

BIAC Development Task Force Meeting

6 November 2014, Paris

Draft Summary

What we discussed:

- BIAC's involvement in the UN-led process for the Post-2015 Development Agenda
- BIAC comments on the draft OECD Policy Framework for Investment (PFI) tool
- Priorities for the BIAC Development Task Force in 2015
- The modernization of the OECD indicators for development financing, and incentives for private finance
- A confidential briefing of the OECD's next Economic Outlook for Southeast Asia, China and India
- The formulation of a new indicator measuring public-private dialogue in developing countries

What we agreed:

- **To identify future opportunities to contribute BIAC expertise to the Post-2015 Development Agenda, including the preparations for the 3rd UN Conference on Financing for Development (July 2015).**
- **To continue contributing BIAC comments to the update of the OECD PFI and the activities of the OECD Development Assistance Committee (DAC) and the OECD Policy Framework for Investment (PFI) will remain key priorities for the Task Force.**
- **To monitor activities of the Global Partnership for Effective Development and Partnerships for Prosperity.**
- **To invite the authors of the OECD African Economic Outlook series to our next meeting.**
- **To discuss the Global Partnership's indicator on Public-Private Dialogue in our next meeting, and to prepare a description for circulation to business.**
- **To hold our next meeting on 31 March 2015 in Paris (date tbc).**

1. Introduction

Vice-Chair, **John Sullivan**, welcomed all participants and remarked on the progress made by the BIAC Development Task Force since its creation in 2012.

He noted its contribution of a comprehensive BIAC paper of private sector priorities to the UN High Level Panel of Eminent Persons in spring 2013, the deepening of BIAC relations with the OECD on development issues, BIAC participation in the first High-Level Meeting of the *Global Partnership for Effective Development Cooperation* in April 2014 in Mexico City, and the contribution of a recent BIAC paper to the OECD on development financing (shared among all government delegations).

2. Adoption of agenda

Participants adopted the draft agenda.

3. Approval of summary record from previous meeting

Participants adopted the summary record from the June 2014 meeting.

4. The road to the Post-2015 Development Agenda

While BIAC's remit is to contribute business expertise primarily to the OECD, the Task Force recognizes the value of sharing that expertise with other fora as appropriate. This is particularly important regarding the UN-led process for developing a Post-2015 Development Agenda.

BIAC therefore cooperates closely with **Louise Kantrow**, Permanent Representative of the International Chamber of Commerce to the United Nations. Dr. Kantrow coordinates the 'Global Business Alliance for Post-2015, in which BIAC participates alongside other major business organizations in order to share our views into the UN-led processes and discussions.

Points raised in discussion with Dr. Kantrow included the following:

- The 17 Sustainable Development Goals (SDGs) were agreed by the UN General Assembly as the basis for negotiations in 2015 on the specific indicators and monitoring tools which should be agreed ahead of the September 2015 General Assembly. The absence of data is likely to be a deciding factor as to whether a target can be included or not.
- The SDGs resonate well with business, as for the first time they put economic growth and good governance in the spotlight of international development policy.
- The Intergovernmental Committee of Experts on Sustainable Development Financing issued its final report, released in July 2014. This was also positive in the sense that it underlines the importance of ensuring the appropriate financing for achieving the SDGs, including the key role to be played by private financing.
- Now the UN Secretariat is developing a synthesis report of all of the Post-2015 work carried out so far, due by December 2014.
- In terms of upcoming events and activities:
 - 3rd UN Conference on Financing for Development will be held on 13-16 July 2015 in Addis Ababa. Preparatory processes are already underway, with an interactive hearing for stakeholders due in March 2015.
 - Post-2015 Summit will take place at the UN General Assembly in September 2015, marking the end of the Post-2015 formal negotiating process which begins in January 2015.
- The UN High Level Political Forum (HLPF) will report to the UN General Assembly. It will meet annually, but every 4 years at the level of Head of State, giving it political momentum. It will monitor progress on the achievement of the SDGs.

- Regarding the Global Partnership, jointly supported by the OECD and UNDP, it has not been recognized officially in the UN processes or documentation. This is because it is not seen as a UN initiative and not driven by all UN member states. It will be important however to think about how the Global Partnership indicators might be adopted into the UN monitoring process for the SDGs.
- The issue of population growth needs to be considered more prominently in the global development discussions, given the many millions of new jobs that need to be created every year and the impacts this can also create for public funds and the stability of certain economies and societies. Another factor is also lifestyle evolution. This has huge implications for water use, food production and waste, etc. This should reinforce the importance of invigorating private sector-led growth to create new jobs and opportunities, as well as women empowerment and entrepreneurship, where the SDGs will have a key role to play.

