

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

IMPLEMENTING THE DAC REFLECTION EXERCISE

Room Document 5

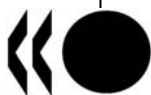
DAC Meeting, 16 March 2010

This document is submitted for DISCUSSION under Item 7 of the Draft Annotated DAC Agenda [DCD/DAC/A(2010)3].

The DAC carried out a discussion on the DAC Reflection Exercise Task Team Proposals [DCD/DAC/RD(2010)2/RD3] on 12 February 2010, with a view to table a document for the Senior Level Meeting of 14-15 April. Delegates suggested the document to focus on, inter alia, the strategic direction of the DAC, comparative advantage, accountability, and working with other committees. These are issues covered in the document Programme of Work and Budget 2011-2012: Revised Working Proposal [DCD/DAC(2010)12] along four strategic themes. As the PWB document will not be tabled for the SLM, this document uses the same four themes to describe the strategic direction of the DAC in implementing the Reflection Exercise.

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IMPLEMENTING THE DAC REFLECTION EXERCISE

I. Introduction

1. In 2007-2008, the OECD Council carried out an In-Depth Evaluation of the Development Assistance Committee (DAC) in order to renew its mandate for 2011-2015. The conclusion indicated that the DAC was highly relevant but that it needed to undertake a Reflection Exercise in order to maintain its relevance in a rapidly changing development landscape. Thus, in 2008-2009, a senior level Reflection Group undertook this exercise and produced a report¹ which was endorsed by the DAC High Level Meeting and Council in mid 2009. The main conclusions from the Reflection Exercise are the following:

Strategic Priorities

- Strengthen core areas of statistics, Peer Reviews, aid effectiveness, and policy guidance.
- Engage actively in the global governance reform for development co-operation.
- Deepen work on policy coherence for development.
- Integrate global public goods into development strategies.

Organisational Arrangements

- Articulate its future role in the revised mandate.
- Deepen inclusion of key development stakeholders.
- Carry out a reform to enhance its overall performance.
- Expand advocacy work within OECD and for public support to development co-operation.
- Encourage OECD to carry out a review of its overall work on development.

2. Subsequently, three Task Teams were formed on Policy Coherence for Development & Global Public Goods, Global Development Governance and Organisation of DAC Work, in order to elaborate the implementation plan of the Reflection Exercise conclusions. However, this document does not attempt to summarise the rich discussions of the Task Teams, which are described in their respective reports². Other informal groups on Communication and the DAC Mandate³ as well as the Peer Review Methodology meetings were organised to address specific topics from the Reflection Exercise.

3. Some of the discussions are still on-going. However, as the DAC is required by the Organisation at this time to develop its Programme of Work and Budget (PWB) for 2011-2012, the implementation plan is being reflected in this work programme. The following describes how this is done in the overall PWB, followed by how it is reflected in Peer Reviews as well as advocacy and communication.

¹ [DCD/DAC(2009)23/FINAL]

² [DCD/DAC(2010)5], [DCD/DAC(2009)51], and [DCD/DAC/RD(2009)17/RD3]

³ A separate report will be prepared.

II. Programme of Work and Budget

4. The conclusions from the Reflection Exercise are addressed in the PWB 2011-12 through four strategic themes: comparative advantage, accountability, results focus, and inclusion. The below elaborates each of these themes, which could guide the Committee to shape itself into a new DAC.

i) Areas of comparative advantage

5. The Reflection Exercise requires the DAC to leverage its comparative advantage to maintain relevant in a rapidly changing and crowded global landscape. As the DAC is a unique forum where major bilateral donors—in close collaboration with multilateral organisations—set standards on how to increase the effectiveness of Members' aid and their co-ordination efforts, the Committee will deepen its work on the traditional core areas of statistics and Peer Reviews for the next biennium and beyond. While there is a shift towards focusing on wider development flows and policies beyond aid that affect development, aid is still the primary business of the DAC. To capitalise on the exclusive peer learning feature that is seldom replicated elsewhere, engagement with other donor countries such as the BRICS, Arab donors, and non-DAC OECD countries will also be expanded. In this regard, the work of the China-DAC Study Group has enabled a major donor in the global landscape to share its experience and dialogue with the DAC on its development co-operation affairs. This is an example of the added value of the Committee.

6. Reporting and analysis of ODA statistics is a clear comparative advantage as the DAC is the primary source of the collected data. Mobilising ODA against various commitments by using peer pressure and comparative analysis is a unique feature of the Committee. This also includes the analytical work on aid architecture which uses DAC statistics. Another core area is its work on aid effectiveness. For the next biennium, 2011 will be dedicated to the preparation of the Fourth High Level Forum (HLF) on Aid Effectiveness in Seoul; for 2012, work will include follow-up to the Seoul HLF on possible DAC Member commitments, pending decision by the Committee on the future shape of its aid effectiveness work, particularly in relation to the United Nations' Development Co-operation Forum.

