

**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

Cancels & replaces the same document of 16 June 2011

EXTENDED OUTLINE OF THE DAC GLOBAL RELATIONS STRATEGY

DAC meeting, 30 June 2011

This document is for DISCUSSION under Item 5 of the Draft Annotated DAC Agenda [DCD/DAC/A(2011)9].

The purpose of the DAC discussion on the 30th June is to confirm the objectives and outline of the new global relations strategy and to provide the necessary guidance to the Secretariat so that it can draft the strategy for presentation to the Committee in early autumn.

Contact:

Talita Yamashiro Fordelone - Tel: +33 1 45 24 95 94 - E-mail: Talita.YamashiroFordelone@oecd.org

JT03304179



EXTENDED OUTLINE OF THE DAC GLOBAL RELATIONS STRATEGY

This note proposes an extended outline for a new DAC Global Relations strategy. The Committee is invited to answer the following questions:

- Does the DAC agree with the proposed outline and objectives for a new global relations strategy?
- Does the Committee agree to prioritise engagement with the proposed groups of partners?
- Will the DAC accept membership applications of countries that, while important providers of development co-operation, still receive official development assistance?
- What does the Committee expect from collaboration with private-sector foundations and civil society organisations?

1. Background

1. The Development Assistance Committee (DAC) faces a constant challenge: to prove that it remains relevant by maintaining – and increasing – the quality and impact of its work. Achieving these goals requires the DAC to adapt to the evolving global economy and landscape of international development co-operation. Many countries that are neither DAC nor OECD members have developed into global decision-makers, increased their presence in developing country markets and taken on new responsibilities for international development co-operation. Private and civil-society organisations are also playing an increasingly important role, providing resources and expertise in benefit of developing countries. Partner countries themselves are taking greater ownership of their own development process and, prompted by the aid effectiveness agenda, donor countries have been supporting their leadership.

2. Faced with this new reality, the DAC recognises the need for engaging with actors beyond its membership in a common effort to reduce poverty, promote sustainable economic growth, and respond to global development challenges. In a recent statement, the DAC welcomed the “contribution of all providers of development co-operation resources and expertise”, and expressed its hope “to forge new relationships with these new partners through open dialogue without preconditions.”¹

3. The new DAC Global Relations strategy aims to guide the Committee’s efforts to become more inclusive and engage with development partners beyond its membership. It follows the Council’s guidelines on participation of non-member countries in OECD Committees,² and is based on the

1 DAC statement on Welcoming New Partnerships in International Development Co-operation [DCD/DAC(2011)10/REV1].

2 Cf. Council’s Resolution Concerning the Participation of Non-Members in the Work of Subsidiary Bodies of the Organisation [C(2004)132/FINAL]; Council Resolution on Enlargement and Enhanced Engagement [C/MIN(2007)4/FINAL]; Council’s Guidelines to Committees for Deepening Enhanced Engagement [C(2010)100/REV2].

Committee's experience of and recent discussions on collaborating with non-member countries³. It will be structured around 4 sections:

1. Introduction
2. Overall objectives
3. Priority partners and specific objectives
4. Instruments

2. Overall objectives

6. In its 923rd meeting of 25 November 2010, the DAC agreed on the following objectives for a revised DAC Global Relations Strategy:

- i) To improve the relevance of DAC work by:
 - Integrating lessons from the development experience of key emerging economies;
 - Sharing views on development co-operation challenges and goals – and the best means for addressing them.
- ii) To strengthen the DAC's impact on global development co-operation by:
 - Ensuring its decision-making and dialogue processes are inclusive; and
 - Sharing its expertise on aid management and statistics with other providers of co-operation.

