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DAC HIGH-LEVEL MEETING REVIEWS CURRENT INTERNATIONAL
ECONOMIC CHALLENGES, THE ROLE OF DEVELOPMENT CO-OPERATION IN
CONTRIBUTING TO BROAD-BASED PARTICIPATORY DEVELOPMENT AND THE
INTERLINKED ISSUES OF ENVIRONMENT, POPULATION AND DEVELOPMENT

1. Members of the Development Assistance Committee (DAC), joined by the World Bank, the International Monetary Fund and the United Nations Development Programme, met for their annual High-Level Meeting on 3rd-4th December 1990. They reviewed the implications for development co-operation of the current international challenges. Pursuing their work on the key issues for development co-operation in the 1990s, they focused their discussion on the role of aid in enabling broader participation of all the people in the productive processes; a more equitable sharing of their benefits; and in ensuring environmental sustainability and slowing population growth in those many countries where it is too high to permit sustainable development.

Development Co-operation and the New International Challenges

2. Fundamental changes have taken place in world economic and political conditions which pose new challenges and offer new opportunities for development co-operation. The historic changes in central and eastern Europe create a fundamentally new East-West political climate; there has been progress in the solution of a number of regional conflicts and there has been a development towards more open and democratic societies and more effective market-oriented policies across a range of developing countries. On the other hand, Iraq's invasion of Kuwait has clouded the immediate outlook for world peace and the continuation of world economic growth and adjustment, with complex repercussions on the developing world.

3. OECD governments have expressed their determination to continue to offer all feasible support to the countries of central and eastern Europe to achieve market-oriented economic systems and pluralistic societies. At the same time, they have also stated that this support will not diminish their determination to give high priority to their development co-operation with the Third World.

4. Taking a longer-run view, the end of the Cold War presents a new opportunity to focus global attention and effort on what must be the fundamental agenda in the decade ahead -- promoting broadly-based development and meeting the interlinked challenges of defeating poverty, stemming population growth and preserving the environment. DAC Members are encouraged by the widening consensus on the global importance of these issues and the emergence of a constructive discussion in many different fora (including the recent UN Conference on the Least Developed Countries held in Paris) on the multifaceted strategies needed to tackle them.

5. Iraq's invasion of Kuwait has had a severe impact on many developing countries through higher oil import bills, loss in workers' remittances, refugee problems and other disruptions.

6. DAC Members agree that the problems created by the Gulf crisis should not diminish the attention devoted to the basic long-run development challenges of defeating poverty and generating sustainable development. At the same time, the crisis is bringing new adjustment challenges in both developed and developing countries which will have to be carefully assessed and confronted.

7. A major international assistance effort for the frontline countries is being organised to help them absorb the immediate shocks and to support the United Nations' action. As regards other severely affected countries, the impact of the Gulf crisis and the possible consequential needs for policy adjustment and assistance are being assessed on a country-by-country basis in the light of the evolving situation. DAC Members consider that special attention needs to be given to ensuring effective continuation of structural adjustment programmes. Immediate macroeconomic adjustment must be initiated by the countries affected. Previous experience has shown that success in adjustment is a function not only of the appropriateness of the policy response, but also of its speed and steadiness.

8. These issues are being addressed by the newly established Gulf Crisis Financial Co-ordination Group, the existing consultative groups and round tables and the multi-donor meetings under the World Bank-led Special Programme for Africa.

Need for Policy Coherence and Adequate Resources

9. While the achievement of sustainable development depends above all on the efforts of the developing countries themselves, DAC Members recognise the heavy responsibilities which their own countries bear for assuring a propitious world economic environment for development progress. DAC Members reaffirm that they will continue to work with developing countries towards broad-based economic growth. The DAC High-Level Meeting participants pledge their active support within their own governments and countries in this critical period of the Uruguay Round, for a substantial package of trade liberalisation, including important steps to improve trade access for products of significance to developing countries. They welcome consideration in the Paris Club of proposals for further bilateral official debt relief to severely-indebted low-income countries implementing adjustment programmes.

10. DAC Members underline that in the context of a persisting world capital shortage, efforts to support and encourage increased domestic savings in developing countries are especially important; for example, in many cases, large resources could be released from military budgets. At the same time they recognise that in view of the huge development tasks ahead, particularly given the strong efforts towards democratisation and economic policy reform throughout the developing world, substantial additional aid efforts will be required both quantitatively and qualitatively. They took note of the target already established by international organisations for the future level of development assistance (0.7 per cent of GNP). They recall that at the recent Conference on Least Developed Countries there was agreement that "a significant and substantial increase in the aggregate level of external support should be made available" and that options for implementation were recommended for various categories of donor countries. The High-Level Meeting asked the DAC to review with particularly close attention the trends in development assistance over the coming years in the context of strong competing financial demands arising from new global challenges. DAC Members stress at the same time that in view of the scarcity of resources, developing countries' own development efforts, including structural adjustment efforts, should be an important consideration in the provision of aid.

