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A New Development Paradigm and Strategy for the OECD (and Beyond): What Should the “D” in OECD Stand For?

Andy Sumner, Stephan Klingebiel &
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Summary

This paper examines the evolving role of the Organisation for Economic Co-operation and Development (OECD) in addressing global development challenges in the mid-2020s. At a time when a new development strategy is being drafted for the OECD, we provide a fresh perspective by exploring the tensions inherent in the definition of “development” and asking whose development the OECD seeks to support.

Historically, the OECD extended its remit beyond its membership through mechanisms such as Official Development Assistance (ODA). However, considering the increasing prominence of South–South cooperation, private sector investment and intensifying geopolitical competition, ODA alone is insufficient for sustainable development needs, and for many countries of the Global South ODA no longer matters as much as it used to due to the growth of domestic resources.

One of the most significant shifts within the OECD itself in recent years is in its identity, largely as a result of its expanding membership. This now totals 38 countries, including some from the Global South, and this trend is set to continue, with a set of Southern countries currently in the accession process. While this enlargement may strengthen the OECD’s relevance in a multipolar world, it also challenges the organisation’s traditional identity as a “club of mostly rich countries”, as *The Economist* has often referred to it.

Employing a novel 2x2 matrix framework, we delineate four strategic scenarios for OECD development strategy: (i) “traditional development” within OECD member states (D-within), (ii) traditional development beyond OECD membership (D-beyond), (iii) “frontier

development” within OECD member states, and (iv) frontier development beyond the organisation’s membership. The use of the term “traditional development” refers to an aggregate growth orientation of development without reference to inclusivity or sustainability. “Frontier development” is then the converse.

The authors argue for an OECD development strategy that bridges “D-within” and “D-beyond”, by acknowledging the transnational spillover effects of the domestic policies of OECD countries on the Global South.

Further, across the matrix framework, we advocate for the OECD to strengthen its engagement with the analysis and promotion of policy coherence for sustainable development (PCSD) as a means of providing global leadership in sustainable development. In theory, promoting PCSD necessitates the integration of economic, social and environmental dimensions across all policy areas, alongside a commitment to addressing long-term and transboundary impacts. Further, we highlight the imperative of engaging non-member states to enhance the inclusivity and relevance of the OECD’s development strategy within an increasingly multipolar global order.

In sum, we argue that the OECD is at a pivotal juncture. Its capacity to adapt and redefine its developmental mandate will determine its future relevance in the global governance architecture. By prioritising leadership on global sustainable development, PCSD and an inclusive approach to non-OECD members, the OECD has the potential to serve as a transformative force.

Introduction

The International Studies Association (ISA) and its annual convention is a leading forum for academic research on international, transnational and global affairs, with thousands of attendees and around 1,000 panels and roundtables in 2024. Based on the search function of the conference app for 2024, we get this quick insight:

- 14 panels and roundtables focused on the BRICS group or at least mentioned the name of the country group in the title.
- There were three panels/roundtables on the G20.
- There was no panel or roundtable on the OECD.

This anecdotally illustrates that, in today's dynamic international context, less attention is being paid to the OECD. This sits uneasily with the fact that the OECD is a 60+- year-old institution, with more than 5,500 employees and is often viewed as a "club of wealthy Western countries" (Davis, 2016; 2023) with a broad mandate "to build better policies for better lives" (OECD, 2024). In contrast, the BRICS+ group and the G20 are much younger and rather loose platforms with rotating host governments and without institutional backing to provide expertise and follow-up procedures for decisions.

Indeed, BRICS+ and even the G20 (with the African Union as the latest member) are dynamic actors in so far as their memberships continue to expand. However, the same or even more can be said about the OECD. At its creation in 1961, the OECD brought together Western European countries, the USA and Canada. More "Western countries" and (then) "emerging countries" followed, such as Japan (1964), Australia (1971), New Zealand (1973), Mexico (1994) and South Korea (1996).

