

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

**Summary Record of the 1045th DAC meeting, held on 11 June 2018**

The revised draft summary record [DCD/DAC/M(2018)6/REV1] has been submitted to the Committee for approval under the written procedure, with the deadline of 24.08.2018. As no comments have been received by the Secretariat, the document is now considered APPROVED and issued as FINAL and declassified.

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**JT03435121**

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### **Item 1. Welcome and Adoption of the Agenda**

1. The DAC Chair welcomed participants and invited them to adopt the meeting agenda. The delegate from the United States requested clarification on the action requested for item 6. The Director specified that the Committee would be asked to approve the establishment of a DAC Reference Group on Preventing and Managing Sexual Exploitation and Abuse and to discuss the note to be presented. The Committee then approved the agenda without modification.

### **Item 2. Approval of Draft Summary Record**

2. The Chair invited the Committee to approve the draft summary record from the 16 May 2018 DAC meeting. The delegates from the European Union, United Kingdom, and United States announced that they had comments on the text (in particular in paragraphs 15 and 20). The Committee agreed that the Secretariat and those three Members would liaise to produce a revised version of the summary record for approval via the written procedure. The Secretariat will strive to set the deadline for expression of objections before the 10 July DAC meeting.

### **Item 3. Briefing by the DCD Director and DAC Chair**

3. The DCD Director reported to the Committee on a number of recent developments. He mentioned that the Secretariat issued to the DAC on 25 May a draft paper on efforts to harmonise OECD and multilateral development banks' measurement methodologies. The purpose of this document is to help build transparency in this area to in turn help inform policies, ensure credibility (address concerns about over-inflation of figures) and build trust with the public but also the private sector. The Secretariat requested any written comments on the paper by 8 June, after which the Secretariat will fine-tune the document in advance of the July meeting at which it will be formally presented.

4. The OECD asked the DCD and all other directorates to issue on 8 June a revised version of the Programme of Work and Budget (PWB) corporate templates for the 2019-20 biennium. This submission [see DCD/DAC(2018)27] has been updated with Central Priority Funding (CPF) allocations and the share of the budget reduction to the DAC. The Secretariat submitted this adjustment to the DAC by accelerated written procedure together with the selected CPF one-pagers. The deadline for expression of objections is Friday, 15 June.

5. The Director then thanked Ireland for the warm hospitality and very successful discussions during his recent mission to Dublin, where he had the pleasure to meet with senior leadership officials in Irish Aid and Parliament, and representatives from civil society. During the mission, the Director and Irish participants discussed: strategic targeting of policies that help countries most in need; the forthcoming Development Co-operation Report on Leaving No One Behind; the potential for a regional focus on Africa for the Secretariat's work; development effectiveness and new work on development

innovation and impact, transition finance, TOSSD and the Global Outlook, the International Dialogue on Peacebuilding and Statebuilding, the States of Fragility report; data for development; and the DAC networks GENDERNET, ENVIRONET, and EVALNET.

6. The DAC Chair then reported on recent developments from her office. She thanked the United States for hosting the Tidewater meeting in early June. The meeting included sessions on supporting the journey to self-reliance, combatting sexual exploitation and abuse in the development and humanitarian sectors, building resilience for the longer-term in fragile states, spending resources more wisely to address humanitarian needs in conflict- and crisis-affected situations, and shareholders' role in shaping the global development system. The meeting co-chairs issued a summary<sup>1</sup>, and the session on sexual exploitation and abuse issued a joint ministerial statement<sup>2</sup>. The Chair commented that the DAC must ensure that the work of the International Network on Conflict and Fragility and the "Pathways for Peace" is moving forward, as the international development community struggles greatly in this area.

7. The Chair then drew delegates' attention to the recent meetings of the G7 chaired by Canada where the Joint Development and Finance Ministers meeting issued a co-chairs' summary<sup>3</sup> and the G7 leaders a Charlevoix Commitment on Innovative Financing for Development<sup>4</sup>. Both documents reference the OECD–DAC Blended Finance Principles and the need to raise awareness of and implement them.

