Final Communiqué from the DAC High Level Meeting of October 2017

The present Communiqué was approved at the DAC High Level Meeting on 31 October 2017.

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DAC HIGH LEVEL MEETING COMMUNIQUÉ:
31 OCTOBER 2017

1. We, the Members and Participants\(^1\) of the OECD Development Assistance Committee (DAC), convened at high level in Paris on 30-31 October 2017. In the spirit of inclusiveness, we are grateful to the partners beyond our membership\(^2\) who participated in and enriched our deliberations today. Two years since the adoption of the 2030 Agenda for Sustainable Development, development co-operation continues to play a crucial role in helping place the world on a sustainable path. We reaffirm the important contribution of Official Development Assistance (ODA) to sustainable development and the pledge to leave no one behind.

2. The challenges to sustainable development—whether related to poverty, inequalities, climate change, conflict, violent extremism, or corruption—threaten to undermine development gains. Complex challenges increasingly require coherent approaches at all levels and co-ordinated, inclusive actions. We will promote policy coherence for sustainable development, ensure development effectiveness, and work to strengthen gender equality and women’s empowerment as well as conflict sensitivity through effective partnerships in order to better find holistic solutions to those challenges. We will also gather better data and evidence to mobilise more resources and improve the effectiveness of our support to achieve development results while respecting developing countries’ own development agendas and country-led approaches. We remain committed to improving the quality and impact of our development co-operation policies, both individually and collectively through the DAC.

3. The DAC’s vision (see Annex D) is to champion the 2030 Agenda, in particular the Addis Ababa Action Agenda (AAAA), and policy coherence for sustainable development globally and within the OECD. As a unique and relevant body in the global development co-operation architecture, the DAC remains the guardian of the integrity and definition of ODA and will transform itself to better promote development co-operation and policy coherence for sustainable development through inclusive dialogues. To contribute to the implementation of the 2030 Agenda in its three dimensions (social, environmental, and economic), we aim to improve the quality, results and impact of development co-operation while upholding the integrity of ODA; leverage and catalyse the necessary financing and resources; and apply the principles for effective development co-operation, including the commitment to the New Deal for Engagement in Fragile States in the context of the 2030 Agenda\(^3\).

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\(^1\) Qatar and the United Arab Emirates are the current Participants of the DAC.

\(^2\) Representatives from OECD accession countries (Colombia, Costa Rica, Lithuania), key partners (Brazil, India, Indonesia, and South Africa), and non-DAC OECD members (Chile, Estonia, Israel, Latvia, Mexico, and Turkey) attended the High Level Meeting as observers. Also present were representatives from the Bill and Melinda Gates Foundation, the DAC-CSO Reference Group, the International Monetary Fund, OECD Business and Industry Advisory Committee (BIAC), the OECD Trade Union Advisory Committee (TUAC), the United Nations, the World Bank, and the private sector (Danone).

\(^3\) International Dialogue on Peacebuilding and Statebuilding (2016), Stockholm Declaration on Addressing Fragility and Building Peace in a Changing World, 5 April 2016
4. We thank the High Level Panel on the Future of the Development Assistance Committee\(^4\), whose report\(^5\) provided thoughtful and insightful suggestions for transforming the DAC into a more robust, responsive, transparent and inclusive institution. We will provide an update in January 2018 on the measures taken to implement any recommendations and make a public report available online.

5. While the DAC continues to focus on its core strengths, we have identified six main strategic priorities in transforming the Committee to ensure it is fit for purpose to respond to the realities of the 2030 Agenda: (i) focus on fostering development impact and mobilising resources; (ii) learn from existing development approaches; (iii) explore new development approaches; (iv) reach out to development actors beyond its Membership to influence and be influenced; (v) increase transparency, proactively self-assess and hold itself to account; and (vi) work in effective governance, systems and structures. At the heart of this transformation, we adopt a new mandate for the DAC (see Annex C) which has an overarching objective of promoting development co-operation so as to contribute to implementation of the 2030 Agenda, through inclusive and sustainable economic growth, poverty eradication, improvement of living standards in developing countries, and to a future in which no country will depend on aid. This will require efforts to address shared objectives including the use of innovative tools and instruments, outreach, and civil society engagement. In this regard, the DAC’s subsidiary bodies and networks remain central for the work of the DAC and in advancing this reform. Furthermore, in light of the 2017 OECD Ministerial Council Meeting commitment\(^6\) to an ongoing OECD-wide “Standard-Setting: Review of OECD Legal Instruments” and where relevant, we will consider reviewing and updating our standards, policy benchmarks, and legal instruments.

6. In line with the DAC transformative agenda and vision, we will revise our Global Relations Strategy to foster inclusive policy dialogues and triangular co-operation, learn from partners’ experiences, and engage in innovative ways with new development actors, building on the work of the Global Partnership for Effective Development Co-operation (GPEDC). The Secretariat will facilitate the DAC’s continued engagement with key stakeholders including partner countries, emerging economies, international development actors, the UN system, civil society and the private sector and other Committees within the OECD.

7. Innovation is an essential enabler for both improved development co-operation practices and quick and effective responses to development co-operation challenges. We intend to gather evidence, facilitate and encourage the sharing of good practices and experiences, foster platforms on innovative policies, tools and practices so that DAC members can increase their knowledge and implement innovative programming that delivers humanitarian and development impact in ways that are better than existing approaches. In order to do so, we intend to embrace a broad view of innovation including finance and technologies as well as new policies, partnerships, business models, practices, approaches, behavioural insights and methods of development co-operation across all sectors, and consider means to identify and promote development innovation.

\(^4\) Established at the 2016 High Level meeting, the Panel was chaired by Ms Mary Robinson and composed of 17 members.


8. We will actively support the implementation of the AAAA and the UN-led Financing for Development process. In this context, we are committed to better supporting integrated financing and policy pathways across development finance. We will approach these issues holistically, in a transparent and accountable manner, integrating our efforts through mobilisation, impact, and transformation and call upon the OECD to serve as a space for policy dialogue, evidence gathering and analysis on financing for development, collaborating with other relevant stakeholders and organisations. We will continue to uphold DAC statistics as the authoritative source for internationally relevant, accurate, credible and comparable data on development finance.

9. We reaffirm our respective ODA commitments – including those of us who have endorsed the UN targets of 0.7 per cent of Gross National Income (GNI) as ODA to developing countries and 0.15-0.20 per cent of GNI as ODA towards Least Developed Countries – and decide to continue to make all efforts to achieve them, taking into account our specific circumstances. We welcome the ongoing effort by the membership to develop and implement policy actions on reversing the declining trend of ODA to countries most in need, such as least developed countries, low-income countries, small island developing states, land-locked developing countries, and fragile and conflict-affected contexts. We recognise that many factors contribute to a provider’s decisions on allocations to partner countries.

10. At our 2012 meeting, we launched a process to modernise ODA and agreed to create a new measure of total official support for sustainable development to help ensure that the right incentive frameworks, and financing and investment tools, are in place to support all countries achieve a successful financing for sustainable development and strengthened impact at country level. At our 2014 and 2016 meetings, we took a series of decisions to modernise ODA with regard to the measurement of concessional loans to the public sector, private sector instruments (PSI), and peace and security expenditures. We also acknowledged the necessity to improve the consistency, comparability, and transparency of our reporting of ODA-eligible in-donor refugee costs, by aligning the respective methods for calculating these costs. We will prioritise the finalisation of the current work on ODA modernisation and consider further appropriate work to contribute to the realisation of the 2030 Agenda.

11. We welcome the progress in developing the new statistical measurement framework, Total Official Support for Sustainable Development (TOSSD), which complements but does not replace ODA. We will continue to develop its content through an open, inclusive and transparent consultative process. In this regard, we take note of the establishment of an informal, international TOSSD Task Force, in concert with the UN Statistical Commission and the Inter-Agency Task Force on Financing for Development and relevant UN bodies. We take note of the importance of the next meeting of the UN Statistical Commission in March 2018, and support continued collaboration with relevant UN bodies to define TOSSD as an international statistical standard to track resources in support of the AAAA.

12. We welcome progress in implementing the 2014 HLM decision on concessional loans to the public sector and acknowledge the work carried out to implement the principles adopted in 2016 that encourage and aim at reflecting in ODA the effort undertaken by the development assistance community in deploying PSI. We welcome the collaboration between the DAC and Export Credit Group and we encourage continued engagement between the two communities to ensure clear boundaries between development finance and export credits. We note that at this stage we were not able to
conclude in the spirit of consensus our negotiation. We reiterate our commitment to reach a conclusion by consensus on PSI, which fully reflects its increasingly important role in development assistance. We reaffirm all the principles of the 2014 and 2016 HLM agreements. Pending an agreement on the Implementation details of all the PSI principles, the donor effort may be measured either at the point of transfer of funds to a vehicle providing PSI to developing countries or for each PSI transaction between the vehicle and the private enterprise or institution in the partner country. We clarify that this relates to PSI that are development-oriented. Building on the progress made so far, we will in consultation with other relevant stakeholders finalise implementation rules of the PSI agreement including by collecting evidence on the impact of PSI, and revise these rules where shown appropriate.

13. The updated ODA rules on peace and security have also been implemented in the reporting, the revised ODA Casebook on Conflict, Peace and Security Activities has been issued, and the technical review of the ODA coefficient applied to UN peacekeeping operations completed.