3. Priority partners and specific objectives

7. To achieve the above-stated objectives, the DAC will pursue increased collaboration and dialogue with both recipients and providers of development co-operation.

a) Involving partner countries

8. Enhancing dialogue with partner countries can help improving the quality and impact of the Committee's work. By participating in DAC activities, partner countries will be able to provide feedback on donors' policies and help identifying good practices in development co-operation and other policies that might affect their social and economic welfare. Taking their views into account will help improving and fine-tuning donor countries' policies, which can contribute to achieving better results and impact at field level.

b) Engaging with various providers of development co-operation

9. Improving the relevance and impact of the DAC's work also depends on collaboration with providers beyond the Committee's membership. Looking at the current development co-operation

3 Cf. 2008 DAC Outreach Strategy [DCD/DAC(2008)22/REV1]; DAC Reflection Exercise; A Quantum Leap in DAC Global Relations [DCD/DAC(2010)43]; summary records of the 923rd DAC meeting [DCD/DAC/M(2010)11/FINAL]; 2011 DAC Senior Level Meeting; DAC statement on Welcoming New Partnerships in International Development Co-operation [DCD/DAC(2011)10/REV1].

landscape, it is possible to identify the following groups of actors that provide expertise, financial and/or in-kind resources in support of developing countries:⁴

- i) *Donor countries*: those that provide official development assistance. It includes:
 - DAC donors;
 - Arab donors (i.e. Kuwait, Saudi Arabia, United Arab Emirates, among others);
 - New EU member states (not members of the DAC);
 - Other individual countries not belonging to specific donor groups.
- ii) *Donor and recipient countries*: governments that are net providers of official development assistance and recognise themselves as donors, but are still eligible to receive ODA (e.g. Turkey).⁵
- iii) *Providers of South-South co-operation*: middle-income countries and emerging economies that engage in political, economic and technical co-operation with peer developing countries, in pursuit of their partners' as well as their own economic and social welfare. South-South co-operation includes a diversity of instruments, such as technical co-operation, concessional and non-concessional finance, preferential trade agreements, and investment schemes.
- iv) *Multilateral organisations*
- v) *Private foundations*
- vi) *Civil society organisations*

c) *Prioritising partners and tailoring approaches*

10. The DAC will seek to engage with both providers and recipients of development co-operation, prioritising partners according to their:

- i) Status in the OECD, paying special attention to OECD countries that are not DAC members, and aligning with the Organisation's priority to enlarge its membership and enhance engagement with Brazil, China, India, Indonesia and South Africa (EE5);
- ii) Volumes of concessional development finance, giving priority to governments providing above USD 100 million in total annual ODA (or ODA-type flows) or 0.20 percent of their country's Gross National Income;
- iii) Role as global or major regional players;
- iv) Potential contribution to DAC knowledge and good practice.

11. Based on these criteria, the strategy will target the following groups of partners, tailoring specific objectives for further engagement for each of them (see table in Annex I comparing how different actors fit into each criteria):

4 Note that a forthcoming article will detail the characteristics of different providers of development co-operation (Zimmermann and Smith (forthcoming), "More Actors, More Money, More Ideas for International Development Co-operation," *Journal of International Development*).

5 According to the DAC list of ODA recipients: www.oecd.org/dac/stats/daclist

- *Donor and donor/recipient countries that are OECD members*: fully integrate them into the DAC with a view to enriching the Committee's exchange of experiences and best practices in development co-operation;
- *Donor and donor/recipient countries that are not OECD members*:
 - *OECD Accession Country (Russia)*: enhance dialogue on lessons, views and goals for development co-operation, encourage its participation in the Committee's work, and increase information exchange on development co-operation activities and financial flows;
 - *New EU members states*: in partnership with the European Commission, develop their capacity on aid management and statistics;
 - *Arab Donors*: monitor their development co-operation activities, strengthen policy dialogue, and seek areas of collaboration where feasible.
- *Providers of South-South co-operation*: promote greater understanding of this co-operation modality, and explore opportunities for collaboration, including through triangular co-operation;
 - *OECD Enhanced Engagement countries – EE5 (Brazil, China, India, Indonesia and South Africa)*: share lessons and views on development co-operation, learn from their development experiences, and increase information exchange on development co-operation activities and financial flows;
- *Multilateral and regional organisations*: increase information exchange, including the reporting on development expenditures, and learn from their views on international development co-operation;
- *Private foundations*: as appropriate, enhance information exchange on different sources of development finance in developing countries, including statistical reporting on development expenditures, and consult on their views of specific development-related topics;
- *Civil Society Organisations*: as appropriate, consult on their views of specific development-related topics.
- *Partner countries*: strengthen dialogue with partner countries, aiming to increasingly take their views into account in the Committee's decision-making process and include them in specific DAC bodies and activities.

