1. An Unprecedented Opportunity for the DAC

The DAC-CSO Reference Group looks forward to the 2020 DAC High-Level Meeting (HLM), at a critical moment for development cooperation. The COVID-19 pandemic is an unprecedented global shock that upended not only public health but all corners of the global community, with an ensuing economic crisis that reinforces inequalities and pushes potentially hundreds of millions of people into poverty, with women and girls being the most affected.

This HLM provides an opportunity for DAC Members to commit to doing development better by setting an ambitious, concrete and timely agenda that should tackle poverty, systemic and gendered inequalities. They are expected to commit the required resources and work with democratic actors in partner countries to attain resilience and justice amid climate emergency, and support peoples’ empowerment to build better futures.

Are the current policies shaping ODA fit for purpose in confronting the triple crises brought by the COVID-19 pandemic, climate change, and deepening inequalities? Can we recover the momentum needed to stay true to the 2030 Agenda? Civil society organisations (CSOs) in the DAC-CSO Reference Group are making a series of proposals that together focus on the main goals of this HLM – ‘Building Back Better and Doing Development Better’.

We offer these proposals in the spirit of the DAC-CSO Dialogue Framework endorsed in 2018. We appreciate the progress we have made in deepening our shared understanding of DAC Members’ engagement with civil society and in implementing the DAC-CSO Dialogue Framework over the past two years.

We ask DAC Members in this High Level Meeting to:

- Commit to providing timely support for partner countries to face the unparalleled crises in the wake of COVID-19. This support must match the severity of the crises and be additional to standing international commitments. Our shared commitment to development effectiveness means resources cannot be diverted from current priority areas, risking the small progress made in these past few years.
- Signal their commitment to an ambitious, comprehensive and action-oriented response to the climate and ecological emergencies whose irreversible impacts will be compounded by entrenched inequalities and the pandemic.
- Confirm an unwavering support for the basic effectiveness principles of democratic country ownership, transparency and accountability, focusing on results and inclusive partnerships. Formalise a working group to fulfil the important role of the DAC in renewing donors’ political commitment to, and adaptive implementation of, the effectiveness framework, rallying around the Global Partnership for Effective Development Cooperation (GPEDC), given its unique role and membership.
Initiate an inclusive process to develop a robust DAC Recommendation on engaging with civil society. This Recommendation will strengthen and maximize civil society’s essential roles and contributions not only in light of the pandemic’s impact on people living in poverty, but also in our mutual drive to achieve the ambition of Agenda 2030.

In the following sections, we will briefly summarize our views on a number of topics relevant to the HLM agenda and the DAC-CSO Dialogue Framework, about which we can readily offer more details.

2. Building A Better World

   a) COVID-19 and ODA

   The global pandemic has laid bare the many fragilities and risks the global community has ignored for the past decades: inadequate health systems, precarious labour, gaps in social protection, food insecurity, structural inequalities, environmental degradation and the climate crisis.

   Never before in the history of the DAC has there been a greater need for a comprehensive effort to support developing countries’ pandemic-related responses and to address the underlying drivers of structural inequalities. Massively scaling up the quantity and quality of ODA is an essential element of this response.

   This unprecedented crisis requires unprecedented action from DAC Members to address the worsening state of poverty, healthcare and education, and the risks of not achieving the 2030 Agenda.¹ The United Nations has called for no less than a new Global ‘Green Marshall Plan’ to be funded in part by US$500 billion in ODA in a comprehensive approach to building back better.² We recall the OECD’s recognition that ODA commitments are often driven by ‘political willingness’ and that falling ODA budgets during downturns is ‘not inevitable’.³ To date, there is no solid evidence that pandemic response packages have generated substantial and sufficient funds, especially for local CSOs⁴. Donors seem to have only re-aligned funds from other equally important sectors or programs. CSOs have borne the brunt of these re-alignment thereby severely contributing to their shrinking space.

   The upcoming HLM presents a unique opportunity for DAC members to show political will and moral guidance by going beyond the modest commitment they made in April 2020 to ‘strive to protect ODA budgets’.⁵

   Commensurate with the triple crises we collectively face, we call on all DAC Members to take the following actions:

   ● **Commit to massively scaling-up ODA** in response to the triple crises of the pandemic, the climate and ecological emergencies and growing poverty and inequalities.

