



Meeting of the National Focal Points for Policy Coherence for Development (PCD)

**Remarks by Angel Gurría,
Secretary-General
OECD**

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(As prepared for delivery)

Members of Parliament, MEP Mrs. Schnieber-Jastram, colleagues from the European Commission, dear Focal Points, representatives of civil society organisations:

It is a great pleasure to welcome you to the OECD today for the Annual Meeting of the National Focal Points for Policy Coherence for Development (PCD). I am glad to see that the OECD and the European Commission have joined forces, and I would like to thank you for co-organising this year's event. Together we will be more effective in promoting PCD.

I am also delighted to see that this gathering keeps bringing more and more people together year after year. The issues discussed here have taken centre stage in the international debate, particularly since our High Level Meeting in Busan, which shifted the focus from aid effectiveness to development effectiveness.

Policy coherence for development is now more important than ever, and that is exactly why we are here today. Let me tell you a little bit about the OECD's perspective on PCD.

Greater connections call for greater coherence

The reality of this interconnected and globalised world is that the policies implemented by advanced and major emerging economies are likely to have an impact on many other countries. To give you just one example, the unregulated exploitation of natural resources in more advanced economies can have very harmful effects on the environment in developing countries.

And even within countries, coherence must remain a major goal when assessing the trade-offs between different policies and sectors. We need to exploit better the potential synergies across policy areas and improve the way we link our work on issues such as anti-corruption, illicit flows and public and corporate governance.

This is precisely what we are trying to do with the OECD Development Strategy. While we are staying true to our core mission of ensuring that the broader policies pursued by our members are coherent with the goal of promoting worldwide development, we are also deepening and broadening our work and our reach. The “D” for Development in OECD is more relevant than ever.

More and more, PCD must focus on addressing global challenges, where collective and coordinated action is needed. Like I said earlier, greater interconnectedness makes every nation more exposed and vulnerable to shocks. The cross-border domino effects of recent financial, fuel and food crises are just a few examples. Similarly, issues such as inequality, climate change, natural resource scarcity, food insecurity and conflict also have tremendous implications for us all.

Towards PCD: embarking on a global effort

In this context, it is imperative that we adopt a more comprehensive approach to development, and this needs to be done on four complementary levels:

- The first level is in-house, at the OECD, by assessing and monitoring the impact of the OECD’s work on development. This involves mainstreaming the development dimension throughout the Organisation and its Committees, refocusing the analytical work to take into account the impact of specific policies on development outcomes, identifying areas of incoherence and ensuring that our policy advice is consistent with development objectives.
- The second level is in advanced economies, by developing evidence-based analyses on the costs of incoherent policies as well as on the benefits of more coherent policies. We want to support our members in their efforts to design mutually reinforcing policies for development across a wide range of economic, social and environmental areas.

- We must also focus on emerging and developing economies, by identifying holistic policy options for their development path and fully taking into account the interaction between domestic and international policy frameworks and initiatives.
- And finally, we need to approach development on a global level, by addressing common challenges, global public goods and “bads”, including climate change, tax evasion, food price volatility, violent conflict, and illicit financial flows to name a few.

So PCD is really about designing mutually reinforcing policies for development through collective international efforts. This increases the need for policy dialogue between OECD and partner countries.

Pressing forward with the OECD Development Strategy

And indeed, policy dialogue and mutual learning are the main components of our Development Strategy. They are essential to develop effective policy solutions and help developing countries move away from aid dependency. The Strategy relies on the premise that “no one size fits all” and addresses four mutually reinforcing elements to shift the policy focus away from sectoral objectives and towards multidimensional development.

First, innovative policy options are needed to combine strong growth with sustainable improvements in well-being. Many countries have experienced solid economic growth over the past decade, but few have been able to achieve commensurate improvements in people’s quality of life. Growth should also be socially and environmentally sustainable to meet the growing expectations of the expanding middle classes in developing countries.

Second, to pursue their development strategies, countries require significant financial resources that go far beyond development co-operation assistance. Other external sources of finance, such as foreign direct investment and workers’ remittances, can provide a significant stream of funding.

But there is much scope for mobilising domestic resources, including savings and taxes, as the primary source of sustainable financing. Developing countries have already made some progress in improving tax collection in the past decade, yet half of sub-Saharan countries mobilise less than 17% of their GDP in tax revenues. This is below the level considered by the UN as necessary to achieve the MDGs.

Third, countries need effective governance to make the most of the resources available to finance development. Strong institutions improve the cost-effectiveness of policies and help countries create a virtuous cycle of reforms, increasing their impacts and mustering support for future efforts. As we saw in the MENA region, citizens' rights, access to information and freedom of speech come to the forefront when countries or regions are exposed to social unrest.

And *fourth*, indicators should be identified and used to monitor progress in policy implementation reform-outcomes and their interaction with other development efforts. Indicators should be selected using high-quality data and evidence-based analysis, and they must reflect the multidimensionality of development.

Ladies and gentlemen,

The OECD stands ready to put its expertise, knowledge and experience to the service of development. We are aware of the huge challenges ahead, but we know that if we work together, we will use our policy tools more effectively to reach our shared development objectives and promote a more prosperous and equitable world.

I am confident that your discussions here today will result in an important contribution to shape the Development Strategy, and strengthen our collaboration on PCD to design better policies for better lives – better policies for development.

I wish you a very successful meeting. I now give the floor to Madame Schnieber-Jastram, Member of the European Parliament and Standing Rapporteur for PCD.

Thank you.