INSIDE THE DAC

A Guide to the OECD Development Assistance Committee

2009-2010

OECD

ABOUT THE OECD

The Organisation for Economic Co-operation and Development (OECD) traces its roots to the Marshall Plan. Today, it groups 30 member countries committed to democratic government and the market economy and provides a forum where governments can exchange and compare policy experiences and identify good practices . Dialogue, consensus, peer review and pressure are at the very heart of the OECD.

The organisation's mission is to help governments and society reap the full benefits of globalisation, while tackling the economic, social and governance challenges that can accompany it. It assists policy makers by examining emerging issues and identifying policies that work, providing analysis and advice on a vast range of economic issues.

The OECD is one of the world's largest and most reliable sources of comparable statistical, economic and social data. OECD databases span areas as diverse as development co-operation, national accounts, economic indicators, trade, employment, migration, education, energy and health.

The OECD produces internationally agreed instruments, decisions and recommendations to promote rules of the game in areas such as combating bribery in international business transactions, information and communication policy, taxation, development co-operation and the environment. Non-members are invited to subscribe to these agreements and principles.

Helping ensure development beyond the OECD's membership has been part of the Organisation's mission from the start. The Organisation maintains active relationships with some 70 non-member economies, along with business, labour, civil society and parliamentarians. These stakeholders benefit from and contribute to the work of the OECD.

ABOUT THE DAC

The OECD Development Assistance Committee (DAC) is a unique international forum where donor governments and multilateral organisations – such as the World Bank and the United Nations System of Organizations (UN) – come together to help partner countries reduce poverty and achieve the Millennium Development Goals (MDGs). The DAC became part of the OECD by Ministerial Resolution on 23 July 1961.

The DAC has the mandate 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.

This means seeking new ways of doing business to increase not only the quantity, but also the quality of aid – in other words, to improve aid effectiveness.

The Development Co-operation Directorate (DCD) acts as the Secretariat for the DAC, providing technical expertise and operational capacity to enable it to:

- be the definitive source of official development assistance statistics and mobilise the increase of official development assistance (ODA)[1]

- assess members' development co-operation policies and their implementation through peer reviews

- enhance the effectiveness of aid by making it more aligned, harmonised, results-focused and untied

- provide analysis, guidance and good practice in key areas of development such as environment, conflict and fragility, gender equality, governance, poverty reduction, evaluation, capacity development, aid for trade and aid architecture[2]

- support policy coherence for development through peer reviews and collaboration with other policy communities.

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1. Official development assistance is defined as those flows to countries and territories on the DAC List of ODA Recipients (available at www.oecd.org/dac/stats/daclist) and to multilateral development institutions, subject to certain conditions.

2. Aid architecture can be defined as the set of rules and institutions governing aid flows to developing countries.

First convened as the Development Assistance Group in 1960, the OECD Development Assistance Committee has, since its inception, worked to strengthen partner country[3] economies.

By regularly bringing together the world's major donors to review progress and exchange experiences, the DAC has contributed to keeping development high on the international agenda and has made important contributions to forging today's development targets. The internationally agreed Millennium Development Goals had their origins when the members of the DAC agreed, in 1995, to a statement entitled "Development Partnerships in the New Global Context". This was followed, in 1996, by *Shaping the 21st Century*, a publication that proposed a set of concrete, medium-term goals, based on the recommendations of major UN conferences; in 2000, these became the Millennium Development Goals.

Today, the development landscape is quite different from what it was at the time of the DAC's founding, and it continues to evolve rapidly. Structural changes in the world economy have resulted in radically higher levels of trade and financial flows, constituting a paradigm shift for developed and partner countries alike. At the same time, new sources of financing – including countries that are both recipients and providers of assistance, as well as private and philanthropic sources – are becoming ever more important. But as the past years have shown, the global structural changes have also increased interdependence and generated new risks. The rapid transmission of shocks and crises makes co-ordinated international responses imperative. These are challenging times for international development co-operation and for the DAC.

Given this panorama, development co-operation is an essential instrument for achieving a better, more inclusive globalisation process that benefits all countries and people – and only this will make it sustainable. And to achieve this, effective partnerships, coherent policies, and an approach to development and co-operation that goes far beyond aid are more central than ever.

These key messages were confirmed by a strategic reflection exercise completed by the DAC in 2009. The implementation of the findings of this exercise will lead to a reformed DAC – one that is more open, more engaging and inclusive. The new DAC will be driven by a focus on development results as it helps countries to derive lessons from the experiences of five decades of development co-operation.

This brochure takes an insider's look at the DAC and at the flexible and results-focused way of working that has characterised it from the start, and that will take it forward in the years ahead.

Eckhard Deutscher,
DAC Chair

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3. The DAC uses this term to refer to countries that receive development assistance provided by other countries to support their own development.

The DAC comprises a wide range of actors and partners who build on mutually agreed principles and good practices to improve the effectiveness of development. Some of the words that characterise the DAC are: trust, strategic capacity, networking, problem solving, co-operation and engagement. Yet at the same time, the far-reaching and dynamic nature of its evolving relationships and activities make it difficult to get a complete picture of the DAC's work.

Inside the DAC is intended to provide readers with a bird's-eye view of the DAC, zeroing in on its various working bodies and modes. This is particularly timely as the DAC moves forward on the implementation of the conclusions of its strategic reflection exercise, adjusting its role, structure and functioning in the context of the new development landscape.

Richard Carey,
Director of the OECD Development Co-operation Directorate

ECKHARD DEUTSCHER
DAC Chair

RICHARD CAREY
Director of the OECD Development Co-operation Directorate

THE DEVELOPMENT ASSISTANCE COMMITTEE: WHAT IT DOES, WHO IT IS, HOW IT WORKS

What it does

Like the 30-odd principal bodies that make up the OECD, the DAC is a community of policy makers who come together to compare, improve and co-ordinate their public policies and approaches. In this case, they focus on the important area of public policy that involves the provision of development assistance. Also referred to as aid or development co-operation, these are funds designed to improve the economic, social and political emergence of partner countries.

The DAC's statistics set the international standard for defining and recording ODA. It also produces policy statements and agreed guidance on development co-operation policy and practice. Occasionally, these are issued as formal recommendations, which are considered "soft law". The DAC channels ideas and information through its extensive networks to foster mutual learning and forge agreement on good practices.

The DAC also contributes to the analysis and understanding of development issues that go far beyond aid. It interacts with a range of policy communities across the OECD and within the OECD's Development Cluster (see box), as well as with a range of external stakeholders.

Who it is

Today, the DAC comprises 24 members with significant aid programmes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Korea,[4] Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States and the European Commission (EC). The World Bank, the International Monetary Fund (IMF) and the United Nations Development Programme (UNDP) participate as permanent observers.

