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**THE STORY OF OFFICIAL DEVELOPMENT ASSISTANCE**

**A HISTORY OF THE DEVELOPMENT ASSISTANCE COMMITTEE  
AND THE DEVELOPMENT CO-OPERATION DIRECTORATE  
IN DATES, NAMES AND FIGURES**

**by**

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**ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT**

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This paper was prepared by Mr. Helmut Führer, Director of the Development Co-operation Directorate from 1975 to 1993. It is made available on the responsibility of the Secretary-General of the OECD.

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## THE STORY OF ODA: A HISTORY OF DAC/DCD IN DATES, NAMES AND FIGURES

On the eve of my departure on retirement after some 33 years of work in the service of the OECD Development Assistance Committee -- since 1975 as DCD Director -- I naturally ask myself: What was done over all these years and was it worth it?

Rather than burdening the system with subjective impressions and reminiscences, I felt that it would be more sensible for me to leave behind an objective, matter of fact account of the DAC's activities and the related institutional and policy developments. This may even be of some use for the coming generation of DAC Delegates and DCD staff.

This factual account also gave me an opportunity to "name the names" of at least some of the many people who contributed to DAC - in Delegations and in the Secretariat, in particular the Chairmen: James Riddleberger (1961-62), Williard Thorp (1963-66), Ed Martin (1967-73), Maurice Williams (1974-78), John Lewis (1979-81), Rud Poats (1982-85), Joe Wheeler (1986-90) and Ray Love (from 1991); and my predecessors as Directors: Sherwood Fine (1961-65), Bill Parsons (1966-69) and André Vincent (1969-75); and Richard Carey, Deputy Director since 1980.

I began this chronology some ten years ago for a contribution to the German Handbuch der Finanzwissenschaften. Much further work was done in connection with the DAC *Review of Twenty-Five Years of Development Co-operation* in 1985, with subsequent updating.

This account would not have been possible without the extraordinary DCD documentation system run by Irène Botcharoff and Camille Bernaut, contributions from many DCD colleagues (with special thanks to Walter Schwendenwein and Cornelia Weevers) and the unfailing efficiency and patience of my secretary Ann Couderc.

Together with the excerpts from central DAC documents and some key statistics, which were provided by Bevan Stein and Sigismund Niebel, this account gives, I believe, a rather precise "radioscopie" or at least a "table of contents" of the DAC and its evolution and indeed of the story of ODA more generally. Because, whatever one's view of the real impact of DAC, it has accompanied, monitored, explained, and fostered the ODA process from the beginning, in all its phases and manifestations. Indeed, defining and refining the concept of ODA has been a central preoccupation of the DAC from the very first meetings of its predecessor, the DAG, until today when preparing a note on the ODA definition and the "DAC List" has kept me busy until my last days in office.

The essence of DAC work has been brought together in *Twenty-Five Years of Development Co-operation* (in the 1985 Chairman's Report), in *Development Co-operation in the 1990s* (in the 1989 Chairman's Report) and, in particular, in the *Development Assistance Manual*. I sincerely hope that the *Manual* will have more than the usual one-day fly existence which is the customary fate of bureaucratic work and will remain a living working instrument in aid agencies and contribute to coherent approaches.

Aid agencies, ODA and the DAC now enter in many respects a new phase with ever more serious budgetary constraints, with many new claimants for aid coming on the scene, with new types of global challenges calling for international co-operation and also, as a positive achievement, with some dynamic economies emerging from the status of developing countries. The DAC is responding to these challenges and will, I am sure, have a major role to play as a central body for monitoring international aid efforts. At the same time, I hope that the DAC will remain faithful to its basic mandate to contribute to help the poorer countries create decent conditions of life for their people.

Helmut Führer, May 1993



**A HISTORY OF DAC/DCD IN DATES, NAMES AND FIGURES  
EARLY DEVELOPMENT CO-OPERATION  
INITIATIVES PRECEDING DAC**

The establishment of the Development Assistance Committee (DAC) and Development Co-operation Directorate (DCD) of the OECD was an integral part of the creation of a network of national and international aid agencies and programmes and related institutions.

The historical beginnings of official development assistance are the development activities of the colonial powers in their overseas territories, the institutions and programmes for economic co-operation created under United Nations auspices after the Second World War, the United States Point Four Programme and the large scale support for economic stability in the countries on the periphery of the Communist bloc of that era. The success of the Marshall Plan created considerable and perhaps excessive optimism about the prospects for helping poorer countries in quite different circumstances through external assistance. The dates below show essential developments preceding the establishment of DAC.

**1944**

The United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, USA, convened by the 44 Allied Nations, leads to the establishment of the International Bank for Reconstruction and Development (World Bank) and the International Monetary Fund (IMF).

**1945**

Representatives of 50 countries draw up the UN Charter at the United Nations Conference in San Francisco. The Preamble to the Charter expresses the determination of the peoples of the United Nations "to promote social progress and better standards of life in larger freedom" and "to employ international machinery for the promotion of the economic and social advancement of all peoples".

The Food and Agriculture Organisation of the United Nations (FAO, Rome) is founded at a conference in Quebec.

The United Kingdom reorganises its development assistance through the "Colonial Development and Welfare Act" (following previous acts passed in 1929 and 1940).

**1946**

The International Labour Organisation (ILO, Geneva), established in 1919 under the Treaty of Versailles, becomes the first specialised agency associated with the United Nations.

UN General Assembly creates the United Nations International Children's' Emergency Fund (UNICEF) and establishes the United Nations Educational, Scientific and Cultural Organisation (UNESCO, Paris).

World Bank and IMF start operating.

The process of decolonisation starts with the independence of the Philippines.

France establishes the "Fonds d'investissement économique et social des territoires d'outre-mer" (FIDES).

### **1947**

India and Pakistan become independent.

In his address at Harvard University (5 June), US Secretary of State George C. Marshall in the Truman Administration launches the idea of a US supported European recovery programme which "should be a joint one, agreed to by a number, if not all, European nations". The Marshall Plan combines massive aid to European countries with a framework of a co-operative, agreed, and responsible strategy of reconciliation and reconstruction, thus providing the impulse for a new approach to co-operation in policy-making.

### **1948**

The recipients of Marshall Plan aid sign the Convention establishing the Organisation for European Economic Co-operation (OEEC, 16 April). The United States create the Economic Cooperation Agency (ECA) which manages the European Recovery Programme (ERP), 1948-51.

The World Health Organisation (WHO, Geneva) is established.

Sri Lanka (then Ceylon) becomes independent.

In the United Kingdom, the Overseas Resources Development Act is passed setting up the Colonial Development Corporation.

United Nations proclaim the Universal Declaration of Human Rights (elaborated in the UN Covenant of Economic, Social and Cultural Rights of 1966).

### **1949**

President Truman proposes as "Point Four" of his Inaugural Presidential Address a programme for development assistance. The "Act for International Development", adopted by the Congress in 1950, allows implementation of the Point Four Programme.

The UN set up the Expanded Programme of Technical Assistance (EPTA).



OEEC establishes an Overseas Territories Committee, consisting of Belgium, France, the Netherlands, Portugal and the United Kingdom, empowered to carry out surveys relating to the economic and social development of the Overseas Territories.

### **1950**

Indonesia becomes independent.

The Commonwealth initiates the Colombo Plan ("Council for Technical Co-operation in South and South-East Asia"). The Plan has seven founding members: India, Pakistan and Ceylon as regional members and Australia, Canada, New Zealand and the United Kingdom as donor countries. The United States join the Plan in 1951 and Japan in 1954.

Outbreak of the Korean War.

### **1951**

The UN publish the so-called "Lewis Report": *Measures for the Economic Development of Under-developed Countries*, which proposes the establishment of a Special United Nations Fund for Economic Development (mainly to improve public services) and an International Finance Corporation (to make equity investments and to lend to private undertakings).

### **1952**

The new legal basis for United States aid is embodied, until 1961, in the "Mutual Security Act", providing for major aid programmes for South Korea and Taiwan (Formosa), Viet Nam, the Philippines, Thailand, India, Iran, Jordan and Pakistan. The aid programme is administered by the Mutual Security Agency (MSA) created through the transformation of the Economic Cooperation Agency (ECA) which administered Marshall Plan aid.

Agreement between the Federal Republic of Germany and Israel on indemnification payments of DM 3.5 billion in kind and in cash in compensation for injustices committed against Jews under the Nazi regime.

### **1954**

In the United States Public Law 480 lays the legal basis for the food aid programme.

### **1955**

At the Afro-Asian Conference in Bandung (Indonesia) the non-alignment concept is initiated.

Japan starts reparation payments to Burma, the Philippines, Indonesia and Viet Nam.

### 1956

The International Finance Corporation (IFC) is established as affiliate of the World Bank with the purpose "to further economic development by encouraging the growth of productive private enterprise in member countries, particularly in the less developed areas".

First multilateral official debt renegotiation for a developing country (Argentina) takes place in the informal framework of the "**Paris Club**" under French chairmanship.

Morocco and Tunisia become independent.

### 1957

The European Development Fund for Overseas Countries and Territories is set up as part of the Rome Treaty establishing the European Economic Community.

Ghana begins the independence process in Sub-Saharan Africa.

### 1958

The India Consortium is created on the initiative of the President of the World Bank, as a rescue operation to meet India's balance-of-payments crisis. Founder members are Canada, Germany, Japan, the United Kingdom, the United States and the World Bank.

The World Council of Churches circulates to all United Nations Delegations a statement introducing the idea of the **1 per cent target**, i.e. that grants and concessional loans to developing countries should be at least 1 per cent of the national income of the rich countries.

### 1959

The UN create a Special Fund as an expansion of their existing technical assistance and development activities.

The Inter-American Development Bank (IDB) is established by 19 Latin American countries and the United States; it includes the concessional terms Social Progress Trust Fund.

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## THE ESTABLISHMENT OF DAG/DAC

### 1960: Establishment of DAG

The **Development Assistance Group** (DAG) is formed as a forum for consultations among aid donors on assistance to less-developed countries. Under-Secretary of State C. Douglas Dillon of the Eisenhower Administration was a key figure in this initiative. DAG is set up on the occasion of the OEEC Special Economic Committee's meeting on 13 January 1960. Original Members: Belgium, Canada, France, Germany, Italy, Portugal, the United Kingdom, the United States and the Commission of the European Economic Community. The Japanese government is immediately invited to participate in the work, and the Netherlands join the DAG in July.

First DAG meeting takes place in Washington (9-11 March 1960, chaired by Ambassador Ortona, Italy). At a second meeting, in Bonn (5-7 July, chaired by A.H. van Scherpenberg, State Secretary in the Ministry of Foreign Affairs, Germany) the DAG adopts a resolution relating to the improvement of information on financial assistance to the developing countries. The third meeting, in Washington (3-5 October chaired by T. Craydon Upton, Assistant Secretary, United States Treasury Department), concentrates on pre-investment technical assistance, with the participation of various international organisations and on reaching agreement on the basis on which comparable data could be provided by DAG Members about the flow of funds to developing countries.

In July first meeting of the Working Party of the Development Assistance Group at the Château de la Muette at high level under the Chairmanship of Stedtfeld from Germany, to monitor the reporting of financial flows to developing countries and to prepare the DAG meetings in Washington, London and Tokyo.

Secretariat services are provided by the OEEC (Secretary-General: René Sergent), Economics and Statistics Directorate (Director: Milton Gilbert), Economics Division (Head: Raymond Bertrand), LDC Section (Principal Administrator: Helmut Führer, Assistant: Eva Moll).

Signing of the Convention reconstituting the Organisation for European Economic Co-operation (OEEC) as Organisation for Economic Co-operation and Development (OECD; 14 December 1960). Inclusion of "development" in the name of the Organisation underlines the new dimension of international co-operation.

### 1961: The Resolution on the Common Aid Effort and the Establishment of DAC

Again at US initiative, this time by the new Kennedy Administration represented by George Ball, DAG, at its fourth meeting in London at Church House (27-29 March), opened by Selwyn Lloyd, Chancellor of the Exchequer, chaired by Sir Frank Lee, Permanent Secretary of the Treasury, United Kingdom, adopts a Resolution on the **Common Aid Effort** (see Box). In 1960/61 the United States was the source of more than 40 per cent of total official aid to developing countries, and one-third came from France and the United Kingdom. DAG agrees that its **Chairman** shall have his office in Paris and be available to devote substantially full time to the work of the Committee; requests the United States Delegation to nominate a Chairman and the French Delegation to nominate a Vice-Chairman.

**James W. Riddleberger**, former director of the United States economic aid agency, is elected first permanent and resident Chairman of DAG. Vice-Chairman is Jean Sadrin, Directeur des finances extérieures in the French Ministry of Finance.

In March 1961, OEEC publishes the first comprehensive survey of *The Flow of Financial Resources to Countries in Course of Economic Development, 1956-59*, followed by regular annual reports until 1964.

DAG holds its fifth and last meeting in Tokyo (11-13 July at the Akasaka Prince Hotel). Meeting opened by Hayato Ikeda, Prime Minister of Japan; chaired by James W. Riddleberger. The DAG reviews incentives for **private investment** in developing countries and asks the World Bank to prepare a study on possible multilateral investment guarantee systems.

The Group also discusses suggestions for implementing the Resolution on the Common Aid Effort including the question of the **equitable sharing of the aid effort**. It agrees to set up a Working Group on the Common Aid Effort to prepare recommendations for the principles and review procedures to be used to guide the discussion of each country's contribution to the common aid effort. The Group also discusses ways in which the **common aid effort might be better co-ordinated**. The Group agrees on the usefulness of the United States proposal to set up an **OECD Development Centre**.

The OECD comes into operation in September 1961. Secretary-General: Thorkil Kristensen (Denmark), Deputy Secretaries-General Michael Harris (United States) and Jean Cottier (France).

### **The Establishment of the OECD Development Department**

Within the OECD Secretariat a new "Development Department" (DD) is created in 1961, under the direction of Assistant Secretary-General Luciano Giretti from Italy. It consists of two branches, the "Development Finance Branch" and the "Technical Co-operation Branch". The Development Finance Branch is headed by Sherwood Fine (a senior US aid official). It consists initially of the Financial Policies Division (Head of Division Helmut Führer) and the Economic Development Division (Head of Division Ernest C. Parsons). The Development Finance Branch later becomes the Development Assistance Directorate (DAD) (1969) and then Development Co-operation Directorate (DCD) (1975). The Technical Co-operation Branch is headed by Munir Benjenk. It services the Technical Assistance Committee. This Committee is responsible for drawing up programmes of technical assistance for Member countries in the process of development, subsequently called Technical Co-operation Committee (TECO).

## **MANDATE OF THE DEVELOPMENT ASSISTANCE COMMITTEE**

As decided by the Ministerial Resolution of 23rd July, 1960 [OECD(60)13], the Development Assistance Group shall, upon the inception of the OECD, be constituted as the Development Assistance Committee, and given the following mandate:

- a) The Committee will continue to consult on the methods for making national resources available for assisting countries and areas in the process of economic development and for expanding and improving the flow of long-term funds and other development assistance to them.
- b) The Development Assistance Committee will acquire the functions, characteristics and membership possessed by the Development Assistance Group at the inception of the Organisation.
- c) The Committee will select its Chairman, make periodic reports to the Council and its own Members, receive assistance from the Secretariat as agreed with the Secretary-General, have power to make recommendations on matters within its competence to countries on the Committee and to the Council, and invite representatives of other countries and international organisations to take part in particular discussions as necessary.
- d) The Development Assistance Committee may act on behalf of the Organisation only with the approval of the Council.
- e) In case the responsibilities of the Development Assistance Committee were to be extended beyond those set forth under a), any Member country not represented in the Development Assistance Committee could bring the matter before the Council.

## RESOLUTION OF THE COMMON AID EFFORT

(adopted by Development Assistance Group, 29 March 1961, London)

The Development Assistance Group;

**Conscious** of the aspirations of the less-developed countries to achieve improving standards of life for their peoples;

**Convinced** of the need to help the less-developed countries help themselves by increasing economic, financial and technical assistance and by adapting this assistance to the requirements of the recipient countries;

**Agree** to recommend to Members that they should make it their common objective to secure an expansion of the aggregate volume of resources made available to the less-developed countries and to improve their effectiveness;

**Agree** that assistance provided on an assured and continuing basis would make the greatest contribution to sound economic growth in the less-developed countries;

**Agree** that, while private and public finance extended on commercial terms is valuable and should be encouraged, the needs of some of the less-developed countries at the present time are such that the common aid effort should provide for expanded assistance in the form of grants or loans on favourable terms, including long maturities where this is justified in order to prevent the burden of external debt from becoming too heavy;

**Agree** that they will periodically review together both the amount and the nature of their contributions to aid programmes, bilateral and multilateral, keeping in mind all the economic and other factors that may assist or impede each of them in helping to achieve the common objective;

**Agree** to recommend that a study should be made of the principles on which Governments might most equitably determine their respective contributions to the common aid effort having regard to the circumstances of each country, including its economic capacity and all other relevant factors;

**Agree** that the Chairman, assisted by the Secretariat, shall be invited to give leadership and guidance to the Group in connection with the proposed reviews and study.

**Development Assistance Committee (DAC)** established as the reconstituted Development Assistance Group. First meeting on 5 October 1961, under the Chairmanship of James W. Riddleberger.

