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REPORT ON THE DAC REFLECTION GROUP MEETING

DAC Reflection Group Meeting, 10-11 December 2008

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REPORT ON THE DAC REFLECTION GROUP MEETING

HELD ON DECEMBER 10 AND 11, 2008, PARIS

1. **Introductory remarks.** The Chair welcomed members, and looked forward to an active, ambitious, and no-taboo discussion. In order to stimulate debate, he shared with members a number of proposals for consideration. The DAC might appoint an external advisory panel of eminent persons to provide advice of a strategic nature. The DAC might more proactively welcome new members, seeking an engagement framework to do so that would protect its key values. The DAC might also make greater use of subsidiary bodies to increase the involvement of non-DAC players in its activities.

2. **Intellectual contributions.** Intellectual contributions were presented on Global Public Goods (GPGs) by Dr. Imme Scholz of the German Development Institute and on Policy Coherence for Development (PCD) by Maciej Popowski of the European Commission. Members of the group welcomed and expressed appreciation for both papers. The main points emerging from the discussion that followed can be summarized as follows:

- Both GPGs and PCD are important elements of today's development agenda to which the DAC and other development players need to respond. (The RG notes that GPGs pose important questions and challenges for development policy, but also affect policy issues beyond development).
- Both issues (GPGs and PCD) are closely linked to each other as well as to the issue of aid (or development) architecture discussed in the previous RG meeting. GPGs represent new activities (the "what"), PCD represents how different policy communities need to work together to deliver development outcomes, including for GPGs (the "how"), and improved development architecture can better bring together a development community that is increasingly fragmented and that needs to work better together (the "who").
- Members noted that there are many players, including outside the development community, engaged in GPGs and PCD. Members expressed a sense that the DAC has a role to play in each, but noted the challenge of defining a value-adding and practical role that recognizes and complements the work of others. A specific PCD methodology drawing on the OECD-wide expertise could be developed.
- Members noted that both issues go well beyond traditional ODA work. They noted that it was important that this "beyond ODA" dimension be maintained (in the words of one member, "don't aid-ise it").
- With respect to GPGs, the importance of engaging middle-income countries was noted. With respect to PCD, the leading role of the non-development policy community in both developed and developing countries in relevant policy areas was noted. Ownership of PCD by relevant departments of national administrations remained a challenge. Engagement by the DAC in these areas, as well as the broader shift from aid to development, was seen as requiring a significant change in how the DAC operates.

- Members noted that each contribution identified specific areas in which the DAC might act. These will require further consideration. Among the areas seen as where value could be added were advocacy, peer-learning, peer pressure, and becoming a watchdog by providing an accountability mechanism to judge governments' delivery on collective goods such as the MDGs.

3. **Global scenarios/thematic issues – contribution by Canada.** The meeting received and acknowledged input related to emerging issues prepared by Canada.
4. **Progress report.** The progress report [DCD/DAC(2008)60] was discussed at the SLM on December 9 and 10. The SLM recorded broad support for the reflection exercise. Support was voiced for the DAC continuing its core activities, accompanied by a shift from aid to a wider development context and opening up more to non-DAC players. There was a realization that these shifts will pose complex issues in implementation.
5. **Impact of financial crisis.** The meeting noted that the Global Forum on Development organized jointly by DCD and the Development Centre on December 8 and 9 had discussed the impact of the recent financial crisis on developing countries. Participants in the discussion had included representatives from the OECD Economics Department, the IMF, the World Bank, and emerging economies. Having started in developed countries, it was noted that the crisis is now beginning to affect developing countries, compounded as it comes on top of the earlier food and energy crises. Developing countries are projected (with some exceptions) to continue to grow, at lower rates than in recent years, but at higher rates than developed countries. The crisis will have a negative impact on a wide range of economic and social indicators—trade, investment, poverty, access to financing, remittances, and business confidence. The recent financing for development conference in Doha re-confirmed commitments to ODA, but signs of fiscal stress are emerging in developed countries at a time when developing country financing needs are in fact *greater* due to the crisis and climate change. The global institutional mechanism to coordinate the international response to the crisis is unclear, with G20 playing a leadership role at present.
6. **Consultations.** The meeting received an update on the status of consultations. In-country consultations have been concluded in four of the seven countries identified. More than 30 questionnaires have been returned from individual countries and organizations (around 25% of total) allowing an initial but still-emerging response to be analyzed. Views have also been received from former DAC chairs, and from various international fora. The responses on the main global challenges to be addressed are consistent with analyses considered to date by the reflection group. These are: environmental sustainability—mainly climate change, but also pressure on resources such as energy, water, and food production; governance—global institutions, marginalization of global groups (the poor, the vulnerable, etc.), and the importance of governance at a national level for successful development outcomes; MDGs, with most reference to poverty, especially in sub-Saharan Africa and south Asia and an apparent increase in poverty inequality; fragile states; and the financial crisis—a sense that it may be more than “crisis-as-usual”. Reflection Group members indicated a desire to complete consultations.
7. Responses to date reveal a clear wish to see the identified global challenges acted upon, with particular emphasis on governance and mainstreaming climate change. A number of responses suggest a need for a new development framework. Several recommendations are made in the area of aid effectiveness. Responses reveal a wish to continue and improve traditional core DAC activities, notably statistics and peer reviews. There is also a wish to see a response to the changing aid architecture, albeit with few specific suggestions at this stage. Many wish to see subsidiary bodies go further in involving non-DAC players, while others would like more fundamental change not limited to subsidiary bodies. Working on PCD receives support, as does a shift in focus from aid to development. The DAC's lead role in aid effectiveness is widely (but not universally) supported, with some questioning whether the DAC is the right forum to continue it. Some commentators would like to see greater frankness in DAC assessments of

