

*GROWTH FOR ALL*

2014 BRISBANE DEVELOPMENT UPDATE

G20 DEVELOPMENT WORKING GROUP



## Growth for All – 2014 Brisbane Development Update

1. Development remains a key element of the Group of Twenty (G20) agenda. The G20 is committed to work towards strong, sustainable and resilient growth for all, including low-income countries (LICs). The G20 agenda promotes a global environment that is conducive to inclusive growth and sustainable development. Inclusive economic growth is central to achieving progress in reducing poverty and boosting the prospects of the lowest-income segments of the population.
2. The G20 Development Working Group (DWG) has driven work in 2014 that recognises the critical role that developing countries play in achieving our overall G20 objective of promoting growth and quality jobs, and supporting the resilience of the global economy. To this end the DWG has strengthened the links across the G20 on growth, resilience and development and will continue building policy coherence between our work and related G20 work on taxation, investment in infrastructure, anti-corruption, employment, energy and trade.
3. The DWG, working with key international organisations, advanced work on the five priority areas agreed by leaders in the 2013 Saint Petersburg Development Outlook, which in turn built on the Seoul Development Consensus for Shared Growth. This year we:
  - welcomed a new G20 Financial Inclusion Action Plan and adopted a G20 Plan to Facilitate Remittance Flows. We recommitted to work to reduce the global average cost of transferring remittances to five per cent, supported by country-led actions to address the costs and improve the availability of remittance services, in a way that drives financial inclusion and development;
  - accelerated support to developing countries' efforts to protect their tax revenues against tax avoidance and tax evasion, including through our work on Base Erosion and Profit Shifting and Automatic Exchange of Information;
  - identified and made progress toward addressing key factors inhibiting the supply of quality infrastructure projects able to attract finance from a range of sources;
  - adopted a G20 Food Security and Nutrition Framework to mainstream this agenda and guide our actions towards improving incomes and jobs, and increasing investment and productivity, notably in LICs; and
  - advanced work on human resource development for employment, productivity and social inclusion.
4. These further efforts are elaborated in the attached Brisbane G20 Forward Work Program on Development. We will monitor and assess the implementation of our development commitments in an open and transparent manner, consistent with the DWG Accountability Framework, through providing a Progress Report on a yearly basis and a comprehensive Accountability Report once in three years.
5. Our work has continued to contribute to the achievement of the Millennium Development Goals. Further, we reaffirmed our strong support for the ongoing intergovernmental efforts in the UN to conclude an inclusive and people-centred post-2015 development agenda and for its effective implementation. We reaffirmed the commitment of the international community to poverty eradication and a coherent approach to sustainable development, which integrates its three dimensions in a balanced manner. We underlined the central imperative of poverty eradication and are committed to freeing humanity from poverty and hunger as a matter of urgency. We look forward to the third Financing for Development Conference to be held in Addis Ababa in July 2015. We reaffirmed our commitment to ensure that G20 activities beyond 2015 are coherent with the post-2015 development agenda.
6. We continued to expand engagement and partnerships with stakeholders in every region, especially non-G20 countries (especially LICs). We consulted widely on all our priority areas. We value and have strengthened engagement with non-government stakeholders through the B20, C20, L20, T20 and Y20.



## Annex One: Brisbane G20 Forward Work Program on Development

The Group of Twenty (G20) Development Working Group (DWG) made significant progress in 2014 against the commitments contained in the Saint Petersburg Development Outlook and the incomplete actions of the Seoul Multi-Year Action Plan. In delivering on these commitments, we have built a strong analytic and evidence base that underpins our Forward Work Program on Development.

### INFRASTRUCTURE

We examined the potential implications for low income countries (LICs) from the work of the G20 Investment and Infrastructure Working Group (IIWG) and strengthened coordination with the IIWG; commissioned and responded to an assessment of the effectiveness of project preparation facilities (PPFs) in Asia; and agreed on an approach to completing our existing commitments.

