2014 Report on the Implementation of the OECD Strategy on Development
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INTRODUCTION

1. **In a rapidly changing global economic landscape, every country is facing more complex and inter-related economic, social and environmental challenges.** Global challenges to development have been driven by a number of interlinked megatrends generating a new set of opportunities and threats. Shifting wealth processes have modified the centre of gravity of the world economy as well as the geography of poverty, blurring the old North-South dichotomy. While sustained growth and poverty reduction helped expand the global middle class, many now risk falling back into poverty. Rising incomes increase the demand for food, energy, and water, creating sustainability issues, but also for quality services and greater political accountability. Many parts of the world have witnessed episodes of social unrest due to growing inequality and lack of opportunities. This ever more complex context underlines the need to understand the implications of these megatrends as well as to work towards greater collective action, more integrated approaches and long term solutions.

2. **The implementation of the OECD Strategy on Development is taking place at a time when the international community is preparing for a Post-2015 development agenda.** The new agenda will build on the foundations laid by the Millennium Development Goals (MDGs), complete the unfinished business and respond to new challenges. Poverty eradication will be a central objective. It is widely recognised that poverty is multidimensional and that poverty eradication can only be achieved if the social, economic, and environmental dimensions of sustainable development are addressed in an integrated and balanced manner. The new agenda will entail working towards a single framework and set of goals, universal in nature and applicable to all countries, while taking account of differing national circumstances and respecting national policies and priorities. In addition to addressing current challenges, the new framework needs to anticipate future threats and contribute to transformational systemic change. The new agenda will steer a transformational shift towards sustainable development.

3. **The OECD Strategy on Development [C/MIN(2012)]6** underpins the Organisation’s ability to strengthen and mainstream development and ensure that it can be responsive to fast-changing global realities and to the post-2015 agenda. In this process, the OECD is building upon its core expertise and experience; leveraging its comparative advantages; applying a more comprehensive and inclusive approach to development; adapting its analytical frameworks, upgrading skills and deepening partnerships; and enhancing its engagement with Members, Partner countries and organisations, and with international efforts. The Strategy outlines different but complementary actions to achieve this, which include: i) specific projects in areas that exploit OECD’s wide-ranging expertise and synergies across sectors; ii) cross-cutting themes (Inclusive Green Growth, Gender Equality and Women’s Empowerment, Domestic Resource Mobilisation, and Education for Development); iii) specific actions to integrate the comprehensive approach advocated by the Strategy into OECD’s work (i.e. “mainstreaming”); and iv) specific actions to enhance policy coherence for development (PCD) and knowledge sharing as core elements of the Strategy.

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1  Outcome Document of the President of the General Assembly's Special Event towards achieving the Millennium Development Goals and the post 2015 agenda adopted by UN Member States on 25 September 2013 [A/68/L.4].
4. This Report is presented to the 2014 Ministerial Council Meeting in accordance with the mandate of the Strategy. It provides an overview of the steps undertaken across the Organisation to take forward the above-mentioned complementary actions during the initial implementation period of the Strategy. The report is structured in three parts:

- The first part provides information on the progress in mainstreaming development across the Organisation, including efforts in fostering knowledge sharing and PCD as the core pillars of the Strategy. The mainstreaming process has benefited from the leading role played by senior management, which has been fundamental to foster horizontal collaboration across the Organisation. A monitoring framework has been developed to assess whether the comprehensive approach to development advocated by the Strategy is being successfully mainstreamed in Committees [see C/MIN(2014)13]. This section also provides details on the resource allocations related to the Strategy.

- The second part presents an update on the progress made during the initial implementation phase in the 13 projects set out in the Annex to the Strategy, plus the additional proposal on inclusive innovation. It presents the background, rationale, and objectives of each project as well as some of the intermediate outcomes and deliverables achieved during this initial phase. A summary table on the progress made in the Strategy projects is provided in the Annex to this report.

- The last part summarises the main actions undertaken across the Organisation to address the four cross-cutting areas of the Strategy, i.e. inclusive green growth; gender equality and women’s empowerment; domestic resource mobilisation; and education for development.

5. The initial period of implementation has generated important lessons for our whole-of OECD approach, which are helping to strengthen and unify the OECD policy messages on development and to foster new ways of sharing and creating knowledge (Box 1).

<table>
<thead>
<tr>
<th>Box 1. Lessons learnt from the initial period of implementation</th>
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<tr>
<td>Knowledge sharing – The initiatives launched under the Strategy have shown that knowledge sharing will be most effective when the following conditions are met:</td>
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<tr>
<td>• Ensuring demand-driven processes by adapting to specific needs of partner countries.</td>
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<td>• Emphasising value-added by focusing on complementarities, comparative advantage and fostering participation on an equal footing.</td>
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<td>• Creating spaces for multi-dimensional or cross-sectoral discussions rather than working in “silos”.</td>
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<td>• Ensuring feedback and creating “learning cycles”.</td>
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<td>• Taking heed of country needs and contexts.</td>
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<td>Policy coherence for development – The Strategy has helped bring about a broader approach to PCD, which will entail the following shifts:</td>
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<td>• Moving away from an emphasis on the donor’s role only to engaging key actors and stakeholders among advanced, emerging and developing countries.</td>
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<td>• Changing the PCD narrative from an emphasis exclusively on the negative impacts of non-aid policies (“do-no harm”) towards more proactive approaches.</td>
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<td>• Shifting the focus from sectoral to cross-sectoral approaches.</td>
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<td>• Moving from unclear objectives to an “issues-based” focus on common challenges.</td>
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1. PROGRESS IN MAINSTREAMING DEVELOPMENT WITHIN THE OECD

6. The initial period of implementation has been focused on achieving the three main objectives of the Strategy (as set out in paragraphs 4 and 5 of the Strategy document). These are: 1) integrate, where appropriate, the diverse perspectives of developing countries into OECD’s work; 2) combine OECD’s expertise more effectively; and 3) better leverage OECD’s policy recommendations, practices and instruments to provide a more coherent approach to development. In the context of the Strategy, mainstreaming is contributing to meet the above-mentioned objectives by achieving one or more of the following:

   a) reliance on cross-cutting/multidisciplinary alliances;
   b) innovative ways of generating and sharing knowledge; and
   c) a sharper focus on policy coherence for development.

7. The initial implementation period of the Strategy has contributed to strengthen and unify the OECD messages on development, carry out specific actions to better communicate the ‘whole-of-OECD’ view on development, and to consolidate and raise the visibility of the OECD voice on key development issues. A number of steps have been taken to ensure an effective mainstreaming process. These include:

   • Ensuring coordination at the senior management level to stimulate horizontal collaboration across the Organisation in implementing the Strategy.
   • Establishing a network of Strategy Focal Points in Directorates and convening regular cross-Secretariat meetings to facilitate information sharing and make the PWB processes more consistent with the Strategy objectives.
   • Developing a new methodology for monitoring mainstreaming and producing a Development Strategy Monitoring Framework [see Annex of C/MIN(2014)13)]. This will be instrumental in assessing whether the comprehensive approach to development advocated by the Strategy is being successfully mainstreamed in Committees.
   • Organising regular meetings of the Development Strategy Informal Working Group (IWG) (six times in 2013) to systematically share information and discuss, from a whole-of-OECD perspective and at Ambassador’s level, progress on the projects and cross-cutting activities listed in the Annex of the Strategy.
   • Organising the annual meeting of the Council devoted to development to engage and bring to the attention of partner countries and key stakeholders OECD’s work on development.
   • Producing progress reports on implementation for MCM consideration.

8. The next phase of implementation will ensure that our comprehensive approach to development is strengthened and mainstreamed, and becomes an integral part of our work. A key challenge of the Strategy is to ensure higher level participation from Delegations (Ambassador level) at the IWG that can provide a whole-of-OECD perspective during discussions. Other challenges are to effectively engage Key Partner countries in the process and to provide adequate funding and further incentives to foster even better horizontal collaboration across the OECD.
1.1 Key elements of mainstreaming

Reliance on cross-cutting/multidisciplinary alliances

9. Horizontal collaboration and cross-fertilisation of expertise for development among Directorates and Committees has been fostered through the projects under the strategy and facilitated by the network of focal points in Directorates. Some examples include:

- The Global Forum on Agriculture focused on policy coherence for food security, organised in November 2012, was combined with a meeting of the DAC to ensure that policy insights were shared across the different communities. It was attended by over 200 participants representing 44 countries and 15 international, regional and non-governmental organisations. This work has drawn on collaboration with other IOs (such as FAO and IFPRI), who are central to the OECD’s ability to engage with a wider range of developing countries.

- The implementation of the Multi-Dimensional Country Reviews has stimulated cross-directorate collaboration. Coordination for the missions and drafting has been essential to promote a multi-disciplinary approach. Reviewed countries have used the results in their own policy planning and new demands for reviews have been received. The Secretariat is exploring ways to ensure that the financial arrangements provide the best incentives for full ownership by all directorates involved. Committees’ involvement in this initiative could also be improved to ensure a greater impact of the review in terms of policy learning/knowledge sharing and exploit their mainstreaming potential in the future.

- The update of the Policy Framework for Investment (PFI) has given important impetus for collaboration among different Committees. It has provided both the Investment Committee and the Development Assistance Committee (DAC) an additional incentive to co-operate in the context of the Advisory Group on Investment and Development (AGID) as it supports both Committees in addressing issues of mutual interest. The Committee on Fiscal Affairs is involved through CTPA’s support to the PFI on tax matters. The involvement of developing countries in the process of the update of the instrument opens up new dimensions of OECD investment for development work and helps to deepen OECD’s investment policy-related co-operation with the countries.

- Regular meetings, capacity building, and cross-directorate work have been instrumental to make progress on mainstreaming and institutionalising Green Growth work at the OECD. The implementation of the projects clearly showed that knowledge sharing and the integration of sub-national actions in development is crucial, as public investment and services are increasingly taking place at the sub-national level. Next steps will concentrate on further mainstreaming and coordinating green growth work across the OECD, including in the areas of development co-operation and policy, green investment policy and infrastructure, and targeted advice at country and regional level.

- Three OECD Committees and more than 20 partners are involved in the implementation of a complex and technically challenging project, PISA for Development. Critical factors for success include: engaging at the right level, politically and technically; ensuring a robust design of the concept, relevant to partners’ interests and needs; working in collaboration with development partners to approach developing countries, avoiding duplication of donor-country government agreements and arrangements for working in education; and working in close collaboration with international agencies that have a mandate on global education, such as UNESCO and UNICEF.
• Strong support from the Committees and donors (Austria, Finland, Norway and Sweden) has enabled the cross-cutting area of Gender Equality and Women’s Empowerment to deepen its research and policy impact, and be on the cutting edge of policy debates linked to the Post-2015 agenda, gender equality and social norms. Knowledge sharing between involved Directorates is strong through formal and informal channels, such as on Violence Against Women. However, collaboration is often limited by budget constraints as well as the lack of a clear mandate for further work. Addressing this would help ensure that Committee members continue to support gender mainstreaming throughout the Organisation’s work and set it as a priority for action for all directorates, accompanied by a core budget allocation.

Innovative ways of generating and sharing knowledge

10. The knowledge sharing initiatives launched under the Strategy are contributing towards knowledge sharing and mutually beneficial collaboration, rather than a one-way “knowledge transfer”. These initiatives include the Multi-dimensional Country Reviews (MDCRs); the policy dialogue networks on “Natural Resource-based Development” and on “Global Value Chains” (see section 2 of this report); as well as the Knowledge Sharing Alliance (KSA) (see Box 2), which are based on inclusive policy dialogue with partner countries and organisations, as well as on improved cross-sectoral collaboration among OECD directorates. More effective and inclusive knowledge sharing is being accomplished by: ensuring demand-driven processes and adapting to specific needs of partner countries; focusing on comparative advantages and fostering equal footing participation; avoiding sectoral silos and creating spaces for cross-sectoral discussions; and facilitating spaces and mechanisms to integrate feedback “from the field” and identifying ways of creating “learning cycles”.

Box 2. The Knowledge Sharing Alliance (KSA)

Created in January 2013, the KSA aims to leverage OECD’s multi-disciplinary expertise, engage in dialogue and mutual learning processes with emerging and developing economies, and increase impact by working closely with multi- and bilateral organisations having field presence and implementation capacities and/or networks. The KSA is open to all parties interested in knowledge sharing on equal footing.

The KSA has established “quick win pilots” in collaboration with several directorates of the OECD. The initial pilots help create opportunities for new relations with non-members on the basis of joint learning on equal footing, and include external agencies working on the ground. During 2014, the pilots are being implemented with a view to put in place “learning cycles” that create win-win-processes for all parties involved. At the same time the knowledge sharing approach is firmly moving forward into a more strategic pathway. The aim is to turn Knowledge Sharing (KS) and the KSA into a brand name for OECD and its members where OECD is recognised as an international champion on KS.

The OECD Strategy on Development, and its objective to foster knowledge sharing, aims at “mainstreaming” development, which requires the strong involvement of all Committees and bilateral members of the OECD. Jointly with its pilot projects, the KSA will inform Committees on the relevance and the value added of “knowledge sharing” on an equal footing and multi-stakeholder learning as compared to one-way “knowledge transfer”.

The KSA pilots provide real examples of the process. Those participating in the pilot of Urban Green Growth in Dynamic Asia, the pilot on Observatory on Public Service Innovations, as well as the PFI with Myanmar, and the KSA cooperation with the Eurasia Competitiveness Programme are already benefitting from mutual learning processes for the Organisation and for all parties involved. KSA pilots benefit from more continuous dialogues and interaction with the countries involved through the first initiatives on peer learning that bring in conversations and feedback from external agencies working on the ground. This key feedback ‘from the field’, which reflects on implementation dynamics, needs to be integrated into policy and transformative processes throughout OECD’s work.

OECD’s strategic comparative advantage in the international environment lies in the robust and long-term knowledge and policy dialogues that support reform agendas in Member countries. This multi-disciplinary knowledge-building approach in a globalised world is of increasing interest for non-members, who are seeking advice and dialogue on good practice and how to avoid failures. This dialogue today needs to be inclusive; on the basis of joint learning interests that are adapted to the country or regional and local situations.

The KSA approach is therefore well positioned to support both regional integration (such as the OECD regional programme with Southeast Asia) and the broader discussion of the Post 2015 process where the universality of goals
is discussed. The KSA relies on partnerships with members and other external organisations which also helps the OECD maintain ongoing communication with emerging and developing economies and use the complementarity of global, regional and local knowledge to better support the implementation of policy reform agendas.

11. **More inclusive knowledge sharing is being fostered across the projects launched under the Strategy.** Some examples include the following:

- The initiative for [regional economic monitoring](#), through its [Asian Regional Roundtable](#), is at present the only policy network discussing planning or broad cross-cutting issues together with Planning Ministries, among others, in Asia. Such a dialogue allows for discussion on macroeconomic, structural and planning issues in a harmonised way. A weakness is that participation from OECD Committee members and the Development Centre Governing Board is limited due to geographical reasons.

- The update of the [Policy Framework for Investment (PFI)](#) is proving to be a good opportunity to strengthen the relationships with partner countries that have been cooperating with the OECD on individual projects, such as Investment Policy Reviews. The project provides an avenue for feedback and input from emerging and developing countries in view of upgrading a core OECD instrument. This knowledge sharing element also reinforces the buy-in of developing countries in OECD’s investment-related work.

- Compared to other fora and initiatives, the added value of the [Policy Dialogue Initiative on Natural Resource-based Development](#) lies in its unique structure designed to produce new collective knowledge, which may include the development of specific tools as a result of interaction and exchanges, supported by comparative analysis and policy reviews. Every participating country will play a role as both knowledge holder and knowledge recipient, while the OECD acts as a neutral knowledge broker, by facilitating the generation, systematisation and access to tacit or newly developed collective knowledge.

- The [Policy Dialogue Initiative on Global Value Chains (GVCs)](#) contributes to knowledge sharing among OECD and partner countries on how to design more integrated policies and address implementation challenges to promote structural transformation and participation in GVCs. Thanks to the structure of the meetings and the peer-mechanism, the initiative allows for learning not only from successful experiences, but also from failures in implementing actions. In the future, case studies will help to codify some of the knowledge shared in the meetings.

- The development of OECD-wide results on [Budget practices](#) and procedures has allowed for cross-country comparison, analysis and knowledge-sharing. It has facilitated lively engagement at our committees, and has spurred the development of normative standards. A weakness is the low or inconsistent level of commitment among member countries to support the monitoring and review of these standards, in particular through Budget Reviews through which individual countries are subject to objective analysis and recommendations. A strong monitoring dimension is essential if normative standards (Principles etc.) are to have a meaningful impact as OECD instruments.

- The meetings of the Task Force on Tax and Development provide good opportunities for multi stakeholder knowledge sharing on [domestic resource mobilisation](#); meetings from different policy communities in OECD governments (development and aid officials; finance officials; tax administration officials) provide opportunities to discuss and resolve policy coherence issues.
• **PISA for Development** is well placed to support global efforts to frame a learning goal in the context of the post-2015 agenda and to provide a single universal metric for measuring progress on this. PISA is regarded as one of the most important education policy instruments in the world today. There is a compelling logic for making this more relevant to developing countries so that greater numbers can benefit from the surveys and analysis. The project therefore addresses squarely the core elements of the Strategy on Development, particularly the adaptation of the most successful OECD policy instruments to make these more relevant for developing country contexts.

A sharper focus on policy coherence for development

12. *The world has changed profoundly since the early 1990s when the notion of Policy Coherence for Development (PCD) emerged in a context of a growing international concern with aid effectiveness.* In the mid-90s the donor community committed to “achieve coherence between aid policies and other sectoral policies which impact on developing countries”. Since then, efforts to improve PCD have been mainly focused on developing good institutional mechanisms and practices at the donor country level as a means to foster "whole of government approaches" to policy-making and integrate the development perspective in designing and implementing national policies. PCD has been considered as a main responsibility for donor countries.