14. We commend the work of the DAC Temporary Working Group on Refugees and Migration, established following our 2016 meeting, as part of our response to these crises. We approve the DAC Secretariat’s proposal outlined in Annex B.

15. In line with the AAAA, we pursue policy coherence and an enabling environment for sustainable development and we will continue to forge effective and inclusive, multistakeholder partnerships, including the private sector. This requires not only that our statistics focus on official interventions and their mobilisation effect but that methodologies continue to be developed to improve measures of relevant flows. We aim to better understand the broad catalytic effect of official support and other resources by understanding the interlinkages among ODA, partner countries’ domestic resources, private investment, remittances, philanthropy, trade finance and export credits, and other sources of finance. We will continue to collaborate with other experts within the OECD and beyond in order to have a global overview and outlook on financing for development. We are firmly committed to the principles of development effectiveness, which positively inform policy choices and financing mixes at the country and sectoral level. We will also continue to contribute to the AAAA follow-up process through the Inter-Agency Task Force on Financing for Development.

16. The AAAA recognises that leveraging private resources as well as domestic resources and trade will be critical to delivering the 2030 Agenda. We see significant potential for blended finance to mobilise private investments towards sustainable development and therefore adopt the OECD DAC Blended Finance Principles for Unlocking Commercial Finance for the SDGs (see Annex A) and support their implementation. In collaboration and co-ordination with other key stakeholders, we will continue convening relevant stakeholders in order to ensure that best practices and policy guidance can be developed in support of the principles. We acknowledge that accountability and measurement of impact are crucial to ensure effective public and private investment. Our work on social impact investment provides an opportunity to continue to pilot new ways to deliver on the SDGs through innovative private–public approaches. We acknowledge the need to investigate best practices to foster social impact investing in developing countries. We stand ready to advance this work with other fora and organisations such as the United Nations, Multilateral Development Banks, G7 and G20.
17. The scale, complexity and human cost of today’s crises demand a more comprehensive international response, and the coherent use of humanitarian and development instruments along with policy dialogue to address short-term as well as longer-term needs and reduce vulnerability and fragility. As part of strengthening resilience at different levels in partners countries, we support improved access to services and education, employment opportunities and protection for both the displaced and their hosts, while targeting, protecting and supporting those most vulnerable. If the challenges faced by women, men, and children in fragile and vulnerable contexts are not met, progress on sustainable development will be stalled and millions of people will remain mired in poverty, disaster and conflict. We acknowledge that because of existing gender inequalities women and girls are particularly vulnerable to these challenges and need to be fully involved in responding to them. We intend to build on our strong evidence base and use our convening power to find coherent ways of collaborating, bringing together diplomatic, humanitarian, development, and peacebuilding actors. We will continue to provide evidence in co-ordination with relevant bodies on how to build resilience on the ground in situations of prolonged displacement to harness opportunities and find sustainable solutions. We will strive to support countries in fragile and vulnerable contexts in their development paths, enhance inclusive and effective institutions, and improve our responses to the needs of refugees and internally displaced persons and address the root causes of forced displacement and irregular migration. In this context, we commit to support the ongoing discussions – especially on the follow-up and monitoring – of the Global Compact on Refugees and the Global Compact for Safe, Orderly, and Regular Migration.

18. The coming years will be critical for developing countries in achieving economic growth through pursuing cleaner, more resilient, low-carbon development pathways and universal access to affordable reliable and sustainable energy. Development banks and development finance institutions are critical actors in this regard supporting policy reform and development of bankable project pipelines. We will enhance efforts to understand how we – as shareholders and investors in these institutions – can support operations that serve those objectives, protect public health, respect the environment, strengthen collective energy security and address climate adaptation or mitigation. We will support more collaborative action amongst institutions without crowding out commercial and other official financial flows. We will continue to study the nexus between environment, climate change, and energy policies and financing for development, in close collaboration with relevant actors, for example the International Energy Agency, the International Renewable Energy Agency and UN bodies. We recognise the contribution of the 2030 Agenda and the Paris Agreement as a global framework that calls for an integrated approach to development co-operation that systematically incorporates environmental, economic and social considerations into all aspects of development.

19. We note the Secretariat’s analysis of the special financing needs of small island developing states (SIDS), which highlights that SIDS face unique vulnerabilities and challenges, including in relation to climate change and natural disasters, that require tailored development solutions to finance their sustainable development and to create new opportunities for shared prosperity. We committed to an international agenda, in particular to the implementation of the S.A.M.O.A. Pathway, working with the UN agencies, the regional development banks and other stakeholders, by gathering the necessary evidence to support the mobilisation of appropriate resources and the implementation of effective international co-operation approaches. We will continue to undertake analytical work to help identify countries where ODA is most needed (such as
in least developed countries, low-income countries, small island developing states, land-locked developing countries, and fragile and conflict-affected contexts) and where additional actions may be required.

20. More broadly, we recognise the need to ensure that development co-operation approaches and tools can effectively respond to the new complexity of sustainable development by providing appropriate support to countries as they transition through different phases of development, supporting countries in avoiding setbacks and developing sustainably. We will review and reflect on the evidence base that documents the consequences of different graduation processes on access to development finance from all sources, and will continue to conduct policy analysis on the patterns of co-operation, including financing, channels, and objectives in countries in transition, in coordination with other relevant actors. We note international discussions on new measures and metrics of development progress beyond per capita income.

21. Many factors, such as the devastating effects of a natural disaster and humanitarian crisis, could conceivably lead to a substantial and sustained drop in the per capita income of an affected country, or region, especially in the case of a small state. Countries and territories graduate from the DAC List of ODA Recipients after having reached a High Income Country classification for three consecutive years. However, there are currently no rules, nor precedents under the current methodology, for reinstating on the DAC List a country or territory that has graduated and later suffers a persistent drop in its per capita income below the World Bank high-income threshold.\(^7\) We recognise the particular vulnerability and fragility that graduate countries can face in the event of a humanitarian crisis. More holistic consideration should be given to financing needs for resilience and recovery. We request the Secretariat to develop for DAC consideration evidence-based proposals for reinstatement. Further, the DAC will, in consultation with relevant stakeholders, establish a process to examine short-term financing mechanisms available to respond to catastrophic humanitarian crises in recently graduated HICs, including, without prejudice, a possible role for ODA spending based on objective criteria while ensuring no diversion of resources from existing ODA recipients.

22. Development co-operation extends beyond finance and must be delivered effectively in order to achieve results. We reiterate therefore our strong commitment to the principles of effective development co-operation of ownership, transparency and accountability, inclusive partnerships and focus on results. We support the Global Partnership for Effective Development Co-operation, including its ongoing work streams and dialogues and the monitoring framework as an evidence base to gauge the effectiveness of development co-operation. We will support effective co-operation at country level, including through inclusive country-level partnerships and multistakeholder dialogue. The DAC is committed to support the implementation of the Nairobi outcome document. We acknowledge the call in the Nairobi outcome document to “update the existing monitoring Framework to reflect the challenges of the 2030 Agenda, including the pledge to leave no-one behind”\(^8\) and also the need for independent evaluations of the Global Partnership's programme of work for it to be underpinned by a comprehensive theory of change. Policy-relevant lessons and innovative solutions produced by Global Partnership Initiatives will complement monitoring findings.

\(^7\) For further information consult http://www.oecd.org/dac/stats/daclist.htm

23. The DAC will continue to promote the exchange of views, learning and co-ordination among members on good practices in development co-operation. Peer reviews will continue to be an important tool to promote effective development co-operation. The DAC will engage in common efforts to build their own capacity and with partners for results-based management, monitoring, evaluation and statistics. Results-based development co-operation fosters the achievement of the global goals through partnerships. We commit to use the lessons learned from the evaluation reports and results information, recognising the importance of data disaggregated by age, sex, disability, and rural/urban disparities. We also encourage the DAC and its respective subsidiary bodies to explore adapting the five key evaluation criteria to program evaluations in line with the 2030 Agenda.9

24. Transparency is fundamental to aid effectiveness and accountability and to improving public trust. We will continue our transparency efforts to improve the consistency and quality of publicly available aid data including through the DAC’s Creditor Reporting System and Forward Spending Survey. Efforts to increase the transparency and complementarity of aid data accessible to citizens will benefit from collaboration with the International Aid Transparency Initiative.

25. We plan to reconvene in 2019 or 2020 to take stock of progress in implementing these decisions.

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9 The five criteria were first laid out in the DAC Principles for Evaluation of Development Assistance (OECD 1991) and later defined in the Glossary of Key Terms in Evaluation and Results Based Management (OECD 2001) (cp. http://www.oecd.org/dac/evaluation/daccriteriasforevaluatingdevelopmentassistance.htm). These five key evaluation criteria include Relevance, Effectiveness, Efficiency, Impact and Sustainability.
Annex A. OECD DAC Blended Finance Principles for Unlocking Commercial Finance for the SDGS

Box 1.

PRINCIPLE 1: Anchor Blended Finance use to a Development Rationale
All development finance interventions, including Blended Finance activities, are based on the mandate of development finance providers' to support developing countries in achieving social, economic and environmentally sustainable development.

a) Use development finance in Blended Finance as a driver to maximise development outcomes and impact.

b) Define development objectives and expected results as the basis for deploying development finance.

c) Demonstrate a commitment to high quality.

1a). Use development finance in Blended Finance as a driver to maximise development outcomes and impact. The development mandate provides the rationale for deploying development finance through Blended Finance, as an effective and efficient financing approach towards its policy objectives. Consequently, the Sustainable Development Goals are at the core of how and why Official Development Finance is used in Blended Finance.

