

Joint Civil society submission to the 2017 High Level Meeting of the OECD Development Assistance Committee

1. Introduction

1.1 This submission has been prepared collectively by a group of civil society organisations from the global south and the global north.¹ We represent diverse constituencies and areas of expertise, but we have a common interest in ensuring that the work of the Development Assistance Committee (DAC) in general, and Official Development Assistance (ODA) in particular, deliver a poverty-free, more equal world. We see the High Level Meeting (HLM) as a crucial milestone in achieving this objective, and we set out our detailed recommendations below. We appreciate the DAC's decision to invite civil society observers to the HLM, and look forward to further dialogue during the meeting.

2. On the DAC's revised mandate

2.1 At a time where multilateralism is under threat, we value more than ever the DAC's role of developing **consensus-based standards and norms** on development assistance that are applicable across the membership, as a means to support members to meet agreements made by the UN and the global community; and its role of **holding members to account** for their longstanding commitments on aid quantity (0.7% of gross national income as ODA, 0.15-0.20% of gross national income to Least Developed Countries) and quality (effective development cooperation, environmental sustainability, human rights and gender equality).

- The revised mandate and the HLM Communiqué should enhance this role, by reasserting the DAC's commitment to reaching consensus-based decisions that all members will abide by, and by undertaking to strengthen and further develop accountability tools and mechanisms.

2.2 We welcome the DAC's vision of becoming a champion for the 2030 Agenda, and its willingness to support resource mobilisation towards the Agenda's Goals. Its role in protecting the integrity of ODA for its core purposes in eradicating poverty and reducing inequalities is critical for achieving this Agenda. We urge the DAC to embrace the full ambition of the Agenda, and in particular to uphold the pledge that **no-one must be left behind** – taking into account both the countries that are most in need (e.g. the poorest countries, post-conflict states and fragile states), and populations that are at risk of discrimination (e.g. women and girls, indigenous peoples, persons with disabilities, persons living with HIV and AIDS and key populations). Further, we advise the DAC to proceed with care in its efforts to mobilise resources, as some mobilisation modalities such as blended finance risk having unintended consequences, including public funds being diverted from the priorities of the most marginalised, or adverse environmental or social impacts.² We call for the revised mandate and HLM Communiqué to:

- Include explicit language on leaving no-one behind.
- Recognise the particular importance of resource mobilisation from public sources (i.e. mobilising domestic resources through progressive taxation, mobilising additional ODA, south-south cooperation), not only from private sources, and reaffirm the importance of DAC members meeting their own commitments on ODA.

¹ Please see the list of CSOs endorsing this statement at the end of the document.

² Please see Eurodad/Oxfam, 2017, Blended Finance: [What it is, how it works, and how it is used](#). For more detail, DAC members are also encouraged to refer to Eurodad's briefing note on blended finance and leaving no-one behind (forthcoming).

- Emphasise the need for all forms of resource mobilisation for development to align with effective development cooperation principles, environmental sustainability commitments, and human rights obligations.

2.3 The DAC has a critical role to play in building evidence, policy recommendations and political momentum to encourage its members to deliver on their longstanding commitments around **effective development cooperation principles**, in line with paragraphs 35-36 of the Nairobi Outcome Document of the Global Partnership for Effective Development Cooperation (GPEDC). This includes commitments on untying aid, transparency (e.g. use of the International Aid Transparency Initiative standard), focus on results, alignment with democratically agreed country priorities (including sensitivity to local cultures), effective engagement in inclusive mutual accountability at the country level, an enabling environment for civil society, and gender equality. As the Nairobi Outcome Document makes clear, development effectiveness cannot be isolated from progress against wider commitments and obligations on environmental protection, conservation and sustainability; human rights (including women's rights and minority rights); and humanitarian action, and these elements should be mainstreamed in the DAC's normative work too. We recommend that:

- The revised mandate and HLM Communiqué should specify the DAC's commitment to take initiatives that enhance development effectiveness in support of the GPEDC.
- The Communiqué should include specific language on the "unfinished business" from Paris and Accra. For example, the Communiqué should recognise that further progress on untying is needed, and the DAC should follow this with a detailed plan for ending untied aid in policy and practice.
- A DAC subsidiary body be set-up to promote and sustain the work of the DAC on development effectiveness commitments.
- The action plan underpinning the revised mandate should include additional reference to the GPEDC (in strategic priority 1) and effective development cooperation principles (in the section on peer reviews within strategic priority 2).