One of the most significant shifts in recent years is the changing OECD identity due to its expanding membership, including countries from the Global South. Over the past decade, nations such as Chile (2010), Colombia (2020) and Costa Rica (2021) have joined, bringing more diverse per-

spectives to the table. With a total of 38 member countries, this trend is set to continue, as Argentina, Brazil, Indonesia, Peru and Thailand are currently in the accession process.

While this enlargement has the potential to strengthen the OECD's relevance in a multipolar world, it also challenges the organisation's traditional identity. Integrating economies with diverse developmental trajectories and priorities necessitates redefining the OECD's role and strategies. This expansion is not merely symbolic; it is a strategic move to address the broader global economic and political power shift. However, it would be naïve to assume that such diversification will not impact the cohesion and operational dynamics of the organisation.

The OECD has a core mandate to promote "better policies for better lives in countries *of all income levels*" (OECD, 2024 [emphasis added]). The organisation addresses development topics as it does other areas (such as trade and education). According to the OECD's (2024) own description, in general it works closely with policymakers, stakeholders and citizens to establish evidence-based international standards and to find solutions to social, economic and environmental challenges. The main content of its work is to set international standards, support their implementation, and help countries forge a path towards stronger, fairer and cleaner societies.

From its inception, the OECD has focused on "development" challenges beyond its member countries. This focus was driven by two main rationales beyond altruism (Bracho et al., 2021; OECD 2023). The first rationale was to build the OECD's soft power during the Cold War, during which development and development cooperation were crucial instruments for building relationships with developing countries. The second was to provide an incentive structure for all member countries, particularly the economically dynamic West Germany, to contribute to this task.

What does the development mandate mean precisely? A decade ago, the OECD's development work was primarily a matter for the secretariat's

Development Co-operation Directorate (DCD) and the so-called “development cluster”, especially the Development Assistance Committee (DAC) that it supports. Historically, the OECD’s development work revolved around one main tool: Official Development Assistance (ODA). However, in the last five to 10 years, development policy has evolved into a higher-level political issue shaped by emergent geopolitics. The re-election of Donald Trump is likely to accentuate this trend (Klingebiel & Baumann, 2024; Klingebiel et al., 2024). Development topics, such as development paradigms and support for constructing infrastructure in developing countries (which was traditionally a clear focus area for ODA), are increasingly part of international geopolitical competition, particularly between China and the USA and other Western countries. Moreover, countries of the Global South have emerged as active actors in international relations, leading to some decline of Western countries’ dominance as actors.

In short, development is becoming increasingly central to the OECD’s overall agenda, its identity, and its future enlargement ambitions. Development policy is a component of a broader and more comprehensive global development agenda that aligns closely with the OECD’s motto: “better policies for better lives”. The importance of this agenda in today’s world politics is significant in several ways. Development has become a fundamental aspect of the soft power of international actors, particularly in terms of development paradigms and infrastructure initiatives. It is also a key concern for actors in the Global South, who demand more attention to development, as demonstrated during the G20 presidencies of Indonesia, India and Brazil.

It is in this context that the new OECD development strategy is being drafted, to replace the now dated previous strategy.

In 2012, the OECD adopted a development strategy that reflected the global discourse of its time, emphasising collective action and transcending the traditional North–South divide. The strategy captured the optimism of the early 2010s,

paving the way to milestones such as the Paris Agreement on Climate Change and the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), both adopted in 2015. However, the world has changed dramatically since then. Development has become again a high-stakes geopolitical issue, with initiatives such as China’s Belt and Road Initiative (BRI) and Global Development Initiative (GDI) showcasing the country’s growing soft power in developing regions and beyond. Meanwhile, countries of the Global South have emerged as pivotal players and co-creators in international relations, challenging the traditional OECD to stay relevant in this new context.

Recognising these shifts, the members of the OECD have committed to presenting a “whole-of-OECD Strategy on Development” at their Ministerial Council Meeting in 2025. This ambitious initiative offers a fresh opportunity to shape the global development discourse and fill the international leadership vacuum on sustainable development.