performance by both donors and developing countries. Participants “on the ground” express a wish to have a stronger operational focus to the DAC’s work. There are few comments, especially from outsiders, on internal DAC processes.

8. **Strategic options.** The group discussed the overall vision for the DAC in a plenary session, and then broke into groups to discuss three selected dimensions—future membership and stakeholder relations; prioritization of themes and improvement of activities; and DAC governance, structure and organization. The views that emerged from these discussions are summarized in the following paragraphs.

9. **Overall vision.** Members expressed strong support that the group’s report include a vision for the DAC. The vision would be rooted in the analysis of the changed global and development landscape, would offer a perspective on the wider development response that is needed, and would seek to situate strategy for the DAC within that response. At the same time, the DAC’s role would need to be practical and rooted in comparative advantage. The DAC’s potential role as a leader in articulating a new development architecture was noted. Several members noted that the nature and pace of global change pose considerable uncertainties and challenges, requiring the DAC to have the flexibility to re-visit its role periodically. The distinction between the DAC’s role as a forum for donor issues and as a rule-setter for the wider development community was noted. Some members noted an incompatibility between the two roles, suggesting that the DAC might split roles. The group confirmed that the DAC should continue to ensure the relevance and quality of aid delivery, and noted that it should engage with other OECD policy communities to address global challenges and work towards sustainable and equitable global development. The need for the DAC to go “beyond ODA” and be primarily focused on development rather than aid was widely supported. At the same time, several members expressed the view that ODA is and will remain the main instrument through which the DAC addresses development issues and contributes to the provision of GPGs. It was noted that articulation of a new vision for the DAC would need to feed into the proposed new DAC mandate and may require a name change. In the context of the latter, one suggestion made in the meeting but not discussed in any detail was “Global Development Committee”.

10. **Membership and stakeholder relations.** Members noted that there are a range of mechanisms by which the DAC can engage with non-DAC players, of which possible future DAC membership is but one. It was noted that the DAC, in the past, used to have members who were not members of the OECD, all of whom went on to become OECD members. With eight OECD members not yet part of the DAC, the question was posed whether the DAC has fallen behind the rest of OECD. There was broad support for encouraging DAC membership of non-DAC OECD members, as well as accession countries. It was suggested to examine the conditions of membership for these countries, bearing in mind the on-going accession and enhanced engagement processes. The meeting emphasized that it would not be acceptable to water down essential conditions and fundamental values of the DAC. Within this, however, the DAC should be “forward leaning” on the question of membership, including potentially with countries not yet in the accession/enhanced engagement processes, building on the Committee’s “pull factor”. It would also look at what might be needed to attract new members. It was recommended to give attention to stakeholders who will not become members of the DAC—such as civil society organizations, the private sector, and other aid delivery stakeholders—but with whom engagement was seen as important. In this regard, the DAC’s convening power was noted as a substantial asset. There was support for the view that the DAC be open to advice from outsiders, such as “landscape analysts”, who might advise on the DAC’s agenda and work plan. Communicating the DAC’s identity, and its engagement with various stakeholders, will be an important aspect, to strengthen its position and attractiveness regarding new players. Finally, implementation of the above changes would suggest that the name of the DAC needs to be reconsidered.

