

## DACnews January 2016

THE DEVELOPMENT ASSISTANCE COMMITTEE:  
ENABLING EFFECTIVE DEVELOPMENT

# DACnews



JANUARY 2016

Moving to implementation

This issue of DACnews looks at the challenges of implementing the new global goals, focusing on frameworks for measuring a wide range of sustainable development finance, as well as accountability systems for ensuring that governments are living up to their commitment. It also highlights key implications of the Paris Agreement for development and for the DAC.

Measuring support for sustainable development

Over the past 15 years, ) has increased by nearly 70%. Yet over the same period, ODA's relative net official development assistance (ODA) share of total external resource flows for development (including foreign direct investment, remittances, other official flows, export credits and other securities) has diminished.

The recognises a new development finance context, with diverse actors, financial instruments and 2030 Agenda for Sustainable Development financing dynamics. While ODA will remain a crucial resource, particularly for countries most in need, the ambitious nature of the new goals calls for leveraging trillions from the billions in concessional resources currently dedicated to development. Managing these amounts – and this complexity – will require a fresh approach to tracking development finance. It will be vital to put in place quality standards to help channel resources to where they can be most effective in eradicating poverty and promoting a new era of economic and social progress, environmental sustainability and peaceful and inclusive societies. At the same time, it is important to ensure that spending to tackle the complex global challenges of the 2030 Agenda does not inadvertently create economic and business distortions and/or inefficiencies (subsidies, competitive advantages, aid tying, etc.)

The OECD is working to develop a new measurement framework to reflect the ambitious aims of the 2030 Agenda. Currently referred to as TOSSD "", the framework is designed to offer a total official support for sustainable development comprehensive view of how all countries, including those beyond the DAC, are taking action to fund the SDGs. It aims to capture financing for all dimensions of sustainable development – economic, social, and environmental – at the national, regional and global levels. The Sustainable Development Goals (SDGs) themselves will set the boundaries for defining the types of finance and contributions that are eligible to be captured within the TOSSD framework, including sustainable development activities directly benefitting developing countries, as well as support provided for addressing broader global development challenges with universal reach. As a monitoring instrument, it will also offer a platform for learning about how financing packages can come together to support the achievement of the SDGs, complementing the ODA measure.

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### PUBLICATIONS

Development Policy Paper No. 1, "" assesses the achievements and challenges of the WTO-led Aid-for-Trade Initiative. It highlights where to put emphasis, how to expand partnerships, how to enhance effectiveness and, most importantly, how to retain interest in using aid to make trade work for the poor.

The , agreed in July 2015, endorsed continuing work to refine this framework (see ). TOSSD will [Addis Ababa Action Agenda](#)

be discussed this year at the first annual to be held 18-22 April in New York. Throughout 2016, consultations will be held with traditional providers of development co-operation, developing countries, emerging providers, multilateral institutions, development finance institutions, international think tanks and civil society. For more information about past and upcoming TOSSD workshops and events, please visit:

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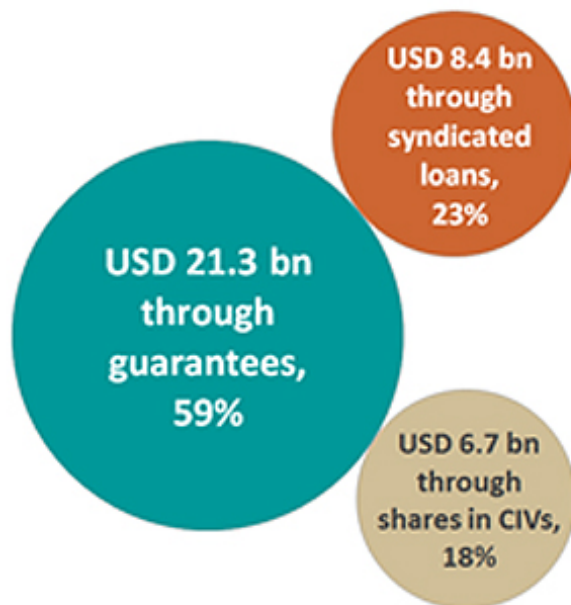
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Mobilisation of private finance