13. *The Millennium Development Goals (MDGs) included a goal for coherent policies in the form of the MDG8, which legitimised this donor-recipient perspective.* It defined different areas (e.g. reducing the barriers to trade, easing the debt burden; facilitating access to new technologies, etc.) to foster greater coherence for development within the international co-operation framework where the donor community, rather than both donors and partners collectively, had the primary responsibility. One of the weaknesses of MDG8 therefore, according to the UN System Task Team on the Post-2015 UN Development Agenda, was that it did not foster a true global partnership and did not move away from the traditional “donor-recipient paradigm”.

14. *Although it is recognised that institutional mechanisms and practices for promoting PCD are necessary to raise awareness and build efficient decision-making in donor countries, they are not sufficient to deliver more coherent policies in practice.* Complementary and more targeted actions are needed to enhance coherence for development. Against this background, the OECD Strategy on Development has encouraged a broader and more proactive approach to PCD as a way to ensure progress as well as to address key global issues such as global food security, illicit financial flows, and green growth. Applying a broader PCD lens to these areas has highlighted the need for greater coherence at different levels (local, national, regional, global) to deal with systemic conditions that constrain development, such as barriers to trade, markets and knowledge; conflict; transnational corruption; and climate instability, amongst others.

15. *Efforts under the Strategy to enhance PCD have focused on: giving more clarity to the PCD concept (Box 3); improving understanding of its relevance for all countries; developing more effective instruments to measure progress; and providing opportunities for a more inclusive dialogue on PCD issues with developing countries and key stakeholders.* Our analyses through a broader PCD lens have also shown how important is the involvement of all key stakeholders (governments, private sector, civil society organisations) to identify and build synergies across policy areas in the economic, social, environmental, legal and political domains that can create enabling conditions conducive to development.

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These conditions include a rules-based trading system; sustainable use of natural resources; access to innovation and technology; and stable and more transparent financial systems, amongst others. This broader approach goes beyond focusing exclusively on institutional mechanisms at the donor country level to ensure progress in coherence and calls for a greater dialogue on PCD with emerging and developing economies as well as key stakeholders.

Box 3. Towards an updated definition of PCD

To meet the challenges of achieving sustainable development in a post-2015 framework, governments in all countries need to design more effective policies that avoid impacts that adversely affect the development prospects of other regions and countries, and that do not harm the prospects of future generations. At the same time, governments and other key stakeholders need to enhance their capacities to exploit synergies across different policy areas with important cross-border dimensions, such as trade, investment, agriculture, health, education, environment, migration, and development co-operation to create enabling environments conducive to sustainable development. The rapidly changing global context, in which all countries play a key role in driving sustainable development, calls for a new narrative and approach. PCD could be defined as follows:

Policy Coherence for Development (PCD) is an approach and policy tool integrating the economic, social, environmental, and governance dimensions of sustainable development at all stages of domestic and international decision making. Its main objectives are to:

1. Exploit positive synergies across policies to support sustainable development, pursuing win-win scenarios and mutual benefits;
2. Increase governments’ capacities to balance divergent policy objectives, and help them to reconcile domestic policy objectives with international objectives; and
3. Avoid or minimise the negative side-effects and impacts of policies on sustainable development.

PCD entails:

1. Identifying and addressing the interactions among various policies in the economic, social, environmental, legal and political domains support a pathway towards sustainable development and inclusive growth;
2. Putting in place institutional mechanisms, processes, and tools to produce effective, efficient, sustainable and coherent policies in all sectors;
3. Developing evidence-based analysis, sound data and reliable indicators to inform decision making and help translate political commitments into practice; and
4. Fostering multi-stakeholder policy dialogue to identify the barriers to, and the catalysts for, economic and social transformation.

16. The 2013 Flagship publication on PCD – one of the early deliverables of the Strategy – which puts the spotlight on global food security, offers recommendations on ways in which more coherent policies in advanced and developing countries, as well as globally, can contribute to address the multiple dimensions of global food security and reduce hunger worldwide. On the basis of this broader approach, Finland has completed the pilot of the OECD’s “PCD Toolkit” in the area of food security. Forthcoming PCD Flagship reports will focus on illicit financial flows (2014) and PCD and green growth (2015) to generate evidence-based analysis to better inform policy making.

17. To complement existing PCD tools, work has started to develop a PCD monitoring matrix beginning with the areas of global food security, illicit financial flows, and green growth – the three priority areas set out in the Strategy. This work is based on a cross-directorate effort which includes the identification of existing OECD indicators that could be used to measure factors that may contribute to (enablers) or hinder (disablers) a certain development outcome. The purpose of this work is to inform policy-making in OECD countries (and potentially also in partner countries). It aims to encourage the engagement of different actors and stakeholders in a dialogue on possible solutions, at the levels of both OECD and developing countries, as well as globally. Other efforts to raise awareness around PCD and generate evidence-based, cost-benefit analysis and highlight ways in which coherent policies can result in
win-win scenarios include the launch of a new Policy Brief series entitled Coherence for Development (CODE) reports (Box 4), and online dialogues with academics, CSOs and government representatives through the PCD Platform.

Box 4. CODE Reports: Generating evidence-based analysis on PCD drawing on multidisciplinary expertise and existing work across the OECD

Capturing digital dividends and closing digital divides

The world is experiencing monumental changes in information and communications technologies (ICTs) and mobile communications networks are creating a new platform for the exchange of information and knowledge globally. However, there is still a big digital divide between developed and developing countries. For example, in the African region, penetration rates of mobile networks were estimated at only 41% at the end of 2010 compared to 90% worldwide. Similarly, the International Telecommunications Unit estimated that in 2009, an entry-level fixed (wired) broadband connection in developing countries cost on average USD 190 PPP per month, compared to only 28 USD PPP per month in developed countries. In order for ICTs to catalyse development and economic and social change, improve wellbeing and expand economic prosperity, they need to be leveraged across the economy and throughout sectors.

Fishing for tomorrow: Managing fisheries for sustainable development

The fishery sector contributes to development and growth in many countries, playing an important role for food security and nutrition, poverty reduction, employment and trade. Fisheries and aquaculture provide livelihoods and income for an estimated 54.8 million people engaged in the primary sector of fish production in 2010. Asia accounts for more than 87 percent of the world total, with China alone having almost 14 million people engaged as fishers or fish farmers. Asia is followed by Africa, and Latin America and the Caribbean. Apart from the primary production sector, fisheries and aquaculture provide numerous jobs in ancillary activities such as processing, packaging, marketing and distribution, manufacturing of fish-processing equipment, net and gear making, boat construction and maintenance, research and administration. All of this employment, together with dependents, is estimated to support the livelihoods of hundreds of millions of people. Sustaining the capacity of world fisheries to provide food and jobs requires sensible and effective management. Moreover, the conservation of global fish resources can only be achieved through developing and developed countries working together through strong partnerships that define reciprocal obligations.

Responsible business conduct: From good intentions to sustainable development

Today, an estimated 70,000 multinational enterprises and their affiliates employ over 200 million people throughout the world. In addition, there are millions of smaller local companies, responsible for about 70% of all new jobs and contributing significantly to global trade (in the range of 40-50% of export value added). The private sector has thus emerged as a key partner in development through creating jobs, providing goods and services, generating income and profits, and contributing to public revenues. Companies have the ability to profoundly impact on poverty reduction and sustainable development in countries in which they operate. At the same time, intense global competition and complex international business activities in multiple countries with different cultural, legal, and regulatory environments put pressure on enterprises. This pressure, in an attempt to gain undue competitive advantage, may result in practices that neglect the appropriate principles and standards, particularly in environments where institutional frameworks are underdeveloped or fragile. Against the background of major social and environmental challenges, responsible business conduct (RBC) has become a priority in the global economic agenda. The OECD Guidelines for Multinational Enterprises (MNEs) provide a unique framework to promote RBC, representing common principles of 46 governments.

18. A broader approach to policy coherence is becoming gradually embedded in OECD’s work. The projects under the Strategy have been gradually looking at coherence issues in a more systematic way. Some examples include:

- **Illicit Financial Flows** requires more coherent policies to be developed in a cross-sectoral or cross agency basis.

- The **Policy Framework for Investment (PFI)**, which covers over ten policy areas, allows for an integrated treatment of investment climate challenges. Countries that have used the PFI
often set up national task forces (17 different agencies in Burkina Faso and Myanmar), ensuring a coherent and whole-of-government approach to investment reform.

- The OECD’s Task Force on Tax and Development, (comprising OECD and developing countries, international and regional organisations, civil society and business) provides a setting for different policy communities to discuss and resolve policy coherence issues (development and aid officials; finance officials; tax administration officials).

- The approach applied by the Multi-dimensional Country Reviews as well as the Policy Dialogue Initiatives under the Strategy, which cover several policy dimensions have proven to be central to identifying policy trade-offs and policy inter-linkages.

1.2 Resource allocation

19. The momentum achieved in the process of elaborating and endorsing the Strategy in 2012 helped to launch a number of early harvest activities on development already in 2012 drawing on existing resources and, in some cases, also new VCs. However, the main thrust of work was to raise the profile of development as part of each Committee’s Programme of Work and Budget (PWB) for 2013-14. Managers were therefore asked in the Secretary-General’s guidance to Directorates to assess the relevance of their proposed outputs to a number of cross-cutting topics, including development, using a system of “markers”. This system provides a key measurement tool to assess how the PWB aligns with, and reflects the Organisation’s new top-down priorities.

20. For the 2013-14 biennium, the list of markers includes “Development” and “The Development Strategy”. A development marker existed in the previous biennium, but to assess the extent to which Directorates and Committees were reorienting their work towards the principles and approaches outlined in the Strategy, a distinction was made between the two markers. For the purposes of this exercise:

- The marker on “Development” (MD) was defined as: “OECD work on social and economic policies, including those associated with knowledge sharing, policy coherence for development, assistance, cooperation and aid effectiveness that benefit those countries defined as eligible recipients of official development assistance and forums addressing regional and global development challenges.”

- A sub-set of the MD, the marker on “The Development Strategy” (MDS), new for the biennium, was defined as: “New elements, approaches, or mainstreaming efforts now supported or encouraged by the Development Strategy, including efforts towards greater mutual learning, more inclusive partnerships with non-Members and other international organisations and stakeholders, better knowledge sharing and policy coherence, and additional contributions to addressing global challenges and opportunities.”

21. Table 1 indicates the estimated resources for the two development markers (MD and MDS) relative to other markers for horizontal themes for the 2013-14 biennium. The best estimate for the 2013-14 resources attributed to the two development markers amounts to MEUR 149, including MEUR 93.7 for the sub-set marker on the development strategy (MDS) (Table 2). It is important to note that these are not additional resources but represent the overall leveraging that substantive Committees have allocated to outputs related to development. The estimated resources related to the sub-set marker on the development strategy (MDS) will be three quarter funded by VCs (including 15% of VCs in hand) (Figure 1).
Table 1. Total estimated resources of the two development markers compared to other horizontal themes 2013-2014

<table>
<thead>
<tr>
<th>Horizontal Themes</th>
<th>2013-2014 Totals (KEUR)</th>
<th>Part I</th>
<th>CPF</th>
<th>VCs in Hand</th>
<th>New VCs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate Change</td>
<td></td>
<td>8 852</td>
<td>200</td>
<td>593</td>
<td>6 380</td>
<td>16 025</td>
</tr>
<tr>
<td>Demographics</td>
<td></td>
<td>4 298</td>
<td>-</td>
<td>990</td>
<td>2 735</td>
<td>8 023</td>
</tr>
<tr>
<td>Development</td>
<td></td>
<td>32 065</td>
<td>1 018</td>
<td>33 052</td>
<td>83 317</td>
<td>149 451</td>
</tr>
<tr>
<td>Development Strategy</td>
<td></td>
<td>21 858</td>
<td>-</td>
<td>13 705</td>
<td>57 169</td>
<td>94 542</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td>4 177</td>
<td>274</td>
<td>1 702</td>
<td>5 613</td>
<td>11 767</td>
</tr>
<tr>
<td>Green growth</td>
<td></td>
<td>21 285</td>
<td>649</td>
<td>4 601</td>
<td>17 523</td>
<td>44 058</td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td>6 820</td>
<td>-</td>
<td>543</td>
<td>4 697</td>
<td>12 059</td>
</tr>
<tr>
<td>Innovation/New Sources of Growth</td>
<td></td>
<td>14 156</td>
<td>1 030</td>
<td>5 622</td>
<td>6 189</td>
<td>26 996</td>
</tr>
<tr>
<td>Knowledge Based Assets</td>
<td></td>
<td>5 347</td>
<td>970</td>
<td>2 622</td>
<td>1 393</td>
<td>10 333</td>
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<tr>
<td>Measuring the Progress of Societies</td>
<td></td>
<td>10 307</td>
<td>314</td>
<td>649</td>
<td>3 849</td>
<td>15 118</td>
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<tr>
<td>New Approaches to Economic Challenges</td>
<td></td>
<td>22 632</td>
<td>649</td>
<td>7 321</td>
<td>10 600</td>
<td>41 202</td>
</tr>
<tr>
<td>Sustainable Development</td>
<td></td>
<td>23 884</td>
<td>593</td>
<td>8 080</td>
<td>26 385</td>
<td>58 842</td>
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<tr>
<td>Trade in Value Added</td>
<td></td>
<td>5 936</td>
<td>130</td>
<td>3 520</td>
<td>2 164</td>
<td>11 750</td>
</tr>
<tr>
<td>Unemployment/Skills/Jobs Growth</td>
<td></td>
<td>19 916</td>
<td>200</td>
<td>11 888</td>
<td>14 799</td>
<td>46 803</td>
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<tr>
<td>Water</td>
<td></td>
<td>2 649</td>
<td>230</td>
<td>1 233</td>
<td>2 624</td>
<td>6 736</td>
</tr>
<tr>
<td>G20 &amp; International Governance Arrangements</td>
<td></td>
<td>3 520</td>
<td>2 164</td>
<td>17 687</td>
<td>130</td>
<td>23 501</td>
</tr>
</tbody>
</table>

Note: VCs in hand are the value of voluntary contributions previously accepted and intended to be committed to fund specific Output Results in the biennium. New VCs are the estimate of voluntary contributions not yet accepted that form part of the Total Estimated Costs of an Output Result.
Table 2. Total Estimated Part I Budget Resources 2013-14 for the marker on the development strategy

<table>
<thead>
<tr>
<th>OECD Strategy Development</th>
<th>2013-2014 Totals (KEUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Part I</td>
</tr>
<tr>
<td>1.2 Industrial and Sectoral Policies</td>
<td>225</td>
</tr>
<tr>
<td>1.3 Science and Technology Policies</td>
<td>220</td>
</tr>
<tr>
<td>2.1 Human and Social Capital</td>
<td>66</td>
</tr>
<tr>
<td>2.2 Employment Policies and Social Cohesion</td>
<td>184</td>
</tr>
<tr>
<td>2.3 Environmental Sustainability</td>
<td>699</td>
</tr>
<tr>
<td>2.4 Health System Performance</td>
<td>201</td>
</tr>
<tr>
<td>3.1 International Trade</td>
<td>3 910</td>
</tr>
<tr>
<td>3.2 Agriculture</td>
<td>4 837</td>
</tr>
<tr>
<td>3.3 Taxation</td>
<td>277</td>
</tr>
<tr>
<td>4.1 Business Climate</td>
<td>1 040</td>
</tr>
<tr>
<td>4.2 Competition and Market Efficiency</td>
<td>1 981</td>
</tr>
<tr>
<td>4.3 Public Sector Economics and Governance</td>
<td>1 971</td>
</tr>
<tr>
<td>5.1 Development</td>
<td>6 130</td>
</tr>
<tr>
<td>6.2 Statistics</td>
<td>116</td>
</tr>
</tbody>
</table>

Note: VCs in hand are the value of voluntary contributions previously accepted and intended to be committed to fund specific Output Results in the biennium. New VCs are the estimate of voluntary contributions not yet accepted that form part of the Total Estimated Costs of an Output Result.

22. Resources for the OECD Strategy on Development (marker on Development Strategy - MDS), within the 2013-14 PWB have two elements:

- The first reflects a small proportion associated with the direct costs of co-ordination (e.g. CPF funding represents only 1% of Development Strategy resources).
- The second reflects the orientation and reorientation of the Programme of Work across the various substantive Committees towards this top-down priority through the marker system.

23. This orientation is captured through managers indicating the proportion of resources (mostly staff time), for each Output Result, that are contributing to the Development Strategy. These estimated resources provide a useful indication of the extent to which Committees have responded to the Development Strategy as a priority.

24. It is important to note that these resources are embedded in outputs within relevant Committees’ Programmes of Work. As such, they do not represent a fungible cash resource ‘budget’ for the Development Strategy. Indeed, the MEUR 149 are not additional resources but represent the overall leveraging that substantive Committees have allocated to outputs related to development.
2. PROGRESS IN IMPLEMENTING THE STRATEGY PROJECTS

25. The initial implementation period has been instrumental in refining the approach, scope, and outputs as well as specific areas of collaboration among directorates in all projects under the Strategy. This initial phase has laid the foundations for a more collaborative approach across the OECD which needs to be further supported by ensuring greater involvement of Committees. All projects have achieved their first deliverables and helped to advance mainstreaming efforts. They have been undertaken on the basis of the guiding principles for implementation set out in the Strategy document (paragraph 20). This section describes progress across the 13 Strategy projects plus the additional one on inclusive innovation. The Annex to this report provides a summary table on the progress made in the Strategy projects.

2.1 Strengthening OECD Members’ capacities to design policies consistent with development

i. Curbing illicit financial flows (IFFs)

Box 5. Curbing illicit financial flows. Key policy messages

Fighting IFFs requires action by all actors - developing and more advanced countries as well as development agencies. Structural reforms in developing countries will help address wider governance weaknesses that contribute to IFFs. OECD countries should support them to build the necessary political support and provide targeted technical expertise for a scaled up effort against illicit flows including combatting financial crime. They should also do more to deny safe havens for stolen assets and to strengthen systems to combat money-laundering, tax evasion, and bribery.

