OPTIONS PAPER

DAC Strategic Reflection Exercise

to be held on 10-11 December 2008 at the OECD Conference Centre

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1. Foreword

1. The attached paper has been prepared to facilitate discussion of future strategic options for the DAC by the Reflection Group at its meeting on December 10 and 11, 2008. The paper touches on many issues, views on the significance of which will vary among members. Further issues may well emerge from the on-going processes of consultation and the preparation of intellectual contributions. A challenge for the meeting will be to focus on a small number of the issues likely to have highest impact. To facilitate this, members of the Reflection Group are invited to advise in advance of the meeting the highest priorities they would like to see the meeting focus on. The facilitator and secretariat will then try to consolidate these into a small number of agenda items (say no more than three) on which the meeting will focus. In addition, it is planned that not less than half of the time of the meeting will be devoted to this subject, to use some mechanism whereby viewpoints can be captured in a structured way during the meeting, and to have selected issues worked on more fully immediately after the meeting by small groups of Reflection Group members.

2. The paper is structured around three questions—what is the DAC’s vision, what activities will the DAC undertake in fulfillment of that vision, and what are the principal organizational consequences of the vision and selected activities? While several sub-points and suggestions are presented in the paper under each question, arguably the most defining issue to be decided is the DAC’s identity as a club of donors. What should the DAC become? For most of its life it was the donor club. With the emergence of new providers of financial assistance for development, a process that now seems to be accelerating, it might be argued today to be a donor club, albeit the largest and most influential single forum, with no real forum in place for the others. What does it wish to be going forward?

3. Is it to be a donor club? The club would likely grow as OECD enlarges—assuming that all OECD members can and wish to become members of the DAC, which is not the case now. While preserving, for want of a better term, the integrity of the OECD identity, the DAC could develop under this option existing and new structures to allow it to work better with non-DAC members.

4. Or, should the DAC become again the donor club? For this purpose, the donor club would be a structure in which all providers of development assistance have substantive representation. It would become the primary global forum in which providers meet, discuss, and agree. It would be guided by a sense of mutual interest (for example, that the development goals of each provider are better achieved through working together) and would aim to promote coherence within the global provider community. Such a structure would pose considerable, but not necessarily insuperable, governance issues within the OECD.

5. These of course are not the only options. There may be something in between, and there may be those who might wish to see the defining identity of the DAC expressed in other than donor members terms.

2. Introduction

6. At its meeting on October 10, the Reflection Group requested that a paper that would “set out broad strategic directions and their specific organisational options” be submitted to its next meeting on December 10 and 11. This paper is organised in three main sections. The first discusses a possible vision for the DAC to 2020. The second section looks at the activities that the DAC might undertake in pursuit of this vision. The third section examines a number of governance and organisational considerations. The paper is prepared subject to a number of caveats. The external consultation process for the Strategic Reflection Exercise remains work-in-progress and is at a

1 See note of Reflection Group meeting held in Washington, DC on October 10, 2008.
relatively early stage. The Reflection Group will want to consider fully the views that come out of this process. In addition, global uncertainty is high following a succession of crises in 2008. The international response to these crises, including possible changes to global financial and development architecture, will take some time to emerge, and will need to be factored into the Reflection Exercise as it proceeds. Options are presented to facilitate discussion and debate. Those presented are not necessarily the only options that exist, and others may indeed emerge through Reflection Group deliberations as well as from external consultations. A summary of the main options is provided in tabular form in Annex 1.

3. DAC Vision

7. Landscape. Future scenario analysis is prone to considerable uncertainty, vividly exemplified by the events of 2008. The principal findings of presentations by Reflection Group members on the changed and changing global landscape as well as other sources that have been accessed are provided in Annex 3. These may be summarized as follows. These findings come from analysis undertaken before the recent financial crisis emerged. A separate note has been prepared for Reflection Group members to reflect the outcome of the recent meeting of G20 heads of state to discuss response to the crisis. While noting that the full international response will take some time to be defined, the crisis underscores the inherent uncertainty associated with scenario analysis, and the need for agility and flexibility in responding thereto.

- The global population will increase from 6.5 billion to around 9 billion in 2050, with developing countries accounting for all of the net increase. Longer life expectancy will be widespread. When accompanied in rich countries by falling birth rates, it will lead to an acute upward shift in population age structures and thus in dependency ratios.

- Developing countries are expected to grow at a faster rate than developed countries, and will collectively account for a greater share of global economic output.

- Two of the main global challenges are climate change and environmental sustainability. Current consumption levels and patterns pose stress in each, with current growth projections suggesting that these stresses will become more acute.

- Regions and locations that will remain particularly vulnerable are sub-Saharan Africa (SSA) and fragile states.

- SSA and south Asia will account for most of the world’s remaining acutely poor.

- Globalization will continue, accompanied by an increasing sense of insecurity and alienation in certain large groups.

- Technology offers the potential for substantial development everywhere, but access remains unequal and thus a constraint to its use.

- Existing global governance structures will come under more pressure to adapt to economic, social and demographic shifts.

8. DAC mandate. The terms of reference for the Reflection Exercise note that its overall purpose is to “address the key question of how to sustain and increase the relevance of the DAC and its Subsidiary Bodies in the changing development cooperation landscape”, noting that the OECD Council has extended the DAC’s mandate for two years “so as to enable the DAC to submit a revised
mandate where necessary based on reflection results." The Reflection Exercise will not seek to articulate a new mandate, but rather advise on what it sees as an appropriate overall vision for the DAC to 2020, as well as its operational consequences, in a way that can assist in the determination of a new mandate.

9. **Flagship strategic initiative.** The highlight of the “Shaping the 21st Century” report of 1996 was its path-breaking work that led to the millennium development goals (MDGs). An open question remains whether the current Reflection Exercise should seek to articulate an equivalent initiative. In this, three broad options are presented for discussion—a successor process to the MDGs; avoid a new initiative to allow concentration on implementation of existing commitments; and seek to articulate a new initiative to respond to the changed global and development landscape.

- **Option A – a new development framework.** This option would identify and articulate a new development framework that is responsive to a defining global issue. An alternative view is to note that such a grand initiative would involve a more protracted reflection process, and would lead to delays in taking decisions that could have more immediate concrete impact.

- **Option B – successor to MDGs.** The DAC, having trail-blazed the MDGs, might use the Reflection Exercise to advocate for what comes after 2015. An alternative view is to note that the MDG agenda has now been appropriately situated elsewhere (the UN), that reflection on what comes next should be initiated there, and that the DAC’s role is as a participant in that process rather than leader.

