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**DEVELOPMENT CENTRE**

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**OECD DEVELOPMENT CENTRE PROGRAMME OF WORK AND BUDGET 2011-12**

*The Governing Board of the Development Centre approved the 2011-12 Programme of Work and Budget at their 30 June 2010 meeting.*

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## LIST OF ABBREVIATIONS

ADB	Asian Development Bank	ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
AfDB	African Development Bank	FAO	United Nations Food and Agriculture Organisation
AEO	<i>African Economic Outlook</i>	GFD	OECD Global Forum on Development
APEC	Asia-Pacific Economic Cooperation	GOV	OECD Public Governance and Territorial Development Directorate
APF	Africa Partnership Forum	GTZ	Organisation for Technical Co-operation, Germany
ASEAN	Association of Southeast Asian Nations	ICRW	International Centre for Research on Women
AU	African Union	IDB	Inter-American Development Bank
CAF	Corporación Andina de Fomento (Andean Development Corporation)	IFC	International Finance Corporation
BSES	<i>Black Sea Economic Study</i>	ILO	International Labour Organisation
CAER	<i>Central Asian Economic Review</i>	ITF	International Transport Forum
CDM	Clean Development Mechanism	LEO	<i>Latin American Economic Outlook</i>
CFE	OECD Centre for Entrepreneurship, SMEs and Local Development	MENA	Middle East and North Africa
CTP	OECD Centre for Tax Policy and Administration	ODA	Official Development Assistance
DCD	OECD Development Co-operation Directorate	PAC	Public Affairs and Communications Directorate
DAC	OECD Development Assistance Committee	PDG	OECD Partnership for Democratic Governance unit
DAC-POVNET	DAC Network on Poverty Reduction	PGD	<i>Perspectives on Global Development</i>
DAC-GENDERNET	DAC Network on Gender Equality	PISA	OECD Programme for International Student Assessment
DAC-GOVNET	DAC Network on Governance	PWB	Programme of Work and Budget
DAF	OECD Directorate for Financial and Enterprise Affairs	SAEO	<i>Southeast Asian Economic Outlook</i>
DevCom	Informal Network of DAC Development Communicators	SEGIB	Iberoamerican General Secretariat
DeFiNe	Development Finance Network	STD	OECD Statistics Directorate
ECLAC	Economic Commission for Latin America and the Caribbean	STI	OECD Science, Technology and Industry Directorate
ECO	OECD Economics Department	SWAC	Sahel and West Africa Club
EDU	OECD Education Directorate	TAD	OECD Trade and Agriculture Directorate
EITI	Extractive Industries Transparency Initiative	UNDP	United Nations Development Programme
ELS	OECD Directorate for Employment, Labour and Social Affairs	UN-ECA	United Nations Economic Commission for Africa
EmNet	Emerging Markets Network	UN ECLAC	United Nations Economic Commission for Latin America
ERIA	Economic Research Institute for ASEAN and East Asia	WEF	World Economic Forum

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## INTRODUCTION

The economic and financial crisis has focused minds on the urgency to rebalance the world economy and to promote growth which is stronger, cleaner and fairer:

- *Stronger* requires identifying and exploiting untapped resources for growth, including fostering South-South economic relations as an engine of growth, promoting effective and efficient infrastructure and public goods, facilitating innovation and private sector development, and ensuring effective corporate and public governance.
- *Cleaner* implies achieving environmentally and socially sustainable economic growth and fostering governance for global public goods.
- *Fairer* is primarily about building social institutions and social capital as conditions for efficient market construction and functioning. It entails appropriate analysis of the distribution of income, capacities and opportunities. It also requires the construction and use of social indicators, including on gender equality.

Development is an integral part of the overall mission to build a stronger, cleaner and fairer world economy. A sustainable, resilient world economy will not be possible without a meaningful integration of emerging and developing countries. Here, the Centre plays a crucial role. It functions as a platform for dialogue and mutual learning between OECD and non-OECD countries. It contributes to identifying the comparative advantages and bottlenecks to development in countries and in regions. It is well-placed to assist governments in developing and emerging countries in their efforts to ensure the coherence of their national policy frameworks.

In addition, by employing its core strength of a multi-sectoral approach, the Centre aims to support efforts at strengthening the coherence of OECD Member countries' policies, beyond aid. It is important to underline here that one of the key ways in which the Centre will augment the global relevance of its strategic agenda will be through helping to ensure that sectoral analyses conducted at the OECD take full account of the development dimension, and that policy incoherencies with regard to development objectives set by developing and emerging economies are clearly signalled and proper solutions found.

The Development Centre's current Programme of Work (2009-10) takes as its core theme the economic and social implications of the eastward and southward shifts in the centre of gravity of the global economy. Under the forthcoming Programme of Work (2011-12), during which it will celebrate its 50<sup>th</sup> anniversary<sup>1</sup>, the Centre intends to concentrate on the opportunities and risks to development created by this new economic landscape. The Centre will work under a framework illustrated in Figure 1. Within this framework, the Centre will deliver a series of outputs:

- The Centre will integrate its consistent regional approach with cross-cutting thematic analyses. Results will be published in two types of flagship publication: (i) the regional *Outlooks* which cover Africa, Latin America and Southeast Asia, and (ii) cross-cutting thematic studies issued as part of the series *Perspectives on Global Development*. The Centre will give priority to two themes in particular: *Social Cohesion* and *New Models of Growth*. Work carried out for the regional *Outlooks* will be aligned with the overarching themes that will be analysed horizontally in the *Perspectives on Global Development*<sup>2</sup>. In turn, the work on the overarching themes of the *Perspectives* will contribute to the regional analyses published in the *Outlooks*.