The objective of this policy brief is to trigger more discussion within and outside the OECD on the OECD’s role in development by examining a set of key questions:

- What does development mean if based on the OECD’s values?
- Whose development is the OECD seeking to support?
- What are the strategic options for the OECD?
- What are the implications of each option?

The objective of development for the OECD has evolved over time, reflecting shifts in global priorities and challenges in the field of development policy. At the OECD’s 50th anniversary, the “vision statement” reaffirmed the OECD’s commitment to values such as inclusivity, sustainability, transparency, and the pursuit of improved quality of life, while aspiring to move the OECD towards a “global policy network” (OECD, 2011). These principles serve as the foundation for the OECD’s framing of development, though tensions remain within and beyond the OECD regarding different

“development paradigms” or conceptual frameworks of our understanding of what development is. These paradigms often reflect divergent views on the “what” and the “how” of development. This tension is particularly evident between more “traditional” development approaches focused on raising incomes through economic growth and “frontier” approaches such as green or inclusive growth (see discussion of Sumner & Yusuf, 2024a; 2024b).

2. Whose development is the OECD seeking to support?

A central question relating to the “D” in OECD is whether or how it balances the development of its own members – “D-within” – and that of non-members, particularly non-member countries in the Global South – “D-beyond”. Although development strategy has mainly focused on the latter (Bracho et al., 2021), the distinction between these two categories has become increasingly blurred in terms of transnational spillovers. Further, the OECD now includes countries that are not high-income countries, some OECD members are also ODA recipients (and at the same time DAC members), and there are also the accession countries, adding intricacy to the issue of “D-within” versus “D-beyond”. There is also the different membership and governance structures of the OECD itself, the DAC and the Development Centre, adding another layer of complexity.

Moreover, it is the interaction between D-within and D-beyond that is crucial to many countries in the Global South who are not OECD members. This is because of transnational spillovers. Take for example, the impact of farming subsidies in some OECD countries on agricultural exports from developing countries. In short, the policies of OECD members at home generate externalities that influence development outcomes (and policies) beyond the OECD members’ home countries for both OECD members and non-members. In this context, D-beyond is often a function of D-within, where OECD members’ actions, particularly in areas such as trade, finance

and climate, produce transnational impacts on member and non-member countries.

Why does this matter to the OECD? As a norm-setter, norm-diffuser, and an inter-governmental think tank, the OECD must address the dual challenge of defining what it should achieve collectively as an organisation versus the responsibilities that lie with individual member states. This raises tensions between self-interest and global sustainable development objectives and responsibilities. While the OECD promotes a vision of inclusive, sustainable development, the pursuit of national priorities by member states may at times conflict with broader, long-term goals for D-beyond.

The OECD’s (2024) core mission is typically presented as a set of values, including support for democratic principles, gender and other forms of equality, as well as transparency and environmental sustainability. These values inform the OECD’s development agenda in terms of work programmes. However, these principles are not necessarily universally shared priorities beyond the OECD, and even within the OECD’s membership there are inevitably tensions over what should be prioritised. Non-member countries, especially emerging powers such as China, may adhere to and promote alternative development paradigms (Klingebiel, 2023). This divergence raises questions regarding how the OECD can promote its own vision of “D-beyond”, while accommodating different worldviews or opening dialogue with those countries beyond the OECD.

In short, the OECD’s development strategy needs to focus on strengthening analytical capacities to understand spillovers and navigate a set of competing priorities and tensions. The OECD’s ability to influence global sustainable development depends not only on the coherence of its members’ policies within and beyond the OECD, but also on its capacity to engage with diverse development paradigms and policies outside the OECD. Yet it is important to acknowledge that it may well be pragmatic concerns – such as access to cheaper finance (in terms of credit ratings as a result of OECD membership) or the status that is

afforded countries through their alignment with the advanced economies that accession requests and membership brings – may drive countries' engagement and accession with OECD rather than the OECD's stated values. In other words, the values need "selling" and perhaps even some openness to what might be called pragmatic malleability. For example, the shift in tone evident from "support for democracy" to "support for parliamentary process". The question is then one of where the red lines sit regarding the OECD's core values and how to deal with its conflicting objectives.

