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THE DEVELOPMENT ASSISTANCE COMMITTEE:
ENABLING EFFECTIVE DEVELOPMENT

DACnews

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As we gear up for COP21

As COP21 draws near, this issue of DACnews reviews OECD DAC and DCD engagement across a wide range of climate-related themes and how this work helps to promote learning and knowledge sharing among key stakeholders. It also reports on recent efforts to assess progress on climate finance goals. It zeroes in on poverty and what will be needed – above and beyond measures of poverty lines – to end it once and for all. And it takes a look at a new partnership that will work to unlock billions of dollars of additional finance to support inclusive growth and poverty alleviation.

COP21: Focus on development and climate change

Action against climate change and robust development go together. Climate change puts pressure on the very foundations of development, threatening to undermine – if not reverse – hard-earned development gains, including improved access to energy, clean water, food security and sanitation. This impacts particularly heavily on the most vulnerable people worldwide, including those living in the least developed countries and in small island developing states.

As the international community prepares to convene in Paris for the (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC), the stakes are high. The aim is to achieve an international agreement that will radically curb global greenhouse gas emissions over the next decades, limiting the global mean temperature increase to 2°C over a time period that spans from pre-industrial times to 2100.

COP21 • CMP11
PARIS 2015
UN CLIMATE CHANGE CONFERENCE

21st Session of the Conference of the Parties

What happens in Paris will have a profound effect on efforts to follow through on the and reach
2030 Agenda for Sustainable Development
the Sustainable Development Goals (SDGs), agreed in September 2015. An ambitious agreement at COP21 is the best way to help protect and maintain the world's biodiversity and ecosystem services, promote economic growth and well-being to combat poverty, and limit the negative effects of climate change.

The OECD Development Co-operation Directorate is actively engaged with COP21, preparing six side-events on key issues: climate-related development finance, tracking climate finance, the effective use of climate finance, gender and climate change, climate change adaptation and on

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PUBLICATIONS

OECD Development Co-operation Peer Reviews: Germany 2015

shows thatGermany's foreign aid is at a record high and rising, but more effort will be needed to reach the internationally agreed target and Germany's own goal of the data revolution for sustainable development.

Even with a solid agreement, one of the biggest challenges will be financing the needed changes. DAC member countries are working through bilateral and other development finance channels, such as the multilateral development banks, to mobilise private investment to tackle climate change. They are using public finance in a range of strategies – from blended finance, guarantees, challenge funds and more – to encourage the scale up of renewable energy and green technologies, or to green investment in low-income countries by mitigating the risks. They are also working to support enabling conditions for private investment and engagement in green growth in developing countries, particularly by promoting positive policy, regulation and governance frameworks. OECD supports this by collecting information on patterns and trends in climate-related development finance. New data for 2013 and 2014, including activity or project level data on more than 5000 activities, will be shared at COP21 and on the .

DAC environment website

While these efforts to increase climate-related development finance and data are essential, it is equally important to ensure that the development co-operation activity to combat and adapt to climate change is effective. The , a voluntary initiative within the , promotes effective use of

Partnership for Climate Finance and Development

climate-related development finance by supporting coherence and collaboration among diverse government agencies, including the climate change, finance and development planning communities. The Partnership operates at the country, regional and global levels, providing a platform for exchange on how climate-related development finance and the SDGs connect. It focuses on country-led initiatives and policies to provide an on-the-ground lens for assessing efforts to achieve sustainable development.

Integrating gender equality into climate policies and programmes

will help to positively impact the lives of both women and men. In 2013, 29% of DAC members' bilateral aid to climate change – representing a total of USD 6.9 billion – targeted gender equality, although just 3% of this aid targeted gender equality as a principal objective. Prioritising gender equality is essential in numerous sectors vulnerable to climate change impacts, such as agriculture and water, but also in the energy and transport sectors, where greenhouse gas emissions are high. Women, especially poor rural women, are likely to feel the negative effects of climate change particularly strongly because of their central role in sustaining livelihoods. Yet at the same time, women can lead entrepreneurial and community-based actions, for example, to weatherise homes, develop solar solutions and shift transport behaviours from polluting modes to cleaner ones. COP21 provides a critical opportunity for DAC members to step-up their commitment to integrate gender equality and human rights in all aspects of climate action as a prerequisite for achieving sustainable development for all.