- **Option C – implementation.** This would respond to what some see as an uneven track record in implementing existing commitments, whether measured in financial resources (Monterrey and Gleneagles), the efficiency with which these resources are used (Paris), or other policy areas that affect development outcomes (e.g., the Doha trade round). An alternative view is to note that this approach concentrates on perfecting an existing architecture that is insufficiently responsive to a profoundly changing global and development landscape.

10. Although presented as distinct options, they are not mutually exclusive. For example, it would be highly unlikely for work on implementation on existing activities and commitments to suddenly cease while articulating a new strategic initiative. The options may be better considered in terms of relative emphasis, for example, as an answer to the following question—during the period to 2020, should the DAC lead in developing a new development framework that responds to a global landscape that has changed and will continue to change dramatically adapting its own business lines and structures accordingly, or should the DAC rather focus on delivering improvements that have tangible and sustainable impact with more incremental adaptation of the wider framework?

11. Box 1 sets out for discussion one possibility for Option A. While informed by views expressed in the reflection process to date, it is not a formal proposal, and does not purport to reflect consensus. It is rather presented as a “straw man” to facilitate discussion within the Reflection Group.

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Box 1. OECD Development Assistance Committee Strategy to 2020
A Possible New Development Framework - Development in A Globalized World

The corporate context comes from “Getting to Grips with Globalization: the OECD in a Changing World” (2004).3 The document notes the OECD’s underlying objective to “promote prosperity and well-being everywhere, with the support of co-operation between nations” and to “promote fairness in globalization”.

A new development framework would seek to respond to both the opportunities and challenges that unprecedented and growing global inter-linkages pose to all countries, but in particular to developing countries. It could go on to articulate a community of interest between developed and developing countries, in which the traditional binary and uni-directional development model of “developed-to-developing” is replaced by a new, more communal approach explicitly rooted in mutual interest. Notwithstanding its communal nature, it would be underpinned by the concept that “rich countries have a responsibility to take the lead in helping others”. Work would be done to identify and articulate an underpinning values framework that attracts support throughout the expanded community.

The driver of ODA shifts from aid to development. To this is added investment in global commons that is additional to existing aid commitments and responsive to the needs of all. The traditional country model continues as the principal delivery platform. It is supplemented by increased action at global and regional levels that would require innovative structures, instruments, and processes. The fight against poverty remains paramount. There is a clearer distinction between poor countries and poor people (70 percent of whom live in non-poor countries). The particular vulnerabilities of the poor to negative consequences of globalization are addressed.

Aid effectiveness gives way to development effectiveness, characterized by ownership (re-articulated to include a global in addition to the traditional national dimension), higher levels of more predictable and less fragmented assistance, more prominence to the South as providers (not only recipients) of development solutions, and a relentless focus on results.

A new development framework requires a new governance framework. Within the DAC, the framework is more inclusive and gives more voice and influence to recipient countries, new providers of assistance (whether financial or other), and other stakeholders. Improved structures, processes and incentives are put in place to bring together the diverse policy communities that need to work together—both within and across countries, both developed and developing.

12. Positioning the DAC. Independently of whether a new strategic initiative is launched, consideration of future DAC activities requires a reference point in the form of a shared vision or at least a common understanding of the DAC’s role. In a changing world, establishing this role requires exploration of strategic trade-offs, among which the following have been identified for consideration:

- Global positioning—leader or player? With ODA financing a modest, shrinking, and less-than-committed proportion of global development expenditure, how should the DAC’s global role be expressed? Is it as the dominant provider of ODA (a leader)? Or one of a number of sources of development financing and solutions (a player)?

- Primary orientation—aid or development? This was largely addressed during the October Reflection Group meeting, when a consensus emerged that development should be the DAC’s primary driver, while taking care to ensure core strengths continue, and that the DAC not grow excessively.

- Functional scope—do more or less, advocacy or enforcement? Already stretched (as measured by number of activities relative to available resources), and with little prospect of

major additional resources following years of growth, what are the additional activities the DAC will take on, and what activities will be exited to create head-room for this? In more qualitative terms, will the DAC move from advocacy/exhortation to a model of enforcement (examples of more assertiveness elsewhere in OECD are its work on agriculture and anti-bribery)?

- **Organizational scope—DAC/DCD or OECD?** The DAC is but a part of the aggregate OECD development effort. Will be Reflection Group make recommendations only on DAC/DCD, or on the wider development enterprise within OECD?

- **Working with others—control or influence?** Opening up DAC deliberations, and some areas of decision-making, to participation by non-DAC development players can be argued to weaken control. On the other hand, to the extent that such wider participation leads to wider support for DAC objectives, it can be argued to increase the probability of meeting objectives and achieving impact. External participation in networks and working parties has increased significantly in recent years, most visibly in the working party on aid effectiveness—how should this now evolve?

- **Method of working—horizontal or vertical?** Over 80 percent of DAC/DCD resources are today spent on activities undertaken by what are described as “subsidiary bodies”. While the formal organisational relationship is characterized in vertical terms, these bodies tend to have a stronger de facto horizontal identity, leading to tension on the vertical axis. Do current structures and processes need to change? Should at least some of these “subsidiary” activities be done elsewhere?

Members of the Reflection Group are invited to consider:

- which broad strategic option, or option combination or variation, they would like to pursue
- how they would wish to further articulate the chosen option further in advance of the February 2009 meeting
- how they see the trade-offs posed.

4. DAC Activities

13. **Guiding principles.** Acknowledging the uncertainties associated with the reflection exercise as noted above, there does appear to be consensus on a number of principles that will guide the future activities of the DAC:

- The DAC will continue to be a unique global forum in development assistance—an important convening body, an agenda-setter, and guided by a distinct set of norms

- The DAC’s work will be more explicitly situated in a development (as opposed to an aid-dominant) context

- The DAC will include non-DAC players—both providers and recipients of development assistance—more fully in what it does.

- The DAC will be flexible to adapt to a fast-changing global and development landscape

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4 DAC/DCD resources are probably less than half of the total spent on development by OECD, which also includes PARIS 21, the Development Center, the Club de Sahel, Heiligendamm process, Africa Partnership Forum, and the Center for Democratic Governance.
• DAC’s traditional strength in core areas will continue, and evolve

• The DAC will work in partnership with other policy communities in OECD and with global development players, seeking effective division of labor at the global level based on a sense of comparative advantage

• A stronger sense of prioritization to achieve strategic reorientation, acknowledging the challenges in discontinuing tasks that are valuable and well done but may no longer be of highest strategic priority

• The use of DAC administrative resources—which are not expected to grow substantially—and management processes will evolve to support the above.