Further progress is needed in the following areas:

- Anti-money laundering – weakest in customer due diligence, including politically exposed persons, access to beneficial ownership information on companies and trusts, and regulation and supervision of institutions at risk of money laundering.
- International tax evasion – being fought through an expanding network of exchange of information agreements between OECD countries and developing countries; but developing countries need to expand their network and use existing agreements.
- Anti-bribery - several OECD countries have yet to sanction companies or individuals for bribery.
- Stolen assets - OECD countries can do more to put in place the necessary legal and institutional framework to facilitate tracking, freezing and returning stolen assets to foreign jurisdictions.

26. Illicit financial flows (IFFs) are thought to significantly exceed ODA and inward investments from OECD Member countries, although estimates are contested. They strip resources from developing countries that could finance development. OECD is responding to a recognised lack of comparative information or analysis on the arrangements in OECD countries with a cross-directorate task team set up in 2011 to address this gap. Its work is being complemented by the Oslo Dialogue and a capacity building

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3 Principles guiding the Strategy’s implementation include the following: align relevant OECD work to the Strategy; ensure that the Strategy-related activities are demand-driven and of mutual benefit; be consistent and transparent in managing diverse demand and designing activities; ensure transparency through full availability of information on the development-related activities; promote horizontal collaboration, involving relevant OECD Committees and Directorates; ensure cross-checking of recommendations provided within the Strategy activities; utilise the Strategy to deepen and expand OECD partnerships; ensure OECD’s value-added complements and links with the efforts of others; co-ordinate work internally based on clear roles and responsibilities; and ensure regular monitoring and review of progress of the Strategy and its activities.
programme, aiming to enhance interagency co-operation to better fight tax crime, money laundering and corruption.

27. **As part of the Oslo Dialogue, the Third International Forum on Tax and Crime was organised in 2013.** It brings together senior policy makers and experts from different disciplines and authorities, including tax and customs administrations, anti-corruption and anti-money laundering authorities, police and law enforcement agencies, public prosecutors, development agencies and international organisations. Together they share responsibility for combating financial crime in all its forms. One of the key outputs from the Forum is an in-depth study on Effective Inter-Agency Co-operation in Fighting Tax Crimes and Other Crimes, which makes recommendations for improving inter-agency co-operation in all countries. Countries contributing to this work include: OECD countries, Azerbaijan, Brazil, Burkina Faso, Colombia, Costa Rica, El Salvador, Ghana, India, Latvia, Lithuania, Malaysia, Peru, Serbia, Singapore, South Africa and Uganda.

28. **To complement the work on inter-agency cooperation, the OECD initiated a Capacity Building Programme for Tax Crime Investigators.** The Programme seeks to improve the ability of countries to detect and investigate financial crimes and recover the proceeds of those crimes by developing the skills of tax crime investigators. It currently consists of two parts: an introductory-level Foundation Programme on conducting financial investigations, piloted in April 2013 with a four-week course held in Rome, Italy and hosted by the Guardia di Finanza. This Foundation Programme course will be run for a second time in March-April 2014. A more advanced Intermediate Programme will be launched with a three week pilot course in December 2014.

29. **The OECD report, Measuring OECD Responses to Illicit Financial Flows from Developing Countries, was published in 2013 with widespread media coverage.** It is the first ever attempt at measuring comparative OECD country performance on efforts to address illicit flows originating from the developing world. The report covers 5 policy areas:

- Money laundering - reviewing OECD countries performance in implementing the Financial Action Task Force’s 40 Recommendations on Combating Money Laundering and the Financing of Terrorism and Proliferation (FATF, 2010);
- Tax evasion - relying on the Global Forum on Transparency and Exchange of Information for Tax Purposes monitoring mechanism to assess OECD countries implementation of agreed standards for the exchange of information for tax purposes;
- Foreign bribery - reviews OECD countries’ performance through the Working Group on Bribery reviews of compliance with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;
- Asset recovery - uses data collected by OECD and the Stolen Asset Recovery Initiative (StAR) through a survey on OECD country efforts on asset recovery;
- Development cooperation - report reviews bilateral and multilateral agencies practices to support developing countries in reducing illicit financial flows.

30. **To measure progress over time, a follow-up report could be produced in 2015/2016 to cover additional issues based on new survey work.** Partnerships with different relevant institutions (such as UNECA and the High Level Panel on Illicit Flows from Africa) could identify issues of common concern and explore complementary performance.
Box 6. Curbing illicit financial flows: Main Deliverables

Delivered:
- IFF Report: “Measuring OECD Responses to Illicit Financial Flows from Developing Countries”.
- Pilot capacity building programme within the Oslo Dialogue

In progress:
- Monitoring framework for measuring progress in policy coherence for development covering illicit financial flows.

31. Given the horizontal nature of IFFs, the project has benefited from excellent cross Directorate inputs. The preparation of the IFF report highlighted the benefit of consolidating in one single document the range of expertise and data generated by OECD. With respect to the Oslo Dialogue, the work of the Committee and an early engagement with partners, including a broad range of members, developing countries and other international organisations has ensured that the outputs and programme have been demand-driven, resulting in full and positive participation by key partners and support for the project. It has also enabled efficient and effective knowledge sharing to help developing countries combat all forms of financial crime.

ii. Global food security and policy coherence for development

Box 7. Key policy messages emerged from applying a broader PCD lens to Global Food Security

- The challenge of ensuring global food security is first and foremost one of raising the incomes of the poor so that they can afford the food they need to lead healthy lives. In many countries, the majority of the poor make their livelihoods through smallholder farming, therefore, agricultural development, plays a role in raising incomes. Fostering wider economic growth that creates diversified rural economies with jobs both within and outside agriculture is also important. Social protection instruments are needed to bolster incomes, consumption and nutrition in the short-term, and in the longer term, to build resilience and stimulate productive investment and local economic development.
- Increased investment, primarily from the private sector, is needed to raise incomes and increase the supply of food sustainably, notably by raising productivity. For this to happen, greater trust is needed between investors, governments and local communities including farmers. Governments have an important role in establishing framework conditions that complement and encourage responsible public and private investment. Priority areas for public spending, with aligned ODA, include basic services in education and health, rural infrastructure and, research and extension.
- Trade will have an increasingly important role to play in ensuring global food security. Countries need to avoid policies that distort world markets and make them a less reliable source of food supplies. Support for supply-side capacities may be needed to help poorer countries and population groups benefit from trade reform, along with complementary measures to minimise adjustment costs.
- Several countries have undertaken significant reforms of their agricultural policies, reducing extent of support they provide to farmers and providing support in ways that are less trade-distorting. In a context of high food prices, now would be an opportune time to eliminate remaining trade distortions and put in place more efficient policies, including social protection and tools to help farmers manage risk.

32. At a time of unprecedented economic opportunities and with vast resources at our disposal, the fact that 850 million people in developing countries still suffer from hunger and undernourishment is one of the greatest incoherencies of our times. The principal challenge is to raise the incomes of the world’s poorest, and with it their access to food, while providing vital complements such as access to education, clean water-sanitation and basic health and nutrition services. Against this background, this
project was launched to identify ways in which more coherent policies can contribute to improved global food security, thereby accelerating progress on MDG1 and whatever hunger targets are established for the post-2015 development agenda.

33. **Applying a broader PCD lens has highlighted that achieving global food security requires actions by advanced, emerging and developing economies, and at the global level** to create the necessary conditions for raising the incomes of the poor; improving agriculture productivity as well as research and innovation systems; reducing waste; reconciling increased agricultural productivity with other potentially competing objectives and constraints, such as bioenergy, water scarcity and climate change; facilitating trade; and increasing investment by removing barriers and incoherent policies. The result of this collaborative work has offered recommendations in four areas:

- Specific policy reforms, in terms of avoiding policies that create negative spill overs, such as trade distortions and biofuel mandates. This includes adopting beneficial policies, such as sharing knowledge that can contribute to developing countries’ efforts – for example, in research and development, or in the design of risk management tools.

- Coherence in developing countries tailored to country-specific circumstances. It recognises that the policy mix is likely to vary according to a country’s level of economic development and its structural circumstances, including its comparative advantage in agricultural activities.

- Recommendations on how development cooperation policies can be more coherent with national food and nutrition security priorities and strategies.

- Priorities for global action, highlighting areas where OECD analysis can inform more specific recommendations.

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### Box 8. Global Food Security and PCD. Main deliverables

**Delivered:**

- Report on “Global Food Security: Challenges for the Food and Agriculture System”.

**In progress:**

- Update of the Policy Framework for Policy Coherence for Development (PCD Toolkit) with a special focus on Food Security.
- Monitoring framework for measuring progress in policy coherence for development covering food security.

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34. **OECD work on global food security has been informed by collaborative efforts across the Organisation and by contributions from diverse stakeholders.** The 2012 Global Forum on Agriculture, jointly organised by COAG and the DAC on Food Security and PCD helped to ensure that policy insights were shared across the different policy communities. This work has drawn on our collaboration with other IOs (such as FAO and IFPRI), who are central to our ability to engage with a wider range of developing countries. The initiative has benefited from cooperation with the European Confederation of Relief and Development NGOs (CONCORD), the European Centre for Development Policy Management (ECDPM), and the Bertelsmann Foundation. The dedicated international events organised to discuss this work, such as the side event co-hosted with Italy in New York in the margins of the 68th UNGA, and the event in the 2013 edition of the European Development Days have highlighted the important role that the OECD can play in supporting efforts towards global food security, especially in a post-2015 framework. The Global
Forum is our main vehicle for engagement with key partners and a broader constituency, but further regional outreach events would deepen our engagement with countries outside the OECD area. The Organisation is also pursuing dissemination and actions through various avenues, in particular with other international organisations via the G20.

35. **A new set of PCD tools and initiatives, based on this work, is being launched to generate stronger evidence and inform policy and decision making.** A PCD monitoring matrix is being developed which includes the area of global food security. This work is based on a cross-directorate effort and includes the identification of existing OECD indicators that consider factors that may contribute to (enablers) or hinder (disablers) food security efforts. “Development enablers” include: transparent and rules-based trading system; access to knowledge, innovation and technology; or access to clean water and energy. “Disablers” or conditions which hinder countries’ capacity to achieve their own food security objectives, include barriers to trade; market distortions; or climate instability, among others. In parallel, Finland has completed the pilot of the OECD’s “PCD Toolkit” in the area of food security. Based on the findings of this pilot the PCD Toolkit can be updated and adapted to a special focus on food security.

2.2 **Contribution to international processes and global development architecture**

iii. **The Post-2015 development agenda**

<table>
<thead>
<tr>
<th>Box 9. The Post-2015 development agenda. Key policy messages</th>
</tr>
</thead>
<tbody>
<tr>
<td>A post-2015 framework for development should reflect the linkages between poverty alleviation, natural resource management and development, as well as local and global environmental challenges. A key element will be to identify and address a common agenda to collectively manage shared global environmental risks and to build resilience across all types of countries to contribute to inclusive and sustainable development, taking into account complex issues such as the interactions between food, water and energy security.</td>
</tr>
<tr>
<td>The OECD stands ready to support members and partners in the implementation of a post-2015 agenda through provision of advice, guidance and peer review assessments of individual country policies including on development cooperation policies; as well as by strengthening and leading strategic international partnerships to share knowledge, promote policy reforms and bring communities together to exchange experience, information and lessons learnt in implementing future goals.</td>
</tr>
<tr>
<td>To support the UN’s work on a financial framework for post-2015 goals, the OECD-DAC is looking at new ways to measure and monitor external financing for development beyond ODA through the modernisation of its statistical system.</td>
</tr>
<tr>
<td>The monitoring and evaluation of the post-2015 development agenda’s implementation requires the generation of sound and reliable data. The OECD has provided inputs drawing on a range of its activities (e.g. measuring well-being, green growth) to the deliberations of the group of Friends of the Chair of the United Nations Statistical Commission. The FoC groups represents the main vehicle through which the statistical community is informing the discussions on both the post-2015 development framework and the Rio+20 / Sustainable Development Goals process, which called upon the UNSC to develop a work programme on measuring performance beyond GDP. The OECD-based partnership PARIS21 stands ready to contribute to the global data revolution for sustainable development, and offers a ready-made structure on which to found a global partnership that is able to co-ordinate a participatory debate on the data and capacity needed worldwide.</td>
</tr>
<tr>
<td>The Busan Partnership agreement of 2011 offers helpful principles that could support the UN in the discussions on the means of implementation of a post-2015 development framework. The post-Busan Global Partnership for Effective Development Co-operation provides a broad political coalition of stakeholders to advocate for new ways of working and inclusive partnerships bringing together state and non-state actors to drive progress. It also provides a space where the main actors of international development co-operation can debate, share experiences and be fully accountable for their commitments.</td>
</tr>
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</table>

36. **Less than two years remain until the deadline of the Millennium Development Goals (MDGs) and the UN-led preparations for the post-2015 goals framework are in full swing.** The post-2015 agenda will entail working towards a single framework and set of goals universal in nature and applicable to all
countries. The new framework will aim to integrate the economic, social and environmental dimensions of sustainable development in a coherent and balanced manner. Setting and implementing the post-2015 framework requires convergence between the MDGs, and the outcomes of the Rio+20 and with support from other groups such as the Global Partnership for Effective Development Co-operation, the G20 and the G8.

37. The OECD played a pivotal role in shaping the MDGs and now aspires to be the “best supporting actor” by assisting the UN and its member states in shaping the UN-led post-2015 development agenda. The OECD Strategy on Development encourages the Organisation to leverage its multidisciplinary expertise for a more comprehensive OECD contribution and increased relevance, value added and impact in major international processes. Being known as a hub of innovative ideas, knowledge sharing, peer reviewing, and experience with both developing and developed countries, the OECD is a key stakeholder in the consultations leading to a post-2015 development framework.

38. The OECD is leveraging its expertise across the entire Organisation and its constituencies through the OECD Strategy on Development and has established a cross-directorate “Post-2015 Task Team” to discuss how the OECD could contribute to the post-2015 agenda. This Task Team brought together different work streams within the OECD and is working on 11 elements that the Organisation considers to be relevant for the post-2015 agenda (see Box 10 and online: [http://www.oecd.org/dac/post-2015.htm](http://www.oecd.org/dac/post-2015.htm)). They elaborate the elements presented in the Overview Paper by showcasing the OECD’s work, providing concrete proposals and recommendations.

<table>
<thead>
<tr>
<th>Box 10. Supporting the Post-2015 UN-led process. Main deliverables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Delivered:</strong></td>
</tr>
<tr>
<td>Element 1: Keeping the Multiple Dimensions of Poverty at the Heart of Development.</td>
</tr>
<tr>
<td>Element 8: Policy Coherence for Inclusive and Sustainable Development.</td>
</tr>
<tr>
<td><strong>In progress:</strong></td>
</tr>
<tr>
<td>Element 6: Building Open, Effective and Accountable Institutions for All.</td>
</tr>
</tbody>
</table>

39. To present the OECD contributions to the international community the Secretary-General led an OECD delegation to the 69th UN General Assembly in September. In New York, the OECD and the Post-2015 Reflections paper series was tabled at the UN Special Event on Post-2015 and associated Side Events: The SG spoke at the UNGA Special Event and at a side event on the Global Partnership for Effective Development, and the DAC Chair spoke at a side event on Multidimensional Poverty and Multidimensional Measurement of the post-2015 development agenda. Throughout the year OECD also organised and attended other relevant events and conferences on issues related to the post-2015 agenda and presented its work.
40. **The OECD’s experience with evidence-based and context-specific analysis, statistical competence combined with policy dialogue, peer reviews and learning can serve the international community and support the better design and implementation of reforms to meet the new set of post-2015 goals.** As Ms Amina Mohammed, the UN-Secretary General’s Special Advisor on post-2015, said during her visit to the OECD in January 2014, the OECD should support governments for the intergovernmental negotiations beginning after the UNGA 2014. It should provide governments and the post-2015 process as a whole with distilled expertise so that member states can have constructive negotiations in the upcoming months. OECD engages with member countries and with other emerging and developing countries to share expertise and knowledge through mutual learning, respecting countries’ ownership of their own environment and development priorities and policies. It aims to support countries in a common effort to strive towards more coherent approaches to sustainable development.

iv. **Monitoring progress on Busan outcomes**

<table>
<thead>
<tr>
<th>Box 11. Monitoring progress on Busan outcomes. Key policy messages</th>
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<tbody>
<tr>
<td>The OECD plays an important role in strengthening the evidence base on development co-operation and its effectiveness by monitoring progress on key principles agreed at the Fourth High-Level Forum on Aid Effectiveness in 2011 in Busan. The OECD, which provides secretariat support to the Global Partnership jointly with UNDP, has been leading international efforts to monitor the effectiveness of development co-operation. OECD’s work in this area is a tangible contribution to realise MDG8 on global partnerships: efforts to assess the quality of aid since 2005 have been an essential to international discussions on financing for development which focus on the quantity of aid (e.g. Monterrey Consensus). The Global Partnership offers a new model that can contribute to the post-2015 framework and its implementation – particularly through its focus on effective development co-operation as an enabler. Its approach to monitoring progress encourages both learning and accountability.</td>
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Renewed attention is needed to accelerate progress on aid effectiveness commitments. Findings emerging from the initial monitoring evidence in 2014 suggest that previous levels of achievements on implementing key principles of effective development co-operation have been maintained in a time of difficulty, though challenges to more rapid implementation need to be addressed. Inclusivity is moving from principle to practice and a country-focused approach is becoming even more relevant. The implementation of Busan commitments by participants to the Busan HLM is seen as central to the credibility of the Global Partnership. Aid, particularly in low-income countries and fragile states, is at the core of OECD members’ commitments under the Busan agenda and of their support for global development efforts. However, the Global Partnership for Effective Development Co-operation encompasses a broad concept of development co-operation, and its contribution to the post-2015 framework should, therefore, incorporate the effectiveness of other flows and means, in addition to that of ODA.

The monitoring framework of the Global Partnership is an entry point for OECD Members to engage in a political dialogue as equal partners with the full range of stakeholders supporting the Busan agenda (including developing countries, emerging economies, the private sector, parliamentarians and civil society organisations) on the future role of development co-operation in the post-2015 development framework. However, the focus on accountability, which remains a central feature of the Global Partnership, needs to be balanced against its broader scope as a space for learning, knowledge-sharing and identifying global solutions.