4. Instruments

12. The Committee will use a variety of instruments to increase representation of major providers of development co-operation in its membership, promote more active participation of non-member countries (both providers and recipients of development co-operation) in its activities, and deepen engagement at the policy, technical and analytical levels.

A. Participation in the Development Assistance Committee

13. The Committee will aim to enlarge its membership and increase participation of non-members in its activities, encouraging.⁶

⁶ The OECD Council must approve invitations to non-OECD members to become full participants or regular observers of an OECD Committee and its subsidiary bodies.

- *Membership* of donors, donor/recipient countries, and providers of South-South co-operation that are OECD members and meet DAC accession criteria, independently of their status of aid recipients;
- *Full participation* of major providers of development co-operation (including donors, donor/recipient countries, and providers of South-South co-operation) who are willing and able to comply with the existing DAC recommendations but are not eligible for membership. Priority will be given to non-DAC OECD members, Russia, and the EE5;
- *Regular observership* of other relevant development co-operation partners, including donors, donor/recipient countries, providers of South-South co-operation, partner countries, multilateral and regional organisations, private foundations, and civil society organisations. Depending on the Committee's and their interests, they can become regular observers to the Committee or to its relevant subsidiary bodies;
- *Ad hoc observership* of development partners that can contribute to specific meetings or other activities.

14. A matrix in the Annex II presents a proposal of eligibility criteria, rights and obligations for each type of participant. The suggested rights and obligations are in line with the OECD *Rules of Procedures*, the Council's *Resolution Concerning the Participation of Non-Members in the Work of Subsidiary Bodies of the Organisation* [C(2004)132/FINAL], and the Council's *Guidelines to Committees for Deepening Enhanced Engagement* [C(2010)100/REV2].

B. Policy dialogue

15. The DAC will seek to strengthen dialogue with countries beyond its membership, aiming to share experiences on development, and promote mutual understanding on shared international goals and how to achieve them. With this purpose, the Committee will:

- Invite non-DAC OECD members, Enhanced Engagement and Accession countries to its High and Senior Level Meetings. These meetings will have sessions focused on issues of common interest for DAC members and these priority partners;
- Encourage DAC subsidiary bodies to invite relevant non-member countries (both providers and recipients of development co-operation) to participate in their activities;
- Enhance collaboration and dialogue with partner countries, promoting their participation and representation in the Committee's work through specific instruments and subsidiary bodies (examples of current DAC bodies with partner country members are the Working Party on Aid Effectiveness and the International Dialogue on Peacebuilding and Statebuilding);
- Organise policy dialogue meetings with selected non-member countries and regional organisations, aiming to exchange views and priorities on international development co-operation;
- Participate in joint initiatives with other OECD Committees, particularly those within the Development Cluster, with a view to reach out to and engage with non-member economies;
- Seek to establish specific partnerships with a small number of priority countries, particularly the EE5, which can include several engagement instruments or activities. DAC members are encouraged to facilitate this by acting as "champions" for promoting closer collaboration with the priority partners.

C. *Technical collaboration*

16. The OECD's Development Co-operation Directorate will pursue collaboration on the areas of aid management and statistics by:

- Monitoring the development co-operation flows of major non-member economies, and supporting full participants and regular observers (upon Committee's agreement) to establish and improve their statistical collection and reporting systems.
- Promoting aid management seminars, special reviews, and observerships in DAC member peer reviews to full participants, and, upon Committee's agreement, selected number of regular and ad hoc observers.

D. *Analytical work*

17. The OECD's Development Co-operation Directorate will produce analytical work on the development co-operation activities of non-member countries (i.e. country profiles, issues briefs, papers)