**Participants at the First Meeting of the  
Development Assistance Committee on 5 October 1961**

Mr Riddleberger (Chairman)	United States
Mr Ockrent	Belgium
Mr Towe	Canada
Mr Valéry	France
Mr Sadrin	France
Mr Mueller-Graaf	Germany
Mr Caruso	Italy
Mr Hagiwara	Japan
Mr Strengers	Netherlands
Mr Remedios	Portugal
Sir Robert Hankey	United Kingdom
Mr Pliatsky	United Kingdom
Mr Symons	United Kingdom
Mr Tuthill	United States
Mr Boochever	United States
Mr Kotschnig	United States
Mr Bobba	Commission of the EEC

**Secretariat**

Mr Kristensen	Secretary-General
Mr Cottier	Deputy Secretary-General
Mr Giretti	Assistant Secretary-General
Mr Benjenk	
Mr Führer	
Mr Parsons	

**Important Parallel Institutional Developments in 1960-61**

The establishment of DAG/DAC in 1960 was part of an extraordinary upsurge of related institutional developments concentrated in the early 1960s which laid the foundation of the current aid system.

In 1960 the World Bank sets up the **International Development Association (IDA)**, with an initial subscription of some \$900 million, to provide very soft loans to poorer developing countries.

Pakistan Consortium set in 1960 under World Bank auspices (modelled on India Consortium established in 1958). Original members: Canada, Germany, Japan, the United Kingdom, the United States and the World Bank.

Canada, in 1960, creates an "External Aid Office" which, in 1968, becomes the Canadian International Development Agency (CIDA).

In 1961 the United Nations General Assembly designates the 1960s as the **United Nations Development Decade**. Sets two specific objectives: achievement by 1970 of a rate of growth in the developing countries of 5 per cent per annum, and a substantially increased flow of international assistance and capital to developing countries "so as to reach as soon as possible approximately 1 per cent of the combined national incomes of the economically advanced countries".

Kuwait Fund for Arab Economic Development is established in 1961.

France is the first country (1961) to establish a Ministry for Co-operation to be responsible for assistance to independent, mainly African, developing countries.

Enactment in the United States in 1961 of the Foreign Assistance Act as the basic economic assistance legislation; establishment of the Agency for International Development (USAID) to administer bilateral economic assistance; creation of the Peace Corps; and launching by President Kennedy of the Alliance for Progress, a 10-year programme of co-operation with Latin America.

Germany takes various measures in 1961 to set up a comprehensive development assistance programme. These include: i) the authorisation by Parliament of significantly higher funds for development cooperation; ii) the designation of the Kreditanstalt für Wiederaufbau (KfW) as the German development bank for capital assistance; and iii) the establishment of a separate Ministry -- the Ministry for Economic Co-operation -- for development assistance.

Japan establishes the Overseas Economic Cooperation Fund (OECF) in 1961 as a source of development loans for developing countries. In 1962 it establishes the Overseas Technical Cooperation Agency (OTCA) to administer parts of Japan's technical assistance; OTCA is incorporated into the Japan International Cooperation Agency (JICA) in 1974.

Sweden establishes in 1961 an Agency for International Assistance which is transformed in 1965 into the Swedish International Development Authority (SIDA).

The Swiss Parliament votes in 1961 the first "programme-credit" for co-operation with developing countries. A technical co-operation service is created in the Department for Foreign Affairs.



**RECOMMENDATIONS IN FIRST ANNUAL DAC CHAIRMAN'S REPORT ON THE  
DEVELOPMENT ASSISTANCE EFFORTS AND POLICIES OF THE MEMBERS OF THE  
DEVELOPMENT ASSISTANCE COMMITTEE OF SEPTEMBER 1962**

- a) The effort being made by Members of the Committee to aid under-developed countries is substantial and growing. While it is difficult to measure quantitatively the overall needs of the less-developed countries for external finance, it is clear that these **needs exceed the present flow of resources** and that they are steadily growing. It is important, therefore, that the more advanced countries should not relax their efforts to expand the flow of development assistance within the scope of their economic and budgetary capacity. Fresh initiatives should be taken to **secure public support** for expanding developing aid programmes.
- b) In relation to their resources and capabilities, some **Members of the Committee are contributing more than others**. This indicates that, from the point of view of resources, there is scope for special emphasis on an increase in the aid effort of certain countries. Account has to be taken, however, not only of relative resources but also of other factors, including past and present political relationships with underdeveloped countries.
- c) **In determining the financial terms of aid, attention should be given to the overall needs and circumstances of the recipient country**, while recognising that no one form of aid has an inherent superiority.
- d) **Better co-ordination of aid programmes** in general and of contributions to particular recipients is required to ensure a maximum development effect. To this end increasing use should be made, on a selective basis, of the Co-ordinating Group concept recently developed by the Development Assistance Committee. The IBRD and other international organisations, as appropriate, should be invited to co-operate to the fullest extent possible.
- e) Members of the Committee should **link their aid policies more directly to long-term development objectives**. They should **assess more systematically the efficacy of their past and current aid activities** in furthering development objectives and exchange experiences in the framework of the Development Assistance Committee. Furthermore, it should be recognised that **both the effectiveness and the availability of development assistance will be considerably affected by the efforts which less-developed countries are prepared to make themselves** from their own resources.
- f) Members of the Committee should work towards a **balanced geographic distribution** of overall aid taking account of existing special relationships.
- g) Joint efforts should be made to **reverse the trend towards more tying of aid**.
- h) The **important function of multilateral aid agencies** is recognised. Members of the Committee should give early consideration to the adequacy of the financial resources of these agencies.
- i) There should be a further exploration of ways and means to **promote and safeguard the flow of private capital** to less-developed countries.
- j) The Members of the Committee should recognise the importance of the **relationship of trade to aid**.

## 1962: DAC Launches Aid Reviews, Chairman's Report and Systematic Statistical Aid Reporting

DAC launches Annual Reviews of the Development Assistance Efforts and Policies of each of its Members, the **Aid Reviews**, and publishes (in September) the first annual review of *DAC Members' Development Assistance Efforts and Policies*, the **DAC Chairman's Report**. In this first annual DAC Chairman's Report, practically the whole range of issues and doctrines subsequently pursued by the DAC are addressed (see box; emphasis added).

First DAC **High Level Meeting**, in July at OECD headquarters, reviews results of first Aid Reviews.

DAC issues agreed **Directives for reporting aid and resource flows to developing countries** on a comparable basis.

Improving and harmonising the financial **terms of aid** is one of the early and continuing preoccupations of the DAC, both in view of the impact on developing countries' debt and of burden-sharing considerations. Successive DAC terms recommendations are particularly directed at the countries with relatively low grant shares and below average loan concessionality, notably at that time Germany, Italy, Japan and later Austria. This leads to the establishment of a special Working Party on the Terms of Aid (Chairman: Mr Pliatsky, United Kingdom).

DAC Working Group on Technical Co-operation (Chairman: Sir Allan Dudley, United Kingdom).

Norway joins the DAC.

OECD establishes the **Development Centre** which comes into operation in 1964. (Preparatory work by Jo Saxe, Special Assistant of Secretary-General Kristensen; First President: Robert Buron, France).

OECD establishes the Consortium for Turkey.

With the establishment of the **first consultative group** for Nigeria, the World Bank initiates a new form of co-ordinating mechanism for development assistance.

Belgium establishes an Office for Development Co-operation (ODC), which is replaced in 1971 by the General Administration for Development Co-operation (AGCD).

The Danish Parliament approves an "Act on Technical Co-operation with Developing Countries" instituting a technical assistance and capital aid programme. A secretariat is set up within the Ministry of Foreign Affairs to deal with aid co-operation. In 1971 the secretariat is transformed into a separate department within the Ministry of Foreign Affairs called Danish International Development Agency (DANIDA).

The Norwegian Agency for International Development (NORAD) is created and made responsible for the administration of the aid programme.

Algeria becomes independent. Major French aid effort in Algeria in the late 1950s and early 1960s, reaching 0.7 per cent of French GNP.

### 1963: First DAC Terms Recommendation

**Williard L. Thorp** is elected DAC Chairman. W. Thorp (63) was Assistant Secretary of State for Economic Affairs, US Representative at the GATT negotiations and President of the American Statistical Association. Vice-Chairman: André de Lattre, Directeur des finances extérieures in the French Ministry of Finance.

DAC adopts a **Resolution on the Terms and Conditions of Aid** which recommends that DAC Members "relate the terms of aid on a case-by-case basis to the circumstances of each under-developed country or group of countries ('appropriate terms')".

Mr Elson (Germany) succeeds Mr Pliatsky as Chairman of the Working Party on the Terms of Aid.

Denmark joins the DAC.

Angus Maddison replaces Munir Benjenk as Head of Technical Co-operation Branch (at Assistant Director level) and is in turn replaced by Bill Parsons in 1964.

World Food Programme set up in Rome by UN and FAO to use food aid as stimulus for economic and social development and to provide emergency relief.

A Secretary of State responsible for development assistance is appointed in the Netherlands Ministry of Foreign Affairs. These functions are taken over in 1965 by a Minister for Development Co-operation. In 1964 the Directorate-General for International Co-operation is created in the Netherlands Ministry of Foreign Affairs.

### 1964

DAC establishes the Working Party on Assistance Requirements to give particular attention to the requirements of assistance and the supply of aid to meet these requirements. Chairman: Mr Langley (Canada).

DAC consults with **Latin-American** institutions: [(President Ortiz Mena from the Inter-American Development Bank (IDB); Organisation of American States (OAS), Inter-American Committee on the Alliance for Progress (CIAP), Central American Bank for Economic Integration (CABEI)] on development problems and needs of the region and discusses development and assistance problems in the Middle East and in West Africa.

DAC replaces Working Party on Terms of Aid by Working Party on Financial Aspects of Development Assistance. Chairman: Bob Everts (Netherlands).

DAC establishes Working Party on UNCTAD Issues (see below), Chairman: Mr Elson (Germany).

Secretariat moves to "temporary" buildings in Annex Ranelagh.

First United Nations Conference on Trade and Development (UNCTAD) convened in Geneva "in order to provide, by means of international co-operation, appropriate solutions to the problems of world trade in the interest of all people and particularly to the urgent trade and development problems of the developing countries." Recommendations include target of 1 per cent of "national income" for transfer of financial resources from each developed country.

African Development Bank (AfDB) established (headquarters in Abidjan, Côte d'Ivoire).

The first Yaoundé Convention between the European Economic Community (the "Six") and the Associated African and Malagasy States establishes the 2nd European Development Fund.

In the United Kingdom an Overseas Development Ministry (ODM) is created which takes over the responsibility for virtually the whole of the aid programme formerly handled by several government departments. The Ministry is replaced in 1970 by the Overseas Development Administration (ODA), a functional wing of the Foreign and Commonwealth Office.

Establishment of UN Committee for Development Planning. (Title reflects the planning orientation of development thinking of the period.) Jan Tinbergen, a distinguished Dutch economist and subsequently Nobel prize winner, Chairman for many years.

## 1965

DAC adopts new **Recommendation on Financial Terms and Conditions**, which introduces terms objectives and deals also with appropriate financial terms, harmonisation and general softening of financial terms, measures related to aid tying and the need for non-project assistance and local cost financing.

The President of the World Bank, Mr Woods, reports to the DAC High Level Meeting on developing countries' resource needs. DAC Members reaffirm their support for the target of 1 per cent of national income as adopted by UNCTAD in 1964.

DAC holds first meeting with BIAC (Business and Industry Advisory Committee to the OECD) on private investment in developing countries (Chairman: Mr Bata).

Austria and Sweden join the DAC.

André Philip (France) succeeds Robert Buron as President of the Development Centre. Launches series of "itinerary seminars" to advise developing countries in their capitals on development strategies and policies.

DAC elects Claude Pierre-Brossolette, Chef des Services des affaires internationales in the Direction du Trésor of the French Ministry of Finance, as Vice-Chairman.

OECD Secretariat moves to five-day working week.

United Nations Development Programme (UNDP) formed by merger of UN Expanded Programme of Technical Assistance and UN Special Fund.

Beginning of war in Viet Nam lasting until 1975. Serious negative impact on public attitudes to foreign aid in the United States.

## 1966

Improved **aid co-ordination** is an early and continuing concern of the DAC. In 1966 DAC approves **Guidelines for Co-ordination of Technical Assistance**.

DAC very early in its work urges developing countries to put strong emphasis on **encouraging agricultural development and food production** and undertakes to assist developing countries in this effort. The 1966 High Level Meeting takes place in July in Washington at the invitation of the United States Government and is largely devoted to this problem, with the participation of Vice-President Humphrey, State Secretary Rusk, Secretary for Agriculture Freeman, the Director-General of FAO, Mr Sen, and the President of the World Bank, Mr Woods.

OECD Council approves introduction of the Joint OECD/IBRD "Expanded Reporting System on External Lending", which provides for the reporting of individual grant and loan transactions, later known as the **Creditor Reporting System (CRS)** and operated by DAD/DCD.

Australia joins DAC.

Seminar on **Aid Evaluation** at the German Foundation for International Development in Berlin with DAC participation. Learning from experience is an essential concern of aid agencies, and the Berlin Seminar provides first occasion for officials concerned to meet. Followed later by more structured DAC discussions.

Development Centre publishes *Foreign Aid Policies Reconsidered* by Goran Ohlin.

Ernest (Bill) Parsons succeeds Sherwood Fine as Director of Development Finance Branch.

Technical Co-operation Branch transformed into Technical Co-operation Service (dealing with TECO), headed by Maurice Domergue. Technical Co-operation Policies Division moved to Development Assistance Directorate.

With the addition of Part IV to the General Agreement on Tariffs and Trade (GATT) a legal basis is provided for efforts in GATT to take account of the particular problems and interests of developing countries.

Asian Development Bank (AsDB) established (headquarters in Manila, Philippines).

## 1967

**Edwin McCammon Martin** is elected DAC Chairman and Paul Blanc (France) is elected Vice-Chairman. Mr Martin (59) in previous assignments was Deputy US Representative to the North Atlantic Council, Assistant Secretary of State for Economic Affairs and for Inter-American Affairs, and US Ambassador to Argentina. M. Blanc is Conseiller financier in the Direction du Trésor of the French Ministry of Finance,

Improved **aid burden-sharing** had been major subject of DAC work from its inception with controversial discussions on appropriate measurements. In 1967 DAC publishes for the first time data on "Total Official Contributions as Per Cent of National Income", accompanied by closely negotiated explanations (1967 DAC Chairman's Report, Annex II).

At the initiative of Sweden and other Nordic countries and strongly supported by Chairman Martin, DAC gives early attention to the problems arising from rapid **population** growth in developing countries and reviews external assistance in the population field.

An Expert Group of the DAC Working Party on Assistance Requirements studies *Quantitative Models as an Aid to Development Assistance Policy*. Group chaired by Philip Hayes, with assistance of Edgar Kröller (OECD Development Department), with participation, of Professor Bezy (Belgium), R. Froment (France), Professor Dürr (Germany), Professor Forte (Italy), Professor Fukuchi (Japan), Professor Tinbergen (Netherlands), A. L. Marris (UK), Professor Chenery (US), Ravi Gulhati (World Bank) and G. Arsenis (Development Centre).

On 5 June OECD celebrates, in the presence of the former ECA Administrator Paul Hoffman, the 20th Anniversary of General Marshall's speech at Harvard launching the idea of the Marshall Plan.

Mr Mark (UK) succeeds Mr Elson as Chairman of Working Party on UNCTAD Issues (last meeting 1969).

DAC establishes Ad Hoc Working Group on Private Investment, with participation of M. Nebot (France), Mr Lamby (Germany), Mr Harding (UK), Mr Kupers (Netherlands), Mr Shaeffer (EEC).

Paul Blanc, elected Chairman of Working Party on Assistance Requirements.

Helmut Führer appointed Assistant Director, Office of the Assistant Secretary-General, Development Department.

Louis Mark (from USAID) appointed Assistant Director of the Development Assistance Branch.

Jack Stone becomes Head of Financial Policies Division.

Jean-Roger Herrenschildt becomes Head of newly created Aid Review Division.

Eugene Abrams appointed Head of Economic Development Division.

UN General Assembly establishes a Trust Fund for Population Activities, renamed in 1969 the United Nations Fund for Population Activities (UNFPA).

UN Expert Report on Measurement of the Flow of Resources to Developing Countries.

The Netherlands decides to raise the development co-operation budget to 1 per cent of net national income by 1971. In 1973 it decides to raise the development co-operation budget to 1.5 per cent of national income by 1976.

## 1968

Establishment of the Canadian International Development Agency (CIDA), created by Order in Council, Ottawa.

DAC reviews evolution of multilateral development institutions, including their resource needs.

DAC reviews external assistance for **education** in developing countries.

DAC reviews public support for aid.

OECD Development Centre-sponsored work by Little and Mirrlees on social cost benefit analysis leads to a major debate in DAC on **the methodology of project appraisal**.

The Development Centre, under the successive presidencies of Robert Buron (Vice-President Goldsmith) and André Philip (Vice-President I.M.M. Little), sponsors major research on "Industry and Trade in Some Developing Countries" under the direction of Ian Little, Tibor Scitovsky and Maurice Scott. The study strongly recommends export, market and efficiency-oriented development strategies and becomes very influential in the international policy debate on effective development strategies.

Switzerland joins the DAC.

DAC establishes the **Ad Hoc Group on Statistical Problems**, Chairman: Mr Harvie (UK).

Nordic Board asks DAD to conduct evaluation of Joint Nordic Kibaha Project in Tanzania (H. Führer, Margaret Wolfson).