3. On the reform of the ODA metric and other statistical standards

3.1 We appreciate the work that the DAC has invested in modernising its statistical system. We emphasise the importance of investing in data gaps, particularly gender data and data on populations who have been left behind. If the legitimacy of ODA is to be preserved, and the DAC's contribution to the SDGs maximised, it is **essential that all statistical reforms create the strongest possible incentives for poverty eradication, the reduction of inequality, and the delivery of human rights-based sustainable development – and never incentivise DAC members to divert ODA away from these purposes.**

3.2 We recognise that the private sector can make important contributions to poverty reduction and sustainable development. However, we are very concerned that the proposed rules on **private sector instruments** (PSIs) will blur the line between ODA and commercially motivated flows, and will create perverse incentives that reward DAC members more generously for PSI than for other uses of ODA that may have greater impact for the poorest.³ Yet, far from addressing these issues, we understand that the most recent proposals exacerbate them. In addition, we are convinced that the proposals do not include sufficient safeguards against hazards such as an increase in tied aid; an erosion of development effectiveness standards (particularly on country ownership and transparency); and adverse social, environmental or fiscal consequences. These risks are too fundamental to be deferred until a later phase of the process. We ask that:

³ For more detailed illustration on this point, please refer to the Eurodad submission to the HLM.

- So long as there is no comprehensive proposal with positive incentives and strong safeguards, PSIs should be removed from ODA and reclassified as Other Official Flows.
- The DAC should address the risks in the calculation methodology that our detailed position papers have set out,⁴ by better aligning the proposed calculation parameters for loans with those recently agreed by the DAC for sovereign lending; by not including equities and mezzanine finance within ODA until further research has been undertaken; and by only recording guarantees when they are called.
- The DAC should also put in place comprehensive plans to mitigate potential aid quality risks associated with PSI, and establish a clear accountability mechanism, **before** any agreement is reached.

3.3 Supporting refugees arriving at the borders of DAC member countries is a human rights obligation and an essential part of these countries' international commitments. We applaud DAC members who abide by these obligations. However, as we have argued throughout the ODA reforms, we do not believe that **in-donor refugee costs** (IDRC) meet the definition of ODA⁵: there is no flow of resources to countries on the DAC list of eligible ODA recipients, and there is no direct link to the core purpose of ODA – the “promotion of the economic development and welfare of developing countries”. We note with concern that in 2016, DAC members devoted more ODA to IDRC (USD 15.4 billion) than to humanitarian aid everywhere else in the world (USD 14.4 billion). We do, nevertheless, consider that the DAC's efforts to clarify existing rules for reporting IDRC could be a good first step towards ultimately phasing IDRC out of ODA altogether – provided that the clarified rules lead to an increase in transparency and to more cautious reporting. We will be scrutinising future ODA statistics closely, to monitor whether the new rules seem to be leading to a tightening, or a broadening, of DAC members' IDRC reporting. We call for:

- The DAC to use the clarification process as a first step towards ultimately phasing IDRC out of ODA. This could be combined with a discussion on alternative ways of accounting for IDRC, outside of ODA.
- The new agreed rules to be as tight as possible, to avoid inflating IDRC amounts reported as ODA (excluding in particular administrative costs, security-related costs and costs of voluntary and forced returns).
- Reporting to be based on real costs attached to individual refugees (not estimates or forecasts)
- Better disaggregated data to be collected in Creditor Reporting System so that donor practices can be publicly scrutinised.

3.4 We welcome the level of detail in the rules on **peace and security** agreed at the 2016 HLM, but we are worried that they could allow the reporting of some activities that risk eroding the distinction between development and poverty reduction objectives, and donor security priorities.⁶ Particular causes for concern include the addition of certain training for partner country military personnel, and activities to “prevent violent extremism”. To avoid any further expansion of what is reportable, we urge that:

- The rules should not be reopened.
- Concrete plans should be put forward to monitor that the existing rules are not being stretched, including specific reporting codes to allow to track donor spending in newly agreed areas, such as preventing violent extremism, or training the military.