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³ [https://www.oecd-ilibrary.org/sites/5e331623-en/index.html?itemId=/content/component/5e331623-en](https://www.oecd-ilibrary.org/sites/5e331623-en/index.html?itemId=/content/component/5e331623-en)
• **Direct aid to those most in need.** The pandemic poses the severest impacts on poor and marginalized people, such as women and girls, workers, the elderly, persons with disabilities, and Indigenous Communities. ODA should be focused on supporting the lives and livelihoods of these sectors, and on building social and economic systems centered on human rights, gender equality, and ecological sustainability.

  - Prioritize interventions for urgent needs, such as strengthening health and education systems, public services, and small-scale agriculture while ensuring decent work, social protection, and food security, in a socially just and equitable manner.
  - Ensure coordination and coherence among donors in ensuring the four development effectiveness principles are respected in responding to the crisis. Development partners’ support should avoid fragmentation, and align with partner countries’ development strategies, including those responding to the COVID-19 pandemic.
  - Safeguard the clarity, integrity, and credibility of ODA as a measure of donor effort. Exclude from ODA all financing for COVID-19 activities that do not have the main objective of “economic development or welfare of developing countries”.
  - Provide full transparency of commitments and transfers responding to COVID-19, and adapt as soon as possible the DAC statistical system to enable all stakeholders to monitor relevant changes in financial allocations, including those beyond the health system.

• **Disburse ODA in the form of grants,** since many developing countries are in debt distress, with low capacities to absorb additional loans. The discount rates used to report loans as ODA need to be reviewed in view of incentives for grants and the needs of countries most in need.

• **Commit to cancel all suspended external debt payments for up to 4 years on a permanent basis,** and support an inclusive process towards a permanent multilateral framework under UN auspices for systematic, timely and fair restructuring of sovereign debt.

• **Sustain the pre-pandemic budget allocation to civil society organisations particularly those working in those most left behind.**

b) **An Ambitious and Comprehensive Agenda for Climate Finance**

2020 was to be a year of unprecedented opportunity for action by the international community to address the climate and ecological emergencies, a critical moment for ambition and climate finance under the Paris Climate Agreement, and the Rio Convention on Biological Diversity.

The climate crisis is further compounding poverty, inequalities, and biodiversity loss for those in developing countries who have also contributed the least to causing it. An integrated approach is essential to tackle these crises towards building a fairer world and achieving Agenda 2030. DAC Members can significantly advance the roles of development cooperation in support of transformative climate commitments and policies, including scaling-up climate finance commitments under the UNFCCC and Paris Agreement, through direct financing and public finance institutions.

The DAC HLM outcome should commit Members to:

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- Advance the goal to limit warming of the climate system to 1.5°C, build resilience and future-proof development pathways by working together to establish guidelines for screening all ODA activities for climate/biodiversity harmful activities, including the exclusion of fossil fuel finance from eligibility.

- Advance negotiations within the UNFCCC to agree on an ambitious framework for new and additional post-2025 climate finance. This means an ambitious annual goal in excess of US$100 billion, which includes sub-goals for mitigation, adaptation and additional finance for loss and damage in developing countries, and separate goals for public and mobilized finance, which fully meets the documented needs of developing countries and is gender responsive.

In their own climate finance, DAC Members should:

- Commit to achieving their fair share of this new global target.
- Commit to allocating principal purpose climate finance, additional to their annual ODA available for other purposes.
- Commit to a 50/50 mitigation and adaptation balance in principal purpose climate finance, focusing on grant finance, particularly for least developed and fragile states, and loss and damage finance additional to existing finance commitments.

- Advance fair and inclusive negotiations at the UN for the post-2020 Global Biodiversity Framework, respecting the particular interests of Indigenous Peoples and local communities, and taking account of the lessons of the pandemic.

- Advance a DAC agreement on implementing clear guidelines to shape high quality mobilized private finance for climate action toward tackling inequalities and addressing the needs of small-scale actors. Reporting should be done on a per-project basis, explaining causality between public investment and mobilized finance, and attribution of mobilized amounts between governments, including the host government.

