Overview: Development work at the OECD

The OECD is very well positioned to act as a leader in international development. It is the world's foremost purveyor of statistics and analysis and has established a number of instruments and policy recommendations with the target of improving the investment climate in developing countries and leveraging the availability and effectiveness of funds for development purposes.

To streamline its efforts, the OECD maintains a development cluster, comprised of the Development Assistance Committee (DAC), the Development Cooperation Directorate (DCD) and the Development Centre (DEV), which aims is to ensure that development policies and initiatives are adapted to country specific challenges, and that they are implemented with the help of regional partners. The development cluster is thereby working in close cooperation with other OECD Committees and Directorates, to support development efforts and the achievement of the 2030 Agenda on a global scale. The OECD's Global Relations Secretariat (GRS), which maintains a number of country and regional programs, is also active in the field of development.

The OECD also plays a key role in fostering cooperation between different development actors and providing a platform for governments, development banks and the private sector to exchange experiences and best practices. The OECD's Development Assistance Committee (DAC), for instance, brings together the major donor countries' governments and multilateral organizations to discuss and coordinate international development aid.

The Business at OECD Development Committee

Business at OECD contributes private sector experience to the work of OECD, and related fora, and actively supports the mobilization of efforts to meet the Sustainable Development Goals (SDGs).

The *Business at OECD* Development Committee, more specifically, follows the work of the various development related work streams within the OECD and offers private sector enterprises and organizations a unique way to engage with the OECD in order to help render development policies and projects more effective.

The purpose of this publication to provide an overview over the different OECD bodies, initiatives and instruments related to development and an outline of how *Business at OECD* is contributing to the development efforts at the OECD. Please note, that the list presented below is not meant to be complete but aims to provide a snapshot of the many different development work streams and projects currently hosted by the OECD.

Business at OECD Development Committee leadership

Chair

Mr. David Croft
Global Director, Sustainability, Environment & Human Rights, Reckitt Benkiser

Vice-Chairs

Ms. Marie Gad
Head of Strategy and Organizational Development, Confederation of Danish Industry

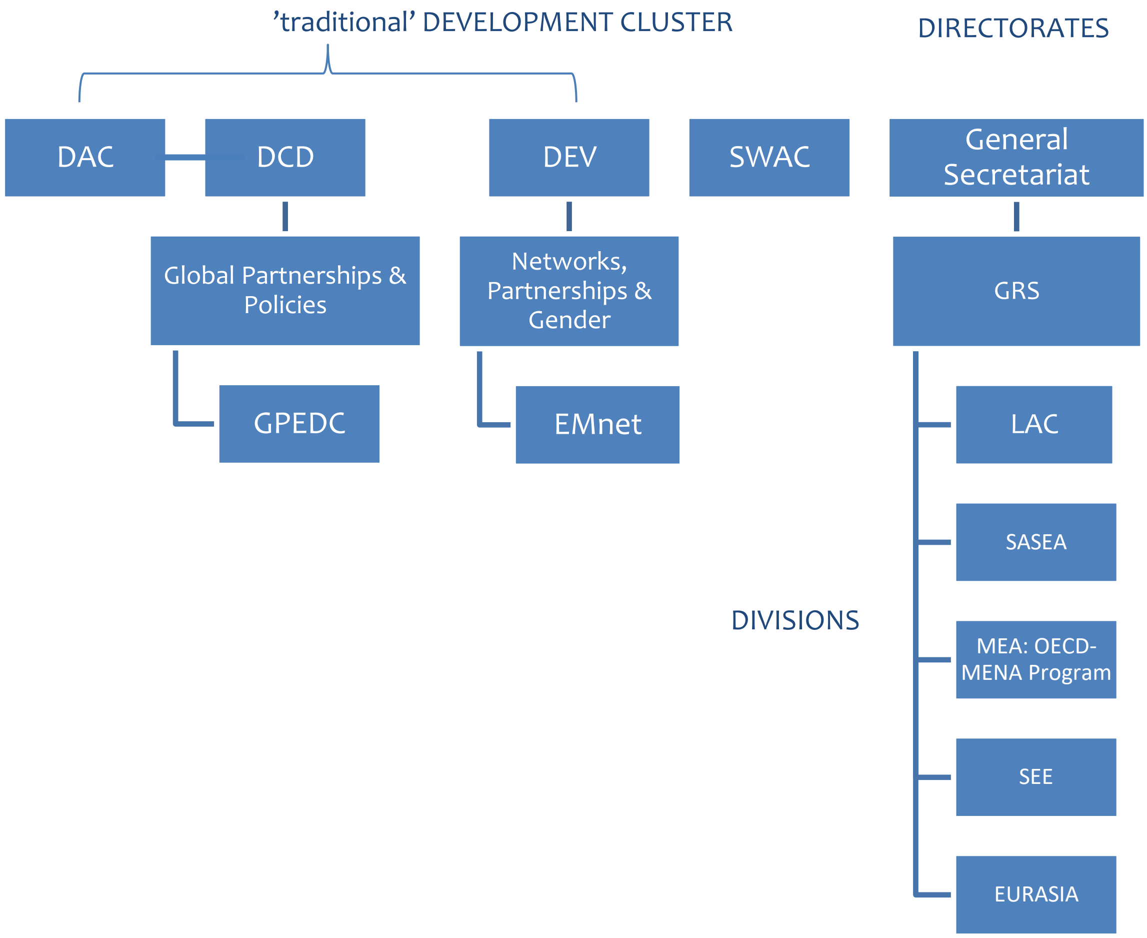
Mr. Michel Démarre
Director General, SEFI-FNTP