Strengthening the linkages between development and climate change adaptation also means focusing on . Effective adaptation helps countries and people – particularly the most vulnerable –

actions that target the most vulnerable

prevent and respond to climate change impacts, ranging from increases in extreme weather events, such as heat waves and flooding, to more incremental shifts, such as changes in rainfall patterns. Adaptation responses need to be embedded in national development planning and priorities and to this end, DAC members are supporting national adaptation processes in-country, engaging all relevant stakeholders – from diverse government ministries to local communities and other at risk populations.

Data will be fundamental to support advances. The OECD-hosted (PARIS21) is championing a

Partnership in Statistics for Development in the 21st Century

data revolution to underpin disaster risk management in developing countries. This is complemented by . This robust, open-access, statistical framework supports users in countries and organisations around the world engaged in action on climate change, biodiversity, desertification and other environmental areas. The OECD-led

#COP21

Research Collaborative on Tracking Private Climate Finance builds on the DAC statistical system

sending more aid to the neediest countries. The Review praises Germany for being at the forefront of using development co-operation to leverage private sector investment for sustainable development. Germany also stands out for its commitment and innovative approaches to financing climate change action and for efforts to improve the quality of its aid.

The 2015 Mutual Review of Development Effectiveness in Africa: Promise & Performance

highlights significant progress on the part of African governments and their international partners in delivering their commitments to improve political and economic governance, to increase domestic resource mobilisation and to improve human development.

“” provides an overview of how well members of the OECD DAC are integrating gender equality into their official development assistance targeted to climate change. It calls on DAC members to step-up their commitments to integrate gender equality into all aspects of climate action as a prerequisite for achieving sustainable development for all.

Climate Finance in 2013-14 and the USD 100 billion goal

, issued in collaboration with the Climate Policy Initiative, provides an up-to-date estimate of public and private finance mobilised by developed countries for climate action in developing countries against their UNFCCC 2010 Cancun commitment.

The OECD Development Co-operation Working Papers

“” provides an overall picture of support by multilateral and bilateral development partners to developing country to monitor private resources for climate change, focusing on those mobilised by official development finance. The ongoing will help to better measure all forms of resource flows for sustainable development.

For more information on DAC and other OECD side events at COP21, see:
http://www.oecd.org/env/cc/cop21.htm

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The 100 billion dollar climate finance goal

100 BILLION

In Cancun in 2010, developed countries party to the United Nations Framework Convention on Climate Change (UNFCCC) agreed to jointly mobilise USD 100 billion per year by 2020 to address the needs of developing countries in tackling and adapting to climate change. provides a robust, up-to-date estimate of the public and private climate finance that has been mobilised towards this commitment.

Carried out by OECD in collaboration with the (CPI), the study finds that public and private finance
Climate Policy Initiative
mobilised by developed countries for climate action in developing countries reached USD 62 billion in 2014, up from USD 52 billion in 2013; the average over the 2013-14 period was USD 57 billion annually.

“Our estimates paint an encouraging picture of progress. Developed country mobilised climate finance mobilised by developed countries in 2014 is estimated to total USD 62 billion a year. We are about halfway in terms of time and more than halfway there in terms of finance, but clearly there is still some way to go,” said OECD Secretary-General Angel Gurría, presenting the estimate in .
Lima in October 2015
The report provides an objective picture of climate flows based on preliminary data provided by countries and financial institutions. Public finance, including both bilateral and multilateral flows, accounted for more than 70% of the flows during 2013-14, while private finance mobilised by public finance made up just over 25% and export credits the remainder. Over three-quarters of the total estimated climate finance went to support mitigation activities, with about one-sixth going to support adaptation and a small share targeting both.

The estimate of climate finance was prepared at the request of the Peruvian and French governments in the context of their responsibilities, respectively, as the current and incoming presidencies of the . Released in advance of COP21 to increase transparency around progress
UNFCCC Conference of Parties
towards the USD 100 billion goal, the report builds on other recent international efforts to improve the tracking of climate finance, including by the . This exercise, undertaken jointly by the OECD Development Co-operation and Environment directorates, will inform other efforts to improve the transparency and comprehensiveness of measuring, tracking and reporting on climate finance, which the OECD stands ready to support.

Breakdown of climate finance in 2013, 2014 and on average over 2013-14 (USD billions)

infrastructure (water and sanitation, transport, energy, and communications), based on analyses of DAC Creditor Reporting System data.