1b) Define development objectives and expected results as the basis for deploying development finance. Development objectives and expected results should be defined before the deployment of Blended Finance. They should be mutually agreed and embraced by all parties, as a key basis for the deployment of Blended Finance. The overarching objective for the use of Blended Finance is the expansion of sustainable, market-based solutions for development financing needs.

1c) Demonstrate a commitment to high quality. High quality in the design and execution of projects financed by development finance, including Blended Finance, are central to the objective of supporting the development of functioning and effective markets. Blended Finance should be based on high corporate governance, environmental and social standards, as well as internationally recognised responsible business conduct instruments, providing an opportunity for commercial partners to acquaint themselves with quality standards in unfamiliar markets.
### Box 2.

**PRINCIPLE 2: Design Blended Finance to increase the mobilisation of Commercial Finance**

Development Finance in Blended Finance should facilitate the unlocking of commercial finance to optimise total financing directed towards development outcomes.

- **a)** Ensure additionality for crowding in commercial finance.
- **b)** Seek leverage based on context and conditions.
- **c)** Deploy Blended Finance to address market failures, while minimising the use of concessionality.
- **d)** Focus on commercial sustainability.

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**2a) Ensure additionality for crowding in commercial finance.** Development finance is a scarce and precious resource, and mobilisation of additional funds from commercial investors is indispensable to meet the financing needs of Agenda 2030. To effectively increase total financing for development, Blended Finance needs to, 1) ensure additionality, by being deployed only for uses where commercial financing is not currently available for deployment towards development outcomes, especially if it involves concessionality; and 2) have an explicit focus on opportunities to crowd in financing from commercial sources into transactions that deliver development impact.

**2b) Seek leverage based on context and conditions.** Blended Finance should, when appropriate, efficiently leverage commercial finance to achieve development impacts. Appropriate leverage is context specific and varies across sectors, geographies, and the different stages of the investment life-cycle. While increasing leverage over time is not necessarily an indicator of increased development impact, it is a sign of increasing market maturity and of successful mobilisation. It also serves as a signal for the need for eventual exit of development finance.

**2c) Deploy Blended Finance to address market failures, while minimising the use of concessionality.** Blended Finance holds a pathfinder role of bringing commercial financing into sectors and geographies with substantial development finance needs. In this context, Blended Finance should be used to overcome barriers to market formation and withdrawn once functioning markets have been established. Pioneering investments may require considerable concessionality but as markets mature, the magnitude of public contributions should decline. Blended Finance should not become a static or permanent approach in a given context, and the use of concessional development finance in Blended Finance, if any, should be minimized.

**2d) Focus on commercial sustainability.** Blended Finance transactions, particularly those involving concessionality, should be designed to eventually ensure commercial sustainability, including having a clear strategy for the
duration of and exit of concessional finance. In supporting the evolution of nascent and immature markets, there is the need for effective safeguards to ensure optimal resource allocation, maintaining a level playing field and avoidance of market distortion. The focus of concessionality should be towards development impact. Blended Finance should also ensure competitive approaches and support that includes equal information, requirements and standards be applied to different market participants.

Box 3.

PRINCIPLE 3: Tailor Blended Finance to Local Context

Development finance should be deployed to ensure that Blended Finance supports local development needs, priorities and capacities, in a way that is consistent with, and where possible contributes to, local financial market development.

a) Support local development priorities.

b) Ensure consistency of Blended Finance with the aim of local financial market development.

c) Use Blended Finance alongside efforts to promote a sound enabling environment.

3a) Support local development priorities. Achieving positive development impact means meeting people’s needs. Blended finance can fulfil local development priorities by enabling the financing of businesses that serve local consumers and create decent jobs. Blended finance should support investments that are aligned with national priorities as is the case with all development finance interventions.

3b) Ensure consistency of Blended Finance with the aim of local financial market development. The emergence of efficient local financial markets will be essential to sustainable financing for development. Hence, Blended Finance should seek opportunities to work with local financial sector actors, where possible, and should avoid approaches that discriminate against the local financial sector.

3c) Use Blended Finance alongside efforts to promote a sound enabling environment. A sound enabling environment is a vital condition for mobilising private investment. Blended Finance can be a means of achieving development impact in challenging environments, but it can also be an important complement to reform efforts, and should seek to be supportive of them where relevant.
Box 4.

PRINCIPLE 4: Focus on Effective Partnering for Blended Finance

Blended Finance works if both development and financial objectives can be achieved, with appropriate allocation and sharing of risk between parties, whether commercial or developmental. Development Finance should leverage the complementary motivation of commercial actors, while not compromising on the prevailing standards for development finance deployment.

a) Enable each party to engage on the basis of their mandate and obligation, while respecting the other’s mandate.

b) Allocate risks in a targeted, balanced and sustainable manner.

c) Aim for scalability.

4a) Enable each party to engage on the basis of their respective development or commercial mandate, while respecting the other’s mandate. All parties need to have a stake in the success of the transaction. The objective of Blended Finance is not to change the motivation of commercial or development actors, but to create opportunities for investments that yield both development and commercial returns, and thus that can be supported by commercial finance. Conversely, development actors should not compromise on their standards – as well as relevant international standards – for the design, terms and execution of interventions.

4b) Allocate risks in a targeted, balanced and sustainable manner. Mobilising commercial finance in a sustainable manner requires addressing the risk-return profile of a transaction through balanced and sustainable risk allocation between development and commercial parties, whether through concessional or non-concessional instruments. The ability of development finance providers to effectively and efficiently allocate, take and manage risk is therefore central to Blended Finance.

4c) Aim for scalability. Both the magnitude of development financing needs and its relevance for commercial financing, make scalability an important factor in ensuring Blended Finance reaches its potential. Development finance providers should collaborate through standardisation and harmonisation, including on programme approaches, where possible, so as to encourage the increase in scale and scalability of Blended Finance. Whereas tailor-made transactions will continue to be required, notably in more challenging markets and in proof of concept investments, development finance providers should share lessons learned and best practices in order to support scalability over time in these markets or sectors, wherever possible.
Box 5.

PRINCIPLE 5: Monitor Blended Finance for Transparency and Results

To ensure accountability on the appropriate use and value for money of development finance, Blended Finance operations should be monitored on the basis of clear results frameworks, measuring, reporting on and communicating on financial flows, commercial returns as well as development results.

a) Agree on performance and result metrics from the start.
b) Track financial flows, commercial performance, and development results.
c) Dedicate appropriate resources for monitoring and evaluation.
d) Ensure public transparency and accountability on Blended Finance operations.

5a) Agree on performance and result metrics from the start. Since inception, development and commercial actors taking part in Blended Finance operations should adopt a common monitoring and evaluation framework. Performance and result metrics should be applied to both direct engagement of donors in Blended Finance and to intermediated operations, while specific reporting arrangements may be tailored to context. Establishing a common set of key performance indicators should be a priority to ensure a transparent, harmonised and comparable assessment of results, thereby also providing a common framework of intervention for all parties to a given Blended Finance operation.

5b) Track financial flows, commercial performance, and development results. In order to assess the effectiveness and efficiency of Blended Finance operations, the financial and development performance of all parties should be assessed against predefined and agreed upon metrics. These should cover development finance, additional commercial finance mobilised (including financial returns), and the results achieved on development objectives.

5c) Dedicate appropriate resources for monitoring and evaluation. Adequate systems should be put in place to allow the monitoring and evaluation of the development interventions supported through Blended Finance. Donors should align on a common understanding of Blended Finance assessment methodologies to ensure consistency in data collection and reporting.

5d) Ensure public transparency and accountability on Blended Finance operations. Information on the implementation and results of Blended Finance activities should be made publicly available and easily accessible to relevant stakeholders, reflecting transparency standards applied to other forms of development finance. Besides accountability, external communication on Blended Finance performance is instrumental in mobilising further commercial capital, by improving the availability of market information and the quality of risk assessment for the efficient pricing of investments.
Annex B. : Reporting Directives on In-Donor Refugee Costs\textsuperscript{10} –Clarifications

The approved clarifications and explanatory notes are reproduced below.\textsuperscript{11} Members are encouraged to start applying them to their calculations for reporting on 2017 ODA (2019 ODA at the latest).

**CLARIFICATIONS**

**Clarification 1. Rationale for counting in-donor refugee costs as ODA**

Refugee protection is a legal obligation for OECD member states, all of whom are States party to the 1951 Geneva Convention Relating to the Status of Refugees and its 1967 Protocol. Assistance to refugees may be considered as humanitarian in nature and is provided with the aim of ensuring the dignity and human rights of beneficiary populations. Assistance to provide reception/protection to refugees originating from ODA-eligible countries, in the donor country (temporary sustenance for up to 12 months) is included in ODA to reflect the financial effort of hosting refugees and the sharing of responsibility with developing countries that host the vast majority of the world’s refugees.

**Clarification 2. Meaning of the term ”refugees”**

The term “refugees” covers asylum-seekers (or asylum applicants) and refugees with recognised status (including “quota” refugees or refugees under a resettlement programme).

For the purposes of calculating in-donor refugee costs in ODA, an asylum-seeker can be considered to fit within the definition of a refugee during the period while he/she is awaiting a decision on status until it is determined that he/she does not fulfil the refugee criteria, that is, the asylum claim is rejected.

