

Unclassified**English - Or. English****1 September 2020****DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE****Summary Record of the 1078th DAC meeting – 8 July 2020 (Session 1) and 15 July 2020 (Session 2)**

The Draft Summary Record [DCD/DAC/M(2020)7] was sent to the DAC for APPROVAL via the written procedure.

No objections were expressed by the 28 August 2020's deadline; the record is therefore considered approved, issued as final, and declassified.

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Summary Record of the 1078th DAC meeting – 8 July 2020 (Session 1) and 15 July 2020 (Session 2)

SESSION 1: Wednesday 8 July 2020

Item 1. Adoption of the Agenda

1. The Committee adopted the draft agenda without modification.

Item 2. Briefing by the DCD Director and DAC Chair

2. The Chair and Director reported to the Committee on a number of developments. The Chair informed the Committee that at its recent Executive Board meeting, the World Food Programme announced that it intends to adhere to the DAC recommendation on the humanitarian–development–peace nexus. UNICEF has also indicated that they would like to adhere. The Chair commented that she would like to convene, in the margins of the UN General Assembly, a DAC roundtable to review implementation of the recommendation and to encourage adherence by other bodies.

3. On 9 July, the DAC Chair will preside over a high level forum with the World Economic Forum on small island developing states that will include the participation of the Prime Minister of St. Lucia.

4. The Director previewed some details on the funding situation for the current 2019-20 DAC Programme of Work and Budget, which will be issued shortly to ONE in the form of Committee Progress Report for 2019.

Item 3. Climate++

5. The Austrian Vice-Chair of ENVIRONET, Ms Sandra Wibmer, briefed the Committee on the outcomes of the ENVIRONET discussion of 10 June on the climate++ menu of options prepared by the facilitator group. ENVIRONET affirmed a broad clarity on the context, approach, and format of options for the DAC to address climate and environment issues at the DAC High Level Meeting (HLM) and emphasised the need for concrete, meaningful, and sufficiently ambitious outcomes. Members agreed that the nine areas identified at the end of the ENVIRONET background document remain relevant and asserted the importance to include the Covid-19 response and a green recovery in the HLM outcomes. To address outstanding issues of contention, the HLM could mandate a review of core standards and approaches.

6. The facilitators of the DAC's climate++ group then clarified key context for preparing HLM deliverables on climate change and the environment from its perspective. There exists enthusiasm for many of the proposals in the background document. The group is identifying steps to iron out differences of opinion on a number of issues.

7. In discussion, members highlighted the need for the HLM outcomes to highlight: the positive contribution of development co-operation to achieving climate objectives; the mainstreaming of climate across co-operation policy areas; pro-poor and gender approaches as cross-cutting issues; building back better from the Covid-19 crisis with a green recovery; country ownership and the special needs of small island developing states (SIDS) and least developed countries (LDCs), while acknowledging the need and mandate of development co-operation, including in support of climate and environmental objectives, to support all developing countries; and a comprehensive view of environment that includes biodiversity and oceans.

8. In concluding the session, the Chair asserted that progress had been made within the Committee on the issue of climate. She encouraged the DAC to move forward on the areas of agreement and to reduce those areas where disagreements remain.

Item 4. Policy Network Update: Working Party on Development Finance Statistics (WP-STAT)

9. The DAC co-facilitators for WP-STAT and the Secretariat briefed the Committee on recent discussions within the Working Party. Among the topics discussed were the clarifications on ODA eligibility and tracking of Covid-19-related activities in the Creditor Reporting System; the review of the DAC List of ODA Recipients; the implementation of previous DAC HLM agreements (including on debt relief and sustainability, the 1978 Terms and Conditions of Aid recommendation, and in-donor refugee costs); reporting methods and issues; and future WP-STAT engagement with CSOs. The next WP-STAT meeting is scheduled for November 2020.

10. The Secretariat expressed its availability to convene an informal briefing session on debt relief on Friday at 11.00 and will circulate a Zoom link shortly.

Item 5. Summary of Conclusions

11. 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 6. Any Other Business

12. The delegate from Belgium intervened to brief the Committee on the results of recent meetings of the DAC Network on Governance (GOVNET) including the Anti-Corruption Task Team (ACTT). There has been a change in the GOVNET Bureau with Switzerland stepping down and the United States stepping in. The Secretariat has prepared a note with messaging on Covid-19 and governance with topics including accelerated autocratisation, climate change adaptation governance, participatory development, and the good governance marker. The ACTT is working on illicit financial flows and oil commodity trading as well as the monitoring of the anti-corruption recommendation. The Belgian delegate announced that he will step down as GOVNET facilitator and that the Swedish delegate will replace him.

13. The delegate from the United States then reported on recent work in the International Network on Conflict and Fragility (INCAF). The Network is considering how to operationalise the nexus recommendation. INCAF delegates discussed the States of Fragility report to be launched in September. The most recent meetings held two special sessions: one on the Covid-19 response and another on how the US is implementing the Global Fragility Act. Lastly, members provided input on the work plan for INCAF.