DCD is a member of the OECD Development Cluster, which also includes:

- Development Centre
- Sahel and West Africa Club
- Africa Partnership Forum Support Unit
- Partnership for Democratic Governance
- Centre for Co-operation with Non-Members

4. The Republic of Korea acceded to membership of the DAC on 1 January 2010, making it the 24th member.

How it works

Under a full-time, elected chair, the DAC functions at various levels:

- The **DAC High Level Meeting** and **Senior Level Meeting** normally take place annually. They bring together aid ministers, agency heads and senior advisers to agree on strategic policy directions, review the performance and effectiveness of members' policies and discuss problems that require coherent collective action.

- The **DAC working parties and networks** bring together policy makers and experts from aid ministries and agencies around major thematic areas in development. Several of these groups, such as the Working Party on Aid Effectiveness, include representatives from partner countries and civil society institutions.

- **DAC delegates**, most of whom are based in their countries' OECD delegations in Paris, carry forward the business of the DAC in co-ordination with their capitals. They agree on the programme of work and budget, oversee and facilitate the work of the various DAC networks and working parties, prepare the High Level and Senior Level Meetings and conduct DAC peer reviews. They also co-ordinate DAC work on a number of specific issues which include aid untying, capacity development, aid for trade, and forward planning on aid levels and allocations by DAC donors, multilateral institutions, and global funds and programmes.

- The DAC engages with numerous **non-DAC providers of development assistance** – including OECD countries that are not DAC members – who participate regularly in all areas of the committee's work. Relations with donors beyond the OECD are also being strengthened, while the engagement of aid-recipient countries in the DAC's working groups and other bodies continues to increase. All of this helps to improve the quality, relevance and impact of the DAC's work.

- **The OECD Global Forum on Development** – a joint venture between the DAC and the OECD's Development Centre – brings together a set of stakeholders from within and beyond the OECD to address specific themes.

- The DAC responds to governments' growing need for data to **support the pursuit of key development goals through the Partnership in Statistics for Development in the 21st Century** (PARIS21).

- The **DAC establishes the work programme for OECD's Development Co-operation Directorate** – often referred to as the DAC Secretariat – which provides expert input in areas such as peer reviews, evaluation, statistics, aid effectiveness, good governance, conflict and fragility, the environment, poverty reduction, gender, capacity development and policy coherence.

One of the landmark achievements of the DAC is the **Paris Declaration on Aid Effectiveness**, a practical roadmap for improving the quality of aid endorsed by over 100 countries and institutions in 2005. Building on this commitment, the **Accra Agenda for Action** (AAA) was agreed in 2008 to accelerate and deepen the implementation of the Paris Declaration. Today, much of the work of the DAC is centred on putting the commitments of the Paris Declaration into action by its members and their partner countries.

The Paris Declaration is founded on five "pillars", or agreed principles, on which its commitments, targets and indicators are based:

OWNERSHIP: partner countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.

ALIGNMENT: donor countries support these objectives and use local systems.

HARMONISATION: donor countries co-ordinate, simplify procedures and share information to avoid duplication.
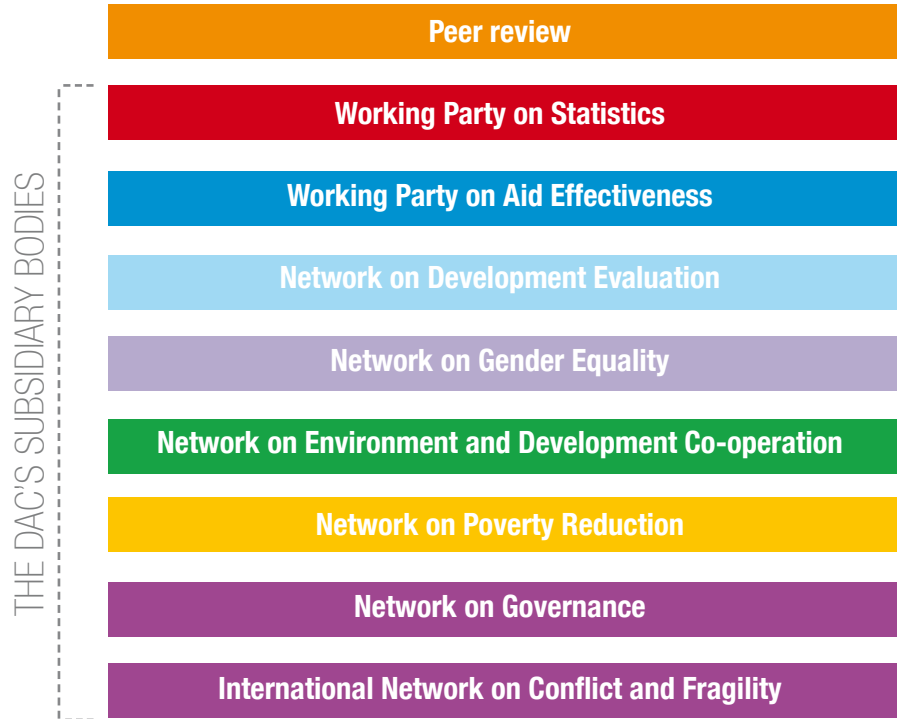
MANAGING FOR RESULTS: aid is managed and implemented in a way that focuses on the desired results and uses information to improve decision making.

MUTUAL ACCOUNTABILITY: donors and partner countries are accountable for development results.

The AAA reinforces the Paris Declaration commitments, focusing on three key areas:

- strengthening country ownership over development
- building more effective and inclusive partnerships for development
- delivering and accounting for development results.

THE DAC AT WORK

Peer review

THE DAC'S SUBSIDIARY BODIES

Working Party on Statistics

Working Party on Aid Effectiveness

Network on Development Evaluation

Network on Gender Equality

Network on Environment and Development Co-operation

Network on Poverty Reduction

Network on Governance

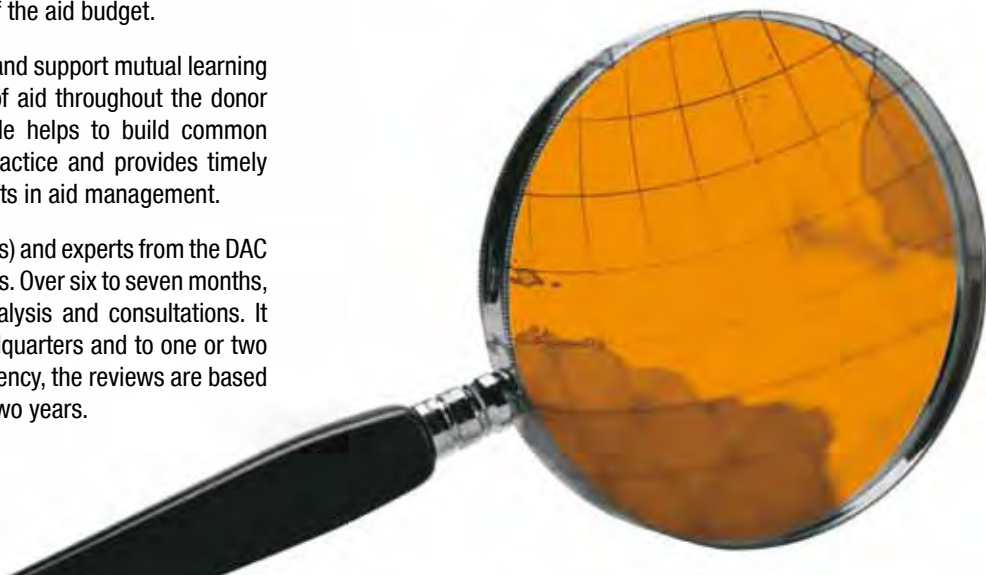**International Network on Conflict and Fragility**

PEER REVIEWS

The DAC is the only international forum that regularly examines and critically reviews bilateral development co-operation systems. Each year, the DAC conducts peer reviews of five to six members' development policies, strategies and activities, offering constructive commentary for reform. They look at how members are putting into practice the recommendations and guidance agreed upon by the DAC. They also look at what members are doing to respond to international commitments and live up to their own national goals and commitments. They analyse the measures the members have put in place to make their development co-operation policies coherent with partner country agendas and strategies, and include an analysis of humanitarian assistance. Finally, they examine members' organisation and management, as well as allocation of the aid budget.