7. In general, the OECD's comparative advantage over other international organisations is its multi-disciplinary approach and its ability to engage with multi-sector policy communities of industrialised countries—and increasingly emerging economies—that can impact the development of poorer countries. Taking advantage of this unique structure, the DAC's ability to carry out collaborative or horizontal work with other policy communities is a clear added-value. For example, the work on climate change and environmental sustainability, which is one of the main pillars from the Policy Directors' Meeting, will be pursued jointly with the Environmental Policy Committee (EPOC) in delivering the mandate from the DAC-EPOC High Level Meeting of May 2009.

8. Similarly, joint work with other policy communities on aid for trade, food security, tax and governance, and anti-corruption will also provide opportunities to integrate developing country interests in Members' various policy areas. The significance of this joint work is increasing as the Reflection Exercise highlighted policy coherence for development (PCD) as a major area of contribution by the DAC to global poverty reduction. Monitoring the expected *Council Recommendation on Guidance on Good Institutional Practice on PCD* through Peer Reviews and supporting the development of a PCD toolkit based on a consensus approach can only be effectively and officially carried out at OECD.

ii) Enhancing accountability of Members

9. Transparency and accountability are essential elements for development results—they lie at the heart of the Paris Declaration and the Accra Agenda for Action (AAA). Therefore, the Reflection Exercise saw scope for the DAC to help its own Members be more accountable to partner countries through better monitoring. Aside from core work, monitoring work will be carried out in, *inter alia*, aid for trade, gender

equality, Strategic Environmental Assessment, capacity development, L'Aquila commitments on global food security, managing joint evaluations.

10. On evaluation, the DAC's platform to share lessons and tools for development evaluation among Members and international organisations is key to improving donor accountability. Through the aid effectiveness work, the DAC will also be working on mutual accountability in preparation of HLF4. In addition, a new project is planned on donor accountability which examines development-related financial and policy commitments made by DAC Members at the highest political level. The objective is to track the implementation of these commitments with a view to improve communication on what donors have delivered and provide the general public and civil society organisations (CSOs) with information on progress; enhance donors' ability to deliver on their multiple commitments through better tracking of implementation and attention to results; and help them in the design of measurable commitments that can be monitored. Once established, the mechanism can be rolled out to produce periodic reports, with possible in-depth focus on a subset of commitments.

iii) Focusing on results

11. The Reflection Exercise points to the need for results—sometimes used interchangeably with impact, effectiveness, and outcomes. The Committee frequently refers to different types of results: changing donor behaviour; aid effectiveness; development effectiveness; and outputs and outcomes as opposed to inputs. Influencing donor behaviour is the most immediate result that the Committee can aim for. This can be achieved through monitoring standards and commitments as mentioned above. The effort to collectively make aid effective through the implementation of the Paris Declaration and the AAA can also be seen in the work on forward survey of donor spending plans, mapping aid and division of labour, environment, anti-corruption, and gender equality.

12. At the same time, the Reflection Exercise emphasises that the Committee now needs to move beyond aid effectiveness and work towards development effectiveness. Specifically, it recommended the DAC to expand its efforts to capture the totality of public and private development financial flows, including on multilaterals. The Reflection Exercise also mentions the need to deepen and accelerate the DAC's work on global public goods (GPGs) and PCD. Therefore, the DAC will enhance work on conflict and fragility, climate change, aid for trade, tax and governance, and anti-corruption. In addition, new work will include areas such as greening pro-poor growth and global food security which address non-aid policies on trade, intellectual property rights, and environment. The China-DAC Study Group also plans to organise workshops on GPGs and PCD in African countries on topics such as green growth, climate change, food security, innovation, and access to technology.

13. As mentioned above, the work programme also proposes to monitor the expected *Council Recommendation on Guidance on Good Institutional Practice on PCD* through Peer Reviews, as well as collaborating with the PCD Unit in the Office of the Secretary General to develop a toolkit to help governments promote and assess PCD. In addition, a new work stream includes the development of a practical instrument to gauge and co-ordinate the overall contributions of a Member country to development, taking into account the role of different actors such as central and local government, universities, NGOs, private sector, transnational migrants' networks, etc. It will also include practical suggestions on how to enhance the involvement of these actors for a more coherent contribution to development.

14. While the DAC can contribute to the desired outcome of improving the living standards in developing countries, it is questionable whether the DAC has any comparative advantage—without partner country members and field offices—or capacity to carry out technical cause-and-effect analyses such as those undertaken by research institutions or multilateral agencies. Nonetheless, the DAC can still

contribute to the collective efforts of Members to focus more on results through evaluation by improving Member approaches to assessing impact (positive and negative, intended and unintended), including by addressing the attribution challenge. Furthermore, in the run up to HLF4, the aid effectiveness work on Managing for Development Results will also be developing assessment tools and guidance, as well as reporting on good practices and results among the communities of practice.