**Findings:** Consistent with the agreed DWG focus on the demand side of infrastructure investment and project preparation, analysis of relevant G20 reports and building on the foundation provided by the assessments of PPFs in Africa and Asia, we recognise that investment in infrastructure in developing countries is a long term agenda that requires efforts to establish an appropriate enabling environment; address issues related to the risk associated with infrastructure investment; increase the supply of projects ready for financing; and attract increased finance.

### Forward Work Program

#### New actions

► **NEW ACTION 1: STRENGTHENING THE UPSTREAM ENVIRONMENT FOR INFRASTRUCTURE PROJECT PREPARATION**

The G20 requests key international organisations to consult with and share information with developing countries on policy indicators that can be used on a voluntary basis to identify the most essential reforms in the enabling environment for infrastructure investment. G20 members and multilateral development banks (MDBs) could be encouraged to provide capacity building support in response to reform priorities identified by governments.

► **NEW ACTION 2: MAXIMISING THE EFFECTIVENESS OF PROJECT PREPARATION FACILITIES TO LEVERAGE GREATER PRIVATE SECTOR INVESTMENT**

Take concrete, practical steps over several years to ensure that MDB-based PPFs collaborate to support governments to develop prioritised lists of infrastructure projects. These steps recognise that for substantive collaboration to take place, it should build on the cooperation that already exists, and be paced to allow for agreed approaches to be evaluated by the relevant institutions.

(i) The G20 requests MDB-based PPFs that are focused on Public Private Partnerships (PPPs) for infrastructure to report on the key elements of their current approach to country-specific sector diagnostics, as a first step in moving towards sector diagnostics that can be exchanged with other MDBs.

(ii) The G20 requests MDB-based PPFs that are focused on PPPs for infrastructure to report on current approaches to project prioritisation as a first step to moving towards government approved lists of prioritised projects.

► **NEW ACTION 3: PROMOTING BETTER UNDERSTANDING OF RISK AND RETURN IN INFRASTRUCTURE INVESTMENT IN LICs**

The DWG will, in coordination with the IIWG, initiate a dialogue on factors affecting risk perception in LICs, with a view to better informing risk management and mitigation approaches. As a first step, the

DWG will explore the possibility of facilitating engagement between institutional investors and other potential stakeholders.

### Ongoing actions

Progress on infrastructure in 2014 provides the basis for greater definition of the DWG's forward agenda. We have agreed to recommend that ongoing commitment 4 (2010) on MDBs' lending practices should be taken up by the finance track, but to monitor this action until such time that we are able to confirm that it will be included in the agenda of the IIWG. Two remaining commitments have been marked as on-track, with ongoing commitment 8 due for completion in 2015, and ongoing commitment 11 due for completion with the finalisation of the World Bank Group's review of safeguards policies in 2015. We noted that new action A (2013), which focuses on examining the potential implications for LICs from work of the IIWG was complete for 2014, but will require ongoing monitoring next year.

## DOMESTIC RESOURCE MOBILISATION

We welcomed, and responded to, the Organisation for Economic Co-operation and Development's (OECD) report on the impact of base erosion and profit shifting (BEPS) in low income and other low capacity countries; and the roadmap on automatic exchange of tax information (AEOI) for developing countries, prepared by the OECD-hosted Global Forum on Transparency and Exchange of Information for Tax Purposes, and its proposed pilot of the roadmap. We also acknowledged the complementary work in the Anti-Corruption Working Group to develop high level principles on beneficial ownership transparency.

**Findings:** In tackling BEPS, we recognise that developing countries need regular and proactive engagement in the G20/OECD BEPS process; are likely to require tailored approaches to implement the outcomes of the BEPS Action Plan, without undermining the integrity of the international tax system; and face additional, related issues that impact upon their ability to effectively implement, and benefit from, the outcomes of the BEPS Action Plan. Participating in the new single global standard for AEOI could potentially lead to increased tax revenues for developing countries. However, we recognise that, while many developing countries are keen to take part in AEOI, some (that are not financial centres) may need more information about the benefits and full resource implications of the new standard, and may need an incremental approach to ensure progression to full implementation of the standard in a timely manner, without compromising confidentiality and data safeguards.