Peer reviews encourage positive change and support mutual learning so as to raise the overall effectiveness of aid throughout the donor community. The information they provide helps to build common understanding of today's bilateral aid practice and provides timely feedback on innovations and achievements in aid management.

Officials from two DAC members (the peers) and experts from the DAC Secretariat make up the peer review teams. Over six to seven months, the team undertakes extensive desk analysis and consultations. It also travels to the reviewed donor's headquarters and to one or two of its missions in the field. To give consistency, the reviews are based on a content guide that is revised every two years.

The recommendations made in a given review are published and revisited four to five years later to evaluate progress. The DAC also carries out "mid-course" checks (*i.e.* two to three years after the initial review) to sustain the momentum for reform. In 2009, Canada, Denmark, Finland, the Netherlands, and Spain benefitted from mid-term reviews.

In 2009-10, peer reviews place particular emphasis on examining the efforts DAC members are making to support capacity development in their partner countries. They will also look at members' responses to two global challenges: agriculture and high food prices, and environment and climate change.

Humanitarian action

Humanitarian action is an integral part of ODA. Thirty-five donors, including all DAC members, have committed to the Principles and Good Practice of Humanitarian Donorship. The DAC has adopted these principles on good humanitarian donorship (GHD) and by the end of 2009, will have completed 25 humanitarian peer reviews.

Peer reviews provide evidence for donor efforts to translate GHD commitments into practice by:

- promoting policy and operational coherence in the humanitarian sector
- improving the flexibility, timeliness and predictability of humanitarian financing
- promoting standards in humanitarian action.

Peer reviews demonstrate donors' commitment to preserving the integrity of official humanitarian action, and several interesting models of civil-military co-operation have emerged.

Much remains to be done, however, to better link humanitarian assistance with recovery and development assistance, and put disaster risk reduction commitments into action. Likewise, progress is still needed on GHD promises to involve beneficiaries in decision-making and to support humanitarian evaluation and learning, which generally remain under-developed. Nevertheless, there are promising signs that donor action in the humanitarian sector is beginning to achieve the aims of the GHD initiative. DAC peer reviews are playing an important part in these improvements.

Special reviews

OECD countries that are not DAC members participate actively in the work of the Committee and are becoming increasingly important as donors. To help them strengthen their aid programmes based on good practice, the Committee offers special "mini" peer reviews of their aid policies, institutions and allocations.

Peer reviews in 2009-2010

2009: Austria, Ireland, Italy, Sweden, Switzerland

2010: Belgium, Germany, Japan, New Zealand, Portugal, United Kingdom

Peer review learning products in 2009-2010

- *Managing Aid: Practices of DAC Member Countries* (2009)
- "How DAC donors work with NGOs to deliver ODA" (working paper, 2010)
- "Survey on the Levels of Decentralisation to the Field in DAC Members' Development Co-operation Systems" (working paper, 2009)

WORKING PARTY ON STATISTICS

What it does

The Working Party on Statistics (WP-STAT)'s core objective is to provide the public with reliable data on aid through the DAC's statistical systems, including the annual DAC Aggregate Reporting System and the Creditor Reporting System (CRS). These systems represent a unique and definitive collection of data on the global aid effort.

Through the WP-STAT, the DAC upholds the integrity and credibility of the concept of ODA, while adapting it to changing development realities and new aid instruments. This is essential to enable both the tracking of DAC members' aid efforts over time, and their comparison. It also provides a firm basis for analytical work on aid trends and for assessments of aid effectiveness.

In addition to ODA, the WP-STAT's data collection includes other official and private flows to partner countries. As required, the working party proposes and implements changes in the directives for reporting ODA, seeking the DAC's approval for substantive changes and new rules.

WP-STAT's major tasks in recent years have included:

- developing a new typology of aid to keep up with emerging aid modalities
- updating the list of core contributions to international organisations that can be reported as ODA
- clarifying which donor spending on conflict, peace and security in partner countries can be reported as ODA
- streamlining DAC aggregate reporting on official and private flows for development
- harmonising and integrating DAC reporting and the Creditor Reporting System.

Who it is

The Working Party on Statistics consists mainly of statisticians and other experts from DAC capitals. Almost all DAC members are represented at each meeting.

What it produces

Key outputs in 2009-2010

- *Aid to Agriculture* (sectoral study)
- Statistical Annex of the *Development Co-operation Report* (annual)
- *Geographical Distribution of Financial Flows to Developing Countries* (annual)
- DAC reference statistical tables (annual)
- international development statistics (online databases including the Query Wizard for International evelopment Statistics (QWIDS) system and annual CD-ROM)

In addition, the WP-STAT and the Network on Environment and Development Co-operation (see page 22) have a joint task team that works on the Rio markers, which identify aid in support of environmental conventions.

WORKING PARTY ON AID EFFECTIVENESS

What it does

The Working Party on Aid Effectiveness (WP-EFF) is the major international forum where partner countries join with multilateral and bilateral donors to work on improving aid effectiveness. It was set up in May 2003 following a consensus – reached at the International Conference on Financing for Development (Monterrey, March 2002) – on what was required to promote a global partnership for development and accelerate progress toward achieving the Millennium Development Goals.

The WP-EFF supports, facilitates and monitors the implementation of the Paris Declaration and the Accra Agenda for Action (AAA) (see box page 10). It promotes the five fundamental principles on which the Paris Declaration is founded, along with the key action points agreed in the AAA. The WP-EFF also provides guidance on good practice and policy. It is the focal point for preparations for the Fourth High Level Forum on Aid Effectiveness (HLF-4, Seoul, Korea, end of 2011), which aims to take stock of progress in reaching the targets set up in these important declarations.

Who it is

The WP-EFF comprises senior policy advisers from most bilateral donors, including the 24 DAC members, as well as representatives from partner countries, multilateral organisations and civil society institutions. It has two co-chairs, one from a donor country and one from a partner country, reflecting the partnership commitments of both the Paris Declaration and the AAA. An executive committee guides discussions and decisions made by the WP-EFF and its five "clusters" or work streams.