14. Resources. The DAC/DCD annual budget is around €5 million from Part I (OECD own resources) and €7.5 million from voluntary contributions (VCs). The Part I budget has been reasonably static over the last five years, while the VC proportion has grown more than threefold. The 2007 evaluation noted that the DAC Part I allocation is one of the higher committee allocations within the OECD. Internal reviews have also noted that the DAC/DCD budget (itself around half of what the OECD spends on all its development initiatives) accounts for a significantly higher proportion of the overall OECD administrative budget than the aggregate proportion of GDP of member countries that is allocated to ODA. At the same time, the DAC/DCD budget is modest when compared to budgets of other broad-agenda global development players.

15. Allocation of resources. Subsidiary bodies account for 54 percent of the total budget of DAC/DCD, of which around 70 percent comes from VCs. Using a more aggregate activity classification, resource allocation across activities is summarized in Box 2 (Part I proportion in parenthesis). Although significant improvements have been made in prioritization in recent years, resources continue to be stretched over many activities—the program of work and budget for 2009/10 has 67 separate tasks, excluding PARIS21.

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<th>Box 2 – DAC resource allocation by principal activity</th>
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<tr>
<td>Statistics (#7, 8, 22)</td>
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<tr>
<td>Peer reviews (#1)</td>
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<tr>
<td>Aid effectiveness (#9)</td>
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<tr>
<td>Policy analysis &amp; guidance in selected sectors/themes (the rest)</td>
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16. Core DAC activities. There seems to be a broad consensus that the DAC should continue and enhance its core activities. The following are suggestions made for how existing core DAC activities can be enhanced:

• Statistics. The main suggestions emerging are that statistics be more policy relevant and actionable, acknowledging that policy requirements of developing country decision makers will be different from those in donor countries. Other areas identified for enhancement include (a) broadening the scope of financial assistance flows reported (e.g., to include non-DAC flows of development assistance); (b) improved timeliness, clarity, accessibility; and

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7 Includes those that are responsible by the DAC and the Working Party on Statistics
(d) avoidance of duplication and the costs that this may impose on both providers and recipients of assistance, including stronger links to other aid transparency initiatives.⁸

- **Peer reviews.** Suggestions have been made to (a) make them sharper, by using DAC policies more explicitly as reference points and making them more responsive to needs of senior level decision makers; (b) expanding monitoring and evaluation work beyond peer reviews, and include non-DAC development players in their preparation, as for example was done on the implementation of the Paris Declaration; and (c) the introduction of recipient country-focused reviews.

- **Aid effectiveness.** Acknowledging the open issue of a long-term institutional home for the aid effectiveness agenda, the DAC would continue to play a leading role in the medium-term. This work would be guided by the Accra Action Agenda, continue to include non-DAC players in its deliberations and leadership, and emphasize monitoring of implementation. Suggestions have been made to more explicitly clarify the relationship between the DAC and the Working Party on Aid Effectiveness, streamline the WP’s operational processes while maintaining the broad representativeness it has acquired, and reduce the number of indicators to be monitored to be more substantively oriented and less costly to administer.

- **Policy analysis and guidance.** Suggestions have been made that the number of sectors/themes in which the DAC does this form of work be fewer in number. In addition, suggestions have been made that the number of outputs be fewer, more substantive and less process-focused in nature, have increased participation of non-DAC players in their preparation, and have a stronger focus on whether they are being applied in practice.

17. The DAC is the established global leader, if not the exclusive provider, in both statistics and peer reviews, at least as each activity is presently defined. It is the *de facto* prime mover on aid effectiveness, and one of several players active in policy analysis and guidance (see Box 3). The suggestions recorded above amount to more than a list of random add-ons. Each of them can be seen as being consistent with the guiding principles noted in paragraph 8, especially those that refer to giving the DAC a more explicit development focus and working with others. The following paragraphs explore further the value each activity is seen to add and, in very broad terms, the resource implications of suggestions made. In addition to resource levels, the implicit shift from beyond processes to focus more on results on the ground may also require different skills.

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<th>Box 3 – DAC positioning on existing core activities</th>
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<td>Statistics</td>
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⁸ The 2007 evaluation report recommended that “the DAC should conduct a consultation with users of development assistance statistics on their broad quality (i.e. including their ease of use, accessibility, etc.) and on issues of harmonisation of the different data sets available. At the same time the DAC Working Party on Statistics should continue its work to rationalise data reporting mechanisms.”
18. Together, statistics and peer reviews absorb around one-third of the DAC/DCD budget. Implementing the suggestions noted above would almost certainly require additional resources. In both cases, it would involve working with new players (for example, non-DAC providers of assistance in the case of statistics, and with potential new reviewers and reviewees in peer review/evaluation). As against this, links to other global transparency initiatives and adaptations to information systems of providers may lead to cost sharing or other efficiency opportunities over time. New participants in peer reviews and evaluation may bring or otherwise attract additional resources to the table. But at least in the short-run, additional resources would likely be required. Attracting new players in the way suggested would also likely require governance and process changes, not least through their more structured participation and involvement in decision-making.

19. The DAC has been the prime mover of the aid effectiveness agenda. Now a de facto if not yet fully formalized international partnership, the DAC remains the host of the initiative. While concerns have been expressed about whether a donor club is the appropriate forum to host such a body, there appears to be a broadly held view that there is no plausible effective alternative available in the short-run. The DAC’s engagement in the working party on aid effectiveness has also played a valuable role in experimenting with structures that give greater voice and influence (including a degree of decision-making) to non-DAC players. The experience, while not always comfortable and a source of concern to some, will help in determining the future of the working party itself and other DAC bodies that may wish to open up. Notwithstanding these concerns, individual DAC members have strongly supported the working party and aid effectiveness is expected to attract more voluntary contributions that any other activity in the current biennial work program. In the short-run, with additional aid effectiveness tasks emerging from Accra, a commitment to broaden participation, and a stronger focus on implementation, resource requirements are likely to be no less than currently budgeted for some time.

20. The remainder of the DAC’s work is carried out in six networks each of which has a specific sectoral, thematic or process identity. While none of these are exclusive within the development community, they add value in ways that others do not through networking technical specialists across all bilaterals, and linkages to other OECD activities. In the aggregate, they account for around half of all resources today. Perhaps reflecting the fact that other development organizations engage in at least similar subject work, this area is arguably the one in which resources might be capped and reduced over time.