⁴ For example our [June 2017 position paper](#).

⁵ <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>

⁶ For a more detailed illustration of this point, please refer to the Reality of Aid's [Reality Check June 2017 issue, Aid and Militarism: Unpacking Peacekeeping and Security Efforts in Asia](#)

- Drawing on learning from its members and beyond, the DAC develop stronger guidelines for conflict-sensitive approaches to delivering aid.

3.5 We recognise the importance of maintaining the flexibility to **reform the ODA system**. We note that at present, DAC members can propose rule changes in an ad hoc manner, and there is no systematic way to filter out proposals that lack a strong development rationale at an early stage. At best, this process risks wasting DAC time and resources and making it difficult for members to make long-term plans, and at worst it increases the risk of introducing rule changes that do not optimise development impact.

- We recommend that in future the DAC should consolidate members' proposed rule changes and review them in a block, once every three to five years. It should require an independent analysis of all proposed rule changes, including an assessment of the potential impact of these rule changes on ODA levels and quality. The reforms should only be taken forward if they will help to strengthen the impact of ODA on eradicating poverty, reducing inequality, and human rights-based sustainable development.

3.6 Finally, on wider statistical standards, we welcome the move to locate **Total Official Support for Sustainable Development (TOSSD)** under the auspices of the UN. However, we are concerned about the lack of communication with CSOs over the past year. Regular, meaningful consultation with CSOs and other stakeholders is essential to upholding the Addis Ababa Action Agenda's commitment to "open, inclusive, and transparent discussions".⁷ Such consultation is also key to ensuring that TOSSD lives up to its potential to provide transparent and relevant data on developmental flows for decision makers in the global south, in a way that incentivises providers to meet effective development cooperation standards, climate commitments, and human rights obligations, and does not distract attention from the importance of the 0.7% ODA target. We urge that:

- Extreme caution be exercised in finalising the purpose of TOSSD. While it has the potential to enhance transparency in development flows, TOSSD must only include flows that are intended to achieve development results as their primary purpose, and which are consistent with effective development cooperation standards, climate commitments, and human rights obligations.
- The TOSSD Task Force convene a dialogue with CSOs and other stakeholders as soon as possible.

4. On transparency, accountability and outreach

4.1 We appreciate the steps that the DAC is taking to improve **transparency** over its activities, but further action is needed if CSOs and other external stakeholders are to make the most meaningful contribution to the DAC's work. We urge that:

- The DAC should declassify documents by default
- When declassification is not possible because the negotiation is still ongoing, the DAC should find alternative ways to inform external stakeholders of the overall state of discussions in a timely and digestible manner, without having to reveal each member's position publicly.

4.2 We welcome the DAC's vision of becoming more "inclusive and open for dialogue with external stakeholders", and its recent steps to increase **CSO outreach**, such as the invitation of CSO representatives at the HLM. We also appreciate the recent appointment of a Senior Civil Society Expert at the OECD Development Cooperation Directorate, and look forward to collaborating closely to strengthen opportunities for CSO engagement. We recommend that:

⁷ Paragraph 55

- The DAC should formalise a structured consultation process with CSOs, including meetings with CSOs before SLMs and HLMs, and a CSO observer seat at SLMs and HLMs. In addition, it should agree to seek and respond to CSO views in a timely and transparent manner ahead of any major decision, and to hold an annual dialogue with CSOs to discuss longer-term priorities. Tackling barriers to Southern CSO participation in DAC consultations should be a priority, both at DAC HQ and during peer review visits to countries in the global South.

4.3 We were pleased to see the DAC's plans to involve **governments in the global south** in a more structured way, **including through** peer reviews.

- We recommend that the DAC also enhance the opportunities for these governments and parliaments to contribute to other aspects of its work, drawing particularly on our recommendations for greater CSO participation as outlined above.