15. In addition, the DAC plans to contribute to the international debate on defining the post-Millennium Development Goal (MDG) framework. As the body that produced *Shaping the 21st Century Strategy: The Contribution of Development Co-operation (1996)*, which subsequently evolved into the Millennium Declaration and the MDGs, the DAC is in a strong position to shape a new paradigm to realise development results in poor countries. It is therefore crucial for the DAC to demonstrate its relevance in the global aid architecture by actively participating in the international discussion on the post-MDG framework that would be organised by the United Nations and other relevant institutions.

iv) *Enhancing inclusiveness*

16. The Reflection Exercise recommended that the Committee extend and deepen inclusion of key development stakeholders in its areas of work. To this, the DAC has indicated its priority to become more inclusive with other donors, particularly those that have major development co-operation programmes, such as the BRICS. At the same time, the Committee sees that the primary fora to enhance inclusiveness should be at the subsidiary body level where concrete and technical exchanges can be made in those communities of practice. Therefore, most subsidiary bodies are increasingly opening up and plan to further invite—as they see appropriate in the delivery of their work programme—various stakeholders such as other international organisations, CSOs, partner countries, and so on. Aside from WP-EFF and the International Network on Conflict and Fragility (INCAF) which are already well known, the work on global development governance (aid architecture) will engage with major international institutions, research institutions and civil society groups interested in aid transparency and effectiveness, as well as networks and partnership such as the Multilateral Organization Performance Assessment Network and the International Aid Transparency Initiative. Climate change and environmental sustainability work will include observers from the regional banks, different parts of the UN, and CSOs such as the World Resource Institute. China and the Accession countries have also been invited to participate in part of this work.

17. Anti-corruption and domestic accountability work draws significantly on the expertise of the UN, research institutions, and CSOs, as well as partner country representatives from parliaments, political parties, and the media. Capacity building work includes participation from the CD Alliance, LenCD, the New Partnership for Africa's Development, and the African Capacity Building Foundation. Work on aid-for-trade will include civil society and businesses through specific work streams and outreach events at regional and global levels in close collaboration with the World Trade Organisation and the World Bank. The gender work includes a major biennial workshop with the UN's Interagency Network on Women and Gender Equality. The global food security work also expects to involve partner countries, regional farmer platforms, and agribusiness in a regular or ad hoc basis, in close liaison with the Food and Agriculture Organisation, the World Bank, the International Food Policy Research Institute, and the Global Donor Platform for Rural Development. Finally, the open format of the Global Forum on Development also lends itself to engaging a broad range of non-DAC development partners.

III. Peer Reviews

18. The Reflection Exercise makes clear that the “peer” characteristic of Peer Reviews should be maintained. At the same time, it emphasises the need for a greater, systematic use of indicators and DAC guidelines as reference points, as well as a more inclusive approach. The following describes how the two points are being addressed.

i) Greater use of indicators and guidelines

19. The first objective of DAC Peer Reviews, as stated in the Content Guide, is to “monitor Members’ development co-operation policies and programmes and assess their progress against the goals and policies agreed in the DAC as well as internationally and nationally established objectives”. The Peer Review Content Guide, which is the analytical framework for Peer Reviews, includes the DAC guidelines and policy guidance as key reference documents. A total of 34 references are listed in the current Content Guide. Questions in the Content Guide are aligned to these guidelines. Where they exist, the Secretariat also makes use of monitoring mechanisms to analyse and report on the donor performance in a given area. These include the monitoring survey of the Paris Declaration indicators; compendium on donor self assessments in implementing AAA; aid untying annual reports; gender and environment markers; capacity development memo per country; and DAC report on aid predictability.

20. Recommendations in Peer Reviews specify, when relevant, the need for the reviewed country to be more in line with DAC guidance (e.g. on untying, statistical reporting, evaluation) or, to the contrary, may invite the reviewed Member to share good practice with other DAC Members. It is easier to make a recommendation in an area where there is a strong DAC guidance endorsement, such as untying (with the 2001 DAC Recommendation) and statistical reporting (where compliance with the rules is mandatory); it is more difficult where the DAC provides only guidance or good practice, with less clarity upon its mandatory status. Therefore, as a way forward, The DAC could clarify the nature and status of the different instruments it produces as it is not clear what Members are expected or required to do with some of the instruments.

21. In particular, when revising the Content Guide in 2010, it could indicate more clearly that the review will look at how the key DAC guidance instruments referred to in each chapter are being used and implemented. A list of instruments against which DAC Members are reviewed (with clarity upon their status and degree of compliance expected from DAC Members) would also be attached to the Content Guide. This should be sent to the headquarters when starting a review with a requirement for the Member to report on its implementation. This report could take the form of a matrix annexed to the memorandum. The list of references could be revised every two years together with the Content Guide.