21. **Possible new DAC activities.** The Reflection Group discussed an intellectual contribution on aid architecture at its meeting in October, but has yet to discuss the intellectual contributions under preparation on global public goods and policy coherence for development. The group’s discussion of these forthcoming papers and the views of external stakeholders will likely influence views on new activities to be undertaken. That said, views expressed to date suggest a number of areas for consideration:

- **Response to globalization.** The extent of new activities in this area will depend on the outcome of the discussion on vision and the forthcoming intellectual contributions on global public goods and policy coherence for development. Activities might include analytic work with other parts of the OECD; the development of delivery platforms for global and/or regional products; and mechanisms to pursue global public goods, and approaches to mitigate global public “bads”.

- **Aid architecture.** The intellectual contribution on aid architecture noted the absence of an overall regulatory framework for providers of development assistance. It went on to note

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9 The six networks are environment, conflict and fragility, gender, governance, poverty reduction, and evaluation.
that the DAC “has no remit, beyond exhortation and some peer pressure, to enforce a greater
degree of mutual accountability between donors and recipients” and that to become a
sustainable force for structural change would require radical changes to its governance
structure. Members have commented on the need to deepen the engagement of the DAC
with multilaterals, a process that a forthcoming initial DAC report on MDBs may launch.

Three options for engagement in aid architecture might be as follows:

- **Option A – passive.** DAC would remain a large player, if declining in relative
  resource terms, participating in debates and working to make DAC programs
effective in a changing architecture. Under this option, a number of limited scope
initiatives might advance, such as how multilateral assistance should evolve alongside
bilateral and other sources, ideas to increase coherence among all providers of
assistance (DAC and non-DAC, public and private), measures to reduce
fragmentation and increase predictability, and a bilateral seat at the table in the
context of new international financial and (possibly development) architecture.

- **Option B – discussion forum.** DAC would position itself as the pre-eminent place
  where aid architecture issues are discussed.

- **Option C – co-leader of regulatory framework.** DAC would work jointly with a small
  number of leading global players (e.g., UN ECOSOC and the Bretton Woods
organisations) to establish a new framework. The DAC would become a (co)-driver
of, rather than passenger, in the development assistance vehicle. This suggests a
more assertive role in monitoring and enforcement.

### Advocacy for development assistance

The DAC’s communication and out-reach work has
developed quite significantly in recent years to better disseminate DAC products and reach
out to non-DAC development players. At the same time, views expressed to date suggest a
need to sustain and increase public support for development assistance. The activity might
have two main streams—direct advocacy by DAC at a global level, and working with and
providing materials and support to the communications functions at agency/ministry level in
DAC member states to help make the case for sustained and increased public support for
development assistance at the national level.\(^\text{10}\)

### Agenda-setting

Reflection Group members have expressed a wish to see the DAC continue
to be agenda-setting. Two particular areas that have received much attention are climate
change and approaches to development in fragile states. Both are being worked upon today,
but account for a modest proportion of resources (13 percent of all, 11 percent of Part I).

22. None of these “new” activities are indeed totally new to the DAC. What might change
going forward is the degree of emphasis and formal recognition and structure given to each. All are
areas that the development community more broadly has begun to address relatively recently. No
other organization can be said to be the definitive leader in any of them, and there appear to be clear
areas where the DAC could add value in each. In *globalization*, the link to OECD provides a clear
synergy, and, depending on the outcome of Reflection Group discussions on policy coherence for
development and global public goods, one could see a clear value function being articulated. In *aid
architecture*, as noted in the intellectual contribution on this subject, there is no overall regulator or
dedicated single forum to debate these matters, providing a real opportunity for the DAC to add value,
although the former option would require a dramatic change in governance structure. Formalizing
and strengthening an *advocacy* function in support of development assistance would appear to be a
natural fit for the DAC (and consistent with it’s existing mandate), with the key being how this

\(^{10}\) The Development Center has already in place a network of development communications professionals. One option
would be to explicitly situate this role in that network.
activity would be optimized with the aggregate efforts of individual members. *Agenda-setting* is less a discrete subject than a qualitative approach. The DAC has a record of agenda-setting achievements, and the key challenge is to select the small number of priority subjects on which to attempt to set the agenda, and to determine the switch-over point from setting to mainstreaming.

23. All of these areas, properly done, can be argued to be consistent with the guiding principles noted above. It is difficult to estimate the level of resources these activities might absorb. Variables would include how ambitious one attempted to be, the planned timescale of engagement, and the opportunities for partnership (and thus resource sharing) with others. Assuming that the discussions on policy coherence for development and global public goods result in a desire to engage, the aggregate level of resources needed might be a significant but less than majority proportion of resources—say 25 percent. But this is a very “soft” estimate. Possibly more difficult might be the process changes involved in working with others, and the skills set needed to deliver.

24. **Activities to be exited.** The message of the 2007 evaluation report is that the DAC broadly does what it does well. That, in itself, does not suggest that it should continue to do all that it presently does. Indeed, an argument can be made that the DAC may do too much, i.e., that it is over-stretched relative to its current resource base. There appears to be an emerging in-principle consensus that strategic re-orientation and a reordering of priorities are called for. The view that additional work should be done within existing resource levels, and the need to create head room for new priorities, has yet to translate into the identification of specific candidate tasks for exit, whether by termination at completion or transfer to another body.\footnote{A risk in this is that tasks that the DAC does not take on tend to go ahead anyway with the support of one or more DAC members either elsewhere in OECD or in another organization, adding to the general pattern of fragmentation and difficulty in coordination.} The broad options to approach the question of exits might be as follows:

- **Option A – Select tasks to exit.** The Reflection Group, through the Reflection Exercise, would recommend specific tasks or units to be terminated or transferred out of DAC/DCD. One specific suggestion made at a recent Reflection Group meeting was to exit sector-focused subsidiary bodies.

- **Option B – Manage development as a single initiative within OECD.** Manage OECD development related activities as a more coherent single enterprise.

- **Option C – Leave it to management.** This option would provide broad strategic parameters (say, by setting criteria for activity and body entry and exit), and leave to DAC/DCD management to propose specific tasks to be continued, added or exited as part of the normal biennial work program and budgeting exercise. The overall strategic direction would emerge from the reflection exercise, as endorsed or amended by relevant OECD authorities.

