

Programme of Work of the OECD Development Centre 2009-10

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I. OVERVIEW

Guiding principles and strategy

1. Over the past five years, the emerging and developing economies have together accounted for two-thirds of world growth and roughly 90 per cent of the increase in consumption of oil products and grains, while emerging Asia and the oil exporters have massively exported capital to the rest of the world. These are just a couple of examples of the dramatic shifts in the centre of gravity of the global economy, broadly from North and West to East and South, from core OECD countries to the emerging economies.

2. The Development Centre proposes to pay special attention to the multiple development and governance implications of these relative shifts in economic power in its 2009-10 Programme of Work. Building on the achievements of the 2007-08 Programme (see Box 1), the proposed activities would therefore address issues identified as central to the OECD's analytical efforts over the coming years.¹

Box 1: From PWB 2007-08 to 2009-10

The 2007-08 Programme addressed two sets of overlapping concerns: (i) development policies and peer learning, and (ii) the monitoring and analysis of regional performance. For *development policies and peer learning*, there were three output areas and corresponding thematic *Flagships*:

- *Policy Coherence for Development and Human Security*, which focuses on issues pertaining to the interlinkages of growth, social and institutional policies including migration, trade, investment, and development cooperation and their joint impact on development and human security. With the challenge of inequality rising, research on informal employment will be carried over from the PWB 2007-08 to identify ways to support globalisation losers within countries.
- *Business for Development*, which explores how the private sector can contribute more to development, address key bottlenecks impeding export diversification and capacity building, and identify appropriate policies for private sector development. While this activity will come to a close at the end 2008, the contribution of business to development will be at the heart of the analysis on the shift in the economic geography toward the emerging powers and developing countries.
- *Financing Development*, which contributes to the Global Forum on Development process and its first thematic cycle on Development Finance Architecture through the mapping and analysis of post-HPIC finance flows, the examination of innovative public-private instruments, as well as the evaluation of the contributions of non-DAC donors, multilaterals and non-state actors to development. More analysis is needed to define ways how to improve existing governance instruments in a world with rising raw material prices, such as the DSF and EITI.

Conceived as annual publications, it was found that three thematic flagships per year put stress on quality with given human resources. This insight led to the decision to produce one thematic flagship, the Global Development Outlook, with more lead time for rotating author teams.

Under *monitoring and analysis of regional performance*, three regional economic *Outlooks* have been produced: the *African Economic Outlook* (joint with AfDB and UNECA), which is now firmly established as *the* annual reference on the continent; the *Latin American Economic Outlook* and the *Black Sea and Central Asia Economic Outlook*, which both focus on changing policy themes. As an integral part of the *OECD Enhanced Engagement Strategy*, these Outlooks will continued to be produced annually, with increased attention to South-East Asia, in response to strong demand from member countries.

¹ See the reports to the 2008 Meeting of the Council at Ministerial Level: "Strategic Orientations of the OECD" [C/MIN(2008)1], and "Enhanced Engagement: Towards a Stronger Partnership between Major Developing Economies and the OECD" [C(2008)65].

3. In light of the extensive consultations undertaken by the Secretariat, it is expected that these activities will provide relevant inputs – empirically and analytically informed – to a range of policy debates, most notably in the areas of governance, poverty reduction and innovation. These, as well as all the other policy areas to be addressed in this proposed Programme, have been identified by our stakeholders within and outside the OECD as being both particularly important and likely to benefit most from the Centre’s attention. The work proposed for 2009-10 can therefore be expected to help intensify OECD dialogue with key partners, notably those selected for strengthened relations. This would reinforce the Development Centre’s role as one of the Organisation’s principal strategic interfaces and strengthen its position as an important component in the Enhanced Engagement process.²

4. Drawing on the Development Centre’s extensive networks in academia, civil society, the private sector and in government, a key aspect of the Centre’s work in 2009-10 will indeed be the organisation of policy dialogue events at which the policy conclusions of analytical work is fine-tuned and disseminated. A streamlined range of flagship publications would help ensure that these policy conclusions achieve their necessary impact.

5. Fulfilling its mission to act as a bridge between OECD and non-OECD countries, newly established Regional Desks – Africa and the Middle East, Asia and Pacific, Latin America and Caribbean – would serve as focal points and catalysts for the OECD’s work on developing and emerging economies in these regions. The Regional Outlooks promise greater visibility and policy impact for the Organisation in the countries of Africa, Asia and Latin America, generally, but also specifically with regard to the accession countries, the G5/EE5 countries, and for institutions like the G20 with which the Centre is deepening a dialogue. Greater engagement with these countries is considered a strategic priority by the Organisation. The activities of the three regional desks would thus be closely linked with the ongoing Organisation-wide programmes of work and initiatives, notably the Enhanced Engagement Strategy, the Innovation Strategy³, the Heiligendamm Process⁴ and Policy Coherence for Development⁵.

6. Many of the products envisaged here for the 2009-10 Programme would contribute directly to these Organisation-wide activities. The Centre will seek meaningful collaboration, as it has for many years now, with other relevant directorates of the OECD, other multilateral organisations and relevant partners. The list of institutions includes all relevant multilateral institutions public, private foundations and business, as well as local institutes and think-tanks in Africa, Latin America and Asia.

7. Three main principles have guided the selection of proposals for the 2009-10 Programme:

- a) *Potential value added* for Governing Board members, OECD members and non-member countries (especially those on the accession-track or in the enhanced engagement process): the Secretariat has assessed this in terms of potential to influence the policy debate and inform selected OECD committees and the wider public on crucial emerging issues for development.

² See the “Resolution on Enlargement and Enhanced Engagement” [C/MIN(2007)4/FINAL] as well as “Taking Stock of OECD’S Regional Approaches in Europe, Caucasus and Central Asia” [ERC(2006)2], “Taking Stock of OECD’s Regional Approach in Asia” [CCN(2006)6], “Taking Stock of OECD’s Regional Approach in Latin America” [CCN(2006)17]; OECD’s Co-operation with Southeast Asia: Stocktaking [CCNM(2007)3]

³ See “Innovation: Advancing the OECD Agenda for Growth and Equity” [C/MIN(2007)2] and “OECD Innovation Strategy: Harnessing the Power of Innovation” [SG/INNOV(2008)1].

⁴ See “G8 Summit Heiligendamm Summit Declaration” [CES(2007)20] and “Implementation Heiligendamm Dialogue Process” [C(2007)88-REV1].

⁵ See C/MIN(2008)2 “Report and Declaration on Policy Coherence for Development” [formerly C(2008)63/REV1].

In this sense, the key objective is to be *ahead of the curve* in identifying areas for new research, with the introduction of innovative products such as the Global Development Outlook.

- b) *Financial sustainability* over the biennium: no activity will be retained unless it is adequately funded.
- c) *Scope for most efficiently exploiting the Centre's comparative and absolute advantages*: given that these advantages are most effectively leveraged through coordinated implementation within the OECD and with external partners, all the output areas have been designed to take account of previous formal and informal consultations.

