UPDATE ON THE ADVISORY GROUP ON INVESTMENT AND DEVELOPMENT (AGID)

Room Document 3

DAC meeting, 20 May 2016

This document is submitted for INFORMATION under Item 8 of the Draft Annotated DAC Agenda [DCD/DAC/A(2016)6].

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UPDATE ON THE ADVISORY GROUP ON INVESTMENT AND DEVELOPMENT

I. Historical Background

1. The Advisory Group on Investment and Development (AGID) is a joint subsidiary body of the Development Assistance Committee (DAC) and the Investment Committee (IC). It was created in March 2012 with the main objective of assisting the two committees in their efforts to help mobilise domestic and international investment and the private sector in support of development (see mandate in Annex 1). It is co-chaired by a representative from the IC (Kimmo Sinivuori of Finland) and the DAC (Kristin Wæringsaasen of Norway, succeeding Ana Fernandes of Portugal), respectively.

II. Attendance, Topics and Collaboration

2. Since its establishment, AGID has had 10 meetings, usually twice a year. Attendance fluctuated between 55 to 123 registered delegates from the DAC and IC, with the DAC side normally representing around 20% of attendance.

3. The following lists some of the topics that were discussed, which included Development Co-operation Directorate’s (DCD) outputs that had AGID as the main forum, other outputs that had separate main forums for discussion, and those of other directorates. Topics ranged from the Policy Framework for Investment (PFI) in specific countries, regions, or sectors, infrastructure, SMEs, PPPs, blended finance and so on. There was also extensive participation by other parts of OECD such as DEV, GOV, GRS, CTP, and TAD. Presentations and discussions on some notable collaboration with other organisations as well as representative speakers are also listed.

a. DCD's Principal Work Streams where AGID is the Main Forum

- Revision of the PFI in agriculture (with DAF)
- Using the PFI to measure donor support to improve the investment climate
- Donor support for local private sector development (PSD): analytical framework and measurement of official development finance (ODF)
- Aid for Infrastructure investment in Africa under the NEPAD-OECD Africa Investment Initiative (with DAF)
- Donor profiles in support of private investment in infrastructure
- Leveraging private investment for infrastructure: stocktaking of approaches by development partners
- ODF for infrastructure: support by multilateral and bilateral development partners
- Donor support to PPPs: the case of the Dakar-Diamniadio Highway Project
- Rwanda Gigawatt project: factors that contribute to successful investment
- Uganda GET Fit programme: mobilising private investment for renewable energy (GIZ presentation)
- G20 priorities on infrastructure investment under Australia's presidency (presentation)
b. Other DCD Work Streams which have Other Forums for Discussion

- Busan agreement on expanding public private co-operation for inclusive growth and the role of the IFIs in private sector development
- Update on the International Conference on Financing for Development in Addis Ababa
- Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High Risk Areas (with DAF)
- Revisiting private sector development: issues paper
- Revisiting development finance initiative (with WEF)
- Roadmap to expanding blended finance: case study of Canada (presentation)
- Blended finance and Sustainable Development Partnership Initiative (with WEF)
- DAF peer learning study on working with and through the private sector
- Engaging the private sector in fragile states
- Deepening private sector engagement in aid for trade and investment (WTO/TAD)
- Development co-operation for private sector engagement in green growth
- Measuring private finance mobilised by official development finance