We also recognise that, in addressing BEPS and participating in AEOI, developing countries have varying levels of capacity to deal with the associated challenges.

### Forward Work Program

#### New Actions

##### ► NEW ACTION 1: ADDRESS BEPS IN LICs

Take concrete, practical steps to ensure developing countries can participate in, and benefit from, the G20/OECD BEPS agenda and related international tax issues, particularly by:

- calling on the OECD, International Monetary Fund (IMF), UN and World Bank Group, where appropriate and where in a position to do so, to work together and with regional tax administration forums to assess how practical toolkits can be produced in 2015 and 2016 to assist developing countries in implementing BEPS action items;
- requesting the IMF, OECD, UN and World Bank Group to work jointly to present a report to the DWG in 2015 on options for LICs on the efficient and effective use of tax incentives for investment; and
- agreeing, in 2015, to undertake an initial exploration with the OECD and World Bank Group of ways to support ongoing efforts to improve the availability of quality transfer pricing comparability data for developing countries.

► **NEW ACTION 2: IDENTIFY OBSTACLES TO INFORMATION EXCHANGE**

Take concrete, practical steps to ensure developing countries can participate in, and benefit from, AEOI, through requesting that the Global Forum work with the DWG, international and regional organisations, and other development partners, to implement a pilot of the AEOI roadmap. The pilot will identify efficient and effective methods to implement the standard, which will in turn inform other capacity building projects on AEOI. G20 members will consider supporting the pilot through information exchange, technical advice, financial support and/or related capacity building efforts.

► **NEW ACTION 3: STRENGTHEN CAPACITY**

Support capacity development efforts with a focus on the fundamental building blocks of tax policy and administration, to ensure developing countries can reap the full benefits of international tax reforms and mobilise domestic resources for development. In particular, G20 members will, on a voluntary basis:

- make available tax policy and administration experts - ideally current practicing experts - balanced with resource needs for bilateral assistance programs, to participate in initiatives led by international and regional organisations that strengthen developing countries' capacity to participate in, and benefit from, the G20 tax agenda;
- take practical steps to implement the DWG's Guiding framework for responding to capacity issues arising out of the G20 tax agenda; and/or
- take practical steps to support regional (including inter-regional) tax administration forums.

**Ongoing actions**

We made strong progress on domestic resource mobilisation in 2014, completing all our existing commitments. We look forward to further updates in 2015 from the IMF on the implementation of pilots of the Tax Administration Diagnostic Assessment Tool.

## FINANCIAL INCLUSION AND REMITTANCES

We endorsed the 2014 Financial Inclusion Action Plan (FIAP) prepared by the Global Partnership for Financial Inclusion (GPFI), which provides a framework to strengthen financial inclusion in, and remittance flows to, developing countries. The 2014 FIAP focuses on facilitating private sector-led innovation that integrates financial inclusion with financial education and consumer protection, and increased financial opportunities for small and medium-sized enterprises. Targeted actions include harnessing mechanisms such as electronic payments and mobile technology to improve access to financial services, particularly for vulnerable groups such as women, youth and migrants.

We agreed to a G20 Plan to Facilitate Remittance Flows that recommits the G20 to work to reduce the global average of transferring remittances to five per cent. It further focusses on supporting country-led actions to address the cost, and improve the availability, of remittance services, as well as using remittance flows to drive financial inclusion and development. It also addresses the closure of money transfer operator bank accounts on remittance flows.

### Forward Work Program

**New Actions**

► **NEW ACTION 1: RECOMMIT TO THE REMITTANCE TARGET**

Work to reduce the global average cost of transferring remittances to five per cent.