41. **The Busan High-Level Forum was a turning point in the way in which development co-operation is governed.** The endorsement of the Global Partnership highlighted the growing consensus for incorporating the views of diverse stakeholders and to enhance the effectiveness of all development resources for development. The OECD will contribute to the global process and development architecture linked with the Global Partnership for Effective Development Co-operation. This work builds on previous experience in the monitoring of the Paris Declaration and the Accra Agenda for Action.

42. **By making its tools, methods and analytical capacity available to the Global Partnership the OECD contributes to evidence-based political dialogue on effective development co-operation.** The monitoring framework was established to inform ministerial-level dialogue within the Global Partnership and to support accountability for implementing commitments. The experience and achievements of
development partners in implementing the Busan principles, commitments and actions will be shared on a voluntary basis.

Box 12. Supporting global accountability on the implementation of Busan commitments: Main Deliverables

Delivered:
- A Busan global monitoring framework including 10 indicators and targets.
- A toolkit to support implementation of the Busan commitments.

In progress:
- First progress report on the Busan outcomes (March 2014).
- Second progress report on the Busan outcomes (expected in 2016).

43. The next steps will be to draft one or two analytical reports to support global accountability on the implementation of Busan commitments, with the first report being released in time to inform the first High-Level Meeting taking place on 15-16 April 2014 in Mexico. Furthermore, one or two ministerial level meetings will be organised with a view to sustain the political momentum on implementation of the Busan commitments and to provide ongoing support to facilitate multi-stakeholder dialogue and knowledge sharing within the Global Partnership. The OECD work on the Busan outcomes is undertaken in close cooperation with UNDP as part of the joint secretariat, the World Bank and regional organisations, e.g. the African Union and Regional Development Banks which also contribute to data collection and monitoring efforts. Several stakeholders, particularly emerging economies (e.g. Brazil, China and South Africa), have shown interest in the work of the Global Partnership and have been invited to participate in the work of the Steering Committee as observers. At its last meeting on 13-14 February 2014 in Abuja, Nigeria, the Steering Committee agreed to expand its membership from 18 to 24 members to include a representative from the Arab coordination group, an additional representative from Africa, an additional representative from a provider-recipient country, an additional civil society stakeholder, a local government representative, and a representative from the philanthropic foundations.

44. The First High Level Meeting of the Global Partnership for Effective Development Cooperation will be held in Mexico City on 15-16 April 2014. It will bring together the full membership of the Global Partnership to take stock of how the international community has delivered on Busan commitments, based on evidence emerging from the most recent monitoring exercise, and consider new directions for facilitating more inclusive development co-operation. It also presents an opportunity for the international community to examine how effective development co-operation can be advanced in the context of the post-2015 development agenda, with particular focus on tax and domestic resource mobilisation, private sector, south-south and triangular cooperation, and the role of middle income countries.

2.3 Strengthening engagement with developing countries

v. Multi-dimensional country reviews (MDCRs)

Box 13. Multi-dimensional country reviews. Key policy messages

A multidimensional approach which simultaneously targets multiple policy objectives will better respond to demand of partner countries and contribute to improve citizens’ well-being than a traditional sectoral approach. The MDCRs look at (i) how to boost economic growth and its potential, (ii) how to make development sustainable, and (iii) how to design development strategies that reduce inequalities.

Enhanced policy co-ordination will be key. The simultaneous scrutiny of the multiple objectives, done jointly with the government undertaking the review, take into account synergies and potential trade-offs between the multiple
objectives, the factors driving them, and most importantly, the policy choices to address them.

A cross-cutting approach is conducive to identifying and addressing economy-wide binding constraints. They can include the improvement of human capital and skills, the physical capital, the institutional framework, social networks, and other dimensions that can have an economy-wide impact. Such an approach takes better into account trade-offs in certain policy areas, policy interactions and policy coherence, and thus enhance policy relevance and impact.

45. The Multi-Dimensional Country Reviews (MDCRs) identify the binding constraints to development in a country and suggest specific policy recommendations and guidance on implementation. This proposed strategy is designed to support the multiple objectives of sustainable economic and social development in order to improve the well-being of citizens. At the same time, the objective of the MDCRs is to facilitate mutual and continuous learning with developing countries by enhancing existing policy sharing mechanisms and by promoting peer learning in a broad range of areas. This work also contributes to define priority areas for future work with the OECD and to developing a new, comprehensive approach to economic assessments.

46. Work has been undertaken on initial assessment and in-depth analysis for MDCRs on Myanmar, Uruguay and the Philippines with relevant links to national priorities. In Myanmar, the Initial Assessment report is being used as a reference by the team in the Ministry of National Planning and Economic Development tasked with drafting Myanmar’s Comprehensive Long-term Plan, at the instruction of the Minister. In Uruguay, the Iglesias Commission has requested a seminar to discuss the main conclusions of the Initial Assessment report that will be delivered in June 2014. In the Philippines, the Initial Assessment report is used for the assessment and revision of the national medium-term development plan 2011-2016.

47. Policy dialogue with Partner countries is being strengthened by capitalising on the OECD’s wide-ranging policy expertise. The initial assessment report of Uruguay focuses on four dimensions: well-being, inequality, structural trends in economic growth and the sustainability of recent developments. Human capital and skills appeared as the most binding constraints to growth prospects. The second volume of the MDCR will deepen the analysis on two main issues: education system, with a focus on skills and vocational training, as well as the use of industrial policy for international insertion and technological upgrading. The initial volume of the MDCR of Myanmar has identified a lack of social and institutional capital as a key binding constraint to development. It stresses the need for putting effective institutional frameworks in place, particularly important for: macroeconomic stability, rule of law, environmentally sustainable development and enabling environment for private initiatives. In the area of social capital, the report stresses improved transparency and accountability as essential instruments to re-build trust between citizens and government. The second phase is now focusing on: transformation of agriculture, development of manufacturing and services, filling skills gaps and financing development. Finally, the MDCR of Philippines is in the diagnostic phase. Challenges include broad-based growth, well-being outcomes, job creation, informal sector development, infrastructure and natural disaster management, poverty eradication and rural development.

Box 14. Multi-dimensional country reviews: Main Deliverables

Delivered:
- Myanmar Initial Assessment report, delivered in July 2013 (presentations in Nay Pyi Taw, Yangon and Paris)

In progress:
- Uruguay Initial Assessment report (2014)
- Uruguay, 2nd Volume, cross-cutting policy issues (2014)
- Philippines Initial Assessment report (2014)
- Myanmar In-depth report (2014)
48. **The strong demand that has materialised for MDCRs in their still short life span attests to the fact that they are meeting an important need of partner countries.** Official requests have been received to carry out MDCRs for Costa Rica, Côte d'Ivoire, Panama and Thailand. Other African countries have also responded very positively to the proposal and see it as meeting an important need. Discussions with the objective of an official request are currently ongoing.

49. **The MDCRs have proven useful for sharing the OECD approach and methodologies, in both the diagnosis and the analysis of policies.** Partner countries, which are in all cases represented by an active and committed local team, have been very engaged in the review process and there have been clear indications of the interest and demand for additional work derived from the reviews in these countries. For instance, the analysis of the MDCR of Myanmar, will be informed by the first-ever, nationwide business survey on skills needs, which is the result of collaboration between OECD, UNESCAP, the Korean Development Institute (KDI) and Myanmar’s chamber of commerce and industry (UMFCCI).

50. **The MDCRs benefit from complementarities and synergies with other relevant international institutions.** Fostering partnerships with other agencies such as bilateral donors and IOs with an ability to support analysis and implementation in countries undertaking reviews has been very important for the final outcomes. The analysis for MDCRs on Myanmar, Uruguay and the Philippines has benefitted from a close cooperation with other IOs and stakeholder bodies such as UNECLAC, UNESCAP, ADB and CAF. The support from these institutions has materialised in logistical support, provision of inputs and support in drafting, as well as provision of funds.

51. **The implementation of the MDCR has involved useful collaboration with other directorates, but the involvement of Committees has been so far limited.** Better financial arrangements are needed to provide incentives for full ownership by all directorates involved to ensure an effective and sustainable horizontal collaboration. At the same time, a review mechanism of the MDCRs and adaptation of the Committees’ Programmes of Work in that regard might improve the impact of the review in terms of knowledge sharing and mainstreaming potential of the reviews in the future. The engagement and support of OECD members could be improved. The Secretariat has proposed briefing meetings about the reviews to interested delegates and also organised pre-launch presentations for delegations in Paris, but more efforts in defining how OECD countries could draw into the work carried out through the MDCRs for their own efforts in these countries could be considered.

### vi. Platforms for regional economic monitoring with focus on South-East Asia

**Box 15. Platforms for regional economic monitoring. Key policy messages**

- Strengthening regional dialogue on macroeconomic policies and structural policies is increasingly important. Co-operation with regional institutions is vital for effective regional economic monitoring.
- Policy co-ordination at the regional level will be important under increasing integration of economies, in particular for Southeast Asia, in the context of their regional integration effort.
- OECD country experience in terms of transformation of their growth models towards more inclusive and sustainable economies could inform regional discussions.

52. **During the preparation of the Strategy on Development it was recognised the important role that the OECD could play in enhancing the economic monitoring capacities of regional groupings.** In particular the analysis of macroeconomic management and policy coordination through the platforms for regional development in Asia aim at promoting structural policies to enhance productivity and competitiveness, strengthening the regional economic monitoring in co-operation with regional partners, and improving regional integration and equitable economic development by knowledge sharing on tax and other structural policy. The OECD develops relevant databases, notably in the area of revenue statistics (replicating the joint work with ECLAC-CIAT in Latin America) and of skills indicators (building on the
joint work with the World Bank, ILO and UNESCO for the G20) which can be important inputs for such regional platforms.

Box 16. Platforms for regional economic monitoring: Main Deliverables

**Delivered:**

**Events:**
- 26 September 2012 – The First Asian Regional Roundtable (Singapore) identified the key policy challenges in the region both on short-term macroeconomic and medium-term structure issues.
- 13-14 July 2012 – LAC Tax Policy Forum (Colombia)
- 4-5 July 2013 – LAC Tax Policy Forum (Uruguay)
- 19 July 2013 – The 2nd Asian Regional Roundtable
- 3-4 July 2014 - LAC Tax Policy Forum (Mexico City)
- July 2014 (TBD) – The 3rd Asian Regional Roundtable

**Ongoing:**

**Publications:**
- Annual flagship publication on Revenue Statistics in Latin America and online regional database on tax revenues. (Fully ongoing)
- Pilot report/database on Revenue Statistics in Asia; (Finalisation)
- Annual flagship publication Revenue Statistics in Asia and online regional database. (Fully ongoing)
- Annual flagship publication Revenue Statistics in Africa and online regional database. (Fully ongoing)

53. **In Latin America, a regional approach has proven a successful means for knowledge sharing in the area of fiscal policy.** The fourth LAC (Latin America and Caribbean) Tax Policy Forum will take place in July in Mexico. As a contribution for analysis of key tax and fiscal policy issues, an annual flagship publication on Revenue Statistics in Latin America and online regional database on tax revenues has been developed. Mexico will be the venue of the next LAC Tax Policy Forum which will take place on 3-4 July. The forthcoming flagship publication and online regional database is planned on Revenue Statistics in Africa, it will be presented by end 2014.

54. **The Platform for Regional Economic Monitoring in Asia (also known as the Asian Regional Roundtable) is promoting knowledge sharing between the OECD and partner governments and institutions in the region.** Representatives from the Ministries of finance, central banks and planning ministries are invited with the objective of discussing broad cross-cutting issues. This discussion can help identifying key reform agenda of the region and can serve as an opportunity for peer learning within ASEAN+3 economies, including national and sub-national authorities, the private sector, as well as civil society. The second Asian Regional Roundtable (jointly organised by OECD, AMRO and Asian countries) took place in July 2013 and focused on: i) implications of monetary easing in OECD economies for Asia; and, ii) middle income traps in Asia (in particular, it addressed the importance of productivity-led growth to avoid the middle-income traps and of structural transformations in Emerging Asia). The Asian Development Bank is joining efforts to organise the Third Regional Roundtable which will take place in July 2014 (TBD).

55. **The Economics Department, the Centre for Tax Policy and Administration and the Development Centre are involved in the organisation of the Asian Regional Roundtable.** More Committee and Governing Board members could be invited to participate and have an active role in discussions. Involvement of additional OECD directorates could also be an option in the future.

56. **The cooperation with other IOs contributes to strengthen the OECD’s relationship with these other institutions working on development.** For example, the co-operation with AMRO (ASEAN+3 Macroeconomic and Research Office) has been strengthened through the organisation of the Asian
Regional Roundtable. The ADB will join efforts to organise the 2014 edition of this Roundtable. In addition, ADB is involved in the report/database on Revenue Statistics in Asia and online regional database. The OECD is in conversations with ATAF, the AfDB and the AU regarding a potential partnership for the Annual flagship publication Revenue Statistics in Africa and its online regional database.


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<th>Box 17. Review of the PFI. Key policy messages</th>
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<td>PFI-based Investment Policy Reviews (IPRs) have served to support over 25 countries in self-assessing their investment policies and are supporting two regional economic communities – the Southern Africa Development Community (SADC) and the Association of Southeast Asian Nations (ASEAN) - in enhancing their regional investment policy frameworks.</td>
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<td>The review of the PFI will enhance its contribution to advancing development objectives, including in such sectors as agriculture and energy, is increasingly addressing issues around green investment and environmental sustainability, and will respond to the call in the Busan declaration for engaging the business community in support of inclusive growth in developing countries.</td>
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<tr>
<td>The PFI review process systematically engages developing and least developed countries, who contribute to improving the instrument by providing feedback on its application.</td>
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57. **The PFI covers over 10 policy areas and is thus multi-dimensional in nature.** This allows for an integrated treatment of investment climate challenges. During the process of preparing the OECD Strategy on Development it was emphasised that an update of the PFI aims to:

- Improve investment policy for development on both country and regional level.
- Identify constraints where development co-operation can help improve the investment climate of developing countries.
- Establish platforms for exchange of best practices in investment for development among partner developing countries and with developed countries. Increase the attention placed on the development dimension, including environmental and gender issues and their relevance for investment policy formulation.

58. **In 2013, the PFI review process was elaborated, broad consultations were underway and the PFI was revised.** Countries that have undertaken, or are undertaking PFI-based Investment Policy Reviews (IPRs) include: Botswana, Burkina Faso, China, Colombia, Costa Rica, Egypt, India, Indonesia, Jordan, Kazakhstan, Lao PDR, Malaysia, Mauritius, Morocco, Mozambique, Myanmar, Nigeria, Peru, Philippines, Russia, Tanzania, Tunisia, Ukraine, Viet Nam and Zambia. In these countries, the IPR processes brought together a wide range of stakeholders across all relevant sectors the government and business communities. As such the IPR exercises have contributed towards enhanced policy coherence at the national level, which is critical for successful policy implementation. Countries that have used the PFI to undertake OECD Investment Policy Reviews often set up national task forces (In Burkina Faso and Myanmar, these have gathered 17 different agencies; in Tanzania, a cross-government task force was established at Permanent Secretary level and led by the office of the Prime Minister), ensuring a whole-of-government approach to investment reform.

59. **The update of the PFI has given important impetus for collaboration among different committees.** It has provided both the Investment Committee and the Development Assistance Committee an additional incentive to co-operate in the context of the Advisory Group on Investment and Development as it supports both committees in addressing issues of mutual interest. The Committee on Fiscal Affairs is
involved through CTPA’s support to the PFI on tax matters. It is also proving to be a good opportunity to
tighten the relationships with partner countries that have been co-operating with the OECD in individual
projects, such as Investment Policy Reviews. The involvement of emerging and developing countries in the
process of the update of the instrument opens up new dimensions of OECD investment for development
work and helps to deepen OECD’s investment policy related co-operation with the countries. At the same
time, the process of supporting developing countries’ engagement in the project and effective outreach
involves resource challenges. Voluntary contributions from OECD members have helped. In addition, it
has been useful to make use of and build on the on-going regional investment programmes, such as in
Southeast Asia through the ASEAN-OECD Investment Programme and in Africa through the NEPAD-
OECD Africa Investment Initiative.

Box 18. A review of the Policy Framework for Investment: Main Deliverables

Delivered:
- Concept Note of the PFI update approved by both the Investment and Development Assistance Committees.
- A new questionnaire on the infrastructure chapter of the PFI.
- Sectoral tools derived from the PFI i) agriculture; ii) clean energy.
- A new questionnaire on green investment.
- PFI-based questionnaires adapted to specific country/regional contexts.
- Knowledge-Sharing Alliance Pilot in Myanmar: feedback from Myanmar’s investment policy review task force
  for the PFI update.
- Pilot applications of the PFI at the local/state government level (in Lagos State, Nigeria) and for industry-
specific contexts (extractive industry in Kazakhstan, investment in agriculture in Burkina Faso, Tanzania,
Myanmar).
- Technical revisions of the tax and investment incentives sections of the PFI toolkit.

In progress:
- Technical revisions of the different PFI and toolkit chapters.

60. **The review of the PFI draws on cooperation with many IOs and stakeholders.** Partners include
ADBI; APEC Study Center; ASEAN; NEPAD; Regional Development Banks (including AfDB, ADB, 
DBSA); SADC and SADC member states; the SADC PPP Network and the Southern African SOE 
Network, The World Bank; and representatives of the private sector, civil society and academia. Common
efforts for the project aim to support of partner developing countries’ efforts to promote investment for
development by designing and implementing policies to maximise the development impact of investment.
In addition, other stakeholder organisations may use the updated PFI in their own work.

61. **Three regional consultations are scheduled for 2014 in Asia, Africa, and Latin America.** In
addition, various committees will be engaged in updating tools and annexes reflecting new dimensions
of investment for development and incorporating broad perspectives from developing countries with a view to
complete the review of the PFI by the 2015 MCM.

viii. **Policy Dialogue network on ‘Addressing common challenges in commodity-based economies’**

Box 19. Addressing common challenges in commodity-based economies. Key policy messages

The rising demand for natural resources offers resource-rich developing countries a window of opportunity to
escape the vicious cycle of poverty and under-development. This can be done by reaping the benefits from the
exploitation of natural resource endowments to promote more inclusive and broad-based development.