According to a recent DAC survey, USD 36.4 billion was mobilised from the private sector in 2012-14 through official development finance interventions in the form of guarantees, syndicated loans and shares in collective investment vehicles (development-related investment funds). Overall flows followed an upward trend over the period covered by the survey, with guarantees mobilising the largest share (59%). Multilateral development banks took the lead in mobilising finance mostly through guarantees, followed by the national development finance institutions. Middle-income countries received the largest share of the amount mobilised, mainly targeting the energy, industry and banking sectors. Of the total amount mobilised, 19% was climate-related, most of it focusing on climate change mitigation. More details about the survey results are available .

[here](#)

### Private finance mobilised by official development finance interventions, 2012-14



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Innovative practices for holding governments to account

National accountability systems are complex: parliaments, courts, citizens, civil society organisations, ombudsmen, anti-corruption agencies, media and external audit institutions all play a role. To effectively hold governments to account, these actors need to collaborate and work together. The (EIP) is well placed to help diverse actors work together on common concerns by:

[Effective Institutions Platform](#)

identifying why and when collaboration is not sufficiently effective/institutionalised

Development Policy Paper No. 2, "", provides understanding of [Human Resource Management in States affected by Fragility and Conflict](#)

human resource issues for policy makers and practitioners of organisations involved in states affected by fragility and/or conflict. As a peer-learning tool, it shares experiences and ideas on innovative practices and reforms.

[OECD Development Co-operation Peer Reviews: Portugal 2016](#)

shows that despite Portugal's endeavours to maintain its foreign aid programme since the economic crisis, its aid budget has been hit hard; a plan is needed to avoid further decline and get back on a path towards internationally agreed targets.

[The Experience of Middle-Income Countries Participating in PISA 2000-2015](#)

provides a systematic review and empirical evidence related to the experiences of middle-income countries and economies participating in the OECD Programme for International Student Assessment. The findings of this report are being used by the OECD to help make PISA relevant to a wider range of countries.

[A Review of International Large-Scale Assessments in Education](#)

aims to compare and contrast approaches and instruments used to collect data, and to identify assessment practices that can be useful for developing countries. This report reviews large-scale

- pointing out blockages for engagement
- proposing innovative practices to overcome blockages
- highlighting the impact of diverse engagement practices on the effectiveness of the accountability system.

international surveys, school-based surveys and household-based surveys.

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Initial answers to these concerns can be found in the up-coming EIP flagship publication: “Engagement practices between Supreme Audit Institutions and external actors: mechanisms, risks and benefits” consisting of an in-depth analysis of Supreme Audit Institutions’ (SAIs) engagement practices with the media, civil society and parliament. The publication has been informed by a survey conducted by the Platform of over 30 SAIs from high, middle and low-income countries to gather information about their engagement practices with external stakeholders. A checklist capturing evidence-based recommendations that SAIs may consider in developing their engagement practices will be released in March 2016 alongside the report. [are These knowledge products](#)

expected to support actors in their efforts to strengthen the accountability cycle as a whole. Further evidence will be provided by a learning alliance underway in Brazil, Chile, Colombia, Uruguay, Paraguay, Ecuador and Costa Rica, in which SAIs, media, civil society organisations and parliaments exchange their experiences of strengthening accountability systems through increased engagement.

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## FEATURE ARTICLE: The Paris Agreement and what it means for development

This month’s feature article is by Jan Corfee-Morlot and Naeeda Crishna Morgado of the OECD Development Co-operation Directorate. It provides a useful overview of the implications of the Paris Agreement for development co-operation, and for the OECD Development Assistance Committee.