What it produces

Key outputs in 2009-2010

- *Aid Effectiveness: A Progress Report on Implementing the Paris Declaration*, in the Better Aid series (2009)

- *Civil Society and Aid Effectiveness: Findings, Recommendations and Good Practice*, in the Better Aid series (2009)

- *Improving Incentives in Donor Agencies (First Edition): Good Practice and Self-Assessment Tool*, in the Better Aid series (2009)

- *Managing Development Resources: The Use of Country Systems in Public Financial Management*, in the Better Aid series (2009)

- "Aid for Better Health: What Are We Learning about What Works and What We Still Have To Do?" (interim report from the Task Team on Health as a Tracer Sector, 19 November 2009)

- *After Action Review of the Preparatory Process for the Third High Level Forum on Aid Effectiveness* (provisional title) (2010)

- notes on good practices (2010): Practitioner's Guide to Using Country Systems (Vol. 1 and 2); Practitioner's Guide to Strengthening Country Systems (Vol. 1 and 2)

- synthesis report on South-South co-operation and aid effectiveness

WP-EFF "clusters" or work streams in 2009-2010

Cluster A: ownership and accountability

Cluster B: strengthening and using country systems

Cluster C: transparent and responsible aid

Cluster D: assessing progress on aid effectiveness

Cluster E: managing for development results

In addition to these five clusters, there are teams that focus on South-South co-operation, sectoral approaches to aid effectiveness (*e.g.* health) and the contribution of the private sector to development. Some of these work streams cut across clusters.

NETWORK ON DEVELOPMENT EVALUATION

What it does

High-quality, independent evaluation of development aid provides information about what works, what does not and why. This learning contributes to improving the development effectiveness of aid and helps hold donors and partner country governments accountable for results.

The Network on Development Evaluation serves as a platform for evaluation learning and co-ordination. The network develops guidance, standards and norms to support good practice in and management of development evaluation. For instance, the DAC Quality Standards for Development Evaluation describe key aspects of quality evaluation processes and products. The network's Draft Guidance on Evaluating Conflict Prevention and Peacebuilding – developed in collaboration with the International Network on Conflict and Fragility (see page 28) – is being used to assess peacebuilding strategies in several countries, including Haiti, the Democratic Republic of Congo and South Sudan. The network also disseminates evaluation findings and resources through the DAC Evaluation Resource Centre (DEReC), an online collection of evaluation reports.

To facilitate joint work and improve transparency, the network helps members share and co-ordinate their plans for future evaluations. It urges members to work closely with partner countries and to bolster mutual accountability and ownership by supporting capacity development and making evaluation processes increasingly country-led.

The network and other partners are also undertaking the second phase of the evaluation of the implementation of the Paris Declaration. This second phase will begin to look at how changes made by developing countries and donors have impacted development results. The evaluation will be presented as a report at the HLF-4 in 2011.

Who it is

The 30 members of the Network on Development Evaluation include heads of evaluation departments from all DAC member countries and from the following multilateral organisations: African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IADB), International Monetary Fund, United Nations Development Programme (UNDP), and the World Bank. OECD countries that are not members of the DAC attend as observers, and partner countries and evaluation associations often participate in workshops and meetings.
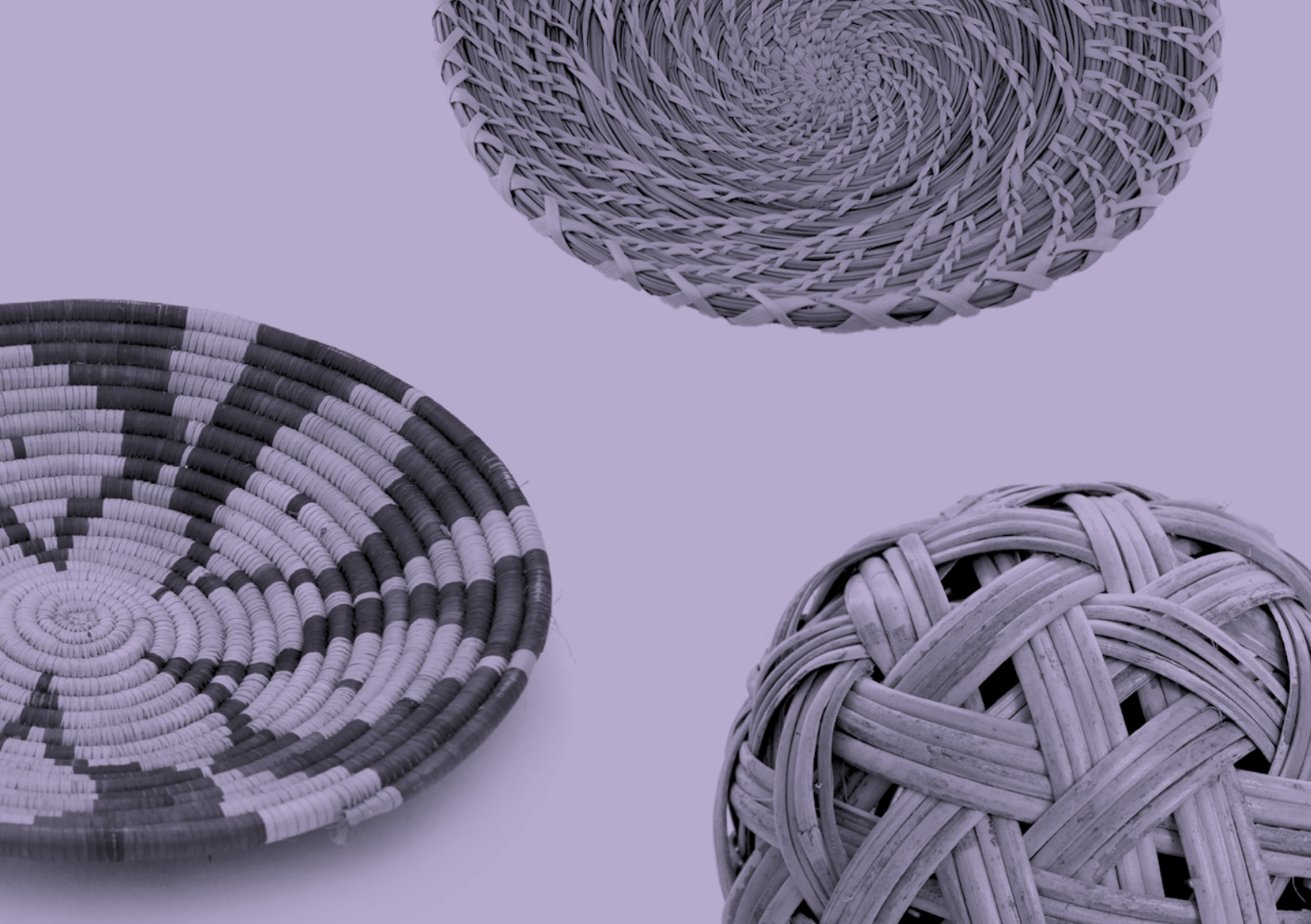
Task teams in 2009-2010

