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## Development Co-operation Directorate (DCD-DAC)

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### DACnews April 2014



The Development Assistance Committee: Enabling effective development

**APRIL 2014**

#### More and better resources for development

*Official development assistance did a surprising turn-around in 2013, reaching an all-time high. Meanwhile, the OECD DAC is working to modernise the concept of official development finance and to make it work to its fullest. This includes ensuring that important objectives, for instance in gender equality and women's rights, receive the funding they need. It also encompasses promoting closer and more effective co-operation with a range of partners, such as the Arab countries, and exploring the possibilities offered by social business.*

#### HAPPENING THIS WEEK:

##### Global Partnership convenes in Mexico

Over 1 300 development leaders will join President of Mexico Enrique Peña Nieto, UN Secretary-General Ban Ki-moon and OECD Secretary-General Angel Gurría at the first High-Level Meeting of the Global Partnership for Effective Development Co-operation in Mexico City on 15-16 April 2014 (see also [Feature Article](#) and [Publications](#) - *Making Development Co-operation More Effective: 2014 Progress Report*).



## Aid to developing countries rebounds in 2013 to reach an all-time high

Development aid rose by 6.1% in real terms in 2013 to reach the highest level ever recorded, despite continued pressure on budgets in OECD countries since the global economic crisis. Donors provided a total of USD 134.8 billion in net official development assistance (ODA), marking a rebound after two years of falling volumes, as a number of governments stepped up their spending on foreign aid.

An annual survey of donor spending plans by the OECD DAC indicated that aid levels could increase again in 2014 and stabilise thereafter. However, a trend of a falling share of aid going to the neediest sub-Saharan African countries looks likely to continue.

"It is heartening to see governments increasing their development aid budgets again, despite the financial constraints they are currently facing," said OECD Secretary-General Angel Gurría. "However, assistance to some of the neediest countries continues to fall, which is a serious concern. We will need to address this issue when the Global Partnership for Effective

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Development Co-operation meets in Mexico next week, as well as the broader challenge of how to make the most of ODA in a growing pool of resources for development finance”.

For more information, read the [full press release on 2013 ODA data](#).

[Full press release](#)

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#### PEER REVIEWS

[Development Co-operation Peer Review: Italy 2014: Italy has raised its aid contributions and its future targets, reversing a trend of falling development assistance, and now needs to take action on](#)

*recommendations to improve the way it manages its aid programmes, according to a new OECD review.*

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#### PUBLICATIONS

[Making Development Co-operation More Effective: 2014 Progress Report:](#)

This report – a first snapshot of the state-of-play since Busan – draws on the ten indicators of the Global Partnership monitoring framework. It highlights where targeted efforts are needed to make further progress and to reach existing targets for more effective development co-operation by 2015.

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[“Modernising the Reporting on ODA Loans: Risk-adjusted Grant Equivalents and Other Approaches”](#): This paper contributes to the

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## Modernising the DAC statistical system

In December 2012 DAC Ministers called for the [modernisation of the DAC statistical system](#), including:

- a new measure of Total Official Support for Development to complement, not replace, Official Development Assistance (ODA)
- better means of representing provider effort and recipient receipts
- a modernised definition of ODA, including a clear, quantitative explanation of what is meant by "concessional in character"

This work seeks to maximise both the amount and the effectiveness of flows in support of the achievement of the soon-to-be-established [post-2015 goals](#), including targeting funds where they are most needed. An Expert Reference Group is providing advice to the DAC, and work is now well advanced to:

- quantify what to include in a new, broader measure of Total Official Support for Development, including private flows mobilised by official efforts
- calculate "donor effort" and standardise reporting of in-donor costs to improve transparency and comparability
- create incentives to encourage better channelling of flows to the countries in greatest need
- devise ways of tracking the extent to which donor countries are keeping their promises, such as meeting the 0.7% of GNI as ODA target



The OECD DAC is working closely with the United Nations as it works to develop the post-2015 goals; with partner countries; and with many other providers of development finance. The goal is to produce firm options for DAC Ministers to consider in December 2014.

Keep up to date with this work on the OECD's [External Financing for Development webpage](#).