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1. The Centre was founded on 23 October 1962.

2. The production of the series of *Perspectives on Global Development* will also draw on desk work and additional case studies and analyses of countries and regions not covered in the macro regional outlooks. These additional case studies and analyses are also likely to be disseminated separately in the form of Policy Briefs and Working Papers and be the subject of expert-level meetings.

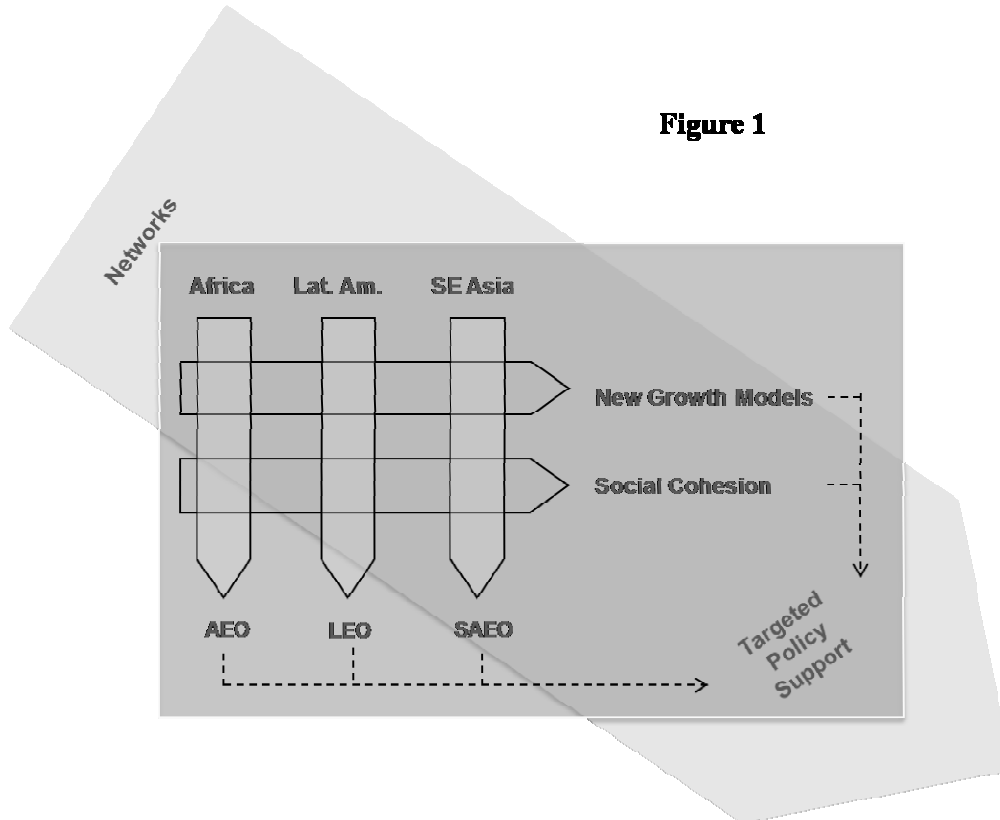
- The Centre will consolidate its recognised role as an *inclusive* platform for evidence-based policy dialogue and peer-learning on development issues. Regardless of affiliation, stakeholders with a potentially substantial contribution – be they from public policy authorities, the business sector, civil society or academia – will be offered the opportunity to share their insights with the Centre’s members<sup>3</sup>. To this end, work on flagship publications will be supported by the diverse external networks that the Centre coordinates<sup>4</sup>. These networks, funded almost entirely through voluntary contributions<sup>5</sup>, will continue to contribute niche expertise and tangible inputs to the Centre’s analyses in addition to providing a pool of expert reviewers from which the Centre draws as part of its quality improvement process. The dissemination of policy conclusions emerging from the Centre’s work will also naturally benefit from leverage provided by these networks.
- The Centre will address member countries’ increasing demand for policy support that goes beyond the level of one-shot briefings and seminars to more substantial interventions. This Targeted Policy Support (TPS) can take multiple forms such as, for example, in-depth peer reviews on development perspectives and policies for transnational economic areas such as the Black Sea basin. The Centre, in view of the breadth of its geographical coverage and its thematic expertise, is particularly well-placed to provide such support. The Centre will draw not only on its own work but also on work conducted elsewhere within the OECD, including the accumulated expertise on peer review techniques. Substantial in-field experience of the Centre’s staff makes them well-equipped to interpret and adapt this work to different, more diverse, policy environments. TPS will be almost entirely funded by voluntary contributions, with only a small amount of core budget being allocated for managerial and promotional activities.

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3. The Independent Evaluation conducted in 2006 cited the Centre’s intellectual independence [see point (d) of C/M(2002)18 Item 258] as one of its key comparative advantages “Thanks to its independent status the Centre can initiate work on controversial and sensitive issues of relevance for development on which the Committees are not yet ready to engage due to political controversy. In this way the Centre can pave the way for policy formulation in later stages” [DEV/GB(2006)4, para. 51]. The Centre benefits in this regard from the fact that its member countries share the same full and equal status.

4. Most notably, DevCom which brings together Directors of Communication and Public Affairs of aid ministries and agencies of DAC members, new and emerging donors, as well as multilateral institutions and regional development banks; the Development Finance Network (DeFiNe) which brings together the development finance expertise in research institutions and regional think tanks, primarily in developing countries; and, the Emerging Market Network (EmNet) which brings together high-level corporate executives, policy makers and OECD staff.