14. The delegate from Germany affirmed his availability to take over from the UK as facilitator of the informal group on the oversight of subsidiary bodies.

SESSION 2: Wednesday 15 July 2020

Item 7. Debt Relief

15. Following previous consultations within the Committee (including a question and answer session on 10 July) and with the Paris Club, the DAC Chair and Secretariat clarified elements of the compromise package on the treatment of debt relief in the grant equivalent system.

16. Members expressed their support for the Secretariat's editorial changes (and the Chair's amendment), which do not affect the content of the proposal. Nearly all members expressed their agreement to the current proposal. There were no comments on the rules for reporting, but one member proposed edits to the narrative on ODA claims committed and disbursed as from 2018, in particular regarding the review of the risk-adjusted discount rates and the methodology for reporting debt relief in ODA. While a few members supported the edits, a few others stated they could not agree. The DAC Chair emphasised that the two reviews were separate exercises and that it was necessary to clarify this aspect in the narrative.

17. Following the meeting, the Chair and Secretariat will issue a revised compromise proposal, with some minor editorial changes to reflect the discussion but that do not alter the substance, for approval by DAC members via the written procedure with a deadline to be determined. After approval within the DAC, the agreed package will then be presented to the Paris Club.

Item 8. Finance in Common Summit

18. Mr. Rémy Rioux, Directeur-général of the Agence Française de Développement and Chairperson of the International Development Finance Club, addressed the DAC to present plans for the Finance in Common Summit during the Paris Peace Forum, to be held the same week as the DAC High Level Meeting in November. The intention of the Summit (9–12 November in Paris) is to contribute to the COP26 agenda and the G20 Summit. It will bring together all public development banks across the world to exchange ideas and information on projects and initiatives relating to development finance.

19. The Summit will agree a collective statement of the Public Development Bank system, declaring the individual banks' willingness to align with sustainable finance principles. More specific declarations will be welcome from groups of banks wishing to commit beyond the collective statement. The Summit also intends to launch concrete measures and innovative initiatives. Mr. Rioux encouraged DAC members to respond to the online questionnaire.

20. The Chair confirmed the great interest of the DAC for this event and proposed to hold another session in the early Fall with Mr. Rioux in preparation for the Summit.

Item 9. High Level Meeting: Agenda and Communiqué

21. The Chair presented a refined proposal for the HLM agenda, to be held over two days on 9 and 10 November 2020, along with a first draft of the HLM Communiqué. Members expressed broad agreement on the agenda and welcomed the direction of the current version of the Communiqué, while asserting their desire that it remain brief, political, and action-oriented.

22. Members identified a number of items for inclusion in the Communiqué, including but not limited to: biodiversity/climate, disaster risk reduction, resilience, effectiveness, financing for sustainable development, multilateralism, global public goods, civil society, outreach including with emerging donors, leaving no one behind, LDCs, gender equality, and building back better/greener. The Chair invited written comments to inform a revised version to be circulated after the holiday period.

Item 10. Private Finance and Development Impact

23. The Secretariat provided a status update on the Work Programme for the DAC Community of Practice on Private Finance for Sustainable Development and requested comments on the blended finance principles guidance and impact standards. Members welcomed the Secretariat's work on the blended finance principles guidance notes and welcomed the suggestion of convening additional consultations. On the impact work stream, members supported the idea to collect good practices on how to manage the impact of sustainable development finance. While a number of members expressed support for the work on development impact standards, a couple of members expressed concerns over the potential for duplication of efforts relative to the work of other partners. The Secretariat affirmed that this work is complementary and not duplicative, as the constituencies and goals are different. The Secretariat will come back to the DAC in September with a more detailed gap analysis.

24. Members also noted that the timeline for approval of the blended finance principles guidance (which is scheduled to return to the DAC at the September meeting) appears to be ambitious. The Secretariat reiterated that the Community of Practice still lacks a chair/co-ordinator and invited nominations. A couple of members proposed that the Community have two co-chairs instead of one.

Item 11. Summary of Conclusions

25. 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

26. The delegate from Germany informed the Committee that the German and Finnish delegates will step down as co-facilitators of the DAC informal group on the Programme of Work and Budget (PWB). He proposed a new format for future discussions on the PWB in which the DAC Vice Chairs would play the role formerly played by the co-facilitators. He will discuss this in greater detail with the DAC Bureau.

27. The Director then informed the Committee that the Secretariat will manage the designation of the Vice-Chairs with the upcoming departure of the Vice-Chair from the European Union. He will issue a communication on the process following today's meeting.

28. The Chair bid a fond farewell to departing delegates and reiterated her suggestion that the Committee adopt a "buddy system" to support incoming delegates.