Marthe Tenzer joins DAD as Special Counsellor.

UNCTAD II in New Delhi agrees on GNP (rather than national income) as basis of 1 per cent target for flow of resources to developing countries.

UNCTAD II also adopts Resolution on a Generalised System of Preferences (GSP) in favour of developing countries' exports. Intensive work on this subject, begun in OECD as early as 1966, culminates in the implementation of preference schemes by Members beginning in 1971. At that time the OECD Group on Preferences is established with a mandate to hold consultations on the operation of the system.

Informal meeting of aid leaders held under the chairmanship of DAC Chairman Ed Martin at **Tidewater**. Similar annual meetings held subsequently at various places.

A first medium-term assistance plan aiming at a significant increase in aid is adopted by the Norwegian Parliament.

The Swedish Parliament adopts a government bill on international development co-operation, including medium-term assistance planning, according to which aid appropriations should reach 1 per cent of GNP in fiscal year 1975/76; it has continued to do so for most years since.

### **1969: DAC Adopts the Official Development Assistance (ODA) Concept**

DAC adopts concept of "Official Development Assistance" separating ODA from "Other Official Flows" (OOF) and identifying as ODA those official transactions which are made with the main objective of promoting the economic and social development of developing countries and the financial terms of which are "intended to be concessional in character". The "grant element" concept is used as a measure of concessionality (definition further refined in 1972). The 1969 DAC Chairman's Report publishes for the first time figures on "ODA as a percentage of GNP", with detailed explanations of the various "Flow" concepts and their rationale.

DAC Working Party on Financial Aspects of Development Assistance launches in-depth review of the debt problems of developing countries. Results of this work published in 1974 in *Debt Problems of Developing Countries*. Since then regular compilation and publication by OECD of comprehensive debt statistics, drawing on the Creditor Reporting System and other sources.

DAC consults with **South-East Asian** institutions (AsDB, Economic Commission for Asia and Far East, Mekong Project Secretariat, SEAMES) on development problems and needs of the regions.

DAC organises a meeting of parliamentarians from DAC countries on aid and development.

Emile van Lennep (Netherlands) succeeds Thorkil Kristensen as Secretary-General of OECD (September). Deputy Secretaries-General Benson E.L. Timmons III (United States) and Gérard Eldin (France).

André Vincent (a French civil servant and Head of the Economic Services of NATO) succeeds Bill Parsons as Director of what is then called the Development Assistance Directorate (December).

Publication of Pearson Commission Report *Partners in Development* including recommendation of 0.7 per cent target for Official Development Assistance (based on the new DAC ODA concept and DAC statistical data). 0.7 per cent target was adopted by United Nations in 1970. Report commissioned in 1968 by World Bank President McNamara, following suggestion by George Woods in 1967. Staff Director Edward K. Hamilton, Deputy Staff Director Ernest Stern. OECD/DAD Liaison Officer Bernard Decaux.



In its study of the Capacity of the United Nations Development System (the *Jackson Report*) R.G.A. Jackson examines the role of the UN system in development co-operation.

ILO launches World Employment Programme and organises country missions to study the causes of unemployment and to propose solutions.

### **1970: Major DAC Effort at Multilateral Untying**

OECD Ministerial Council in May devotes attention to co-operation with developing countries and the work of the DAC including

- aid volume;
- progressive reduction of tying;
- introduction of generalised tariff preferences;
- a broader and more intensive approach to the problem of development within the OECD, and coherent policies at the national and international levels.

DAC is concerned from its inception with the problems arising from procurement **tying of aid**. Some DAC Members fear misuse of aid to gain commercial advantage and reduced development effectiveness. However, tying is seen by other countries as essential for public support. In 1969 Sweden had launched an initiative to seek multilateral agreement on progressive untying; strong support in particular from Germany, the Netherlands and Norway and, after some hesitation, also Japan. It had been hoped, after lengthy negotiations, to come to a multilateral agreement on untying at the **DAC High Level Meeting** which took place at the invitation of the Japanese Government in September in **Tokyo** but this proved impossible. The conclusion of the discussion was stated in the Communiqué as follows: "There was considerable discussion of the untying of bilateral development assistance. For the first time, a large majority of Members declared themselves prepared in principle to adhere to an agreement to untie their bilateral financial development loans. They agreed to enter into discussions in DAC on an urgent basis on the technical problems of implementation and to prepare a detailed scheme for governmental consideration. Other Members, some of whom had already untied substantial portions of their aid by other means, were not in a position to commit themselves on the principle or on the urgency of such a scheme. While they were prepared to participate in further discussions concerning the establishment of such an agreement, they stressed that any such scheme should take into account their special circumstances and their aid composition." These "other Members" included notably France, Italy and Canada. However, in the end the United States, facing growing balance of payments problems, also withdrew support for multilateral untying.

DAC reviews problems of private investment and publishes first survey of measures and facilities adopted by DAC Members to encourage private direct investment in developing countries (*Investing in Developing Countries*; published in 1972, 1975, 1978 and 1983).

DAC holds a seminar on Problems of Aid Evaluation in The Hague-Wassenaar jointly sponsored by the Netherlands Government.

DAC begins, after considerable discussion, to issue press releases on Aid Review meetings, starting with Norway, Germany and the United Kingdom.

Working Party on Statistical Problems replaces Ad Hoc Group, Chairman Mr W.L. Kendall (UK).

Rinieri Paulucci di Calboli (Italy) replaces Luciano Giretti as Assistant Secretary-General.

Helmut Führer appointed Deputy Director of the Development Assistance Directorate.

Edgar Kröller succeeds Jack Stone as Head of Financial Policies Division.

United Nations General Assembly proclaims Second United Nations Development Decade and adopts an International Development Strategy for the Decade, including the target of **0.7 per cent of GNP** for Official Development Assistance, to be reached "by the middle of the Decade".

## 1971

DAC **reviews arrangements for local co-ordination** of assistance and evolves principles for use by Members.

DAC holds informal preparatory consultations on the establishment of the soft-loan development fund of the African Development Bank.

Establishment of the Planning Group on Science and Technology for Developing Countries chaired by DAC Chairman Martin, under the joint auspices of the DAC, the Committee for Science Policy and the Development Centre, to advise DAC Members on research priorities. Secretary: Marthe Tenzer.

The High Level Meeting in October invites the DAC to pay special attention to the problems of the "Least Developed Countries".

Development Centre Study on the *Employment Problem in Less-Developed Countries* is one of the first comprehensive attempts to quantify the main aggregates relating to unemployment in the developing world (David Turnham).

Sir John Chadwick (UK) succeeds Bob Everts as Chairman of the Working Party on Financial Aspects of Development Assistance.

Paul Marc Henry (France) succeeds Prof. M. Yudelman (Vice-President and Acting President) as President of the Development Centre.

Anne de Lattre succeeds Francis Wells as Head of Programme and Sector Policies Division (formerly Economic Development Division and finally Aid Management Division).

On the recommendation of the Committee for Development Planning, United Nations General Assembly lists 25 least developed countries (LLDCs) -- the list now includes 48 countries.

Consultative Group on International Agricultural Research (CGIAR) is established under the sponsorship of the World Bank, FAO and UNDP.

**1972**

DAC agrees on firmer definition of ODA, which is still valid, as follows:

#### **DEFINITION OF OFFICIAL DEVELOPMENT ASSISTANCE**

ODA consists of flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following test: a) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and b) it is concessional in character and contains a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).

This ODA definition is adopted as part of a **revised DAC Terms Recommendation** which sets an overall financial terms target for each DAC Member's ODA programme at **84 per cent grant element**; special terms are recommended for the least-developed countries (LLDCs). (Italy does not accept the recommendation and lifts its reservation only in 1993.)

DAD publishes *Evaluating Development Assistance*, which describes the problems of method and organisation and suggests ways in which evaluation may be approached for use as an effective management tool and is largely based on the Wassenaar Seminar in 1970.

OECD establishes the "Executive Committee in Special Session (ECSS)" of senior officials which devotes a considerable part of its time to North-South issues and the preparation of "negotiations" with developing countries demanding the establishment of a "New International Economic Order". Chairman: Ambassador Jolles (Switzerland), subsequently Jean-Claude Paye, Director for International Economic Affairs of the French Ministry of Foreign Affairs.

Francis Black Head of Special Liaison Unit (UN/UNCTAD Affairs) in the Secretary-General's Office.

Derry Ormond succeeds Maurice Domergue as Head of Technical Co-operation Service.

African Development Fund established as soft window of African Development Bank, with non-regional participation.

**United Nations Conference on the Human Environment** in Stockholm adopts the Declaration on the Human Environment and recommends setting up of the United Nations Environment Programme (UNEP, Nairobi).

Publication of *The Limits to Growth* under the auspices of the Club of Rome.

**1973: DAC Encouraged to Take Comprehensive Integrated Approach to Development Co-operation. New Emphasis on Basic Human Needs and the New International Economic Order**

OECD Council launches integrated approach to the problems of development co-operation and invites the DAC to take a comprehensive view of development problems (largely at the initiative of Belgian Ambassador Roger Ockrent, long-time Chairman of the Executive Committee). In particular the DAC, in pursuing its tasks related to the volume and terms of aid and other resources transferred to developing countries, should take a comprehensive view of the development problem in order: i) to identify the main issues on which not only the DAC itself but other bodies of the Organisation and the Development Centre might have a contribution to make and ii) whenever necessary, to make suggestions for the consideration by these bodies of development issues falling within their sphere of competence. (There was subsequently a major upsurge of interest in "North-South Relations" prompted by the oil price shock; see 1974 and 1975.)

DAC High Level Meeting in October discussed the "crisis" in development, current and sometimes contradictory **criticisms addressed to development assistance**. It noted that "while some of these criticisms warranted serious consideration, others stemmed largely from misinterpretation or a lack of information. The Committee underlined the need for greater efforts on the part of all Member governments individually and through the DAC, to promote a better understanding by public opinion at all levels of the problems of development and the progress made, as well as of the need for strengthening the development co-operation effort, especially in the form of increased development assistance. Development co-operation has strong support in some countries, but the overall picture is clouded by the situation in a few countries, thus creating an imbalance which is not conducive to improving the combined effort. The Committee agreed that it was important to give attention to new approaches to development co-operation and development problems."

At this High Level Meeting, DAC Members also reach agreement on making contributions to multilateral institutions on an untied basis.

DAC works on the problems of assessing developing countries' efforts and achievements as a guide for aid allocation policies and publishes results in a *Performance Compendium -- Consolidated Results of Analytical Work on Economic and Social Performance of Developing Countries*.

DAC reviews aid for rural development, reflecting increased attention paid to problems of poverty, unemployment and drift from the countryside to the cities.

DAC holds a seminar on aid evaluation in the Royal Tropical Institute in Amsterdam, jointly sponsored by the Netherlands Government.

New Zealand joins DAC.

Upgrading of the Statistical Reporting Unit to a Division (with retroactive effect from 1971); Bevan Stein Head of Division.

Robert McNamara, President of the World Bank, appeals at the World Bank/IMF meetings in Nairobi to developed and developing countries to give greater priority to coming to grips with **absolute poverty**.

Several decisions by the Organisation of Petroleum Exporting Countries (OPEC) result in a quadrupling of oil prices between autumn 1973 and autumn 1974.

Legislation is passed in the United States (amending the Foreign Assistance Act of 1961) recommending "new directions" in development assistance to meet **basic human needs**.

The McNamara speech and the "new directions" legislation in the United States launch major debate on need to emphasise **basic human needs** in development and aid policies which is viewed with some suspicion by developing countries who in turn emphasise the need to establish a **New International Economic Order** (for salient developments see 1974-77).

### 1974: The Oil Price Shock

**Maurice J. Williams** elected DAC Chairman (January). Mr Williams (54), was USAID Deputy Administrator.

DAC holds urgent consultations on effects on developing countries of **oil price shock** resulting from OPEC decisions and high food prices (coupled with food shortages) and implications for aid needs, in particular those of the 33 developing countries defined by the UN as the Most Seriously Affected (MSAs).

OECD establishes International Energy Agency. First Executive Director, Ulf Lantzke, followed by Helga Steeg.

Ten DAC Members subscribe to a Memorandum of Understanding on Untying of Bilateral Development Loans in Favour of Procurement in Developing Countries.

DAC intensifies consideration of food and agricultural issues, which become the subject of regular review in subsequent years.

DAC discusses problems raised by relief assistance in the context of the disaster resulting from the drought in the Sahel region.

Sweden is the first DAC Member to attain the 0.7 per cent ODA/GNP target, followed by the Netherlands (1975), Norway (1976) and Denmark (1978).

Portugal withdraws from DAC and requests to be included on the DAC List of Developing Countries. Portugal rejoins DAC in 1991. Portugal had made major economic assistance efforts in its former overseas provinces reaching 1.7 per cent of its GNP.

Charles G. Wootton succeeds Benson E.L. Timmons as Deputy Secretary-General.

Francis Wells returns to DAD as Senior Economic Adviser.

Computerisation of the Creditor Reporting System by DAD/DCD.

Sixth Special Session of United General Assembly adopts Declaration and Programme of Action on the Establishment of a **New International Economic Order** and launches Emergency Operation "to provide timely relief to the most seriously affected developing countries ...".

**World Population Conference** in Bucharest adopts a World Population Plan of Action.

World Food Conference in Rome calls on the UN General Assembly to establish a 36-nation ministerial-level World Food Council, endorses the International Undertaking on World Food Security, and reaches agreement on a food aid target of at least 10 million tons of grains a year, starting from 1975.

ECOSOC establishes the Commission on Transnational Corporations and the United Nations Centre on Transnational Corporations. Both work, inter alia, towards formulating a code of conduct for transnational corporations.

Interim Committee of the Board of Governors of the IMF on the International Monetary System is set up on the proposal of the Committee of Twenty ("the Ad Hoc Committee on Reform of the International Monetary System and Related Issues") in its "Outline of Reform".

Joint Ministerial Committee of the Boards of Governors of the World Bank and the IMF on the Transfer of Real Resources to Developing Countries (**Development Committee**) is established, also on the proposal of the Committee of Twenty.

IMF establishes the Extended Facility, a medium-term programme for up to three years to overcome structural balance-of-payments maladjustments.

Arrangement Regarding International Trade in Textiles ("Multifibre Arrangement") enters into force for a four-year period.

## 1975: Upsurge of OECD Concern with North-South Relations

OECD Ministerial Council in May discusses in particular the problems of **North-South relations**. North-South discussion chaired by James Callaghan (UK) with participation inter alia of M. Sauvagnargues (France), Mr MacEachen (Canada), Mr Genscher (Germany), Mr Miyazawa (Japan), Mr Feldt (Sweden) and Mr Kissinger (US). The Ministerial Council adopts "OECD Declaration on Relations with Developing Countries", in which Ministers express their determination to pursue the dialogue with the developing countries and establishes **Ad hoc High-Level Group on Economic Relations between Member Countries and Developing Countries**, "with a view to identifying what new and other constructive approaches could be adopted on selected substantive issues" in negotiations with developing countries demanding the establishment of a "New International Economic Order". (Chairman: Ambassador Horst-Krafft Robert from Germany.) The Group is serviced by the Development Assistance Directorate and holds numerous consultations in preparation for Conference on International Economic Co-operation (CIEC) and the "Seventh Special Session".

OECD establishes High Level Group on Commodities. First Chairman: Sir Peter Preston (United Kingdom).

DAC reviews the problems of the poorest developing countries (including those on the MSA list), looking at long-term problems as well as emergency situations.

DAC holds a first meeting on the **Integration of Women** into the Development Process with the participation of Mrs Sipilä, UN Assistant Secretary-General for Social Development and Humanitarian Affairs, on the occasion of the UN International Women's Year (see below) which marks a watershed in the treatment of women's issues.

DAC undertakes **survey of aid management procedures**.

DAC holds an expert meeting in Copenhagen-Bakkere on project appraisal and evaluation in developing countries, jointly sponsored by the Nordic countries.

Finland joins DAC.

Helmut Führer (47), succeeds André Vincent as Director of Development Assistance Directorate (as from August).

Président Giscard d'Estaing invites Heads of States and Governments of leading industrial countries to **Economic Summit** in Rambouillet.

The "Conference on International Economic Co-operation" (CIEC) in Paris, at the initiative of Président Giscard d'Estaing, with participation limited to 27 countries (including the EEC) from North and South, launches "an intensified international dialogue" (from October 1975 until June 1977). OECD Secretariat participates as observer and Members co-ordinate in the "Robert Group".

Seventh Special Session of United Nations General Assembly adopts resolution on Development and International Economic Co-operation.

### DCD Staff Strength

In the 1960s rapid building up of DCD (originally called Development Assistance Directorate) to one of the major OECD Directorates. Maximum staff strength in the early 1970s. Downward adjustment in late 70s and late 80s. Cuts compensated by increased extra-budgetary and direct analytical contributions from Member agencies and upgrading of staff quality.

	1974	1993
A7	1	1
A6	2	1
A5	5	5
A4	12	11
A2/3	21	13
	41	31
B4/5	7	12
B2/3	23	16
	71	59*

### DCD Budget 1993

Staff	26 362 800*
Consultants	606 000
Travel	820 500
Representation	33 500
Expert of the Council (travel)	189 400
<b>Total</b>	<b>28 012 200</b>

\* One A3 equivalent financed by CCEET

World Conference of the International Women's Year, Mexico City, adopts World Plan of Action for the implementation of the objectives of the IWY, and UN General Assembly proclaims 1976-1985 United Nations Decade for Women: Equality, Development and Peace.