- International Reference Group for Phase II of the Evaluation of the Implementation of the Paris Declaration

- Joint Task Team of United Nations Evaluation Group (UNEG) and the DAC Evaluation Network on Peer Reviews of Evaluation Systems in Multilateral Organisations

- Joint Task Team on Evaluating Conflict Prevention and Peacebuilding Activities (in collaboration with the International Network on Conflict and Fragility – see page 28)

What it produces

Key outputs in 2009-2010

- application of the Draft Guidance on Evaluation Conflict Prevention and Peacebuilding Activities in several countries (report, 2009-2010)

- *Applying Emerging Lessons on Supporting Evaluation Capacity Development* (provisional title, 2010)

- *DAC Quality Standards for Development Evaluation* (2010)

- *Evaluation of the Implementation of the Paris Declaration, Phase II: Country Reports and Donor Studies* (2010)

- study of DAC members' evaluation systems and resources (2010)

- DEReC: a continuously updated website hosting over 2200 development evaluation reports, along with numerous guidelines and other resource material

NETWORK ON GENDER EQUALITY

What it does

The Network on Gender Equality (GENDERNET) produces practical tools for integrating gender equality and women's empowerment into all aspects of development co-operation, and for reinforcing the achievement of MDG 3. Its members strive to ensure that practice and implementation match global and national commitments to gender equality and women's empowerment.

GENDERNET's primary focus is on the core activities of the DAC. This means that implementing the Paris Declaration and the Accra Agenda for Action is high on its agenda. In particular, GENDERNET supports partner countries' efforts to broaden democratic ownership, achieve results in gender equality, strengthen accountability for gender equality, and increase women's empowerment. These activities build on lessons learned from previous work – brought together in a series of Issues Briefs and in the DAC Guiding Principles for Aid Effectiveness, Gender Equality and Women's Empowerment. These guiding principles, endorsed in 2008, complement the 1999 DAC Guidelines for Gender Equality and Women's Empowerment in Development Co-operation, which continue to provide a valid basis for gender equality work.

Who it is

GENDERNET brings together gender equality specialists from DAC member agencies and multilateral institutions to define common approaches, share good practice, and develop innovative ideas.

Representatives from partner countries, non-governmental organisations and research institutions also participate in its work.

What it produces

Key outputs in 2009-2010

- Issues Briefs on managing for gender equality results in donor agencies and in partner countries (2009)
- *Gender, Rights and Inclusion*, comprising case studies demonstrating good practice (2010)
- Creditor Reporting System (CRS) study on aid focused on gender equality and women's empowerment (produced jointly with the Statistical Division in 2010)
- good practice note on women's economic empowerment
- Issues Brief on strengthening and using country systems to deliver positive outcomes for poor women (2010)
- report on gender-specific indicators for measuring impacts from the implementation of the Paris Declaration and the Accra Agenda for Action (2010)

Task teams in 2009-2010

- Task Team on Women's Economic Empowerment
- Task Team on Implementing the Accra Agenda for Action

NETWORK ON ENVIRONMENT AND DEVELOPMENT CO-OPERATION

What it does

The Network on Environment and Development Co-operation (ENVIRONET) builds on good practices and lessons learned to enhance policy co-ordination and coherence, and promote progress toward the Millennium Development Goals by creating a successful shift towards green growth.

ENVIRONET's work is organised around the following work streams:

- climate change: integrating climate change adaptation and mitigation into development co-operation, and ensuring that the global response to the climate change challenge contributes to poverty reduction and development objectives

- capacity development: building capacity for natural resources and environmental management

- implementation of the Rio Conventions: improving monitoring of aid flows in support of the three Rio Conventions (climate change, biodiversity and desertification)

- environmental assessments: monitoring the implementation of the DAC Policy Guidance on Applying Strategic Environmental Assessment (2006), and supporting harmonised approaches at the country level.

ENVIRONET works in close collaboration with the OECD Environment Policy Committee (EPOC). At a joint DAC-EPOC High Level Meeting in May 2009, decision makers discussed urgent issues at the interface of environment and development co-operation, as well as ways to deepen the strategic alliance between the environment and development co-operation communities. The meeting endorsed important policy statements and guidance on integrating climate change adaptation into development co-operation. ENVIRONET also collaborates with other DAC bodies, such as the Working Party on Statistics and the Network on Poverty Reduction (see page 24).

Who it is

ENVIRONET brings together environment and climate change experts from DAC member and multilateral agencies, including the World Bank and the UN. Representatives from partner countries, regional development banks, non-governmental organisations and research institutions also participate in its work.

What it produces

Key outputs in 2009-2010

- *Assessing Environmental Management Capacity: Towards a Common Reference Framework* (2009)

- *Greening Development Planning: A Review of Country Case Studies for Making the Economic Case for Improved Management of Environmental and Natural Resources* (2009)

- *Integrating Climate Change Adaptation into Development Co-operation: Policy Guidance* (2009)

- events and activities to help donors implement the above policy guidance and to harmonise climate screening tools (2009-10)

- *Integrating Public Environmental Expenditure within Multi-Year Budgetary Frameworks* (2009)

- *Strategic Financial Planning for Water Supply and Sanitation* (analytical report, 2009)

- a collection of case studies and good practice on monitoring the implementation of the Guidance on Applying Strategic Environmental Assessment: (2010)

- Issues Brief on low-carbon development paths and green growth (2010)

- Policy Statement on integrating biodiversity into development co-operation (2010)

- Policy Statement on integrating climate change considerations into development co-operation (2010)

- report on the development of a policy marker on aid in support of climate change adaptation (2010)

- report and recommendations on how to improve aid flows in support of the three Rio Conventions (2010)

Task teams in 2009-2010

- Joint Development-Environment Climate Change Task Team

- Joint Development-Environment Task Team on Governance and Capacity Development for Natural Resources and Environmental Management

- Joint ENVIRONET/WP-STAT Task Team on Improving the Rio Markers

- Task Team on Strategic Environmental Assessment

NETWORK ON POVERTY REDUCTION

What it does

The DAC Network on Poverty Reduction (POVNET) aims to reduce poverty by promoting pro-poor growth, *i.e.* fostering a pace and pattern of growth that enhances the ability of poor women and men to participate in, contribute to, and benefit from growth. POVNET's work focuses on:

- creating more and better jobs for the poor – including in the informal economy

- expanding access to social and productive infrastructure – particularly in rural areas, where most of the poor live

- increasing agricultural productivity, which has often been the key to national development

- promoting social protection programmes, which help make growth work for the poor, and are affordable – even for low-income countries

To ensure that growth has a broad base across sectors and regions, POVNET:

- promotes empowerment of poor women and men – both politically and economically – to enable them to contribute to the formulation and implementation of policies

- encourages effective dialogue between small enterprises in the informal sector and policy makers

- encourages donors to provide sufficient and co-ordinated support for the development of agriculture and infrastructure, particularly in rural areas.