8. In discussion, Members inquired about next steps regarding the work on private sector instruments (PSI). The Chair said that she has reached out to a number of Members to sketch out a process for moving forward. There is a common understanding and political will to advance this issue, even if the technical details are still to be determined. The Chair announced that she would take a little more time to reflect on the way forward, in consultation with the Secretariat and the Bureau. She promised to propose a clear process forward at the July DAC meeting. She stated that her firm objective is to decide on PSI at the Senior Level Meeting in December 2018 at the latest. The U.S. delegate cautioned against the DAC reopening technical negotiations on PSI, encouraging Members to focus instead on best practices and other policy-oriented approaches to leveraging the private sector to promote sustainable sources of finance for development, elevating the aid effectiveness agenda, capturing learning on how to best deploy ODA catalytically, and developing the broader TOSSD statistical measure.

9. The DAC expressed appreciation for the updated strategic roadmap [DCD/DAC/RD(2018)1/REV1] and requested that a briefing on OECD work in the G20 be programmed for the autumn. The Chair invited Members to provide any written comments on the roadmap.

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<sup>1</sup> <http://www.oecd.org/dac/Tidewater-Co-Chairs-Summary-2018.pdf>

<sup>2</sup> <http://www.oecd.org/dac/Tidewater-Joint-Statement-on-Combating-Sexual-Exploitation-and-Abuse.pdf>

<sup>3</sup> <https://g7.gc.ca/en/g7-presidency/themes/investing-growth-works-everyone/g7-ministerial-meeting/co-chairs-summary-g7-joint-development-finance-ministers-meeting/>

<sup>4</sup> <https://g7.gc.ca/en/official-documents/charlevoix-commitment-innovative-financing-development/>

#### Item 4. Untying Aid: 2018 Progress Report

10. The Director reminded delegates that the Secretariat presented the 2018 Untying Aid Progress Report to the Committee at the April 2018 DAC meeting. The Committee had, at that time, requested a few minor edits to the report and to revisit the annexes.

11. In this session, Members approved the revised 2018 Report and welcomed the co-ordination between the DCD and Exports Credit Group Secretariat, who delivered a presentation on “Transparency Provisions For Untied Aid – Participants”. Going forward, both sides will co-ordinate in developing more concrete options for simplifying reporting, and keeping Members informed of relevant steps, and submit to the respective Committees any formal proposals for comment and approval.

12. Regarding the review of the extension of the country coverage of the 2001 DAC recommendation, which the Secretariat presented to the Committee for guidance, Members expressed support for ensuring that the effectiveness of the Recommendation not be adversely affected by reducing its coverage:

- Eight members supported expansion of the coverage (Denmark, EU, Ireland, Portugal, Slovak Republic, Spain, Sweden, and the United Kingdom). Of those, 3 members supported combining option 2 with the current coverage for countries in the non-LDC HIPC group (Spain, Slovak Republic, and Denmark); 2 members supported combining option 2 as well as coverage of other Low Income Countries (EU and Portugal); and 2 members expressed support for option 2 (Sweden and UK); one member (Ireland) supported expansion in general without expressing a preference for a specific option. This reflects written additions by Sweden and UK subsequent to their interventions at the DAC meeting.
- Two members indicated their readiness to consider expansion of the coverage of the Recommendation (Australia and France).
- Six members requested more time without expressing any preference for expansion or reduction of coverage (Canada, Japan, Korea, Poland, Switzerland, and the United States); of those, 1 member (Japan) stated that there should be no *a priori* conclusion on the need for an extension of the coverage of the recommendation. This reflects written additions by Japan subsequent to its intervention at the DAC meeting.
- No member expressed a preference for reducing the coverage of the Recommendation.

13. Based on the comments, the Secretariat will undertake further analysis and consultations, with a view to reverting to the Committee with a concrete proposal.