22. In the future, it would also be useful to develop performance frameworks with benchmarks for each relevant DAC directive. This would help the DAC monitor their implementation and enable Peer Reviews to develop a more standardised approach to assessing a donor practice against specific DAC guidance across Peer Reviews.

ii) *More inclusive approach*

23. A number of adjustments have recently been made to involve further a broader range of stakeholders in Peer Reviews, as well as to reflect better their views in Peer Review reports. The new format for the capital visit aims to ensure that, in addition to meetings within the development ministry and agency, more time is dedicated to meet with a wide range of non-government stakeholders⁴. These include: i) parliamentarians (for example, representatives of Development, Foreign Affairs and Finance Committees); and ii) head of umbrella bodies for development and humanitarian Non-Governmental Organisations.

24. Field visits provide for meeting with all key partners at the national level. In particular they provide for a separate meeting with the ministry in charge of co-ordinating aid as well as meeting with the secretariat in charge of co-ordination mechanisms if there is one. This is additional to the meeting with sector ministries that have the competence for sectors which the reviewed country supports. Other meetings include: i) local or regional authorities where relevant to get their feedback on the relationship with the reviewed country and follow through the implementation of the aid effectiveness agenda; ii) other bilateral donors to get their views on the contribution of the reviewed donor in the partner country and have a general overview of development co-operation in the country; iii) multilateral donors to obtain their views on how the reviewed donor engages with multilateral at the field level (including multi-bi funding); iv) local CSOs, to cover both the relationship with the reviewed donor and the way in which the partner government is being held accountable for the aid programmes; and v) parliamentarians where relevant to get their views on the implementation of the Paris and Accra agenda, in particular regarding the ownership and accountability dimensions.

25. Specifically on partner country participation, the DAC agreed to their involvement in the following two ways: a) reflecting partner countries' views in the report—although caution is needed in analysing the feedback provided—by approaching a wide range of stakeholders in the field to help bring complementary views; and continuing to consult other credible external stakeholders to prepare the Peer Review reports; and b) sharing the final reports with the authorities of visited partner countries, which is considered the responsibility of the reviewed Member⁵.

IV. Advocacy and Communication

26. The Reflection Exercise recommended the DAC to expand advocacy work within OECD and for public support to development co-operation. First, for advocacy work on development within OECD can be equated to work on PCD. Specifically for the PWB 2011-12, there will be increased horizontal and joint work through the respective Secretariats on, *inter alia*: climate change with the EPOC; aid for trade with the Trade Committee; food security with the Committee for Agriculture; domestic resource mobilisation with the Committee on Fiscal Affairs' Forum on Tax Administration; anti-corruption with the Working Group on Bribery in Business Transactions; aid untying with the Export Credit Group; global drivers of conflict and fragility with the Financial Action Task Force; and employment with the Investment Committee. In addition, there will be active participation in the OECD's Green Growth Strategy under the DAC's work on Green Growth and Poverty Reduction as well as Climate Change and Environmental

⁴ A meeting with representatives of other government departments is also organised to discuss policy coherence for development mechanisms.

⁵ The DAC also agreed on building synergies and taking advantage of other mechanisms while avoiding duplications with the work done in other circles/processes, in particular the Working Party on Aid Effectiveness. It expressed concerns and skepticism over the opportunity to consult partner countries other than those visited, for example through a limited survey.

Sustainability, together with EPOC, the Economic Policy Committee and Science Technology and Industry Committees.

27. Regarding expanding advocacy work for public support to development co-operation, the Peer Reviews of DAC Members cover issues around public support and raising public awareness on development co-operation. In addition, the on-going Informal DAC Group on the Communication Strategy is focussing its attention on how DAC products and messages can be more effective in helping Members fulfil this advocacy role and achieve the desired impact within the development community. These ongoing discussions will be further informed by the findings and recommendations from the Communication Review which will assess the extent to which communication products are responding to the needs of core audiences as well as how effective these products are in disseminating data, analyses and policy guidance to help influence behaviour in the aid community. With regard to visibility, the role of the DAC Chair in communicating key issues is important.

28. While the Committee itself does not have any plans to carry out advocacy work for the public *per se*, the advocacy role of Members can and should be supported by value added products and analysis from the DAC Secretariat, in particular with regard to tracking ODA in both volume and performance against pledges. The outcome of the Communication Review will help prioritise the communication activities of the Secretariat to better guide and serve Members' needs.

V. Questions for the Senior Level Meeting

- Do SLM Participants consider actions taken by the Committee adequately reflect the conclusions of the Reflection Exercise?
- What actions would SLM Participants suggest to ensure that the DAC continually develops and improves?