8. The proposed Programme has been aligned, furthermore, with the long-term strategic priorities for the Centre to maximise the value-added perceived by its members and to become more relevant to potential members from within and outside the OECD.

Core theme of the 2009-2010 programme: “*Shifting Wealth*”

9. The relative shift in the world's centre of economic gravity, broadly from West to East and South, from core OECD to the emerging economies, is here to stay, whether or not we witness a linear continuation of superior growth trends witnessed over the past decade. This shift has several dimensions: the relative contribution to global GDP growth, investment demand, consumption and raw material imports; export competition, OECD wage determination and income distribution; the location of centres of innovation, of high-skill production and of supply-chain logistics; new wealth build-up and its effect on development finance and cooperation; developing-country terms of trade, the poverty implications of global food price inflation and the attainment of the Millennium Development Goals. The shift toward a multi-polar world also strongly impact on global and local governance and the provision of global public goods, such as a clean environment, a stable global financial system, worldwide security and global health.

10. The shift will nevertheless be confronted by important internal and external constraints and barriers: environmental constraints, trade and capital-flow protection, skills shortages, exhaustion of raw materials, recurrent banking and financial crises, and not least pressures created by rising levels of inequality. These constraints pose the biggest challenge for attaining the objective of halving poverty levels by 2015 as agreed under the Millennium Development Goals.

11. The OECD has clearly identified the phenomena we have summarised under the heading “*Shifting Wealth*” as critical to its strategic and analytical efforts in the coming years, and the intensification of dialogue with the Enhanced Engagement countries is a key indicator of this priority. The choice of “*Shifting Wealth*” as core theme will enable the Centre to address a broad selection of economic, social and political issues in the context and in support of the “Strategic Orientations of the OECD” outlined by the Secretary-General to the 2008 MCM [cf. C/MIN(2008)1].

Outputs and organisation

12. The Board has stressed that in order for the Centre to become a more active and effective facilitator of evidence-based policy dialogue, its activities need to attain greater visibility and impact. In the previous Programme, the Centre streamlined its major outputs, bringing 35 lines of activities down to

six.⁶ This strategy has deepened the policy and media impacts of the Centre's work, a performance explicitly lauded by OECD and non OECD Board members, in particular by key high-level officials. The Centre proposes to follow this strategic orientation further and, building on the 2007-08 PWB, to organise its work programme around strategically selected output areas culminating in the production of four regular flagship publications, instead of six, and the strengthening of the three focused policy networks already in place.

13. The three thematic flagship publications of the 2007-08 programme of work⁷ would be merged into a single new one, the *Global Development Outlook* (GDO), supported by a range of complementary products, such as Development Centre Studies, Working Papers, Policy Briefs and Policy Insights. The GDO would be produced annually by two teams led by the Centre's Head of Research (one for Macro/Finance and another for Policy Coherence and Poverty Reduction), both supported by new Development and Globalisation Indicator resource staff. The Regional Economic Outlook teams (see below) would also be called to contribute to the GDO, and vice versa. Such streamlining serves a double aim:

- *More effective deployment of the Centre's resources and enhanced quality*: with a production cycle extended to three years, instead of one year for each of the three thematic flagship publications in the PWB 2007-08, more time can be devoted to analysis, research and feedback on intermediary output in research seminars and policy dialogue events of various sizes. Better time separation between analysis, drafting and production in the first phase and dissemination in the next seeks to ensure highest quality standards.
- *Greater policy impact*: by concentrating its resources on the dissemination of a single thematic flagship report, the Centre aims to reach out to a larger audience of policy makers and media, and increase the visibility and contribution of the Organisation to the main international debates on development. The GDO would be a new OECD annual flagship report on development: a companion piece and complement to the DAC Development Cooperation Report, it would cover a wide spectrum of policy vectors examined in OECD committees, while retaining a clear focus on informing policy making for development and poverty reduction.

14. The Centre would continue to produce three Regional Economic Outlooks and other products with a regional focus, building on the success of the *African Economic Outlook* (AEO) and the *Latin American Economic Outlook* (LEO), respectively in their 7th and 2nd annual editions, and awaiting the results of the forthcoming *Black Sea and Central Asian Economic Outlook* (BSECAO). Synergies and scale economies with the GDO would be maximised. In particular, regional outlooks would focus on the two challenges identified above – competitiveness and social cohesion – and aim to complement the GDO analysis.⁸ Supervised by a Head of Regional Desks, three units, one for each region, will produce these Outlooks and their complementary products.

⁶ See the "Report on the Development Centre's Activities in 2007" [DEV/GB(2008)1].

⁷ Those three thematic annual flagship publications are "Policy Coherence for Development", "Business for Development" and "Financing Development", each under the responsibility of a dedicated Unit.

⁸ In the case of the African Economic Outlook, whose annual theme is a joint decision with the African Development Bank, this may not necessarily be possible. However, non-AEO activities of the Africa and Middle East desk will remain under the unified focus of Shifting Wealth and the three related questions identified above.

15. The three Informal Networks developed over the previous biennium (see Section IV) would be strengthened further, and their supervision unified under the responsibility of the Head of Management and Innovation. The Development Finance Network (DeFiNe) in support of the OECD Global Forum on Development, the Informal Network of DAC Communicators (DevCom) and the Emerging Markets Network (EmNet) would thus continue to:

- Help enhance the impact and visibility of the Centre's and the wider Organisation's work, by reaching out to specific policy communities and actors such as public and private foundations, corporations, think tanks, and targeted groups of experts and donors
- Strengthen the intellectual underpinnings of the Centre's work, and guarantee the relevance of its work, by providing an interface with research capacity in member and non-member countries.

16. In order to ensure the relevance and impact of research activities, the *contact groups*⁹ established over 2007-08 for each major output area will be further improved, and specific dissemination databases and dedicated electronic newsletters expanded. A regular exchange of information with these groups will help ensure: (a) state of the art analytical quality; (b) early awareness among key deciders of the Centre's preliminary results; (c) that proper account is taken of decision makers' evolving priorities; (d) that the right people are invited to the Centre's policy dialogue events; and (e) the improved targeting of dissemination efforts. A case in point in the *Informal Network of Focal Points on Policy Coherence for Development* (PCD), set up in collaboration with DCD and comprising contacts in capitals of all member countries of the Centre's Developing Board and of the DAC, to ensure that the Centre's and the OECD work on PCD reaches decision makers where it can have an impact.

17. It is proposed that an *Innovation Lab* be set up to exploit systematically new communication technologies and thereby boost the effectiveness of the Centre's dissemination activities.

Gender mainstreaming

18. The Development Centre remains committed to analysing the role of women in development. Emphasis will be given to the gender component in each of the Development Centre's output areas, highlighting the issue of women's empowerment in the final publication of each unit (e.g. in an information box or chapter). Similarly, the lessons learned from each of the Development Centre's output areas will feed into a booklet on "Gender at the Development Centre". It is proposed that work continue on the Gender, Institutions and Development Data Base (GID-DB) introduced in March 2006, by regularly updating it and increasing both the quality and quantity of the indicators featured.