Who it is

Reflecting the multi-dimensional nature of poverty, participants in POVNET have diverse responsibilities in their home agencies, ranging from infrastructure to agriculture to social development. The Business and Industry Advisory Committee to the OECD (BIAC) and the Trade Union Advisory Committee to the OECD (TUAC) participate regularly in POVNET meetings, as do a variety of multilateral agencies including the World Bank, UNDP, the International Labour Organization (ILO) and the International Fund for Agricultural Development (IFAD). The chairs of GENDERNET (see page 21) and ENVIRONET (see page 22) are *ex officio* members.

Task teams in 2009-2010
- Task Team on Implementation
- Task Team on Empowerment

What it produces

Key outputs in 2009-2010

- *Promoting Pro-Poor Growth: Employment* (2009)

- *Promoting Pro-Poor Growth: Social Protection* (2009)

- report on promoting pro-poor growth and the Millennium Development Goals (2010)

- good practice notes on supporting the empowerment of poor people (2009-10)

- learning events in partner countries on promoting pro-poor growth, organised in collaboration with the Training for Development (Train4Dev) Network (2009-10)

- events and activities to help donors (i) implement POVNET policy guidance on agriculture, employment, infrastructure, private sector development and social protection; and (ii) apply the poverty impact assessment approach

www.oecd.org/dac/poverty

NETWORK ON GOVERNANCE

What it does

The DAC Network on Governance (GOVNET) offers DAC member countries a perspective on the challenges of statebuilding in partner countries. It helps donors be more effective in supporting democratic governance by providing a forum to exchange experiences and lessons, identify and disseminate good practice, and develop policy and analytical tools. GOVNET members deal with a range of issues, including institutional reform, the dynamics of change, the interplay of checks and balances, domestic accountability, respect for human rights, transparency, participation and equality, anti-corruption, and capacity development.

GOVNET works in close collaboration with other DAC bodies, such as the Working Party on Aid Effectiveness (see page 16), the International Network on Conflict and Fragility (see page 28) and POVNET (see page 24). It participates in work throughout the OECD on diverse issues relating to governance and policy coherence, including taxation and corruption in conjunction with the OECD Centre for Tax Policy and Administration the OECD Working Group on Bribery.

Who it is

GOVNET's members include representatives from DAC member and observer ministries. It also invites experts from partner countries, international organisations, academia and international non-governmental organisations to participate in its work programme so as to enhance its implementation.

What it produces

Key outputs in 2009-2010

Taxation and accountability

- establishment and development of the African Tax Administration Forum (2009)
- "Aid and Domestic Accountability" (2010), an action-oriented policy paper and operational guidance note on improving support to domestic accountability

Anti-corruption

- guidance note on effective collective responses to corruption (2010)
- guidance note on effective donor responses to corruption in fragile states and conflict-affected environments (2010)

Task teams in 2009-2010

- Steering Group on Aid and Domestic Accountability
- Task Team on Anti-Corruption
- Task Team on Taxation and Accountability
- Task Team on Human Rights
- Joint GOVNET/INCAF Working Group on Human Rights and Conflict
- Steering Group on Governance Assessments

- guidance note on international approaches, methods and tools that can support anti-corruption efforts in developing countries (2011/12)
- report on public perceptions of corruption (2011/12)

Human rights (all products in 2010)

- field-test of the Principles on Aid Effectiveness and Human Rights in partner countries to develop practical tools on accountability, the integration of human rights into aid delivery mechanisms at the country level, and monitoring implementation of international commitments
- guidance on integrating human rights into donor policies and practice
- good practice notes on integrating human rights, pro-poor growth and poverty reduction, and human rights, conflict and statebuilding

Governance assessments

- report on the implementation of joint governance assessments (follow-up to the Guiding Principles for Enhanced Impact, Usage and Harmonisation of Governance Assessments, with links to the assessment work by the International Network on Conflict and Fragility, page 28) (2010)

INTERNATIONAL NETWORK ON CONFLICT AND FRAGILITY

What it does

In 2009, the DAC Conflict, Peace and Development Co-operation Network and the DAC Fragile States Group merged to form the International Network on Conflict and Fragility (INCAF). INCAF works to improve development co-operation and support coherent international action in situations where achievement of the Millennium Development Goals is undermined by violent conflict, human insecurity, fragility, weak governance and instability. Building on lessons learned and examples of good practice, INCAF promotes policy commitment and behaviour change among its members at headquarters and in the field, and encourages whole-of-government approaches in dealing with situations of conflict and fragility. In doing so, it aims to provide solid foundations for growth and poverty reduction. INCAF is structured around three complementary pillars:

- monitoring the effectiveness of international engagement in fragile situations
- offering practical guidance on peacebuilding, statebuilding, security and justice reform, and resolving armed conflict and violence
- working to reform aid architecture and establish flexible, rapid and predictable funding methods in the aftermath of conflicts, and on tracking the flow of resources to fragile situations.

Who it is

This forum brings together experts on peace, governance, security and conflict prevention from bilateral and multilateral development co-operation agencies, including the EC, UN, IMF, World Bank and regional banks.

Task teams in 2009-2010

- Task Team on Peacebuilding, Statebuilding and Security
- Task Team on Financing and Aid Architecture
- Informal Working Group on Monitoring the Principles for Good International Engagement in Fragile States (seven fragile states led by the Democratic Republic of the Congo and members of INCAF).
- Informal Working Group on the International Dialogue on Peacebuilding and Statebuilding (led by the Democratic Republic of the Congo and the United Kingdom)
- Advisory Panels on Armed Violence Reduction, Security ,and Justice and Statebuilding

What it produces

Key outputs in 2009-2010 (all products scheduled for release in 2010)

- *Ensuring Fragile States Are Not Left Behind,* global report and six country reports on the implementation of the DAC Principles for Good International Engagement in Fragile States and Situations

- *Global Report on the Fragile States Monitoring System*

- *Transition Financing: Building a Better Response*

- *Security Systems Reform: What Have We Learned?* Report on the results of the dissemination of the *OECD DAC Handbook on Security Systems Reform*

- *The State's Legitimacy in Fragile Situations: Unpacking Complexity*

- "Armed Violence Reduction: Enabling Development" (working paper)

- policy fact sheets and yearly monitoring reports on resource flows to fragile states

- guidance note on statebuilding in situations of fragility

- global mapping study and programming notes on armed violence reduction

- programming notes on international support to key state functions

- review of good practices for international support for statebuilding in conflict-affected and fragile situations

- report on good practice in pooling ODA and non-ODA contributions to address conflict, peace and security

- toolkit for security and justice monitoring and evaluation in security system reform

ENGAGING WITH OTHER DONORS

In recent years, the DAC has strengthened its relations with other providers of development assistance from within and outside the OECD. many non-DAC members have rapidly growing assistance programmes, and have valuable development experiences and innovative approaches to share.

The DAC recognises that it has much to learn from these experiences and approaches. At the same time, the DAC can draw on decades of work on good practices in aid to support other donors in improving their development co-operation programmes. Stronger dialogue and better information flows can enhance understanding among all donors, and can make the DAC's work more relevant and effective in achieving its goals.