**Ongoing actions**

The DWG will continue to build political momentum for collective and individual country led actions to maintain a long-term focus on remittance flows in support of the five per cent target. The DWG will draw

on the GPFi's technical work to support progress against the five per cent target and create a sound analytical basis and evidence base to inform future country-led actions. The DWG will also work with the GPFi to identify how remittance flows can drive financial inclusion outcomes in LICs.

## FOOD SECURITY AND NUTRITION

We welcomed the Review of Opportunities for Economic Growth and Job Creation in relation to Food Security and Nutrition, prepared by the OECD and UN Food and Agriculture Organization; and agreed on a G20 Food Security and Nutrition Framework that provides a strategic approach for future, long-term G20 action. In 2014, Australia also hosted meetings on the Agricultural Market Information System (AMIS) and on the G20-OECD Framework for Analysing Policies to Improve Agricultural Productivity Sustainably (now piloted in three countries), as well as the Meeting of G20 Agricultural Chief Scientists (MACS).

**Findings:** We welcomed the review's recognition of the value of a number of existing G20 food security and nutrition initiatives and its recommendation that they continue to be further strengthened. In agreeing on the framework, we recognise the importance of integrating the G20's work on food security and nutrition across our work on infrastructure, employment, human resource development, and financial inclusion, and ensuring more coherent policies on trade, agriculture, taxation, energy and rural development to promote food security and nutrition.

### Forward Work Program

New actions from 2015 will be determined in accordance with the agreed G20 Food Security and Nutrition Framework, which sets out three inter-related, multi-year priority objectives (increase responsible investment in food systems; increase incomes and quality employment in food systems; and increase productivity sustainably to expand the food supply). We will also ensure that actions addressing these objectives demonstrate a positive impact on human nutrition, women, smallholder farmers and youth.

### Ongoing actions

Progress on food security this year sets the basis for a strategic approach in 2015. Commitment 24 on food reserves and access to humanitarian food supplies and commitment 28 on agricultural risk management are now complete, but will continue to be subject to ongoing monitoring. Commitment 26 regarding the Principles for Responsible Agricultural Investments and commitment 29 on scaling-up nutrition are on track, with next steps to be determined in the context of the G20 Food Security and Nutrition Framework. The DWG will provide further expert support to the initiative on expanding the Secure Nutrition Knowledge Platform in 2015 and remains committed to AMIS, MACS and AgResults.

## HUMAN RESOURCE DEVELOPMENT

We advanced work on human resource development to link skills development to employment, productivity and social inclusion. We developed an international comparable skills indicators database and piloted new tools on technology forecasting, simulation-based training for technical, vocational and education training (TVET) systems, and capacity development programs. We assessed links with the G20 Taskforce on Employment on quality apprenticeships and reviewed skills gaps that constrain infrastructure investments in LICs.

### Forward Work Program

We have agreed to enhance work on human resource development, commencing in 2015, by working with international organisations to strengthen partnerships and enhance policy coherence between HRD and other G20 work streams, including the G20 Taskforce on Employment.



**Ongoing actions**

We will continue to progress human resource development priorities, with most actions on track for completion in 2015. On action D (2013), we will conduct research on skills gaps and inter-ministerial coordination in TVET to enhance national capacities on skills to meet labour market needs. We will also examine links between trade, employment and skills and organise a knowledge-sharing workshop on skills and labour mobility. On action E (2013) and ongoing commitment 32, we will promote the Global Knowledge Sharing Platform on skills and for employment (to be reported on in 2015), to develop regional and international cooperation for training. We will also promote tools (technology forecasting, skills for trade and economic diversification) to simulate learning for TVET system managers and expand apprenticeship systems based on public-private partnerships in LICs and middle-income countries. On commitment 30, we welcome the delivery of the OECD-World Bank database on comparable skills indicators in developing countries and will explore options to support its funding, sustainability and use.