Action:

- ***The BIAC Development Task Force will maintain close cooperation with Louise Kantrow and the Global Business Alliance in order to identify future opportunities to contribute BIAC expertise to the Post-2015 Development Agenda.***

5. The Business Enabling Environment: Building a policy framework for investment

The BIAC Secretariat provided an update on the revision process for the OECD Policy Framework for Investment (PFI) – see enclosed powerpoint presentation.

Comments raised by participants included:

- The importance of ensuring continuity for investment projects despite changes in government.
- The need for a global level playing field regarding untied vs. tied aid.

- Regarding contract transparency, it can be helpful for some degree of transparency in order to inform the public at an early stage, but clearly not the full details of the contract can be made public.
- Regarding the informal economy, there is a presumption that it is only about incentivizing firms and employees to move into the formal economy. However, it's not just about incentives – rather it is about the removing the barriers to entry into the formal economy. The PFI could focus on the ease of doing business (the transaction costs).
- There is an implementation gap in making investment policies happen. This is a matter of communication and consultation.
- A policymaker in a developing country completing the PFI needs to have a yardstick of good practice (such as the Doing Business ranking).
- SMEs will find the PFI difficult, as it is too dense. The OECD should consider how it could be better communicated.

Actions:

- **The comments raised by participants will be inserted into BIAC's forthcoming compilation of comments on the draft OECD PFI chapters.¹**
- **Other draft OECD PFI chapters will be circulated to the BIAC Development Task Force once available for review.**

6. BIAC Development Task Force priorities for 2015

The BIAC Development Task Force has to navigate a complex architecture of international bodies working on development – including the OECD, the UN-led process for the Post-2015 Development Agenda, the Global Partnership for Effective Development Cooperation, and the Partnerships for Prosperity group (see enclosed powerpoint slides). Participants were

¹ This was carried out on 7 November, and consequently submitted to the OECD Secretariat authors of the PFI.

also informed of a BIAAC Secretariat document entitled “The Year Ahead for the BIAAC Development Task Force”, which shows many priority topics for BIAAC in 2015.

Points raised in discussion included:

- BIAAC participants still agree on the three basic messages established in prior BIAAC Development Task Force meetings – i.e. making the case for [1] an enabling environment for business; [2] strengthening mechanisms for development financing; and [3] enhancing public-private dialogue in developing countries.
- Regarding the issue of financing for development, some participants indicated their willingness to participate in the 3rd UN Conference on Financing for Development will be held on 13-16 July 2015 in Addis Ababa. Other participants also highlighted the importance of building dialogue and coordination among export credit agencies and development finance institutions, in order to improve efficiency allocation of resources.

Actions:

- **Through participation in the Global Business Alliance, BIAAC should follow the drafting process of the outcome document for the 3rd UN Conference on Financing for Development in July 2015 – the preparations for which shall begin in January 2015.**
- **The activities of the OECD Development Assistance Committee (DAC) and the OECD Policy Framework for Investment (PFI) will remain key priorities for the Task Force.**
- **The Task Force will continue to monitor activities of the Global Partnership for Effective Development Cooperation, with its Chair Thomas de Man participating in the Global Partnership Steering Committee. However, the resources of the Task Force to the Global Partnership will be dependent on whether or not a clear work program is established of interest to the private sector.**

- On Partnerships for Prosperity, BIAC will maintain a connection by providing advice and expertise on an ad-hoc basis. The extent of BIAC involvement again depends on the formulation of a work program of interest to the private sector.
- Regarding the OECD's African Economic Outlook series, the authors shall be invited to the BIAC Development Task Force spring meeting to discuss the 2015 edition as well as initial priorities for the 2016 edition.

7. Financing Development: Understanding the totality and type of financing available

Jens Sedemund, Executive Advisor to the DAC Chair, and **Julia Benn**, Senior Policy Analyst, presented an update on the landmark new indicators proposed by the OECD DAC to measure both official development assistance (ODA) and development financing more broadly.