Members of the Reflection Group are invited to consider:

- whether the guiding principles (paragraph 8) are agreed
- the suggested areas for enhancement of existing core activities (paragraphs 11 through 15)
- the new activities it feels the DAC should take on (paragraphs 16 and 17)
- the specific activities the DAC should exit, or the approach that should be take to managing exists (paragraph 18)

5. Governance and Organizational Matters

25. The 2007 evaluation report noted the “…far-reaching question of whether the Committee’s role, structure, functioning and composition…currently provide it with the capacity to establish a set
of objectives and a programme of work that are relevant to the policy needs of DAC Members, and...will be able to continue to do so in the longer term in the face of a number of major strategic issues.” This section addresses three broad areas—the operation of the committee itself, the architecture of subsidiary bodies, and working with others in OECD. The section does not address internal organizational and procedural matters within DCD.

26. The 2007 evaluation report noted a number of strengths and weaknesses on the overall structure of the Committee. Among the positively viewed attributes were its managerial and strategic capacity, and how networking, problem solving, co-operation, engagement and trust are fostered while work continuity is maintained and progress facilitated. Observations of a critical nature point to the Committee’s level of expertise in the field of development assistance, overlaps between DAC and Secretariat roles and capabilities, and weak co-ordination and information flows with capital-based policymakers and experts. The extent to which these represent critical factors is noted as being “very much in the eye of the beholder”, depending to a large degree on where in the “system” the observer is situated (and in some cases on delegations’ individual organisational arrangements). Delegates were observed not to share a sense of belonging to a single entity nor share a sense of purpose to which they are able to collectively rally. Tangible tensions were observed between the DAC and its sub-bodies which work against the Committee functioning efficiently. Sub-body delegates appeared to have little understanding of the role of the Committee within the overall structure of the OECD.

27. Recent discussions in the context of the reflection exercise reveal that while the experience of the new and more transparent process for deciding work program and budget and the appointment of DAC delegates as “facilitators” in individual subsidiary bodies has been positive, a yawning gap remains in both perceptions and attitudes between both sides in the relationship of the Committee and the subsidiary bodies. At its heart appears to be differing views of the accountability relationship (the vertical dimension). Committee members appear to feel that subsidiary bodies are not sufficiently responsive to the wider priorities it establishes. Subsidiary body members feel they have clear accountability arrangements already in place within their own national agency, and struggle to see the value added of another. DCD management and staff universally observe the high transaction costs imposed—and thus resources absorbed—by the current structure.

28. **The Committee**. Options for the future of the Committee might include the following:

- Seek to enhance the DAC’s substantive focus while providing greater clarity and autonomy to its constituent parts. This might mean giving greater recognition of the value of the horizontal dimensions, and accepting that there are alternative existing links between the DAC constituent parts to structures within DAC member states.

- Explicitly target a reduction in process intensity and transaction costs.

- Reach explicit agreement on the (small) number of substantive issues that are for discussion/decision in DAC and HLM/SLM meetings, with the rest being delegated to the Secretariat and/or subsidiary bodies, with Committee oversight provided *ex ante* through the business planning and budget process and *ex post* through periodic management reports.

- Considering reducing the number of DAC meetings substantially, to say 3 per year, as well as reduced frequency and duration of SLM and HLM meetings.
• Reflect whether a Paris-resident committee is required in an environment where membership moved from the North Atlantic identity that dominated when the Committee was first created to being more global, and given advances in communications technology.\(^{12}\)

• Noting that there are eight OECD member countries that are not members of the DAC, making the Committee somewhat anomalous within OECD, and in the context where OECD membership will itself expand in the coming years, review whether not just the rules, but also the incentives, for membership are appropriate, and should not be substantially amended.

• Consider inviting non-DAC members to attend DAC meetings, while reserving as appropriate selected areas for DAC “principals-only”.\(^{13}\)

• Consider in the light of an anticipated growth in membership whether selected areas should be decided on the basis of some form of majority voting, rather than by consensus.

29. These suggestions may allow a portion of secretariat (including management) and subsidiary body resources to be re-directed to more substantive work. The cost of delegations is not included in the DAC’s budget, and thus the question of residence would not have a direct impact on the current resource envelope. Rather the frequency of meetings and a revised division of responsibilities between the Committee and the secretariat would likely have a greater impact on resources. Amending DAC membership criteria, introducing alternatives to consensus decision-making, and wider attendance at DAC meetings are more policy than financial in their implications. These issues go to the heart of the DAC’s identity—is it to be a donor club (i.e., of OECD members, or indeed, as now, a sub-set thereof), or the donor club, with the consequential changes needed to structures, processes and incentives to attract all providers of development assistance to work together?

30. **The subsidiary bodies.** Options for the future of the subsidiary bodies might include the following:

• Consider eliminating the phrase “subsidiary bodies”, which connotes a hierarchical reporting line that seems antithetical to the network concept and self-identity of most bodies.

• Consider adopting explicit criteria for entry and exit of bodies or activities.

• Allow flexibility in the structure and composition of bodies. Specifically articulate a model that would allow a DAC body to work in a non-vertical relationship with other development players.\(^ {14}\)

• Obtain agreement at an OECD corporate level that network activities would not be measured by physical outputs alone, a practice that tends to reinforce a bias towards products rather than desired behavior changes. Allow networks to agree their own work

\(^{12}\) A separate reflection process concerning the DAC Chair is underway, and is not addressed in this report.

\(^{13}\) Ideas on how to do this might be obtained by studying models in use elsewhere including the Working Party on Aid Effectiveness (within the DAC), the Development Center, other committees within the OECD, IDA (which has 45 donors, and 12 recipient countries attending IDA deputies’ meetings), and the more recently established UN Development Cooperation Forum.

\(^{14}\) The Working Party on Aid Effectiveness has *de facto* become such a body. The Accra Action Agenda was effectively decided jointly by the DAC and others. This model was recognized in the 2007 evaluation report, which noted that the working party was “hosted” within OECD. The concept of organizational “docking point”, as opposed to formal organization integration, was also suggested in the submission of a former DCA Chair.
programs, but with DAC decision points needed on (a) budget allocations; and (b) any output (e.g., policy guideline or statement) that would carry DAC endorsement.

- Consider whether some of the existing networks, or their work activities, could not be better carried out elsewhere within the OECD (see paragraph 26).
- Continue, and consider incentives to expand, the practice of extensive non-DAC participation in network activities.

31. These changes would be unlikely to have a significant impact on resource allocations, with the possible exception of any activity that might be transferred out. They rather suggest a change in the value function of the bodies concerned—a redefined relationship to the Committee that gives more recognition to the horizontal and acceptance that value exists beyond formal products. The subsidiary bodies have been at the forefront of working with non-DAC members. Creating incentives to encourage broader participation is consistent with the guiding principles listed earlier, and builds upon existing approaches.