The DAC engages with other providers of development assistance by organising events with them, inviting them to participate in its official and technical discussions, and helping them improve their aid statistics and management systems.

GLOBAL FORUM ON DEVELOPMENT

The Global Forum on Development was launched in 2006 to promote dialogue on priority development issues among OECD members and non-member economies, the private sector and civil society. Its multi-year thematic cycles – organised jointly by the DAC and the OECD's Development Centre – comprise annual plenary meetings as well as a series of events, such as informal experts' meetings and policy workshops.

In 2009-2010, the forum – organised in conjunction with the OECD Centre for Tax Policy and Administration – takes place under the theme of "Domestic Resource Mobilisation (DRM) for Development: The Taxation Challenge". The focus lies on:

- the changing international climate: non-cooperative jurisdictions, tax evasion and avoidance
- the domestic dimension: fiscal legitimacy, tax administrations and poverty reduction.

The Global Forum's open format lends itself to engaging a broad range of non-DAC development partners, while its themes offer a good basis for growing engagement over time. Major Global Forum events are scheduled back-to-back with DAC Senior Level and High Level Meetings to facilitate dialogue among key actors and development partners.

www.oecd.org/development/globalforum

PARTNERSHIP IN STATISTICS FOR DEVELOPMENT IN THE 21ST CENTURY

Known as PARIS21, this unique partnership brings together statisticians, policy makers and development professionals from OECD member and partner countries. Together, they work to counter the difficulties many partner countries face in producing, analysing and using sound, transparent data. PARIS21 places capacity-building at the very core of its work to help foster a culture of evidence-based policy making that enables partner countries not only to measure, but also to manage development results.

Concretely, PARIS21 helps each partner country design, implement and monitor a National Strategy for the Development of Statistics (NSDS), a process that includes:

- **ADVOCACY:** working at the international, regional and country levels to promote the use of statistics and the adoption of strategic approaches to statistical development.
- **PARTNERSHIP:** energising the participation of partner country stakeholders, and their technical and financial partners in the NSDS process, and providing appropriate tools to facilitate co-ordination.
- **REPORTING:** providing information on NSDS progress and assisting countries in reporting on their own statistical development.

- **STUDIES AND TASK TEAMS:** organising and bringing together countries on issues relevant to the NSDS process.

In collaboration with the World Bank and other partners, PARIS21 also oversees the implementation of the International Household Survey Network (IHSN) and the Accelerated Data Programme (ADP). The IHSN promotes better use of survey microdata and provides tools to improve the quality of surveys. The ADP helps countries to document, analyse and disseminate existing survey microdata and to develop improved survey programmes.

AID ARCHITECTURE AND FINANCING

To improve efficiency in global aid allocation, it is fundamental to ensure that there is reliable information on current and future funding. This is particularly challenging in the increasingly complex environment of development co-operation, where there is a growing diversity of actors.
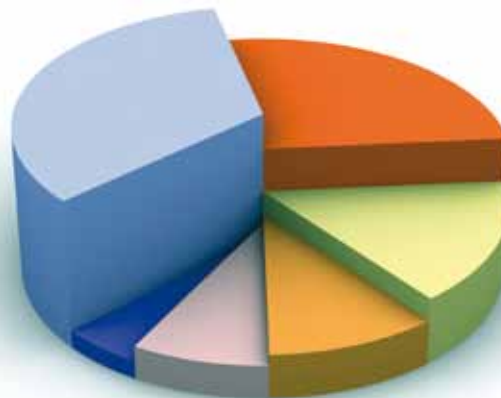
Officials from DAC member countries, non-DAC OECD countries and DAC observers (IMF, UNDP and the World Bank) have agreed on a methodology for conducting annual surveys of donors' medium-term (three-year) spending plans, both globally and by recipient country. The results of these surveys will strengthen global and country-level aid predictability and will help to inform and improve aid allocation decisions in donor capitals. Simulations of future aid levels will also signal where and when aid might need to be increased, and help gauge the effectiveness of efforts in the context of the crisis.

The DAC is also analysing historical data to highlight areas where there is donor fragmentation and concentration – in other words, where there are too many donors giving too little, or vice versa. The results will prompt donors to improve the division of labour amongst themselves.

The DAC is also working to (i) improve multilateral aid by improving the quality of the evidence available to support multilateral aid allocation policies and decision making; (ii) help DAC members to learn from each other about multilateral aid policies; and (iii) advise on the development of tools to assess multilateral effectiveness. In the run-up to the 2009 United Nations Climate Change Conference in Copenhagen, the DAC focused on identifying options for future climate change funding channels.

Key outputs in 2009-2010:

- *Report on Multilateral Aid* (annual publication)
- *Report on Aid Predictability: Survey on Donors' Forward Spending Plans*, in the Better Aid series (annual publication)
- *2009 OECD Report on Division of Labour among Donors: Addressing fragmentation and concentration of aid across countries* (annual publication)
- *Development Finance Challenges 2010: Issues Paper* (2010)
- monitoring report on the DAC High Level Meeting Action Plan on Responding to Global Development Challenges in a Time of Crisis (2010)

www.oecd.org/dac/scalingup

AID FOR TRADE

Aid-for-trade experts in OECD countries and non-OECD economies work in close co-operation with the World Trade Organization (WTO), international financing institutions and the United Nations system to transform globalisation into a more inclusive process by helping poor countries build their trade capacity. This is necessary if these countries are to capture the benefits of open markets and break out of poverty. The OECD Development Assistance and Trade Committees, in a joint effort with the WTO, have established a three-tiered (global, donor and recipient) monitoring framework to provide a comprehensive picture of aid for trade. This will allow the international community to gauge where improvements are needed.

The OECD Aid-for-Trade Initiative has successfully built awareness of the support that partner countries need to overcome market barriers. As a result, these countries are increasingly raising the profile of trade issues in their development strategies. Donors are responding by increasing the resources they provide to build trade capacity in areas such as policy, institutions and infrastructure.

Experts from the Development Assistance and Trade Committees are disseminating evidence of trade's impact on development, and are elaborating an analytical toolbox to improve the design and implementation of aid-for-trade programmes. This includes strengthening the application of the Paris Declaration principles to trade-related activities.

AID UNTYING

Under the landmark DAC Recommendation on Untying ODA to the Least Developed Countries (2001), DAC members have succeeded in untying all aid to the least developed countries (LDCs) – with the exception of food aid and free-standing technical co-operation.

Since the entry into force of this recommendation, both the volume of ODA to the LDCs and these countries' share in total bilateral ODA have increased. Many donors have untied all or most of their programmes above and beyond the requirements of the DAC recommendation. At the DAC High Level Meeting in May 2008, members also agreed to untie their aid to the 39 highly indebted poor countries (HIPCs), and to promote buying goods and services locally in these countries, rather than in donor countries.

In keeping with the Accra Agenda for Action, the DAC continues to discuss ways and means to untie more aid. Annual progress reports on the implementation of the recommendation are presented to the DAC, and analytical reports are prepared to facilitate policy discussions on the contribution of untying aid to aid effectiveness. Work also continues on the parallel issues of encouraging more use of partner countries' procurement systems and, when donors are still responsible for procurement, encouraging more local and regional sourcing.