#### Item 5. DAC Global Relations Strategy

14. The Secretariat presented the draft DAC Global Relations Strategy, which provides a new approach to engagement in line with the ongoing DAC reform process and the overarching goal of supporting achievement of the 2030 Agenda for Sustainable Development. This new approach is ambitious, more inclusive and will improve the ability of the Committee to take a holistic view on development co-operation, including on how the Committee engages with the rest of the OECD. The Secretariat held consultations with Members on the draft Strategy and many of the comments that Members expressed were incorporated.

15. The DCD Director highlighted the main novelties that the draft Strategy now includes, such as:

- The importance for content and evidence to drive the engagement work.
- Least Developed Countries (LDCs) and Africa are highlighted throughout the document as priority partners for engagement, although the DAC’s engagement will *not* be exclusively limited or driven by to these two groupings of countries.
- The DAC ought to work with a broader range of stakeholders such as civil society organisations, philanthropic foundations, the private sector, regional and international organisations – on top of developing countries and non-DAC providers of development co-operation.
- Synergies will be leveraged with OECD–hosted partnerships, such as the Global Partnership for Effective Development Co-operation.
- A whole-of-OECD approach will be promoted in delivering the Strategy, notably with the Development Cluster and the Global Relations Secretariat, with support of DAC Members.

16. The DAC welcomed the changes and ambition of the draft Global Relations Strategy. Before approving the Strategy, the DAC highlighted the importance of a financing strategy to ensure that partner countries are able to participate fully in DAC meetings and work. The DAC also welcomed further information on how the Secretariat plans to foster engagement with the OECD Key Partners (Brazil, China, India, Indonesia and South Africa). These and other outreach-related issues will be detailed in an annual action plan.

17. The DAC then approved the revised Global Relations Strategy, under the understanding that outreach will not be limited to LDCs and African countries (“namely” does not mean “exclusively” in paragraph 10 of DCD/DAC(2018)21). The Secretariat and Chair will revert back to the Committee on the organisation of a LAC–DAC Dialogue meeting back to back with the SLM in December.

## **Item 6. DAC Recommendation on Preventing and Managing the Risks of Sexual Exploitation and Abuse in Development Co-operation**

18. The Chair stressed the need for the DAC to work together to address the issue of sexual exploitation and abuse in development co-operation, mentioning the recent statement from the Tidewater meeting. The Secretariat presented a proposal for a *DAC Recommendation on Preventing and Managing the Risks of Sexual Exploitation and Abuse in Development Co-operation*, which includes the establishment of a DAC Reference Group open to all Members, Observers, and Participants on a voluntary basis to guide the development of the work. The Secretariat proposed a timeline and process to present a draft Recommendation at the SLM in December. The Secretariat noted that the ability to meet this deadline would depend on support and engagement from DAC Members.

19. Members overwhelmingly welcomed the proposal from the Secretariat, noting their strong interest in participating and supporting the establishment of the Reference Group. Members stressed the need to include issues related to gender equality and changing organisational culture and ensure complementarity with existing initiatives. Two Members raised concerns around the value added of an instrument, but supported the need to share best practices and peer learning among Members. The proposal was accepted with the agreement that “DAC recommendation” be replaced with “DAC instrument, such as a

declaration or recommendation” throughout that document. Members agreed that the next step was to establish the DAC reference group.

### **Item 7. Triangular Co-operation and Lead-up to BAPA +40**

20. Mr. Jorge Chediek, Special Envoy of the UN Secretary General for South–South Co-operation and Director of the UN Office for South–South Co-operation (UNOSSC), gave an overview of the preparations for the Second UN High-level Conference on South-South Co-operation (BAPA +40). In light of the 2030 Agenda for Sustainable Development, he emphasised the global relevance and timeliness of this conference, which will also feature triangular co-operation.