ANNEX I

	Donor countries	Donor and recipient countries	Providers of South-South co-operation	Multilateral organisations	Private foundations	Civil society organisations	Partner countries
Status in the OECD	Priority to OECD members, Accession country and Enhanced Engagement countries	Priority to OECD members, Accession country and Enhanced Engagement countries	Priority to OECD members, Accession country and Enhanced Engagement countries				
Volume of ODA or concessional development finance	All countries providing above USD 100 million in total annual ODA or 0.20 percent of their country's GNI. E.g. Arab donors, many of the new EU member states.	All countries providing above USD 100 million in total annual ODA or 0.20 percent of their country's GNI. E.g. Turkey.	All countries that provide above USD 100 million in "ODA-type" South-South flows	All multilateral and regional organisations providing above USD 100 million in concessional development finance	All foundations providing above USD 100 million in concessional development finance		
Global or regional player	Many countries can fit. E.g. Arab donors, New EU member states.	Many countries can fit. E.g. Turkey	Many countries can fit.	Many organisations can fit.			
Contribution to DAC knowledge and practice	All	All	Many countries can fit.	Many organisations can fit.	Many foundations can fit.	Many organisations can fit.	Many countries can fit.

ANNEX II

	Member	Full Participant	Regular observer	Ad hoc observer
Eligibility	<ul style="list-style-type: none"> OECD members, independent of status in ODA recipient list Provide at least USD 100 million total annual ODA or 0.20 percent of the country's Gross National Income Have system in place to implement development co-operation in line with international good practices 	<ul style="list-style-type: none"> Governments; Provide at least USD 100 million total annual ODA or 0.20 percent of the country's Gross National Income Willing and able to comply with DAC recommendations. 	<ul style="list-style-type: none"> Governments, international organisations, private foundations, CSO's Relevant player in international development cooperation Can contribute to the achievement of the Committee's mandate 	<ul style="list-style-type: none"> Governments, international organisations, private foundations, CSO's Can contribute to specific meetings or other Committee's activities
Target development partners	<ul style="list-style-type: none"> OECD members 	<ul style="list-style-type: none"> OECD members that do not yet meet membership criteria OECD Accession country (Russia) and Enhanced Engagement countries (Brazil, China, India, Indonesia, South Africa) 	<ul style="list-style-type: none"> OECD Accession country, OECD Enhanced Engagement countries, and other important providers of development co-operation not willing or able to become full participants (e.g. Arab donors) Partner countries (through subsidiary bodies or other specific instruments) 	<ul style="list-style-type: none"> At Committee's choice, depending on the objectives and scope of the meeting or activity to which ad hoc observers are invited
Rights				
Participation in DAC meetings	Yes	Yes, except on accession of non-members; may also be excluded from discussions on relations with non-members	Yes, 2-year renewable invitation <i>Note:</i> regular observers cannot propose items on the agenda nor vote on its adoption	Yes, at Committee's invitation
Participation in subsidiary bodies	Yes	Yes	Possible on an ad hoc basis	No
Voting right	Yes	Yes	No	No

	Member	Full Participant	Regular observer	Ad hoc observer
Speaking right	Yes	Yes	Yes, at discretion of the DAC Chair, and after members and full participants	Yes, at discretion of the DAC Chair, and after members and full participants
Hold Committee office	Yes	Yes	No	No
Capacity building on aid management and statistics	Yes	Yes	Upon Committee's agreement	Upon Committee's agreement
Obligations				
Accept DAC recommendations and guidelines	Yes	Yes, should accept recommendations forming the basis of the DAC's work	No	No
Accept conclusions, proposals, and decisions	Yes	Yes in principle unless otherwise stated as for member countries	No, except if observer expressly agrees	No, except if observer expressly agrees
Statistical report	Yes, at activity level in conformity with the DAC Statistical Reporting Directives.	Yes, at aggregate level and plan to report at activity level two years after becoming full participant.	Yes, at aggregate level.	No
Reviews	Yes. Submit to regular peer reviews; serve as examiner in reviewing other member programmes.	Yes. Submit a self-financed special review two years after becoming full-participant.	No. Can submit a self-financed special review upon Committee's agreement.	No
Financial contribution	Yes (Part I and Voluntary Contribution)	Yes. (Note: fee calculated as an annual percentage share of the estimated costs of the Committee on the basis used for member state assessments, including a 10 percent overhead charge, with a minimum of 1.5 times the regular Observer fee – exceptions apply).	Yes. Fees in 2011: - EUR 10,300 for Committee and subsidiary bodies; - EUR 3,500 for a subsidiary body, up to a maximum of 10,300 EUR for three or more subsidiary bodies. (Note: fees are adjusted annually for inflation. International organisations do not pay fees.)	No