“” aims to fill a gap in readily available information on the origin of the concept of official development assistance (ODA). It concentrates on how measures to improve the softness (concessionality) of these flows terms over the period 1961-72 contributed to the ODA definition.

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VACANCIES

Director – Development Co-operation Directorate (DCD) (Job Number: 10242)

DCD is looking for a dynamic and visionary Director who can provide leadership and strategic guidance to a team of around 120 staff to best leverage the Directorate’s comparative advantage and profile its work more strategically within the OECD and in the international development arena.

Communications & Results Management Officer (Job Number: 10233)

DCD is looking for a versatile and flexible professional with excellent editorial and writing skills to help further develop the PARIS21 Secretariat’s communication efforts, to prepare its publications, to contribute to its online presence and to provide support to evaluation and results management.

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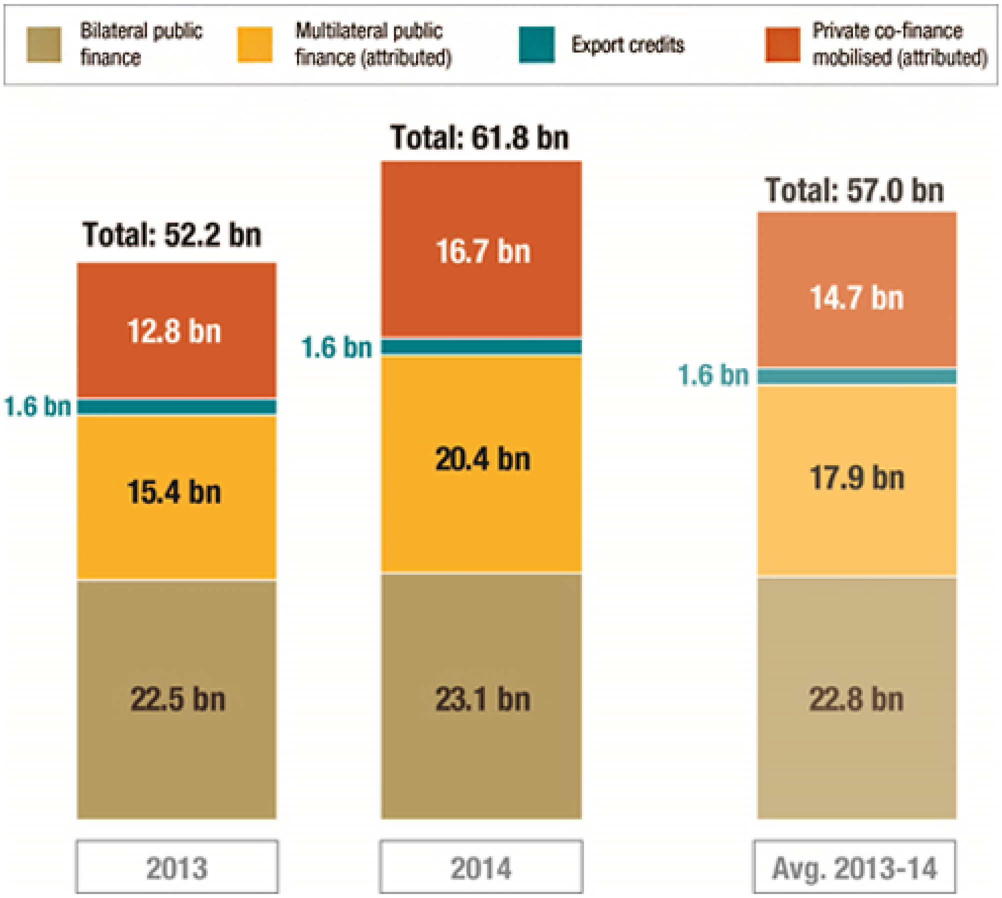

Source: OECD (2015), "Climate finance in 2013-14 and the USD 100 billion goal", a report by the OECD in collaboration with CPI.

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The Sustainable Development Investment Partnership

It is clear that official development finance alone cannot enable the world to meet the Sustainable Development Goals, and there is a limit to how fast public investment can grow in poor countries. At the same time, developing countries want to attract long-term private investors, who not only bring capital but also new technology and key skills for local economies. From the perspective of the private sector, large pools of capital, both within and outside developing countries, are increasingly looking to partner with governments and donors to diversify their portfolios into new opportunities.