3. What are the strategic options for the OECD?

One way to discuss strategy is to generate a set of scenarios by choosing two central questions and consider their intersection and the potential scenarios in a 2x2 matrix.

Consider a 2x2 matrix based on the question of what development means, based on the OECD's values. The vertical axis ranges from a focus purely on "traditional-D", denoting development primarily focused on economic growth without qualifiers (growth centred on GDP, industrialisation and economic indicators), to "frontier-D", which represents a new kind of development that challenges traditional-D, and which may manifest as green growth, inclusive growth or another qualifier preceding income growth or "better lives".

To clarify, the number one priority of traditional-D approaches is the raising of average incomes, with less emphasis on other dimensions such as inclusive growth or sustainability. Frontier-D approaches aim to increase incomes while at the same time simultaneously pursuing greener and more inclusive growth, even if that may mean less overall growth as a result.

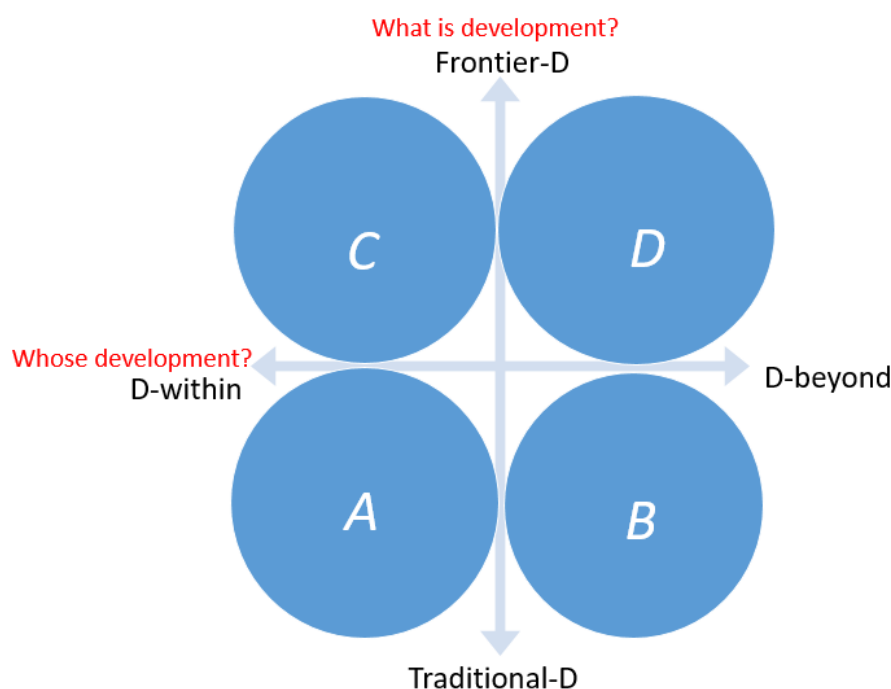
The horizontal axis addresses the question of whose development the OECD is seeking to support. This extends from development within the OECD (D-within) to that beyond the OECD (D-beyond).

This configuration generates four scenarios (see Figure 1 below) as follows:

- I. **Scenario A: *Traditional-D/D-within*** – the OECD and its members focus on their own economic growth and industrialisation (and possibly its impact on other OECD members).
- II. **Scenario B: *Traditional-D/D-beyond*** – The OECD and its members support economic growth in non-OECD countries, potentially through, for example, trade and investment, without a significant emphasis on sustainability or equity questions.
- III. **Scenario C: *Frontier-D/D-within*** – the OECD and its members adopt holistic sustainable development models in their own countries that balance economic growth with equity and sustainability objectives (and possibly its impact on other OECD members).
- IV. **Scenario D: *Frontier-D/D-beyond*** – The OECD and its members promote sustainable development in the non-members of the Global South that aligns with values of sustainability and inclusivity.