5. The sole part funded from the Centre’s core resources is to finance the general supervision by the Centre’s senior management, as for all the Centre’s activities.

**Figure 1**

In implementing the Programme, collaboration with the other units of the OECD, both within and outside the Development Cluster<sup>6</sup>, will be of great importance, not only for the Centre to draw on the available wealth of expertise but also to promote greater policy coherence and to ensure the Centre's contribution of a developing and emerging economy perspective to a variety of OECD horizontal initiatives. These initiatives and projects include the one on "Measuring and Fostering the Progress of Societies" and the Latin America and Caribbean (LAC) initiative. Additional OECD Directorates will be encouraged to participate in the Global Forum on Development, with the aim of eventually making it an OECD-wide event, one which more fully reflects the range of development-related work carried out across the Organisation.<sup>7</sup> Drawing on the Centre's networks and on the assistance of the Public Affairs and Communications Directorate (PAC), we will also seek to achieve greater engagement by NGOs.

The adoption of this approach will moreover strengthen the Centre's ability to contribute to efforts underway under the auspices of the OECD Working Group on Strategic Development Goals, which aims to give greater strategic focus and weight to the OECD's work supporting inclusive global development.

6. The 'Development Cluster' at the OECD comprises, in addition to the Centre, the secretariat of the Development Assistance Committee (the Development Co-operation Directorate), the Sahel and West Africa Club, the Centre for Co-operation with Non-members, the Partnership for Democratic Governance, the Africa Partnership Forum support unit, and the Heiligendamm-L'Aquila Process unit.

7. The wide extent of the OECD's work on developing and emerging economies is reflected in brochures outlining the diverse work on Africa, Latin America, and Southeast Asia, as well as by the MENA Initiative on Governance and Investment for Development.

## AFRICAN ECONOMIC OUTLOOK (AEO)

### Policy Environment

For almost a decade prior to the economic crisis, Africa registered record annual real growth. Financial flows to the region increased thanks to improvements in domestic business and policy environments and due to strong economic growth globally. The crisis has revealed, however, that despite strong macroeconomic performance, two of Africa's deepest structural weaknesses still exist: extreme vulnerability to external shocks and under-developed regional integration. These weaknesses stem from a number of factors, among them a concentration in trade partners, an overspecialisation in commodities linked in part to historical trade distortions, and poor cross-border infrastructure. Two-thirds of Africa's exports still go to the US and Europe (while intra-African exchanges account for only 10 per cent of the continent's trade). Moreover, commodities – in particular oil, minerals and agricultural products – account for 80 per cent of all exports. That said, the crisis has also drawn attention to the critical role that Southern trade and development partners are increasingly playing in creating new growth opportunities and in buffering the region against economic contractions in OECD countries. These new partnerships are in many respects good news for Africa, but African leaders must ensure that they result in net benefits for their countries and for the region as a whole.

### Policy Issues

After a decade monitoring African economies, and in the context of the *Outlook's* analysis of the role governments can play in lifting and stabilising their growth trajectory, the next editions will explore:

- *Emerging Partnerships.* In order to engage to their full advantage with the emerging economic powerhouses, African countries need stable, home-grown, development policy frameworks. Without solid strategies and strong negotiation, there is a risk that these new global players will push African countries to further specialise in raw material exports. There is still time to leverage these new relationships in order to ensure that they contribute to the diversification of African economies (into manufacturing, services and agriculture).
- *Infrastructure.* Improvements in infrastructure would facilitate a more efficient allocation of resources, increased productivity and competitiveness and therefore the development of domestic markets. In Africa, bottlenecks to infrastructure development are linked, *inter alia*, to impediments to effective coordination: incomplete regulation, capacity constraints (for example, in planning, needs assessment and investment strategy formulation), as well as asymmetries of information sets within government and between government and the private sector.
- *Regional Integration.* Africa's vulnerability is exacerbated by under-developed intra-African economic links, the development of which have been stalled by poor infrastructure, low complementarities and conflicting priorities. Improvements in cross-border transport and energy infrastructure will be needed if viable industrial zones, both national and transnational, are to be created.

### Methodology

- The AEO, which is a joint product of the AfDB, UNDP and UNECA, consists of: a synthesis chapter; 50 country notes based on in-country meetings with major stakeholders; a 3-year growth forecast; coverage of major social and political developments; a statistical annex; and a thematic focus section. The impact of the report is strengthened by a series of policy dialogue meetings.
- The AEO draws on a well-established network of experts from relevant international organisations, universities, think tanks and other institutions working in Africa. They are consulted throughout the production process and are brought together for expert-level meetings. Within the OECD, the 2011 AEO will draw on collaboration with DCD; the 2012 publication will draw additionally on the work of SWAC, TAD, GOV, ITF as well as the Organisation's International Futures Programme.
- Rolling updates (studies, growth figures, regional news, etc) will be made available on [www.africaneconomicoutlook.org](http://www.africaneconomicoutlook.org).

### Final Outputs<sup>8</sup>

- *2011 African Economic Outlook: Emerging Partners* (Q2 2011)
- *2012 African Economic Outlook: Cross-border Infrastructure and Regional Integration* (Q2 2012)

### Outcomes

The work will highlight constraints to the implementation of best practice and the success stories that policy makers can adapt to their local context. Both editions will provide information and analysis that will serve as inputs in the formulation of national and continent-wide strategies. This work will naturally facilitate South-South and triangular co-operation.