The was launched at the Third International Conference on Financing for Development held in Sustainable Development Investment Partnership
Addis Abba in July 2015 to address some of these challenges and opportunities. Its ambitious target is to mobilise USD 100 billion in private financing for infrastructure projects over five years. The OECD is working together with the World Economic Forum to bring this initiative to fruition. The partnership's working arrangement have been kept simple and lean, bringing together OECD members with private finance in the developed and developing world, and with multilateral institutions. Its success will rest on its ability to engage members, advance transactions, and apply or promote the development of new/enhanced risk mitigation solutions to projects in the developing world through mechanisms such as equity injections and guarantees.

The overarching aim of the partnership is to ensure a co-ordinated approach to achieving the scale, speed, transaction efficiency, and risk mitigation necessary to unlock billions of dollars per year of additional finance to support inclusive growth and poverty alleviation. This will be done in two ways: first by connecting the relevant actors and capabilities to optimise a transaction's capital structure via a blending of the risk appetites; and second by systematically enhancing instruments, capabilities and policies for risk mitigation in order to mobilise additional private capital towards sustainable investment in key sectors.

The initiative also aims to gather intelligence on what does and doesn't work in terms of publicly backed instruments used to attract the private sector. This knowledge will become increasingly important as the development community works to develop policy and further refine financial tools to attract private finance for development. It will also help to identify gaps in the market that prevent projects from effectively tapping private finance, as well as policy approaches and tools to address these gaps.

Still in its embryonic phase, the partnership is currently examining nine projects with a total value of USD 4.1 billion and representing a diverse mixture of transport and energy projects in Africa and Latin America. Future projects are expected to cover a full range of sectors and geographies.

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DAC Development Debates

Do we need a new development mind-set?

On 12 October, , Director of the Institute for Global Prosperity at University College London
Henrietta Moore
(UCL), and Philipp Lepenies, Professor for Social Science at the Free University of Berlin, participated in a DAC Development Debate entitled "The End of Development: Do We Need a New Mind-Set?" The speakers presented recent research on the fundamental changes that are needed in the way development co-operation is done.

Henrietta Moore argued that the 20th Century model of development (growth) and development co-operation (transfer of capital, skills, knowledge, technology and finance from North to South) is outdated. New patterns of knowledge production, timing, scalability and productivity are required to achieve prosperity and well-being – in terms beyond income and growth. Through what she referred to as "collaborative experimentation" and better measures of progress (such as the OECD and the), a diversity of voices and experiences should come together to develop, implement and monitor innovative models of social, political and economic progress for the future.

Philipp Lepenies tracked the origins of the contemporary understanding of development. He argued that development assistance's track record is poor because it is grounded in a specific worldview in which progress can be "controlled by calculation". This mind-set has resulted in the Anthropocene era and all its implications (the acceleration of growth, the depletion of resources, the proliferation of emissions and finally of climate change). Managing sustainable development in the Anthropocene requires a change in mindset, making use of all sorts of engineering: social, economic, climate, amongst others.

The ensuing discussion focused on the need to avoid doing more harm, and to accept and engage with new and diverse perspectives.

Measuring poverty in the future

The 9 November DAC Development Debate discussed "International poverty measurement: The new USD 1.90 poverty line and other options for measuring poverty in the future". , Lead author of
Philip Schellekens
the World Bank's Global Monitoring Report, presented findings from the 2015-16 report.

Mr. Schellekens pointed out that in 2014, approximately 900 million people – or 12.7% of the world's population – lived under the USD 1.90 poverty line. At the same time, the pace of poverty reduction remained uneven. Although income poverty fell rapidly during the Millennium Development Goal era, the number of poor people remains unacceptably high, leaving a large unfinished agenda for the Sustainable Development Goals, in particular with respect to non-income-related targets. He named three main challenges:

1. Depth of remaining poverty: While poverty has decreased in East Asia, the share of global poor is rising in some regions, particularly in Sub-Saharan Africa. A "person equivalent" poverty measure should be put in place to focus attention on the poorest of the poor.

2. Unevenness of shared prosperity: The World Bank focuses on boosting the incomes of the bottom 40% on the scale of global income distribution. The latest data show that while there has been solid growth in this group in many countries, inequality in high-income countries is actually rising.

3. Disparities in non-income dimensions: Deprivations in non-income dimensions – such as education and health – are most acute in Sub-Saharan Africa and South Asia.