21. The understanding of triangular co-operation is now going beyond two parties supporting South–South co-operation and often involves an active contribution of a DAC Member. The work of the OECD has contributed to providing a more ample view. Therefore, BAPA +40 provides a unique opportunity to build bridges among South–South and North–South co-operation. Mr. Chediek called on DAC Members to promote the modality more and to incorporate triangular co-operation into the usual set of instruments that their development co-operation agencies and units provide.

22. The DCD Director emphasised that the DAC needs to foster the specific role of triangular co-operation and enhance data collection, including through the DAC Creditor Reporting System, and analysis of how triangular co-operation works. The DCD recently co-organised, together with the Government of Portugal, the fourth international meeting on triangular co-operation in Lisbon (17-18 April) and launched a “Toolkit for identifying, monitoring and evaluating the value added of triangular co-operation”.

23. The DAC Chair reminded participants that “old” concepts of donor–recipient relations often hinder the interaction between the South–South co-operation community and the DAC. She underlined the values and principles of the SDGs as our common and shared agenda.

24. In discussion, the Director of the UNOSSC, together with Canada and Mexico, strongly encouraged all DAC Members to join the Global Partnership Initiative on effective triangular co-operation. It provides a global platform for exchange and advocacy on triangular co-operation and aims to present voluntary principles for effective triangular co-operation at BAPA +40.

25. DAC Members confirmed the importance of BAPA +40 and their countries’ interest in contributing to the discussions, as South–South, North–South and triangular co-operation are complementary. Mr. Chediek invited DAC Members to provide inputs to the process leading up to BAPA +40. UN Member States have already received a questionnaire and the information provided will feed into the draft outcome document, which is to be presented in August 2018. Negotiations on the document will continue through February 2019; DAC participation is welcome at any step in the process. The DCD will organise consultations with the DAC on providing inputs for BAPA +40.

## Item 8. Financing the Functions of the DAC Chair

26. The Chair presented a paper which outlines the budget for the previous three and current chair and proposes a definition for a number of principles. Several Members reiterated the goal of revisiting the financing of the DAC Chair – to open the position to candidates from more countries, thereby making it more accessible and broadening the base of candidates. In this vein, several Members commented on the principles of the DAC Chair position that they felt should prevail: results-oriented leadership, maintaining visibility, burden sharing, and the continuity of the DAC Chair’s operations. Members expressed their positions on the financing options with approximately half of Members stating that they would not be willing to change what they are currently paying. One Member made a proposal to discuss options that would be conducive to sustainable financing, such as an “equal shares option” then decide on what would be included in this (i.e., an assistant and certain office expenses up to a certain limit).

27. Several Members emphasised the importance of burden sharing, as the DAC Chair represents all Members and that this will ensure the predictability of resources. Another Member pointed out that the status quo – with a Chair that rotates between Members – is already a sort of burden sharing. Several smaller DAC Members expressed an unwillingness to accept an “equal shares option” as that would put a disproportionate burden upon them. Some Members suggested that it would be useful to have a standard, basic budget produced in order to inform the discussion.

28. The DAC Vice Chairs noted that in their consultations, the importance of continuity seemed to be a recurring concern, as prior to the start of the term of the current Chair there was an unfortunate gap without leadership of the Committee.

29. Several Members noted that the Committee should not be too definitive in its financing solution as the Chair would need flexibility and too detailed steering might deter potential candidates. Along the same lines, the importance of the Chair maintaining enough influence and freedom to create visibility, for example, around the effectiveness agenda was of great importance. One Member felt that availability and flexibility were more important than residency. Members expressed a desire to take a decision on this at the upcoming SLM in December 2018.

30. The DAC Chair summarised the discussion by stating that the issues of burden sharing and inclusion and the possibility for all countries to have a Chair was the crux of the matter – but these were also the topics where views have greatly differed. The Chair then outlined a process for a way forward between now and the September DAC meeting, stating that a survey would be shared with DAC Members enabling the choice of more than one financing model and to explore areas open to negotiation and non-negotiables concerning the financing of the DAC Chair. This would be followed by a presentation of a document with a suggested financing model during the September DAC meeting, with the goal of taking a decision at the December SLM.