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8. Pending approval from the African Development Bank

## LATIN AMERICAN ECONOMIC OUTLOOK (LEO)

### Policy Environment

During the recent crisis, Latin American and Caribbean countries have shown themselves to be in a better position to confront international turmoil than in previous decades. Most countries in the region have improved their macroeconomic fundamentals and the quality of economic governance, thereby enhancing resilience and providing the conditions for the implementation of timely responses to counter the effects of the crisis. Furthermore, recent growth in the region has been accompanied in most countries by improvements in housing, schooling and healthcare. These gains notwithstanding, the region remains heterogeneous and continues to face important challenges, in particular: low productivity, reduced economic diversification and high levels of income inequality and social vulnerability in a context of low social mobility. Therefore the questions that the region will need to address are: What should be the new model of growth? How can balanced and inclusive growth – needed for cohesive societies – be achieved?

### Policy Issues

In light of these challenges, the *Outlook* proposes to address the following issues:

- *Infrastructure for Development*<sup>9</sup>. Infrastructure development can make crucial contributions to addressing low productivity levels and raising competitiveness. In addition to such elements as roads, ports, airports, and efficient railway and telecommunication systems, this key infrastructure includes adequate education and health facilities. Filling these infrastructure gaps will help Latin America diversify its export structure. Moreover, improved infrastructure will serve to spur additional public and private investment, which in turn is likely to generate new jobs and thereby more cohesive growth.
- *Education for Development*. Education is a cause and a consequence of social cohesion in Latin American societies; moreover, the formation of human capital is a potent source of economic growth. Better and fairer education from the earliest age is essential to ensure the possibility of economic and social mobility. Extending the work of LEO 2009 on fiscal policy and LEO 2011 on the middle class and social mobility, the Centre will analyse spending and quality in education in Latin America. This work will also benefit from and bring a regional perspective to the 2011 edition of the Centre's *Perspectives on Global Development*, which will be focussing on social cohesion.
- *Regional integration*. Policy co-ordination between regional authorities and central government in the delivery of public goods, as well an appropriate degree of decentralisation, are of critical importance for the obtention of efficient outcomes in infrastructure development and education.

### Methodology

- The LEO consists of: a macroeconomic section which analyses the region's recent economic performance and the linkages between this and the publication's special theme; a thematic section analysing a key structural issue affecting development in the region; and eight individual country notes<sup>10</sup>. The impact of the report is strengthened by a series of policy dialogue meetings.
- The LEO draws on a well-established network of experts from relevant international organisations, universities, think tanks and other institutions working in Latin America. They are consulted throughout the production process and are brought together for Expert Meetings. These institutions include ECLAC, the IDB and SEGIB. Within the OECD, the 2012 LEO will draw on collaboration with TAD, GOV, ITF as well as the Organisation's International Futures Programme; the 2013 publication will draw on the work with colleagues from ECO and EDU.
- A dedicated LEO website (Q4 2011) will facilitate easier access to the findings from new as well as past editions of the publication.

### Final Outputs

- *2012 Latin American Economic Outlook: Infrastructure* (Q4 2011)
- *2013 Latin American Economic Outlook: Education* (Q4 2012)

### Outcomes

This work will provide the policy makers with guidelines on how to prioritise infrastructure investments and identify and channel new sources of investment. It will, moreover, raise awareness of the priority to be attached to reforming the education systems in Latin America and the Caribbean as a tool for social cohesion and for sustained growth.

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9. The work on infrastructure also contributes to the LAC Initiative pillar: Public Delivery of Public Goods.

10. The number of country notes depends on the number of LAC countries who are members of the OECD Development Centre.

## SOUTHEAST ASIAN ECONOMIC OUTLOOK (SAEO)

### Policy Environment

Led by China's early rebound, Southeast Asia is expected to fare strongly in the years ahead. This performance will be enhanced by addressing underlying weaknesses brought to light by the 2008-09 crisis. Development in the region has been uneven, with persistent inequality within, as well as among, countries. A major rebalancing of the region's economic growth towards a cleaner *and* fairer model is therefore needed. This will require a shift towards a more domestic demand-led growth, with increased investment in infrastructure development, better and wider social safety nets and more incentives to adopt greener growth. At the 16<sup>th</sup> ASEAN Summit in April 2010, leaders re-affirmed their commitment towards building the ASEAN Community and narrowing the development gap between Member States. In particular, they committed themselves to promoting green growth as a means to diversify and ensure the resilience of their economies.

### Policy Issues

To help ASEAN governments rebalance their growth and narrow the development gap, the *Outlook* for 2011-2012 will address the following issues:

- *New sources of growth.* Green growth strategies are being increasingly sought by ASEAN leaders for they offer a means of reconciling the present conflict between achieving poverty reduction and ensuring environmental sustainability. The *Outlook* will analyse the potential benefits of transitioning to low-carbon green economies, and will look *inter alia* at the policy environment needed to ensure increased investment in clean energy development, based on experiences in both OECD and selected Asian countries. The work will also address the potential risks and adjustment difficulties likely to be faced by countries in the region as they seek to benefit from the insights of the OECD Green Growth Strategy. This will contribute to the PGD 2012, which will look at global trends on new sources of growth.
- *Narrowing the development gap through regional integration.* In 2012, the *Outlook* will focus on narrowing the development gap among ASEAN countries by promoting their further integration and forging closer economic ties between ASEAN and other East Asian countries such as China, Japan and Korea. It will pay special attention to Cambodia, Laos, Myanmar and Viet Nam, in support of the Initiative for ASEAN Integration Strategic Framework. This work will benefit from the 2011 edition of *Perspectives on Global Development*.

