i>