For asylum-seekers who are ultimately rejected:

- costs incurred after the final rejection are not reportable as ODA, as the individual no longer fits within the definition of a refugee;
- any costs incurred up to the final rejection of an asylum claim or up to 12 months if the final decision is still pending (whichever comes first) may be reported as ODA\textsuperscript{1}.

People in-transit, irregular and regular migrants who have not declared their intent to seek asylum, are not refugees and related costs are not eligible as ODA.

1. To allow for comparisons of ODA data across the membership, members who exclude these costs may make explicit reference to their exclusion in their reporting data.

\textsuperscript{10} See DCD/DAC(2016)3/FINAL, paragraphs 92-93

\textsuperscript{11} These clarifications were adopted by the HLM (ad referendum for one member until 27 November 2017).
The following categories are considered to be covered under the term "refugees" for the purposes of DAC reporting and are not intended to have any legal implications for States party to this reporting exercise:

1. **A “refugee”** is a person who is outside his home country because of a well-founded fear of persecution on account of his race, religion, nationality, membership of a particular social group or political opinion. Under the expanded definition, a refugee may also be a person who is seeking asylum having fled a situation of armed conflict, civil war or events seriously disturbing public order.

2. **A “recognized refugee” or a “beneficiary of international protection”** is a person granted refugee status under the terms of the 1951 Refugee Convention/1967 Protocol or relevant regional or domestic legislation. Some countries support solutions for refugees through organised resettlement programmes (or “quota” refugees). These humanitarian programmes entail the transfer of refugees from developing countries to donor countries with the assistance of UNHCR. Upon arrival, the refugees are entitled to temporary sustenance pending longer-term integration efforts. In the event of a mass influx, which may result in transit or secondary movements, members may also formally recognise new arrivals as refugees on a *prima facie* basis (or as a group) on the basis of readily apparent, objective circumstances in the country of origin, in accordance with relevant national or regional legislation. Individuals recognised on a *prima facie* or *group basis* are also considered eligible for reporting under these Reporting Directives.

3. **A person granted “temporary protection” or "subsidiary protection"** is someone who has sought asylum from a region experiencing civil war or severe unrest and who has been accorded a temporary residence permit or temporary humanitarian permit.

4. **An “asylum-seeker” or “asylum applicant”** is a person who has applied for asylum and is awaiting a decision on status. Considering the declarative nature of refugee status, asylum-seekers or asylum applicants are considered to fit within the definition provided by the Reporting Directives during the period while they are awaiting a decision on status. If individuals have previously been registered in another country by the relevant state authorities or by UNHCR as asylum-seekers/applicants or refugees, or have declared their intent to seek asylum, then they are considered to fall within this definition for the purposes of these Reporting Directives. The specific categories of *unaccompanied minors and separated children (UASC)* seeking asylum and individual applicants for *family reunification* are considered to fit within the definition of a refugee. The latter are considered to fit the definition based on their derivative status i.e. they are assumed to be vulnerable to acts of persecution due to their relation to the refugee.

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12. Refugee status is declarative. A person is a refugee within the meaning of the 1951 Convention as soon as he fulfils the criteria contained in the definition. This would necessarily occur prior to the time at which his refugee status is formally determined. Recognition of his refugee status does not therefore make him a refugee but declares him to be one. He does not become a refugee because of recognition, but is recognized because he is a refugee (Source: Handbook on Procedures and Criteria for Determining Refugee Status under the 1951 Convention and the 1967 Protocol relating to the Status of Refugees, Chapter 1, Para. 28, HCR/IP/4/Eng/REV.1 Reedited, Geneva, January 1992, UNHCR 1979).

The recognition of refugee status is a declaratory act (Source: Para. 21, Directive 2011/95/EU of the European Parliament and of the Council on Standards for the Qualification of Third-Country Nationals or Stateless Persons as Beneficiaries of International Protection, for a Uniform Status for Refugees or for Persons Eligible for Subsidiary Protection, and for the Content of the Protection Granted).
The following categories are **not** considered to be covered under the term "refugees" for the purposes of DAC reporting:

5. **A “rejected asylum-seeker”** is a person determined not to meet the Refugee Convention definition or extended definition of a refugee once the asylum procedure has been concluded.

6. **“In-transit refugees”** is not an internationally or regionally-recognised legal category. The term is a popular reference that has been used in various contexts to refer to both regular and irregular migrants, whose movements may be voluntary or forced. Often it is applied to secondary movers who are deemed to be “in-transit” because they travel through multiple countries until they have reached their country of destination, where they may or may not apply for legal status (for example as an economic migrant or a refugee). See also paragraph 2.

### Clarification 3. Twelve-month rule

Costs incurred in the donor country for basic assistance to asylum seekers and refugees from developing countries are reportable as ODA up to 12 months. Beyond 12 months, financial contributions are made to individuals considered resident in the country and are excluded from the scope of statistics on international flows.

The 12-month rule applies from the date of the application for asylum, or, alternatively, the date of entry into a country through a resettlement programme, or the date of entry into a country upon the acceptance of an application for family reunification.

### Clarification 4. Eligibility of specific cost items

Members are reminded that although provisions to refugees are a legal obligation, only some of these provisions can be counted towards ODA based on the Reporting Directives and their Clarifications.

#### Comprehensive list of ODA-eligible expenditures for refugees (as defined in paragraphs 1-4), up to twelve months:

- **i) All direct expenses for temporary sustenance (food, shelter, and training) prior and post recognition of refugee status.** Post-recognition, care should be taken to only include expenses for sustenance that can still be qualified as temporary, and to exclude those of a more permanent nature that promote the integration of refugees into the economy of the donor country.
  - **Food** and other essential temporary sustenance provisions such as clothing.
  - **Shelter** i.e. temporary accommodation facilities (e.g. reception centres, containers, tent camps). In respect of buildings, only the costs of maintenance and upkeep may be reported as ODA. The cost of renting temporary accommodation facilities is eligible. (All construction costs are excluded, see list of non-eligible items below).
- **Training**
  - Early childhood education, primary and secondary education for children (this includes school costs but excludes vocational training), as part of temporary sustenance.
  - Language training and other *ad-hoc* basic training for refugees e.g. basic life skills for youth and adults (literacy and numeracy training).

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**Final Communiqué from the DAC High Level Meeting of October 2017**

**Non-ODA eligible costs include:**

- Promotion of the integration of refugees into the economy of the donor country: tertiary education, vocational/professional training, skills development, job programmes, wage subsidies, municipalities' costs for integrating and settling refugees (including through government subsidies for covering such costs).
- Construction costs (costs of building accommodation centres for refugees).
- Processing of asylum applications.
- Policing and border patrol at entry points, transit routes or accommodation centres.
- Security screening.
- Costs for border, air and coast guard patrols whose main purpose is the control and protection of borders, when rescue of refugees is not the primary intention of this activity.
- Counter-trafficking operations and costs for detention.
- Costs incurred for asylum-seekers undergoing “short”, “accelerated” or “fast-track” procedures in detention centres, airport holding facilities or any facility in which the right to freedom of movement is denied.
- Voluntary repatriation of refugees to a developing country after first twelve months.
- Costs for return of rejected asylum-seekers.
- Resettlement of refugees to another donor country.
- Forcible measures to repatriate refugees.

**Clarification 5. Methodology for assessing costs.**

It is recognised that costs included in ODA will generally reflect an estimate, and not real costs attached to individual asylum-seekers or refugees. The approach followed should be conservative, and determined in collaboration with the authorities responsible for ODA programmes (see paragraph 13).

**Principles to follow:**

- The model used for assessing costs should be shared with the Secretariat for validation.
- Direct costs attributable to ODA-eligible services to refugees are reportable. Members should refrain from using imputations (see paragraph 44).
- Ideally, reporting should be based on costs for individual asylum-seekers or refugees. If domestic monitoring systems do not allow for this, the reporting can be based on a methodology that estimates the ODA-eligible share of annual expenditures. If annual expenditures are used:
  - The calculation period for asylum-seeker/refugee stay is considered starting 1st January and ending at 31st of December.
  - Caution should be exercised to avoid over-estimating the costs e.g. not counting the costs for the same person for 12 months as an asylum-seeker and another 12 months as a refugee granted status.
  - Estimates needed for the calculation (e.g. number of asylum-seekers originating from ODA recipient countries, average time on support) may be based on either past observed data or on well-founded expectations based on recent developments. To proceed with calculating costs related to rejected asylum seekers, their share can be calculated based on:
    - real data (when the procedure on asylum decision takes less than a year, the actual share is known at the time for reporting on ODA) or
    - an estimate based on statistics from previous years (e.g. past 3 years) on refugees intake (when the procedure takes more than a year, the ultimate decision on status is still not known at the time of reporting ODA) or
    - well-founded expectations based on recent development.
  - Members may base their reporting on the first instance rejection, where a final decision on status is anticipated to occur after a 12-month period, and this facilitates the establishment of a conservative estimate.

Estimates need to be updated regularly on an annual basis.
To encourage consistency and future alignment of members’ reporting practices, members will strive to provide disaggregated statistics of expenditures reported as in-donor refugee costs broken down by:

- **Type of expenditures:** i) temporary sustenance, ii) voluntary repatriation, iii) transport, iv) rescue at sea and v) overhead costs attached to the direct provision of temporary sustenance. Reported expenditures should conform to the comprehensive list of ODA-eligible expenditures for refugees (as outlined in Clarification 4) up to twelve months.