Business at OECD Lead

Mr. Frederik Lange
Policy Manager

Ms. Ina Sandler
Policy Advisor

I. OECD WORK ON DEVELOPMENT: BODIES



a. [OECD Development Assistance Committee (DAC)]

The OECD Development Assistance Committee (DAC) was set up in 1960 under the supervision of the OECD's predecessor, the Organization for European Economic Co-operation (OEEC). It constitutes **an important forum of some of the largest providers of official development aid** (ODA, so called ‘donor countries’), including:

- Australia
- Austria
- Belgium
- Canada
- Czech Republic
- Denmark
- European Union
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- Ireland
- Italy
- Japan
- Korea
- Luxembourg
- The Netherlands
- New Zealand
- Norway
- Poland
- Portugal
- Slovak Republic

The DAC also comprises development banks and aid agencies (taking the role of observers) and a number of additional participants (Azerbaijan, Bulgaria, Kuwait, Qatar, Romania, Saudi Arabia and the United Arab Emirates).

Since its inception, one of the DAC's main functions has been to **collect and publish statistics on aid flows.** The DAC maintains comprehensive statistics on official development aid (ODA), other official flows (OOF, i.e. transactions by the official sector that are not "development-motivated" or not concessional), private flows (i.e. investment by transnational corporations and private banks, and export credits) and aid from private sources such as NGOs.

While the work of the DAC has for a long time been centered on ODA and aid effectiveness, the DAC has more recently also reinforced its **focus on sustainable development, leveraging of private finance for development and the enhancing of development cooperation.**

Aside its analytical work, the DAC also provides **a political platform for the sharing of knowledge and the establishment of a sound dialogue.** The development ministers of the DAC countries come together every 2-3 years at High Level meetings. In between, the DAC organizes Senior Level Meetings (with the heads of aid agencies) to review the Committee's work on current policy issues.

