

## Working Dinner on OECD Development Strategy with Partner Countries, 6 October 2011

### Main messages

The dinner was held in the context of the Working Party on Aid Effectiveness, in preparation for the 4<sup>th</sup> High Level Forum on Aid Effectiveness in Busan, Korea, 29-30 November 2011. It was attended by four representatives from Africa, three from Asia and one from Latin America.

### Current Priorities in the Development Landscape

- Whilst the aid effectiveness agenda has had much prominence in some countries, current priorities are highlighting the need to broaden the agenda towards identifying and implementing good policies that can contribute to transitioning away from aid dependence.
- Aid is an important catalyst in achieving this goal but should be complemented with a focus on mobilising domestic resources and investment in local human resources and building up the middle class.
- To the extent that aid is provided, it needs to be redirected to productive sectors.
- Important to focus on tax administration and to increase fiscal space by strengthening public finance management as well as innovative and alternative financing mechanisms.
- Strengthening institutions and capacity development is a key factor for development.
- Important to understand the political and not only technical parameters of reform.
- Policy coherence is a significant factor to ensure more sustainable development- both within OECD and developing countries.

### Perspectives and Role of the OECD in development

- The OECD has a comparative advantage in assisting countries in working through complex challenges as a result of its membership, staff and ability to tap into practitioners that can share their views on policy design and implementation. There continues to be a role for the OECD in deciphering a complex and politically charged development terrain.
- There are also challenges when engaging with the OECD given that developing countries are not members; as an outsider there is a divide which is difficult to bridge and trust is not automatically built into the relationship. However, as a result of the OECD's strong peer review process, there is comfort from non-members that norms and standards are upheld across this divide. The OECD's wealth of experience and knowledge is paramount to building trust between members and non-members.
- The OECD is perceived as able to address specific bottlenecks through engaging with the empirical evidence (rather than developing 'grand theories of development').
- Important not to see the OECD as a club of the rich but as a club of good practices, which focuses on policies that can make a lasting contribution to development.

- South-south cooperation is important for achieving lasting institutional change. What is needed is not necessarily more financial resources but institutional support to consolidate reforms undertaken.
- OECD tools and peer reviews inspire the development of context-specific tools for regions, including on the methodologies for knowledge sharing.
- The OECD's vision statement does not say 'Best policies for better lives', but 'better' and is therefore not seen as attempting to be prescriptive.

#### Future role of the OECD

- To focus on its comparative advantages (e.g. evidence gathering, peer reviews, advice, etc.), assisting countries in working through their complex development challenges.
- To provide more clarity on the protocol in engaging with the OECD in a strategic way (e.g. through a Strategic Partnership agreement that can be signed by non-members, including fragile states).
- To ensure that OECD tools can be applied to different contexts and to link up with other regional organizations that can help tailor advice.
- To build on the framework of the Working Party on Aid -Effectiveness (WP-EFF) as an engagement platform to gather evidence, share knowledge, undertake peer reviews and provide advice in implementing policy.
- To forge much closer relationships through exchanges with practitioners and with academia.
- To build mechanisms for which Partner Country voices can be articulated in a less ad-hoc way, based on the WP-EFF experience.
- To move beyond the technical and help to solve some of the more political challenges facing developing countries.
- To address the need for political advocacy and outreach to help focus attention on development (not just aid).