POLICY COHERENCE

The importance of policy coherence for development (PCD) has been reinforced by globalisation. This means, in simple terms, ensuring that policy decisions taken in industrialised country capitals will not have negative impacts on partner countries. It also involves co-ordinating policies in development co-operation with those in other policy areas far beyond aid. The DAC collaborates with other parts of the OECD on analyses of the development dimensions of OECD country policies across a number of areas. In doing so, the peer review process plays a vital role.

www.oecd.org/dac/coherence

CAPACITY DEVELOPMENT

Encouraged by the success of its 2006 guidance, The Challenge of Capacity Development: Working Towards Good Practice, the DAC began new work to support capacity development (CD) in partner countries in 2008. Consistent with the spirit of the Accra Agenda for Action, DAC donors have formed an international partnership with the new CD Alliance, a political advocacy group representing partner countries, and the Learning Network on Capacity Development (LenCD) to identify good practice in support of the six capacity development priority themes outlined in the AAA. Results of this joint effort will feed into the Fourth High Level Forum on Aid Effectiveness.

www.oecd.org/dac/capacitydevelopment

DAC GUIDELINES, RECOMMENDATIONS, PRINCIPLES AND KEY REFERENCE DOCUMENTS

ANNUAL PUBLICATIONS

DAC Report on Aid Predictability

DAC Report on Multilateral Aid

Development Co-operation Report

1999

DAC Guidelines for Gender Equality and Women's Empowerment in Development Co-operation

2001

Helping Prevent Violent Conflict, in the DAC Guidelines series

Poverty Reduction, in the DAC Guidelines series

Strategies for Sustainable Development, in the DAC Guidelines series

"OECD Action for a Shared Development Agenda", statement on policy coherence for development adopted by Council at Ministerial level.

DAC Recommendation on Untying ODA to the Least Developed Countries

2002

Glossary of Key Terms in Evaluation and Results Based Management

2005

Harmonising Donor Practices for Effective Aid Delivery Vol. I, in the DAC Guidelines and Reference series

Policy Coherence for Development: Promoting Institutional Good Practice, in the Development Dimension series

Security System Reform and Governance, in the DAC Guidelines and Reference series

Paris Declaration on Aid Effectiveness

2006

Applying Strategic Environmental Assessment: Good Practice Guidance for Development Co-operation, in the DAC Guidelines and Reference series

The Challenge of Capacity Development: Working Towards Good Practice, in the DAC Guidelines and Reference series

Emerging Good Practices in Managing for Development Results: Source Book

Environmental Fiscal Reform for Poverty Reduction, in the DAC Guidelines and Reference series

"Evaluation Systems and Use: A Working Tool for Peer Reviews and Assessments"

Guidance for Managing Joint Evaluations, in the DAC Evaluation series

Harmonising Donor Practices for Effective Aid Delivery Vol. II, in the DAC Guidelines and Reference series

Promoting Private Investment for Development: The Role of ODA, in the DAC Guidelines and Reference series

Promoting Pro-Poor Growth: Agriculture

Promoting Pro-Poor Growth: Infrastructure

Promoting Pro-Poor Growth: Key Policy Messages

Promoting Pro-Poor Growth: Private Sector Development

Policy Paper and Principles on Anti-Corruption: Setting an Agenda for Collective Action, in the DAC Guidelines and Reference series

Principles for Donor Action in Anti-Corruption

2007

Aid for Trade at a Glance: 1st Global Review

Mainstreaming sectoral statistical systems in Africa: A Guide to Planning a Co-ordinated National Statistical System

National Strategies for the Development of Statistics (NSDS): Some Issues in Design and Implementation Planning

OECD DAC Handbook on Security System Reform: Supporting Security and Justice

Promoting Pro-Poor Growth: Policy Guidance for Donors, in the DAC Guidelines and Reference series

Promoting Pro-Poor Growth: Practical Guide to ex ante Poverty Impact Assessment

"DAC Action-Oriented Policy Paper on Human Rights and Development"

"Promoting Pro-Poor Growth: Policy Statement"

Microdata Management Toolkit

Principles for Good International Engagement in Fragile States and Situations

2008

2008 Survey on Monitoring the Paris Declaration: Making Aid More Effective by 2010, in the Better Aid series

Effective Aid Management: Twelve Lessons from DAC Peer Reviews

Evaluation of the Implementation of the Paris Declaration: Synthesis Report

Natural Resources and Pro-Poor Growth: The Economics and Politics, in the DAC Guidelines and Reference series

Partner Report on Support to Statistics: 2008 Round

Scaling Up: Aid Fragmentation, Aid Allocation and Aid Predictability. Report of 2008 Survey of Aid Allocation Policies and Indicative Forward Spending Plans

DAC Guiding Principles for Aid Effectiveness, Gender Equality and Women's Empowerment

2009

Aid for Trade at a Glance: Maintaining Momentum

Interim Report on Aid Effectiveness in Health

Managing Aid: Practices of DAC Member Countries, in the Better Aid series

OECD Journal on Development, Volumes 1-4, annual publication

Policy Guidance on Integrating Climate Change Adaptation into Development Co-operation

2010

Evaluation of the Implementation of the Paris Declaration, Phase II: Country Reports and Donor Studies

ACRONYMS AND ABBREVIATIONS

AAA	2008 Accra Agenda for Action
ADB	Asian Development Bank
ADP	Accelerated Data Programme
AfDB	African Development Bank
BIAC	Business and Industry Advisory Committee to the OECD
CD	capacity development
CRS	Creditor Reporting System
DAC	Development Assistance Committee
DCD	Development Co-operation Directorate
DEReC	DAC Evaluation Resource Centre
DRM	Domestic resource mobilisation
EBRD	European Bank for Reconstruction and Development

EC	European Commission
ENVIRONET	DAC Network on Environment and Development Co-operation
EPOC	OECD Environmental Policy Committee
GENDERNET	DAC Network on Gender Equality
GHD	Principles and Good Practice of Humanitarian Donorship
GOVNET	DAC Network on Governance
HIPCs	Heavily indebted poor countries
HLF-4	Fourth High Level Forum on Aid Effectiveness (Seoul, Korea, 2011)
IADB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development

IHSN	International Household Survey Network
ILO	International Labour Organization
IMF	International Monetary Fund
INCAF	International Network on Conflict and Fragility
LenCD	Learning Network on Capacity Development
MDGs	Millennium Development Goals
NSDS	National Strategy for the Development of Statistics
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development

PARIS21	Partnership in Statistics for Development in the 21st Century
PCD	policy coherence for development
POVNET	DAC Network on Poverty Reduction
QWIDS	Query Wizard for International Development Statistics
Train4Dev	Training for Development Network
TUAC	Trade Union Advisory Committee to the OECD
UNDP	United Nations Development Programme
WP-EFF	Working Party on Aid Effectiveness
WP-STAT	Working Party on Statistics
WTO	World Trade Organization