### Methodology

- The Centre has been working with the ASEAN Secretariat since 2009 to produce this *Outlook* (first edition launch in Q4 2010).<sup>11</sup> The Centre will provide the analytical capacity while the Secretariat will contribute the regional and national perspectives, ensuring the report addresses local needs.
- The SAEO will provide an annual update on regional and national economic trends and will include a thematic focus that will change with each volume. A newly-created set of business cycle indicators is being used to assist in assessing short-term macroeconomic trends in the region; these indicators are also being used to assist in assessing medium-term growth scenarios and to identify the key policy challenges. A sectoral approach is being used to monitor the progress in building the ASEAN Economic Community.
- A series of high level policy dialogue events will be held in co-operation with the Centre's Partnership Unit to promote dialogue between OECD and ASEAN policy makers, thereby fostering ASEAN-OECD relations.
- An improved website (Q4 2011) will enable easy access to the findings from SAEO (all editions).

### Intermediate Outputs

- *Asian Business Cycles Quarterly*: a short (approximately four-page) quarterly economic outlook.

### Final Outputs

- *2011 Southeast Asian Economic Outlook: Green Growth (Q4 2011)*
- *2012 Southeast Asian Economic Outlook: Narrowing the development gap (Q4 2012)*

### Outcomes

The *Outlook* is expected to help ASEAN governments adopt more balanced growth strategies. This includes analytical support for targeted efforts at boosting domestic demand, promoting green development and expanding social protection. The annual macroeconomic monitoring will assist in the ASEAN Economic Community's integration process.

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11. This conforms with the Enhanced Engagement strategy for the OECD decided upon at the Ministerial Council meeting of May 2007: see the Resolution on Enlargement and Enhanced Engagement [C/MIN(2007)4/FINAL].

## PERSPECTIVES ON GLOBAL DEVELOPMENT (PGD): SOCIAL COHESION

### Policy Environment

The shift in the world's centre of economic gravity toward emerging economies comes with both opportunities and risks. Having documented new patterns in the global economy in the *Perspectives on Global Development 2010*, the Centre will turn to the social dimensions of this shift. While global poverty has been reduced world-wide in the last twenty years, inequality within countries (both OECD and non-OECD) has been increasing. Awareness of this growing inequality is rising, as are perceptions that the commonly used benchmarks of economic and social performance fail adequately to capture evolutions in living standards (cf. the report by the Stiglitz-Sen-Fitoussi Commission). This situation places the core elements of social cohesion – shared values, norms and goals – under threat and therefore calls for an examination of why, despite growth, progress within important development dimensions lags behind, and whether in the medium-term this could pose a threat to growth itself. There exists a need to review policy reforms and draw together policy lessons within this area, *inter alia*, on how to support the creation of good quality jobs, institute effective fiscal policies that are perceived as legitimate, and make sure that public services are inclusive, reaching all groups in society.

### Policy Issues

- *Inclusion and the social contract.* Public goods and social policies, especially equal access to social protection, have a major role to play in fostering development. Policies that foster inclusive economies in the areas of labour, migration and gender equality also support development.
- *Addressing the informal economy.* The creation of *good* jobs is recognised as a particularly effective means of promoting social mobility and cohesion, thereby helping to ensure sustainable development. The appropriate policy measures are understood to vary across countries according to existing institutional settings; support for peer learning therefore requires a richly comparative perspective.
- *Identifying and measuring progress.* Gross Domestic Product (GDP) has traditionally been used to measure a nation's progress. As had been already observed in the formulation of the MDGs however, effective policy formulation calls for reference to a wider and more sophisticated set of measures of economic performance and social progress, including in terms of gender-equality, access to employment and to services such as education and healthcare.

### Methodology

- The *Perspectives* publication provides an overview of trends in development from a number of dimensions, including economic performance, the strength of trade and investment linkages, and wealth and income distribution. The 2011 edition will draw on relevant work carried out for the regional *Outlooks*, in addition to presenting more in-depth work on social cohesion.
- Social Cohesion indicators developed by ELS (*Society at a Glance*) and STD (*OECD Factbook*) will begin to be extended to cover non-OECD countries. The way that social cohesion is understood will be addressed in the light of the emergence of virtual communities and social networks (WEB 2.0).
- The analytical work will be complemented by policy dialogue events in different regions. These events will assist in identifying the most pertinent policy development issues, as well as highlighting existing successful practices and facilitating peer learning.

### Intermediate Outputs

- The Social Institutions and Gender Index (SIGI), a composite measure of gender discrimination which captures the underlying reasons for gender gaps in 124 non-OECD countries, will be expanded to include OECD countries, thereby creating a worldwide database on gender inequality. The SIGI is complemented by Wikigender, a web-platform that helps generate, improve and exchange knowledge on gender equality.
- The work on migration funded under a MacArthur grant will continue to examine how migrants fare in terms of labour opportunities, conditions and wages and what factors determine these outcomes.
- Latin American Fiscal Policy Network, jointly developed with the CTP, will support policy makers to identify and adopt successful practices, both in terms of revenue collection and public expenditure.
- Participation in two Horizontal Projects: 'Measuring and Fostering Well-Being and Progress' (led by STD) and 'Gender Equality in the Economy: Education, Employment and Entrepreneurship' (led by ELS).