19. In close collaboration with STD and other Directorates, the Development Centre would continue to host and manage Wikigender (www.wikigender.org), an interactive Internet platform which allows users to comment on or change existing information, upload documents and draft new articles.¹⁰ It reaches out to new communities which are usually not aware of the work of the OECD and engages them in a fruitful bottom-up dialogue about issues of gender equality. Wikigender offers a unique opportunity to establish a

⁹ So denominated as to avoid confusion with three informal *networks*: DevCom, EmNet, Global Forum/DeFiNe.

¹⁰ Wikigender follows a two-layer approach, which clearly distinguishes it from other websites based on "wiki" technology such as the online encyclopedia Wikipedia. Content from official sources (e.g. the OECD) is highlighted and protected. New information which is posted in the open Wikigender layer is subject to review from the nearly 300 specialists that have become registered users, authorised to suggest changes to the content as well as to create or upload new articles and documents. The site is therefore screened from potentially unreliable content, so ensuring highest levels of quality.

meaningful and innovative online resource on gender equality which will pave the way towards the OECD Global Project on “Measuring the Progress of Societies”.

20. In what follows, Sections II and III will explain in more detail the proposed Global Development Outlook and Regional outlooks. Section IV sets out the proposed work of the Centre’s Informal Networks.

II. GLOBAL DEVELOPMENT OUTLOOK (GDO)

21. Major questions to be tackled in the new annual *Global Development Outlook* (GDO) series, to be launched in 2010, are

- What are the characteristics of the “shifting wealth” phenomenon and what are its implications for developing countries, for their macroeconomic policy management, and for national as well as global governance?
- In the face of these changes, which global and national governance conditions are required for poor countries to receive sustainable capital flows, in particular from Southern sources, and avoid the pitfalls of rising material prices often witnessed in the past?
- What changes to regulatory and institutional frameworks would assist poor countries to better achieve economic competitiveness and to fully take advantage of globalisation?
- What does “Shifting Wealth” imply for inequality within and across countries with respect to income, gender and access to public services (such as education)? What are the ingredients for inclusive globalisation so to strengthen the cohesion of societies characterised by a high share of informal employment, low-quality formal employment and low labour productivity?

22. The GDO 2010 would carry the title “*Shifting Wealth: Implications for Policy Management and Governance*”. It is envisaged that the GDO 2011 would be entitled “*Shifting Wealth: Building Competitive Economies and Cohesive Societies*”. In view of the rapidly changing configuration of the global economy, and the prospect of a sharp change of the overall international circumstances due to the current economic slowdown, it is likely that new priorities and developments would have to be addressed.¹¹ In developing these new reports, the work programme provides for some flexibility.

23. The GDO would be a collaborative exercise with the Regional Economic Outlook teams, external institutions and, above all, with other OECD Directorates. The GDO can be expected to mainstream and highlight the OECD’s work on global development. It is hoped that it will join the DAC’s Development Cooperation Report as one of the Organisation’s key reference publications on development. Focussing on the development implications of the shifting centre of economic gravity, it will be complementary to the World Bank’s *World Development Report* as it will emphasise development rather than development cooperation; moreover, it will be largely produced in-house, by a body that neither provides development finance nor oversees policy implementation. The GDO would draw on a series of peer-reviewed working papers produced by the Centre during the six months prior to the publication of the final *Outlook*.

24. A staple feature of all GDO editions would be attractive, reader-friendly layout, graphs and tables to document the shift in wealth: shares in world trade; world GDP; world investment and consumption; global balance of payments imbalances; global distribution of foreign exchange reserves; financial and real assets, distinguished by type of investor; representation and votes in international organisations and global governance bodies; link to national governance indicators; and, not least, the progress in MDGs and measures of inclusiveness of globalisation. The Centre proposes to examine during the biennium, in close co-operation with DCD/DAC and other Directorates, the feasibility of creating a section of statistics and indicators. We envisage developing ODA-volatility and fragmentation measures and indexes. The analysis

¹¹ For example, the activities planned under the 2005-06 PWB had to be slightly adapted to include the growing impact of China and India on Africa.

would well be done for both donor and recipient countries and generate an aggregate index of aid efficiency, both from the point of view of donor and recipient countries.

25. In the process leading up to the GDO publication, a series of GDO seminars is envisaged featuring upcoming and prominent academics (the latter will also be part of a GDO panel). Depending on the topic, such seminars may be organised jointly with DCD/DAC in the context of the *OECD Global Forum on Development*. Their presentations will also be disseminated in written form. The major input to the GDO will come from in-house staff: that the analysis and empirical research is OECD-based guarantees the identity and credibility of the flagship publication. As these intermediate outputs start to materialise, they will be disseminated as Working Papers, Policy Briefs and Policy Insights, subject to the usual external and internal quality control.

Organisation

26. Co-operation within the Organisation would primarily be with DCD, DAF, ECO, ELS, STI, GOV, as well as with participants in the Development Strategy Liaison Network, the Secretariat's principal vehicle for mainstreaming policy coherence. Co-operation outside the Organisation on the GDO 2010 would be with think tanks (DeFiNe partners), private and public corporations from developed and developing countries, including partners in the Emerging Markets Network (EmNet); the World Economic Forum; regional and bilateral development banks as well as government ministries. Downstream dissemination would be carried through the *OECD Global Forum on Development* and other OECD dialogue platforms.

27. Following the positive experience gained so far it is envisaged for the GDO 2011 the Global Forum on Development and subsidiary bodies of the DAC (e.g., POVNET, GENDERNET) would serve as a platform to discuss policy conclusions with the donor community.

28. For each GDO it is envisaged that a steering committee will be created comprised of leading academics, policy analysts, private-sector practitioners and civil society representatives. Beyond these consultations, partners would include established networks such as EmNet, DeFiNe and contributors to the Global Forum on Migration and Development as well as multilateral institutions.

The GDO 2010 “*Shifting Wealth: Implications for Policy Management and Governance*”

Background

29. The impact of OECD recessions are being smoothened by new consumers in the emerging markets and developing countries, terms of trade have shifted in favour of raw material producers as the world has entered a *super cycle* (as a result of urbanisation and industrialisation of the emerging powers), with on balance positive implications on developing-country growth. The fundamental shift in the world economy’s centre of gravity – from North to South, and from West to East faces several external and domestic impediments: environment (high carbon economies), skills (unskilled rural surplus labour), raw material exhaustion (high protein path, and food price inflation) , new barriers to trade and capital flows and, most importantly, pressures created by rising levels of inequality. The GDO 2010 will, apart from documenting the shifting wealth, focus on governance and management features as they relate to development, poverty reduction and inclusive globalisation.