C. Work Streams of Other Directorates

- Investment Policy Reviews of Tanzania, Myanmar, Zambia, Philippines, Kazakhstan, Ukraine (DAF)
- Revision of the Policy Framework for Investment (DAF)
- Tax incentives to investment (DAF/CTP)
- Training programme on public policies for PPPs in Zambia (GOV)
- Promoting SMEs: Western Balkans, Turkey, and the Investment Compact for Southeast Europe (DAF)
- Investment Security in the Mediterranean Region (DAF/GRS)
- Survey findings on guarantees from the MENA region (DAF/GRS)
- Investment by long term institutional investors (DAF)
- G20 priorities for investment under the Turkish presidency and the Global Forum on International Investment (DAF)
- Role of export credit agencies in developing countries (TAD)
- Investment promotion and facilitation (DAF)
- Long term vision for responsible business conduct and the Global Forum on RBC (DAF)
- Investment and development at the 2015 MCM (DAF)
- G20 High Level Principles on SME Financing (DAF)
- SME policy index (DAF, CFE)
- The role of EMnet (DEV)
- Sustainable Foreign Investment in Latin American Infrastructure (DAF)
- Investment framework for green growth (DAF/ENV)
- Achieving a level playing field for international investment in green energy (DAF/ENV)
- Policy framework and guidance for clean energy infrastructure investment (DAF/ENV)
- Mobilising private investment for clean energy in Jordan (DAF/ENV)
- Council's Recommendation on Principles for public investment (GOV)
Council’s Recommendation on Principles for Private Sector Participation in Infrastructure (DAF)
Strengthening legal frameworks for private infrastructure investment (DAF)

d. Collaboration with Other Organisations:

- World Economic Forum-OECD Redesigning Development Finance Initiative (DCD)
- WTO on Aid for Trade (DCD, TAD)
- G20 Investment and Infrastructure Working Group under the Chinese Presidency (DAF/DCD)
- AfDB on developing a market place for infrastructure investment in Africa (DAF/DCD)
- SADC Dialogue on enhancing framework conditions for private investment in infrastructure (DAF)
- OECD-ASEAN Investment Programme (DAF/GRS)

e. Notable External Speakers and Representatives:

- Executive Vice President and CEO, International Financial Corporation
- Financing for Development Co-ordinator, Norwegian Ministry of Foreign Affairs
- Division Manager, NEPAD & Regional Infrastructure, AfDB
- Executive Director, Private Infrastructure Development Group
- PPP Unit, Treasury, South Africa
- Chargée de Mission, Invest in Morocco
- Director -General, Ministry of Economy, G20 Office, Turkey
- Deputy Minister of National Planning and Economic Development, Myanmar
- Prime Minister's Office, Tanzania
- Regional Trade Policies, Southern Arica Development Community
- Director, Foundations Community, WEF
- Tokyo International Conference on African Development Advisor, Development Bank of Southern Africa
- Sumitomo Mitsui Banking Corporation
- French International Contractors
- Allen & Overy law firm
- Co-Founder and Managing Director, Gigawatt Global
- Dalberg Global Development Advisors

III. Global Agenda on Mobilising Investment for Development

4. The Financing for Development in Addis Ababa and the 2030 SDG agenda acknowledged the importance of private investment for poverty reduction and sustainable development, as public resources and ODA are insufficient to achieve the SDGs1. The successive G20 presidencies have also been focusing on ways to boost investment for developing countries, particularly for infrastructure, in recognition of its importance for inclusive growth2.

1 Relevant Goals are 1b, 2a, 4.4; 5a, 7a. 8; 9; 10b, 10b, 12.6, 12a, 17.1, 17.5, 17.11 and 17.12.
2 Through the Investment and Infrastructure Working Group that reports to the Finance Ministers and Central Bank Governors.
5. The evolving structure of global governance has prompted the OECD as a whole to propose an OECD Action Plan on the SDGs [C/MIN(2016)6]. It urges the Organisation to apply an SDG lens to its work in areas such as foreign and domestic investments, the Policy Framework for Investment (PFI), the Guidelines for Multinational Enterprises and responsible business conduct, blended finance, and trade facilitation initiatives. Furthermore, in addition to the Secretary General's guidance for PWB 2017-18 and the Ambassadors' Convergence Paper, this year’s MCM 2016 is also promoting competitiveness, enhanced productivity, and inclusiveness of developing countries through investment that supports the integration of SMEs in GVCs.

6. In addition, the revision of the PFI that was initially designed in response to the 2002 Monterrey Consensus on Financing for Development was endorsed at the MCM in 2015. The endorsement called for its use as a source of international good practices on investment climate reforms, but also as a tool for development co-operation programmes and policy dialogue with partner countries to foster investment and private sector development. The Council therefore instructed the IC, in co-operation with the DAC, to evaluate the implementation of this Recommendation, notably through AGID, and to report to the Council no later than five years and regularly thereafter.