### Final Output

- *2011 Perspectives on Global Development: Social Cohesion* (Q4 2011)

### Outcomes

Together, the PGD publication and its associated policy dialogue events will highlight a range of policy recommendations for fostering social cohesion and sustainable growth. The extension of the SIGI measure on gender inequality, together with the development of other indicators, will help to establish a broader definition of social cohesion within the current development debate. The analysis and data will assist policymakers in formulating and assessing the success of policy initiatives.

## PERSPECTIVES ON GLOBAL DEVELOPMENT (PGD): NEW MODELS OF GROWTH

### Policy Environment

The last decade has, in general, been one of exceptional growth in the developing world. Among the major changes has been the rise and global integration of China and other emerging economic powerhouses. However, global imbalances have appeared; these were part of the backdrop to the 2008-09 global economic downturn. The crisis affected to varying degrees the growth rates in developed, emerging and developing economies. In an effort to stimulate growth, a number of governments responded by adopting fiscal stimulus packages. China, for example, implemented a \$586 billion monetary and fiscal stimulus: in 2010, its annual GDP growth is expected to exceed 10%. Such measures, while successful in the short term, are not a sustainable solution to growth recovery and are within the means of few countries. The priority now for governments is to find new models of growth based on sound economic policies conducive to pro-poor and sustainable development.

### Policy Issues

- *Domestic resource mobilisation.* Identifying and mobilising development resources to complement traditional ODA, which will be pressured by weak public finances among traditional donor countries, will be a central part of efforts to support self-sustaining growth in developing countries.
- *Public expenditure:* In addition to diversifying their revenue sources, governments need to improve the efficacy of public spending, investing in areas with high potential gains for competitiveness as well as the greatest potential impact on poverty reduction. These sectors include:
  - *Innovation.* Innovation is widely recognised as a key ingredient of productivity increase. Innovation policies adapted to developing countries are therefore vital. In particular, policies are needed to ensure that successful innovations are diffused to small firms and regions that lag behind. Policy options for achieving green growth in developing and emerging economies benefit substantially from being explored within a framework of innovation promotion.
  - *Infrastructure.* Ongoing OECD work has shown that infrastructure investment is good for productivity and growth if likely spillover effects are considered and planned for, and if implementation involves a bundle of inter-linked investments.
  - *Human and social capital formation.* Investment in education, health and the overall social infrastructure are among the key drivers of sustainable growth. Employment creation – at the level both of quality and quantity – depends crucially on investment in these areas. Work under this heading will complement that on good-jobs undertaken in the framework of the 2011 PGD on social cohesion.

### Methodology

- The *Perspectives* publication provides an overview of trends in development from a number of dimensions, including economic performance, the strength of trade and investment linkages, and wealth and income distribution. The 2012 edition will draw on the previous reports as well as on the regional *Outlooks* to address new models of growth. The Centre will draw on collaboration with DCD, ECO, EDU, ELS, GOV, STI and TAD.
- The analytical work will be complemented by several policy dialogue events in different regions. These events will assist in identifying the most pertinent policy development issues, as well as highlight existing successful practices and facilitating peer learning.

### Intermediate Output

- The second phase of the INNOVAlatino will focus on identifying the appropriate role of public policy and financing mechanisms for innovation.
- “Technologies for Africa”, a 3-year peer learning initiative benefiting from an IDRC grant, will produce annual reports on how to harness new information technology infrastructure for Africa’s development. It will be based on surveys and the conclusions of meetings with ICT experts.

### Final Output

- *2012 Perspectives on Global Development: New Models of Growth* (Q4 2012)

### Outcomes

The publication and the associated policy dialogue events will highlight a range of policy recommendations to help countries achieve self-sustaining pro-poor growth. These recommendations will be adapted to a diverse set of institutional settings reflecting the varied situations of end-users.

## PARTNERSHIPS AND NETWORKS

### Policy Environment

A multi-sectoral perspective is key to building a comprehensive analysis of policy issues. Maintaining close, sustained working relations with a broad range of stakeholders (private sector, think tanks, aid donors etc.) serves to build and maintain the Centre's local and regional footholds, and provides diverse and new angles, notably from the South, to our analytical work.

### Policy Issues

Effective partnerships and networks allow us to monitor closely the issues at the core of the Centre's work programme. These partnerships and networks will assist the Centre in gaining additional insights and disseminating our policy conclusions more effectively. Through them, the Centre aims to:

- *Strengthen analysis by drawing on multiple perspectives.* The Centre mobilises diverse stakeholders to contribute their insights, expertise and experience to core analytical activities.
- *Raise awareness of development issues.* The Centre's partnerships contribute to broadening the impact of development messages and to disseminating the results of its work.

### Methodology

The Centre maintains networks of four distinct categories of stakeholders, serving to facilitate informal dialogue and support its workflows along the length of the production schedule. Importantly, the Centre's networks are entirely member-driven. They respond to demand, and their activities reflect jointly identified interests. They bring together:

- *Aid Donors.* The Informal Network of DAC Development Communicators (DevCom) helps aid agencies, ministries, and multilateral institutions and regional development banks to communicate effectively to the public on the importance of development cooperation;
- *Private Sector.* The Emerging Markets Network (EmNet) brings together high-level private sector representatives from OECD countries and the emerging world to discuss growth and development issues;
- *Think Tanks.* The Development Finance Network (DeFiNe) combines the expertise of think tanks and research institutions to contribute to issues of innovative finance for development;
- *Civil Society & OECD directorates.* The working group of the Global Forum on Development (GFD) brings together different OECD Directorates, academia and representatives of civil society in preparation for the GFD.