See the new OECD video on "Rethinking development aid":

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## The unfinished business of gender equality and women's rights

The new OECD brief on "[Financing the unfinished business of gender equality and women's rights: Priorities for the post-2015 framework](#)" analyses investments by [DAC members](#) over the

course of the Millennium Development Goals (MDGs) in six policy areas: girls' education; sexual and reproductive health and rights; women's economic empowerment; women, peace and security; women's participation and leadership; and violence against women and girls. It shows that:

- MDG 3 galvanised new resources for gender equality and



ongoing discussion about modernising the concept of ODA, presenting an assessment of the feasibility of risk-adjusted grant equivalents and alternatives. The broader issues of ODA reform are explored in a recent blog post: "[ODA Reform: Change for the sake of change?](#)"

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"[The New Development Finance Landscape: Emerging and Preliminary Perspectives from the Cases of Ghana, Senegal and Timor-Leste](#)" examines the importance and accessibility of external sources of finance for developing countries, using Ghana, Senegal and Timor-Leste as case studies.

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"[Guarantees for Development](#)"

summarizes key findings on the distribution of ODA and other forms of external finance to developing countries.

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### VACANCIES

#### Statistician/Analyst

(Job number: [09228](#)): The Centre for Tax Policy and Administration (CTPA) is looking for a Statistician/Analyst with an excellent statistical background and sound analytical skills to oversee the collection, processing and dissemination of tax related data for non-OECD countries under its [Tax and Development programme](#), and to contribute to conceptual work on tax statistics generally.

women's empowerment; DAC members' aid in support of gender equality tripled from USD 8 billion in 2002 to USD 24 billion in 2012. Education and health received most of this funding.

PROMOTE GENDER  
EQUALITY AND  
EMPOWER WOMEN

- Critical funding is still needed, nonetheless, for priority areas in the post-2015 framework: women's economic empowerment; family planning; women, peace and security; and women's participation and leadership.

To mobilise the political will and investment needed to address this "unfinished business", it will be critical to retain a strong standalone goal on gender equality in the post-2015 framework, alongside gender-specific targets and indicators across all the goals.

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## Arab-DAC Dialogue on Development

The Arab countries have been providing substantial amounts of official development



assistance (ODA) for decades. They also have considerable experience to share on promoting economic growth and reducing poverty in developing countries. Engaging with the major Arab donors – especially Kuwait, Qatar and the United Arab Emirates – as well as the members of the [Arab Co-ordination Group Institutions \(ACGI\)](#) is a priority for the [DAC's Global Relations](#).

An [Arab-DAC Dialogue on Development](#) took place in Kuwait on 20 January 2014, hosted by the [Arab Fund for Economic and Social Development](#). The event brought together all ten members of the ACGI as well as 17 [DAC members](#) for an open and lively discussion. Participants agreed to explore jointly how development co-operation can better support transformation processes in the Middle East and North Africa. This includes creating better linkages among bilateral and multilateral initiatives that target the region. There was also consensus on the need to strengthen co-operation in fragile states using existing platforms, such as the [International Dialogue on Peacebuilding and Statebuilding](#) and the [International Network on Conflict and Fragility \(INCAF\)](#). Many participants expressed the view that ACGI members should play an active role in the governance of the [Global Partnership for Effective Development Co-operation](#).

The Co-Chairs Abdlatif Al-Hamad, Director General and Chairman of the Board of the Arab Fund for Economic and Social Development, and Erik Solheim, DAC Chair, highlighted the need for Arab donors and DAC members to work together more closely to deliver inclusive growth, catalyse transformation out of conflict and fragility and contribute to discussions around the post-2015 framework. Regarding the challenges in Arab countries in transition, Mr Al-Hamad

declared that meeting these "...would require bold and concomitant political and economic reforms for completing the democratisation process and laying the foundations for broad-based and sustainable growth. These reforms in many other transition experiences have paid off thanks to the help and resolute support of the international community."

The [Co-Chairs' summary](#) outlines other actions to strengthen co-operation and the main points raised during discussions.

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## Social business' contribution to development

Social business – an entrepreneurial approach with a social mission – is attracting more and more interest around the world. On Thursday 13 March, the DAC Development Debates explored the potential of social business. The speakers included Linda Kleemann, researcher at the Kiel Institute for the World Economy and leader of the Poverty Reduction, Equity and Growth Network, PEGNet; Kerstin Humberg, Engagement Manager at McKinsey and Company; and Antonella Noya, Senior Policy Analyst with the OECD's [Local Economic and Employment Development](#) [LEED] Programme and Manager of the [OECD/LEED Forum on Social Innovations](#).