7. Finally, by emphasising the need to strengthen private sector engagement in development, the DACs High Level Meeting in 2015 encouraged the use of ODA to mobilise additional private sector resources for development. The meeting acknowledged that public resources, appropriately and effectively deployed, can mobilise significant private investment for development, crucial for achieving the SDGs.

IV. Revamping AGID

8. Against this background, Delegates of the DAC and the IC have engaged in a process to jointly identify ways to strengthen AGID’s potential to stimulate private-sector led growth in developing countries. To that effect, the Co-Chairs have been invited to define a common agenda that identifies relevant issues that AGID could work on in contributing to the SDGs. In this context, a first proposal on AGID: The Way Forward [COM/DAF/INV/DCD/DAC/WD(2016)1] was discussed at the meeting of March 2016. Some of the ideas tabled included, inter alia:

- Organise one regular AGID meeting and another larger meeting (conference, roundtable, or workshop either at a high level or with experts) with wide participation from developing countries, private sector, civil society, and business and trade associations such as BIAC and TUAC.
- Better integrate the work of the Development Centre, regional programmes, as well as other parts of OECD (trade, tax, long-term institutional investors, PPPs, and so on) into AGID work.
- The DAC side sees the need for AGID to attract experts from headquarters and agree on a revised mandate between the two committees on priority areas.
- An informal group of the Friends of the Co-Chairs, comprising the AGID Co-Chairs, interested delegates, DAC and IC Secretariats, and DEV will be established to advise on priorities for the implementation of AGID and assist the Secretariat in carrying out day-to-day management.

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4 Due to the timing of the In-Depth Evaluation of the DAC, there is currently a proposal to postpone and align the revision of the subsidiary body mandates with the expiry date of the new DAC's mandate in end of 2017 [DCD/DAC(2016)26].
9. As a result of these discussions Delegates invited the Co-Chairs and the Secretariat to continue to work on a proposal to strengthen AGID.

V. Output Proposals for PWB 2017-18

10. Subject to resources and discussion on the way forward for AGID, the following are some possible outputs for the DAC, proposed for the PWB 2017-18 where AGID could be the main forum. In light of the increasing demand for horizontal work in the OECD, these outputs represent a collaborative way of harnessing the different expertise of the Organisation related to investment and PSD for development.

- In-depth analyses of development co-operation for PSD, including: specific country case studies; SME development; responsible business conduct; connecting to regional and global value chains; and so on. (with DAF, the Centre for Entrepreneurship, SMEs and Local Development, DEV, GRS, etc).

- A report on tracing the contributions of development co-operation to the improvement of selected developing country rankings on the investment climate (e.g. World Bank's Doing Business Index, WEF's Global Competitiveness Report, etc.) (with DAF, DEV, GRS, TAD, etc.)

- Examining the role of development partners in fostering investment and PSD by using the PFI as a basis in Cambodia, a Southern African country, Latin American country, and so on, by possibly contributing to the Investment Policy Reviews (with DAF, DEV, GRS, ENV, etc.). This could be the basis of a report to Council from the DAC side on the MCM Recommendation on the PFI.

- Reports on special topics related to development co-operation for infrastructure: regional connectivity (hard and soft support); addressing the digital divide; unlocking long-term institutional investors; data, role and mobilisation by Multilateral Development Banks and financing by DAC members; and other topics that could also contribute to the G20 (DAF, DEV, TAD, STI, GOV, IEA, ITF).

- Contributions to the DEV’s Flagship report on Production Transformation on the role of development co-operation (DAF, TAD, etc.)