### Final Outputs

- EmNet: four annual meetings; ad-hoc breakfast meetings with emerging world policymakers.
- DevCom: two annual conferences together with additional seminars and workshops, complemented by occasional policy briefs on successful practices.
- Global Forum on Development: one annual meeting, the theme of which will be decided in consultation with other OECD units, and with the Board at the appropriate stage.

### Outcomes

Partnerships and networks will strengthen the Centre's analytical work by bringing diverse stakeholders to contribute through meetings, working groups and forums. Through this work the Centre will raise awareness of OECD analysis and development issues by: enhancing dialogue on development issues among peers from diverse sectors and regions; helping to improve policies on development communication; facilitating closer co-operation between stakeholders in delivering development results (results experts, communicators, evaluators, policy-makers); and disseminating OECD analyses to the key actors in the private sector, especially in emerging and developing economies.

## TARGETED POLICY SUPPORT

### Policy Environment

In recent years, the Centre has seen an increase in requests by members for country-specific and regional policy assessments (e.g. on fiscal and ICTs policy reforms). With its multi-sectoral approach to development and its expertise on specific structural and thematic issues, the Centre is well-placed to help governments identify assets and bottlenecks to development at both country and regional levels.

### Objectives

Under Targeted Policy Support (TPS) the Centre will, on a thematic and geographical basis, provide:

- Evidence-based analysis and policy advice for regions or transnational economic areas such as West Africa or the Black Sea Basin.
- Empirical analysis focusing on selected structural themes where the Centre has particular expertise and can conduct comparative analysis on a sample of countries selected from different regions.
- Platforms for recurrent policy dialogue on formulating development strategies and ensuring policy coherence at the national and regional level, looking particularly at thematic areas such as infrastructure, employment, and fiscal issues.

### Eligibility

- Projects must fall within areas of expertise of the Centre and have strong synergies with the Centre's Programme of Work.
- Projects will be financed almost entirely by voluntary contributions.<sup>12</sup>
- Projects will be selected so as to allow for comparability and an accumulation of complementary data, and the outputs designed using consistent methodologies in order to be conducive to building collective knowledge on development policies.

### Process

The Centre will screen and then present eligible project proposals for the Bureau's review. Proposals will include a project background, scope of activities, expected intermediary and final outputs, timeline, resource implications, and an estimated budget together with details of expected sources of finance. Following this review, proposals will be submitted to the Governing Board for discussion and approval on a no-objection basis. If the initiating authority then requests it, a Memorandum of Understanding will then be concluded with the Centre.

In carrying out TPS, the Centre will draw upon resources and expertise from within the OECD community. A specific review of the TPS initiative will be undertaken at the end of the Programme of Work (2011-2012).

### Final Outputs

Outputs of Targeted Policy Support will take the form of reports detailing structural analysis and policy recommendations, peer learning networks for groups of countries facing similar challenges, and guidelines for implementing policy reforms.

### Outcomes

This work stream will strengthen the Centre's role as a facilitator of policy dialogue and peer-learning. The initiative will also serve to enhance horizontal collaboration on multi-sectoral issues within the OECD and with other partner institutions.

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12. A small amount of core budget has been allocated to TPS for managerial and promotional activities.

## ANNEX I: BUDGET ESTIMATES

<i>In K Euro</i>	Biennium 2009-2010	Biennium 2011-2012	% <i>Δ</i> <i>Biennia</i>	CORE 2011-2012	VC 2011-2012
<b>TOTAL</b>	<b>22,246</b>	<b>22,141</b>		<b>12,020</b>	<b>10,122</b>
<i>Paid to OECD Central Services:</i>					
<i>Payments of overheads to OECD</i>	1,252	1,679		923	756
<i>ITN computer charges <sup>(a)</sup></i>	368	403		149	254
<i>OECD grant management fee <sup>(b)</sup></i>	256	389		-	389
<i>Other expenses managed at Development Centre level:</i>					
<i>Rent + charges <sup>(c)</sup></i>	1,118	1,250		1,250	-
<i>Other expenses (electricity, office supplies, etc)</i>	1,104	854		707	148
<b>Sub-total I</b>	<b>4,099</b>	<b>4,576</b>	+12%	<b>3,029</b>	<b>1,547</b>
Celebration 50 <sup>th</sup> Anniversary DEV	-	25		25	-
In-depth Evaluation	-	50		50	-
<b>Sub-total II</b>	<b>-</b>	<b>75</b>	na	<b>75</b>	<b>-</b>
Administration Staff	1,005	1,125		1,125	-
Publications and New Media Staff	1,008	824		824	-
<b>Sub-total III</b>	<b>2,013</b>	<b>1,949</b>	-3%	<b>1,949</b>	<b>-</b>
<b>TA = I + II + III</b>	<b>6,112</b>	<b>6,599</b>	+8%	<b>5,052</b>	<b>1,547</b>
<b>FLAGSHIP LEO</b>	<b>2,749</b>	<b>3,152</b>	+15%	<b>1,617</b>	<b>1,535</b>
<i>Production (staff and intellectual services)</i>	2,253	2,752		1,617	1,135
<i>Publication</i>	228	160		-	160
<i>Dissemination</i>	268	240		-	240
<b>FLAGSHIP AEO <sup>(d)</sup></b>	<b>3,101</b>	<b>2,904</b>	-6%	<b>1,436</b>	<b>1,469</b>
<i>Production (staff and intellectual services)</i>	2,088	2,284		1,436	849
<i>Publication</i>	668	440		-	440
<i>Dissemination</i>	345	180		-	180
<b>FLAGSHIP SAEO</b>	<b>857</b>	<b>1,982</b>	+131%	<b>975</b>	<b>1,007</b>
<i>Production (staff and intellectual services)</i>	714	1,737		975	762
<i>Publication</i>	82	100		-	100
<i>Dissemination</i>	60	145		-	145
<b>PGD + INTERMEDIATE THEMATIC OUTPUTS</b>	<b>5,617</b>	<b>4,572</b>	-19%	<b>2,530</b>	<b>2,042</b>
<b>PGD</b>	<b>2,555</b>	<b>3,040</b>	+19%	<b>2,136</b>	<b>904</b>
<i>Production (staff and intellectual services)</i>	2,286	2,800		2,136	664
<i>Publication</i>	135	130		-	130
<i>Dissemination</i>	134	110		-	110
<b>INTERMEDIATE THEMATIC OUTPUTS</b>	<b>3,062</b>	<b>1,533</b>	-50%	<b>394</b>	<b>1,138</b>
<i>Production (staff and intellectual services)</i>	2,626	1,273		394	878
<i>Publication</i>	105	55		-	55
<i>Dissemination</i>	331	205		-	205

