

INCLUSIVE GROWTH AND DEVELOPMENT: 2015 ANTALYA DEVELOPMENT ROADMAP

2015 is a pivotal year for development. The *2030 Agenda for Sustainable Development*, including the Sustainable Development Goals (SDGs), and the *Addis Ababa Action Agenda* on financing for development are important milestones. The G20 Development Working Group (DWG) is strongly committed to contribute to efforts on implementing these outcomes and offers suggestions to address them in the forward work programme. The DWG agenda promotes actions that will have a positive impact on low income and developing countries (LIDCs) through inclusive growth and development.

To support the new level of ambition in the global development agenda, in 2015 the DWG has driven efforts to strengthen G20 coordination in areas that impact on development. This has helped improve policy coherence on development across the G20 agenda, including on investment and infrastructure, employment, energy access, food security and nutrition, tax, financial inclusion, remittances, trade and anti-corruption. Development has become a cross-cutting theme with various G20 work streams, including the Investment and Infrastructure Working Group (IIWG), the Employment Working Group (EWG), the access to energy agenda of the Energy Sustainability Working Group (ESWG), the SMEs and GVCs agenda in trade, and better financing instruments for SMEs under the finance track. The DWG will continue its efforts on improving policy coherence on development across the G20 agenda.

The DWG has advanced work in 2015 on its five priority areas, building on previous development outcomes, and re-vitalised the attention on Inclusive Business, drawing on past efforts within the G20. Working alongside key international organisations, this year the DWG has:

- agreed an *Implementation Plan of the G20 Food Security and Nutrition Framework* and contributed to a *G20 Action Plan on Food Security and Sustainable Food Systems*;
- developed *G20 National Remittance Plans* to help progress our commitment to reduce the global average cost of remittances to five percent and enhanced financial inclusion, including by supporting the development of a Joint Action Plan of the GPMI and IIWG on SME finance;
- delivered support on domestic resource mobilization through a *G20 Call to Action for Strengthening Tax Capacity in Developing Countries*, work on tax incentives for investment in Low Income Countries (LICs) and further support for developing countries' inclusion in the G20 international tax reform agenda;
- advanced G20 efforts to unlock the ways and means for developing countries to prepare and finance infrastructure projects;
- made progress on strengthening policy coherence and coordination on Human Resource Development (HRD) between the G20 DWG and Employment Working Group (EWG);
- promoted new opportunities for low-income people and communities to participate in markets through a new *G20 Framework on Inclusive Business*.

These efforts are outlined in more detail in the subsequent sections of the 2015 Antalya Development Roadmap. The DWG will continue to monitor and assess G20 development commitments and work in an open and transparent manner, consistent with the DWG Accountability Framework, through an annual Progress Report and a comprehensive Accountability Report once every three years.

Moving forward, the DWG is well placed to contribute to G20 efforts on the implementation of the *2030 Agenda for Sustainable Development*. Our actions will be based on the G20's added value, comparative advantage and strengths. This includes on-going work to support for the means of implementation, including on development finance where we can build on efforts to help countries maximise and attract resources for development. DWG work should target key areas for growth and development, in particular those that relate directly to the SDGs.

The forward work programme should be advanced on a flexible basis, allowing future Presidencies to adjust to the evolving circumstances of the G20 development agenda and taking into account efforts to ensure close alignment with the *2030 Agenda for Sustainable Development*.

This year, we have expanded our engagement with key stakeholders in every region, in particular with LIDCs and SMEs. Further enhancement of this dialogue will strengthen the G20 development agenda.

INFRASTRUCTURE

Under its overall work to help advance the mobilisation of investment for infrastructure in low income countries, the DWG helped promote inclusive and robust growth in 2015 by focussing on four main areas: indicators to enhance the investment climate; better understanding of risks and returns in infrastructure investments; country-specific sector diagnostics; and approaches to infrastructure project prioritization. The DWG takes note with appreciation of the IO reports on these and related subjects, which are described in further detail in the following paragraphs.

Taking into account DWG guidance, the Organisation for Economic Cooperation and Development (OECD) and the World Bank Group (WBG) have delivered a report on policy indicators that can support developing countries' efforts in designing their policy framework to mobilise investment in infrastructure, along with a preliminary report on understanding the risks and returns on infrastructure investments in Low Income Countries (LICs). Given the close relationship between the policy framework for investment, government capacities to design and manage infrastructure projects and investors' perceptions, these indicators and the related data gaps are closely linked to understanding and addressing risks and returns of infrastructure investments. Both reports contribute to advancing the understanding of how the G20 can support low income and developing countries tackle their infrastructure gaps.

In regard to country-specific sector diagnostics, the Inter-American Development Bank (IADB) prepared, with inputs from various MDBs, a presentation on the Infrascopes Diagnostic Studies. This presentation outlines the methodology used for the Infrascopes studies which have been commissioned by a number of MDBs to assess countries' capacity to sustainably develop and implement public-private partnerships in the transport, water, sanitation and electricity sectors. In addition, the WBG noted that a pilot program is now underway to develop a Benchmarking PPP Procurement tool to assess national PPP procurement policies, building on the work that the WBG has previously conducted on benchmarking public procurement systems. Similarly, the IMF referred to Public Investment Management Assessment (PIMA) indicators and PPP Fiscal Risk Assessment Mode (P-FRAM) tools which deal with the fiscal sustainability of infrastructure development.