11. Research findings, data, and policy guidance can be issued as reports or policy briefs on an iterative basis and consolidated in to a synthesis report either independently or jointly with others.
# ANNEX 1
## MANDATE OF AGID

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<th>Co-Chairs</th>
<th>Mr. Kimmo Sinivuori (Finland)</th>
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**Date of creation:** 9th March 2012  
**Duration:** 31st December 2016
**Mandate:** The transformation of the Advisory Group on Investment and Development (AGID), formerly a subsidiary body of the Investment Committee, into a joint subsidiary body of the Development Assistance Committee and the Investment Committee, is based on document DAF/INV/AGID(2011)1/REV1. The document, which included the mandate, rationale and operational aspects of AGID, was adopted under the written procedure by the Development Assistance Committee and the Investment Committee on 29 February 2012 and 9 March 2012 respectively. In accordance with the provisions of Article 21b) of the Rules of Procedure, the Executive Committee was notified of the creation of this sub-committee [CE(2012)9].


- Mandate renewed by the two committees through written procedure on 12 December 2014 [COM/DAF/INV/DCD/DAC(2014)7/FINAL].

- Decision to extend the mandate to 31 December 2016, in order to synchronise with the Committee mandate's date, approved by the DAC on 15 April 2015 and confirmed to the DAC on 18 June 2015 [DCD/DAC(2015)9, para. 3.ii), DCD/DAC/M(2015)3/FINAL, item 7, para. 24, 25, 26 and DCD/DAC(M(2015)5, item 3, para. 4]. No objection to the mandate extension has been received neither by the DAC nor the Investment Committee by 3 June 2015 [DCD/DAC/M(2015)5, point 3, para. 4].

“1) The Advisory Group on Investment and Development (hereafter Advisory Group) shall assist the Development Assistance and the Investment Committees in their efforts to help mobilise domestic and international investment and the private sector in support of development.

2) The work of the Advisory Group shall be guided by the criteria set out in the Framework for an OECD Strategy on Development adopted by the Council meeting at Ministerial level on 23-24 May 2012 [C/MIN(2012)6]: respond to developing countries’ needs; add value to the work of other regional and international organisations and donors; and leverage OECD’s multidisciplinary expertise. It shall also provide input into the development and implementation of the Strategy and of the Knowledge Sharing Alliance.

3) The Advisory Group shall conduct its work with developing partner countries in line with the principles of the Paris Declaration on Aid Effectiveness, the Busan Partnership for Effective Development Co-operation, and the Mexico High Level Communiqué of the Global Partnership for Effective Development Co-operation. It shall further be guided by the criteria adopted by the DAC to facilitate engagement in horizontal development work.

4) The work of the Advisory Group shall contribute to helping developing countries build their own capacities to design and implement effective public policies for better and more investment, drawing on the sharing of experiences and the Committees’ instruments and expertise in areas of common interest. It shall also contribute to helping donor countries and other development partners improve the impact of their development co-operation and financial instruments in support of private investment in developing countries.

5) The Advisory Group shall act as a facilitator for fostering co-operation on investment for development with other relevant OECD Committees and programmes.

6) The Advisory Group shall oversee OECD regional investment and private sector development programmes and co-ordinate with other relevant institutions (such as IMF, UNCTAD, UNDP, World Bank, and the regional development banks) to maximise complementarities. It shall arrange focused discussions on topics of common interest to these initiatives with representatives of other OECD Committees and working groups.

7) The Advisory Group shall provide guidance and input regarding the Organisation’s contribution to international initiatives, where and to the extent they are related to its remit.
8) The Advisory Group shall be open to all interested delegations, as well as non-OECD countries and international organisations (IMF, UNCTAD, UNDP, World Bank, WTO) which have participant status in the parent Committees. Other Key Partners and interested emerging economies shall also be invited to meetings of the Advisory Group, in accordance with the provisions of Council Resolution [C(2012)100/FINAL] concerning the Participation of Non-Members in the Work of Subsidiary Bodies of the Organisation. The Advisory Group shall consider ways to involve low-income countries effectively in its work.

9) The Advisory Group shall consult and engage business, trade unions and civil society organisations on matters relating to investment for development.

10) The Advisory Group shall be co-chaired by a member of the DAC and a member of the Investment Committee. The Co-Chairs shall make regular reports on its activities to the Development Assistance and the Investment Committees.

11) The mandate of the Advisory Group shall remain in force until 31 December 2016 unless the Development Assistance and the Investment Committees decide otherwise.”