New approaches are required to promote a better understanding of the new challenges and constraints on
natural resource-based development as well as the formulation of collaborative and mutually beneficial solutions. This
is particularly important in an increasingly interconnected global economy where competition for natural resources is
intensifying, and calls for leveraging complementarities and opportunities.

Challenges where the OECD can add value and make a difference include: ensuring stable and predictable
sources of revenues; promoting resource-linked activities for local development; win-win approaches for the successful integration into regional and global value chains, overcoming asymmetry of information and other barriers to negotiating better agreements; and identifying high-risk profile of corruptive behaviours.

62. The policy dialogue on addressing common challenges in commodity-based economies aims at sharing good practice on policies to capitalise on resource booms and finance initiatives that strengthen a country’s welfare in the long term. More specifically, policy objectives of the project include effective utilisation of the resources generated through fiscal rules and stabilisation funds, greater understanding by policy makers of the constraints to growth and development in their country and enabling effective spending of resource revenues.

63. Twenty-four delegations from OECD and partner countries gathered for the inaugural meeting of the Policy Dialogue on 18-19 December 2013 at the OECD to lay the foundations of this initiative. The objective was to forge together building blocks, through the collective selection of specific issues for future work in 2014-2015. The meeting was structured around the identification of common challenges faced by natural resource-driven economies. Through this inclusive platform, countries across different regions and at different levels of development successfully engaged in an interactive dialogue to exchange experiences, learn from each other and build convergence around areas of common interest. Compared to other fora, the added value of this process mainly lies in its unique structure designed to produce new collective knowledge, which may include the development of specific tools as a result of interaction, supported by comparative analysis and policy reviews.

64. An Expert Advisory Board composed of partner international organisations and institutions (i.e. IMF, WB, WEF) was established to catalyse efforts and build on existing expertise. A multi-stakeholder consultation with industry, civil society and think tanks was organised as part of the inaugural meeting to bring in additional perspectives and ensure the continuous relevance of the issues to be addressed. Moving forward, multi-stakeholder thematic sub-groups will be established to involve stakeholders in the different work streams as appropriate.

65. The Trade Committee was consulted about the Policy Dialogue with a view to identifying synergies for future work, in particular with regard to local content development and win-win partnerships for the integration of local suppliers into global value chains. The work developed under the auspices of the OECD Working Group on Bribery would also be of great relevance to the Policy Dialogue. Consultations will be carried out at the secretariat level to explore opportunities for collaboration.

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4 Australia, Bolivia, Brazil, Chile, Colombia, Democratic Republic of Congo, Dominican Republic, European Union, France, Germany, Indonesia, Kazakhstan, Liberia, Mexico, Mongolia, Morocco, Nigeria, Norway, Peru, Russian Federation, South Africa, Switzerland, the United Kingdom and the United States.
Box 20. Addressing common challenges in commodity-based economies: Main Deliverables

A scoping paper has been developed to frame the issues and support the discussions during the inaugural meeting with a view to identifying the issues to be included in the Programme of work for 2014-2015. The Programme of Work for 2014-2015 has been submitted for approval by participating countries. Indicative final outputs for the four work streams include:

- Best Practice Report on strategies for local content development.
- Performance assessment of stabilisation funds and Assessment (advantages and disadvantages) of practices for the development-oriented use of revenue from extractives.
- Guidance on how to set reasonable prices for mineral commodities and Best Practices for balanced negotiations.
- Compendiums of best practices reflecting experiences and lessons learned from participating countries in addressing corruption risks in extractive industries.

66. **Partner organisations and the involvement of stakeholders are essential for the success of the project.** The EITI, IMF, WB and WEF were actively engaged in the inaugural meeting of the Policy Dialogue and contributed to shaping the Programme of Work for 2014-2015 to avoid duplication of work and target areas in which the OECD can make a difference. Given the thematic alignment, complementarities with the Africa Mining Vision will also be exploited. The Policy Dialogue can provide a platform where African Countries can bring their perspectives and learn from their peers. The identification of best practices on local content development could inform the customisation of specific solutions tailored to regional or country contexts.

67. **Tackling the multidimensional nature of the issues to be addressed will further require multiple levels of engagement from OECD and partner countries at both national and sub-national level.** Involvement of stakeholders and expert partner organisations will also be necessary to fully understand the issues at stake and achieve mutually beneficial outcomes. Organising and structuring the policy dialogue to deliver workable solutions will be part of the challenge.

ix. **Policy Dialogue network on ‘Addressing the challenges of knowledge development participation and upgrading in Global Value Chains’**

Box 21. Addressing the challenges of knowledge development participation and upgrading in Global Value Chains (GVCs)

**Key policy messages**

The global fragmentation of production associated with the rise of GVCs brings a new set of opportunities and challenges for economic development. GVCs offer an alternate path for integration in the global economy to countries lacking a diverse enough set of capabilities by finding competitiveness niches in specific stages of the value chain. Development cooperation and donors are increasingly recognising the importance of helping private sector development through increased participation and upgrading in global value chains. This increases not only the rationale for trade-related assistance, but also for new measures to promote productive development in developing economies.

Promotion of participation and upgrading in GVCs requires multidimensional, coordinated actions that mobilise multiple private and public agents and at all levels of government. In addition to a transparent, open and predictable trade environment, participation and upgrading to GVCs require targeted policies for technological development, infrastructure upgrading, as well as improved access to finance for local companies, including SMEs, and business services for clusters of firms. Actions to overcome human capital gaps and skills mismatches are also paramount to promote participation and upgrading in GVCs. Branding, quality guarantee systems, traceability, basic industrial technology and metrology services, as well as industrial standards and norm settings are also key enablers.

Participation to GVCs opens new development opportunities, but these differ for each country and territory. Taking into account each country’s endowments, vision and institutional capabilities for policy design and implementation is necessary to identify actionable policies. However, beyond the differences, there are some common
challenges. Country participants at the First Meeting of the Network in Costa Rica highlighted some common policy challenges: the process of strategy setting; making FDI a more inclusive development driver; promoting territorial development by fostering participation and upgrading in GVCs; linking participation to GVCs with industrial and innovation policies; promoting participation and upgrading in GVCs in services; and the impact of new corporate open innovation strategies on the potential participation and upgrading in GVCs.

Participants have identified two main priority areas of work for the Network, which will need to advance in a coordinated manner: (i) Extending the country-coverage of the TiVA database and identifying forms of advancing in the measurement agenda to increase our understanding of new trade and production dynamics; (ii) Engaging in case studies to deepen the understanding of policy and institutional challenges for promoting participation and upgrading in GVCs. Case studies will be carried out following the OECD Methodology of participation of “peer-reviewers”, and will focus on country strategies, specific policy tools and/or specific sectors.

68. **The initiative will contribute to discuss the overall role of Global Value Chains.** It also aims to share good practice on maximising benefits from GVC participation and to promote technological upgrading, including policies related to science, technology and innovation, human capital and skills formation, and SME suppliers’ development. The initiative led by the Development Centre, started in February 2013 as a cross-directorate project, a proposal for a “Policy Dialogue on Global Value Chain-Based Development”, based on work undertaken in the framework of the Trade in Value Added (TiVA) project; the synthesis report on Global Value Chains; the Aid for Trade monitoring and evaluation exercise; and Perspectives on Global Development 2013.

69. **Two main meetings were organised in 2013.** A kick off meeting of the network was held in Paris on 19 March, jointly with the Korea Development Institute (KDI) and back to back with the meeting of the OECD Committee on Industry, Innovation and Entrepreneurship. The outcomes of the meeting are contributing to the implementation of the Programme of Work, for example by contributing to our Economic Outlook (for 2014 the AEO will focus on GVCs). In October 2013 the first official meeting of senior representatives took place in Costa Rica. The two meetings held in 2013 allowed countries to share information and engage in peer-discussion on their challenges and policy options to promote participation and upgrading in GVCs.

**Box 22. Policy dialogue on Addressing the challenges of knowledge development and upgrading in GVCs: Main Deliverables**

As a result of the activities carried out in the framework of the network, participants have identified the following policy principles:

- Increasing fragmentation of global production and new trends in localisation of production activities and trade require global policy approaches;
- The policy framework for GVCs should take into account a wide range of policy areas, industrial, trade, innovation, skills and development cooperation, among others;
- Empirical and policy analysis on GVCs should take into account the specificities of different sectors and activities, by identifying the common and different challenges that they pose to development (e.g. automotive sector, services, agro-food, etc.).

**In progress:**

In light of these principles, work in 2014-15 will focus on:

- Identifying a roadmap for developing indicators, including possibly expanding the country coverage of the OECD TiVA database;
- Deepening the knowledge on specific policy tools and institutional capacities that are needed to promote participation and upgrading in GVCs; and
- Elaboration case study on country strategies to promote participation and upgrading of GVCs, with the participation of “peer reviewers”.

70. **This initiative has contributed to knowledge sharing and policy coherence among different OECD directorates.** It represents a key opportunity to improve data and evidence for policy making by
facilitating the inclusion of non OECD member countries to our databases, especially into TiVA. The peer-
mechanism allows to learn from each other and to get “real time” knowledge about government
development strategies and priorities. Horizontal collaboration has worked well when there was a clear
definition of responsibilities and a high level recognition of horizontal activities by top managers. The
opportunity to present an update on the initiative at the Working Party of the Trade Committee has been
particularly relevant to raise awareness. It could be useful to make the same in STI and DCD committee
meetings.

71. The implementation of activities in 2013 related to the OECD Initiative on GVCs, Production
Transformation and Development showed that there is a high interest from OECD and non OECD
countries in sharing knowledge and dialogue to identify better metrics to measure new trends in global
organisation of production and trade and to identify policy recommendations on how to promote
development by fostering production diversification and participation in GVCs. The network of OECD and
non-OECD officials has allowed creating a space for multi-dimensional discussion on development
challenges and this has been particularly helpful in addressing topics from a “challenge” perspective.

72. Participants have identified two main priority areas of work for the Network, which will need
to advance in a coordinated manner: extending the country-coverage of the TiVA database and identifying
forms of advancing in the measurement agenda to increase our understanding of new trade and production
dynamics; and engaging in case studies to deepen the understanding of policy and institutional challenges
for promoting participation and upgrading in GVCs. Case studies will be carried out following the OECD
Methodology of participation of “peer-reviewers”, and will focus on country strategies, specific policy
tools and/or specific sectors. The Network has also created an Advisory Group composed of high-level
experts of other International Organisations to accompany the project.

x. Incorporating inclusive green growth into development policies as part of efforts to promote
sustainable development

Box 23. Inclusive green growth into development policies. Key policy messages

Governments that put green growth at the heart of development can achieve lasting economic growth and social
stability, safeguard the environment, and conserve resources to support sustainable development for future
generations.

The longer-term benefits of well-designed green growth policies (e.g. better air quality and making more efficient
use of natural resources) will outweigh the short-term transition costs. Flexible labour markets, forward-looking skills
policies and a favourable business climate will lower transition costs.

Well-designed green growth policies could contribute to more inclusive societies in developing countries. For
example, replacing harmful energy subsidies by cash transfers targeted to the poorer households, or improving access
to basic water and sanitation services can be an efficient way to combat poverty and contribute to reduce social
inequalities.

Enhanced international co-operation is needed in this area, where key areas of action include: strengthening
green finance and investment, promoting green technology innovation, and facilitating trade in green goods and
services. The OECD is active in these areas, including for example, to support action on climate change through a
strong agreement under the UN Framework Convention (with key outcomes expected at COP-20 in 2014 and COP-21
in 2015).

Incentivising and tracking climate and environmental development finance is a priority for OECD members to
support implementation of the Rio Conventions, and greater transparency and accountability in reporting so as to build
trust. It will also be crucial to ensure the post-2015 measurement system for development finance recognises and
incentivises appropriate action on climate change and environmental sustainability.

The OECD is working with its partners to “green” development cooperation policies and increase of official
development finance allocated to climate change and green growth policies; to strengthen enabling conditions that
boost investment in “green” infrastructure; to support international collaboration on green technology co-operation,
development and transfer; and to open pathways for trade to support green growth. It is also building a robust
73. **This project is a collection of horizontal activities on green growth reflecting the OECD’s growing experience on these issues in developing countries.** It aims to clarify how the green growth concept as well as the recommendations of the OECD’s Green Growth Strategy can be made more relevant to a range of developing country contexts, and to identify challenges on implementing green growth strategies.

74. **Incorporating inclusive green growth into development policies as part of efforts to promote sustainable development involves cross-cutting work of different Directorates and Committees.** The key milestones listed below aim at contributing to the coordination of the OECD work on Green Growth, Capacity Building and Green Growth Knowledge Platform (GGKP) dissemination.

75. **The initiative can enhance knowledge-sharing among policy makers of different levels of governments as well as implementation partners.** Taking into account of sub-national actions in development is crucial, as public investment and services are increasingly taking place at the sub-national level. In areas of inclusive green growth agenda, challenges are to ensure active participation and commitment of committee delegates. Looking forward, the main challenges for the successful delivery of the project are resource-related. The main deliverables of this project are included in section 3 of this report as part of the on the cross-cutting area on inclusive green growth.

76. **Tracking climate and environmental development finance is a priority for OECD members to support greater transparency and accountability in reporting against the Rio Conventions.** Going forward it will also be crucial to ensure the post-2015 measurement system for development finance recognises and incentivises appropriate action on climate change and environmental sustainability, to support the Sustainable Development Goals (SDGs).

77. **Addressing the challenges of migration and development**

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**Box 24. Addressing the challenges of migration and development. Key policy messages**

Migration in both origin and destination countries have impacts on different development sectors, such as agriculture, trade, labour market, social protection, education and environment. In turn, sectoral policies have an impact not only on migration flows but also migrants’ conditions.

Migration-related decisions should also involve other Ministries, such as the Ministries of Education, Labour and Social Affairs, or Agriculture and Environment, because of the multiple interactions between migration, public policies and development. Other actors, both from the public and private sectors, should also be included.

Because of the growing importance of South-South migration, developing countries also need to design development policies encompassing immigrants. Issues such as the consequences of immigration on labour markets, but also in terms of social protection, education and health need to be tackled in the countries of destination.

**The OECD can help address the challenges of migration and development by contributing to a better understanding of the impact of migration on development.** With that view, the initiative focuses on key policy areas where better co-ordinated policies between origin and destination countries can ensure mutual and evenly shared benefits from migration (e.g. remittances, labour migration at different skill levels, diasporas). In order to identify information gaps and priorities for global action on migration and development, the OECD is working together with the World Bank, ADBI, WHO, UNESCO, ILO, International Migration Institute (University of Oxford), Swiss development Cooperation Agency, UN-DESA, UNFPA, UNDP and IOM.
The project - Assessing the economic contribution of labour migration in developing countries as countries of destination (ECLM) - was initiated in 2014 jointly with the ILO. It aims to have a reliable and evidence-based understanding of the economic contribution of labour immigration in low and middle-income countries, covering at least: (i) contribution to GDP and growth; (ii) impact on the labour market and (iii) impact on public finances and social services.

A series of activities are underway on the topic of skilled international migration and its potential impact on development in the countries of origin. New statistical work has been carried out with the World Bank and the International Migration Institute at the University of Oxford to identify migrants by skill levels and country of origin and by gender and age.

New statistical work (undertaken jointly with WHO) aims at measuring the number of health professionals and at monitoring the Global Code of Practice on the International Recruitment of Health Personnel.

Monitoring of migration flows and policies in Latin America (in cooperation with OAS) and Asia in cooperation with ADBI and ILO in the context of the Roundtable on Labour Migration in Asia. The 4th edition of the Roundtable was organised in Tokyo in January 2014 with a special focus on “Building Human Capital across Borders”.

The Interrelations between public policies, migration and development of partner countries (IPPMD) project has been implemented in 9 partner countries with an active participation of local authorities in each country. This work contributes to generating and sharing knowledge on the role of migration in the development strategies of developing countries at country level and at cross-country level through a conference organised in Paris in December 2013.

For the Global Knowledge Partnership on Migration and Development (KNOMAD), a concept paper was drafted and an expert meeting on “Strengthening the migration-development nexus through improved policy and institutional coherence” was co-organised with UNDP, SDC, ECDPM and the World Bank. The participation of the OECD in the KNOMAD initiative, through its involvement in the thematic working group on policy and institutional coherence has been a very good opportunity to contribute to the OECD work on PCD and knowledge sharing.

Box 25. Addressing the challenges of migration and development: Main Deliverables

- Updated database for Immigrants in OECD Countries (DIOC).
- “Coping with Emigration in Baltic and East European Countries”.
- “World Migration in Figures”, jointly with UN-DESA.

78. **Involving committees and directorates for a joint implementation of projects could further benefit the implementation of the initiative.** For instance, due to a lack of joint funds for the original initiative set out in the Annex to the Strategy, projects have tended to be carried out by individual directorates. The Swiss delegation has been very involved in the KNOMAD project, as the Swiss Development Cooperation Agency is one of the main funders of KNOMAD.

79. **Looking forward, next steps include** work on:
• Skilled international migration and its potential impact on development in the countries of origin: Updated database for Immigrants in OECD and non-OECD Countries (DIOC); including a new report on Diasporas; Two publications.

• Interrelations between public policies, migration and development of partner countries: case studies and policy recommendations: June 2016, including a concept paper; 10 country reports; Final report.

• Assessing the economic contribution of labour migration in developing countries as countries of destination: July 2017, including a concept paper; 10 country reports; Final report.

• Global Knowledge Partnership on Migration and Development (KNOMAD): open-ended, including a concept paper; Publication on policy and institutional coherence in the realm of migration and development.

xii. Facilitating long-term institutional investment into infrastructure projects in developing countries

Box 26. Facilitating long-term institutional investment into infrastructure projects in developing countries.
Key policy messages
Institutional investors such as pension funds, insurance companies, and sovereign wealth funds, are an important, largely untapped, source of long term financing for developing countries that are seeking investors to fund critical infrastructure needs.