- Work with DAC Members to establish transparent and consistent methodologies for accounting for their climate finance, within the framework of the Paris Rulebook.

- Integrate explicit climate screening by all DAC Members for their ODA, translating policies into consistent programmatic practices across the full ODA portfolio and building coherence for all government policies and programs.

3. Doing Development Better

- **Development Effectiveness**

  In the context of an ever-changing development landscape, it is critical that DAC Members do not waver from their support for the effectiveness framework and its principles of ownership, transparency and accountability, focusing on results, and inclusive partnerships.

We call on the DAC members to:

- **Formalize a DAC Working Group on Development Effectiveness.** CSOs support the DAC’s ongoing efforts to establish a DAC Working Group on Development Effectiveness (DE) with a clear mandate based on the development effectiveness principles, an inclusive process that allows genuine participation of CSOs, and a budget to strengthen a DAC focus on the DE agenda. The DAC should set DE priorities and a workplan complementary to and in close synergy with the workstreams at the GPEDC.
• **Address the lack of progress on the 2005 Paris and 2011 Busan Partnership for Effective Development Co-operation Commitments.** The GPEDC’s Third Monitoring Report shows stalled progress in fulfilling key effectiveness commitments, notably on alignment with partner country systems, tied aid, and inclusive development partnerships, with a deteriorating enabling environment for civil society. The DAC should therefore:

- Commit to realizing these prior commitments which are still very relevant to development effectiveness, in collaboration with the GPEDC, and which require concerted action through a Global Action Plan.
- Track progress of DAC Members’ commitments to development effectiveness as reflected in the recent outcomes of the GPEDC monitoring process, discussed in the proposed DAC Working Group. This should be fully integrated into the peer review framework.
- Preserve the integrity, comprehensiveness and timeliness of the GPEDC monitoring framework, which is a unique instrument to offer transparency and accountability in development.

• **Uphold effectiveness in the mobilization of the private sector for development outcomes.** The DAC work on ODA modernization, combined with the increasing emphasis on private sector engagement in development cooperation, through Private Sector Instruments (PSI) and blended finance, must be fully consistent with the development effectiveness principles. We call on all DAC Members to implement and develop systems of review and transparency and accountability to ensure that DAC donors uphold the Kampala Principles when engaging with the private sector.

• **Commit to a DAC Recommendation on Member engagement with civil society.** In the past few months, civil society has played a critical role, all over the world working closely with local communities, in responding to the urgent needs from the pandemic. It is an important time for the DAC to strengthen their partnerships with civil society by developing a comprehensive Policy Recommendation on their engagement, which builds on the findings and recommendations of the recent DAC work on “Development Assistance Committee Members and Civil Society.”

Efforts to provide a fully enabling environment for civil society, a core requirement for advancing development effectiveness, continue to face significant barriers. Civic space is shrinking in many countries and, in some instances, even closing entirely. DAC members should:

- Initiate an inclusive process for an OECD Recommendation on Donor Engagement with Civil Society, one which encompasses the full spectrum of civil society and its multiple roles for democratic, just and sustainable development, and address the issues around civic space and CSO enabling environment.
- Commit to provide more core funding to CSOs’ priorities and work, by adopting flexible funding modalities and increasing funding for civil society, especially those in partner countries, and particularly in light of the impact of the pandemic on civil society itself.

b. **Private Sector Engagement in Development**

The use of development finance to ‘catalyze’ private finance has been a growing trend in development cooperation. We recognize that there is an important role for the private sector in development, and that

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engaging the public and the private sectors will be critical to meet the financing needs of the SDGs. Yet, it is important to acknowledge that the private sector is formed of a diversity of actors and, thus, its contribution to the SDGs should just not be assumed as natural.

In 2018, the ODA allocations to Private Sector Instruments (PSI) represented 2.7% of the total (gross) bilateral ODA. Yet, the true share of ODA devoted to PSIs is likely to be significantly higher, hidden in the gaps and ambiguities of the current reporting arrangements. In the years to come, it is expected that PSI will increase in line with donors’ stated ambition to allocate additional resources. And while it is being reported, there is insufficient information on the added-value of PSI vehicles both in terms of financial and development additionality, its alignment with the SDGs, and its impact on recipient populations in order to leave no one behind.

