

## THE OECD INITIATIVE FOR POLICY DIALOGUE ON GVCs, PRODUCTION TRANSFORMATION AND DEVELOPMENT: A GLOBAL PLATFORM FOR PEER LEARNING

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### Rationale and origin

The [OECD Initiative on Global Value Chains \(GVCs\), Production Transformation and Development](#) (hereafter Initiative) started in 2012 as part of the implementation of the OECD Strategy on Development and as a consolidation of several activities implemented by the Development Centre in response to the growing demand from its member countries to update and expand the OECD policy tools for development.

### Governance

The Initiative is a government membership-based peer-learning platform, open to the participation of multiple private and public sector stakeholders. Members define the priority areas of work and the High Level Plenary Meeting (HLP) agendas.

It is steered by a Bureau, at present co-Chaired by Costa Rica (Ministry of Foreign Trade, COMEX), Chile (General Directorate of International Economic Relations of the Ministry of Foreign Affairs) and Morocco (Ministry of Economy and Finance), and it counts with strong collaboration with International Organisations (at present, active cooperation activities are ongoing with DG-REGIO/EU, ECA, ECLAC, ESCAP, UNCTAD, UN DPC, UNIDO and WTO).

The Initiative is hosted by the Development Centre and counts with regular and effective collaboration with the Statistics and Data Directorate (SDD) and the Development and Cooperation Directorate (DCD) (Aid for Trade). Ad hoc collaboration exists with Directorate for Financial and Enterprise Affairs (DAF), the Trade and Agriculture Directorate (TAD) and the Directorate for Science, Technology and Innovation (STI) in areas of mutual interest. The Initiative regularly reports the outcomes of its activities to the Governing Board of the Development Centre, to the UNCTAD Multi-Annual Expert Meetings, to the Development Policy Committee of the United Nations and to the WTO Public Forum. It reports, upon request, also to the OECD Working Party of Trade Committee and to the OECD Development Assistance Committee. The Initiative is open to expand the network of bodies to which it reports on a regular basis.

### Current status and activities

Since its inception, the Initiative has grown into a global platform for knowledge sharing and peer learning.

The Initiative gathers high-level government representatives from Africa, Asia, Latin America and the OECD, business leaders and International Organisations **two times per year for High Level Plenary Meetings (HLPs)**. The HLPs are hosted by the OECD and by the Initiative's stakeholders. Up to September 2020, 13 Plenary Meetings have been organised, 5 of which hosted by the OECD and 8 hosted by other countries and institutions<sup>i</sup> (Costa Rica, Malaysia, Chile, Mexico, ESCAP, Dominican Republic, Peru and Egypt).

The HLPs provide the opportunity to stay abreast of major economic challenges and policy approaches that governments and businesses implement to make the most of their participation in the global economy and to be informed about International Organisations' progress in measurement and policy tools. The HLPs are structured according to the four priority areas of work of the Initiative, as defined by the Bureau in consultation with the Secretariat. The areas are:

- Scenario setting and future trends in the global economy
- Production Transformation Policy Reviews (PTRs): peer learning to improve country strategies for making the most of participation in the global economy
- Government-Business Roundtables on future industrial trends
- Drivers of production transformation, namely innovation and start-ups for development
- New evidence and data for policy making (led by the OECD Statistics and Data Directorate (SDD))

The **Production Transformation Policy Reviews (PTPRs)** are the policy assessment and guidance tool developed in the framework of the Initiative to increase knowledge about the variety of development patterns and to enable countries to design and implement better policies. The PTPRs are carried out on demand. They involve a 15-18 month in-depth assessment and consensus building process and deliver a roadmap for future reforms ([OECD, 2017](#)). The PTPRs include two field missions in the reviewed country/region/city for information gathering and consensus building. The PTPRs benefit from peer learning through the participation of two international peers and the creation of a Peer Learning Group (PLG) composed of representatives from government, business and academia which follows the PTPR process and meets once during the review process to share knowledge on how to address the key challenges identified in the PTPR ([PTPR-PLG of Chile](#), [PTPR-PLG of Colombia](#), [PTPR-PLG of Shenzhen](#), [PTPR-PLG of the Dominican Republic](#)).