In general, the four scenarios are mutually exclusive. That said, there is inevitably a junction point where, either side of an axis, each scenario touches the adjacent one.

One could say that the OECD development strategy has historically been situated in Scenario B (*traditional-D/D-beyond*). By adopting a new strategy the OECD could, for example, move upwards into Scenario D (*frontier-D/D-beyond*).

Figure 1: What does the “D” of OECD stand for in the mid-2020s?

Source: Authors

4. Implications for the OECD's development strategy in each scenario

What does each scenario imply for the OECD's strategy? If we compare the different scenarios, we can outline in more detail the scenario, its implications for OECD strategy and what is in it for OECD members and OECD Global South non-members.

I. Scenario A: Traditional-D/D-within

Outline: In this scenario, OECD members focus on economic growth measured through traditional metrics, especially GDP, without substantial emphasis on sustainability or inclusivity. However, even in this scenario, policy coherence is important because D-within policies, such as trade agreements, fiscal policies, and investment regulations, have direct spillover effects on non-members.

Implications for strategy: The OECD could address the unintended negative transnational spillovers that can result from members prioritising

rapid economic expansion. While ODA remains a tool, its importance has diminished over time as countries have become better off, and new strategies must be developed to ensure that private sector investments and South–South cooperation are integrated into the OECD's policy framework. The OECD could consider how to balance traditional growth goals with calls for a greater focus on equity and sustainability and recognising that purely economic policies within members can undermine progress in the Global South.

What's in it for OECD member countries? Potentially, higher average incomes in the short-term though at the expense of broad-based growth or environmental impacts.

What's in it for non-OECD members? Potentially, higher demand for resource and manufacture exports though at the expense of a rapidly warming climate, and the consequences of a hotter climate.

II. Scenario B: Traditional D/D-beyond

Outline: In this scenario, development strategies for the Global South are centred on traditional economic growth models, such as trade, industrialisation and infrastructure development. However, the traditional ODA framework is becoming less relevant as private sector resources and South–South cooperation increasingly drive economic development.

Implications for strategy: The OECD’s development strategy would focus on reorienting its approach towards fostering trade, investment and capacity-building partnerships between OECD members and non-members. ODA will remain an instrument for shaping development, but it will operate in a new context (including the emergent geopolitics) and focus much more on tackling global challenges instead of the original focus on national development agendas of partner countries. The challenge for the OECD is how to integrate emerging forms of development cooperation – particularly South–South partnerships – into its existing structure, which still focuses on ODA. As the importance of private sector engagement grows, the OECD must construct frameworks to support these newer forms of development finance and cooperation, while ensuring that policy coherence prevents traditional economic practices from undermining sustainability goals.

What’s in it for OECD member countries? Potentially, higher incomes on average from stronger OECD markets for resource and manufacturing exports.

What’s in it for non-OECD members? Potentially, higher incomes on average, though at the expense of broad-based growth or environmental impacts.

III. Scenario C: Frontier-D/D-within

Outline: In this scenario, OECD members prioritise policies that support inclusive growth and sustainability within their borders. As transnational spillovers increasingly influence global development, the importance of policy coherence for sus-

tainable development (PCSD) becomes paramount. Promoting PCSD refers to representing the overall objectives of the 2030 Agenda in policy-making processes, both within and between states, seeking to ensure that these policy directions do not undermine and, where possible, actually support the achievement of this agenda. The OECD currently defines PCSD in terms of the agreed legal instrument:

PCSD is an approach to integrate the dimensions of sustainable development throughout domestic and international policy-making. Its objectives in the context of the 2030 Agenda are to advance the integrated implementation of the 2030 Agenda by: (i) Fostering synergies and maximising benefits across economic, social and environmental policy areas; (ii) Balancing domestic policy objectives with internationally recognised sustainable development goals; and (iii) Addressing the transboundary and long-term impacts of policies, including those likely to affect developing countries.” (OECD, 2024, p. 7)