Mayor policy landmarks in the history of the DAC were the adoption of the 0.7% target (stating that official development assistance (ODA) should constitute 0.7% of donors' national income) in 1968, as well as the *Shaping the 21st Century* (1996) and *A Better World for All* (2000) reports, informing the Millennium Declaration and the Millennium Development Goals, and the Paris Declaration on Aid Effectiveness (2005).

b. OECD Development Co-operation Directorate (DCD)

The OECD Development Co-operation Directorate (DCD) is **supporting the OECD Development Assistance Committee (DAC)**, specifically with regards to the achievement of the Sustainable Development Goals (SDGs) in developing countries, **by focusing on the issue of development financing.** The DCD **sets international principles and standards for development co-operation, and monitors their implementation, collects data, conducts analysis and peer-reviews** and provides members and partners **with practical guidance.**

c. OECD Development Centre (DEV)

The OECD Development Centre's (DEV) objective is to help policy makers **find practical policy solutions to stimulate growth and improve investment and living conditions in developing and emerging economies.** Just like the DCD, DEV **provides expert analysis and collects data, but with a focus on supporting development efforts on the ground.** It also constitutes an informal platform for policy dialogue and mutual learning between OECD and non-OECD countries.

The Centre's membership is open to countries within and beyond the OECD. The DEV currently comprises 27 OECD countries and 25 non-OECD countries. The Centre also co-operates closely with the other parts of the OECD Development cluster, particularly the Development Cooperation Directorate (DCD) and the Sahel and West Africa Club (SWAC).

d. The Sahel and West Africa Club (SWAC)

The Sahel and West Africa Club (SWAC) was founded in 1976 as 'Club du Sahel' at the initiative of the OECD Development Assistance Committee (DAC). Today, the SWAC is operated as an **independent, international platform hosted by the OECD, with the mission to promote regional policies that improve the economic and social well-being of people in the Sahel and West Africa region.** The SWAC conducts **regional, spatial and forward-looking analyses** on issues such as improving food and nutrition security and advancing the understanding of the region's ongoing transformations as well as their policy implications.

e. Global Relations Secretariat (GRS)

The mission of the OECD Global Relations Secretariat is to strengthen the **OECD's co-operation with key non-member countries**, increasing the OECD's impact and contributing to the establishment of a global level playing field by disseminating evidence-based policy advice and making OECD standards and policies count on a global scale.

GRS maintains a number of **regional programs in Latin America and the Caribbean (LAC), South Asia – Southeast Asia, Middle East and Africa (SASEA), South East Europe (SEE) and Eurasia**. These programs aim to advance reform agendas and support economic growth in the respective regional contexts. GRS also undertakes specific **country programmes in Kazakhstan, Morocco, Peru and Thailand,** allowing the targeted countries to become more involved in the work of OECD bodies and supporting their alignment with OECD legal instruments. New country programmes for Egypt and Viet Nam are currently being discussed. Moreover, GRS cooperates closely with the **OECD's key partners – Brazil, the People's Republic of China, India, Indonesia and South Africa,** which are directly and indirectly participating in the OECD bodies, through partnerships, adherence to OECD instruments and the integration into OECD statistical reporting and informational systems.

II. OECD WORK ON DEVELOPMENT: INITIATIVES

The OECD and the constituents of the OECD's development cluster maintain a multitude of projects in various fields. The list below is not meant to be exhaustive, but presents a selection of initiatives, launched or supported by the OECD, which are particularly relevant to the business community.

a. OECD Emerging Markets Network – EMnet

The OECD Emerging Markets Network is a **private-sector oriented initiative** established and managed by the OECD Development Centre (DEV). EMnet provides a **platform for dialogue and analysis and a networking opportunity for top executives of multinational companies from diverse sectors to engage in debates with high-level policy makers as well as OECD experts**. It therefore organizes regular meetings with a focus on Asia, Africa and Latin America at the OECD headquarters in Paris on topics of common interest to the network's members. The meetings are held under the Chatham House rule in order to enable outspoken discussions.

Business at OECD is a member of the OECD Emerging Markets Network, actively participating in and contributing to the meetings of this initiative.

b. The MENA-OECD Initiative on Governance and Competitiveness for Development

The MENA-OECD Initiative was created in 2005 and includes to date 19 countries: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, the Palestinian Authority, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates and Yemen.

The Initiative is operated under the auspices the OECD Global Relations Division and comprises

- the **MENA-OECD Governance Programme**, aiming to foster the sharing of knowledge and expertise regarding the **dissemination of standards and principles of good governance** in the MENA region,
- and the **MENA-OECD Competitiveness Programme**, pursuing the goal of **mobilizing investment, private sector development and entrepreneurship** as driving forces for inclusive growth and employment in the MENA region.