## WHAT IS THE VALUE ADDED OF THE INITIATIVE ACCORDING TO THE PARTICIPATING STAKEHOLDERS?

The Initiative relies on and makes the best use of the OECD operational principles of peer review, rigorous economic and policy analysis and evidence-based policymaking. In addition, based on informal consultations with members and participating stakeholders, the following four points have been identified as key value added areas of the Initiative:

- **A unique, multi-ministerial, multi-level and multi-stakeholder global platform on industrial and trade policies.** The Initiative offers the possibility to share knowledge and foster peer learning bridging different policymaking communities ranging from Ministries of Economy and Finance, Industry and Trade, Agencies for Development Cooperation, national, local and city level governments and business associations and firms, as well as academia and International Organisations. It is the space to go for discussing policies for industrial development in global open economies.
- **Future oriented policy advice.** The HLPs and the PTPRs rely on scenario exercises to foster governments' capacities to plan and look for weak signals that could, if well managed, contribute to enable catching up or leapfrogging.
- **Trust building and strategic partnerships.** As the current global landscape is challenged and evolves at high speed, the Initiative provides a space for continuous and transparent dialogue and knowledge sharing between participants that contributes to ensure the trust that is needed for an effective functioning of the multilateral production and trading system. The process of peer learning favours the development of strategic partnerships between different stakeholders and the variety of stakeholders provides high-level opportunities for strategic networking. This is enabled by allowing also private sector stakeholders to join the peer process (as for example the Association of Exporting Firms of Sweden (NIR) in the PTPR of Chile).
- **Awareness raising on new OECD statistical databases and initiatives.** Thanks to the cooperation with the OECD Statistics and Data Directorate (SDD), the Initiative offers non-OECD member countries a possibility to stay abreast on a regular basis on the OECD statistical activities and favours the inclusion of non-OECD member countries in OECD databases.

## MAIN ACHIEVEMENTS

**Development and implementation of a new OECD review tool: the Production Transformation Policy Reviews (PTPRs).** The PTPRs complement the OECD policy reviews on offer by providing tailored strategic and future-oriented policy advice on how to promote effective economic transformation based on a comparative assessment of countries' assets, upgrading potentials and priorities, in-depth domestic consultations, dialogue with the business community and international peer-assessment. The PTPRs have been introduced as the result of the work of a Working Group on Country Studies set up in the framework of the Initiative ([OECD, 2017](#))

At present (September 2020), the PTPRs have been requested by and implemented in:

- **Chile** at the request of CORFO and in cooperation with Directorate for Economic Affairs of the Ministry of Foreign Affairs of Chile – DIRECON, with peers from Germany (Government), Italy (Government) and Sweden (Private Sector), and in cooperation with UNCTAD and ECLAC ([OECD/UN \(2018\)](#), Production Transformation Policy Review of Chile: Reaping the Benefits of New Frontiers, OECD Development Pathways, OECD Publishing, Paris)
- **Colombia** requested by the National Planning Department (DNP), financed by the Swiss Cooperation, with peers from Spain (Academia) and Chile (Government) in cooperation with ECLAC, UNCTAD and UNIDO. ([OECD/UN/UNIDO \(2019\)](#), Production Transformation Policy Review of Colombia: Unleashing Productivity, OECD Development Pathways, OECD Publishing, Paris).
- **Dominican Republic** requested by the National Competitiveness Council (CNC) and the Ministry of Trade Industry and MSMEs with peers from Brazil (Government) and the United States (U.S. Near-shoring Institute), and in cooperation with ECLAC and UNCTAD. ([OECD/UNCTAD/ECLAC \(2020\)](#), Production Transformation Policy Review of the Dominican Republic: Preserving Growth, Achieving Resilience, OECD Development Pathways, OECD Publishing, Paris).

- **Shenzhen (People's Republic of China)** requested by Ministry of Commerce (MOFCOM) and the Municipality of Shenzhen in cooperation with the University of International Business and Economics (UIBE), with peers from India (Government), the United States (Academia) and Korea (Academia). Key outcomes of the PTPR of Shenzhen Peer-Learning Group can be accessed [OECD/DEV\(2018\)/7](#). [Status ongoing]
- **Egypt**, requested by the Ministry of Trade and Industry and financed by Germany (Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ) GmbH with two peers from Malaysia (public sector) and one other international peer [TBC]. [Status ongoing]

**Development and implementation of strategic cooperation with International Organisations.** The Initiative has facilitated coordination with different International Organisations on the issues of the future of globalisation, industrialisation and development. Notably the outcomes of the Initiative's activities are regularly reported to several International Organisations Bodies, including: UNCTAD Multi-Annual Expert Meetings, United Nations Development Policy Committee Sessions, WTO Public Forum, UNIDO High Level Meetings, ECLAC Information and Communication Technologies Ministerial Conferences. The PTPRs have been acknowledge by the United Nations system as highly value added activities and count with cooperation from UNCTAD and UNIDO and from the UN Regional Commissions (ECA, ECLAC and ESCAP) when they are implemented in their respective regions.