Signing of the first Lomé Convention between the European Economic Community (the "Nine") and the African, Caribbean and Pacific States (which now include members of



the Commonwealth), which provides for the Fourth European Development Fund and inaugurates Stabex (a system for the stabilisation of export earnings). The EEC also begins a programme to assist non-associated developing states.

## 1976

DAC addresses the problems of directing aid to the poorer populations in the more disadvantaged countries.

DAC meets with UNDP Administrator Bradford Morse to discuss financial problems of the United Nations Development Programme.

DAC addresses food and agricultural issues and undertakes for the first time a systematic assessment of external resource flows to agriculture.

Promoted by the DAC Chairman Maurice Williams, **Club du Sahel** is created with an inaugural session in Dakar in March, with support from the OECD as a flexible association for concertation among the Sahel countries (organised in the Permanent Inter-States Committee for Drought Control in the Sahel -- CILSS) and all governments or public organisations interested in the development of the region. Head of Club du Sahel Secretariat: Anne de Lattre.

OECD launches, at the initiative of Japan, the Interfutures project on "Facing the Future" (its report is published in 1979). Director: Jacques Lesourne, Deputy Directors: William Branson, Yoshihiro Kogane and Wolfgang Michalski.

Enrico Macchia (Italy), Special Counsellor to the Secretary-General, succeeds Rinieri Paulucci di Calboli.

Development Assistance Directorate named **Development Co-operation Directorate** to reflect the extension of its work to a larger range of development co-operation policies and issues.

Francis Wells Deputy Director.

Frederick Livingston (Canada) succeeds Anne de Lattre as Head of Economic Development Division, later called Aid Management Division.

Jürgen Bartsch, Head of Unit on non-Member Countries, which assembles data on aid efforts and policies of non-DAC donors, in particular OPEC and the then CMEA countries.

UNCTAD IV in Nairobi adopts the "Integrated Programme for Commodities" which calls for the negotiation of a common fund as financial basis of the Programme as well as for negotiations on individual products, and Resolutions on "Debt Problems of Developing Countries" which provide, inter alia, for the elaboration of "features" as guidance for multilateral renegotiations of official debt.

### 1977: DAC Statement on Basic Human Needs

At their High Level Meeting in October DAC Members adopted a "Statement on Development Co-operation for Economic Growth and **Meeting Basic Human Needs**". In this Statement DAC Members emphasise that concern with meeting basic human needs is not a substitute for, but an essential component of, more economic growth which involves modernisation, provision of infrastructure and industrialisation. In particular, policies which contribute to increased utilisation of available resources, especially labour and improvement in their productivity should contribute to both growth and equity. DAC Members make clear that in their view a basic needs approach is not primarily welfare or charity but productivity-oriented, aiming at increasing the productive income of the poor and strengthening the basis for long-term self-generating development. Programmes which involve widest possible participation of the people whose needs are addressed, are most likely to be effective. Since programmes in support of basic human needs objectives are likely to have a high local cost content, DAC Members undertake to consider sympathetically requests to help support local costs in accordance with **DAC Guidelines for Local Cost Financing** which they also adopted at this meeting.

Bruce Williams (Canada) succeeds Sir John Chadwick as Chairman of Working Party on Financial Aspects of Development Assistance.

Ivan Martin-Witkowski (France) succeeds Paul Blanc as Chairman of the Working Party on Assistance Requirements.

Louis Sabourin (Canada) succeeds Paul Marc Henry as President of the Development Centre.

CIEC winds up with a pledge of \$1 billion by developed countries in aid to low-income countries.

International Fund for Agricultural Development (IFAD) established in Rome with substantial contributions from both OECD and OPEC countries and contributions from some recipient developing countries.

Japan launches its first "doubling-of-ODA" plan calling for disbursements to increase from \$1.4 billion in 1977 to \$2.8 billion in 1980 (inspired by suggestions from Saburo Okita). The plan's targets are exceeded by a substantial margin.

UNCTAD Group of Governmental Experts on "Concepts of the Present Aid and Flow Target" confirms validity of DAC concepts and recording practices, but notes differences in the geographical coverage of the DAC and UN lists of recipient countries and territories.

### 1978

DAC further strengthens the **Recommendation on Terms and Conditions of Aid**, increasing the average grant element target for each Member's ODA programme from 84 (set in 1972) to **86 per cent**, with higher terms sub-targets for LLDCs.

DAC reviews programmes and policies for meeting basic needs, including aid for rural development.

OECD countries agree in the Arrangement of Officially Supported Export Credits to set minimum interest rates for their subsidised export credits, differentiating borrowing countries by per capita GNP into three categories.

OECD organises Symposium on Development Co-operation jointly with the Parliamentary Assembly of the Council of Europe.

DAC holds first joint informal **meeting with Arab/OPEC Aid Agencies** (Abu Dhabi Fund, Arab Fund for Economic and Social Development, Arab Bank for Economic Development in Africa (BADEA), Islamic Development Bank, Kuwait Fund, OPEC Special Fund, Saudi Fund) with Abdlatif Al-Hamad, Director-General, Kuwait Fund, as Co-Chairman.

DAC co-sponsors, with the OECD Committee on Scientific and Technological Policy and the Development Centre, a "Workshop on Scientific and Technological Co-operation with Developing Countries".

Michel Rougé, Conseiller Financier in the Direction du Trésor of the French Ministry of Finance, elected Vice-Chairman of the DAC and Chairman of the Working Party on Assistance Requirements (discontinued in 1986).

Mr Tomohiko Kobayashi (Japan), succeeds Enrico Macchia as Special Counsellor to the Secretary-General.

DCD creates special Policy Concepts and Analysis Unit headed by Clarence Gulick to meet analytical requirements related to North-South dialogue. Unit created by re-allocating resources from within DCD by reducing Aid Reviews (meeting schedule gradually changed from annual to bi-annual rhythm) and other work.

Reporting Systems Division of the DCD creates an integrated management system (Virtual Data Base System) for the whole of the data base of the Directorate so that data from the outside can be treated in a common format.

Italy establishes a Department for Development Co-operation in the Ministry of Foreign Affairs.

At Ministerial Session of UNCTAD Trade and Development Board DAC Members agree to consider "Retroactive Terms Adjustment" (RTA) of outstanding ODA loans to poorer countries.

World Bank publishes first *World Development Report* which gives particular attention to problems and prospects of the poor countries of Asia and Sub-Saharan Africa and generally on prospects for growth and alleviation of poverty.

Oil prices more than double between the end of 1978 and early 1980.

## 1979

**John P. Lewis**, DAC Chairman (from January). Mr Lewis (57) was Professor of Economics and International Affairs at Princeton University. In a previous assignment he was Director of the USAID Mission to India.

DAC adopts **Guidelines on Local and Recurrent Cost Financing**, which introduce an important new element of flexibility in development co-operation financing policy.

DAC conducts in-depth comparative review of the aid procedures of DAC aid agencies in an attempt to contribute to their rationalisation leading to the adoption of **Guidelines for Improving Aid Implementation**. Results of factual survey published in *Compendium of Aid Procedures* (1981).

DAC meets with the International Council of Voluntary Agencies (ICVA) to review collaboration between official and non-governmental agencies in the field of development co-operation.

DAC reviews with FAO and World Food Council aid for food and agricultural development (as a follow-up to earlier DAC work) which results in focus on national food strategies and food policy dialogue.

OECD publishes report on *The Impact of the Newly Industrialising Countries (NICs) on Production and Trade in Manufactures*.

OECD establishes "Group on North-South Economic Issues". (Chairman: Mr Painter, Canada), succeeding former North-South Group.

After preparatory work in DAC, Secretary-General van Lennep proposes stepped-up cofinancing of investment in developing countries by private banks in conjunction with multilateral and bilateral development finance institutions.

DAC holds informal consultations on the economic use of laterites, on the initiative of young African geologists.

Camp David agreement between Egypt (President Sadat) and Israel (Prime Minister Begin) on normalisation of relations of the two countries through the good offices of President Carter. Backed up by United States pledge to extend major economic assistance to the two countries in about equal amounts.

## 1980: New Emphasis on Evaluation of Aid Effectiveness

DAC reinforces regular individual country reviews by instituting annual comparative **Joint Review** of Members' aid performance and prospects.

Renewed emphasis on **evaluation of aid effectiveness** following directives from November 1979 DAC High Level Meeting. Major chapter in 1980 Chairman's Report (John Lewis) on "The Important but Elusive Issue of Aid Effectiveness". Report emphasises the "difficulties of producing scientific proofs of

average aid effectiveness" and underscores learning experience. High Level Meeting encourages establishment of a Group of Correspondents on Aid Evaluation.

DAC initiates consultations among Members on policy issues in aid for **energy development**. Establishes "Group of Energy Correspondents" under the Chairmanship of H. Dehn (Germany).

At the initiative of the Nordic countries, Canada and Germany, DAC launches regular **reviews of the financing and policy orientations of multilateral development institutions**.

DAC holds consultations on Aid for Crop-Substitution in Narcotics Producing Areas of Developing Countries.

Agreement to report contributions to multilateral agencies uniformly on the basis of date of note issuance or deposit rather than actual drawings. Subsequent experience shows that this leads to erratic fluctuations in the reported volume of aid to multilateral agencies but there is no unanimous agreement to shift reporting to an actual disbursements basis.

Finland adopts plan to reach 0.7 per cent target by the end of the decade, leading to a rapid expansion of Finnish aid.

China added to DAC List of Developing Countries (at the initiative of Japan).

OECD no longer admitted to Annual Meetings of World Bank/IMF as a result of problems which arose over request by PLO to have observer status.

Jacob Myerson (US) and Paul Lemerle (France) appointed Deputy Secretaries-General.

Richard Carey (Deputy Permanent Representative of the New Zealand Delegation to OECD, 35) succeeds Francis Wells as Deputy Director of Development Co-operation Directorate (October).

Francis Wells succeeds Frederick Livingston as Head of Aid Management Division.

Publication of the first version of the *Geographical Distribution of Financial Flows to Developing Countries* to be produced entirely by computer, the first OECD publication to come out on the first photocomposition system of the Organisation.

Brandt Commission (Independent Commission on International Development Issues) publishes report *North-South: A Programme for Survival*. Suggestion to create such a commission under the chairmanship of Willy Brandt had first been advanced in 1977 by Robert S. McNamara, President of the World Bank. Executive Secretary of the Commission Göran Ohlin, Director of the Secretariat Dragoslav Avramovic.

World Bank initiates Structural Adjustment Lending (SAL), designed to support major changes in policies and institutions of developing countries.

## **1981: New Emphasis on Interdependence and Developing Country Diversity**

In context of possibility of "global negotiations" North-South Group embarks on major survey of "interdependence" issues, based on a series of papers prepared by DCD during 1981-82, covering macroeconomic interdependence, financial interdependence, trade, food security, commodities, demographics, technology and environment.

ECSS discusses "Major Issues of International Economic Policy in the Current Economic Context", placing North-South issues in the general economic context, on basis of a paper prepared by DCD.

OECD Ministerial Meeting discusses changing context of North-South relations on basis of a Secretariat paper drafted by DCD entitled **Relations with Developing Countries in a Context of Interdependence and Diversity**.

**Cancun Summit** of 22 Heads of State or Governments representing North and South meet in an ad hoc Summit on "Co-operation and Development". This meeting marks the climax and also the beginning of the end of multiple efforts by developing countries to have "global negotiations" with industrial countries on a "New International Economic Order". Gradual shift in emphasis from "global dialogue" to "policy dialogues" between individual developing countries and donors on support for specific national policy reforms.

Philadelphia speech by President Reagan prior to the Cancun Summit stressing the importance the United States attaches to the role of international trade, the **free market and private investment** in stimulating development.

Secretary-General van Lennep delivers Erasmus Lecture at Rotterdam University, subsequently published by journal "The World Economy" (March 1982) under the title *North-South Mutual Interests in Greater Reliance on Markets*.

DAC reviews the **role of women in development** and decides to give the subject an increased focus in the Aid Reviews and in statistical reporting.

DAC meets with the UN High Commissioner for Refugees (Mr Härtling) on Refugees and Development focusing on the integration of refugees in developing countries.

DAC holds review of aid by CMEA countries.

At the initiative of the Nordic countries DAC reviews problems of automatic resource transfers.

DAC establishes a **Group of Correspondents on Aid Evaluation**, Chairman: Robert Berg (US), Secretary: John White.

DAC establishes **Correspondents Group on Women in Development**, Chairperson: Karin Himmelstrand (Sweden), Secretary: Sune Ulvenholm.

Eugene S. Kerber (US) succeeds W. Kendall as Chairman of the Working Party on Statistical Problems.

DCD introduces electronic word-processing. DCD "correspondant informatique": Jean-Louis Grolleau.

France announces that it intends to achieve the 0.7 per cent of GNP target for independent countries.

United Nations Conference on New and Renewable Sources of Energy adopts Nairobi Programme of Action.

United Nations Conference on the Least-Developed Countries in Paris adopts Substantial New Programme of Action for the 1980s for the Least-Developed Countries, introducing also a special sub-target of 0.15 per cent of GNP for aid to the LLDCs.

World Bank prepares a report on *Accelerated Development in Sub-Saharan Africa: An Agenda for Action* (the "Berg Report") which identifies major policy deficiencies and institutional weaknesses and calls for large-scale policy reform and structural adjustment efforts.

First World Bank operation in China: World Bank and IDA approve \$200 million lending for development of higher education in science and engineering.

### **1982: The Debt Crisis and New Emphasis on Structural Adjustment**

**Rutherford (Rud) Poats** DAC Chairman (from January). Mr Poats (59) was advisor on President Carter's White House staff and the National Security Council. Previous positions were Senior Vice-President and Acting President of Overseas Private Investment Corporation (OPIC) and Deputy Administrator of USAID. After World War II he had worked as a journalist in Tokyo, covering the "reconstruction" of Japan.

Developing countries encounter serious debt servicing problems prompted by over-borrowing, ineffective use of resources on the one hand, the two oil shocks, and a sharp rise in international real interest rates and depressed export earnings resulting from OECD countries' economic stabilisation policies on the other. A **serious financial crisis** triggered off by Mexico's declaration in August 1982 of her inability to meet debt obligations (followed by Brazil and others), is contained by co-operative action between governments, international financial institutions and the banking community. This marks the beginning of a **long process of policy reform and structural adjustment efforts by developing countries**.

Secretary-General van Lennep delivers address to North-South Roundtable in Tokyo (October 1982) on North-South Relations and New Realities, stressing the importance of the change in the OECD economic policy environment from the 1970s for relations with developing countries.

Group of Correspondents on Aid Evaluation submits general assessment report on Aid Effectiveness to High Level Meeting. DAC upgrades Correspondents Group to an Expert Group on Aid Evaluation. Chairman: Mr Allan Mau (Canada).

DAC High Level Meeting approves **Guidelines on Aid for Maintenance and Strengthening of Existing Services and Facilities**.

DAC reviews Aid and **Environmental Protection**, with the participation of representatives from the UN Environment Programme (UNEP).

DAC organises a Workshop on Aid to Irrigation, with the participation of specialists from developing countries and from international agencies.

DAC reviews Training Assistance with experts from developing countries.

DAC meets with Inter-American Development Bank (President Ortiz Mena).

DCD publishes first survey of *External Debt of Developing Countries*.

Completion of methodological review of recording of administrative costs, and agreement to include in ODA.

Clarification of coverage of refugee expenditures eligible for inclusion in ODA.

Robert M. Ainscow (UK) succeeds Bruce Williams as Chairman of the Working Party on Financial Aspects of Development Assistance.

At the initiative of Finland (Mr Breitenstein) and other Nordic countries Development Committee in May in Helsinki establishes a Task Force on Concessional Flows to study the problems affecting the volume, quality and effective use of concessional flows.

André Barsony succeeds Clarence Gulick as Head of Policy Concepts and Analysis Division.

## 1983

DAC High Level Meeting considers the scope for Increasing the Effectiveness of Development Co-operation through **Improved Co-ordination at the Country Level** and adopts **Guiding Principles to Aid Agencies for Supporting the Role of Women in Development**, developed by the DAC Correspondents' Group on Women in Development.

DAC adopts **Guiding Principles for the Use of Aid in Association with Export Credits and other Market Funds (Mixed Credits)** developed by the DAC Working Party on Financial Aspects of Development Assistance, under the chairmanship of Bob Ainscow, in which DAC Members recognise the need to avoid the risk of distortion of trade and aid and undertake to ensure that associated financing will promote priority developmental objectives and is consistent with fair trade competition.

Publication of DCD study on *World Economic Interdependence and the Evolving North-South Relationship*, resulting from papers prepared for the OECD Group on North-South Economic Issues. The Report seeks to establish the major elements in the interaction between developed and developing countries, taking a longer-term structural view emphasising LDC diversity and market-oriented approaches. It also concludes that "trade, financial, investment and technological interchange between economies of different resource endowment and wage levels offer opportunities for productivity and real income gains for all partners".



The study stresses the fundamental importance of "addressing the basic rigidities of those developing countries whose participation in the global economy remains limited and which face deep-rooted problems of under-development and mass poverty." This called, it argued, "for a commitment to a continuing and evolving approach to development co-operation, which would clearly go beyond the strict needs of economic interdependence to strengthen the capacity of developing countries to participate as more equal partners within the world economy and to provide for accelerated development in the poorer parts of the world".