32. Working with others in OECD. The options set out below are largely confined for now to the Development Cluster. Consideration of the intellectual contribution on policy coherence for development will present additional issues for working more broadly within OECD.15

- The increasing number of organizational units within OECD that work on development, a number of which have been recently created, is sometimes quoted as evidence of increasing internal fragmentation. Another way to look at this is to recognize the strength of accommodating different governance structures, provided each is suited to the subject matter in hand and those DAC members and non-DAC members who support the subject concerned. A strategic choice is whether the governance and organizational arrangements of DAC should become more flexible to accommodate structures such as these, or whether it is appropriate that they be created and lodged elsewhere in OECD provided there is a mechanism for coordination.


- Consider consolidating all development units into a single entity within OECD, but agreeing that it serves multiple diverse structures, thus preserving the integrity of each individual unit today, valuing the diversity the current arrangement represents, but allowing staff and other resources to be managed optimally in pursuit of each.

Members of the Reflection Group are invited to advise on the possible options for the:
- Committee (paragraphs 22 and 23)
- Subsidiary bodies (paragraphs 24 and 25)
- Working elsewhere in OECD, including whether to recommend to the Secretary General to examine non-DAC development initiatives within OECD (paragraph 26)

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15 Work on PCD will not be starting from zero. DAC/DCD has worked or is working with other directorates such as Trade (on aid for trade), Environment (on climate change), and Investment (on attracting private sector investment to developing countries).
### Annex 1
#### Summary of Selected Options

<table>
<thead>
<tr>
<th>Section</th>
<th>Present status</th>
<th>Possible options</th>
<th>Resources and remarks</th>
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</thead>
</table>
| 1. Vision | • DAC Mandate agreed by OECD in early 1960s.  
• Last large-scale strategic document was “Shaping the 21st Century” of 1996.  
• DAC activities, which have evolved dynamically, are described in “Inside the DAC” 2008. | A. Successor to MDGs  
B. Avoid new vision; concentrate on implementing existing commitments  
C. New flagship initiative designed to respond to profoundly changing landscape in a way that sustained DAC relevance and leadership | The output from this discussion will be an input to, but is not expected to lead to a direct recommendation of, a new mandate.  

The pace and uncertainty of global changes suggest the need for ongoing flexibility, and the need to review strategic orientation regularly.  

A new vision will likely shift priorities and this resource allocations, but arguably the greater consequence will be on DAC governance and operating processes. |
| 2. DAC activities | Core DAC activities are structured around 4 areas:  
• Statistics  
• Peer reviews  
• Aid effectiveness  
• Policy analysis and guidance  
DAC activities are programmed today through a biennial program of work and budget, which has been improved in recent years to be more transparent and have structured mechanism for determining priorities.  

The 2007 evaluation found that DAC activities are generally well done, and are valued widely. | Statistics: Make statistics more policy relevant and actionable.  

Peer reviews: Increase use of DAC pronouncements as reference points; make more responsive to needs to decision-makers; and introduce recipient country-focused reviews.  

Aid effectiveness: Continue to lead the process in medium-term while reflecting on longer-term institutional home.  

Policy analysis and guidance: fewer in number accompanied by a greater investment in their operationalization. | Statistics, peer reviews, and aid effectiveness are areas in which the DAC is and is seen to be the long-standing global leader. Valuable and well recognized work is done in policy analysis and guidance, but the DAC’s role is less exclusive in these areas.  

Suggestions to enhance statistics, peer reviews and aid effectiveness will likely require additional resources. There is scope for working in partnership with others in all three areas, and thus potential for resource-sharing, but this is not possible to predict or prudent to rely upon at this stage. Suggestions of broader participation in each area will require |
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<th>Section</th>
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<th>Possible options</th>
<th>Resources and remarks</th>
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</table>
| 3. New DAC activities | See 2. above. DAC is already engaged to some extent on all of the activities listed in this section. | **Globalization** (subject to outcome of vision discussion)  
- Analytic work with other parts of OECD (in particular in a PCD context)  
- Delivery platforms for GPGs  
- Mechanisms to mitigate global public “bads”  
**Aid architecture** – options  
A. Passive – engage as a player in debates and selected topics  
B. Discussion forum – DAC becomes pre-eminent place where aid architecture is discussed  
C. Co-leader of a new global regulatory framework  
**Advocacy** for development assistance  
- Work with member countries in a coordinated strategy to sustain and grow public support for development assistance  
**Agenda-setting** in selected areas. Two areas in which the DAC is already engaged, but which some suggest take on added importance are:  
- Climate change  
- Fragile states | Although not totally new activities, the additional emphasis these might receive would likely require additional resources. The amount would depend upon how ambitious one attempted to be, the planned timescale of engagement, and the opportunities for partnership (and thus resource sharing) with others. Assuming that the discussions on policy coherence for development and global public goods result in a desire to engage, the aggregate level of resources needed might be a significant but less than majority proportion of resources—say 25 percent. Additional implications are likely in the governance and process changes involved in working with others, and the skills set needed to deliver. |
| 4. Activities to exit | See 2. above. On-going activities tend to “exit” gradually. | Options for the Reflection Group:  
A. Reflection Group to identify specific tasks or activities which it wishes to recommend DAC to exit or have carried out elsewhere  
B. Move to manage all OECD development activities as a more coherent single enterprise  
C. Leave it to management (the Committee and DCD) to decide through the normal biennial planning and budget process | The reflection process to date has underscored the need for prioritisation, with the implicit message that space will need to be found in a relatively fixed resource envelope to take on new activities. Resource envelopes are expected to be flat. |
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| 5. Governance and organization | The DAC is one of OECD’s earliest Committees, and is Paris resident. While its formal mandate has remained unchanged since DAC’s creation, it has shown adaptability and its activities have evolved considerably over the years. The DAC is supported by a Secretariat and 8 subsidiary bodies (6 networks and 2 working parties). It engages with a wide range of other organizational units in DAC/DCD (e.g., PARIS21), the Development Cluster, other OECD directorates, and with other global development players (notably the Bretton Woods institutions and the UN). Non-DAC development players are actively involved in subsidiary bodies. | Committee  
- Increase substantive focus of DAC, target reduction in process intensity and transaction cost, agree specific division of labor with Secretariat and subsidiary bodies  
- Consider reducing number of Committee meetings substantially (to, say, 3 per year), as well as possible reduced frequency and/or duration of SLM and HLM meetings  
- Consider whether DAC needs to remain Paris resident  
- In the context of a desire to engage more broadly, review rules and incentives for DAC membership  
- Consider inviting selected non-DAC players to attend DAC meetings, with “principals only” in specified areas  
- Consider whether selected areas can be decided by a form of majority voting  
Subsidiary bodies  
- Consider changing the name from “subsidiary bodies” to recognize the value of horizontal and non-DAC vertical relationships  
- Allow for greater flexibility in the structure and composition of bodies, in particular to enhance the horizontal dimension  
- Explicitly shift from physical outputs as the dominant measure of value added  
- Consider moving some bodies, or their activities, elsewhere in OECD or to other organizations  
- Continue and encourage further non-DAC participation in bodies  
Working with others in OECD  
- Encourage OECD to put in place stronger overall, with exits designed to create space for new priorities rather than generate budget savings in themselves. Putting in place agreed criteria for entry and exit of bodies and activities would facilitate transparent and objective decisions on exits. | A number of the suggestions on the Committee pose policy rather than resource implications, and decisions will likely derive from the outcome of the wider DAC identity debate. Other Committee suggestions have the potential to deliver significantly reduced transaction costs, and greater clarity in the respective roles of the Committee and secretariat/subsidiary bodies. Suggestions on the bodies are unlikely to have a significant impact on resource allocations, with the possible exception of any activity that might be transferred out. They rather suggest a change in the value function of the bodies concerned—a redefined relationship to the Committee that gives more recognition to the horizontal and acceptance that value exists beyond formal products. Creating incentives to encourage broader participation is consistent with the guiding principles listed earlier, and builds upon... |
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<th>Present status</th>
<th>Possible options</th>
<th>Resources and remarks</th>
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</table>
|         |               | coordination mechanisms for all in-house development initiatives  
• Consider a “single secretariat” model for all OECD development work that maintains diversity of current initiatives | existing approaches | The outcome of the planned discussion on policy coherence for development will likely pose additional issues to be considered in working with other parts of OECD. |
## Annex 2