The MENA-OECD Competitiveness Programme further maintains a number of cutting projects with other OECD directorates, including the Morocco Country Programme, the EU-OECD Project Supporting the Development of the Suez Canal Economic Zone and the Building Consensus for Economic and Social Reform in Lebanon initiative.

b.i. MENA OECD Business Advisory Board (BAB)

A key work stream within the MENA-OECD Competitiveness program is the **MENA OECD Business Advisory Board (BAB)** launched in 2018, informing the work of Competitiveness Programme on the needs and experiences of the private sector. The two main goals of the BAB are 1. to promote a **multi-stakeholder dialogue,** by organizing high-level meetings between business and governments and maintaining a network of business organizations throughout the MENA region, and 2. to **strengthen the policy advocacy of the private sector**, with training, workshops and platforms for the sharing of knowledge and expertise. Amongst the key priorities of the initiative are the promotion of a stronger gender balance, the fight against corruption and the inclusion of small and medium-sized enterprises (SMEs) in global value chains (GVCs).

Business at OECD has supported the inception of and continues to maintain a close cooperation with the BAB, including with high-level advice. In addition, four of our member organizations, Confindustria, the Confederação Empresarial de Portugal (CIP), the Bundesverband Deutscher Industrie (BDI), the Mouvement des entreprises de France International (MEDEF International) and the Confederación Española de Organizaciones Empresariales (CEOE), as well as one of our observer organizations, the Federation of Egyptian Industries (FEI), are actively involved in the BAB's activities, with the latter organization co-chairing the initiative.

c. Global Partnership for Effective Development Co-operation (GPEDC)

The Global Partnership for Effective Development Co-operation (GPEDC) is an **inclusive multi-stakeholder partnership**, jointly supported by the OECD and the UN, aiming to **maximize the effectiveness of all forms of co-operation for development** for the achievement of the 2030 Agenda. Endorsed in 2011 at the Fourth High-Level Forum on Aid Effectiveness in Busan, South Korea, the Partnership brings together development actors from governments, multilateral/bilateral institutions, civil society, academia, parliaments, local governments, regional organizations, trade unions, the business sector, and philanthropy.

The Global Partnership's efforts build on a set of principles, which are intended to make private sector partnerships for development co-operation more effective. These **'Kampala Principles',** launched in 2019 in New York, stress the importance of inclusive country ownership, focus on results and targeted impact, inclusive partnerships, transparency and accountability and the principle of 'leaving no on behind'.

Business at OECD is part of the GPEDC's Private Sector Engagement (PSE) Working Group, which focuses on the question of how the quality of the public-private dialogue for development can be improved. The PSE also provides strategic guidance and advice to the analytical work of the Global Partnership.

d. Global Compact with Africa

The G20 Compact with Africa (CwA) was initiated under the German G20 Presidency. Its aim is to **promote a solid climate for investment in Africa**, by fostering the implementation of BEPS and other **global tax standards**; and supporting the establishment of **broader policy and legal frameworks conducive to business**.

For this, the Global Compact is organizing fora, bringing together policy makers from the region to initiate a dialogue and inform them about key international standards and good practices.

Going forward, the initiative is also considering to conduct country assessments and monitoring and provide policy guidance and capacity building in order to help participating countries align their policies with internationally recognized principles and standards.

As of early 2020, 12 countries are taking part in the initiative: Benin, Burkina Faso, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Togo and Tunisia. 3 of these countries have already adhered to the **OECD Declaration on International Investment and Multinatinoal Enterprises** and seven have undertaken reviews against the **OECD Policy Framework for Investment**.

Business at OECD strongly supports this initiative and welcomes the OECD's outreach to non-member countries. We have further participated in previous meetings of the CwA and are happy to contribute the development of a future work program with advice and private sector expertise.