Schellekens concluded that policies and financing must follow three strategic principles to advance development in the context of today's demographic change: grow, invest and insure. Economies must grow in ways that are sustainable and create jobs to reduce poverty. Policies should invest in human development to foster people's social and economic potential (e.g. access to quality education, health care, water and sanitation for all). In this way, governments can insure against ever-changing risks, which tend to disproportionately impact the poor.

The ensuing discussion concluded that poverty reduction is an art and not a science and that the "perfect" measurement is yet to be found.

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FEATURE ARTICLE: We need a radically different global economic model to really end poverty in all its forms

By Andy Sumner

This month's feature article is by Andy Sumner,Co-Director of , King's College, London. Using data from the past two decades, he looks at what it would have taken to end global poverty at each of various poverty lines. From there, he traces the implications for the way forward, concluding that ending poverty for all – and for good – will take a radical shift in the pattern of growth.

The Sustainable Development Goals agreed at the United Nations bind the global community to "end poverty in all its forms everywhere" by 2030. Yet estimates of what this will entail are largely based on projections of growth and inequality, which in turn rely on informed guesses.

In a recent , Peter Edward and I propose another approach: we look back at the actual data on
Centre for Global Development (CGD) working paper
growth and its distribution since 1990, and examine what it would have taken to end global poverty by 2012 for various populations under a set of poverty lines.

Our study looked at where people were in 2012 on the global poverty-prosperity spectrum, and at how much of global consumption growth each group captured over the period under study. It showed that while a doubling in global output and consumption since the Cold War helped to dramatically reduce poverty at a lower (USD 2 per day in 2011 purchasing power parity) poverty line, the impact of poverty reduction at higher poverty lines was less impressive. In short, the benefits of global growth have been distributed unevenly across the various segments of society.

The global poverty-prosperity spectrum and shares of global growth (1990-2012)

Global poverty line	Share of growth
The destitute, living on less than USD 2 per day — the real "bottom billion"	1.9%
The absolute poor, living on less than USD 4 per day — the 2.5 billion or so who are the poorest 40% of the world's people	9.4%

The "precariat", living on USD 4-10 per day — the burgeoning and buoyant, yet likely insecure, 2 billion people who live in the "global middle"	20.3%
The "securiat", living on USD10-30 per day — the 1.5 billion people who are not threatened by falling back into absolute poverty, but not (yet) prosperous	31.1%
The "prosperiat", living on USD 30+ per day — the global top 10%, amounting to 700 million people	39.1%

So in terms of ending poverty altogether, what could have been achieved? Recognising that people are unlikely to tolerate a reduction in their existing consumption levels, but might be somewhat less aggrieved about missing out on part of a potential increase in consumption, we concentrated on a distribution of the growth increment.

The analysis indicated that something akin to what one could call global philanthropy, involving a modest redistribution of growth over the study period, would have allowed the USD 2-per-day group to capture 3.3% of global growth (an extra 1.4%), ending poverty at USD 2 per day. If the money had come from the prosperiat group alone, this last group's share of global consumption growth would have decreased only slightly, from 39.1% to 37.7%. We can therefore deduce that ending poverty below the USD 2-per-day line would have been plausible, although of course not easy; to make it happen, policies would have needed to be put in place to shift the pattern of growth toward the destitute. More substantial redistribution could have ended USD 4-per-day poverty, increasing this group's share of the growth increment from 9.4% to 20.1%. This would have required something along the lines of a global welfare state, with corresponding national welfare states.

Ending poverty at the USD 10-per-day line, however — and thus ending the risk of falling back into absolute poverty — would have required a different economic model altogether. It would have involved redistributing to the poor and precariat not only the prosperiat group's entire post-1990 consumption growth share, but also that of the securiat. Such a shift would have involved such an inversion of the normal logic of growth and poverty reduction that it is difficult to envisage how it could have been achieved without a radically different form of global economic organisation.

What can we conclude from crunching the numbers?

Global absolute poverty, at least at the USD 2 and USD 4 per day levels, persists not because there has been insufficient growth over the past two decades, but because the pattern of growth — the distribution of the growth increment — has not been conducive to eliminating poverty.

Any effort to end global poverty by 2030 will need to put much greater focus on managing the pattern of growth and who benefits from it. If the aspiration is to see a world in which destitution is eradicated, that could be achieved with slightly different patterns of growth. If the aspiration is for a higher poverty line of USD 4 – the current median consumption in developing countries – then a substantial global welfare regime with national counterparts is likely required.