UNCTAD VI in Belgrade. OECD countries, operating in Group B (spokesman, Ambassador Larry Smith of Canada), propose the concept of interdependence as the basis for policy dialogue rather than the agenda of the New International Economic Order.

Agreement signed by President of the Bank for International Settlements (BIS) and Secretary-General of OECD for the exchange of confidential data on private and official claims, enabling the identification of officially-guaranteed bank claims and the publication of a joint OECD/BIS series on *Bank and Trade-Related Non-Bank External Claims on Individual Borrowing Countries and Territories*.

OPEC/DAC meeting in May at OPEC Headquarters in Vienna (Director-General: Mr Ibrahim Shihata).

DCD participates in Development Committee Task Force on Concessional Assistance meeting in Helsinki.

First issue in full publication format of annual DCD survey of *External Debt of Developing Countries*.

Allan Mau (Canada) then Basil E. Cracknell (UK) succeed Robert Berg as Chairman of Expert Group on Aid Evaluation.

Toshio Oshima succeeds Tomohiko Kobayashi as Special Counsellor to the Secretary-General.

Just Faaland (Norway) replaces Louis Sabourin as President of the Development Centre.

DAC/DCD "outing" to Ury at the initiative of Ruth Jacoby (Sweden) and Walter Gyger (Switzerland).

Irène Botcharoff succeeds Joyce Schonfield as Head of DCD Meetings and Documents Unit.

### **1984: DAC Makes Significant Progress in Promoting Aid Co-ordination and Policy Based Aid**

1984 marks further progress in the efforts to promote improved aid co-ordination and policy based aid generally. High Level Meeting discussion introduced by State Secretary Köhler from Germany. Members welcomed the efforts by the World Bank to increase the number of consultative groups, to strengthen the aid co-ordination functions of these groups, and to promote local arrangements for co-ordination. DAC Members also welcomed the related efforts of the UNDP (represented by Administrator Bradford Morse) to strengthen the co-ordination capability of round tables for least- developed countries. Growing attention is paid to pragmatic arrangements at local and sectoral level. DAC Members recognise that their

programmes and practices would have to be adapted in order to achieve the degree of co-ordination, responsiveness and coherence required. The suggestion that the World Bank (represented by Vice-President Ernest Stern) convene an early meeting of aid donors in view of the urgent need to mobilise additional external programme assistance support for policy reform and structural adjustment efforts of African nations found widespread support.

Japan becomes the second largest ODA donor.

DAC Expert Group on Aid Evaluation submits report on *Lessons of Experience Emerging from Aid Evaluation* largely based on the work of its Chairman, Basil Cracknell from the United Kingdom. Report outlines areas for substantial improvements in aid policies and procedures.

First issue of comprehensive annual *OECD External Debt Statistics* drawing on OECD/BIS combined data and other data sources (CRS, DRS, DAC) with figures for 1982 and 1983.

First meeting of the International Working Group on External Debt Statistics (OECD, Bank for International Settlements, Berne Union, IMF, World Bank).

Principle agreed, on the proposal of Australia, of inclusion in ODA of imputed costs of students from developing countries.

DCD participates in work of the Development Committee Task Force on "Does Aid Work?" (June seminar in Venice).

Elizabeth McAllister (Canada) succeeds Karin Himmelstrand as Chairperson of the Correspondents Group on Women in Development. Group transformed in April into an Expert Group on Women in Development (Chairperson: José van Hussen, Netherlands).

Secretary-General van Lennep delivers address at Council of Europe Conference on Europe's Role in North-South (Lisbon, April 1984), under the title *International Economic Reform: Concepts and Realities*, with emphasis on the importance of developing countries' own policies and sound OECD economic policies rather than international economic reform as the key to development progress.

Jean-Pierre Dubreuil, Conseiller financier in the Direction du Trésor of the French Ministry of Finance, elected Vice-Chairman of DAC.

Jean-Claude Paye succeeds Emile van Lennep as Secretary-General of OECD (September).

Colin Rodgers (Australia) replaces Jean-Roger Herrenchmidt as Head of Aid Review Division.

Henrik van der Heijden (Netherlands, Division Chief in the World Bank) succeeds Francis Wells as Head of Aid Management Division.

Ann Couderc succeeds Pauline Campion as Director's secretary.

International Conference on Population in Mexico City reaffirms and strengthens the World Population Plan of Action adopted at the 1974 Bucharest Conference.

World Bank prepares a report on *Toward Sustained Development in Sub-Saharan Africa -- A Joint Program of Action* which receives strong support from the Development Committee, emphasising that its implementation required concerted and sustained efforts of African governments, bilateral donors and international organisations.

### **1985: Twenty-Five Years of Development Co-operation**

On the occasion of its 25th anniversary DAC reviews *Twenty-Five Years of Development Co-operation*.

The DAC Chairman's Annual Report of 1985 is devoted to this subject. It contains a series of accounts by the five successive Committee Chairmen of the evolution of development co-operation and the role of the DAC in that process. The report traces major volume and policy development. (See Table and Charts which update the information in the 1985 Report.) It pays particular attention to a careful assessment of the effectiveness of aid.

On the **effectiveness of aid** the report concludes that despite the recent setbacks in Sub-Saharan Africa and some countries of Latin America, many developing countries have achieved remarkable economic and social growth over the past quarter-century and that aid, accompanied by growing exports to OECD countries, had significantly contributed to these gains. It is in the nature of official development assistance that it is concentrated on countries coping with particularly difficult problems. Official development assistance is not investment banking. It is therefore not directed to the countries with the highest potential investment returns. Aid is not only concentrated on countries with the most difficult and intractable development problems; substantial amounts of it must be used to cope with emergency situations arising from natural calamities, refugee influxes or strife. It is not at all surprising, therefore, that many of the major aid recipients are not among the fast-growing countries. Almost all have been helped significantly by aid to accelerate social development and to lay at least some of the foundations for rapid economic progress.

The report also draws some **operational lessons** from aid experience which prepare the ground for future DAC work on aid principles in the respective areas.

- One of the compelling lessons of experience is that aid can only be as effective as the policy, economic and administrative environment in which it operates. The successful use of aid in many of the Asian countries and, indeed, a limited number of African countries, provides positive evidence of this lesson. However, in the countries that need aid most, from the point of view of poverty and level of development, results often have been disappointing. The operational lesson is that aid has to be more concerned with creating the fundamental conditions for its effectiveness.
- One of the most important general findings of extensive evaluation of aid is that many of the problems encountered during implementation can be avoided and project survival and viability improved through strengthened project appraisal, greater rigour in project selection, clearer

and more realistic setting of objectives, greater flexibility in design, and quicker adjustment when shortcomings are identified.

- Greater emphasis should be given to ensuring the commitment of recipients' executing agencies and the motivation of local target groups through their active involvement in selection, design and implementation.
- If aid is to make a broad and sustained contribution to the economic and social well-being of developing countries, it must be concerned not only with the proper selection, design and implementation of individual projects but also with the support of broader sectoral and national efforts and policies.
- For donor advice in the policy and programming dialogue to be credible, it must be competent, reflect full understanding of the variety of economic and other constraints facing the developing country, and must be backed or at least accepted by all significant donors. A profusion of conflicting advice from a multiplicity of donors is counterproductive.
- International aid co-ordination arrangements with recipient governments should be further strengthened and lead to specific, operationally relevant conclusions, based on genuine consensus. Once consensus on priorities has been reached, it is essential that these priorities be respected by all participants.
- Donor competition for attractive projects remains a problem. Full and frank exchanges of relevant information on on-going and planned activities among donors, and between donors and recipients, are essential to the success of co-ordination efforts and more effective use of aid. There are in some cases still deficiencies in information exchange due to both administrative constraints and donor inhibitions resulting from political or commercial considerations.

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\* \*

OECD Ministerial Council agrees, after intensive preparatory work, on increase in minimum grant element for **tyed aid credits** and associated financing from 20 to 25 per cent.

OECD Environment Committee and DAC adopt a **Recommendation on Environmental Assessment of Development Assistance Projects and Programmes**.

North-South Group develops wide consensus around a paper prepared by DCD on North-South relations in the mid-1980s, emphasising the implications of new macroeconomic and structural policy frameworks in OECD countries (strict monetary policies to control inflation plus deregulation of a wide range of markets) and the growing adoption of outward looking market-oriented development strategies in developing countries.

DAC holds special meeting on action required to help **Sub-Saharan African countries launch essential policy reforms and rehabilitation efforts and to improve aid co-ordination**. DAC gives strong support

to World Bank initiative (Vice-Presidents Jaycox and Thalwitz) to launch a new programme of highly co-ordinated aid in support of African structural adjustment efforts.

DAC endorses recommendations on improving aid effectiveness in the drinking water supply and sanitation sector.

On the initiative of Chairman Poats DAC considers role of aid agencies in **strengthening the enterprise sector and market processes** in low-income countries. There is growing realisation that this is an essential prerequisite also for attracting private foreign investors.

The House Subcommittee on Government Operations of the US Congress (Chairman Rep. David Obey, Democrat, Wisconsin) invites DCD Director to give expert testimony to a Panel on Burden-Sharing.

Haven North (US) succeeds Basil Cracknell as Chairman of the Expert Group on Aid Evaluation. The Expert Group produces *Methods and Procedures in Aid Evaluation - A Compendium of Donor Practice and Experience*.

Ireland joins DAC.

Pierre Vinde succeeds Paul Lemerle as Deputy Secretary-General.

Pierre Labou rie appointed Economic and Financial Counsellor.

UN Conference in Nairobi reviews and appraises the UN Decade for Women and adopts a text on "Forward-Looking Strategies" for the period up to the year 2000.

The World Bank/IMF meetings in October in Seoul produce a large consensus on the need for developing countries to move as quickly as possible towards sustained economic growth and on the national and international action required to achieve this objective. The "Baker Plan", calling for refinancing and additional funding for major over-indebted developing countries is launched.

## LONG-TERM TRENDS IN AID FROM DAC COUNTRIES

	Volume of net ODA \$ million at 1990 prices & exchange rates					Share of DAC ODA					ODA as per cent of GNP					
	1950-55		1970-71		1980-81		1990-91		1950-55		1970-71		1980-81		1990-91	
	1950-55	1960-61	1970-71	1980-81	1990-91	1950-55	1960-61	1970-71	1980-81	1990-91	1950-55	1960-61	1970-71	1980-81	1990-91	
United States (a)	2 523	11 071	8 977	9 508	11 127	41.2	43.8	32.7	23.4	20.0	0.32	0.56	0.30	0.23	0.20	
EEC members combined <i>of which:</i>	3 454	12 005	12 089	19 251	25 862	56.4	47.5	44.1	47.5	46.6	0.51	0.64	0.38	0.41	0.43	
France (a)	2 162	5 258	3 435	4 493	7 311	35.3	20.8	12.5	11.1	13.2	1.24	1.35	0.51	0.48	0.61	
Germany	180	2 263	3 141	5 513	6 549	2.9	9.0	11.4	13.6	11.8	0.11	0.38	0.33	0.45	0.41	
Italy	191	565	856	1 347	3 314	3.1	2.2	3.1	3.3	6.0	0.23	0.18	0.16	0.16	0.30	
U.K. (a)	795	2 872	2 727	3 027	2 849	13.0	11.4	9.9	7.5	5.1	0.42	0.58	0.42	0.39	0.30	
Netherlands (a)	91	378	1 010	2 344	2 520	1.5	1.5	3.7	5.8	4.5	0.27	0.39	0.60	1.01	0.90	
Denmark	-	58	344	761	1 188	-	0.2	1.3	1.9	2.1	-	0.11	0.40	0.74	0.95	
Spain	-	-	-	777	1 041	-	-	-	1.9	1.9	-	-	-	0.10	0.21	
Belgium	35	610	576	868	857	0.6	2.4	2.1	2.1	1.5	0.11	0.82	0.48	0.54	0.44	
Portugal	-	350	320	74	169	-	1.4	1.2	0.2	0.3	-	1.70	1.05	0.02	0.28	
Ireland	-	-	-	48	65	-	-	-	0.1	0.1	-	-	-	0.16	0.17	
Luxembourg	-	-	-	8	12	-	-	-	0.0	0.0	-	-	-	0.12	0.28	
Greece	-	-	-	2	22	-	-	-	0.0	0.0	-	-	-	0.00	0.07	
Japan (a)	60	995	2 794	5 704	9 526	1.0	3.9	10.2	14.1	17.2	0.04	0.22	0.22	0.30	0.32	
Canada	62	287	1 197	1 798	2 480	1.0	1.1	4.4	4.4	4.5	0.10	0.16	0.41	0.43	0.45	
Sweden (a)	13	51	587	1 491	2 009	0.2	0.2	2.1	3.7	3.6	0.04	0.06	0.40	0.80	0.91	
Norway	5	44	181	701	1 203	0.1	0.2	0.7	1.7	2.2	0.04	0.13	0.33	0.86	1.15	
Australia	-	361	869	921	997	-	1.4	3.2	2.3	1.8	-	0.40	0.59	0.44	0.36	
Switzerland	7	71	228	461	798	0.1	0.3	0.8	1.1	1.4	0.02	0.06	0.12	0.24	0.34	
Finland	-	7	61	242	898	-	0.0	0.2	0.6	1.6	-	0.02	0.09	0.24	0.70	
Austria	-	13	67	358	467	-	0.1	0.2	0.9	0.8	-	0.02	0.07	0.28	0.29	
New-Zealand	-	24	65	112	99	-	0.1	0.2	0.3	0.2	-	0.12	0.23	0.31	0.24	
Total (b)	6 124	25 278	24 434	40 557	53 829	100.0	100.0	100.0	100.0	100.0	0.34	0.52	0.33	0.33	0.34	

a) Includes forgiveness of non-ODA debt as follows:

In 1990:

- i) Export credit claims (\$ million): France 166 (includes forgiveness of previously refinanced claims), Japan 15, Netherlands 12, Sweden 5, United Kingdom 8.
- ii) Non-concessional structural adjustment loans: France \$128 million.
- iii) Military debt: United States \$1.2 billion.

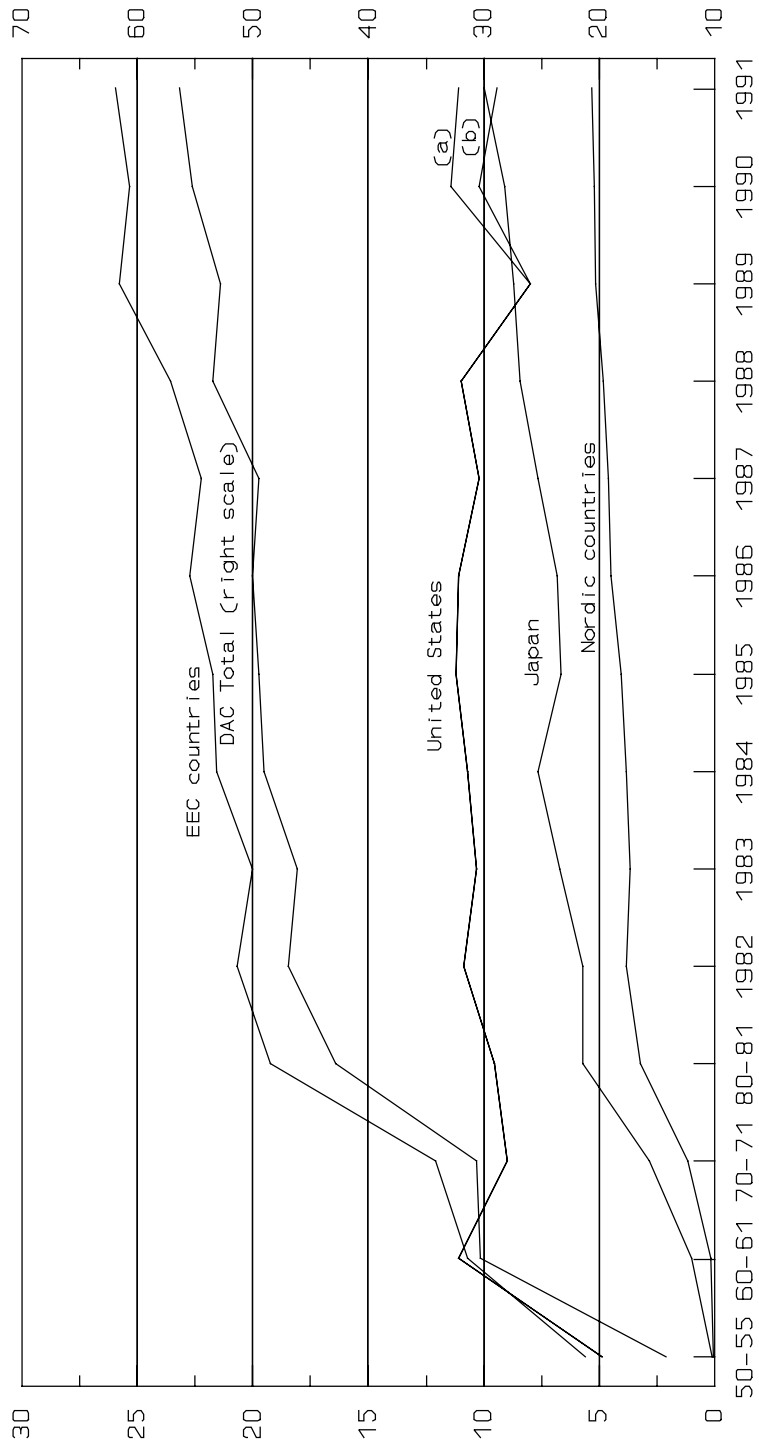
In 1991:

- i) Export credit claims (\$ million): Japan 7, United Kingdom 17.
  - ii) Military debt: United States \$1 855 million.
- Exclusion of these amounts would change the 1990/91 ODA/GNP ratio for France, the Netherlands and the United States to 0.60, 0.89 and 0.18 respectively.

b) Excludes the amounts shown in note a): Including these amounts the DAC total would be \$55 501 million (0.35 per cent of GNP) in 1990-91.