- **Category of refugees:** i) asylum-seekers – ultimately accepted (costs prior to recognition), ii) asylum-seekers – ultimately rejected (costs prior to rejection), and iii) recognised refugees (costs after recognition or after date of entry into a country through a resettlement programme). Reported expenditures should conform to the meaning of the term "refugee" and eligible costs (as outlined in Clarification 2) up to twelve months.

For transparency purposes, the Secretariat will present these data to the DAC in an annual report which will subsequently be published on the DAC statistics website.

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**EXPLANATORY NOTES**

**Clarification 1 | Rationale for counting in-donor refugee costs as ODA**

7. At the DAC High Level Meeting in February 2016, participants noted that the refugee crisis had significantly impacted on several members’ ODA volumes which, together with poor comparability of members’ reporting, may endanger the credibility of ODA. The HLM noted that DAC members had a shared interest in improving the consistency in reporting in-donor refugee costs; the Directives must be interpreted in a consistent way.

8. The current Reporting Directives provide no explicit rationale for counting in-donor refugee costs as ODA which prompted a discussion on this topic at the TWG. Some members urged that the rationale for in-donor refugee costs recognize the imperative of refugee protection and the need to demonstrate responsibility sharing, particularly with developing countries, who host the vast majority of the world’s refugees. Some members emphasised the need to acknowledge that refugee protection is an obligation for OECD member states, all of whom are States party to the 1951 Convention Relating to the Status of Refugees and its 1967 Protocol. The Refugee Convention/Protocol include obligations to provide refugees the same treatment as nationals with regard to basic education, public relief and assistance, social security, and access to courts, and as favourable treatment as possible and not less favourable than that accorded to other aliens as regards public housing, among other rights.
9. Many members saw in-donor refugee costs as a form of humanitarian aid. Contributions to specific refugee organisations such as UNHCR are ODA-eligible, and members have commented that support to refugees in developing countries is categorised as humanitarian aid; this in turn suggests that the provision of such support to refugees originating from ODA-eligible countries should be eligible regardless of whether the refugees physically remain in developing countries or seek protection in donor countries. Some members have also suggested presenting the rationale of in-donor refugee costs as directly assisting developing countries experiencing humanitarian crises, or contributing to their economic development and welfare (considering that support for refugees in donor countries temporarily relieves countries in crisis and their neighbours of the presence of some refugees). However, some TWG members requested that the humanitarian aid rationale be nuanced, so as not to broaden eligibility and possibly count, as ODA, support to developing country nationals that do not meet the definition of a refugee but for whom assistance could be considered of a humanitarian nature (such as victims of natural disasters, trafficking, homeless persons etc.).

10. Other TWG members saw in-donor refugee costs more as a contribution to global welfare than a developmental expenditure (donor assistance to incoming refugees is designed to meet their welfare needs, and not to promote the development of their countries of origin), and noted that the majority of costs related to refugees born by members are a result of domestic policies and laws that are separate from members’ development co-operation policies, as evidenced by the fact that they come from domestic budgets for social security, employment, education, etc.

11. Several members have stressed that in-donor refugee costs is an exceptional item in ODA reporting, and a conservative approach to reporting on this item is essential to protect limited resources available for ODA, highlighting the need to exercise caution, so as not to inflate ODA and to protect the integrity of the concept. This approach very much reflects multiple discussions on the inclusion of in-donor refugee costs in ODA in the 1980’s\(^\text{(14)}\), during which time, eligibility of costs was limited to costs incurred in the country of first asylum, temporary sustenance (amounts spent to promote the integration of refugees into the economy of the donor country are excluded) and expenditures during the first year of stay. A number of members have decided not to report on in-donor refugee costs in their ODA.

12. Clarification 1 reflects the outcome of the TWG discussions described above. It presents the rationale for including in-donor refugee costs in ODA as a reflection of the financial effort of hosting refugees and the sharing of responsibility with developing countries; the humanitarian nature of these expenditures is also referenced.

13. The TWG also discussed that it could be legitimate to request, as for all other ODA components, that an explicit link to development co-operation policy be demonstrated\(^\text{(15)}\). Also, in order to limit the diversion of ODA resources away from developing countries, the authorities responsible for reporting ODA figures could “have their say” on the ODA amount reported for in-donor refugee costs: they should be involved in the determination of the refugee costs included in ODA and be able to respond to questions on the calculation and estimates used. This would help avoid situations where


\(^{15}\) As a parallel, indirect (“imputed”) costs of tuition in donor countries are eligible for inclusion in ODA if the presence of students reflects the implementation of a conscious policy of development co-operation by the host country, that is, if as a minimum these costs are specifically recognised in official budgets, and there is an appropriate degree of involvement by the authorities responsible for ODA programmes in the formulation of policy on the intake and tuition of students, bearing special national factors in mind. See Reporting Directives, paragraph 89.
different line ministries (e.g. education, health) determine and “impose” the amounts to impute to the development co-operation budget for the sustenance of refugees.

14. Members agree that given the political dimension of this item, and for the sake of transparency, it should always be presented separately.\(^\text{16}\)

**Clarification 2 | Meaning of the term “refugees”**

15. The definition of “refugee” in the Reporting Directives is derived from international legal normative standards. All members of the DAC are signatories to the 1951 Geneva Convention and their procedures are further governed by regional legislation. The option of reporting expenditures on refugees in donor countries was introduced in DAC statistics in the early 1980s and covered the costs of hosting refugees as defined by the 1951 Geneva Convention. In 2000 [DCD/DAC(2000)10] the definition was expanded in line with the extended refugee definition under UNHCR’s mandate\(^\text{17}\) and regional resolutions and treaties\(^\text{18}\).

16. Members have operationalised the definition of a refugee in different ways in their ODA reporting: some count costs only after a decision on asylum has been made and refugee status has been established while others count costs only for the period while asylum-seekers are awaiting decision on their status and stop counting costs once the asylum-seekers get refugee status or get rejected; yet others count costs for both the period while asylum-seekers are awaiting decision and the period after decision. There is therefore a need to provide clarification on the meaning of the term “refugees” to facilitate the alignment of members’ practices in line with the TWG mandate\(^\text{19}\).

17. During TWG discussions on this topic, members’ views differed on the eligibility of costs incurred for the temporary sustenance of asylum-seekers who ultimately get rejected. Some see rejected asylum-seekers by definition falling outside the boundaries of the Directives and note that the inclusion of these costs could significantly inflate members’ ODA figures. Others insist on their eligibility as they consider the support provided to asylum-seekers until the decision is reached as humanitarian aid and judge that *ex-post* deduction would not be practicable.

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17. UNHCR also has the competence to provide international protection to refugees who come within the extended refugee definition under UNHCR’s mandate because they are outside their country of origin or habitual residence and unable or unwilling to return there owing to serious and indiscriminate threats to life, physical integrity or freedom resulting from generalized violence or events seriously disturbing public order.

18. Countries in the Americas and Africa experiencing large-scale displacement as the result of armed conflicts found that the 1951 Convention definition did not go far enough in addressing the protection needs of their populations. Consequently, both Article 3 of the Cartagena Declaration and Article 1(2) of the 1969 OAU Convention extend refugee status to an individual who “owing to external aggression, occupation, foreign domination or events seriously disturbing public order in either part or the whole of his country of origin or nationality, is compelled to leave his place of habitual residence in order to seek refuge in another place outside his country of origin or nationality.” The European Council Resolution on burden-sharing with regard to the admission and residence of displaced persons on a temporary basis of 21 September, 1995, states that Member States should, where possible, continue to give temporary refuge to people whose lives or health are under threat as a result of armed conflict or civil war.

19. See DCD/DAC(2016)23/FINAL.
18. Members who do not agree to the reporting of costs for the period prior to the rejection of a claim underscore that a final rejection implies that the individual did not, at any point during his or her claim, fit within the definition of refugee as outlined in the 1951 Geneva Convention or other relevant legislation. This interpretation is not found to contradict the principle of declarative status, which states that a person does not become a refugee because of recognition, but is recognised because he is a refugee. In this regard, Clarification 2 promotes comparison of reporting practices and instructs that members excluding all costs related to rejected asylum-seekers from their ODA will make explicit reference to their exclusion in their statistics. It was also suggested that some costs that might not be eligible for reporting under the current Statistical Reporting Directives could potentially be reported under the new measure of Total Official Support for Sustainable Development (TOSSD), thus ensuring that countries are formally recognised for their efforts to support incoming asylum-seekers. However, some members were cautious about the feasibility of this approach.

19. Members also requested clarification on the term “in-transit refugee”. It was noted that there is no such category as an “in-transit” refugee and information was provided about the distinction between asylum-seekers or refugees who move on from the first country of asylum versus irregular migrants who do not intend to apply for asylum.

20. Some members noted that assistance provided to irregular migrants was humanitarian in nature and should therefore be reported as in-donor costs. It is clarified that the reference to “humanitarian assistance” in the proposed clarifications seeks to provide a rationale for counting in-donor refugee costs as ODA. It does not, however, expand the categories of persons eligible for reporting within the Statistical Reporting Directives. Various forms of humanitarian or social assistance may be provided to a wide range of vulnerable groups in DAC member countries including victims of natural disasters, trafficking, homeless persons and others. Being a recipient of humanitarian assistance does not, however, automatically denote eligibility under the in-donor refugee category.