### DAC’s Outputs and Budget for 2009-2010

<table>
<thead>
<tr>
<th>Responsible Body</th>
<th>#</th>
<th>Expected Output Results 2009-2010</th>
<th>Total (KEUR)</th>
<th>Part I</th>
<th>VCs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I</strong> DAC</td>
<td>1</td>
<td>DAC peer reviews (11 members), including component on humanitarian assistance and synthesis reports.</td>
<td>3,099 12%</td>
<td>2,145 21%</td>
<td>954 6%</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Annual qualitative and quantitative monitoring reports on aid for trade, using the Paris Declaration as a reference point. An assessment framework to track progress in trade capacity building.</td>
<td>1,484 6%</td>
<td>468 5%</td>
<td>1,016 6%</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Outreach to non-DAC donors and emerging economies as providers of development assistance and to other strategic partners.</td>
<td>979 4%</td>
<td>264 3%</td>
<td>715 5%</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Guidance on effective and practical approaches to capacity development which draws upon sectoral and country cases for applying The Challenge of Capacity Development: Working Towards Good Practice, particularly in implementing the Paris Declaration.</td>
<td>978 4%</td>
<td>228 2%</td>
<td>750 5%</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Implementation of the DAC Recommendation on Untying Aid.</td>
<td>537 2%</td>
<td>485 5%</td>
<td>52 0.3%</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Strengthened horizontal working with other bodies across the OECD in areas of policy coherence for development such as migration, ICT and innovation, agriculture, trade, etc. (other than the specifically identified areas such as Aid for Trade, climate change etc.) in response to recommendation 3 of the in-depth evaluation of the DAC.</td>
<td>357 1%</td>
<td>111 1%</td>
<td>246 2%</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>DAC statistical reporting (with Development Co-operation Report)</td>
<td>2,830 11%</td>
<td>2,344 23%</td>
<td>486 3%</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Annual survey on donors’ forward spending plans and annual report on multilateral aid.</td>
<td>1,589 6%</td>
<td>113 1%</td>
<td>1,476 10%</td>
</tr>
<tr>
<td><strong>II</strong> WP-EFF</td>
<td>9</td>
<td>Aid effectiveness will include follow-up to the Accra Action Agenda and preparation of the 4th High Level Forum in 2011.</td>
<td>3,940 15%</td>
<td>440 4%</td>
<td>3,500 22%</td>
</tr>
<tr>
<td><strong>III</strong> Network on Conflict and Fragility</td>
<td>10</td>
<td>Practical guidance for supporting conflict prevention, peace-building, and state-building in situations of conflict and fragility.</td>
<td>987 4%</td>
<td>207 2%</td>
<td>780 5%</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>International consensus statement on goals and mechanisms to track results in support of state-building and peace-building, and reporting on progress in implementing the 2007 High Level Meeting Policy Commitment to Improve Development Effectiveness in Fragile States.</td>
<td>565 2%</td>
<td>171 2%</td>
<td>394 3%</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>Reports of lessons learned on the implementation of the DAC Handbook on Security System Reform and the Guidance on Armed Violence Reduction with recommendations for future action.</td>
<td>571 2%</td>
<td>177 2%</td>
<td>394 3%</td>
</tr>
<tr>
<td><strong>IV</strong> ENVIRONET</td>
<td>13</td>
<td>Policy and operational Guidance on Integrating Climate Change into Development Co-operation as called for by Environment and Development Ministers at their joint meeting.</td>
<td>1,228 5%</td>
<td>593 6%</td>
<td>635 4%</td>
</tr>
<tr>
<td><strong>V</strong> Network on Evaluation</td>
<td>14</td>
<td>New approaches to planning and implementing joint evaluations in a changing aid context. This would involve developing and testing more harmonised and aligned approaches.</td>
<td>603 2%</td>
<td>268 3%</td>
<td>335 2%</td>
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<td></td>
<td>15</td>
<td>A finalised DAC Evaluation Quality Standards, which is currently in a 3-year testing phase. This work would build on and complement previous normative work on evaluation. Agreed</td>
<td>481 2%</td>
<td>289 3%</td>
<td>192 1%</td>
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standards would facilitate collaborative or joint undertakings.