<i>In K Euro</i>	<b>Biennium 2009-2010</b>	<b>Biennium 2011-2012</b>	<i>%Δ Biennia</i>	<b>CORE 2011-2012</b>	<b>VC 2011-2012</b>
<b>NETWORKS <sup>(a)</sup></b>	<b>2,878</b>	<b>2,862</b>	<b>-1%</b>	<b>340</b>	<b>2,522</b>
<b>EMNET</b>	<b>1,682</b>	<b>1,435</b>	<b>-15%</b>	<b>149</b>	<b>1,286</b>
<i>Production (staff and intellectual services)</i>	1,029	965		149	816
<i>Publication</i>	313	200		-	200
<i>Dissemination</i>	340	270		-	270
<b>GFD</b>	<b>109</b>	<b>186</b>	<b>+71%</b>	<b>27</b>	<b>159</b>
<i>Production (staff and intellectual services)</i>	55	106		27	79
<i>Publication</i>	0	-		-	-
<i>Dissemination</i>	53	80		-	80
<b>DEFINE</b>	<b>184</b>	<b>226</b>	<b>+23%</b>	<b>27</b>	<b>199</b>
<i>Production (staff and intellectual services)</i>	55	106		27	79
<i>Publication</i>	-	-		-	-
<i>Dissemination</i>	128	120		-	120
<b>DEVCOM</b>	<b>904</b>	<b>1,015</b>	<b>+12%</b>	<b>136</b>	<b>879</b>
<i>Production (staff and intellectual services)</i>	787	897		136	761
<i>Publication</i>	20	20		-	20
<i>Dissemination</i>	97	98		-	98
<b>TARGETED POLICY SUPPORT (including BSCA) <sup>(a)</sup></b>	<b>932</b>	<b>70</b>	<b>na</b>	<b>70</b>	<b>-</b>
<i>Production (staff and intellectual services)</i>	721	70		70	-
<i>Publication</i>	86	-		-	-
<i>Dissemination</i>	125	-		-	-
<b>TB = Total projects</b>	<b>16,134</b>	<b>15,542</b>	<b>-4%</b>	<b>6,967</b>	<b>8,575</b>
<b>Total = TA + TB</b>	<b>22,246</b>	<b>22,141</b>	<b>-0%</b>	<b>12,020</b>	<b>10,122</b>
<b>SOURCES</b>					
<b>Assessed members contribution <sup>(f)</sup></b>	<b>11,275</b>	<b>11,820</b>	<b>+5%</b>	<b>11,820</b>	<b>-</b>
Core commitment carried forward	431	-		-	-
Publications income <sup>(g)</sup>	293	200		200	-
VC carried forward <sup>(h)</sup>		390		-	390
<b>Total VC to mobilize</b>	<b>10,247</b>	<b>9,732</b>	<b>-5%</b>	<b>-</b>	<b>9,732</b>

(a) Based on the total estimated number of staff.

(b) A 2.5% charge payable to the OECD Finance Service applied to grants received before 30 April 2010. Grants received thereafter are charged at 4%.

(c) Based on an annual 5% increase from 2010 estimate.

(d) The African Economic Outlook is resourced by financial and in-kind contributions from the partner organisations: the African Development Bank, the OECD Development Centre, the United Nations Economic Commission for Africa and the European Commission.

(e) Core funding in Networks and Targeted Policy Support covers part of the managerial activities carried out by the Director's Office.

(f) A 2% annual inflation increase (an estimate of zero real growth – ZRG) has been projected to members' assessed contributions. The *total* amount of the assessed contributions is set to rise by more than ZRG compared to the current biennium for two reasons. First, the number of Centre members has increased. Second, in 2011 a small number of countries will still be in the transition period to paying the full 0.000052% of their 2008 taxable income and the annual adjustments subsequently accumulated; their assessed contributions are therefore rising at a rate higher than ZRG [see DEV/GB/M(2010)].

(g) Projected revenue from sales.

(h) Voluntary Contributions carried forward include Telefónica and MacArthur grants to fund the remaining activities of the INNOVAlatino and Migration projects.