30. Managing Capital Flows toward the Poor: Perhaps the most visible sign of the current super cycle is the rising prominence of sovereign wealth funds, which have seized the attention of decision makers in OECD and non OECD economies alike. What role are these funds going to play in global financial markets, how can they contribute to development finance as Sovereign Development Funds (SDF)? These investors are not leveraged, their liabilities are fundamentally long-term and their assets are immense. What barriers are they likely to face? Could they contribute to financing development in other developing and emerging countries? In the same vein, development finance institutions from the South are already major lenders in some sub-regions as exemplified by the case of the Andean Development Corporation in the Andean region or the increasing role of the China Development Bank in Africa.

31. The South itself is becoming a major source of finance for poor countries, both through trade and capital flows. Research would investigate how foreign exchange reserves could help leverage development finance institutions. Particular attention would also be paid to foreign direct investment from Southern multinationals, Middle East SWFs and the Asian SWFs investing in poor countries (also in collaboration with the regional desks). Research would also be directed at African countries that encounter difficulties in establishing the appropriate institutional and policy regimes to maximise the development benefits. An important policy question to be explored is the contribution of private and public capital flows to helping meet the Millennium Development Goals.

32. The issue of banks’ limited or biased coverage of developing country sovereign debt will also be addressed. Among the possible remedies that would be examined would be a public and private partnership in line with the one developed by UDNP with Standard and Poors in order to boost coverage or improve the governance of the information flows? This work would draw on earlier projects undertaken by the Centre in the framework of the *African Economic Outlook*. We plan to develop an economic information hub that would also serve as a pilot project for other regions that are under-scrutinised and under-analysed, where economic information is very much needed in order to capture the attention of investors (Central America and Central Asia are, as Africa, also undercovered by banks).

33. Managing the Resource Boom, Avoiding the Curse. The newly wealthy countries have accumulated particularly large foreign exchange reserves, are experiencing currency appreciation; this has been associated with consumption and lending booms. In the past, this type of configuration has often led to financial crises (banking, debt, currency). The real estate sector has been an important vehicle for the propagation of booms and busts, mostly with the consequence of public bank bailouts. The distributional consequences of boom-bust cycles are very negative since during boom times asset holders benefit most whereas during the bust most of the adjustment burden falls on the poorest segments of the population. A

recipe guide, based on a review of the vast crisis literature, should yield policy insights both for emerging Asia and for the resource-rich countries in order to escape doom and gloom.

34. As the ‘emerging markets’ category is expanding, Africa becomes a new frontier for private investors. Is this trend sustainable? In other words, what is driving this new interest: purely passing, short-term factors or more structural drivers? A pull-push analysis would yield insights about the sustainability of prospects of private financing. Particular attention in this regard would be paid to Africa. Apart from macro problems, resource-based windfall gains – a direct outcome of the Big Shift – have often led to distribution fights over resource rents. While best practice cases have been analysed, with little applicability for the realities in most poor countries, the policy insight ‘lessons’ of good practices from comparable country backgrounds as well as worst practices need to be explored for those seeking to avoid the resource curse?

35. Implications for National and Global Governance. The G8 Action Plan for Good Financial Governance in Africa has emphasised two instruments, both of which are intended to take account of the Super Cycle in raw materials: The Extractive Industry Transparency Initiative and the Debt Sustainability Framework. The Centre would explore how the EITI and DSF might be improved in order to better achieve their goals (i.e., fewer bribes to resource-rich countries and more transparency from the emerging donors and lenders), as both instruments so far have met with criticism as to their actual achievements..

36. The political economy of the development finance architecture in the presence of new emerging official and private donors has dramatically changed, reducing the weight of old-donor cartels and raising new questions on best-practice standards, the duplication and competition between donors, and hence new challenges for partner selection for bilateral aid. How best to integrate the new development actors into current endeavours by the international community to further increase aid effectiveness and improve financial governance post-Accra would continue to be a feature of the Centre’s work. The Centre would also aim at identifying appropriate instruments for multi- and bilateral development cooperation in this new environment.

37. Finally, the shift toward a multi-polar world makes the effective supply of global public goods and the application of international soft law (standards, best-practice agreements) even more difficult to ensure than before. We are currently witnessing protracted discussions, notwithstanding the elements of progress achieved via the UN Framework Convention on Climate Change, on how to contain global CO₂ emissions, on how to distribute the burden for military interventions to guarantee peace and security, or how to ensure debt sustainability in the presence of new emerging state and private lenders. The Centre would examine and suggest instruments for the international community to make progress in the provision of global public goods and the application of international standards. Within OECD governments, the early policy analysis of these issues has been increasingly handled by development agencies.

The GDO 2011 “*Shifting Wealth: Building Competitive Economies and Cohesive Societies*”

Background

38. Prosperity does not spread in a uniform way, either across countries or within national borders. The single most important obstacle might be an erosion, attributable to rising inequality and exclusion from globalisation benefits, in the consensus within societies for pursuing an economic model of openness, integration and competitiveness. This is particularly relevant for those countries with whom the OECD is further strengthening its ties, be it through accession (e.g. Chile, Israel, Russia) or through an enhanced engagement (e.g. South Africa, China, Brazil, Indonesia and India).

39. The GDO 2011 would aim to bring together two important strands of the current debate of globalisation: enhancing competitiveness and increasing social cohesion between and within societies. The process of globalisation is increasingly questioned as in the view of many citizens its benefits are either not visible and/or are not trickling down. The emergence of major new manufacturing and industrial competitors, such as China and India, poses challenges for other developing as well as OECD countries to build and maintain competitiveness, while at the same time developing more cohesive societies. A critical issue for success in both areas is the capacity for innovation – broadly construed as the framework to encourage development as well as the successful adaptation and implementation of new ideas, products or business models. The GDO 2011 would draw upon major results of this work carried out in different regional contexts and discuss policy implications from a global point of view. As will be explained below, *Regional Economic Outlooks* would look at specific aspects of competitiveness and social cohesion issues to better capture different regional contexts.

40. Improving social cohesion through more and better jobs. The Secretariat envisages pursuing further the work carried out in the context of PWB 2007-08 on the issue of informal employment in order to identify the specificities of globalisation dynamics in upper-middle income countries (including Mexico, Romania, and South Africa, for example) also in lower-middle income countries (such as Albania, China, Indonesia or Jordan) and from there identify the people currently benefitting or losing from those dynamics and estimating their numbers. Some countries from the Black Sea region would serve here therefore as country case studies. This work would build in particular upon existing analysis within the PWB 2007-08 on informal employment as well as migration and gender. The Centre is actively participating in the DAC POVNET’s Task Team on Employment in which emerging results of our work have been presented and have been used in drafting “emerging main messages” [DCD/DAC/POVNET(2008)1].