The project will benefit countries that rely predominantly on non-concessional financing sources.

80. The OECD Institutional Investors and Long-Term Investment Project aims to facilitate long-term investment (LTI) by institutional investors such as pension funds, insurance companies, and sovereign wealth funds, addressing both potential regulatory obstacles and market failures. Engaging institutional investors and policy makers allows the OECD to provide effective policy recommendations at the highest political level.

81. The second year of the Project was marked by 3 major events:
• APEC/OECD Seminar on Infrastructure Financing (29 August 2013);
• G20/OECD High-Level Roundtable on Institutional Investors and Long-Term Investment “From problems to solutions: policy measures to address constraints in long-term investment” (28 May 2013); and
• OECD/Euromoney Infrastructure Summit (29 May 2013).

82. The OECD works in close cooperation with various partners. The project is supported by the Canadian pension fund CPPIB, the Club of Long Term Investors, the Dutch pension fund APG, Guggenheim Partners and Oliver Wyman. In addition to OECD member countries and different OECD Committees and Directorates, the LTI Project also involves developing countries with a focus on key partner-countries (i.e. Brazil, China, India, Indonesia and South Africa). Where there are local institutional investors in place (e.g. Sovereign Wealth Funds in Angola and South Sudan), the OECD could play a major role in advising these governments in how these funds could facilitate local infrastructure development within a prudential and well-managed investment strategy. Experience shows that any work in such countries should be closely coordinated with that of regional and international development organisations.
83. **The OECD is also collaborating with international organisations and international and regional development banks.** There is strong interest by all MDBs and National development banks to collaborate on the topic of institutional investors. The Asian Development Bank (ADB) expressed high interest in organising joint events in Asia and country-specific modules (e.g. Indonesia). Similar collaboration is being explored with the African Development Bank (AfDB) and the Inter-American Development Bank (IADB). The World Bank, IMF, FSB, the WBG and the IFC are active players in developing countries and their participation in the project is actively sought. The LTI project contributes to regular dialogue and enhanced cooperation of the OECD with the UN at G20 level.

84. **The work on Institutional Investors and Long-Term Investment Project in developing countries has emphasized the importance of the topic but also revealed resource challenges.** The relevance of the long-term investment topic for the G20 and APEC has been a unique opportunity to raise the visibility of OECD work and engage partner countries in the activities of the project. Going forward the G20/OECD Task Force on Institutional Investors and Long-Term Financing will have a key role in coordinating this work. Japanese government contribution allowed the organisation of an APEC/OECD Seminar on infrastructure financing in Indonesia in August 2013 but more resources would be needed to ensure developing countries’ engagement and effective outreach.

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**Box 27. Facilitating long-term institutional investment into infrastructure projects in developing countries.**

**Main outputs (delivered):**

- A policy note on Pension Funds Financing of Green Infrastructure circulated at the G20 Summit meeting in June 2012.
- A first report on infrastructure investment in ‘new’ markets, such as developing countries.
- A set of policy recommendations to facilitate institutional investment in the infrastructure sector which will be submitted to the G20.

**Published research** (disseminated via the project webpage [www.oecd.org/finance/lti](http://www.oecd.org/finance/lti)):

- Institutional Investors and infrastructure financing
- Annual Survey of Large Pension Funds and Public Pension Reserve Funds – Report on pension funds’ long-term investments – Report for G20 Leaders
- Pension Fund Investment in Infrastructure: A Comparison between Australia and Canada
- G20/OECD High-Level Principles on Long-Term Investment Financing by Institutional Investors
- The Role of Banks, Equity Markets and Institutional Investors in Long-Term Financing for Growth and Development – Report for G20 Leaders
- The effect of solvency regulations and accounting standards on long-term investing: Implications for insurers and pension funds
- Trends in large pension fund investment in infrastructure
- Global imbalances and the development of capital flows among Asian countries
- Infrastructure investment in new markets: Challenges and opportunities for pension funds
- The role of institutional investors in financing clean energy (DAF/ENV)
- Defining and measuring green investment (DAF/ENV)
- G20/OECD policy note on pension fund financing for green infrastructure and initiatives (DAF/ENV)
- Institutional Investors and Green Infrastructure Investments: Selected Case Studies", (DAF/ENV)

**Papers to be published in 2014:**

1. Government and Market based instruments and incentives to attract long term investment in infrastructure (Forthcoming February 2014) - Report for G20 Leaders
2. Insurers and Pension Funds as Long-Term Investors: An Approach to Infrastructure Investment (Forthcoming February 2014) - Report for G20 Leaders
3. Long Term Finance for Investment: Institutional Investment and Infrastructure Finance in Indonesia (Forthcoming February 2014)
4. Regulations and Incentives Affecting Long-Term Institutional Investors
5. Trends in Global Asset Allocation of Institutional Investors
6. What are the Risk-Return Characteristics of Private Infrastructure as an Asset Class?
Sound budgeting for fiscal transparency

Box 28. Sound budgeting for fiscal transparency. Key policy messages

Public governance is a vital component of development across its different dimensions. Sound public governance does not only contribute to fostering growth by lowering transaction costs, but also to reducing inequalities by levelling the playing field in the economy and society.

Good governance can help reduce the trade-offs between growth, equity and environmental sustainability by allowing the public sector to prevent, mitigate and compensate the costs of economic growth and to invest in human and social capital that are essential to sustain development in the long run.

Effective public governance can increase trust in institutions that is essential to the effectiveness of public policies and to guide decisions by businesses and households.

Trust and confidence are vital for legitimising effective action by governments, improving business and investment climate and supporting economic stakeholders in making decisions. They can also mobilise support for policies, lower transaction costs of law enforcement, and reduce informality.

Breaking away from the vicious circle of mistrust, low institutional capacity and informality in which some developing countries are trapped requires a consistent agenda, building consensus across society and learning from good practice elsewhere.

Sound budgeting for fiscal transparency aims to develop up-to-date data on budgeting practices and procedures for OECD and Partner countries. Objectives of the projects are also to compare results with best practices/OECD instruments in fiscal transparency and responsibility; identify best practices and innovations in the field of budgeting (e.g. participatory budgeting); and contribute to formulate a new indicator of Public Financial Management as part of the Post-Busan monitoring arrangement.

In areas of budgeting, the project is making good progress across the OECD and various regions, with the support of committees and partners. Since the project start in June 2012, work has been undertaken, including data collection, workshops with stakeholders and task force meetings. For the Africa region, responses from a survey were collected until March 2013, followed by a workshop and Task Force on PFM meeting that lead to the presentation of final data in July 2013. The Memorandum of Understanding between OECD and IADB was approved early 2013. In the following months, a survey was undertaken, a workshop organised and a final response given regarding budgeting practices in the LAC region. A survey on Eastern Europe and Central Asia was conducted in June-August 2013 in liaison with PEM PAL. In September 2012, an agreement was signed for the project on “Budgeting and Transparent Governance in Tunisia” and a meeting of the MENA-SBO network (Tunisia) was organised. Looking forward, the main challenges and constraints for the successful delivery of the work agenda are resource-related.

The development of OECD-wide results on budget practices and procedures has allowed for cross-country comparison, analysis and knowledge-sharing. The development of OECD draft Budgetary Governance Principles would not be possible without active debate and high-quality discussion at Committees on matters of good practice. A positive ‘learning culture’ is manifest in the very high response rates to various surveys and questionnaires, which allow the OECD to develop datasets on the impacts of public governance. More consistent commitment of Committees and OECD member states to support is essential for the success for the initiative. A strong monitoring dimension is essential if normative standards are to have a meaningful impact as OECD instruments.
Box 29. Inclusive innovation. Key policy messages

The role of innovation is widely recognised as a key driver for growth. The relation between innovation and inclusive growth is more complex. Trade-offs of innovation policies have to be considered: To date the main focus of innovation policies is on how they support growth; however, it is important to consider them also based on who benefits from growth and who might be excluded. Alternative policy options might allow for reaching the same growth objective with less exclusive effects or, alternatively, complementary policies might help reduce exclusion. These considerations are fundamental as exclusion can negatively affect innovation-driven growth. Another critical factor determining the impacts of innovation policy on inclusive development is to what extent these policies seek to support “excellence” and how important policies are in support of “laggards”. Supporting excellence, the direction taken in many countries, can be efficient in terms of innovation, but for the ensuing growth to benefit all, trickle down mechanisms must be implemented. Generally speaking, diffusion policies which are complementary to innovation policies, can play an important role in supporting inclusiveness.

Cultivating and exploiting creativity and talent is critical in the current global context where knowledge is the central element for growth. It is important to focus on practices that can foster more inclusive innovation processes, i.e. ensuring the participation of a wider group of individuals and firms as part of innovation processes and in particular excluded groups. Successful experiences of inclusive innovations, innovative products aimed at lower-income groups, can provide guidance on suitable policy measures. The role of ICTs in such processes is particularly important. One such example is providing incentives for smaller entities (whether individual entrepreneurs or small businesses) to obtain intellectual property titles (such as e.g. utility models and trademarks) and conditions to effectively create business opportunities on their basis.

Policy support for inclusive innovation poses a set of specific challenges. It is critical for policy makers to identify the measures for expanding inclusive innovation initiatives, many of which are successful at a local level but face difficulties in scaling up (access to markets, to finance, to knowledge).

International cooperation and peer learning on inclusive growth can be critical as different countries are currently experiencing quite similar challenges while substantially different approaches are being taken. The novelty of the question renders joint policy learning processes particularly important.

88. **In approving the OECD Strategy on Development, Ministers emphasised the need to address the policy challenges associated with innovation and inclusive development because benefits of growth do not automatically trickle down.** The project aims to help policy makers reconcile their social agendas with the innovation agenda and provide concrete policy solutions to support countries in reconciling their innovation and inclusive development agendas, including options for scaling up inclusive innovations. The analysis focuses on China, Colombia, India, Indonesia and South Africa.

89. **The project is conducted in close co-operation with its Advisory Group composed of representatives from the project’s partner countries and volunteered delegates from the OECD’s Committee for Scientific and Technology Policy.** It also closely engages with experts in the field and relevant international and national initiatives on various dimensions of the projects. The November 2012 Conference on Innovation for Inclusive Innovation, which was jointly organised by the South African Department of Science and Technology and the OECD, was a first step that initiated dialogue and cooperation with stakeholders. The Advisory Group last met in October 2013 in Istanbul in the context of the Global Forum of the Knowledge Economy. The Group will meet again in March 2014. A Symposium on Innovation for Inclusive Growth will be held on 20th – 21st March 2014 bringing together leading experts and policy makers from advanced, emerging and developing economies.

Box 30. Inclusive Innovation for Development: Main deliverables

**Delivered:**
- Develop an analytical framework assessing industrial, territorial and social inclusiveness (OECD, 2013).
- Analyse impacts of selected policies on industrial inclusiveness statistically (2013).
• Form an advisory group of like-minded countries to steer the project providing a forum for cross-country policy dialogue of questions related to innovation and inclusive growth (2013)

**In Progress:**

• Organise Symposium on Innovation and Inclusive Growth gathering leading experts and policy makers from advanced, emerging and developing countries (20-21 March 2014)
• Conduct an analysis of countries’ innovation policies based on the framework (fully ongoing, started in the third quarter of 2013).
• Complete conceptual and country studies (fully ongoing, will be completed in the first half of 2014).
• Work on final joint project publication (fully oncoming, will be completed in the second half of 2014).

90. **Many policy lessons learnt on developing countries can also be applied to OECD Members.** It is therefore important for all countries to consider the distributional impacts of innovation policies in order to identify policy trade-offs the more so as individuals and businesses are not on an equal footing regarding their innovation capabilities and access to the corresponding benefits (“industrial inclusiveness”). Moreover, one potential impact of ICTs is to foster the democratisation of innovation, i.e. expanding the circle of individuals and firms that are engaged in innovation. Finally, raising awareness on the mutual benefits of the work on inclusive innovations for development can increase participation of Committees in the project. Experience also shows that there is need to coordinate aid with indigenous innovation and the latter with anti-poverty policies.
3. CROSS-CUTTING THEMES

3.1 Inclusive Green Growth

Box 31. Inclusive Green Growth. Key policy messages

Well-designed green-growth policies could contribute to more inclusive societies in developing countries.

The longer-term benefits of well-designed green growth policies will outweigh the short-term transition costs.

Flexible labour markets, forward-looking skills policies and a favourable business climate will lower transition costs.

Important aspects of international co-operation for green growth are strengthening climate change and other green development finance and investment, promoting green technology innovation through co-operation, and facilitating trade in green goods and services.

Governments that put green growth at the heart of development can achieve lasting economic growth and social stability, safeguard the environment, and conserve resources to support sustainable development for future generations.

91. The main rationale and objective of this cross-cutting area is the increase in the overall quality and productivity of the work on green growth, and a minimisation of the transaction costs of the green growth and sustainable development horizontal activities. Projects aim at accelerating the mainstreaming of green growth in national and multilateral surveillance, better measuring the green economy, introducing sectoral studies, providing sector-specific capacity building, and deepening the horizontal exploration of green growth themes across Committees. Structured consultations with a variety of developing countries, e.g. with Asian and African countries, and with other organisations are ongoing in areas ranging from green growth priorities and their integration into development planning, green cities and green policy processes. The aim is to identify and address challenges in design and implementation of green growth policies and strategies and to clarify how green growth concepts as well as the recommendations of the OECD’s Green Growth Strategy are relevant to development policy and in a range of developing country contexts. Overall, cross-cutting projects seek to accelerate progress towards green growth, achieve greater efficiency in the use of natural resources, reduce waste and energy consumption, and introduce innovative solutions to address environmental challenges.

92. Key findings of this implementation phase highlight the importance of horizontal collaboration among the relevant Directorates and Committees (for example in the form of joint workshops). Projects, such as those on green growth and development policy or on clean investment policy and infrastructure, also showed that it is important to enhance knowledge-sharing among policy makers of different levels of governments as well as across a variety of different types of partners (public and private, business and other civil society organisations and partners).
Box 32. Inclusive Green Growth. Main Deliverables

**Environment, Green Growth and Development Policy:**

- What have we learned from attempts to introduce green-growth policies? (2013)
- Green Growth and Poverty Reduction: Policy Coherence for Pro-poor Growth (2013)
- Green growth and environmental governance in Eastern Europe, Caucasus and Central Asia (EECCA) report (July 2012)
- Review of economic instruments of environmental management in EECCA (Q4 2012);

**Indicators:**


**Green Cities:**

- Green Growth in Cities (May 2013).
- OECD-ADB Joint Workshop on Green Growth in Fast-Growing Asian Cities (February 2013, Manila, the Philippines).
- Knowledge Sharing Workshops: Urban Green Growth in Dynamic Asia (May 2013, Stockholm, Sweden; October 2013 in Kitakyushu, Japan).

**Clean Investment Policy and Infrastructure, Green Business Models:**

- Promoting long-term investment in support of green growth:
  - “Mobilising Private Investment in Low-Carbon, Climate-Resilient Infrastructure” – working paper (November 2012).
  - “Mobilising Private Investment in Sustainable Transport: The Case of Transport Infrastructure”
  - Policy Guidance for Investment in Clean Energy Infrastructure – (October 2013 in cooperation with the World Bank),
  - Integrating green investment chapters into OECD Investment Policy Reviews (IPRs) - completed for Tunisia & Colombia (2012).
- Transitioning to Green Innovation and Technology – 2012 Science, Technology and Industry Outlook (September 2012).
- Green Business Models for Systemic Eco-Innovation (including business models in developing countries).

**Natural Resources:**

- Improving the use of economic instruments for water resource management In Kyrgyzstan: the case of Lake Issyk-Kul Basin (September 2012).
- Strengthening the economic and financial dimension of integrated water resources management in Armenia, Azerbaijan and Georgia: Case study on the Kura river basin (September 2012).

**Cross-organisational conferences:**

- G20 Development Working Group Workshop on Inclusive Green Growth, co-organised by OECD (7 July 2013, Moscow).
93. **Key progress on mainstreaming and institutionalising Green Growth work at the OECD has been made in the area of development.** This was achieved through regular meetings, capacity building, and cross-directorate work. Most recently, a special emphasis was put on policy advice and publications in the areas of green growth and development planning and policy, urbanisation, energy, poverty reduction and investment policies. The implementation of the projects clearly showed that knowledge sharing and the integration of sub-national actions in development is crucial, as public investment and services are increasingly taking place at the sub-national level. Early and sustained engagement with business partners as well as community-based organisations, e.g. in the area of programmes targeting poverty reduction, will also help to deliver successful reforms and outcomes.

94. **The next steps in implementation in this area will concentrate on further mainstreaming and coordinating green growth work across the OECD, including in the areas of development co-operation and policy, green investment policy and infrastructure, and targeted advice at country and regional level.** Several projects and green growth events will bring together stakeholders from all over the world are forthcoming and a strong focus will be put on good practices in green energy, international consultations, and providing policy guidance and research. Analysis on green growth in rapidly growing world regions and cities (e.g. in South East Asia), on green investment policies and instruments to finance clean infrastructure, as well as regulatory and policy incentives and corporate governance will be published in the next years, more concretely in the below mentioned areas:

- **Environment, Green Growth and Development Policy**
  - Regional support to EECCA’s transition economies for greening growth and reforming water policies 2013-2015 (ENV EPI – the EAP Task Force): Toolkit and up to four country-level pilot projects on Green Growth Indicators in Eastern Europe, Caucasus and Central Asia (2013-2015); Toolkit on product-related economic instruments and up to three pilot projects (2013-2015); Pilot projects in up to three EECCA countries in support to the reform of environmentally harmful subsidies (2013-2016); Up to three case studies on improving access to finance in support to climate-related and green growth projects (2013-2016); Several regional meetings in conjunction with regional policy dialogue on green growth promotion (2013-2016), Toolkit and pilot projects to green Small and Medium Sized Enterprises in EECCA (2014-2016).
  - Toward Green Growth in South East Asia - forthcoming report – a part of the Korean East Asia Climate Partnership (EACP) Program.