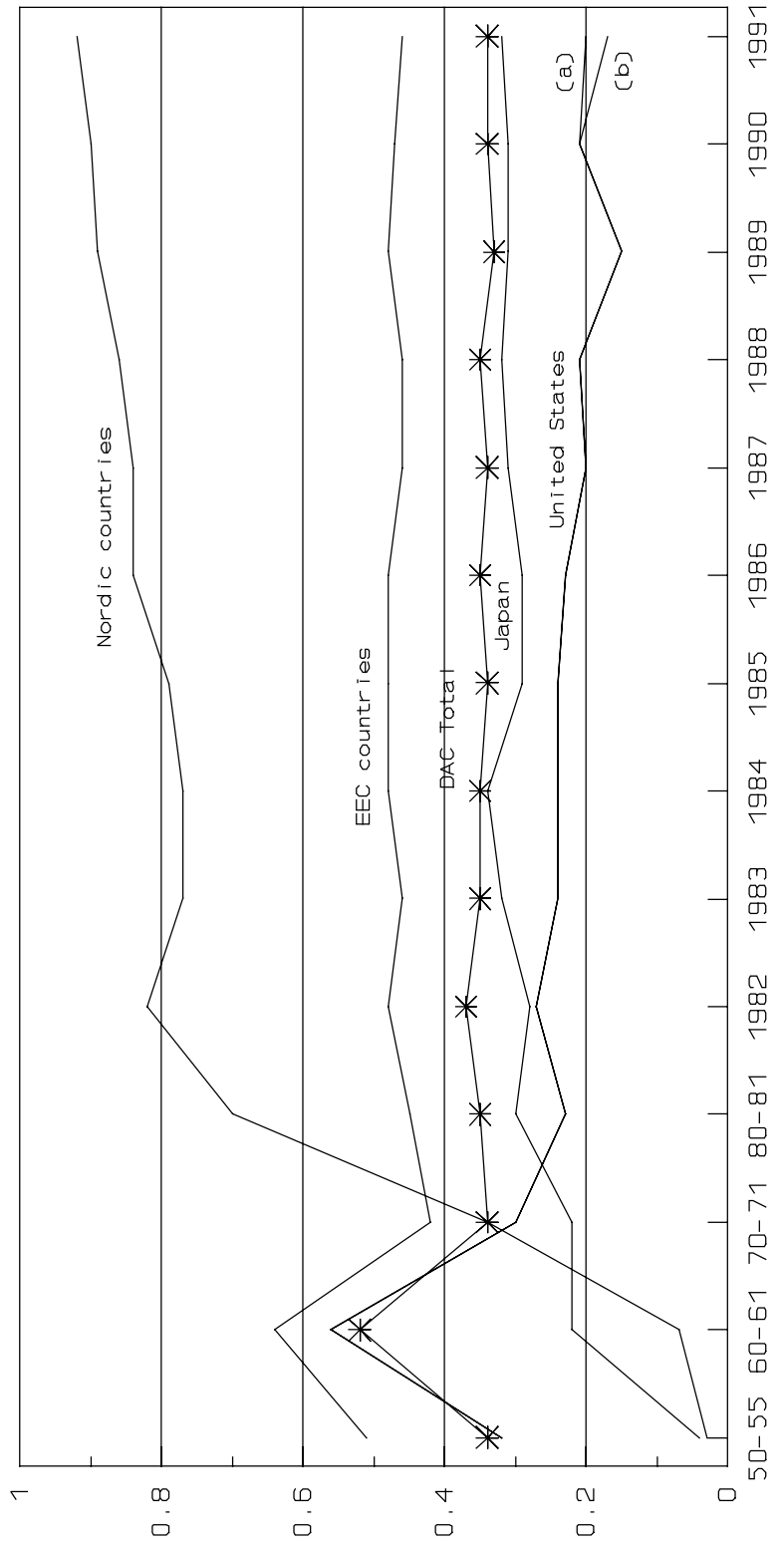
# Long-term Trends of net ODA disbursements by DAC Countries

((\$ billion at 1990 prices and exchange rates)



- a) Including military debt forgiveness
- b) Excluding military debt forgiveness

Long-term Trends of ODA as a Percentage of GNP by DAC Countries



- (a) Including military debt forgiveness
- (b) Excluding military debt forgiveness



## 1986: DAC Adopts Principles for Aid Co-ordination

**Joe Wheeler**, DAC Chairman (from January). Mr Wheeler (60) was Deputy Executive Director of the UN Environment Programme. Previously he was Deputy Administrator of USAID.

DAC High Level Meeting adopts guiding principles on **Aid for Improved Development Policies and Programmes and Implications for Aid Co-ordination** (subsequently included in the *Development Assistance Manual*). DAC Members accept that central responsibility for aid co-ordination lies with each recipient government. There is a strong emphasis on the need for developing countries to prepare, with the assistance of the World Bank, IMF and UNDP, effective development strategies and programmes which can serve as a basis for aid co-ordination. A series of specific recommendations are made to improve co-ordination arrangements in the consortia, consultative groups and round tables and at local level. World Bank (Vice-President Ernest Stern), IMF (Deputy Managing Director Richard Erb) and UNDP (Administrator William Draper) respond positively to DAC suggestions for improved aid co-ordination arrangements.

DAC launches, at the initiative of Germany, a series of field missions to review local co-ordination arrangements:

Bangladesh	mission leader secretariat	Hans Janssen, Germany Dorte Kabell
Nepal	mission leader	Ernst Iten, Switzerland
Tanzania	mission leader secretariat	Lambert-Jan Hanrath, Netherlands Stéphanie Baile
Senegal	mission leader secretariat	Michel Hauswirth, EEC Nicole Massignon

DAC approves a set of principles on **Good Procurement Practices for Official Development Assistance** (included in the DAC Manual).

According to Chairman Wheeler 1986 was the "**Year of Italy**" in the DAC, when Italian ODA increased by 58 per cent -- bringing Italy above the DAC average in terms of the ODA/GNP ratio.

Joint DAC/OPEC meeting in Kuwait.

DAC meeting on Structural Adjustment and Poverty discusses how structural adjustment affects the prospects of the poor; Secretariat paper emphasises the positive impact of policy reforms which remove biases against the rural sector, and labour-intensive activities, and switch public expenditure from subsidising parastatals to expanding social spending.

OECD Council adopts a recommendation on **Measures Required to Facilitate the Environmental Assessment of Development Assistance Projects and Programmes**.

Matthias Meyer (Switzerland), followed by Lars Ekengren (Sweden), Chairman of the Working Party on Financial Aspects of Development Assistance.

Kay Davies (US) succeeds José van Hussen as Chairperson of the Expert Group on Women in Development, Secretary: Françoise Genty.

Richard Allen (UK) succeeds Eugene Kerber as Chairman of the Working Party on Statistical Problems.

Louis Emmerij (Netherlands) succeeds Just Faaland as President of the Development Centre.

Tsuneo Oyake succeeds Toshio Oshima as Special Counsellor to the Secretary-General.

Camille Bernaut succeeds Danielle Henne as assistant documents officer.

GATT trade ministers launch the Uruguay Round at Punta del Este.

IMF establishes concessional Structural Adjustment Facility (SAF) to support programmes for macroeconomic and structural adjustment and reform leading to recovery of economic growth in low-income countries. Programmes are based on medium-term "Policy Framework Papers" formulated by the recipient authorities in collaboration with the IMF and the World Bank.

UNCTAD VII in Geneva. OECD contributes paper, drafted in DCD, used by Group B (Spokesman: Ambassador Haslik, Norway) to consider **national** policies as a necessary element in UNCTAD's work, along with international issues.

## 1987

DAC reviews **multilateral aid** with the following principal conclusions:

- There is continuing strong support for multilateral aid. Donors' assessments of multilateral agencies, however, are increasingly based on the degree of perceived effectiveness in the performance of defined tasks, rather than on any general assumption of the superiority of multilateral over bilateral aid. By this standard, some agencies are widely judged to fall short. Consequently, the immediate task for most agencies is to improve their operational capacity and project quality, within a clearer common understanding of objectives.
- With the growing complexity of the development and development co-operation task in the 1990s strong multilateral institutions as focal points for coherent efforts are essential. The World Bank, IMF and UNDP are the central bodies for providing the lead in assisting developing countries in aid co-ordination and policy planning, but they could make better use of the expertise of the sectoral UN agencies when they advise governments at the country level.

- Strengthening the UNDP's position as the central funding agency for UN technical co-operation programmes remains a crucial concern. The UNDP's performance of its central funding role is a prerequisite for bringing coherence to UN programmes as a whole.
- The sectoral UN agencies should be encouraged to strengthen their capacity and responsiveness to go beyond the shopping-list approach, based on individual projects, to make their contribution to a more strategic country-oriented approach, centred on the three essential elements:
  - policy improvement;
  - development of programmes within agreed public investment and expenditure priorities;
  - support for institution-building.
- There is now general agreement that the regional development banks, while remaining primarily project-oriented, should also to some extent develop policy-based programme lending instruments, working alongside and with the World Bank and IMF.
- The multilateral development banks have become mature lending institutions with major repayment receipts from earlier lending. While new lending is substantial and growing, total net financial transfers from their ordinary resources are in most cases diminishing. This poses problems. However, the role and impact of these institutions must not be judged only by the size of their net resource transfers. What is required, rather, is a continuing critical scrutiny of their efficiency and effectiveness in support of specified useful programmes and projects as well as the availability of adequate funding to finance these activities.

DAC adopts **Guiding Principles for Associated Financing and Tied and Partially Untied Official Development Assistance** in parallel with strengthened provisions for transparency and discipline for export credits and tied aid within the Arrangement on Guidelines for Officially Supported Export Credits.

Expert Group on Aid Evaluation (secretary: Hans Lundgren) organises evaluation seminar with developing countries. This was followed by regional seminars in Abidjan (1990), Kuala Lumpur (1992) and Quito (1993).

Agreement, at the request of Sweden, to include as part of ODA internally paid interest subsidies that meet the ODA definition.

At the initiative of the United Kingdom, DAC launches major work on developing agreed **Principles for Project Appraisal**.

DAC/OPEC meeting in Dakar discusses practical problems of project review, donor co-ordination and follow-up in connection with Senegal River Project.

North-South Group launches study on OECD's relations with major economic partners in developing countries.

Carl Wahren (from SIDA) succeeds Hendrik van der Heijden as Head of Aid Management Division.

## ECONOMIC AND SOCIAL PROGRESS IN DEVELOPING COUNTRIES

	Per capita income		Life expectancy		Literacy rate		Average growth rate		Per capita income
	(US\$)		(Years)		(% )		(% )		
	1960(a)	1990	1960	1990	1970	1990	GNP	Population	
<b>SUB-SAHARAN AFRICA</b>	330	350	40.4	51.3	24.2	49.6	3.0	2.8	0.2
<i>of which:</i>									
Nigeria	180	280	39.0	51.0	25.0	50.7	4.2	2.8	1.4
Ethiopia	100	120	43.0	48.0	4.2	..	3.3	2.8	0.6
Sahel	490	360	37.6	47.4	8.9	29.1	1.5	2.4	-0.9
Zaire	300	220	42.0	53.0	42.0	71.8	1.6	2.7	-1.0
Sudan	590	410	38.0	52.0	17.0	27.1	1.5	2.7	-1.2
Tanzania	..	..	40.0	49.0	..	..	3.7	3.0	0.4
Kenya	230	370	46.0	59.0	32.0	69.0	5.5	3.8	1.6
Uganda	..	..	44.0	49.0	41.0	48.3	..	3.3	..
Mozambique	220	80	36.0	49.0	22.0	32.9	-0.9	2.5	-3.3
Ghana	520	390	48.0	55.0	31.0	60.3	1.6	2.7	-1.0
Côte d'Ivoire	530	760	41.0	53.0	18.0	53.8	5.6	4.3	1.2
Cameroon	430	940	43.0	57.0	33.0	54.1	5.4	2.7	2.6
Madagascar	340	230	38.0	51.0	50.0	80.2	1.2	2.6	-1.3
Zimbabwe	520	650	52.0	64.0	55.0	66.9	4.2	3.4	0.7
Zambia	530	420	41.0	54.0	52.0	72.8	2.4	3.2	-0.8
Rwanda	300	310	46.0	49.0	32.0	50.2	3.3	3.1	0.1
Somalia	..	..	35.0	48.0	3.0	24.1	..	3.2	..
<b>ASIA</b>	200	540	42.6	64.0	41.7	63.9	5.6	2.1	3.4
<i>of which:</i>									
China	100	370	41.0	70.0	..	73.3	6.3	1.9	4.4
India	190	360	42.0	59.0	34.0	48.2	4.5	2.3	2.1
Indonesia	220	560	41.0	61.0	54.0	77.0	5.5	2.2	3.2
Pakistan	170	390	43.0	55.0	21.0	34.8	5.9	3.1	2.8
Bangladesh	170	210	43.0	51.0	24.0	35.3	3.3	2.5	0.7
Philippines	460	730	52.0	64.0	83.0	89.7	4.4	2.7	1.5
Thailand	400	1 420	52.0	66.0	79.0	93.0	7.0	2.5	4.3
Korea	780	5 450	53.0	70.0	88.0	96.3	8.7	1.8	6.7
Sri Lanka	220	470	62.0	71.0	77.0	88.4	4.4	1.8	2.5
Indochina	..	..	42.7	65.8	..	87.6	..	1.9	..
<b>OCEANIA</b>	1 100	990	43.8	56.0	32.0	52.0	2.0	2.1	-0.4
<b>NORTH AFR. MID. EAST</b>	1 980	2 230	47.3	62.6	29.9	54.6	3.4	3.0	0.4
<i>of which:</i>									
Egypt	240	610	46.0	60.0	35.0	48.4	5.7	2.4	3.2
Morocco	580	970	46.0	61.0	22.0	49.5	4.4	2.6	1.7
Yemen	..	..	35.0	53.0	8.0	38.5	..	3.5	..
Tunisia	..	1 440	48.0	66.0	31.0	65.3	..	2.2	..
Jordan	1 130	1 390	46.0	67.0	47.0	80.1	3.7	2.1	0.7

## ECONOMIC AND SOCIAL PROGRESS IN DEVELOPING COUNTRIES (cont'd)

	Per capita income		Life expectancy		Literacy rate		Average growth rate		Per capita income
	(US\$)		(Years)		(%)		(%)		
	1960(a)	1990	1960	1990	1970	1990	GNP	Population	
<b>LATIN AMERICA</b>	1 180	2 130	55.2	67.3	72.3	84.4	4.6	2.4	2.0
<i>of which:</i>									
Brazil	1 070	2 680	54.0	66.0	66.0	81.1	5.7	2.5	3.1
Mexico	1 210	2 480	57.0	69.0	74.0	87.3	5.4	2.9	2.4
Colombia	670	1 250	53.0	..	78.0	86.7	4.7	2.5	2.1
Argentina	2 090	2 380	65.0	71.0	93.0	95.3	2.0	1.5	0.4
Peru	910	1 070	47.0	69.0	71.0	85.1	3.3	2.7	0.5
Chile	1 460	1 930	56.0	72.0	89.0	93.4	2.8	1.9	0.9
Ecuador	530	960	50.0	66.0	72.0	85.8	5.1	3.0	2.0
Bolivia	610	630	42.0	54.0	57.0	77.5	2.6	2.6	0.1
El Salvador	900	1 000	50.0	63.0	57.0	73.0	2.8	2.4	0.3
Honduras	590	660	46.0	65.0	53.0	73.1	3.7	3.3	0.4
Costa Rica	1 150	1 900	61.0	75.0	88.0	92.8	4.5	2.8	1.7
<b>TOTAL</b>	410	840	44.3	62.8	43.4	64.6	4.8	2.2	2.4
<b>TOTAL (excl. India &amp; China)</b>	770	1 360	47.4	60.4	47.9	66.7	4.5	2.5	1.9
<b>OECD</b>	8 710	20 540	69.1	76.4	(b)	(b)	3.7	0.8	2.9
<i>of which:</i>									
United States	11 530	21 810	69.0	75.9	(b)	(b)	3.3	1.1	2.1
Japan	4 950	25 840	67.0	78.6	(b)	(b)	6.7	0.9	5.7
Germany	9 480	22 360	69.0	75.2	(b)	(b)	3.2	0.3	2.9
France	7 860	19 590	70.0	76.4	(b)	(b)	3.8	0.7	3.1
Sweden	11 820	23 780	73.0	77.4	(b)	(b)	2.8	0.5	2.4
Turkey	710	1 640	50.0	66.0	52.0	80.7	5.3	2.4	2.8
Greece	1 870	6 010	68.0	76.1	..	93.2	4.7	0.6	4.0

*Note:* Countries are ranked within region according to 1990 population in descending order.

a) 1960 per capita data are obtained by applying 1960-90 growth rates to 1990 data (World Bank Atlas).

b) More than 95 per cent.