We thus highlight the following to the DAC Members:

- **Public sector engagement with private finance needs to be backed by strong principles to ensure effective contributions to development**, to the SDGs, the eradication of poverty and inequalities, and to decent work. Such engagement should align with development effectiveness and responsible business conduct, with the Kampala Principles on Private Sector Engagement offering a starting point in that direction.\(^9\) [See also: Section 3 (a).]

- **HLM should agree on steps for DAC processes to address concerns on private sector engagement.** In 2021, there will be a review of the provisional reporting arrangements for PSI,\(^11\) and a need to reach an agreement on the PSI ‘implementation details’ and safeguards in line with the commitments made at the 2016 DAC HLM.\(^12\) In this regard, the DAC’s leadership is needed to ensure ODA is channeled through the best instruments and mechanisms to deliver sustainable development and to leave no one behind, without rushing moves towards the scale up of blended finance.

c) **Humanitarian-Development-Peace Nexus**

The militarist responses of some states to the pandemic, stoppages in local peacebuilding, humanitarian and development initiatives, continued threats against human rights defenders and civic spaces, accentuated gender-based domestic and state violence, all have left the most vulnerable behind.

The COVID-19 pandemic highlights the importance of political will in delivering the nexus, and in clearly defining peace, conflict, and fragility for effective implementation. Peace is further challenged, given insufficient budgets for conflict prevention to address poverty and inequality.

In this context, we call on the DAC members to strengthen their commitment to the nexus by:

- **Increasing funding for crisis regions and affected populations, based on nexus goals of collaboration, coherence and complementarity.** While the DAC provided US$74.3 billion in ODA for fragile states in 2017, budget allocations do not always focus on crisis regions. For instance,\(^3\)

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\(^11\)https://www.oecd.org/dac/private-sector-instruments.htm
\(^12\)https://www.oecd.org/dac/DAC-HLM-Communique-2016.pdf
74% of ODA to Cameroon in 2019 flowed to its central region, which is not considered crisis-affected. The DAC must increase funding to target marginalised populations and ensure contextualized programming, aligning humanitarian approaches with development goals, through supporting national governments and local CSOs.

- **Strengthening democratic systems and local governance in fragile contexts.** DAC Members must align programs to national development and humanitarian objectives. Civic space must be protected in all contexts, ensuring human rights-based frameworks are respected. In addition, in contexts of international and non-international armed conflicts, where the State is unable or unwilling to discharge its responsibilities for providing the basic needs of civilians under its control - DAC Members must support and protect the leadership of local humanitarians and peacebuilders through political, diplomatic, and financial support, among others. CSOs and people’s movements must freely and safely participate in democratic processes and hold duty bearers to account.

- **Increasing funding for local CSOs.** Many local CSOs have been excluded from the planning and implementation of national COVID-19 response plans. The DAC must commit to the sustained financing for local CSOs for them to rapidly respond to crises, adopting human rights- and gender-based programs. Funding should not be limited to project costs, but should apply to core aspects of local CSOs’ work, to ensure their sustainability between projects and that they maintain capacities to respond in times of crisis.

- **Institutionalize the engagement of the CSO Peace & Security Thematic Working Group with the INCAF in the monitoring of the Nexus Recommendation.** CSOs would like to strengthen relations with the INCAF. Apart from requesting spaces for members in fragile states to join fieldworks, CSOs have much to contribute to the ongoing monitoring and analysis of the implementation and impacts of the Nexus Recommendation.

#### d) Prevention of Sexual Exploitation and Abuse

The pandemic and the states’ responses have increased the risk of sexual exploitation, abuse, and harassment (SEAH). States of emergency, the collapse of care and protection services, create difficult access to healthcare, clean water and food, leaving women and girls more vulnerable to abuse and less likely to report SEAH cases. Restrictions of movement, including CSO activity, and a decrease in staffing create challenges in adequate oversight of programs and in the mitigation of, and protection from, SEAH risks.

As part of their efforts to implement the 2019 DAC Recommendation to end SEAH, we call upon DAC members to ensure the integration of SEAH prevention into all aspects of COVID response. Amid the need for strong political will and adequate funding to address worsening gender-based violence, the DAC should move to: 13

- **Support CSOs, especially those working on women`s rights, as well as feminist and defenders organizations,** strengthening local capacities to prevent all forms of violence and SEAH, and to conduct investigations.