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<tbody>
<tr>
<td>VI</td>
<td>GENDERNET</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Policy and practice guidance on gender equality and women's empowerment to strengthen the development impact of the Paris Declaration and achieve the MDGs. The focus will be on supporting partners’ efforts to broaden democratic ownership, achieve gender equality results and strengthen mutual accountability.</td>
<td>824</td>
</tr>
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<tr>
<td>VII</td>
<td>GOVNET</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Guidance on how to integrate human rights more consistently into donor policies and practice to improve aid effectiveness and increase country-level impact for better development results.</td>
<td>564</td>
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<tr>
<td></td>
<td>Reports on implementing the 2007 DAC agreed Collective Action for Improving Governance to Fight Corruption and recommendations for future work.</td>
<td>568</td>
</tr>
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<tr>
<td></td>
<td>Guidance on aid for democratically accountable institutions.</td>
<td>1,063</td>
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<tr>
<td>VII</td>
<td>POVNET</td>
<td>20</td>
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<tr>
<td></td>
<td>Implementation and field-testing of Pro-Poor Growth: Policy Guidance for Donors, including agriculture, infrastructure, private sector development, poverty impact assessment, employment and labour markets, and social protection and empowerment.</td>
<td>1,164</td>
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<td></td>
<td>Policy guidance notes, focusing on tools and approaches, to empower poor women and men to participate in and benefit from growth.</td>
<td>713</td>
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<tr>
<td>IX</td>
<td>WP-STAT</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>Reform of aid statistics through: enhanced convergence of DAC and Creditor Reporting System (CRS) data; updated classifications to reflect new modalities such as direct budget support and multilateral funding; and improved user-friendliness. Improve the clarity, accessibility and ease of use of the totality of DAC statistics through conducting an extensive user consultation, and implementing its recommendations.</td>
<td>852</td>
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<td>TOTAL</td>
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### Annex 3 -
Global landscape for development – summary of trends and drivers identified to date

<table>
<thead>
<tr>
<th>Source</th>
<th>Period</th>
<th>Trends and drivers</th>
</tr>
</thead>
</table>
| **UK DFID – Long-term Context for Development Aid (2008)** (presented to RG#1) | 2030 | • Climate change as a threat multiplier  
• Population growth (9-11bn by 2050) and mobility  
• Commodity prices  
• Technology potential, especially in Africa  
• Regionalism  
• Changes in values and beliefs  
• Continued poverty concentration in Africa and South Asia, while others become MICs |
| **Germany - Challenges for Developing Countries and Development Policies (2008)** (presented to RG#2) | 2050 | • World changing radically  
• Globalization alongside de-globalization  
• Global governance change—“E7” output may exceed G7 in 2050  
• Climate change is key |
| **UN World Economic and Social Survey (2008)** | Short-term | • Insecurity exacerbated by food, fuel (and now financial) crises  
• Natural disasters costly, and increasing in number  
• Insecurity posed by fragile states  
• Bretton Woods institutions need renewal |
| **UN State of the Future Project (2007)** | 2017 | • Where we are winning—life expectancy, infant mortality, literacy, GDP/cap, conflict, internet users  
• Where we are losing—CO2 emissions, terrorism, corruption, global warming, voting population, unemployment |
| **World Bank Global Economic Prospects (2007)** | 2030 | • Population and incomes will rise faster in developing countries  
• Poverty will fall, but remain high in south Asia and Africa  
• Three big threats—widening inequality, growing labor market tensions, and environmental sustainability  
• In 2015, 25% less extreme poor, but still 720m on less than $1 and 2,000m less than $2 per day; concentrated in Africa and LICUS; two-thirds not living in poor countries  
• Demographic and technologic changes show signs of increasing inequality within and between countries  
• Global public goods become more important as globalization increases; climate change the most prominent with 80% of emissions expected to come from developing countries in 2020.  
• Growth is insufficient—development also needs to be inclusive and sustainable.  
• Non-ODA flows rising sharply; ODA more fragmented, earmarked, volatile, transaction costly and policy incoherent. |
| **World Bank Long Term Strategy Exercise (2007)** | 2017 |  |
| **Asian Development Bank Strategy 2020 (2008)** | 2020 | • One in every two people in the region (1.7 billion) remain poor ($2 per day)  
• Member countries represent the world’s best hope to achieve MDGs  
• Absolute poverty could be reduced to as low as 2% of population—requires sustained strong growth and equitable participation by poor  
• Disparities in well-being within and between countries  
• Demographic changes have profound development implications—750 million more people by 2030, pressure to create jobs, increased urbanization, and ageing in some countries.  
• Rapid growth puts severe strains on environment  
• Infrastructure deficit constrains market-led growth and access to services |
<table>
<thead>
<tr>
<th>Source</th>
<th>Period</th>
<th>Trends and drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>US National Intelligence Council  <em>Global Trends 2025 – A Transformed World</em> (2008)</td>
<td>2025</td>
<td>• A global multi-polar world is emerging with the rise of China, India and others. The relative power of non-state actors will increase.</td>
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<tr>
<td></td>
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<td>• The unprecedented shift in wealth and economic power roughly from West to East now underway will continue.</td>
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<td>• The US will remain the single most powerful country, but will be less dominant.</td>
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<td>• Continued economic growth—coupled with 1.2 billion more people by 2025—will put pressure on energy, food, and water resources.</td>
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<td>• The number of countries with youthful populations in the “arc of instability” will decrease, but the populations of several youth bulge states are projected to remain on rapid growth trajectories.</td>
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<td>• The potential for conflict will increase owing to rapid changes in parts of the greater Middle-East and the spread of lethal capabilities.</td>
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<td>• Terrorism is unlikely to disappear by 2025, but its appeal could lessen if economic growth continues in the Middle-east and youth unemployment is reduced. For those terrorists that are active the diffusion of new technologies will put dangerous capabilities within their reach.</td>
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<tr>
<td></td>
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<td>• There are many uncertainties—transition from oil and gas, speed and profile of climate change, return of mercantilism/future of markets, advances toward democracy in China and Russia, regional instability and conflict, especially in the Middle-East, Europe and Japan’s response to social and economic challenges compounded by demography, changed governance of global institutions to reflect transformed geopolitical landscape.</td>
</tr>
<tr>
<td>Carnegie Endowment, Remarks by EU Commissioner Mandelson “Europe and the US: Confronting Global Challenges” (2007)</td>
<td>Medium-to long-term</td>
<td>• India and China were world’s biggest economies in 1830, and will be among the biggest again by 2050</td>
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<td>• Machinery of “Atlantic consensus” no longer holds, and needs updating</td>
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<td>• Globalization increases interdependence and the importance of multilateral institutions</td>
</tr>
<tr>
<td>UN  <em>World Population Prospects: The 2006 Revision</em> (2006)</td>
<td>2050</td>
<td>• Global population will increase from 6.7 to 9.2 billion by 2050, an increase equal to the total number of people in the world in 1950</td>
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<td>• Increase expected to be in less developed regions, with developed regions staying stable at 1.2 billion but ageing rapidly</td>
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<td>• Half of increase in people over 60; number of children expected to fall slightly.</td>
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<td>• Mortality is falling in less developed regions, except in those affected by HIV/AIDS, where infections continue to rise</td>
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