41. Until recently, the main divide has been between those groups of the population with access to formal labour markets and those without. However, certain groups of *workers* – the informally employed – have been seen to be left out. This group of the population has access to jobs but lacks basic work rights, appropriate social protection and is often pushed into exclusion. The challenge is to identify policies, instruments and programs that combine employment creation with workers’ protection. This element of the GDO 2011 would address questions such as the following: Are specific groups of the population, such as youths, the elderly, the least educated, women, and migrants more represented in low quality jobs (suitably defined) and, if so, why? Which are the impacts of global trade, technological change and the diffusion of technology on employment and welfare outcomes for workers across sectors, skills groups and in countries with different economic and institutional development? What will be the impact of continuous high food prices for rural – urban migration patterns, informal employment and the prospects of rural development in general? What policies and instruments are needed to adapt to the rising process of staple foods? Do existing macroeconomic (growth, fiscal spending, monetary) policies match the realities on the ground in developing countries? Can we draw lessons from the experience of OECD and non-OECD countries, e.g. in the way remittances have been managed in the past in these recipient countries, to boost local saving and financial intermediation? How effective are policies in bringing people into the labour market and

providing how do internal labour markets and migration in both EE and OECD countries interact in determining wages, social standards and income distribution in an increasingly interdependent world?

42. Improving the management of migration-related phenomena. Work carried out for the 2007-08 PWB and ongoing discussions in the context of the Global Forum on Migration and Development point to the need both to mainstream migration into countries' development strategies and to achieve greater policy coherence in the governance of the emerging patterns of international mobility, both within and across countries. The effects of migration on the labour markets of sending countries also need to be explored further. The sending-country experiences of Development Centre members such as Spain, Greece, Romania and Turkey can provide useful insights and policy lessons on the governance of migration and the management of benefits from migration; useful lessons might also be drawn for the development of financial institutions in the new wave of recipient countries that includes Mexico, India, Romania and Morocco. Human and labour rights and policies for social inclusion, as well as the positive aspects of emigration flows to the domestic economies of migrant-receiving countries, will be addressed as part of this analysis.

43. Among the questions addressed would be: What happens to productivity and competitiveness in labour markets in countries with important emigration flows? How do the patterns and history of migration, and especially the prevalence of return and circular migration, impact on labour markets, for example in countries such as Mexico, Morocco and Turkey? In what ways do men and women differ in how they approach migration and work decisions? What role do population dynamics play in labour markets and migration incentives? This would provide useful insights both for international migration and for internal migration in countries such as India or China. What should be the components of a better governance regime for migration that maximises gains and minimises risk for all parties, e.g. through the establishment of *effective mobility partnerships*? Regarding remittances, what institutional and regulatory improvements need to be implemented in order to maximise their contribution to reducing the cost of capital? Relatedly, what would be the impact of having these flows appropriately included in the calculations of ratings agencies, including those coordinated at the OECD, such as export credits?

III. REGIONAL ANALYSIS AND MONITORING

A collaborative, OECD-wide strategy

44. In the 2009-10 Programme, the regional outlooks would contribute to the analysis of the Shifting Wealth phenomenon, by focusing on the two related themes highlighted above: economic competitiveness and social cohesion. Synergies and scale economies between the GDO and the regional outlooks would be maximised: in one year, economists from the regional desks would simultaneously analyse one of the key themes in each region, and in the second year, this regional work could be synthesised and deepened as the theme of the GDO; alternatively, the GDO might in one year provide a macro analysis and conceptual framework for understanding one of the key themes, and that framework could be applied and adapted by the regional desks in the following year.

AFRICA AND MIDDLE EAST

45. Work on the Africa and Middle East would be organised around two major pillars: the *African Economic* and specific studies on economic and development issues of particular importance for Africa and the Middle East. It is also proposed that during 2009-10 the country coverage of the Centre's forecasting model for Africa be increased and the set of original indicators to monitor African performance be enlarged. Additional work would be carried out on South Africa, with six-monthly updates of the forecasts and bi-annual country note in collaboration with ECO.

African Economic Outlook

46. As planned at the outset of the *African Economic Outlook* project in 2000, responsibility for producing the publication is being gradually transferred to the AfDB as lead partner. The Centre will continue to collaborate closely with the AfDB (as well as with the new partner, the United Nations Economic Commission for Africa) in future editions of the report; these will continue to appear each May. The emphasis of the Centre's work will be on quality control, the drafting of the special focus section, strengthening the modeling of Africa and the development of new monitoring indicators, as well as the extension of dissemination activities. The Centre also proposes to enter into a new collaboration with the AfDB in creating a web information hub related to the AEO in order to boost its impact and visibility (www.africaneconomicoutlook.org); this would serve as a pilot project for other regions.

47. The following themes include both a proposal for the special thematic focus of the AEO (the final choice of which would be decided in agreement with the AfDB) and proposal for additional specific studies.

48. Building more competitive economies: Innovation. Africa is potentially rich in innovation. Evidence of it can be found in the informal sector and in the field of arts. However, the continent ranks very poorly in what is called the knowledge economy. This is in part because the innovation most relevant to Africa's development is not only – or even primarily – technological. As such, this is not measurable with traditional indicators such as the quantity of patents. In Africa, innovation primarily concerns business processes and original adaptation of already existing technologies. Innovation in commodity-based sectors occurs in ways not always captured by standard indicators. The Centre proposes to assess innovation in Africa, focusing on particular sectors such as finance (e.g. mobile banking), agriculture (e.g. new irrigation process), commodity sectors, services and culture, and telecommunications. The latter is a particularly interesting sector which has experienced buoyant growth in most African countries, thanks to the implementation of liberalisation processes. It could serve as the major case study. It is also an area where public and private partnerships have proliferated; where local initiatives have been particularly interesting, involving both African and foreign actors, public and private.

49. Part of the observed African growth stems from mobile and internet connections, which has positive spill-over effects both on the other sectors of the economy (through the modernisation of the productive sectors, the subsequent increase in productivity and reduction in production costs) and on social life (through the improvement in the delivery of basic services, including education). Innovative ways of using telecommunications in the financial sector (e.g. transfer of remittances), and in the agricultural marketing (e.g. settling cotton prices) would be explored. In this specific area Africa could be also a model for other regions (for example Latin America) where mobile banking is much less developed. Finally, the Centre would also look at the possibility of diversifying the economy by developing activities such as call centres, internet points, or other telecom-service related activities.

50. Achieving more cohesive societies: informal sector opportunities. Africa is commonly seen as a continent divided by urban vs. rural, formal vs. informal contrasts. It is also a common opinion that informality, concerning more than half of the population in many African countries, is part of the problem and not of the solution. However, it is a fact that today the informal sector employs millions of people, relies on well-established social networks to operate and, while often responding to standard business logics, it often provides context-specific solutions that fit people's needs. The informal sector is therefore an important source of creation and adaptation of business methods. The Centre would analyse how the informal sector's contribution to endogenous development might be fostered, highlighting its pros (flexibility, closeness to the needs of people, well established in social networks, originality) and trying to find viable solutions to its cons (exclusion for the formal sector, low social mobility and wages, no regulation, harmful for government revenue). The work would involve reviewing existing public policies to integrate the informal sector, as well as measures to provide social protection. Special attention would be given to the role of women in the informal sector, and the available tools to enable them to cope with risk and improve their well-being.