11. **Themes and activities.** The desirability of the shift in the DAC’s primary focus from aid to development was re-confirmed. Within this, ODA and development cooperation would remain core DAC activities. It was noted that this would have implications for all of the DAC’s existing activities. Support

was expressed for engaging in policy coherence work and GPGs, but to do so by working with other committees of OECD, the Development Centre, and external institutions. The idea of preparing an annual report in these areas and on the evolution of bilateral and multilateral aid was floated. DAC instruments would need to adapt to support these shifts, including statistics and peer reviews. The role of policy guidelines would need further consideration. The structure of working parties would need to be re-visited, with a stronger emphasis on communities of practice, and a role in thematic discussions that lead to policies and standards. The ideas mentioned in this context included a complete overhaul of the current structure, and consideration of in what circumstances mandates should be extended. An open question was whether the relationship of working parties to the DAC in future.

12. Governance, structure and organisation. There was a general sense that the work of the DAC needs to be more relevant to ministers. While discussion took place around the number and frequency of HLM and SLM meetings, the relationship between the DAC and capitals, and the Paris-resident nature of the Committee, no consensus emerged. Discussions re-affirmed the value of continuing the DAC's core activities. At the same time, there was a clear sense that the structure and operating practices of the subsidiary bodies need attention. While they are seen as valuable, they appear to be largely unaccountable. The working party on aid effectiveness was seen as not fitting the classic subsidiary body model. Care would be needed to ensure that growth in activities be carefully managed. The meeting generally felt that the final report should include a recommendation to the Secretary General to pursue more coherence and better coordination among units housed within the OECD engaged in development activities (described as "cluster clean-up"). Several members commented supportively on the Chair's suggestion to establish a high level advisory group, although noting that such a group would need to be seen as part of the overall strategic response and would make use of OECD's "power to convene".

13. Support group. The meeting noted the report of the Support Group (SG) meeting held on December 1. Members appreciated the offer of the SG to assist the Reflection Group in the reflection process. In addition to the role of SG members in consultations, the meeting noted that the SG could assist in providing more information and insight into the peer review process. The meeting also noted that the RG working groups should feel free to invite input from the SG in the work that each would do between the date of the meeting and the end of January. The meeting noted that SG members have access to the reflection website, allowing them to access background reports in advance of RG meetings, and would also have the opportunity to review in the draft report in as part of the consultation step planned around the end of March.

14. Next steps. The following next steps were agreed, to be confirmed in writing to RG members promptly following the meeting:

- The next RG meeting is proposed for Tuesday, February 17, 2008 in Rome, starting with dinner on the previous evening, February 16. It is proposed to discuss the first full Draft of the reflection report at this meeting. Before the end of January, it is intended to have finalized the outputs from the various working groups, all supporting analytic pieces, and the consultations.
- The following meeting is planned for Wednesday, March 18 in Geneva (immediately before the fragile states meeting on March 19 and 20), again starting with dinner on the previous evening, March 17.
- Finally, should a further final meeting be needed, it is planned for Friday, April 24, 2008 in Washington DC, immediately before the IMF/WB Spring meetings on April 25 and 26, again starting with dinner on the previous evening, April 23.

DCD(2009)1

15. The terms of reference include a step described “Draft report discussed with key stakeholders and revise where necessary”. It is tentatively planned to do this step immediately after the meeting in Geneva. Follow-up work to the meeting will be organized under four headings, as follows Vision, Identity, Activities, and Organization.

**Participants list for DAC Reflection Exercise Meeting
(RESTRICTED to DAC Reflection Group Members ONLY)**

**Liste des participants pour CAD Réunion sur le projet de réflexion (RESERVE aux Membres du
CAD du Groupe de Réflexion seulement)**

10/12/2008 - 11/12/2008

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DCD(2009)1

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