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• **Ensure due diligence and contribute to fighting impunity**, expanding assessments, monitoring, and investigations in relation to COVID responses, with appropriate accountability mechanisms and reporting.

• **Strengthen the implementation of gender-based standards in all programs, and safe programming**, including SEAH and child abuse as mandatory risks in all risk assessments, priority to services that address gender-based violence as life-saving services, and flexibility in ensuring safe and accessible reporting amid current COVID-related restrictions.

4. **Important Issues for the DAC Beyond the November HLM Agenda**

a) **DAC Reform**

The institutionalization of the DAC-CSO Dialogue Framework has opened opportunities for increased CSO engagement in DAC processes. We appreciate these changes and suggest that both the DAC and CSOs have benefited from this engagement, with CSOs bringing a perspective of development challenges on the ground.

In this context, we suggest exploring the following areas to further implementing and meaningful dialogue:

- **Further engage CSOs in DAC processes at the workstream level.** We commend the progress made in consulting with CSOs in different areas of work at the DAC (e.g., TOSSD, blended finance, and impact standards). We also commend the progress made in declassifying some DAC documents such as minutes of the monthly DAC meetings and minutes of the Working Party on Statistics. However, most working documents remain classified, making it challenging for CSOs to understand what issues are being discussed. We call on the DAC to continue upholding the Principles of the Dialogue Framework and open space for DAC-CSO RG members in key meetings, such as the promised review on PSIs, the proposed working group on development effectiveness, and the implementation and monitoring of the Nexus Recommendation. We also reiterate our request for a CSO Observer Seat at the WP-STAT, a key subsidiary body where many of the technical details of the DAC’s work are considered and monitored.

- **Develop the quality of the implementation of the DAC-CSO Dialogue by working with the Reference Group to address the ongoing barriers to Southern CSO participation.** Barriers to CSO participation remain unresolved even with the shift to virtual work. Language, access to the internet, along with knowledge and capacity issues, are just a few of the many challenges Southern CSOs face to effectively engage in discussions related to development cooperation.

- **Support the work of the DAC-CSO Reference Group as the main interlocutor between CSOs and the OECD-DAC.** Along with the call to strengthen the implementation of the Dialogue Framework, is the call for resources to support the work of the Reference Group in its advocacy and outreach to CSOs not previously engaged with the DAC.

b) **Debt Relief as ODA**

This HLM offers an opportunity to take preparatory steps for a review of the impacts and the implementation of the new method on ODA accounting, as there is a strong risk for double counting and inflation. This review should include the re-evaluation of the risk-adjusted discount rates agreed in 2014, and monitor the implementation of the new method, as stated in the July 2020 agreement, via a first

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review in 2023. We note that the new rules of the OECD-DAC for reporting debt relief as ODA cites civil society calls for expanded international debt relief as part of the motivation for this agreement, but civil society has consistently called for debt relief to be additional to ODA in various instances.\(^\text{16}\)

We thus express the following concerns and points to the DAC Members:

- **The more generous agreed rules to account for debt relief lead to a potential double counting of risk and the inflation of ODA statistics.** The risk-adjusted grant equivalent of a loan already takes into account the risk of non-payment. If debt defaults, risk is factored a second time when calculating the amounts due at debt treatment, leading to inflated figures.

- **The donor community, under the new rules, might raise their ODA levels closer to the 0.7% ODA/GNI target through debt relief initiatives, including debt rescheduling.** This in turn may reduce the pressure to scale up real spending (in actual money) that contributes to the achievement of the SDGs and the eradication of poverty and inequalities. In the past, debt relief has already inflated ODA, even in cases where debt relief was claimed for non-ODA flows, such as export credits used to help companies in donor countries do business in recipient countries.

- **We view this new agreement as very problematic, as the potential for artificial aid inflation may undermine true development efforts.** In the light of the COVID-19 crisis, where development support will be essential for countries to manage and recover from the impacts of the pandemic, counting only real, additional transfers becomes even more crucial.