**Actionable policy reform proposals in reviewed countries and the provision of a platform for monitoring reforms and peer learning.** The PTPR policy recommendations are tailored to each country's specific context, history and needs. They provide avenues for reform and offer guidance to improve the current design of policies and tools. In Chile for example, the mandate of the Solar Institute was broadened, thanks to the process of peer review with Germany, and the country's trade policies have encompassed new mechanisms to make GVCs (global value chains) work for regional development, in line with the PTPR's recommendations. The HLPMs provide countries with the possibility to report reforms and policy changes after the implementation of a PTPR (both Chile and Colombia have been taking advantage of the opportunity until today).

## NEXT STEPS

The Initiative will continue to implement the PTPRs upon request.

- Implementation of the PTPR of Shenzhen (on track), launch foreseen for Q4 of 2020.
- Implementation of the PTPR of Egypt (on track), launch foreseen in November, 2020.

The following table summarises the main (future) activities of the Initiative as planned and confirmed for 2020 and 2021:

2020
<b>2<sup>nd</sup> quarter 2020</b> Launch of the PTPR of the Dominican Republic (virtual) <b>9-11 June, Addis Ababa, Ethiopia (postponed due to the COVID-19 emergency)</b> 14th Plenary Meeting hosted by the United Nations Economic Commission for Africa (ECA)
<b>April-September 2020</b> Virtual Peer-Learning Group Meetings of the PTPR of Egypt 1 <sup>st</sup> PLG: Industrial Parks: can they be of help in addressing the COVID-19 emergency? How they can get ready for the post COVID-19 landscape? (21 April) 2 <sup>nd</sup> PLG: How can AFCFTA unlock regional value chains in Africa? (1 July) 3 <sup>rd</sup> PLG: Accelerating the transition to industry 4.0 in a post-COVID-19 landscape (10 September)
<b>24-26 November, Paris, France</b> 15th Plenary Meeting, hosted by the OECD (virtual)
2021
<b>June 2021</b> 16th Plenary Meeting, hosted by the United Nations Economic Commission for Africa (ECA)
<b>November 2021</b> 17th Plenary Meeting, hosted by the OECD

Among the future topics for policy oriented research, the Initiative will continue working on identifying how to best cope with the challenges of the digitalisation of production and consumption and the transition towards Industry 4.0, as well as analysing the evolution of the current global multilateral and trading system and how it can best serve development against the backdrop of the global health emergency (COVID-19) and beyond.

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<sup>i</sup> Below the list of HLPMs hosted by international partners:

2013 1<sup>st</sup> Plenary Meeting - San José, Costa Rica | Hosted by the Ministry of Foreign Trade of Costa Rica.  
2014 3<sup>rd</sup> Plenary Meeting - Kuala Lumpur, Malaysia | Hosted by the Ministry of International Trade and Industry of Malaysia  
2015 5<sup>th</sup> Plenary Meeting - Santiago, Chile | Hosted by the General Directorate for International Economic Relations, Ministry of Foreign Affairs  
2016 7<sup>th</sup> Plenary Meeting - Mexico City, Mexico | Hosted by the Ministry of Economy of Mexico  
2017 9<sup>th</sup> Plenary Meeting - Bangkok, Thailand | Hosted by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)  
2018 11<sup>th</sup> Plenary Meeting - Santo Domingo, Dominican Republic | Hosted by the Ministry of Industry, Commerce and SMEs, Ministry of Economy, Planning and Development and the National Competitiveness Council of the Dominican Republic  
2019 12<sup>th</sup> Plenary Meeting - Lima, Peru | Hosted by the Ministry of Economy and Finance, the Ministry of Foreign Trade and Tourism and the Ministry of Production of Peru