

DAC CHAIR'S PRIORITIES 2022-23



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“As the Development Assistance Committee (DAC) enters its 7th decade, development cooperation is at a crossroads. Since 2000, there has been a lot of positive news for many people in developing countries, particularly in those that were stable and peaceful. Despite being off track on a number of SDGs, absolute poverty was falling consistently, living standards were rising for many and access to basic services was improving.

In 2022, the picture is very different due in part to the Covid-19 pandemic, but also to growing recognition of the climate crisis and – increasingly – a financing for sustainable development crisis. Vaccination against Covid-19 is low in most developing countries. Conflict and instability are in ascendance. Humanitarian needs are at an all-time high. A gloomy macroeconomic outlook and rising debt are contributing to growing poverty and inequality.

Demand for support from the DAC, and the need for international cooperation more broadly, has never been greater; but DAC members are themselves under fiscal and other pressures. We have long known that ODA alone could not finance the SDGs. The consequences of Covid-19 have turbocharged the urgent need for more and more innovative sources of finance for sustainable development.

The Covid-19 crisis took us all by surprise. It will cast a long shadow over the lives of poor women and men and their children's future for many years to come. It will shape the DAC's work for much of the next decade. Much more effort is still needed to respond to the current pandemic. At the same time, we need to support the recovery and build resilience to future shocks - whether caused by another pandemic, yet more conflict and instability, or because of climate change.

Short-term emergencies further complicate the picture and risk derailing our longer-term ambitions. 274 million people need humanitarian assistance and protection in 2022. That's 40 million more than a year ago, which was already the highest figure in decades. We face the very real risk that famine, a horror that we thought we had consigned to history, will return in several developing countries. As the biggest donors to humanitarian agencies, DAC members have the capacity to shape how the system responds to this challenge.

The sheer magnitude of the multiple challenges developing countries are facing is daunting. We must support our partners to confront them and we will do this best if we listen, learn from best practice, adapt our approaches and prioritise ruthlessly. We must continue to gather the data and evidence, to hold each other to account and strive to improve both the quality and quantity of development cooperation. This - our core business - is where the DAC can add real value. It is why the work of the Committee has never been more relevant or urgent.

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WE CAN MAKE AN IMPORTANT CONTRIBUTION IN AT LEAST FOUR WAYS

1. DELIVERING THE DAC DECLARATION ON CLIMATE, ENVIRONMENT AND BIODIVERSITY

While Covid-19 has captured the headlines, the climate crisis is the single greatest challenge to delivering the SDGs and poses an existential threat to many developing countries. The OECD DAC Declaration on a new approach to align development cooperation with the goals of the Paris Agreement on Climate Change is a landmark shift in how the DAC thinks about longer-term threats and provides innovative commitments to change how we work to tackle the world's most chronic crisis. It highlights the urgency of helping LDCs and SIDS adapt to irreversible changes. Now is the time for the DAC to deliver on its commitments and implement the Declaration. I will be keeping the pressure up on members- with support from the DAC Secretariat- to take urgent action. We need to be able to demonstrate some tangible progress by COP27.

2. STANDING UP FOR AND PROMOTING OUR VALUES

If we are to enhance the quality and reach of ODA and deliver better development outcomes for poor people in developing countries, we must work more collaboratively and inclusively. This means improving how we work across the OECD, with other parts of the multilateral system, with other development cooperation providers and with CSOs. We must listen to and learn from different perspectives and accommodate differences for the greater good of our partner countries. In so doing, we mustn't compromise our values and the principles that shape the DAC's identity. Striving to achieve gender equality is core DAC business and must remain front and centre of our work. Progress on gender equality makes it easier to tackle other forms of inequality, also severely exacerbated by the pandemic. The international community will never achieve the SDGs unless every part of it, including the DAC, puts women and girls at the heart of policy and practice. Striving to convince others of the necessity of gender equality as a cornerstone of development is a value worth defending and broadcasting. Democracy, accountable government and the rule of law are not prerequisites for poverty reduction, but they too are at the heart of the DAC's core values. The DAC is a values-based coalition of the willing. How we work with others and how we respond to, influence and interact with political realities in our partner countries must continue to be informed by our belief in these values.

3. ODA AND FINANCING FOR SUSTAINABLE DEVELOPMENT (FSD)

Little will be achieved unless the FSD crisis is tackled. The DAC cannot and should not try to do everything in this crowded space, but as the custodians of ODA, we need to redouble our efforts to make the case for more ODA, to make it work harder and deliver more effective development. Demand for more and different kinds of finance, as well as ODA, is rising and supply is not keeping up. The only way to plug the gap is to unlock more private finance. The DAC needs to agree what more we can do to use some of our ODA to encourage more private investment in poor countries. There are at least three issues for us to tackle:

- **The what:** the Covid-19 and climate crises are blurring the lines between traditional bilateral aid and global public goods. Are we using ODA as a tool to create the right incentives for donors to build forward better and greener? Our Climate Declaration provides a steer for our future work on climate finance, but we also need a broader policy discussion on global public goods, the role of ODA therein and its interaction with TOSSD.
- **The how:** if we know that the only way of getting the trillions needed is through private finance, we need to agree a solution to the ODA treatment of Private Sector Instruments (PSI). Domestic resource mobilisation (be it increasing domestic tax revenues or stopping leakages and illicit finance) is also a priority for members.
- **The who:** we are a small piece of the financing jigsaw. To achieve results at scale we must work closely and in a complementary manner with others. We need to redouble our efforts in engaging with relevant parts of the international financial system, including but not limited to: the UN, MDBs and IFIs, G20 and G7, the World Economic Forum and Finance in Common.

4. DELIVERING OUR COMMITMENTS

We know that the SDGs are no longer just off track, but in reverse. We have to make the precious ODA we do have go further and deliver higher quality development outcomes. 2022 is a critical year for development effectiveness, with the Global Partnership for Effective Development Cooperation's (GPEDC) high level meeting in December. We need to shift from theory to practice and focus on what effectiveness looks like in partner countries. Much of this is about implementing our recommendations and guidance and using our networks to be honest about what works and what does not. Escalating humanitarian needs mean implementing the DAC's Recommendation on the Humanitarian-Development-Peace nexus in all conflict-affected places has never been more important. Likewise, while we have made some progress implementing the DAC Recommendation on Ending Sexual Exploitation, Abuse and Harassment, we must do more to accelerate implementation. Lastly, declining democracy and shrinking civic space make our Recommendation on Enabling Civil Society more relevant than ever. If we are serious about development effectiveness, we must implement our recommendations.

Susanna Moorehead, February 2022



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