III. KEY OECD INSTRUMENTS

a. The Policy Framework for Investment (PFI)

A prerequisite for growth and development is **a robust and competitive climate for both domestic and foreign investment**. The Policy Framework for Investment offers governments, including those of developing countries, **a broad-based checklist of policy recommendations and questions for self-assessment.** Governments around the world can use this guidance in all policy fields that affect the investment environment and take the PFI as the basis for developing national action plans to improve the quality of their country's environment for investment.

b. OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises (MNE Guidelines) are the **most comprehensive international instrument for responsible business conduct, covering all major areas of business ethics.** They represent an integral part of the **OECD Declaration on International Investment and Multinational Enterprises**, established in 1976, which aims to balance the promotion of an open international investment climate with a business commitment to responsible conduct.

More specifically, the MNE Guidelines call on multinational enterprises (MNEs) to **avoid and prevent adverse impacts arising from their business activities by carrying out risk-based due diligence**, i.e. introducing a process to identify actual and potential adverse impacts in their operations, supply chains and other business relationships. The Guidelines are supported by a unique implementation mechanism of National Contact Points and supplemented with both a general and numerous sectoral due diligence guidances. Adhering countries have committed to implement and promote the Guidelines in a global context.

c. OECD DAC Blended Finance Principles for Unlocking Commercial Finance for the Sustainable Development Goals

In order to **mobilise private financing** for the achievement of the 2030 Agenda, the OECD has developed the OECD Blended Finance Principles, leveraging blended finance as a promising approach within the 'toolbox' of development finance. The principles are based on a common understanding of private sector, civil society and governments and provide a five-point checklist to ensure blended finance meets accepted quality standards and is both effective and efficient.

More specifically, the **principles** hold that:
1. Blended finance should be anchored to a development rationale,
2. Blended finance should be designed to increase the mobilization of commercial finance,
3. Blended finance should be tailored to the local context,
4. Blended finance should focus on effective partnering with local partners and
5. Blended finance should be monitored in order to ensure transparency and results.

The OECD is currently developing a guidance for policy makers to support the implementation of these Principles.

d. Paris Declaration on Aid Effectiveness

The Paris Declaration (2005) presents a practically oriented guideline to **reinforce aid-effectiveness**, based on five principles that aim to reinforce partnership and improve the cooperation between donor- and recipient countries. The Paris Declaration further introduces a series of specific implementation measures as well as a monitoring system to assess progress.

The Paris Declaration's **five fundamental principles** comprise:

- Ownership: Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.
- Alignment: Donor countries align behind these objectives and use local systems.
- Harmonization: Donor countries coordinate, simplify procedures and share information to avoid duplication.
- Results: Developing countries and donors shift the focus to development results and results get measured.
- Mutual accountability: Donors and partners are accountable for development results.

In 2008, the **Accra Agenda for Action (AAA)** was established with the goal of identifying key areas of improvement in order to strengthen and deepen the implementation of the Paris Declaration. The AAA recommends, amongst others, to **reinforce inclusive partnerships** addressing also the **private sector, foundations and civil society organisations**.

e. 2030 Agenda for Sustainable Development

The 2030 Agenda, adopted by the by the United Nations General Assembly in 2015, comprises **17 global sustainable development goals (SDGs)** which aim at 'leaving no one behind'. Each of the goals consists in turn of a number of **targets and indicators** used to measure progress toward reaching the targets. The SDGs succeed the Millennium Development Goals (MDGs).

Related to the 2030 Agenda is the **Addis Ababa Action Agenda (AAAA)** which lays out the steps for encouraging a **broader mobilisation of resources and a stronger alignment of financial flows** for the achievement of the SDGs. The AAAA defines 7 specific action areas, including domestic public resources, domestic and international private business and finance, international development cooperation, international trade as an engine for development, debt and debt sustainability, addressing systemic issues and fostering science, technology, innovation, and capacity building.

As a long-standing partner of the UN, the OECD is supporting efforts to achieve this ambitious Agenda, by integrating the SDG perspective across its different work streams, leveraging data to help analyse progress in the implementation of the SDGs and supporting governments, with tools and platforms for dialogue, in developing national implementation strategies.

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