PCSD is, of course, not a new approach. However, we argue that this concept can be applied beyond its traditional focus on developing countries. It can serve as an analytical tool for addressing global public goods and global public “bads” (e.g. conflict, climate change, poverty), offering insights into broader transnational spillovers. OECD members’ national policies with consequences for PCSD, particularly those concerning trade and investment, have significant impacts on the Global South. The OECD’s role in this scenario is to ensure that members’ strategies for internal sustainable development do not undermine or hinder D-beyond.

Implications for strategy: The OECD could strengthen PCSD mechanisms to enforce positive effects, mitigate negative spillovers and encourage members to align their domestic sustainability goals with global development objectives. Given the diminishing relevance of ODA in certain contexts (decreasing ODA dependency of many countries; continuing graduation from the DAC recipient list; increasing importance of other

sources of finance, including private investment and remittances), the OECD must expand its focus to incorporate the new forms of development cooperation evident in South–South cooperation (such as trade and investment cooperation), and cooperation through areas such as trade and investment, which have become more important to the Global South. Development cooperation approaches in this scenario go far beyond the OECD’s traditional understanding of ODA. The challenge lies in creating synergies between domestic sustainable growth and global development without prioritising one at the expense of the other.

What’s in it for OECD member countries? Potentially, higher incomes and benefits across societies, strengthened democracy and greater social stability, whilst also actively addressing the climate challenge.

What’s in it for non-OECD members? Potentially, higher incomes on average from stronger OECD markets for resource and manufacturing exports.

IV. Scenario D: Frontier-D/D-beyond

Outline: In this scenario, the OECD endeavours to promote inclusive and sustainable development in the Global South, transcending a traditional ODA model. Given the emergence of South–South cooperation and the increasing significance of trade, private capital and investment flows in driving development, the OECD must reassess its development strategies.

Implications for strategy: The OECD needs to reframe its approach to D-beyond, opening its focus beyond traditional ODA (while maintaining ODA’s credibility) and including more policy discussion and data collection related to South–South cooperation, supporting private sector involvement, and ensuring policy coherence among member states beyond the OECD. This necessitates the creation of new frameworks to accommodate both tangible and intangible forms of cooperation, such as trade and investment, which have become more important to the Global South.

The OECD’s development strategy needs to evolve to support capacity building for sustainable growth that aligns with local priorities, while fostering greater coherence between OECD members’ internal policies and their global impact.

What’s in it for OECD member countries?

Potentially, higher incomes on average from growing Global South consumer markets for resource and manufacturing exports.

What’s in it for non-OECD members? Potentially, higher incomes across societies, democracy strengthened and social stability, whilst also actively addressing the climate challenge.

5. Conclusions

So, what should the “D” of OECD stand for in the mid-2020s? If we look across the scenarios, we can make three conclusions that are commonalities across all scenarios.

The “D” of OECD should stand for:

i) Development leadership: global leadership in sustainable development

First, the lack of coherent global leadership on sustainable development has been evident in recent years. The OECD played a crucial role in the Millennium Declaration, the United Kingdom provided momentum to global development debates during the peak of the Department for International Development (DfID), and the European Union was a leading force for a long period in the “aid and development effectiveness” debate. This strong impetus has been missing for actors in recent years, particularly in the face of a much more challenging international environment.