Points raised in discussion included:

- The concept of Total Official Support for Development (TOSD) would provide a more comprehensive picture of official contributions to global sustainable development. TOSD could also cover financing where development is not necessarily the only objective, where actually the provider country may also benefit (e.g. in trade). TOSD should be a measure in its own right with its own narrative, including concessional and non-concessional financing, distinct from ODA.
- Regarding guarantees, the official sector provides the guarantee but the money comes from the private sector. This means it may not be included in TOSD. But there is strong interest in tracking the amounts mobilized by the private sector, whether included in TOSD or in a separate category.
- The OECD Secretariat noted that BIAC demands for inclusion of guarantees in ODA couldn't be possible due to the funds mobilized actually consisting of private sector money (not official sector funds). However, the DAC is trying to make an indicator of the

“donor effort” (grants mobilized) in making such guarantees. BIAC participants expressed that the private sector would like to see a measure for total financing for development insofar as it could incentivize the use of private financing instruments – whether it is part of ODA or another new measures is considered a political matter.

- BIAC often says development finance should not crowd-out private finance. This is appreciated, and the OECD Secretariat expressed interest in knowing where this crowding-out is actually taking place.
- The DAC High Level Meeting will take some decisions regarding the modernization of ODA. However, the TOSD measure, which is linked more to the UN Post-2015 discussions, will need more time to be developed into the DAC monitoring system.
- The OECD Development Cooperation Directorate (DCD) is working to cooperate more closely with the Export Credits division, so that their data can be drawn upon in the DAC analysis and indicators.
- BIAC participants urged that the DAC revised indicators should feature clearly in the UN-led Post-2015 process, with an innovative approach to ultimately boost much more financing.

Action:

- **The BIAC Development Task Force will continue to contribute expertise to the DAC discussions on the modernization of ODA and the creation of the TOSD measure.**

8. *The economic outlook for Southeast Asia*

Kensuke Tanaka, Head of Asia Unit at the OECD Development Centre, presented a *confidential* briefing to BIAC members on the OECD’s forthcoming Southeast Asia Economic Outlook.

The Task Force noted that such briefings would be useful in future.

9. *Public-Private Dialogue: Strengthening public-private cooperation in developing countries*

A crucial part of the Global Partnership for Effective Development Cooperation is its framework for monitoring the commitments made at the High Level Forum on Aid Effectiveness in Busan in 2011. A key indicator forming part of that monitoring process looks at the issue of public-private dialogue in developing countries.

Hanna-Mari Kilpelainen, from the OECD Development Cooperation Directorate, presented an update to BIAC participants.

Points raised in discussion included:

- The indicator will measure whether there is progress in private sector involvement – i.e. the engagement of developing countries with representative business associations, rather than assessing the quality of the business environment itself.
- The OECD has been working with the World Bank and its private sector program. The new indicator is being tested through four pilot countries (Philippines, Ethiopia, Colombia, and Tajikistan). The continued piloting of the indicator will be implemented on a voluntary basis by public and private sectors in any given country.
- Rather than a single indicator, there are in fact several:
 - a series of legal and regulatory context (governance-related) indicators, including the right to form private sector platforms;
 - indicators that measure the potential for dialogue (i.e. public and private sector’s readiness to host and create or sustain a dialogue process, and availability of logistical and financing arrangements); and
 - indicators that measure the quality of the dialogue and organizational effectiveness of a given platform (i.e. mandate, participation, structure, outputs produced,

outreach and communication mechanisms, monitoring and evaluation of its own outputs).

- Next steps consist of ongoing work on refining the measurement, and the compilation of case studies.
- BIAAC participants raised the following comments:
 - As the indicator would regard only *one specific mechanism* for public-private dialogue per country, it may not be indicative of public-private dialogue in the broader sense. For instance, some countries may only choose to highlight one best example of dialogue.
 - A ranking of countries according to this indicator could be useful in future, once the measure is refined.
 - Consultation with the private sector on the development of the indicator is important. This should entail a short one pager description for circulation to business, describing the indicator and its relevance to the Post-2015 Development Agenda.

Action:

- **It was agreed to discuss this indicator again in more depth in the spring meeting of the BIAAC Development Task Force.**
- **The BIAAC Secretariat will meanwhile work with the OECD Secretariat to develop a one-pager description in order to raise awareness among the business community.**

10. Conclusions, any other business, and upcoming meetings

The next meeting of the BIAAC Development Task Force is tentatively set for **31 March 2015**, immediately prior to the *OECD Global Forum on Development on 1-2 April 2015*. Details of both events shall be communicated in due course.