Calling on case studies, the speakers demonstrated that social business has the potential to mobilise private resources for sustainable development while empowering poor people by

### Programme Assistant

(Job number: [09226](#)):

The Partnership in Statistics for Development in the 21st Century (PARIS21 – [www.paris21.org](#)) is looking for a Programme Assistant to carry out a wide range of administrative and financial tasks for the "Informing a Data Revolution" (IDR) project and other work streams.

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integrating them into business cycles as active market participants. Social businesses, however, do have limitations and risks. The OECD's work on facilitating the development of social business within OECD member countries shows that a conducive policy ecosystem for social enterprises should include a legal and regulatory framework, access to capital, access to markets, business support structures and training and research.

Many [DAC members](#) are already involved in the promotion of social business in developing countries, but there is room for more systematic knowledge sharing on what works on the ground and how to best support and make social businesses contribute to sustainable development.

**Listen to: Dr. Kerstin Humberg, Engagement Manager, McKinsey and Company:**

**Listen to Dr. Linda Kleemann, Researcher at the Kiel Institute for the World Economy and Managing Director PEGNet (Poverty, Equity and Growth Network)**

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## FEATURE ARTICLE: Financing development co-operation in a new era

By Jon Lomøy

*Jon Lomøy is Director of the [OECD Development Co-operation Directorate](#), which is leading work to modernise the DAC statistical system and devise new, broader measure of total official support for development.*



By the end of 2015, when the [Millennium Development Goals](#) (MDGs) come to term, the international community is expected to approve a [new sustainable development agenda](#). All indications are that this will be a unique and universal agenda, focusing on the [eradication of extreme poverty](#), but also addressing broader environmental, economic and social sustainability challenges. Finding the means to finance this broad agenda, and to make that financing work to produce maximum results without duplication or gaps, will be a challenge.

ODA – official development assistance or what people commonly refer to as aid – has been instrumental in financing development over the past fifty years through grants and low-interest loans that have helped to address economic and social needs. Likewise, private finance has provided considerable benefits to some countries through bank lending, direct investment and indirect investments such as portfolio flows. Nonetheless, we cannot rely on private finance alone, as it can introduce volatility and fuel vulnerability to financial crises, with costly and damaging results in some cases.

Today, many developing countries are complementing traditional development resources by successfully mobilising increasing volumes of domestic resources through improved tax systems and by better combatting [illicit financial flows](#). This trend is substantially augmented by a major transformation of the international development finance landscape – with new actors, new sources of finance and new technologies – enabling partnerships that have vastly expanded opportunities and options for tapping additional sources of development finance, both within and outside of countries.

In this context, the challenges faced by the global community are not simple. What is the continuing role of official development finance in the post-2015 era? How should it best be allocated and delivered to ensure it is as effective as possible?

The advent of a new post-2015 agenda, including a new financial framework, and the possibility of establishing a process to monitor their implementation, is an exciting prospect and one that merits the global community's full attention to important questions:

- How to mobilise and channel the resources needed?
- What is the ongoing role of development co-operation in a much more diversified financing landscape? How can it make the largest possible contribution?
- How can developing countries make best use of the financial resources on offer?
- How can the international system facilitate this (e.g. through capacity support,



transparency and accountability)?

- How can the international community ensure that no countries – or communities within them – are left behind?

The first High-Level Meeting of the [Global Partnership for Effective Development Co-operation](#) offers a unique opportunity to table these discussions and contribute to forging a sustainable

development vision for the post-2015 era. It will also provide the opportunity to encourage synergies among country, regional and global policy discourse on development financing needs and sources. The participation of UNDP Administrator Helen Clark, [OECD Secretary-General Angel Gurría](#), ministers from developed and developing countries, heads of foundations and others will be fundamental in pushing forward the global debate on the future of [development finance](#). We expect concrete deliverables to emerge, helping to ensure that the changing landscape of development co-operation can operate within an effective and sustainable policy and financing framework.