*Source:* World Bank data.

World Commission on Environment and Development (the Brundtland Commission) issues its report *Our Common Future*. The Commission was created by a resolution of the UN General Assembly.

### **1988: DAC Adopts Principles for Project Appraisal**

After considerable analytical work and negotiations by DAC, the High Level Meeting adopts Principles for Project Appraisal, covering the whole process from initial project identification to preparation, appraisal, selection and design and to subsequent monitoring and evaluation (included in the DAC Manual).

DCD launches work on Development Co-operation in the 1990s.

DCD publishes *Voluntary Aid for Development: The Role of Non-Governmental Organisations* (Elena Borghese).

DCD publishes *A Comparative Survey of DAC Members' Project Appraisal Criteria and Procedures* (Robert Porter, formerly Deputy Secretary and Head of the Economic Service in the United Kingdom Overseas Development Administration).

Takashi Koezuka (Director, Multilateral Affairs in the Economic Co-operation Bureau of the Japanese Ministry of Foreign Affairs) elected second Vice-Chairman of DAC.

Klaus Winkel (Denmark) succeeds Haven North as Chairman of Expert Group on Aid Evaluation.

Ulla Lehmann Nielsen (Denmark) succeeds Kay Davies as Chairperson of the Expert Group on Women in Development (Secretary: Stephanie Baile, succeeded in 1992 by Tara Gildea).

Barrie Ireton (UK) succeeds Lars Ekengren as Chairman of the Working Party on Financial Aspects of Development Assistance.

Publication of Report by the International Working Group on External Debt Statistics (World Bank, IMF, BIS, OECD) on *External Debt: Definition, Statistical Coverage and Methodology*.

"Oyake Report" on *OECD and the Major Developing Economies* is finalised, based on major analytical and drafting work in DCD and on missions by Tsuneo Oyake, Richard Carey and André Barsony to Brazil, China, Hong Kong, Korea, Singapore, Indonesia and India. Report's recommendation that OECD embark on a process of establishing direct policy dialogue with major developing economies meets with general agreement.

Robert (Bob) Cornell succeeds Jacob Myerson as Deputy Secretary-General.

Yoshihiko Kono (from OECF) replaces Colin Rodgers as Head of Aid Policies Review Division.

Policy Concepts and Analysis Division becomes Economic Relations with Developing Countries Unit. André Barsony transfers to Liaison and Co-ordination Unit. Bernhard Fischer (Germany) becomes Head of the new unit.

At the Toronto Economic Summit, leaders of seven major industrialised countries reach a consensus on rescheduling official debt of low-income African countries "within a framework that allows official creditors to choose among concessional interest rates, usually on shorter maturities; longer repayment periods at commercial rates; partial write-offs of debt-service obligations during the consolidation period; or a combination of these options (Toronto Terms)".

World Bank/IMF meeting in September in Berlin gives sharper definition to "Toronto Terms" for debt relief for the poorest most indebted countries.

IMF's new concessional lending facility, the Enhanced Structural Adjustment Facility (ESAF), becomes operational. It is expected to provide new resources for helping IMF's poorest member countries undertake strong three-year macroeconomic and structural programmes to improve their balance-of-payments position and foster growth.

World Bank co-ordinates a "Special Programme for Africa" (SPA), a three-year programme (1988-90) of debt relief and growth-oriented import financing for low-income, debt-distressed countries in Sub-Saharan Africa conducting policy reform efforts.

International convention establishing the Multilateral Investment Guarantee Agency (MIGA) comes into effect.

Establishment by Taiwan of its International Economic Co-operation Development Fund.

### **1989: Development Co-operation in the 1990s and New Emphasis on Participatory Development and Environment**

The major DAC subject in 1989 is the work on Development Co-operation in the 1990s. The work was launched in 1988 and is a natural follow-up to the retrospective of Twenty-Five Years of Development Co-operation in 1985.

The DAC Senior Level Meeting in June and, at the initiative of Japan, an associated senior level seminar with participation of developing countries review the work by the Secretariat and DAC for Development Co-operation in the 1990s. At the DAC High Level Meeting in December, Development Co-operation Ministers and Heads of Aid Agencies adopt *Policy Statement on Development Co-operation in the 1990s*. This is backed up by a comprehensive analysis included in the 1989 DAC Chairman's Report on the fundamental development assistance challenges for the 1990s and central policy orientations in the key areas as they emerge from DAC work.

It is the essential conclusion of DAC's work on Development Co-operation in the 1990s that the vicious circle of underdevelopment that links high population growth, poverty, malnutrition, illiteracy and environmental

degradation can be broken only through economic and developmental strategies and policies which integrate the objectives and requirements of

- promoting sustainable economic growth;
- enabling broader participation of all the people in the productive processes and a more equitable sharing of their benefits;
- ensuring environmental sustainability and slowing population growth in those many countries where it is too high to permit sustainable development.

Participatory development and environmental sustainability were two major new notions introduced in DAC conceptual aid policy thinking.

The **Participatory Development** notion addresses both economic and political aspects of broad popular participation in the development process. Members expressed their determination to "seek opportunities to work with developing countries towards promoting conditions for a dynamic productive sector, strengthening the role of individual initiative, private enterprise and the market system, and more generally, drawing the whole population into the active life of their countries. The transition from an economy which is stifled by over-regulation, and by powerful state and private monopolies, to an economy where the productive energies of people are motivated and can find legitimate expression is a complex challenge.

- There is a vital connection, now more widely appreciated, between open, democratic and accountable political systems, individual rights and the effective and equitable operation of economic systems.
- Participatory development implies more democracy, a greater role for local organisations and self-government, respect of human rights including effective and accessible legal systems, competitive markets and dynamic private enterprise.
- More open competitive systems will improve effective resource use, growth and employment, and will create more favourable conditions for a more equitable income distribution."

Contributing to **environmentally sound and sustainable development** was identified as a central task for development co-operation in the 1990s: "Without major action, irreparable damage could be done to the resource base and natural environment in developing countries. The problems could become increasingly intractable and expensive, compromising current and future development prospects. In developing countries, poverty is both a cause and result of environmental degradation. The imperative of protecting the environmental resource base for the benefit of today's and future generations is thus in itself a compelling reason for economic and social development. Without broad-based development, policies and practices securing sustainable use of natural resources will be difficult to attain."

The *Report on Development Co-operation in the 1990s* reaffirms the **central importance for effective aid of effective co-ordination**. "Donor countries will be able to assist developing countries effectively only if they relate their national aid activities to concerted action in support of effective programmes and policies of the assisted countries. National development assistance efforts must be seen as part of a larger international effort.



No individual donor country has an aid programme large enough in any single developing country to achieve significant development objectives on its own. Staff constraints are such that effective aid management imperatively calls for increased donor co-operation based on some specialisation. The primary performance

measure of the individual national aid programme -- and indeed of the individual aid manager -- must be its contribution to the larger development effort.

"Effective development co-operation requires a reconciliation of the range of national policy interests with the underlying objectives of development and measures to ensure that the sum of individual donor efforts adds up to a coherent whole. Greater efforts need to be made to explain to national public opinion that national development assistance efforts are part of a larger international effort."

In connection with the DAC work on Development Co-operation in the 1990s, determined effort by the Nordic countries and the Netherlands (the "G 0.7" in the words of Swedish Under-Secretary Sven Säve-Söderberg) to obtain firm commitments from other DAC Members of significant aid volume increases.

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DAC, on the initiative of France, establishes **Working Party on Development Assistance and Environment**.  
Chairman: Frits Schlingemann (Netherlands).

DAC adopts **Guiding Principles for Women in Development** (included in the DAC Manual). These were prepared by the DAC Expert Group on Women in Development and build on the Principles adopted by the DAC in 1983.

DAC Expert Group on Aid Evaluation prepares a report on *Sustainability in Development Programmes: A Compendium of Evaluation Experience* (based largely on work by Haven North).

At the initiative of the Swedish Delegation (Ambassador Bo Kjellen) the **DAC reviews its working methods and structures** and essentially confirms the utility of current approaches including the frequency of meetings, the structure of working parties and the arrangements for officers. Several Delegations reaffirm their attachment to the principle of rotating chairmanships. The Report is reviewed and endorsed by the Council Working Party on Relations with non-Member Countries. (For structure and frequency of DAC meetings see box.)

At the initiative of Italy, DAC launches, on an experimental basis, a series of reviews of aid issues in specific developing-country regions. This work starts with a review of **aid policy issues in South Asia**.

DAC reviews problems of low-income, raw material-producing developing countries and recommends broad-based development approach to diversification.

Japan largest DAC donor in 1989 accounting for almost 20 per cent of total DAC aid.

**STRUCTURE AND FREQUENCY OF DAC MEETINGS IN 1992**  
(meeting days)

High Level Meeting	1.5
Senior Level Meeting	2
Aid Reviews	8
Major subject meetings	9
Work programme and preparatory meetings	7.5
Working Party on Development Assistance & Environment	5
Working Party on Financial Aspects of Development Assistance	5
Working Party on Statistical Problems	1
Expert Group on Aid Evaluation	3
Expert Group on Women in Development	2
	44
	(65 in 1974)

DAC Members fail to reach agreement on the appropriate recording of aid to Poland and Hungary. Japan, backed by the United States, seeks agreement to use ODA funds for these countries. Other countries, especially France and the Netherlands, wish DAC aid presentations and work to remain concentrated on the "traditional developing countries". Finally Members ask **DCD to collect statistical information on aid to Eastern European countries** for use by competent bodies of the OECD (see 1991).

Inception, at the request of the United States, of a full-scale review of DAC statistics.

Introduction of WID reporting into DAC and CRS statistics.

DAC Members hold informal exchange of information on their aid activities in China since the events in Beijing in June 1989.

Following from the Oyake Report, an informal OECD seminar entitled "Sustaining the Development of the Global Economy: National Policies and International Co-operation" brings together personalities from OECD countries and selected non-Member Asian economies (Hong Kong, South Korea, Singapore and Taiwan), the "**Dynamic Asian Economies**"; discussion based on issues paper drafted largely in DCD. Seminar leads to establishment of informal dialogue with the Dynamic Asian Economies (DAEs) based on a programme of workshops administered by Liaison and Co-ordination Unit (André Barsony succeeds Francis Black as Head of Unit in 1991).

After extensive discussion at the level of OECD Permanent Representatives, idea of transforming the North-South Group into a committee for analysing substantive policy issues in relations with developing countries fails to attract a consensus. The North-South Group lapses.

The Council establishes a Group on Consultations for Major International Meetings. First Chairman Ambassador Rutanen from Finland.

Breitenstein Report (Finnish Ambassador, Chairman of the Development Centre Advisory Board) lays ground for closer working relations between the Development Centre and OECD.

Technical Co-operation Committee (TECO) transformed into a Public Management Committee (PUMA).

Bjorg Leite (Norway) succeeds Ulla Lehmann Nielsen as Chairperson of the Expert Group on Women in Development.

Atsushi Hatakenaka, Deputy Director-General of Economic Cooperation Bureau in the Japanese Ministry of Foreign Affairs, elected second Vice-Chairman of DAC.

The opening of the Berlin Wall in November 1989 signalled the end of the Cold War and of the division of Europe leading to profound political, economic and social changes in Central and Eastern Europe with repercussions on development co-operation and developing countries.

The "Montreal Protocol on Substances that Deplete the Ozone Layer" enters into force.

## 1990

DAC High Level Meeting pursues the discussion on the role of aid in contributing to broad-based participatory development and the interlinked issues of environment, population and development.

DCD issues *Promoting Private Enterprise in Developing Countries*, with policy guidance set out in an opening chapter and embodying findings of field missions staffed by Members and the Secretariat and led by Rutherford Poats to Indonesia, Costa Rica and Ghana.

DAC addresses issues of **Population and Development** and recommends a substantial strengthening of support for population programmes. These recommendations are endorsed by the Senior Level Meeting and the High Level Meeting and subsequently included in the DAC Manual.

Experts' meeting on Managing Technological Change in Less-Advanced Developing Countries (publication in 1991).

DAC reviews aid policy issues in Latin America. (Publication entitled *Development and Democracy: Aid Policies in Latin America* issued in 1992.)

DAC discusses financial support for private sector development (for conclusions see 1992 Chairman's Report).

Work begins on Programme Assistance and Technical Co-operation Principles.

DAC reviews, with assistance of World Bank and IMF, the impact of the **Gulf crisis** (Iraq's aggression of Kuwait and riposte by international community) on developing countries and implications for aid.

Norway reports to an informal DAC meeting on the cessation of development co-operation with Kenya prompted by a human rights incident.

Delegations, through special financial contributions, enable Secretariat to launch a programme of **field visits** in connection with preparations for Aid Reviews.

Gun-Britt Andersson, Assistant Under-Secretary, Department for International Development Co-operation, Swedish Ministry for Foreign Affairs, elected third Vice-Chairman of DAC. This is in follow-up to the recommendation in the 1990 report on the DAC review of its working methods and structures to further increase the representativeness of its officers by inviting a country with a particularly high ODA/GNP ratio to nominate a Vice-Chairman.

OECD establishes (in March) the **Centre for Co-operation with European Economies in Transition (CCEET)**, headed by Assistant Secretary-General Salvatore Zecchini and Jean-Pierre Tuveri, to channel advice and assistance for a wide range of activities to countries in Central and Eastern Europe and the former Soviet Union, and to organise an economic policy dialogue with these countries.

Makoto Taniguchi, Deputy Secretary-General, succeeds Tsuneo Oyake, Special Counsellor to the Secretary-General.

Management review of DCD by Management Advisory Unit leading to some changes in organisational structures (see 1992 below).

Second United Nations Conference on the Least-Developed Countries in Paris identifies national and international policies and measures for accelerating the development process in the least developed countries during the 1990s in accordance with their long-term national, social and economic objectives.

European Bank for Reconstruction and Development (EBRD) is established.

Unification of Germany in October 1990. Chancellor Kohl pledges continued strong priority for assistance to developing countries despite the cost of unification and German efforts to help stabilise the political and economic situation in Eastern Europe.

Nordic Ministers of Development Co-operation adopt strong statement on importance of democracy and human rights.

The **Global Environment Facility** is set up in November by 25 developed and developing countries as a three-year pilot project to be jointly administered by the World Bank, UNDP and UNEP. Its grants will help developing countries finance projects in four focal areas: climate change and limitation of greenhouse gases; protection of international waters; preservation of biological diversity and ozone depletion.

## **1991: New Disciplines for Tied Aid Agreed and Strong DAC Priority on Environment**

**Alexander Ray Love** DAC Chairman (from January). Mr Love (58) was Counselor to USAID, the highest Senior Foreign Service level in AID, with personal rank of Career Minister. Previous assignments included work on Asia and Africa, including positions as Regional Director in Nairobi and as Deputy Assistant Administrator for Africa.

DAC devotes major attention to the problems of ensuring improved **policy coherence** in the whole range of policies in relations with developing countries and the role of aid agencies in contributing to improved policy coherence (DAC meeting in September; High Level Meeting. The analytical work is reflected in Chapter II of the 1992 DAC Chairman's Report.) In parallel, Council discussion prompted by a French initiative and initial discussion on consequences for Secretariat support, including possible "merger" of DCD and the Development Centre.

After long and arduous discussions agreement is finally reached on **new disciplines for tied aid and associated financing**. Discussions driven by concern, most strongly felt by the United States, over the use of concessional tied aid to gain commercial advantage ("predatory practices" in highly competitive sectors, such as telecommunications, transport and power in "spoiled markets"). DAC adopts agreement (formally in 1992 and included in the DAC Manual) which incorporates the aid-relevant aspects of the agreement of the Participants to the Arrangement on Officially Supported Export Credits (the "Helsinki Package") and has some additional development assistance-oriented provisions. Essentially the new disciplines

- ban the use of tied aid credits in upper middle income countries;
- ban the use of tied aid credits in all countries (other than LLDCs) for projects which are "commercially viable" under correct pricing policies and which could attract commercial finance;
- provide a checklist of considerations against which the development quality of projects or programmes should be assessed;
- set forth special provisions for mutual project appraisal and the use of international competitive bidding for large projects;
- define procedural arrangements concerning notification, transparency, consultation and review of Member countries' practices.

DAC contribution through Working Party on Financial Aspects under its Chairman Barrie Ireton.

DAC faces problem of the recording of cancellation of non-ODA debt prompted by a cancellation of major military debt of Egypt by the United States (see 1992).

DAC discusses aid for microenterprises (conclusions set out in 1992 Chairman's Report).

DAC holds meeting on Aid Issues in the South Pacific, preceded by preparatory informal seminar in Vanuatu with field mission officers and regional experts.

OECD meeting of **Development and Environment Ministers** in December at the initiative of France and Germany, chaired by French Minister of Co-operation, Edwige Avice and French Minister of Environment,

Brice Lalonde. Secretariat responsibility: Pierre Vinde, Deputy Secretary-General, assisted by Joan Fox-Przeworski and Marilyn Yakowitz. Preparations involve close co-operation between DCD and Environment Directorate (Director: Bill Long). The Environment and Development Co-operation Ministers adopt a Policy Statement and endorse the environment aid principles developed by the DAC Working Party on Development Assistance and Environment:

- Good Practices for Country Environmental Surveys and Strategies.
- Good Practices for Environmental Impact Assessment of Development Projects.
- Guidelines for Aid Agencies on Involuntary Displacement and Resettlement in Development Projects.
- Guidelines for Aid Agencies on Global Environmental Problems.