- **Indicators**

- **Green Cities**
  - Case study report of Green Growth in Asia in 4-6 cities and regions in Asia (2014-15), including consultation workshop, peer-learning workshops in the case study cities and regions in Asia (kick off meeting to be held in Q1 2014 in Surabaya, Indonesia), conceptual Framework: Urban Green Growth in Dynamic Asia (Q2 2014), case study report of 4-6 cities and regions in Asia (2014-15), and the final report (2015).
  - Chapter on “Sustainable Urbanisation” in Toward Green Growth in South East Asia.

- **Clean Investment and Infrastructure, Green Business Models**
− Green investment banking. Furthering policy guidance and research on investment in clean energy infrastructure not only through updates of the PFI and the drafting of associated IPRs, but also through sector-specific capacity building programmes for clean energy infrastructure development.

− Update of the PFI incorporating green investment chapters (2014)

- Natural Resources
  − Chapter on “Sustainable Management of Natural Resources” in Toward Green Growth in Southeast Asia.

- Cross-organisational conferences
  − Knowledge sharing workshops with Asian cities, multi-lateral banks and other implementation agencies on urban green growth (2013-14).
  − High-Level Seminar on Urban Green Growth in Dynamic Asia (Q2/Q3 2014).
  − Regional workshop (possibly in Jakarta in May 2014 and co-organised with KOICA) bringing together local policymakers and practitioners to discuss the key issues identified in the forthcoming report Toward Green Growth in South East Asia.

3.2 Gender Equality and Women’s Empowerment

| Box 33. Gender Equality and Women’s Empowerment. Key policy messages: |
|---|---|
| Gender equality and women’s economic empowerment are not only a moral imperative; they are also important to achieve strong and inclusive growth. Countries should thus do their utmost to strengthen equal opportunities, increase participation rates and fully take into account the potential of women for stronger economies. |
| Gender equality and women’s rights are essential for achieving the unfinished business of the Millennium Development Goals and accelerating sustainable social and economic development beyond 2015. There is no chance of making poverty history without significant and rapid improvements to the lives of women and girls in all countries. |
| A comprehensive approach is needed to address inequalities through: 1) girls’ completion of a quality education, 2) women’s economic empowerment, 3) universal access to sexual and reproductive health and rights, 4) ending violence against women and girls, 5) strengthening women’s voice, leadership and influence, 6) women’s participation in peace and security, 7) women’s contributions to environmental sustainability. |
| It is essential to confront the discriminatory social norms and practices that underlie gender inequality, such as early marriage or tolerance of violence against women and girls. |
| Targets and indicators on gender equality act as a powerful stimulus for action. When girls and women are visible in data collection and reporting, governments and donors invest more in gender equality. There is an urgent need for ongoing investment in statistical capacity building and monitoring to improve the measurement of gender equality indicators and the collection of data disaggregated by sex. |

95. The focus of this theme is on the roots and reasons for gender inequalities and differences in economic and social indicators. This cross-cutting area also focuses on policies to address gender imbalances and relates to the gender impact of national and international policies in areas that are not primarily addressing gender concerns, such as the gender impact of environmental policies, trade policies or other sectoral policies. The main purpose of this cross-cutting initiative under the Strategy is, to:
• Exchange and improve knowledge on gender equality, with a particular focus on data and indicators.

• Disseminate good practices and achievements in the advancement of gender equality, and provide internationally comparable data and information on national gender policies as well as global trends.

96. The OECD Gender Initiative was launched in 2010 to examine existing barriers to gender equality and women’s economic empowerment, contribute to better evidence-based policies and promote the exchange of best practices between OECD countries and non-OECD countries. The findings of the Gender Initiative – presented in the report “Closing the Gender Gap: Act Now” – provide a rich set of data, analysis and actionable policy messages to promote gender equality and economic empowerment in education, employment and entrepreneurship in OECD countries, emerging and developing economies.

97. The OECD-MENA Women’s Business Forum became active in October 2009 and its mandate runs until 2015. DEV’s gender programme was launched on International Women’s Day 2008 with the public launch of Wikigender, a web 2.0 platform dedicated to gender related topics. In 2009, the first edition of the Social Institutions and Gender Index (SIGI) was released. The SIGI has been at the forefront of development research and debates on gender equality, and through its unique data set, is furthering knowledge and advocacy of critical issues for the post-2015 development agenda, national policies and other policy priorities at the international level. Knowledge sharing has been facilitated through regular side events with key partners at international events, national partners (e.g. DFID), regular online discussions and publications on discriminatory social norms and emerging policy topics.

98. This cross-cutting area has highlighted that research and evidence for policy requires sustained and long-term support and commitment from partners to ensure that these efforts can continue to meet new policy challenges and continue to be innovative. Strong support from the Committees and donors (Austria, Finland, Norway and Sweden) has enabled the Gender project to deepen its research and policy impact, and be on the cutting edge of policy debates linked to Post-2015, gender equality and social norms. Partnership with national statistical offices and research networks has served to deepen the OECD’s policy relevance on gender equality and its research on discriminatory social norms in developing countries and helping to translate data and research into implementable policies at the national level.

99. There is strong will within the Organisation to work horizontally on cross-cutting issues, such as violence against women. However, this collaboration is often limited by time and budget issues. Knowledge sharing between the directorates is strong through formal and informal channels and moving forward, strengthening the horizontal gender group through regular formal meetings (one each quarter) could facilitate more horizontal projects.

100. One challenge that remains is ensuring that Committee members continue to support gender mainstreaming throughout the Organisation’s work by giving a clear mandate and setting it as a priority for action for all directorates, accompanied by core budget allocation. Support will also be needed for monitoring progress in achieving gender equality in member countries and for supporting emerging and developing economies in their efforts to address the gender equality dimensions of poverty.

101. There have been positive and fruitful partnerships with key partners working on social norms and gender, including the UK’s Department for International Development (DFID) at the international level to national statistical offices at the national level. More constructive engagement with local research networks remains an area of weakness that the gender team hopes to address through an increase in country level studies and community outreach via the Wikigender platform.
Delivered:

- New indicators for the Gender Data Portal.
- Adoption of the Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship. (May 2013)
- First half of 2013 – Analytical and case study report on empowering women through financial education and awareness.
- Preliminary international policy guidance to enhance financial empowerment of women (2013) – Finalisation of a set of preliminary policy guidance.
- Aid in support of gender equality and Women’s empowerment: statistical overview (October, 2012).
- Adoption of the Social Institutions and Gender Index (SIGI), and updated country profiles for over 100 countries.
- Issues paper on violence against women.
- Specific country studies based on the SIGI framework (in South Africa, Kenya and Uganda)
- Creation of a unique network of over 300 participants that links up experts from the MENA region with other parts of the world.
- June 2012 – Use of new social media: Facebook.
- 2014 OECD-CAWTAR report “Gender, Law and Public Policy: Trends in Middle East and North Africa”
- Chapter on “Women in Government” in 2013 Government at a Glance
- Publication “Women in Business: Policies Supporting Women’s Entrepreneurship Development in the MENA Region” (October 2012)
- November 2012 – Launch of an interactive website.
- Briefing on “Gender equality and women’s rights in the post-2015 agenda: A foundation for sustainable development” (2013)
- Briefing on “Unfinished business – women and girls front and centre beyond 2015”, available in English, French and Spanish (May 2013)
- Issues brief on “Policy and Political Dialogue on Gender Equality and Women’s Empowerment at the Country Level” (October 2013)
- Statistical paper on “Aid in support of gender equality in education and health” (February 2013)

Outstanding:

- 2013-2014 (and beyond) – Development and collection of refined quantitative and qualitative data on gender differences in financial literacy including PISA financial literacy. (intermediate, outstanding)
- Build a global network of gender and development researchers.
- Technical paper and four-page briefing on “Investing in women and girls to achieve the MDGs and accelerate development beyond 2015” (March 2014)
- Report on “DAC Donor Approaches to Gender Equality and Women’s Rights”, based on a survey conducted by the DAC Network on Gender Equality with DAC institutions in 2013 (spring/summer 2014).

102. The next steps of the cross-cutting work will be to further gender equality and women’s empowerment through improved statistical overview; to update the Social Institutions and Gender Index (SIGI) for 2014; a revised Wikigender 2.0 Platform; and further work on enhancing support for women business development and women’s economic empowerment in the MENA region. It will be important to continue building capacity amongst young researchers on gender and development and reduce barriers to gender equality. Furthermore, the work will focus on strengthening the strategic capacity of public officials to design and implement gender sensitive policy frameworks, and to further empower women through
financial education and raised awareness. Moreover, it will be important to understand causes, consequences as well as policy responses to gender differences in financial literacy, support women as economic actors and contribute to gender equality and women’s rights in development co-operation.

### 3.3 Domestic Resource Mobilisation

<table>
<thead>
<tr>
<th>Box 35. Domestic Resource Mobilisation. Key Policy Messages</th>
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<tbody>
<tr>
<td>Domestic revenue provides a sustainable basis for development and reduces aid dependency; and a stable, credible and fair tax system provides a key platform for trade and investment while promoting state building by encouraging governments to be more accountable to their citizens. Creating an enhanced enabling environment to assist developing countries collect taxes effectively and fairly requires the expertise of various policy communities. By building capacity, creating tools, sharing knowledge and experience, and providing policy advice common solutions to global challenges are being identified and implemented.</td>
</tr>
</tbody>
</table>

103. **This cross-cutting pillar focuses on OECD efforts to support the implementation of the Monterrey Consensus.** The consensus acknowledges the importance of tax, investment, private sector development, as well as aid, as means for achieving the Millennium Development Goals. The Development Strategy concluded that the OECD can make a significant contribution to domestic resource mobilisation in three areas: taxation, investment and aid, i.e. support the development of more efficient tax systems, contribute to country efforts in evaluating and designing policies to mobilise private investment in agriculture for steady economic growth and sustainable development; and promote global accountability for the implementation of Busan Commitments.

104. **The OECD’s multi-stakeholder Task Force on Tax and Development** (comprising OECD and developing countries, international and regional organisations, civil society and business) advises the Committees on how to create an enhanced enabling environment to assist developing countries collect taxes effectively and fairly. The Tax and Development Programme is making OECD international tax norms and standards accessible and relevant to developing countries. Current focus countries are Ghana, Colombia, Kenya, Rwanda and Vietnam. A further 20 countries receive advice from the OECD. This is delivering results: over USD 100m of additional revenues have been achieved. Reviews of tax incentives for six developing countries have also been delivered. A review of Ghana’s tax incentives regime showing tax expenditures exceeding 6% of GDP is prompting a reform effort. OECD tools have been produced, a manual on exchange of tax information and a report on tax morale for example.

105. **Through its transfer pricing work, the Tax and Development Programme also gives a voice to developing countries to input into the OECD/G20 Base Erosion and Profit Shifting (BEPS) project.** This includes participation in the three high-level regional events delivered in early 2014 in Africa, Asia and Latin America, with the support of regional organisations (ATAF, CIAT), as well as a fourth information and consultation meeting in Paris in conjunction with the Global Forum on Transfer Pricing at the end of March 2014.

106. **The establishment of a joint DCD/CTP Secretariat and integrating the work fully into the PWB on a rolling basis has contributed to a stable institutional delivery mechanism.** Combined DAC and CFA meetings govern the Programme coherently. Joint work between DAF and DAC/CFA in undertaking Investment Policy Reviews have highlighted the need to reduce and mainstream tax incentives for investment while also addressing the structural issues that affect competitiveness, including infrastructure and human resource development. Further joint work on natural resource taxation, including with DEV, is being explored. The publication by DCD of two key reports related to domestic revenue - on Fragile States
2014 – Domestic Revenue Mobilisation in February 2014, and on Illicit Financial Flows in December 2013 in collaboration with the Centre for Tax Policy and Administration demonstrated growing and effective collaboration between DCD and CTP. Both reports highlighted the crucial importance for OECD countries to ensure sound domestic and development policies to assist developing countries – including fragile states – to counter their challenges in raising domestic revenue to finance their recovery and development.

Box 36. Domestic Resource Mobilisation. Main deliverables

**Taxation:**
- Capacity development on taxing Multinational Enterprises (transfer pricing).
- Flagship publications: An exchange of tax information practical guide for developing countries, reports on the public disclosure of company accounts, reports on tax morale and taxpayers education.
- Reviews of tax incentives for investment.
- A feasibility study to establish “Tax Inspectors Without Borders”, a toolkit and pilot deployments of experts.
- Revenue statistics methodology for Africa and Asia.
- Assistance to developing countries to prepare them for Peer Review as mandated by the Global Forum on Transparency and Exchange of Information for Tax Purposes.

**Investment:**
- Peer review of Indonesia on Public Private Partnerships, based on OECD PPP principles.
- The Policy Framework for Investment in Agriculture (PFIA).
- Public Private Partnership Implementation Training Programmes, based on the OECD principles.
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk areas was rolled out in Africa in 2012.
- A Report on progress in implementing the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk areas.
- A guide for responsible investment in agricultural supply chains.

**Aid and development co-operation:**
- Ten global monitoring indicators accompanied by targets.
- Methodology and toolkit to support implementation.

107. **Significant value is added by the multi stakeholder approach of the Task Force** (governments from both OECD and the developing world, business, civil society). The Task Force meetings provide good opportunities for multi stakeholder knowledge sharing. Close cooperation between technical tax experts (CFA) and their development (DAC) counterparts also provided opportunities to discuss and resolve policy coherence issues and encourage whole of government action. Future plans include work on natural resource taxation, revenue statistics and tax and crime. The next steps will further support the global accountability for the implementation of Busan commitments, further horizontal work, support the development of more efficient tax systems, and support countries in evaluating and designing policies to mobilise private investment in agriculture for steady economic growth and sustainable development.

3.4 Education for Development

Box 37. Education for Development. Key policy messages

The quality of education is important to achieve better learning outcomes. PISA provides a comprehensive and rigorous international assessment of learning outcomes and, as such, is well suited as a metric to measure learning performance in a post-2015 framework.

There need not be a trade-off between equitable access to education and better learning outcomes.

To be competitive in the modern global economy, countries need their students to leave school with a new set of
skills. Students need to reason creatively and apply their knowledge in novel situations. By shedding light on the acquisition of these 21st Century skills, PISA can help policymakers prioritise actions to strengthen their countries' human capital.

108. **PISA for Development aims to increase coverage of OECD’s Program for International Student Assessment (PISA) and recognise the specificities of measurement and skills in diverse developing country contexts.** It intends to promote the benefits of participation in PISA among MIC and LDC countries. Skills initiatives at the national level will support developing countries in designing skills initiatives at the national level (in the context of the OECD Skills Strategy).

109. **Three OECD committees and more than 20 partners are involved in implementation of a complex and technically challenging project (PISA for Development).** The Committees’ participation has been effectively managed; the challenge has been to ensure that all members of these committees were well briefed about the project and the issues so that an informed discussion could take place. This challenge has been dealt with through the production of accessible and easy to read brochures and other information and investing time in briefing members face-to-face and through email and telephone communication.

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**Box 38. PISA for Development. Main deliverables:**

**Delivered:**

- OECD Education Working Papers, No. 71: The policy impact of PISA
- OECD Education Working Papers, No. 93: PISA in Low and Middle Income Countries
- PISA for Development Project Document (with Logical Framework)
- Paper on OECD’s contribution on education to the post-2015 framework: PISA for Development
- Brochure on improving learning outcomes worldwide: how PISA can help
- Terms of Reference for International Steering Group and Technical Advisory Group
- Terms of Reference for the initial set of expert papers for the three main technical strands of the Project
- Terms of Reference for Strategic Report for 1Q 2015 on “Lessons from the Participation of Developing Countries and Emerging Economies in PISA”
- Project planning documentation

**In progress:**

- Expert paper on enhancing PISA’s Contextual Questionnaires commissioned from Doug Willms and Lucia Tramonte (University of New Brunswick, Canada)
- Expert paper on enhancing PISA’s cognitive instruments commissioned from Ray Adams and John Cresswell (ACER, Australia)
- Expert paper on developing an analytical framework and methodological approach to including out-of-school youth in the assessment to be commissioned from the UNESCO Institute of Statistics (UIS) and UNICEF
- A report (publication) on the experiences (including challenges, capacity-building components, achievements and policy impacts) of non-OECD countries participating in PISA cycles up to 2012 to be commissioned
- Expert paper on the system level data situation in the participating countries to be commissioned from the UNESCO Institute of Statistics (UIS)
- Expert paper on a comparative review of relevant assessments such as LLECE, PASEC and SACMEQ to be commissioned
- Capacity needs analysis in respect of student assessment being carried out in Ecuador, Senegal and Zambia with similar exercises planned for Cambodia, Guatemala and Sri Lanka
- Capacity Building Programmes designed for Cambodia, Ecuador, Guatemala, Senegal, Sri Lanka and Zambia
- Project Implementation Plans for Participating Countries developed.
- Terms of Reference for International Contractor(s) to be completed in light of expert papers, capacity needs analysis and capacity building programmes.
110. *The strength of PISA for Development lies, in part, in its design and its high level of relevance to the global focus on improving the quality of learning outcomes, especially in developing countries.* Following from this, the strong buy-in from stakeholders and partners is also a major strength. The main challenges have been creating space in workloads to develop the project. In addition, there is still a budget deficit that will need to be closed over the next 18 months.

111. *PISA for Development is well placed to support global efforts to frame a learning goal in the context of the post-2015 agenda and to provide a single universal metric for measuring progress towards this.* PISA is regarded as one of the most important education policy instruments in the world today and there is a compelling logic for making this more relevant to developing countries so that greater numbers of these can benefit from the surveys and analysis. The project therefore addresses squarely the core elements of the Strategy on Development, particularly the adaptation of the most successful OECD policy instruments to make these more relevant for developing country contexts.
ANNEX. AN OVERVIEW ON THE IMPLEMENTATION OF THE STRATEGY.