\(\text{c) TOSSD}\)

We acknowledge the TOSSD Task Force’s progress in enhancing the Reporting Instructions for the new metric. As the DAC HLM takes place, the 2019 TOSSD Data Survey will be in its final stages, with findings to be known within the space of a few weeks.

We note progress in the UN to establish a working group to further discuss the development of an additional SDG indicator “to measure development support in the broadest sense that goes beyond” ODA. We welcome these discussions, as the UN’s universal membership is essential for the global legitimacy of a new metric. The UN working group should ensure inclusive, transparent discussions on this issue with opportunity for all to contribute to its deliberations.

As CSOs, we would like to share our observations and concerns on the current TOSSD:

- **TOSSD must be seen as complementary to ODA.**\(^\text{17}\) International commitments on volumes and the quality of the aid must increase, and the incentive to do so cannot be undermined by TOSSD.

- **Reported activities must be demonstrably linked to supporting the achievement of SDGs in TOSSD-eligible countries.** We have ongoing concerns that TOSSD may seriously be affected by data inflation due to significant share of in-donor costs that are reportable under Pillar 2, such as climate mitigation expenditures in provider countries or financial stabilization measures, the rationale for which only

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\(^{15}\)https://www.oecd.org/development/donors-agree-on-aid-treatment-of-debt-relief.htm

\(^{16}\)For instance, this has been elaborated in: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/555/attachments/original/1591091288/Joint_CSO_letter_on_accounting_rules_for_debt_relief_as_ODA.pdf?1591091288; https://www.eurodad.org/debt-relief-oda; and https://www.newstatesman.com/blogs/the-staggers/2011/12/aid-targets-debt-relief-sudan.

\(^{17}\)See TOSSD Reporting Instructions http://www.oecd.org/dac/tossd/TOSSD%20Reporting%20Instructions_February%202020.pdf
loosely relate to the criteria of substantial benefits to TOSSD-eligible countries. We also highlight that, in the case of mobilized private finance, there must be a clearly demonstrable link to official intervention.

- **We would like to invite all relevant parties, including DAC members, to uphold the expectations that the metric must offer value-added information and transparency on cross-border and IPG resources** for developing countries’ efforts. It is equally important that all reporting parties fully support disaggregated data dissemination so as to enhance transparency and facilitate validation by third parties.

**d) ODA and migration**

In the face of increasing interlinkages between ODA and migration policies, the DAC has a responsibility to ensure that ODA spent on migration-related programs fully complies with the ODA definition and does no harm to the rights and safety of people on the move. This requires from the DAC:

- **Clearer ODA-eligibility rules on migration-related spending.** The DAC’s Temporary Working Group on ODA and Migration should clarify the extent to which these expenditures comply with ODA’s definition, responding to unresolved questions and grey areas that emerged in discussions leading to the adoption of the DAC reporting code on “Facilitation of orderly, safe, regular and responsible migration and mobility” in 2018. It should clarify that, while ODA can play a role in supporting developing countries to address issues related to migration and development, ODA should never be used to restrict mobility, illegalize or stigmatize people on the move. The latter is incompatible with ODA’s central purpose of poverty reduction and may harm the very people it should be helping. Moreover, it should make clear that donors should not condition ODA allocation against cooperation with migration policies.

- **Improved reporting of migration-related ODA spending.** DAC donors must provide detailed descriptions of the migration-related projects they report as ODA, both under the Creditor Reporting System and on their own websites. The DAC Secretariat should apply particular caution in checking ODA-compliance with such projects.

- **A review of the eligibility of migration-related spending reported as ODA,** which the DAC Secretariat committed to undertake in 2018. The review should give specific attention and scrutiny to projects focusing on capacity building for managing migration flows, supporting integrated border and migration management, return and repatriation assistance, and awareness-raising to combat irregular migration, given particular risks attached to such projects. The review should be made publicly available. The DAC could consider developing a casebook to further clarify ODA eligibility building on the conclusions of the study.

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18 Ibidem.
19 Unresolved questions and grey areas highlighted in our CSO letter to the DAC from June 2018: https://drive.google.com/file/d/1XMuXSVe_Y1rLXMQczLrRcTdpzfZhHhb/view?usp=sharing