DAC High Level Meeting in December discusses policy coherence (results of DAC work set out in 1992 DAC Chairman's Report) and adopts

- Principles for Programme Assistance.
- New Orientations for Technical Co-operation.
- Principles for Aid Evaluation. (All included in the DAC Manual.)

Portugal and Spain join DAC. Other non-DAC OECD countries are increasingly associated with DAC work including participation at the High Level Meeting.

Reporting introduced on flows to Central and Eastern European Countries (CEEC) countries (extended in 1992 to Newly Independent States (NIS)).

Efforts by DCD and World Bank staff to improve the harmonisation of aid and other resource flow data of the two institutions fail over disagreement on the recording of technical co-operation grants which the World Bank excludes; World Bank undertakes, however, to show technical co-operation grants as a memorandum item in its presentations.

Jean Quesnel (Canada) succeeds Klaus Winkel as Chairman of the Expert Group on Aid Evaluation.

Rosalind Eyben succeeds Bjørg Leite as Chairperson of the Expert Group on Women in Development.

DCD General Staff Meeting (January) on DCD reorganisation and management.

DCD Staff Training Day with Robert Cassen and Tony Killick.

Peter Aicher and Roman Bernaut from Aid Policies Review Division leave on retirement and are replaced by Art Fell and Georg Hansen.

André Barsony succeeds Francis Black as Head of Liaison and Co-ordination Unit in the Secretary-General's Office.

Finland exceeds 0.7 per cent target, joining Norway, Denmark, Sweden and the Netherlands.

The Korea International Co-operation Agency established under the authority of the Foreign Ministry, to plan and implement Korea's technical assistance and disaster relief activities.

The Treaty of Maastricht, as approved by EEC Heads of State and Governments in December 1991 with a view to subsequent ratification, contains a chapter on development co-operation putting it on equal footing with other community policies. The main features of this chapter are complementarity of common and national aid policies; a strong co-ordination obligation for Member States and the Commission, also in international fora; the observation of coherence among all common policies with impact on developing countries; and a clear definition of the main thrust of EEC aid, i.e. economic **and** social development with the main focus on poverty alleviation and the poorest countries; integration of developing countries into the global economy; promotion and maintenance of human rights, democracy and good governance.

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1990 and 1991 see major progress in world-wide **democratisation**. At the OECD Ministerial Council in May 1990 "OECD Ministers welcome the historic changes taking place in Europe, particularly in Germany. These developments, together with the recent evolution of a number of the developing countries, represent a movement towards the basic values which are common to the OECD countries: pluralistic democracy, respect for human rights, and a competitive market economy. They improve the prospect of a truly integrated global economic system."

Following the restitution of democratic regimes in most of Latin America, widespread popular pressure in Africa and elsewhere for more representative government. Major policy statements on human rights, democracy and development by European Community and Nordic countries, Commonwealth, individual DAC countries, including Canada, France, Germany, Japan, United Kingdom and the United States. OECD Ministerial Council Communiqué of June 1991 and DAC High Level Meeting in December emphasise the importance OECD countries attach to promoting human rights, democratisation, open and accountable government institutions and the rule of law and reduction of excessive military expenditures. Firm position by donors on democratisation and human rights at the Consultative Group meeting on Kenya and in most subsequent consultative groups. The DAC in its 1989 *Policy Statement on Development Co-operation in the 1990s* had been a front-runner with its emphasis on the "vital connection between open, democratic and accountable political systems, individual rights and the effective and equitable operation of economic systems".

### **1992: Good Governance and the DAC Manual**

DAC continues its work on **Participatory Development and Good Governance** with a review of a detailed Survey of DAC Members' Policies and Practices in these areas. Germany and Japan take a particularly strong view on the need to reduce excessive military expenditures in developing countries. Members agree to attempt to establish an evolving "common frame of reference" for their co-operation in the areas of participatory development and good governance.



DAC Senior Level Meeting reviews tasks for development co-operation in the post Cold War context, both globally and in specific regions. Finland suggests adding to the existing ODA concept a broader concept of concessional resource flows for development, humanitarian and environmental purposes.

DAC discusses problems of privatisation, education, regional co-operation and urban development.

DAC reaches agreement (at Senior Level Meeting) on the Secretariat proposal (with further amendments) on the **recording of debt forgiveness on military debt and other non-ODA debt**. (The discussion had been prompted by the intention of the United States to record annual instalments of the order of \$1-2 billion of Egypt's foreign military debt as ODA.)

The Netherlands report to an informal DAC meeting on the events which led to its renouncing the chairmanship of the Intergovernmental Group on Indonesia.

DAC approves a Recommendation confirming the importance of statistical reporting. Secretariat missions to reporting capitals launched, to complete the review of DAC statistics.

France omits aid to the DOMs (Overseas Departments) from ODA reporting.

At their High Level Meeting DAC Members review **basic rationales and orientations for aid in the new political and economic context**:

- They reaffirm that the basic task of official development assistance (ODA) is to support sustainable development, reduce poverty and build viable economies and societies, and generate the capacity for beneficial participation in the world economy.
- They underline the contribution of aid to assist developing countries to participate constructively in the solution of common global problems, such as preserving the global environment, combating narcotics and major disease threats, contributing to peace-building and a well-functioning, open world economic system.
- They stress the importance of transparency and international monitoring in the whole range of international aid flows beyond traditional official development assistance and reconfirm the arrangements made to use the DAC statistical reporting systems for collecting data also on aid to the Central and Eastern European countries and the New Independent States of the former Soviet Union.
- They ask the DAC to complete the current review of the ODA definition and related issues such as the composition of the DAC List of Developing Countries and Territories and Other Aid Recipients and the question of the utility of introducing broader aid concepts by the time of the High Level Meeting in 1993.
- As an interim step to update the DAC List, Members agree to add the five Central Asian Republics: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan and to omit, after a transitional period of three years, a number of countries presently on the List of Developing Countries: Bahamas, Brunei, Kuwait, Qatar, Singapore and the United Arab

Emirates. These steps are preliminary. The DAC will consider as part of the overall review criteria for the inclusion in or exclusion from the List of Developing Countries and Territories.

Having stressed the importance which they attach to the respect of human rights, democratic development and reduction in excessive military expenditures, DAC Members at the 1992 High Level Meeting also address one of the last taboo subjects, **corruption**: "Fighting corruption and improving financial accountability is an essential element of good governance. Corruption can undermine the whole fabric of economic and political life. Aid ministers and heads of aid agencies are convinced that the control procedures in place ensure correct use of aid for the vast bulk of funds. Nevertheless, corruption can result in the misuse of aid as well as domestic resources and can damage the reputation of aid efforts in donor countries. Members will take steps to assist developing countries to strengthen accountability and to implement effective anti-corruption strategies. They will also give attention to strengthening their own procedures to ensure probity in the use of aid funds."

DAC publishes the *Development Assistance Manual* which brings together the essence of DAC's work over the past five to ten years on key areas of aid management (see box.) They include the operational lessons from the *1985 Review of Twenty-five Years of Development Co-operation*, the DAC policy orientations for development co-operation in the 1990s and the principles and general orientations adopted in the areas of

- aid co-ordination
- project appraisal
- technical co-operation
- programme assistance
- women in development
- environmental impact assessment
- good procurement practices
- tied aid
- population and development
- promoting the private sector
- role of science and technology
- aid evaluation.

Luxembourg joins the DAC.

DCD Staff Training Day on Women in Development sponsored by the Japanese Delegation, with Janet Tuthill, consultant with USAID.

At DCD General Staff Meeting OECD Medical Adviser Dr Henri Bourdarias reports on (inconclusive) results of health survey. Edgar Meyer from General Services explains envisaged refurbishing of Annex Ranelagh offices.

Secretary-General holds informal meeting with all DCD Staff on orientation of future OECD work on developing countries.

Takeshi Nakano (from JICA) succeeds Yoshihiko Kono as Head of Aid Policies Review Division which now also includes the non-DAC Donors Unit.

**DISTRIBUTION OF DAC DEVELOPMENT ASSISTANCE MANUAL  
TO DELEGATIONS AND INSTITUTIONS**

DELEGATIONS	FREE COPIES	PURCHASES
AUSTRALIA	18	150
AUSTRIA	9	150
BELGIUM	16	50
CANADA	21	228
CEC	17	240
DENMARK	12	250
FINLAND	12	150
FRANCE	21	70
GERMANY	16	164
IRELAND	14	0
ITALY	18	40
JAPAN	26	170
LUXEMBOURG	6	0
NETHERLANDS	14	100
NEW ZEALAND	11	25
NORWAY	14	180
PORTUGAL	14	40
SPAIN	16	30
SWEDEN	16	200
SWITZERLAND	11	100
UNITED KINGDOM	20	70
UNITED STATES	12	300
IMF	3	20
WORLD BANK	6	200
UNDP	3	384
GREECE	15	0
ICELAND	4	0
TURKEY	26	0
DCD	200	700
<b>TOTAL</b> <b>TOTAL PRINT RUN: 6 615*</b>	<b>591</b>	<b>4 011</b> <b>2 000**</b>

\* Additional print run of 600 copies (English) in June 1993.

\*\* Outside sales and distribution.

*Note:* Translations have been produced in German and Russian and are being prepared in Spanish and Japanese.

Horst Breier (from BMZ) succeeds Edgar Kröller as Head of the newly organised Economics and Environment Division.

William Nicol (from DAFPE) succeeds Pierre Labou erie as Head of the newly organised Financial Policies and Private Sector Division.

Establishment of a Publications and Administration Unit, headed by Maxine Stough, with Irene Botcharoff and Camille Bernaut as Meetings and Documents Officers, Josie d'Angelo as Administrative Assistant, and Kathleen Gray as Publications Assistant.

Shohei Naito (Deputy Director-General of the Economic Cooperation Bureau of the Ministry of Foreign Affairs of Japan) succeeds Hiroshi Hashimoto as DAC Vice-Chairman.

Louis Emmerij, President of the Development Centre, leaves for Inter-American Development Bank. Council decides to leave position vacant until mid-1993. Jean Bonvin in charge.

Council appoints Werner Reichenbaum (Germany) as Chairman of the Group on Consultations for Major International Meetings.

Considerable discussion in the OECD Council (prompted by French initiative, Ambassador de Sedouy) on improving arrangements in OECD for co-ordinated work on development co-operation, including the possibility of a "merger" of DCD and the Development Centre. Delegations agree to the Secretary-General's proposals for a considerable strengthening of the co-ordination of work by DCD, the Development Centre and other parts of the Organisation under the responsibility of Deputy Secretary-General Taniguchi.

In January, the United States calls a conference of donors to co-ordinate assistance to the New Independent States of the former Soviet Union. Follow-up conferences took place in May in Lisbon and in October in Tokyo. At the Washington and Lisbon conferences the OECD was mandated to collect through its CCEET Register information on technical assistance, food aid and other emergency assistance to the NIS.

UNCTAD VIII in Cartagena, Colombia in February agrees on new orientations for UNCTAD entailing institutional reform inspired to a certain extent by OECD practices, with emphasis on strengthening national policy formulation capacities of developing countries through the exchange of policy experiences, and promotion of international consensus on development principles and policies. OECD Members for the first time participate individually rather than as Group B, signalling their new approach to a reformed UNCTAD.

**UN Conference on Environment and Development/Earth Summit** in June in Rio with more than 100 heads of state or government. In addition to its main business -- agreement on a comprehensive plan for action to guide sustainable development policies into the next century -- the UNCED also produces the Rio Declaration, 27 non-binding principles; a Statement of Forest Principles; and decisions to draft a desertification convention and hold two international conferences, on straddling and highly migratory fish stocks and on small island developing states. It also provides the occasion for the signing of two international agreements: a Framework Convention on Climate Change and a Convention on Biological Diversity.

A Commission on Sustainable Development is recommended in Agenda 21 to review government implementation of the international consensus.

Switzerland joins the World Bank and IMF.

Yugoslavia breaks up. Military conflict among successor states. UN peacekeeping and emergency relief action.

UN Security Council (in December) authorises a US-led military operation in Somalia to establish a secure environment for humanitarian relief. (Informal discussion at DAC High Level Meeting provides for an exchange of views on situation in Somalia.)

### **1993: DAC Reviews ODA Concept and "DAC List" in Light of Changing International Aid Scene**

In response to the High-Level Meeting mandate (see 1992) DAC explores the need and feasibility of adapting the ODA concept and the DAC List of Developing Countries to the changing international aid scene, especially the emergence of new aid recipients in Eastern Europe and the former Soviet Union, new aid needs related to democratic development, global environment, refugees and peace-keeping and growing diversity among the traditional developing countries. United States proposes to extend ODA concept to all aid for all countries which meet the DAC norms of concessionality and development motivation. Some DAC Members ready to pursue an option which would limit the ODA concept to poorer countries and introduce new aid concepts for other aid for other countries and purposes. Most DAC Members wish to preserve the ODA concept for aid to developing countries and reject introduction of new global aid concept at the Senior Level Meeting in June, Sweden.

Co-operation between DCD and CCEET on collecting data on aid to CEECs and NIS. The 1993 OECD budget provides for the funding of the equivalent of one existing A3 DCD post by the Centre. First comprehensive report on aid to CEECs/NIS issued by DCD on basis of DAC Members' submissions. Total net aid to these countries in 1991 is \$7.5 billion including debt cancellation, the largest donors are Germany and the United States, accounting for 60 per cent of the total.

OECD Council establishes a CCEET Working Party.

At the initiative of Japan, the Development Centre and DCD organise a joint workshop on **military expenditures** in developing countries with the participation of a wide range of international experts, including former World Bank President Robert McNamara.

DCD/DAC work on a general orientations paper on democratic development, respect of human rights and reducing excessive military expenditures.

Expert Group on Aid Evaluation submits to DAC **A History of the Expert Group on Aid Evaluation, a Review of Ten Years of Work**, prepared under the leadership of its Chairman Jean Quesnel of Canada.

OECD Conference on Migration and International Co-operation in Madrid with contribution from DCD and the United Kingdom made new proposals for aid definitions. The objective is to reach agreement by the time of the High Level Meeting in December 1993.

DAC elects Randi K. Bendiksen, Director-General with the Department of Development Co-operation Programmes in the Norwegian Ministry of Foreign Affairs, as Vice-Chairman succeeding Gun-Britt Andersson of Sweden.

Matthias Meyer (Switzerland) succeeds Barrie Ireton as Chairman of the DAC Working Party on Financial Aspects of Development Assistance.

Mats Segnestam from SIDA (Sweden) succeeds Frits Schlingemann as Chairman of the DAC Working Party on Development Assistance and Environment.

Teresa Fogelberg (Netherlands) succeeds Rosalind Eyben as Chairperson of the Expert Group on Women in Development.

Jean Bonvin appointed President of the Development Centre.

Bernard Wood (Canada) succeeds Helmut Führer, who leaves on retirement, as Director of the Development Co-operation Directorate. Mr Wood (48) was a Fellow of the Center for International Affairs at Harvard University, Chief Executive Officer of the Canadian Institute for International Peace and Security and Director and Chief Executive Officer of the North-South Institute, in addition to special appointments as government advisor.

**DCD STAFF (April 1993)**

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(30 November/1 December 1992)**

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Finland	Mr. Benjamin BASSIN	Director-General, Ministry for Foreign Affairs
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Germany	Mr. Eberhard KURTH	Director-General, Federal Ministry for Economic Co-operation
Ireland	Mr. Ronan MURPHY	Head of Development Co-operation Division, Department of Foreign Affairs
Italy	M. Antonio CATALANO DI MELILLI	Coordinateur pour les politiques d'aide, Direction générale de la coopération au développement, ministère des Affaires étrangères
Japan	Mr. Takao KAWAKAMI	Director-General, Economic Cooperation Bureau, Ministry of Foreign Affairs
Luxembourg	M. Paul MERTZ	Représentant permanent
Netherlands	Mr. Jan P. PRONK	Minister for Development Co-operation
New Zealand	Mr. Richard WOODS	Director, Development Co-operation Directorate, Ministry of External Relations and Trade
Norway	Mr. Asbjørn MATHISEN	State Secretary, Ministry of Foreign Affairs
Portugal	M. José VIEIRA BRANCO	Directeur général de la coopération, ministère des Affaires étrangères
Spain	M. Alfonso CARBAJO ISLA	Président de l'Agence espagnole de coopération internationale (AECI)
Sweden	M. Carl THAM	Director-General, SIDA
Switzerland	M. Fritz STAEHELIN M. Nicolas IMBODEN	Directeur, Direction de la coopération au développement et de l'aide humanitaire (DDA), Département fédéral des affaires étrangères Délégué aux accords commerciaux, Office fédéral des affaires économiques extérieures (OFAEE), Département fédéral de l'économie publique
United Kingdom	Baroness CHALKER of WALLASEY	Minister of State for Foreign and Commonwealth Affairs and Minister for Overseas Development
United States	Ms. Kathryn MORGAN	Director, Directorate for Policy, AID
<b>NON-DAC OECD COUNTRIES</b>		
Greece	M. Odysseas AVRAMIDIS	Représentant permanent adjoint
Turkey	Mr. Umut ARIK	President of the Turkish Co-operation and Development Agency
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Development Centre IMF UNDP World Bank	M. Louis EMMERIJ Mr. Jack BOORMAN Mr. William H. DRAPER III Mr. Alexander SHAKOW	Président Director, Policy Development and Review Department Administrator Director, External Affairs
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