On 12 December 2015, 195 countries took an historic step in addressing the ever increasing threat of climate change when they adopted the Paris Agreement at the close of COP21.<sup>1</sup> The terms of the agreement exceeded the expectations of many, providing a pathway for action by all countries – developed and developing alike – to achieve a zero-emission and climate resilient future. This comes at the end of a year that delivered other landmark agreements on global development: the adoption of the Sustainable Development Goals and the Addis Ababa Action Agenda.

The Paris Agreement commits countries to work together to limit the global mean temperature increase to “well below”2°C, striving to reach as low as 1.5°C. Global emissions of greenhouse gases will need to peak over the coming decade or two, and then drop to net zero emissions over the next half century . These goals will be extremely challenging to meet. Accomplishment must be anchored in domestic leadership and law, while international reporting and review mechanisms are designed to ensure transparency and exert peer pressure to ensure that countries deliver on their national pledges.

The sheer size and scale of COP21 – engaging over 150 Heads of State and bringing together 36 000 participants from government, international organisations, civil society and the media – illustrates the huge momentum that has been created over the past decade around the climate change agenda. Coming after years of preparation, negotiation and compromise, the Paris Agreement sets out a balanced and stable framework for action (see Figure).

Main elements of the Paris Agreement

Central to the agreement is the commitment by countries to work together to reverse the current upward trend in global emissions and shift their economies away from fossil fuels to new forms of clean energy. It also calls on nations to reverse global deforestation trends and ensure that agricultural practices are environmentally sustainable.

The Paris Agreement builds on the national plans of 187 countries to reduce emissions and adapt to climate change, each at a pace suitable to their own national circumstances; these plans will be reviewed and strengthened every five years. This arrangement of top-down goals and a bottom-up, nationally driven system of “pledge and review” was key to encouraging the high level of ambition agreed in Paris, and a way of engaging so many countries with diverse backgrounds and national circumstances.

Another important challenge, of course, is financing this climate action. The Paris Agreement reaffirms the commitment of developed countries to support developing countries by mobilising USD 100 billion a year by 2020 from public and private sources; subsequently, until 2025, providing a “floor” of USD 100 billion per year. A new collective climate finance goal will be developed for 2025 onwards. Through the Paris Agreement, other countries are also encouraged to provide and report on flows of financial resources to support action in partner countries (i.e. the aim is encourage and recognise South-South development co-operation on climate change).

A final key element of the agreement is the establishment of a common system of transparency, reporting by all countries subject to review and by which all countries agree to track progress, in particular on actions to curb emissions.

Development co-operation is central to the implementation of the Paris Agreement. Poorer developing countries depend on development co-operation not only for financing, but also to help in understanding, raising awareness of and planning for inevitable climate changes (e.g. extreme temperatures or heightened flood risks, especially in coastal zones and delta regions). They will need to look, in particular, at how these changes affect key economic activities and the livelihoods of the poorest now and in the future. Providers will need to work closely with their counterparts in the climate policy arena and elsewhere -- in-country and internationally -- to align practices and policies in support of action on climate change.

Responding to climate change calls for new ways of working, for example through sustainable agro-forestry and pasture farming practices that conserve the natural productivity of land, while securing clean water supplies and other economic benefits for local communities. Providers of development co-operation can support countries by sharing knowledge and experience to help them put in place measures to deliver zero or low-emission development pathways, and in making the most of entrepreneurial opportunities such as in clean energy.

The OECD aims to deliver effective and timely support to help developing countries deliver on their commitments. The DAC statistical system remains a key source of data for monitoring progress on climate finance commitments, and work is currently underway to extend this monitoring to include private sector development finance, strengthening the comprehensiveness of the evidence base (see article on Measuring support for sustainable development above). The DAC system can also help to assess whether climate-related development finance is reaching the neediest of countries and people, as well as the balance between flows to adaptation and mitigation. Together with other relevant partners – such as the multilateral development banks, representatives of civil society, and developing countries themselves – the DAC will continue to critically review the quality of its development co-operation activities targeting climate change to deliver results that matter to the most vulnerable populations of the planet.