21. Some members noted that the concept of “declarative status” should be extended to “in-transit refugees”, that is, an assumption should be made that, at some point in the future, irregular migrants might choose to seek asylum. It is however noted that the concept of “declarative” status does not apply to individuals who have not declared their intent to seek asylum, as there is no immediate presumption of fear of persecution either on an individual or group basis in the absence of an asylum claim. The Reporting Directives make reference to refugees, not to regular or irregular migrants. Noting that the TWG does not have the mandate to introduce new reporting categories, costs incurred for irregular migrants cannot be reported as in-donor refugee costs. However, it is noted that expenditures for individuals who formally express the intent to seek asylum in one donor country but subsequently move on to another donor country can be included in reporting. Individuals recognised on a prima facie or group basis are also considered eligible for reporting under the Statistical Reporting Directives.
22. Some members requested further clarification on the inclusion of individual applicants for family reunification as an eligible reporting category. While the 1951 Refugee Convention does not specifically address family reunification and family unity, subsequent developments in international law, including related treaties and agreements, State practice, and *opinio juris*, indicate that individual applicants for family reunification should be considered to fit the definition of a refugee.\(^{20}\) UNHCR\(^{21}\) notes that members of refugees’ families may apply for derivative status in accordance with their right to family unity. At its most basic, derivative status means that once one member of the family —“the principal applicant”— is recognised as a refugee, the rest of the accompanying family members may also benefit from the same status.\(^{22}\)

**Clarification 3 | Twelve-month rule**

23. There are frequent requests to explain the origin of the twelve-month rule and sometimes suggestions that expenditures beyond the twelve-month period should be counted as ODA, given that the protracted nature of current crises responsible for massive migration flows. There is therefore a need to provide a definitive justification to the rule, and explain why it cannot be changed. This is in line with the TWG mandate.

24. A number of members claimed that the 12-month period could be used as a good proxy for determining the boundary between temporary (eligible) and integration (not eligible) costs. Others highlighted that not all assistance provided in the first year is eligible (a significant portion of expenditures for refugees granted status will relate to items contributing to integration and should be excluded), and that assistance may not be required for a full year. The 12-month period therefore cannot be used as the unique parameter to determine eligibility of costs, and clarification 3 should be read in association with clarification 4 on the eligibility of cost items. The fact that some members include costs for a longer period than others does not affect comparability, but simply reflects the reality of their eligible assistance.

25. In situations where a member maintains separate systems through which people apply for asylum and apply for asylum support, the twelve-month period can be considered to commence from the date of start of support, where this allows for reporting real costs for individuals. Support provided after the final rejection of the individual claim is not reportable as ODA.

\(^{20}\) The Final Act of the United Nations Conference of Plenipotentiaries on the Status of Refugees and Stateless Persons recommends that Member States “take the necessary measures for the protection of the refugee’s family, especially with a view to (…) [E]nsuring that the unity of the refugee’s family is maintained particularly in cases where the head of the family has fulfilled the necessary conditions for admission to a particular country.” The EU Qualification Directive (2011/95/EU) further states that “family members, merely due to their relation to the refugee, will normally be vulnerable to acts of persecution in such a manner that could be the basis for refugee status”.

\(^{21}\) See UNHCR’s Procedural Standards for Refugee Status Determination Under UNHCR’s Mandate.

\(^{22}\) However, persons who are excluded from obtaining refugee status are also excluded from obtaining derivative status. Family members who are nationals of the host country or of another country (other than the principal applicant’s country of origin) are not eligible for derivative status, unless they fulfil the refugee criteria themselves.
26. The original focus of the Directives [see DAC/STAT/M(80)2, paragraph 3] intended that only costs incurred for the first twelve-months of stay in the country of first asylum be reported as ODA. It is recognised that current displacement dynamics, which often include secondary displacement and multiple asylum applications, may have implications on reporting for second countries of asylum, which also bear a share of responsibility for newly-arrived individuals. **Members are however urged, as far as possible, to follow a conservative approach, in line with the original intentions of the Reporting Directives.**

**Clarification 4 | Eligibility of specific cost items**

27. The current rules give indications on the eligibility or non-eligibility of certain expenditures: “Official sector expenditures for the sustenance of refugees in donor countries can be counted as ODA […] This includes payments for refugees’ transport to the host country and temporary sustenance (food, shelter and training) […] this item also includes expenditures for voluntary resettlement of refugees in a developing country […] Expenditures on deportation or other forcible measures to repatriate refugees should not be counted as ODA. Amounts spent to promote the integration of refugees into the economy of the donor country, or to resettle them elsewhere than in a developing country, are also excluded.”

28. Members have different interpretations of what cost items are eligible under the current Directives, including in relation to administrative costs. Apart from essential temporary sustenance provisions such as food, clothing, accommodation, the type of assistance programmes included by members in their ODA differ e.g. professional training and resettling refugees in municipalities, administrative costs and police, interpretation and counselling.

29. There is therefore a need to provide clarification on the meaning of the terminology used in the Directives such as “temporary sustenance (food, shelter and training)” and “amounts spent to promote the integration of refugees in the economy of the donor country” and on the treatment of administrative costs, to facilitate the alignment of members’ practices. This is the purpose of clarification 4 and is in line with the TWG mandate.

30. Members expressed diverging views on several cost items discussed in the framework of the TWG. The Secretariat has adjusted its proposal to take these comments into account, and provides below a rationale for the proposed treatment of different costs.

**Treatment of administrative costs**

31. Administrative costs are not mentioned in the current specific instructions on in-donor refugee costs (paragraphs 92 and 93 of the Directives). Members’ views differ on whether this means that administrative costs incurred in relation to refugees are not reportable as ODA or whether they are reportable in line with the general rules on administrative costs provided in the Directives (paragraphs 77-82). Given the divergence in views and the specificity of the in-donor refugee costs item which is driven by domestic policies rather than development co-operation policies, the Secretariat recommends a compromise and conservative approach whereby only overhead costs attached to the direct provision of temporary sustenance to refugees are eligible. This includes costs of personnel assigned to provide eligible services to refugees (see list of eligible services in Clarification 4), but does not include costs of personnel (technical staff or other) who are not involved in the direct execution of these services (e.g. management, human resources, information technology) or the associated infrastructure provided for these personnel.
32. The only provisions that can be counted towards ODA under the Directives refer to expenditures for the temporary sustenance of refugees (food, shelter, training). Costs related to activities which are a function of the management of migratory flows and frontier control, for example the registration and processing of individual applications for asylum, are thus excluded, as they do not constitute temporary sustenance and therefore do not fit within the definition of ODA. Activities linked to the asylum procedure, which provide a direct benefit to the asylum seekers, such as translation of documents, legal and administrative counselling, and interpretation services, can be reported. Construction costs in the donor country are excluded from ODA in any case.

**Training**

33. With reference to “training”, members are referred to Article 22 of the 1951 Geneva Convention, which states that “Contracting States shall accord to refugees the same treatment as is accorded to nationals with respect to elementary education (…) Contracting States shall accord to refugees treatment as favourable as possible, and, in any event, not less favourable than that accorded to aliens generally in the same circumstances, with respect to education other than elementary education.” The provision of basic primary education (including early childhood education, primary education, and literacy and numeracy skills) for refugee children is a key component of humanitarian assistance and can therefore be reported as ODA in so far as these items are provided for the purposes of temporary sustenance and can be said to primarily benefit developing countries.

34. Several members insisted on including secondary education (with the exception of vocational training) in the list of ODA-eligible items. This could be construed as a more permissive interpretation of temporary sustenance and should be backed by a strong development narrative. Vocational training is considered to be an activity which promotes the integration of refugees into the domestic economy and is excluded from ODA.

35. Several members currently report on language costs. Members discussed whether language costs could be considered within the parameters of “training” in the context of temporary sustenance, or whether language training constitutes a service that contributes to the integration of refugees. For the purposes of these clarifications, it is understood that costs for basic language skills courses, which are provided with the intent of enhancing the capacity of refugees and asylum-seekers to access services which are necessary for their temporary sustenance e.g. health care and basic education, are included in the list of ODA-eligible items. Costs for language courses which are provided as a component of national integration policies should not be reported.

**Rescue at sea**

36. Most countries (only a few exceptions) do not report costs of rescue-at-sea. Given the numbers of refugees, asylum-seekers and migrants arriving by sea, however, members noted that some further discussion and/or clarification of whether or not these costs qualify for reporting was needed. To determine eligibility of rescue-at-sea, the main purpose of the maritime activity involved needs to be considered. If the main purpose for official vessels to patrol the waters is protecting borders, expenses incurred for rescue-at-sea should not be counted as ODA, as this is only a secondary activity (which is in any case a duty to coastal states). If the main purpose of the patrol is to identify potential needs for rescuing refugees at sea, costs may be counted as ODA.

37. With reference to rescue-at-sea, it is also important to note that Masters have an obligation to render assistance, and Member States have a complementary legal obligation to coordinate and co-operate so that persons rescued at sea are disembarked in a place of safety as soon as possible. This is a longstanding maritime tradition as well as an obligation enshrined in international law based on two
essential texts: the 1974 International Convention for the Safety of Life at Sea and the 1982 United Nations Convention on the Law of the Sea. It is important that members make the distinction between activities undertaken for the purposes of meeting their international legal obligations, and the specific costs incurred for these activities, only some of which may be considered eligible for reporting under the DAC Statistical Reporting Directives.