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## NEWS IN BRIEF

### OECD and Foundation Center welcome new partnership

On 23 January 2014, the OECD and the US-based [Foundation Center](#) agreed to share data so as to increase the visibility of private philanthropy as a source of development finance alongside official aid. This is an important step forward in OECD's efforts to offer broad, comprehensive and reliable data on resources for developing countries.



Established in 1956 and today supported by close to 550 foundations, the Foundation Center collects data on about 131 000 grant makers (including nearly 30 000 international entities) and is the leading source of

information about philanthropy worldwide. This new partnership builds on the comparative advantage of each of the partners, bringing together the Foundation Center's mission to strengthen the social sector by advancing knowledge about philanthropy in the U.S. and around the world, with OECD's work on measuring and monitoring [external development finance](#) and on informing and improving development co-operation practices and policies worldwide.

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### DAC Senior Level Meeting 2014

Discussions at the 3-4 March DAC Senior Level Meeting (SLM) focused on [development finance](#), the [Global Partnership for Effective Development Co-operation](#), and strategic orientations for 2015 and beyond. The March SLM was a key milestone in advancing the important work of modernising the DAC statistical system to meet the current needs and realities of development finance. SLM participants included a number of OECD key partners, accession countries and special invitees such as Brazil, Colombia, Latvia, the People's Republic of China, the Russian Federation, South Africa and the United Arab Emirates, who provided crucial feedback on this work. Two very well attended side events – on the recipient perspective of development finance, and partnering with private investors for development impact – helped refine thinking on development finance. The discussion around development finance will continue at the 7-8 October DAC SLM and will culminate with the 15-



16 December High Level Meeting, when DAC Ministers will consider a proposal for a new development finance framework in advance of the final post-2015 negotiations.

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### Ecuador and Zambia join PISA for development

Following the release of the [Programme for International Student Assessment \(PISA\) 2012 results](#), the governments of Ecuador and Zambia have agreed to participate in the OECD's pilot [PISA for Development](#) initiative. Eight Latin American countries participated in PISA 2012; Zambia will be the first country in sub-Saharan Africa to take part in any PISA





survey.

PISA for Development aims to increase developing countries' use of PISA assessments for monitoring progress towards nationally-set targets for improvement, as well as to build capacity in participating countries for managing large-scale student assessments. The data PISA elicits creates a solid evidence base for conducting reviews of education systems; it can – and should – be used as a public policy tool, informing public debates on how to improve the quality of education systems. Field trials of the PISA for Development assessment will begin in the second half of 2015, with more than 25 000 students in four to five

countries – including Ecuador and Zambia – participating. The main assessment will be conducted in 2016 and early 2017.

For more information, see the *OECD Education Today* blog posts on [Ecuador](#) and [Zambia](#).

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#### **EVALNET discusses human rights, gender equality**

The [16<sup>th</sup> meeting of the DAC Network on Development Evaluation](#) (EVALNET – 12-13 February 2014) brought together over 80 participants from bilateral and multilateral evaluation departments. The first session sparked a lively sharing of experiences among members on how human rights and gender equity are addressed in evaluation. Participants agreed that in general, evaluations do not properly assess the results of equity efforts. This is partially because of insufficient monitoring, management and information systems. In the following sessions, EVALNET members also shared experiences on topics such as the division of labour when managing an evaluation, building evaluation capacity and evaluating in settings of fragility.

For more information on current evaluations of programmes to promote gender equality, see the [DAC Evaluation Resource Centre](#).

**Listen to: Cindy Clapp-Wincek of USAID discussing USAID's Discussion Note: Complexity Aware Monitoring.**

**Listen to: Professor Eva Terberger of Kreditanstalt für Wiederaufbau (KfW)**

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#### **OECD DAC COUNTRIES' NET ODA IN 2013:**

USD 134.8 billion, up by 6.1% in real terms and representing 0.3% of DAC members' combined GNI. For more information, see: <http://oecd.org/dac/stats/idsonline.htm>



[http://oecd.org/dac/dacnewsapril2014.htm?utm\\_source=DACNewsApr14&utm\\_medium=email&utm\\_content=peer&utm\\_campaign=DACNews#peer](http://oecd.org/dac/dacnewsapril2014.htm?utm_source=DACNewsApr14&utm_medium=email&utm_content=peer&utm_campaign=DACNews#peer)

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