## Item 9. Sector Financing Reports

31. The Secretariat presented preliminary highlights of a report currently under preparation and entitled “Official Development Finance in the SDG era: a sectoral overview”. In response to a question by Switzerland, the Secretariat recalled that the term SDG-related sector came from the initial idea of the paper to carry out an analysis of financing to the SDGs. However, based on work carried out by WP-STAT since July 2017,

this has proven to not be possible in a robust way. The Secretariat mentioned that the term was used also because the needs assessments presented in the paper are based on SDG needs as identified by UNCTAD along traditional sectors.

32. Canada will submit a few methodological comments in writing and highlighted that the sector work is particularly interesting in the blended finance context. At the upcoming WP-STAT, Canada will propose a policy marker on innovation and invited Members to support this proposal, as it could be useful to future sector analyses.

33. Belgium asked about chapter 3 and if there was there a tipping point where providers can start transitioning their support from one sector to another. The Secretariat indicated that this analysis will be further developed in the framework of the work on transition. On chapter 4, Belgium would also welcome a link between instruments and transition.

34. The US will submit comments in writing, but indicated that they are not persuaded that chapters 1 and 2 of the paper have enough evidence to merit further development or discussion, strongly suggesting to set those two sections aside. The US recommended that Section 3 and 4 form the basis for the next version of the first paper. Then, the second paper could take a deep dive into one or two specific sectors, which is what they thought would be the case when they agreed to this work in the PWB. Following the meeting, the Secretariat clarified that the document presented for discussion was not the actual paper, but just an extract of a longer paper that provides a lot of evidence on the messages contained in chapter 1 and 2.

35. Ireland promised to send comments in writing and strongly supported and praised the impressive work done. It then asked if the fact that humanitarian information is not broken down by sector is an issue and how WP-STAT could address it. Further comments will also relate to data quality especially from emerging providers and the responsibility that the SDGs place on central statistical offices.

36. Greece will send more detailed comments related to possible groupings and overlaps of sectors. They welcomed a reliable mapping of the multilateral financing landscape and the Secretariat clarified that the mapping will be covered in the upcoming Multilateral Development Finance Report.

37. The DAC Chair then concluded the session underlining the high value of the work and looked forward to using the content of the paper in the future.

## **Item 10. DAC Policy Network Update: Environment**

38. The Secretariat briefed the DAC on the recent, successful meeting of ENVIRONET, as well as two workshops held in conjunction: 1) an inception workshop: DAC peer learning on managing and mainstreaming environmental issues in development co-operation; and 2) a workshop on managing environmental risks in development banks and development finance institutions. Members were pleased with the outcomes of the meetings, including the strong support and endorsement for proposed work in areas such as climate change adaptation, the sustainable ocean economy, aligning development co-operation with the 1.5 degree temperature goal, green investment and development banks as well as climate change governance. Members also expressed their pleasure with the horizontal co-operation in OECD on several of those issues and noted the interest of external partners to engage and collaborate in this work. The Committee stressed the importance of an adequate balance between climate and environmental topics and

expressed interest in convening specific DAC meetings or discussion formats, possibly jointly with EPOC.

#### **Item 11. Summary of Conclusions**

39. The Secretariat provided an overview of the decisions, action points, and next steps emerging from the day's proceedings. The Secretariat will circulate this overview to the Committee in electronic form.

#### **Item 12. Any other business**

40. The Secretariat informed the Committee that the delegate from the United States had announced to the Secretariat and the Bureau that she will be reassigned in her government over the summer. As she is also a Vice Chair, the Secretariat will facilitate the process to elect her successor as Vice Chair for approval at the July DAC meeting. The Secretariat will issue a letter to Members from the Director very shortly.