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## NEWS IN BRIEF

Production networks and enterprises in East Asia

The structural transformation of East Asia over half a century – from a poor, peripheral and under-developed agricultural economy to a wealthy global factory – is considered an economic miracle. East Asia's wide participation in production networks has spurred the region's rapid economic growth, which has been accompanied by market-driven integration through trade and foreign direct investment. Providers of development co-operation have supported this process with concessional and non-concessional development finance and capacity development. A new book, [Production Networks and Enterprises in East Asia](#), aims to provide a comprehensive examination of the patterns and determinants of production in East Asia. The book blends new sources of data with the use of empirical tools and econometric methods to understand the workings of East Asia's complex web of production networks.

#### Preparations for the next High-Level Meeting

The Global Partnership for Effective Development Co-operation is preparing a monitoring [report](#) assessing progress on selected commitments made in the Busan Partnership agreement. The report draws on data from countries receiving development co-operation and from countries and organisations providing it. Close to participated in regional pre-launch workshops and many of them have started the data collection process. Together with findings from country level implementation efforts, the report will be one of the key sources of evidence informing discussions at the Global Partnership's second High-Level Meeting in Nairobi, Kenya (late November/early December 2016). There, development leaders and representatives of stakeholder groups will agree on priority actions to strengthen country-level implementation of the 2030 Agenda for Sustainable Development. In preparation for this important meeting, a in Lilongwe, Malawi (29 February and 1 March 2016) will look at how to strengthen the Global Partnership's mandate and working arrangements.



Please refer to the and the for further information.

[GPEDC website](#)

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Africa Summit 2016

The Aid and International Development Forum will convene a Summit on 2-3 February 2016 (Addis Ababa) to look at how technological innovations and best practice can improve development co-operation delivery and strategy in East Africa. It will highlight best practice approaches, current initiatives and latest innovations. The OECD will showcase its iLibrary platform, providing online access to publications on development from the OECD, the Commonwealth, Norden and the United Nations.

To register:

<http://africa.aidforum.org/>

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Davos and the Sustainable Development Investment Partnership

At the (Davos), an Industry Partners Session looked at the significant financing gap in [World Economic Forum Annual Meeting 2016](#)

infrastructure projects in developing countries, assessing current bottlenecks. In particular, the session addressed progress on standardising infrastructure projects and instruments; it also gave an overview of risk mitigation instruments and knowledge sharing platforms. Attended by the Trustees of the Global Challenge on Long-term Investing, Infrastructure and Development; selected investor executive officers; and other leading figures such as Gordon Brown and Erik Solheim, the session offered the opportunity to showcase the joint OECD-World Economic Forum

. This Partnership mobilises private investment by improving and enhancing risk mitigation tools, exemplifying how the public and private sectors can work together to deliver development outcomes.

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OECD and Saudi Arabia

In a recent visit to Saudi Arabia, OECD Development Co-operation Directorate officials Karen Jorgensen (Head of the Review, Evaluation and Engagement Division) and Ida McDonnell (Policy Analyst) met with representatives of the King Salman Center to explore possible avenues for deepening Saudi Arabia's engagement with the DAC. The King Salman Center aims to manage, co-ordinate and contribute to the international relief and development co-operation activities of Saudi Arabia, one of the largest global providers of development co-operation. As reported to the OECD, Saudi Arabia's annual average net official development assistance amounted to USD 4.3 billion on average over the past decade. The visit led to a formal request from Saudi Arabia to expand collaboration with the DAC.

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Final detailed data for ODA flows in 2014 will be published in December.  
For more information, see:

Also Available

[DACnews February 2015](#)

[DACnews November 2015](#)

[DACnews May 2015](#)

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[DACnews July 2015](#)