51. Shifting Wealth: Africa – A New Investment Frontier? The African continent is embracing a resurgence of investment and, importantly, diversification in terms of both its sources (China/Asia and the Middle East) and channels (financing through stock market equity/bonds and venture capital). The Centre will identify the key opportunities and challenges posed by the rise of these new actors (Asian, but also Latin American, Middle-Eastern and internal to Africa, such as South Africa) on Africa's development and compare country experiences with a view to facilitating a new tripartite dialogue between OECD countries, Africa and other emerging countries. The Centre will also focus on the ways in which portfolio investors, private equity, pension funds and hedge funds are influencing Africa's economies in terms of growth, development and potential volatility and the complementarities between these new instruments and ODA. The questions that could be usefully addressed include: Is this trend sustainable? Are private investments pushed by higher yields or pulled by improved fundamentals? What is the impact of Sovereign Development Funds coming from Middle East? For those countries in which portfolio investments are less developed, the Centre would provide a review of the financial sector, analysing whether it is deepening, and which are the innovative tools (e.g. microfinance) put in place to reach out to large segments of the population.

52. A range of intermediate outputs will be produced (including a draft paper on the AEO's special annual theme, the organisation of an experts' meeting in December to discuss that draft paper, a series of country notes, forecasts and working papers). The AEO itself will be accompanied by a range of Policy Insight notes for wide media dissemination and will be leveraged by the aforementioned creation of www.africaneconomicoutlook.org, a comprehensive web resource on African economies, developed jointly with the African Development Bank and other partners.

LATIN AMERICA AND CARIBBEAN

53. During the 2007/2008 biennium, the Development Centre has positioned itself as a point of reference on Latin American development issues within and outside the OECD. In the 2009/2010 biennium, the Centre's activities on this region would be organised around the two central themes common to the overall Programme of Work.

Latin American Economic Outlook

54. As in the case of the AEO, it is proposed that LEO contain a macro overview section and a special thematic focus. A statistical annex would also be provided (we would continue, for example, to monitor the China/India's impact in the region, in collaboration with the World Economic Forum Latin America, building on the work already undertaken in 2007-2008). In terms of external collaboration, LEO is already anchored, through its Informal Advisory Board, with all the key organisations of the region and the three Latin American governments that are members of the Development Centre. The LEO Team is working and will continue to work very closely with the multilateral institutions and the G20. In terms of internal collaboration, LEO has been working closely and/or has benefited from inputs from CTP, DAF, ECO, EDU, GOV and STD; we expect this to continue. Collaboration with ELS and STI is envisaged, as Migration and Innovation will be the key themes proposed for 2009-2010.

55. Achieving More Cohesive Societies: Migration in Latin America. The region is deeply influenced by migration dynamics. There are major migration flows to the US and Europe but also within the region and within countries. These flows – of people and money, but also of goods, capital, ideas and social connections – occasion potentially profound economic and social changes. These changes in turn increase opportunities for many, but also accentuate inequalities and tensions within and between countries. The rapid growth of cities and changing demographic patterns (fuelled in part by labour migration), have poorly understood effects upon labour markets in the region. The Centre's study of migration will explore the impact of this phenomenon on local labour markets. A second stream of work will explore strategies for the better management of flows – a shared responsibility of governments in migrant-sending and migrant-receiving economies, of regional and supra-national bodies where they exist, and of the private sector and civil-society organisations.

56. Work will also focus on best practices and ways to maximise the benefits from remittance flows, with special attention to the lessons to be drawn from OECD countries' recent experiences. In particular we would look to previous OECD experiences of remittances recipients (Spain, Portugal, Italy, Greece, etc.) in order to draw some insights: could we imagine a form of international co-operation that would render feasible Euro denominated bank accounts (as it was the case in Spain for example), so the sender and the receiver of a remittance do not have to support the foreign exchange risk and could expect to benefit from a lowering of the transaction fee charged by the banks in order to cover currency risks? What, in OECD recipient countries, have been the regulatory and institutional incentives that helped to boost local savings in the (formal) banking systems?

57. Building More Competitive Economies: Innovation in Latin America. Developing and middle-income countries typically perform dismally in standard indicators of innovation (numbers of patents, scientific articles published, share of R&D spending in GDP, etc.). Nevertheless, some Latin American companies are top innovators in their sectors. Innovation in Latin America will be the subject of the edition of LEO published in late 2010. The study of innovation in Latin America could have two main components, work on which will benefit from collaborations with STI (which *inter alia*, has developed a methodology for country reviews of innovation policy and practice) and external partners (among them INSEAD). This work will contribute to the major cross-collaborative initiative led by the Deputy

Secretary-General and STI.¹² The first component, by analysing innovation processes and architectures in the region (research, R&D, public and private actors), will advance understanding of the innovation performance of the countries in the region. The second component, using a broadened conception of innovation to include process innovation in business and services, will measure and describe the sort of innovation that does take place in the region.

58. In preparation of the annual flagship report, draft chapters will be examined in an experts' workshop and early research results will be brought into the international debate in the form of working papers. A range of Policy Insights and a "mini-flagship" containing a synthesis will be used for wide dissemination at events and in the media.

ASIA AND PACIFIC

59. The Black Sea (BS)¹³ and Central Asian (CA)¹⁴ regions lie at a strategically important intersection between Europe and Asia. Their sound market-based economic and social development are critical to the future prosperity of all neighbouring countries and to OECD-country policies. These regions possess abundant natural resources and highly educated labour forces. Thanks to high commodity prices, many of the regions' economies are currently enjoying rapid GDP growth. However, all remain prone to external shocks, due to high dependence on a limited number of primary commodity exports. In order to encourage diversification and thereby strengthen their trade performance on the global market, it is essential, and the timing is propitious, that innovation be more effectively promoted and their industrial bases be rebuilt or upgraded.

Business for Development

60. In order to help foster the contribution of the private sector to such structural transformation of the regions' transition economies, the Centre proposes to launch a new series of *Business for Development (B4D)* specifically dedicated to them. This new project will build on the experience accumulated in the course of the 2007-08 through the *Black Sea and Central Asian Economic Outlook (BSECAO)* project as well as through the project on *Business for Development*.¹⁵ In addition to generating synergies with the new *Global Development Outlook*, this new project can also be expected to help the Centre expand its informal public-private dialogue activities into the BS-CA regions, thereby improving more generally the business climate for trade, investment and private sector development.

61. The overarching theme for 2009-10 would be to address the question of how the rise of emerging-market multinationals, especially from the regions' neighbouring countries would contribute to trade and investment promotion and SME development in the transition economies of the regions. Particular attention would be accorded to two sub-themes:

Diversifying for Sustainable Growth through Private Sector Development: While major efforts to meet the common challenge of diversifying their economies, rebuilding or upgrading their industrial bases and promoting innovation should come from the private sector, effective government support, in particular on the local level, will be critical. Beneficial policy interventions would include, among others, investments in local skills, fostering

¹² See "Innovation: Advancing the OECD Agenda for Growth and Equity" [C/MIN(2007)2] and "OECD Innovation Strategy: Harnessing the Power of Innovation" [SG/INNOV(2008)1].