Participatory Development: A Lead Theme for Development Co-operation in the

1990s

11. DAC Members reaffirm their conviction that there is a vital connection between open, democratic and accountable political systems, individual rights and the effective and equitable operation of economic systems with substantial reductions in poverty. Participatory development requires strategies and approaches which combine effective economic policies, equitable access to the basic social and economic services and broader popular participation in decision-making on the orientation of government policies and programmes. DAC Members are encouraged to note that there is a large consensus on these values and orientations as is evidenced inter alia by the recent Conference on the Least Developed Countries.

12. DAC Members will work with their developing country partners to achieve more participatory development, in particular in the following areas:

- Priority for programmes providing affordable, effective and sustainable services, such as for education, training and health, for the masses of the people, including the poor, and broad participation in selection, administration and financing of these services;
- Promoting conditions for a dynamic productive sector, strengthening the role of individual and community-based initiatives, private enterprise and the market system, and facilitating broad access to productive assets;
- Establishing an enabling policy environment and the necessary support for the micro enterprise and informal sectors;
- Establishing appropriate boundaries for the role of central government and a greater role for local organisations and NGOs;
- Associating users through appropriate organisations with the design and implementation of aid-financed projects;
- Enabling active participation of women in the processes of development as decision-makers, producers and providers of basic care;
- Assisting developing countries in strengthening institutions, policies and practices leading to good government at central and local level;
- Respect of human rights, including effective and accessible legal systems;
- Strengthening the fight against corruption.

The High-Level Meeting asked the DAC to consider in more detail the operational implications of incorporating issues of participatory development into programme planning and management; and also the best ways of carrying out donor co-ordination, and dialogue with recipients on this issue.

Population and Development

13. "Slowing population growth in those many countries where it is too high to permit sustainable development" had been identified as one of the basic priorities in "Development Co-operation in the 1990s" adopted by the High-Level Meeting in December 1989. DAC Members have been working together since to draw the conclusions for operational policies. These conclusions were adopted in June [SG/PRESS(90)39].

14. At this High-Level Meeting participants endorsed the DAC Conclusions on Population and Development and agreed that strong new initiatives are vitally needed, both nationally and internationally, to slow population growth. They highlighted the following specific operational implications for aid agencies:

- Bringing population matters much more prominently into multilateral and bilateral policy dialogues with developing countries;
- Assisting developing-country governments in building the necessary administrative and managerial capacity to plan and implement effective population policies and programmes;
- Providing increased funding for voluntary family planning programmes which have effectively demonstrated their potential for promoting individual health and well-being and for reducing birth rates in developing countries;

- Encouraging the UNFPA and other competent international institutions to help developing countries put forward population programme proposals in line with actual needs;
- Making special efforts to achieve more coherent and better co-ordinated aid in the population field by co-operating closely with developing countries, the competent international institutions and NGOs;
- Strengthening Member agencies' in-house population capacity for policy dialogue and operations;
- Giving greater attention to the demographic impact of broader development programmes, in particular in the field of primary health care and education with special emphasis on strengthening the educational and social status of women.

15. The High-Level Meeting asked the DAC to monitor progress in population assistance initiatives through the regular reviews of its Members' aid programmes and to review developments ahead of the proposed 1994 International Population Conference.

Environment and Development

16. Preserving the environment and ensuring sustainable development are now accepted as global concerns and priorities. DAC Members are ready to assist developing countries to ensure their own sustainable development and to enable them to participate effectively in action on the global front. They recognise that an effective environment strategy must also attack poverty.

17. The United Nations Conference on Environment and Development in June 1992 will be an important milestone in the consideration of these issues and in seeking global consensus on analysis and action. It is important that OECD Members prepare for constructive participation which takes into account the needs and capabilities of developing countries.

18. These considerations prompted the DAC, following an initiative from France and Germany, to arrange for two joint meetings of Aid and Environment Ministries in 1991. The first of these two joint meetings will take place on 1st February 1991, immediately following the meeting of the OECD Environment Committee at Ministerial level. The second joint meeting will be held in conjunction with the DAC High-Level Meeting in December 1991 when DAC Members will consider aid policy guidelines for promoting sustainable environment.

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19. The High-Level Meeting noted that the DAC had just held an exchange of views on aid policies in Latin America, with the participation of Spain and Portugal, the World Bank, IMF, the Inter-American Development Bank and the UNDP. They welcomed the new consensus in the region on the nature of the interlinked policies and actions needed for sustained growth, social stability, human development and political and economic pluralism. DAC Members underlined the importance of encouraging and facilitating the efforts of Latin American countries to achieve a better integration with the world economy and among themselves, following outward-looking trade, investment and development strategies. They agreed to focus the aid and broader development co-operation efforts they are extending in this region on helping to sustain the crucial but difficult political, economic and social reform process initiated by Latin American governments.

20. DAC Members noted suggestions by the DAC Chairman for DAC work on follow-up to the DAC Statement on Development Co-operation in the 1990s keeping in mind the common concern with poverty, on untying of aid and on strengthening African food production and asked the DAC to take these suggestions into account in drawing up its future programme of work.

21. Noting that Mr Joseph C. Wheeler will leave the DAC at the end of his tenure early next year, Members expressed their deep appreciation and gratitude for the way he had carried out his functions as Chairman of the DAC since 1986 and offered him their best wishes for the future.

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