Yet if the aspiration is that no one is at risk of sliding back into poverty ever again, meaning poverty is really ended in all its forms, it is very unlikely that that this can be achieved through philanthropy or a global welfare regime alone. It will require a radical shift in the forms of contemporary capitalism.

This article is based on a blog published by the Center for Global Development, Washington DC.

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NEWS IN BRIEF

Mutual Review of Development Effectiveness launched in the Democratic

Republic of Congo

In order to maintain the strong progress achieved since 2000 and meet Africa's long-term challenges, both African governments and their international partners will need to meet their development commitments, and to monitor and evaluate their results. The of the Mutual Review of Development Effectiveness in Africa provides an in-depth review of the implementation of commitments in 19 areas, highlighting progress made. It reports that between 2000 and 2014, total government revenue increased by 71% in Africa, home to four of the world's ten fastest growing economies. The report also noted the substantial progress made in Africa in human development dimensions, such as health and education. Launched on 3 November during the 10th African Economic Conference in Kinshasa, Democratic Republic of Congo, the report is recognised as a unique exercise in mutual accountability undertaken by the and the OECD .

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Emerging Donors and the Global Development Agenda: Kazakhstan

H.E. Erlan Idrissov, Minister of Foreign Affairs of Kazakhstan, addressed OECD Ambassadors, DAC Delegates and OECD staff at a working breakfast on 5 November 2015. The session was chaired by Erik Solheim, DAC Chair. Minister Idrissov indicated that Kazakhstan plans to join others as a provider of development co-operation, promoting sustainable development in Central Asia and beyond. To do so, Kazakhstan intends to create an Agency for International Development (KazAID); to strengthen its human and institutional capacity by collaborating with bilateral and multilateral providers, including with the DAC; and to roll out triangular development co-operation projects. Kazakhstan is currently supporting the development of a gender policy in Afghanistan; promoting the use of renewable energy in the Pacific islands; and providing short-term training in 25 African countries. Engagement between Kazakhstan and the DAC has been growing and in 2015 Kazakhstan began reporting statistics to the OECD on its development co-operation programme.

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Building an emerging Mali

A mediation process led by Algeria, with the support of the international community, paved the way for the signing of Mali's Agreement on Peace and Reconciliation in May-June 2015. Following through on this agreement, the government of Mali and the OECD organised a for the
high-level international conference
economic recovery and development of Mali, in co-operation with France, the Netherlands and other partners.

The conference provided a platform for strategic policy discussions among representatives of the government of Mali and 64 other countries, Malian and international civil society and private sector, as well as regional and international organisations. They discussed how best to support the peace consolidation process in Mali, in particular its socio-economic and development aspects.

Thematic sessions focused on public policies for improving inclusiveness, job creation and stability as well as decentralisation, domestic resource mobilisation, and private sector investment and involvement. The conference also offered an opportunity to take stock of partners' financial commitments to Mali, which on the basis of preliminary announcements made at the conference will amount to FCFA 2 120 billion (€3.2 billion) over 2015-17, (including FCFA 397 billion [€605 million] for the regions in the North).

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A new round of monitoring tracks progress on development effectiveness

The Global Partnership for Effective Development Co-operation has embarked on a new round of monitoring to assess progress in implementing the of the agreed through the . The results and
10 indicators
findings will be brought together in a progress report to contribute to mutual learning and spark dialogue on making development co-operation more effective at the global, regional and country levels. The report will track advances since the (2014) and signal remaining gaps in reaching the

2015 targets. All countries and organisations that endorsed the Busan Partnership agreement have been encouraged to join this global exercise. At this moment, have indicated their interest in taking part. Additionally, focal points for providers of development co-operation, civil society organisations and the private sector have been identified to contribute to the data gathering and validation process. Pre-monitoring regional workshops were held in Asia (Bangkok), Africa (Addis Ababa), Latin America (Mexico) and the Pacific (Fiji). In total, governments from 72 countries as well as other key stakeholders from participated in these workshops, aimed at helping national co-ordinators get up to speed with the monitoring framework, scope, process, and roles and responsibilities. The data from this monitoring exercise will feed into international and country-level discussions and decision making leading up to and during the next high-level meeting of the Global Partnership (late 2016 in Nairobi, Kenya).

Please refer to the and the November 2015 monitoring newsletter for further information.
GPEDC website
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Final detailed data for ODA flows in 2014 will be published in December.
For more information, see:

Also Available

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