¹³ Focus will be on six low- and lower-middle-income members of the Black Sea Economic Cooperation (BSEC), namely, Albania, Armenia, Azerbaijan, Georgia, Moldova, Serbia and Ukraine.

¹⁴ Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan.

¹⁵ This gave rise to two publications: *Business for Development 2007: Fostering the Private Sector*; and *Business for Development 2008: Promoting Commercial Agriculture in Africa*.

entrepreneurship, promoting innovative SMEs and developing basic infrastructure such as rail, road and telecom. Among the questions to be addressed are: What are the governments in the BS-CA regions doing in these areas? What roles are being and could be played by the major development finance institutions?

South-South Co-operation: the Role of the Private Sector: Policy makers often point to the need for deepening regional economic co-operation and to the positive role that the private sector actors can make in this regard. We have, however, very limited knowledge of the corporate geography in the BS-CA regions. Among the areas that need to be addressed are the role that large multinationals, including those from the regions' neighboring countries, play in local capability building, network formation, innovative marketing and industrial upgrading, and whether there are significant differences in these respects between MNCs of different origin.

62. Within this broad context, the Centre proposes to conduct a joint project with DAF, with an initial focus on South Caucasus/Ukraine. This proposed work, to be financed entirely by voluntary contributions, would seek the synergies with DAF, which is pursuing a programme on investment, competitiveness and private sector development in the regions.¹⁶ The work relating to the BS region will be formulated and implemented in consultation with the Black Sea Economic Cooperation (BSEC) Secretariat. It will also coordinate closely with the ADB and the EBRD: these two institutions have been engaged in a wide-ranging technical assistance programmes for trade, investment and private sector development.¹⁷ The project will also benefit from the recent experience of the European Union, the member states of which have stepped up their regional co-operation and assistance programmes (2007-2013) with the BS-CA States under the European Neighbourhood Policy (ENP).¹⁸

63. The first edition in the new series of *Business for Development* will be published in summer 2010. Other outputs would include Working Papers on selected countries and topics concerned as well as Policy Briefs and Policy Insights. Dissemination being particularly important, the intermediate products and policy discussions emerging from this project will be timely communicated to all stakeholders by issuing newsletters on a regular basis, as in the case of *Business for Development* for 2007-2008.

Southeast Asian Economic Outlook

64. The Secretariat also proposes to launch a new Regional Outlook, with the initial focus on Southeast Asia - the sub-region highlighted for Enhanced Engagement by the OECD MCM in 2007.¹⁹ Since the mid-1980s, several ASEAN countries have been among the most favourable destinations for industrial relocation and factor flows among major developing regions and therefore have been able to benefit from considerable business opportunities arising from globalisation and the increasing "fragmentation" of the production process. However, with the changing landscape in global and regional production networks, in particular the emergence of lower-cost competitors since the late 1990s (such as China and India for example), the region's middle-income countries are now facing the challenge of how to move up the value chain and remain competitive. In responding this common challenge, ASEAN leaders

¹⁶ See C(2008)24.

¹⁷ See, for instance, "Private Sector Development and the EBRD in Central Asia – Lessons from the Past Ten Years" (EBRD) and the ADB's dedicated website for Central Asian Regional Economic Co-operation (<http://www.adb.org/Carec/>).

¹⁸ See "the EU and Central Asia: Strategy for a New Partnership" (Council of the European Union, 10113/07, 31 May 2007). See also the European Commission (2008), "European Neighbourhood Policy: Economic Review of EU Neighbour Countries", *European Economy Occasional Paper* 401, August 2008.

¹⁹ See the Resolution on Enlargement and Enhanced Engagement [C/MIN(2007)4/FINAL]. See also "Enhanced Engagement: Towards a Stronger Partnership between Major Developing Economies and the OECD" [C(2008)65], which will be presented to OECD Council at Ministerial level, 4-5 June 2008.

have recently unveiled the Blueprint for an ASEAN Economic Community by 2015. Its end-goal is to establish ASEAN as a single market and production base making the region more dynamic and competitive through existing and new initiatives with clear timelines. In order to obtain synergies with the Centre's activities, notably Global Development Outlook and the other two regional outlooks, a South-East Asian Economic Outlook would concentrate two broad themes of major concern for policy makers in Southeast Asian countries: (1) building more competitive economies and (2) achieving more cohesive societies. The theme of the 2010 Outlook would be on Building Competitive Economies, as developed below. The thematic focus of the 2012 Outlook would be Achieving More Cohesive Societies.

Southeast Asian Economic Outlook 2010

65. This new regional economic outlook would comprise two main parts, as follows: a) Regional Integration and Development at a Glance, and b) Building More Competitive Economies. The first part - a joint work with ASEAN Secretariat – would review the progress of regional integration and economic development using macroeconomic, trade, investment, financial and sectoral data. It would examine the relationship between regional integration and growth, especially the effect of the progress in regional integration on economic growth (and vice versa) in the region. As a recurring theme, Part I would provide an overview of regional trends using several indicators about the degree of integration and interdependence in the region, identify policy challenges and draw policy conclusions.

66. The second part would assess “Competitiveness and Innovation Challenges” as the continued high economic growth of China and India during the next decade will have major implications for the growth of the world economy, and in particular for South-East Asian countries. How are firms and sectors in these economies competing with Chinese and Indian counterparts – in the domestic, export, and third-country markets? This is the topic closely related to the work of Part I. In order to address this question, a set of country papers for selected ASEAN countries (Indonesia, Malaysia, Philippines, Thailand and Vietnam) would examine bilateral trade patterns, portray their technological profiles and analyse the competitiveness strategies of their firms and the policy responses. Overcoming the competitiveness challenge requires to treat global competition as an opportunity to acquire resources and climb technological ladders. The past decade has seen several South-east Asian economies move up to the forefront of technology- and knowledge-intensive sectors, such as computer hardware and software, biotechnology, aerospace or automobile industries, without necessarily mastering in sequence the various stages of technological catch-up and industrial development. While foreign-owned firms account for a large share of such exports, indigenous firms are also playing an increasingly active role. What policies have developing-country governments adopted to foster local learning and innovation capabilities and accelerate technology transfer to local firms? Are there innovative policy initiatives and tools? What lessons can be drawn from the ASEAN experience in this regard?

67. Providing efficient infrastructure is critical to enhancing competitiveness in the region. A key challenge is to fill a huge gap between potential needs for infrastructure development and maintenance and public sector capacity to finance them, by making most of a large pool of savings within the region and attracting foreign investment. Therefore, a special focus would be put on Public-Private Partnerships in Infrastructure Development. In parallel with purely public or private initiatives, blending the two in the form of public-private partnerships can be a promising avenue to explore in Asia and elsewhere. Lessons can be learned from several case studies, such as in the five countries noted in the previous paragraph. The cases of India and Korea, two other Members of the Centre, could also provide useful lessons and insights for the region.