If the OECD steps up as a constructive force in this domain, it could play a transformative role in aligning global efforts. Establishing a new global leadership role for the OECD in sustainable development would mark an important milestone in international debates on development.

ii) Development policy coherence: the promotion of policy coherence for sustainable development (PCSD)

In all scenarios, we see an increasing significance of policy coherence for sustainable development. In other words, the importance of attention to transnational spillovers (Berger et al. 2024). This is essentially a systems perspective that affects all parts of the OECD. The experience gained from the development policy discourse can be utilised but should by no means be limited to this. OECD development strategy should increasingly address the transnational spillover effects of D-within policies on D-beyond, ensuring that OECD members' actions support rather than impede global sustainable development. This also means that the "development cluster" at the OECD (DAC, DCD (Development Co-operation Directorate), Development Centre, and SWAC (Sahel and West Africa Club)) has a major, but by no means sole, role to play. Development as a perspective encompasses the development policy dimension but goes beyond it.

This also means that the OECD's own conception of its development policy should change. To date, ODA has formed the core of what the OECD understands as development. Even today, however, this only partially reflects what the OECD is doing in this area. Several OECD countries are providers of development cooperation but are not ODA donors; for example, Mexico, Turkey, Costa Rica, Chile and Colombia. This aspect will intensify in the future with new members such as Brazil, Indonesia, and Thailand. An OECD that attaches importance to ODA but does not see other forms of development cooperation – especially South–South Cooperation – as a core mandate will not look nor feel inclusive. In other policy areas, the OECD must also endeavour to bring together different approaches – think of education policy, for example. This would not be the end of ODA, but an ODA approach that exists in parallel with other approaches of OECD members on an equal footing.

iii) Development dialogue: inclusivity beyond OECD membership

Third, while the OECD's membership is diversifying, the organisation must engage voices beyond its immediate ecosystem. The OECD Development Centre, with its distinct membership – including China and India – offers a valuable platform for broader dialogue. However, reaching out to governments, think tanks, and civil society actors in other countries of the Global South will be crucial to ensuring the strategy reflects diverse global realities.

If we look across all scenarios, it is evident that a new OECD development strategy would be particularly convincing if it does not attempt to compete with other paradigms but rather seeks to contribute a longer-term global consensus. In a more geopolitical world, there is a danger that development paradigms and development strategies are often seen primarily as instruments of global competition. In short, development co-operation has become an area of contestation (Chaturvedi et al., 2021; Sumner & Klingebiel, 2024). It is plausible in principle to counteract this pressure. For this to happen, the process of building the new development strategy needs to be based on comprehensive consultations with non-OECD members. The countries in the accession process should be particularly closely involved, as should other stakeholders from the global South. The OECD should also make use of the views of non-state actors. For example, discussions with think tanks that are "off the record", or "Chatham House Rules" meetings, may garner insights.

Recent policy debates, such as those at the UN Summit of the Future (2024) and the Paris Pact for People and the Planet (4P) forged at the Summit for a New Global Financing Pact (2023), highlight the lack of a singular vision for development. Instead, there exists a set of overlapping yet often competing paradigms. Development issues are increasingly entwined with a competitive geopolitical environment, underscoring the urgency for the OECD to clarify its strategic direction and role in shaping the global development agenda.

In sum, the OECD has a fundamental interest in a functioning multilateral system. It must not be naive but should always help support constructive discussion on the global development agenda. The development strategy offers potential for this, which the OECD should harness.

As the OECD moves toward drafting and finalising its new strategy, the process itself could set a precedent for inclusivity and collaboration. Engaging stakeholders beyond its traditional networks and fostering dialogue with non-member countries could enrich the strategy and enhance its legitimacy. However, this journey will not be without challenges. The geopolitical landscape is volatile, and the potential for disruptive developments – particularly in US policy on climate and trade, for

example – would impact the OECD's trajectory. The process leading to the 2025 Ministerial Council Meeting will be as significant as the final document itself, offering insights into the OECD's adaptability and commitment to global development.

The OECD stands at a crossroads, navigating a rapidly changing world while redefining its role as a leader in sustainable development. Its new strategy represents a critical opportunity to bridge divides, address pressing global challenges, and remain a relevant force in international relations. If the OECD can successfully balance its traditional strengths with the demands of a more inclusive and multipolar world, it could emerge as a powerful catalyst for global development progress in the years to come.

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