Voluntary repatriation of refugees

38. Expenditures for voluntary repatriation of asylum-seekers and refugees within the first twelve months are eligible; they cover support for making travel arrangements and paying for the return journey to the country of origin. Costs for forced returns are excluded. The following voluntary repatriation costs are not eligible: costs for the return of rejected asylum-seekers, in line with Clarification 2 which states that costs incurred after the final rejection are not reportable as ODA; costs for returning regular or irregular migrants; costs for voluntary repatriation of refugees after the first twelve months.

39. A few members also questioned the ineligibility of these costs given the potential positive impact on development of these repatriations, and the likelihood that they occur after 12 months of stay in a donor country. However, as previously noted, beyond 12 months, refugees are considered residents and support is no longer “cross border”, even for voluntary repatriation. Note that costs incurred in the country of origin for the sustainable reintegration of refugees and migrants returning to their country of origin (allowances/ material assistance provided upon arrival in the country of origin) represent cross-border flows to developing countries and fall outside the scope of in-donor refugee costs.

Transport within the host country

40. The costs of transport within the host country for the purposes of transferring asylum-seekers or refugees from the point of entry to the relevant admissions, processing or reception site or centre may be reported. Transport for coercive purposes is not included.

23. The Directives also note (paragraph 93) that "expenditures for voluntary resettlement of refugees in a developing country" are reportable as in-donor refugee costs. However, it is almost never the case in practice that people are resettled to developing countries (by definition resettlement is to a third country, repatriation or return is to country of origin, see the Glossary of definitions DCD/DAC/TWGMR(2016)5).

24. Where there is decision to reject the asylum claim on the first instance, but a decision on appeal is pending, costs for voluntary repatriation of the individual concerned are reportable as ODA (within the first twelve months).

25. UNHCR defines Voluntary Repatriation in relation to the international human right of return: “Everyone has the right to leave any country, including his own, and to return to his country.” Universal Declaration of Human Rights (1948) established in Article 13 (2).

The right of refugee to return to their home country also stands in relation to the principle of non-refoulement (1951 Convention Relating to the status of Refugees Article 33) providing that no one shall expel or return ("refouler") a refugee against his or her will, in any manner whatsoever, to a territory where he or she fears threats to life or freedom. The fact that repatriation must be voluntary implies that the subjective fear should have ceased (UNHCR, 1996, Handbook Voluntary Repatriation: International Protection).
Clarification 5 | Methodology for assessing costs

41. The current rules give no indication on the methodology for assessing costs. Members use different methods with complex calculations and several estimates. It is therefore useful to provide clarification on the general principles to follow when calculating the in-donor refugee costs, in order to improve consistency and comparability, in line with the TWG mandate.

42. Members agreed with the transparency principle: they should continue to share with the Secretariat a detailed description of their methods and estimates which should allow the Secretariat or any data user to verify the final figure included in ODA reporting. Actual data points and calculations should be shared on the OECD website (including the number of refugees and the per capita costs). Members have also proposed that the Secretariat should be responsible for validating the treatment of in-donor refugee costs against the Directives.

43. The main cost items (costs incurred in the pre-recognition phase, post-recognition phase, and administrative costs) could also be reported as separate transactions in the CRS. The granularity of reporting on in-donor refugee costs will be the subject of discussions at the WP-STAT.

44. Several members commented on the need to maintain the possibility for assessing costs using imputations. However, making use of imputations implies that refugees benefit from the services available to all citizens, which raises the question of whether these costs have a permanent rather than temporary nature in which case they can be seen to promote integration of refugees and should be excluded from ODA. The clarification therefore recommends members refrain from using imputations. This provision does not, however, intend to exclude costs of a temporary nature provided through national systems, to the extent that the reporting member is able to provide a clearly defined estimate of the number of refugees / asylum-seekers benefiting from a particular service for up to 12 months.

45. Members have highlighted that there is a trade-off between flexibility (to reflect different country contexts) and consistency and comparability of approaches. They mentioned the difficulty in technically mainstreaming this item in ODA and normalising the cost accounting methods across the membership, as national contexts and refugee support systems diverge greatly between donors. The Secretariat has therefore not attempted to develop more detailed instructions for clarification 5 but its role in validating the methods used by members is expected to contribute to further alignment.

46. The WP-STAT will discuss the reporting procedures for in-donor refugee costs, including the granularity in CRS reporting, the method validation process by the Secretariat and several methodological aspects (e.g. the use of imputations). See also footnote 1 in Clarification 5.
Annex C. The Mandate of the Development Assistance Committee

THE COUNCIL,

Having regard to the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

Having regard to the Rules of Procedure of the Organisation;

Having regard to the Revised Resolution of the Council on Partnerships in OECD Bodies [C(2012)100/REV1/FINAL];

Having regard to Paragraph 14 of the Report by the Preparatory Committee establishing the mandate of the Development Assistance Committee (DAC) [C/M(60)2(Final)], whose mandate was last revised in 2010 [C(2010)123] and extended in 2015 [C(2015)73] and 2016 [C(2016)94];

Having regard to the results of the In-depth Evaluation of the DAC [C(2016)84, C(2016)84/ADD1, C(2016)84/ADD2, C(2016)84/CORR1, C(2016)84/CORR2, and C(2016)84/CORR3];

Having regard to the recommendations put forward by the High Level Panel for A New DAC in a Changing World [DCD/DAC(2017)7];

Committed to supporting developing countries in their efforts to improve the lives of their peoples, leaving no-one behind, as part of implementing the 2030 Agenda for Sustainable Development and to a future in which no country depends on aid;

Recognising that members of the DAC continue their common efforts to increase resources for development and to improve their effectiveness, results and impact;

Convinced of the need to align development co-operation to the specific context and challenges of each developing country and region;

Convinced that sustainable development of developing countries—notably those affected by fragility and conflict—is essential for global stability and inclusive growth;

Aware that the countries most in need such as least developed countries, low-income countries, landlocked developing countries, small island developing states, and countries affected by conflict and fragility are constrained in their engagement with the global economy and are at risk of increasing marginalisation, while middle income countries and countries transitioning through income levels face specific challenges;
Aware that the policy choices of OECD countries and emerging economies have spill-over effects in developing countries as well as policy challenges relating to global public goods affect development results;

Recognising the need for the DAC to work with other policy communities and development stakeholders beyond its membership with a view to enhancing development results and to support the implementation of the 2030 Agenda for Sustainable Development;

Recognising that, while poorer developing countries’ ability to mobilise domestic resources and access private and public finance extended on non-concessional terms should be supported given the contributions they make to economic development, these countries will continue to require official development assistance (ODA), at least throughout the period of this mandate, and that ODA is increasingly playing a catalytic role for further resource mobilisation;

DECADES:

A. The Development Assistance Committee is renewed with the following revised mandate:

I. Objectives

The overarching objective of the DAC is to promote development co-operation and other relevant policies so as to contribute to implementation of the 2030 Agenda for Sustainable Development, including sustained, inclusive and sustainable economic growth, poverty eradication, improvement of living standards in developing countries, and to a future in which no country will depend on aid.

In order to achieve this overarching objective, the Committee shall:

a) monitor, assess, report, and promote the provision of resources that support sustainable development by collecting and analysing data and information on ODA and other official and private flows, in a transparent way;

b) review development co-operation policies and practices, particularly in relation to national and internationally agreed objectives and targets, uphold international norms and standards, protect the integrity of ODA, and promote transparency and mutual learning;

c) provide analysis, guidance and good practice to assist the members of the DAC and the expanded donor community to enhance innovation, impact, development effectiveness and results in development co-operation, particularly regarding pro-poor sustainable growth and poverty eradication;

d) analyse and help shape the global development architecture with a view to maximise sustainable development results, to support the implementation of the 2030 Agenda for Sustainable Development and stimulate mobilisation of resources according to the Addis Ababa Action Agenda on financing for development;

e) promote the importance of global public goods and policy coherence for sustainable development.
II. Co-ordination Arrangements

The Committee shall:

a) collaborate closely with other relevant bodies of the OECD on cross-cutting issues and in particular on policy coherence for sustainable development;

b) engage with non-DAC OECD Members in all meetings of the DAC and its subsidiary bodies in areas of mutual interest;

c) engage non-Member and partner countries, as well as international organisations, private sector organisations, foundations, and civil society representatives in line with principles of development effectiveness, so as to ensure transparency and the relevance and inclusiveness of the DAC’s work.

III. Special Delegated Power

The Committee shall continue to make recommendations to members of the DAC, as well as to the Council, within its competence on matters related to development.

B. The mandate of the Development Assistance Committee shall remain in force until 31 December 2022
Annex D. CHAIR’S PROPOSAL FOR A VISION AND STRATEGIC PRIORITIES FOR THE DEVELOPMENT ASSISTANCE COMMITTEE

Introduction

1. Since its creation in 1960, the Development Assistance Committee (DAC) has brought together the world’s biggest donors, playing a key role in defining and monitoring Official Development Assistance (ODA), developing policy guidelines on development assistance, and providing a forum for dialogue and sharing of experiences among its Members. During this period, the number of DAC Members has almost tripled (from 11 to 30) and the amount of ODA they provide was multiplied by 4 in real terms, from USD 35 billion in 1960 to USD 143 billion in 2016 (in 2015 prices and exchange rates). These flows might seem small when compared to domestic resources (e.g. tax revenue) or international private financial flows (e.g. foreign direct investments, remittances) available to developing countries; however, they are crucial to support countries and populations most in need (e.g. least developed countries, countries in situation of conflict and fragility, small island developing states, and large populations living in extreme poverty all over the world). For least-developed countries, for instance, ODA represents over 70% of their total external finance.