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Deliverables</th>
<th>Horizontal Collaboration</th>
<th>Partners</th>
<th>Expected outcomes</th>
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</thead>
<tbody>
<tr>
<td>1. Curbing illicit financial flows (IFFs)</td>
<td>Assess institutional, regulatory and legal arrangements in OECD countries to address IFFs</td>
<td>Monitoring framework for measuring progress in policy coherence for development covering illicit financial flows (outstanding)</td>
<td>DCD, CTPA, DAF/ACN, CleanGovBiz and GOV</td>
<td>Enhanced interagency co-operation.</td>
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<td>Develop policy recommendations.</td>
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<td>Strengthened skills of criminal tax investigators and related specialists to successfully conduct modern and effective financial investigations.</td>
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<td>Contribute to developing capacities in developing countries to combat financial crimes (in the context of the Oslo Dialogue).</td>
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<td></td>
<td>2013 IFF Report: “Measuring OECD Responses to Illicit Financial Flows from Developing Countries”</td>
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<td>IOs: The Stolen Asset Recovery Initiative (StAR) of the World Bank, UNODC, FATF Africa Partnership Forum, the U4 Anti-Corruption Resource Centre, OECD countries: Germany (BMZ and GIZ) Developing partner countries:</td>
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<td></td>
<td>Monitoring framework for measuring progress in policy coherence for development covering illicit financial flows (outstanding)</td>
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<td>Objectives</td>
<td>Deliverables</td>
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<td>Partners</td>
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<tr>
<td><strong>2. Global food security and policy coherence for development (PCD)</strong></td>
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<td><strong>Updated analytical framework and concept of Policy Coherence for Development that responds to new realities to better inform policy making and contribute to improve global food security.</strong>&lt;br&gt;Improved evidence and policy tools that help governments and other actors to take into account the negative side effects of policies on food security as well as to design policies that increasingly exploit synergies across sectors to contribute to enabling environments conducive to global food security.&lt;br&gt;Strengthened tools for monitoring and assessing policy coherence for food security to inform decision-making.&lt;br&gt;Enhanced policy dialogue with developing countries and key stakeholders on the key issues that affect or impact negatively food security as well as on the priority areas where collective action is required.</td>
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<tr>
<td>Objectives</td>
<td>Deliverables</td>
<td>Horizontal Collaboration</td>
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<tr>
<td><strong>3. Post-2015 development goals</strong></td>
<td>Exploit the OECD’s multidisciplinary capacity to support the Post-2015 UN-led process of designing goals, targets and indicators across all dimensions of sustainable development.</td>
<td>OECD &amp; Post-2015 Reflections paper series. Participation at UN Special Event on Post-2015 and associated Side Events. Contributions to the UN Open Working Group on Sustainable Development Goals. OECD Global Forum on Development focused on the Post-2015 Agenda. DAC Development Debates and experts workshops</td>
<td>DCD, DEV, STD EDU, Paris21, SGE/PCD Unit,</td>
<td>IOs: UNDP, UN-DESA The Ford Foundation, European Foundation Centre, the Rockefeller Foundation, WINGS, and the OECD netFWD Italy (Side event in NY) Partner countries have contributed indirectly through conferences and consultations.</td>
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<tr>
<td><strong>4. Monitoring progress on Busan outcomes</strong></td>
<td>Support accountability for the implementation of the Busan commitments and actions. Stimulate broad-based dialogue at both the country and international levels on how to improve the effectiveness of development co-operation. Explore ways in which governments, the private sector and other key stakeholders can work together in mobilising resources and delivering services.</td>
<td>A Busan global monitoring framework including 10 indicators and targets. A toolkit to support implementation of the Busan commitments. First progress report on the Busan outcomes (March 2014)</td>
<td>DCD/DAC &amp; PAC</td>
<td>IOs: UNDP, the World Bank and regional organisations, e.g. the African Union and Regional Development Banks DAC Members and Turkey have contributed by providing data 46 developing partner countries have provided data. Bangladesh, the Pacific Islands Forum, the African Union Commission hosted regional consultative workshops.</td>
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<tr>
<td><strong>5. Multi-dimensional country reviews</strong></td>
<td>Provide recommendations for public policy action by a country’s national authorities and reform sequencing, based on a multidimensional approach that targets multiple policy objectives. Contribute to identify and address</td>
<td>2013 Myanmar Initial Assessment report Forthcoming reports: Uruguay Initial Assessment report (2014) Philippines Initial Assessment report</td>
<td>DEV, STD and ECO have been involved with Phase 1 Phase 2: horizontal, EDU and TAD</td>
<td>IOs: UNECLAC, UNESCAP, ADB, CAF Voluntary contributions from Swiss Agency for Development and Cooperation; Delegation of Korea to the OECD; the Government of Japan; GIZ.</td>
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</table>
## Objectives

<table>
<thead>
<tr>
<th>Economy-wide binding constraints and define priority areas to: (i) boost economic growth and its potential, (ii) make development sustainable, and (iii) design development strategies that reduce inequalities.</th>
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<tbody>
<tr>
<td><strong>Deliverables</strong></td>
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<td>(2014)</td>
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<tr>
<th>Horizontal Collaboration</th>
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<tr>
<td>Developing partner countries participating in the MDCRs (Myanmar, Uruguay, Philippines)</td>
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<tr>
<th>Expected outcomes</th>
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<tbody>
<tr>
<td>Coordination with relevant international organisations.</td>
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<tr>
<td>Enhanced support for countries to achieve the multiple objectives of sustainable economic and social development and the well-being of citizens.</td>
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</tbody>
</table>

## 6. Platforms for regional economic monitoring

**Promote structural policies to enhance productivity and competitiveness.**

- Strengthening the regional economic monitoring in co-operation with regional partners in East Asia and South-East Asia.
- Improve regional integration and equitable economic development by knowledge sharing on tax policy.

<table>
<thead>
<tr>
<th>13-14 July 2012 – The second meeting of the Latin America and Caribbean Tax Policy Forum held in Colombia</th>
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<tbody>
<tr>
<td>26 September 2012 – The First Asian Regional Roundtable in Singapore (jointly organised by OECD, AMRO &amp; Asian countries).</td>
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<td>4-5 July 2013 – LAC Tax Policy Forum</td>
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<td>19 July 2013 – The 2nd Asian Regional Roundtable in 2013 (jointly organised by OECD, AMRO and Asian countries).</td>
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<th>Partners</th>
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<tbody>
<tr>
<td>ADB, ATAF, AFD, ASEAN, AMRO, World Bank, ILO and UNESCO</td>
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<th>Expected outcomes</th>
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<tbody>
<tr>
<td>Enhanced productivity and competitiveness in Asia.</td>
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<tr>
<td>Strengthened collaboration with regional organisations for improving regional economic monitoring.</td>
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<tr>
<td>Improved knowledge sharing for fostering regional integration and equitable economic development.</td>
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## 7. A review of the Policy Framework for Investment (PFI)

**Improve investment policy for development on both country and regional level.**

- Identify constraints where development co-operation can help improve the investment climate of developing countries

<table>
<thead>
<tr>
<th>Concept Note of the PFI update.</th>
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<tbody>
<tr>
<td>A new questionnaire on the infrastructure chapter of the PFI.</td>
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<td>Sectoral tools derived from the PFI i) agriculture; ii) clean energy.</td>
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<tr>
<td>A new questionnaire on green investment.</td>
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<tr>
<td>PFI-based questionnaires adapted to specific country/regional contexts.</td>
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<tr>
<th>Partners</th>
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<tr>
<td>DAF, DCD, TAD, TAD, ENV, CTP, GOV</td>
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<th>Expected outcomes</th>
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<tbody>
<tr>
<td>Strengthened self-assessment policy tool for an integrated treatment of investment climate challenges.</td>
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<td>Improved national and regional investment policy frameworks.</td>
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<td>Enhanced mechanisms for exchanging good practices in investment for development among partner developing countries and with developed countries.</td>
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<tr>
<td>Objectives</td>
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<tr>
<td>Knowledge-Sharing Alliance Pilot in Myanmar: feedback from Myanmar’s investment policy review task force for the PFI update. Pilot applications of the PFI at the local/state government level (in Lagos State, Nigeria) and for industry-specific contexts (extractive industry in Kazakhstan, investment in agriculture in Burkina Faso, Tanzania, Myanmar). Technical revisions of the tax and investment incentives sections of the PFI toolkit.</td>
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</table>

8. Addressing common challenges in commodity-based economies

Sharing good practice on policies to capitalise on resource booms and finance initiatives that strengthen a country’s welfare in the long term.

Effective utilisation of the resources generated through fiscal rules and sovereign funds.

Greater understanding by policy makers of the constraints to growth and development in their country.

Sharing good practice on policies to capitalise on resource booms and finance initiatives that strengthen a country’s welfare in the long term.

Effective utilisation of the resources generated through fiscal rules and sovereign funds.

Greater understanding by policy makers of the constraints to growth and development in their country.

Scoping paper.

Meeting on Natural Resources on 18 and 19 December 2013.


DEV, with contributions from CTPA, DCD, ENV, GOV, TAD, DAF EITI, IMF, WB and WEF.

Bolivia, Brazil, Colombia, Democratic Republic of Congo, Dominican Republic, Kazakhstan, Liberia, Mongolia, Morocco, Nigeria, Peru, Russian Federation, South Africa contributed to shaping the Programme of Work for 2014-2015.

Strengthened capacities of commodity-based economies for reaping the benefits from the exploitation of natural resource endowments to promote more inclusive and broad-based development

9. Addressing the challenges of knowledge development and upgrading in Global Value Chains

Contribute to a better understanding of the overall role of Global Value Chains. Share good practice on maximising benefits from GVC participation and to promote technological upgrading, including policies related to science, technology and innovation, human capital and skills formation, and SME suppliers’ development.

OECD Network for Policy Dialogue on Global Value Chains (GVC-NET)

March 2013: high level kick off meeting in Paris

October 2013: high level first plenary meeting in San Jose, Costa Rica, hosted by COMEX

DEVC, in collaboration with DCD, STI, TAD and STD.

Collaboration with the Korean Development Institute.

The Network is planning to create an Advisory Group composed by other international organisations for 2014.

Improved understanding of policy and institutional challenges for promoting participation and upgrading in GVCs.
**Objectives** | **Deliverables** | **Horizontal Collaboration** | **Partners** | **Expected outcomes**
--- | --- | --- | --- | ---
10. Incorporating inclusive green growth into development policies as part of efforts to promote sustainable development  
An increase in the overall productivity and quality of the work on green growth, and a minimisation of the transaction costs of the green growth and sustainable development horizontal activities.  
Acceleration in the mainstreaming of green growth in national and multilateral surveillance, and sectoral studies, and a deepening of the horizontal exploration of green growth themes across Committees.  
An acceleration of progress towards green growth.  
Clarify how the green growth concept as well as the recommendations of the OECD's Green Growth Strategy could be made more relevant to a range of developing country contexts  
Toward Green Growth in South East Asia - forthcoming report – a part of the Korean East Asia Climate Partnership (EACP) Program (2014)  
Making Growth Green and Inclusive: The Case of Cambodia (August 2013)  
Making Growth Green and Inclusive: The Case of Ethiopia (June 2013)  
Putting Green Growth at the Heart of Development (June 2013)  
What have we learned from attempts to introduce green-growth policies? (2013)  
Green Growth and Poverty Reduction: Policy Coherence for Pro-poor Growth (2013)  
G20 Development Working Group Workshop on Inclusive Green Growth, co-organised by OECD (7 July 2013, Moscow).  
DCD, ECO, STI, TAD, DEV, ENV, STD  
AfDB, G20 DWG, Governments of Cambodia, Ethiopia and Zambia.  
ASEAN, ADB, Government of Indonesia Collaboration with the Korean International Cooperation Agency  
Strengthened evidence-base and policy tools for designing better green-growth policies that contribute to more inclusive societies in developing countries.  
Adapted and increased relevance of OECD’s recommendations and policies tools to the different contexts and experiences of developing countries.  

*This section includes deliverables of the cross-cutting theme “Inclusive Green Growth”.*
<table>
<thead>
<tr>
<th>Objectives</th>
<th>Deliverables</th>
<th>Horizontal Collaboration</th>
<th>Partners</th>
<th>Expected outcomes</th>
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<tbody>
<tr>
<td>Green growth and environmental governance in Eastern Europe, Caucasus and Central Asia report (July 2012)</td>
<td>Improving the use of economic instruments for water resource management in Kyrgyzstan: the case of Lake Issyk-Kul Basin (September 2012); Strengthening the economic and financial dimension of integrated water resources management in Armenia, Azerbaijan and Georgia: Case study on the Kura river basin (September 2012); Economic instruments for water management in the Debed River Basin: Issues and options (September 2012)</td>
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<td>Objectives</td>
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<tr>
<td><strong>OECD Investment Policy Reviews (IPRs): Integrating green investment chapters into OECD Investment Policy Reviews (IPRs) - completed for Tunisia &amp; Colombia (2012)</strong></td>
<td>Policy Guidance for Investment in Clean Energy Infrastructure – delivered October 2013 in cooperation with the World Bank</td>
<td>DAF, DCD, and ENV</td>
<td>Collaboration with the World Bank; UN agencies (UNEP, UNHABITAT, etc.); bilateral partners (GIZ, KOIKA etc.); international city and regions network such as United Cities and Local Governments (UCLG).</td>
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<td><strong>Green Growth in Cities (May 2013) – a synthesis report from the finding from four city-based green growth studies: Paris, Chicago, Stockholm, and Kitakyushu as well as two national-level studies: Korea and China.</strong></td>
<td>Urban Climate Adaptation and Leadership: From Conceptual Understanding to Practical Action – working paper (2013)</td>
<td>GOV</td>
<td>Collaboration with the Asian Development Bank and JICA, and seeking collaboration with the World Bank; UN agencies (UNEP, UNHABITAT, etc.); bilateral partners (GIZ, KOIKA etc.); international city and regions network such as United Cities and Local Governments (UCLG).</td>
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<td>Objectives</td>
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<td>Growth in Dynamic Asia – a paper to propose an analytical framework for assessing policies for green growth in fast-growing cities in Asia (Q2 2014)</td>
<td>Knowledge sharing workshops with Asian cities, multi-lateral banks and other implementation agencies on urban green growth (2013-14)</td>
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<tr>
<td>Transitioning to Green Innovation and Technology – 2012 Science, Technology and Industry Outlook (September 2012); Green Business Models for Systemic Eco-Innovation (including business models in developing</td>
<td>Knowledge sharing workshops with Asian cities, multi-lateral banks and other implementation agencies on urban green growth (2013-14)</td>
<td>STI</td>
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<td>Green Business Models for Systemic Eco-Innovation (including business models in developing countries) (Q4 2012); Domestic Incentive Measures for Green Goods with Possible Trade Implications - publication of a report titled &quot;Domestic Incentive Measures for Renewable Energy with Possible Trade Implications&quot; in the OECD Agriculture and Trade Paper series (Q4 2012).</td>
<td></td>
<td>TAD, ENV</td>
<td>WTO and UNCTAD, in collaboration with member countries</td>
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11. Addressing the challenges of migration and development

Monitor trends in migration flows and migration policies.
Enhance the understanding of the multiple interactions between migration.
Updated database for Immigrants in OECD Countries (DIOC) (Q2 2014).
"Coping with Emigration in Baltic and East European Countries" (2013).
ELS and DEV in collaboration with DCD, EDU, SAH, STI, STD and SGE/PCD.
World Bank, ADBI, WHO, UNESCO, ILO, OAS, International Migration Institute (University of Oxford), Swiss development Cooperation Agency, UN-DESA, UNFPA, UNDP and IOM.
Strengthened evidence on international migration flows and policies for designing policies that harness the skills of migrants and diasporas to foster development.
<table>
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<tr>
<th>Objectives</th>
<th>Deliverables</th>
<th>Horizontal Collaboration</th>
<th>Partners</th>
<th>Expected outcomes</th>
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<tbody>
<tr>
<td>public policies and development as well as of the impact of migration on development. Identify information gaps and priorities for global action on migration in collaboration with other international organisations.</td>
<td>&quot;World Migration in Figures&quot; (Q4 2013). &quot;Labor Migration, Skills and Student Mobility in Asia&quot; (Q1 2014).</td>
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<td>Deepened partnerships and expanded international cooperation. Enhanced capacity of developing countries to incorporate the migration dimension into the design and implementation of their development strategies and other public policies. Enhanced coordination and coherence among key policy areas where policies between origin and destination countries can ensure mutual and evenly shared benefits from migration (e.g. remittances, labour migration at different skill levels, diasporas).</td>
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<td>12. Facilitating long-term institutional investment into infrastructure projects in developing countries</td>
<td>Engage private sector in particular institutional investors (both domestic and foreign) in financing infrastructure in developing countries.</td>
<td>A policy note on Pension Funds Financing of Green Infrastructure circulated at the G20 Summit meeting in June 2012. A first report on infrastructure investment in 'new' markets, such as developing countries A set of policy recommendations to facilitate institutional investment in the infrastructure sector which will be submitted to the G20. 14 Publications.</td>
<td>ADB, the World Bank, IFC, ICC, APEC Collaboration is also being explored with ADB, IADB</td>
<td>Enhanced national policies that facilitate long-term institutional investment, particularly in countries that predominantly rely on non-concessional financing sources. Expanded international consultation.</td>
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<td>13. Sound budgeting for fiscal transparency</td>
<td>Develop up-to-date data on budgeting practices and procedures for OECD and Partner countries.</td>
<td>Africa: Workshop and Task Force on PFM meeting. GOV, DCD</td>
<td>IADB, PEM PAL, MENA-SBO network</td>
<td>Strengthened budgetary performance and improved financial management and public service delivery.</td>
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<td>Identify best practices and innovations in the field of budgeting (e.g. participatory budgeting).</td>
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<td>Contribute to formulate a new indicator of Public Financial Management as part of the post-Busan monitoring arrangement.</td>
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**Additional project: inclusive Innovation for Development**

- Help policy makers reconcile their social agendas with the innovation agenda.
- Provide country-specific, targeted policy recommendations.
- Assess inclusive development challenges and the opportunities provided by inclusive innovations.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.