68. As in the case of the *Latin American Economic Outlook*, in preparing the report, draft chapters will be examined in an experts' workshop and early research results will be brought into the international

debate in the form of working papers. A range of Policy Insight notes and a “mini-flagship” containing a synthesis will be used for wide dissemination at events and in the media.

69. As a follow up to the Southeast Asian Economic Outlook 2010, the next biennium (2011-12) might foresee a new edition two years later, in 2012. One option for the thematic focus might be *Achieving More Cohesive Societies*, which would allow to take advantage of work being undertaken by the GDO team and to synchronise its work cycle. Part I of this 2012 Outlook would update and expand the work already done in the 2010 Outlook. As discussed above, ASEAN Leaders have seen regional integration as a means of achieving more competitive economies. This greater economic integration will have a profound economic and social impact which will be felt mostly in the labour market. This will prompt national governments of the region to undertake necessary policy measures, such as active labour market policies and improved social safety net, in order to smooth out the “shocks” emerging from the integration process. The rich experiences of many ASEAN countries, as well as Korea, in the post-Asian crisis era will provide insightful lessons and useful policy guidance for national governments and local communities.

IV. NETWORKS

70. The networks developed over the previous biennium -- the Informal Network of DAC Communicators (DevCom), the Emerging Markets Network (EmNet), the Development Finance Network (DeFiNe) in support of the OECD Global Forum on Development, and the Network of Contact Points for Policy Coherence for Development (PCD Contact Points) -- have played several important roles: they have enabled the Centre to connect closely with homogenous groups of policy makers, experts and private operators; they have helped enhance the policy relevance of its work; they have provided channels for the dissemination to specialists of the substantive work of the Centre, the Development Cluster and the Organisation as a whole, and in so doing have amplified the impact on policy and in the media. We propose, subject to full funding, to develop these networks further during 2009-10.

Global Forum on Development & Development Finance Network (DeFiNe)

71. The OECD Global Forum on Development (GFD) was launched in 2006 to promote informal dialogue between OECD members, non-member economies and a variety of non-state actors. A joint initiative of the Development Centre (DEV) and the Development Co-operation Directorate (DCD), the GFD has been designed around stable, multi-annual thematic cycles. The first such cycle is devoted to the international development finance system. In the 2009-2010 Programme of Work, the OECD Global Forum on Development will continue being led jointly by the Development Centre and DCD/DAC. Activities will be aligned closely with themes in both Directorates' programmes of work: they will aim to analyse the implications of the fundamental shift in the world economy's centre of gravity --including the rise of non-DAC countries and non-state actors as sources of development finance-- for OECD countries as donors and for the architecture of aid. Those implications include new challenges for managing aid effectively, as well as new opportunities for innovation, e.g. through public-private collaboration. DeFiNe would remain the intellectual backbone of this process. It would be strengthened, especially through attracting new developing-country members, so as to continue to provide a diversified source of expertise and points of views.

72. Within the framework of the review of Global Forums requested by Council [C(2008)131/Final], the Global Forum on Development has a new mission statement and is implementing new modes of operation and of governance [COM/DEV/DCD(2008)5]. An informal steering group will be put in place in 2009. It will be comprised of the chairs of the Governing Board and of the DAC, the Directors of the Centre and of DCD as well as representatives of two non-OECD members of the Centre and of two members of the DAC. This informal steering group will make proposals to the Governing Board and to the DAC regarding the Forum's future themes and the means by which its activities and the Secretariat that serves it are financed [COM/DEV/DCD(2008)5]. The next cycle of the Forum will extend to the end of the 2009-2010. The number of meetings per year may be reduced from 5/6 to 2/3, as this would allow for greater focus in discussions and a more stable network of participants. Efforts will be made to broaden the collaboration to bring in other Directorates.

Emerging Markets Network (EmNet)

73. Launched in November 2006, the Emerging Markets Network (EmNet) is an initiative aimed at enhancing a vibrant exchange of knowledge and experiences between policy-makers and key major multinational corporations from the OECD and non-OECD countries alike. One of its objectives is to pave the way for a common understanding on topics of mutual interest and to offer the business community an informal private-public forum to voice their concerns and proposals. In this way, it fits into the OECD's strategic focus on emerging market issues and increased co-operation with the private sector. This initiative has been particularly praised by non-OECD members of the Centre's Governing Board. EmNet currently comprises over 40 companies, of which a third are based in emerging economies. Their economic activity

is diverse, mainly from industrial and financial backgrounds. The expansion of EmNet would continue to be oriented towards multinational corporations originally from, or with important influence in, developing countries, with special attention to firms from China, South Africa, India and regions such as Africa, South Asia, the Middle East, Latin America and Eastern Europe.

74. EmNet members would continue gathering at quarterly thematic meetings organised by the Centre and at other specific forums. Regular information bulletins for members would continue to provide a valuable means of disseminating OECD work. Synergies between EmNet and the ongoing work of the Centre for its Global Development Outlook and Regional Outlooks would be actively sought. Finally, the potential of EmNet as a unique platform of informal dialogue between high level officials and private sector representatives would be further explored, with a view to raising the profile of the Organisation towards private and public companies, both from OECD and emerging countries.

Informal Network of DAC Development Communicators (DEVCOM)

75. The Informal Network of DAC Development Communicators (DevCom) comprises of Directors of Communication and Public Affairs from the 23 DAC member countries. It is the only international forum where DAC donors get together to discuss, on a regular basis, transparency and public accountability about aid and development. DevCom will continue to maintain an informal and constructive dialogue with the DAC on the various communication dimensions of international development cooperation, especially in relation with Aid Effectiveness and the Accra Action Agenda, Peer Reviews and the Joint Venture on Managing for Results. It will maintain the Centre's position as the one-stop shop for analysis and data on public attitudes towards development cooperation.

76. Members have been meeting annually to discuss communication and public support for aid since 1988. Directors of Communication from the European Commission, the UNDP and the World Bank also participate. Non-DAC OECD members often participate in thematic workshops and the Annual Meeting of the Network. Upon the request of the members, the Development Centre has been hosting and coordinating the Informal Network in collaboration with the DAC Communication Manager since 2004. Fifteen DAC members financed this work with VCs for the 2007-08 PWB.

77. After a successful consolidation of the Informal Network over 2007-2008, it is proposed that the Development Centre continue facilitating DevCom over 2009-2010. The specific activities of the programme of work would be identified in consultation with Network Members from March – July 2008. The main thrust of the work would be similar to previous work programmes and collaboration with DAC/DCD would be maintained. The Centre would provide direct support to the activities of DevCom, through: (i) analysis of public awareness and political support in DAC member countries for attaining the MDGs; (ii) sharing of best practices and identifying ways to strengthen the accountability and transparency of donors and partner countries on development assistance; and (iii) taking forward the communication dimension of the Accra Agenda for Action.