2. The current DAC mandate (2010) states that the Committee’s overarching objective “is to promote development co-operation 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” [C(2016)94]. While this overall objective remains valid today, the context where development co-operation takes place has evolved. A set of ambitious development goals were recently adopted by the international community, most notably the Sustainable Development Goals (SDGs) outlined in the 2030 Agenda for Sustainable Development (hereafter, 2030 Agenda), in the midst of increasing domestic and global challenges that threaten peace, prosperity and populations, such as humanitarian crises, global warming, climate change, international terrorism and persisting levels of inequality. The context for implementing the 2030 Agenda is therefore increasingly complex. Development co-operation will need to adapt and innovate to contribute to the achievement of the SDGs, which will require mobilisation of all resources

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26 For further information on ODA definition and coverage, see: www.oecd.org/dac/stats/officialdevelopmentassistance-definition-and-coverage.htm


28 A list of current DAC members is available at www.oecd.org/dac/dacmembers.htm

29 OECD data available at: http://www2.compareyourcountry.org/oda/?cr=20001&crl=ocecd&lg=en&page=1

available for development (including finance, partnerships and knowledge). The DAC as the group of major donors has an important contribution to make, serving as a good leader in enabling the implementation of the 2030 Agenda with a focus on countries most in need and leaving no one behind.

3. In light of these changes, the DAC has started to reflect on how to transform itself to better serve its Members and the broader international community, building on the Committee’s strengths. As recognised by a High Level Panel on the Future of the DAC, the DAC plays a critical role in “defining bilateral aid and shaping donor practice” and fills “important functions as a platform for setting policies and rules for official development finance and as a guardian of statistics and good practice standards” (High Level Panel report “A New DAC in a Changing World: Setting a Path for the Future” [DCD/DAC(2017)7]). Over the past years, and in response to a series of evaluations and internal reflection exercises, the DAC has also succeeded in improving the quality of its products and working methods, while maintaining the relevance (i.e. alignment with Members’ priorities) and effectiveness (i.e. policy impact) of its work high, as pointed out by an In-Depth Evaluation [C(2016)84]. However, both the High Level Panel report and the In-Depth Evaluation recognise that there is room for improvement and call for accelerating the DAC’s transformation by:

- Reformulating the DAC’s mandate and preparing a new work programme in line with recent international agreements, Members’ policy needs and concerns as well as the Committee’s major strengths.
- Making the DAC more inclusive and strengthening outreach and dialogue with development stakeholders beyond its Membership.
- Reforming the DAC’s working methods and meeting infrastructure to increase efficiency.
- Enhancing relations with DAC subsidiary bodies and networks.
- Increasing horizontal work with other parts of the OECD.
- Improving communication of DAC products.

Proposed vision for the DAC

4. Over the next five years, the DAC will transform itself to better fulfil its mission of promoting effective development co-operation and other policies so as to support developing countries in their efforts to achieve the SDGs, improving the lives of their peoples – particularly those furthest behind – and fostering their economic growth in an inclusive and sustainable

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31 The DAC established a High Level Panel on the Future of the DAC (www.oecd.org/dac/DAC-HighLevelPanel-Panelist-box.pdf) to propose options for transforming the DAC, in line with the decision taken at the 2016 DAC High-Level Meeting to “make proposals and recommendations for enhancing [the DAC’s] representativeness and maximising its relevance and impact so as to better support sustainable development efforts” (2016 DAC HLM Communiqué, [DCD/DAC(2016)11], paragraph 2).
32 In-Depth Evaluations are a regular exercise carried out for each OECD Committee under the oversight of the OECD Evaluation Committee.
33 The High Level Panel report focuses on the 2030 Agenda, the Addis Ababa Action Agenda on financing for development, the Sendai Framework on Disaster Risk Reduction, and the Paris Climate Agreement, calling them the “new consensus development agenda”.

Unclassified

FINAL COMMUNIQUÉ FROM THE DAC HIGH LEVEL MEETING OF OCTOBER 2017
manner. The DAC’s vision is to champion the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda and policy coherence for sustainable development among providers of development co-operation and within the OECD. The DAC aims to be the preferred platform for all providers to monitor, measure, share lessons, and set policies to improve the quality, results and impact of development co-operation and stimulate mobilisation of resources for implementing the 2030 Agenda. The DAC will lead by example, applying the principles for effective development co-operation.

5. To achieve this vision, the DAC will continue to build its core strengths, which are widely recognised as unique and relevant in the global development co-operation architecture. These core strengths are:

- Being the guardian of the integrity and definition of ODA and monitoring its flows as well as other official and private flows;
- Setting standards for providers’ engagement in development co-operation;
- Serving as the forum for Members to hold each other to account for their development efforts; and
- Promoting the exchange of views, learning and co-ordination among Members on good practices in development co-operation.

6. Anchored in the above core strengths and recognised convening power as a key international forum for development co-operation, the DAC will also take additional measures to transform itself to become more inclusive, agile and better able to support its Members and partners in implementing the 2030 Agenda and navigating the current development landscape. Based on the principles of development effectiveness, the DAC will:

- Promote greater mobilisation of resources for development, including ODA and its catalytic use, and continuous improvement in the quality, innovation, results and impact of development co-operation, so it can enable and accelerate sustainable development in developing countries;
- Become more inclusive and increase dialogue with actors beyond its Membership, in line with the spirit of Agenda 2030 of promoting partnerships among all development actors; and
- Improve its ways of working and be more transparent, so it can become more agile in responding to current and future development challenges.

7. The above-stated vision will guide the work of the DAC with the aim of strengthening its impact – as a group and as individual Members – in the context of implementation of the 2030 Agenda and the Addis Ababa Action Agenda. This work will be conducted with a focus on the DAC’s core strengths and comparative advantages (outlined in paragraph 5), in partnership with other OECD Bodies as well as relevant international organisations and global fora, in a complementary and co-ordinated way.
Proposed strategic priorities for DAC reform

8. To realise the above-stated vision, while building on and preserving its core strengths, the DAC will adapt itself to the evolving international development landscape by adopting the following strategic priorities over the next five years:

1. **The DAC will focus on fostering development impact and mobilising resources.** It will aim to promote partnerships and knowledge; achieve greater impact of development co-operation provided by DAC members and its partners; greater mobilisation of financial resources including ODA, and capture the totality of international official flows for development (including and beyond ODA, from DAC and non-DAC Members). It will use its convening power and build on its core strengths of defining and monitoring ODA and other official flows to better respond to the needs of greater and more effective resources to implement the 2030 Agenda and the Addis Ababa Action Agenda. This will be done by making explicit in the DAC mandate the objectives of fostering development impact and mobilising resources; using the DAC’s convening power to bring together relevant stakeholders to explore opportunities for increasing impact and resources for achieving the 2030 Agenda; strengthening the DAC’s work on policy analysis, guidance and good practices to enhance the quality, effectiveness, sustainability of results and impact of development co-operation, and increase the coherence of policies that impact development.

2. **The DAC will learn from existing development approaches.** It will strengthen itself as a forum for peers to learn from each other, particularly through peer reviews and subsidiary bodies such as the policy networks. In particular, it will better link its peer reviews to the 2030 Agenda by scrutinising more closely Members’ efforts to support partner countries to achieve the SDGs and making the peer review process more inclusive. It will also promote greater learning and exchanges around the findings of peer reviews, looking to promote good practices.

3. **The DAC will explore new development approaches.** Capitalising on its convening power, the DAC will put increased emphasis on dialogue so as to identify and learn from new development approaches from within and beyond its Membership. It will strive to capture innovations in development co-operation and strengthen itself as a key forum for dialogue on different approaches to development co-operation, recognising that there are different ways to tackle different development challenges.

4. **The DAC will reach out to development actors beyond its Membership to influence and be influenced.** The relevance of the DAC is determined not only by the alignment of its work with Members’ priorities but also by its importance to partners beyond its Membership. For this reason, it is essential to make the Committee more visible, inclusive, and open for dialogue with external stakeholders including developing countries. To achieve this objective, the DAC will take several actions, starting by revising its Global Relations Strategy to ensure that it adequately sets the direction for making the Committee more inclusive, in a way that complements but does not duplicate work done in other fora such as the United Nations (UN) and the Global
Partnership for Effective Development Co-operation (GPEDC). It will also strive to communicate more strategically around flagship products to external stakeholders.

5. **The DAC will increase transparency, proactively self-assess and hold itself to account.** The DAC has historically played a central role in ensuring that its Members are transparent and hold each other to account on their efforts and commitments in the area of development co-operation. Such transparency and accountability are critical to provide the right incentives for Members to improve the way they do development co-operation and achieve better results and impact. It can also provide invaluable information for mutual learning. The DAC will strengthen this core function, which today is fulfilled mainly through DAC peer reviews, including by exploring new tools to provide a holistic view of development co-operation which could draw on DAC statistics and indicators.

6. **The DAC will work in effective governance, systems and structures.** The In-Depth Evaluation of the DAC [C(2016)84] recognised that the Committee has increased its efficiency over the past years. However, in the current development context, it is important to become increasingly agile to respond to current and future domestic and global challenges. The DAC will therefore strive to rationalise its ways of working, improve its consensus-based decision-making process, increase senior-level participation in its meetings, and expand access to its documents. The DAC will also increase its horizontal work with other parts of the OECD.