In respect of project prioritization, two documents were presented. The first of these was a paper, again coordinated by the IADB with inputs from various MDBs, entitled "Partnering to Build a Better World: MDBs' Common Approaches to Supporting Infrastructure

Development”. This paper highlights the shared principles and common approaches used by MDBs to support efforts by their borrowing member countries to address their needs for quality, inclusive, resilient and sustainable infrastructure, and outlines several actions that MDBs can take to further enhance their coordination and complementarity at the country level. The second of the prioritization documents, prepared by the WBG, is a Working Paper describing the WBG’s ongoing development of the Infrastructure Prioritization Toolkit. This Toolkit is designed as an additional resource for governments, particularly those with emerging markets and developing economies, to assist with the planning and prioritization of infrastructure projects, i.e. the selection of projects on a systematic basis, reflecting full economic, financial, environmental and social costs and benefits.

Forward Work Programme

a) Policy Indicators and Risk and Returns

Recognising existing data gaps and acknowledging that indicators must take into account developing countries’ specificities, the DWG:

- (i) emphasises the importance of continuous efforts across LIC governments, bilateral and multilateral development cooperation agencies and international organisations to rationalise and improve existing indicators, invest in statistical capacity building and fill information gaps;
- (ii) calls upon the OECD, WBG, other MDBs and other relevant international organisations to work with the Global Infrastructure Hub (GIH) to address the data gaps in infrastructure policy indicators, and to engage with investors and developing country representatives on the effective use of the indicators to identify the most essential reforms in the enabling environment for infrastructure investment;
- (iii) invites the OECD and WBG to work with relevant organisations, including the GIH, interested G20 members, LICs and MDBs to increase mutual understanding on risks and returns, with a view to fulfilling the ToR agreed for Action III, particularly with regard to developing and promoting the use of innovative financial tools and exploring how MDBs can contribute to mitigate risk perception. A policy dialogue with LICs could be organised at global and/or regional levels and leverage existing processes and fora.

b) Country-Specific Sector Diagnostics and Project Prioritization

The DWG notes that the MDBs propose to convene a working group amongst themselves to discuss ‘next steps’ in regard to infrastructure sector diagnostics, including potential improvements to diverse methodologies for country-specific sector diagnostics and the future use of the Benchmarking PPP Procurement Study.

c) Development of the 2016 Workplan

In 2016, the DWG will, in consultation with the IIWG promote a policy dialogue with LICs, MDBs, regional institutions, investors and relevant stakeholders on cross-cutting infrastructure issues requiring joint inputs from both groups. The detailed agenda for the policy dialogue will be developed in consultation with the IIWG, ensuring consistency with both the IIWG and DWG mandates. The IOs are encouraged to submit proposals for possible deliverables, along with timeline and resource requirements. These proposals should be discussed at the first DWG meeting in 2016.

DOMESTIC RESOURCE MOBILISATION

We have continued to emphasize the importance of improving domestic resource mobilisation (DRM) in developing countries as a pillar for sustainable development. The DWG has been particularly active in involving developing countries in the wider work of the G20 on international taxation. This includes the involvement of developing countries and regional organisations in the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project and greater recognition of the need to ensure that developing country voices are heard.

A multi-year programme to develop tools and reports to help translate the complexity of the BEPS outcomes, on a voluntary basis, into user friendly guidance has been agreed in 2015.

Taking into account DWG guidance, IOs have delivered a key report on the effective and efficient use of tax incentives for investment, to assist developing countries adopt policies that carefully balance investment and DRM objectives. This has been complemented by a scoping note on addressing challenges regarding transfer pricing comparables data. This work will include a report to help improve the ability of revenue authorities to understand their extractive industries and mineral product pricing practices, which are essential to mitigating transfer pricing risks. A concept note on the indirect transfer of assets has been agreed by the DWG, for a report due in 2016.

In 2015, the DWG has also promoted the Global Forum 2014 Road Map on how developing countries can benefit from the new standard on Automatic Exchange of Information (AEOI) for tax purposes. The DWG has also endorsed the Global Forum's Africa Initiative and developed and monitored new AEOI pilot projects.

The DWG has agreed a *Call to Action for Strengthening Tax Capacity in Developing Countries*, which includes a regular reporting mechanism for the DWG to demonstrate the increased efforts, reiterating the importance of the technical assistance provided by the IMF, World Bank and others, the IMF-led TADAT instrument and the OECD/UNDP's Tax Inspectors Without Borders initiative.

Forward Work Programme

a) BEPS related issues

Further work will be undertaken to ensure that developing countries wishing to benefit from elements of the BEPS project, taking into account national circumstances, are in a position to do so as quickly and easily as possible. The delivery of the remaining BEPS action items in 2015 substantially changes the international taxation environment, and as a result 2016 and 2017 will have a strong focus on implementation.

DWG work in 2016 and 2017 will focus on translating those outputs into practical tools for developing country revenue authorities, ensuring consistency with the international standard setting in transfer pricing and related areas. This will result in the delivery of a tool on implementing effective transfer pricing documentation requirements (October 2016); tools on how countries can improve their access to transfer pricing comparability information, with supplementary work examining mineral product pricing practices (carried over from 2015, due in the second half of 2016). This work will link with related tools under the DWG mandate for 2017, in particular the development of tools to assist developing countries implement BEPS actions related to base eroding payments (June 2017) and supply chain restructuring (March 2018). Other deliverables will include a report for developing countries examining issues around the indirect transfer of assets in abusive cases (a concept note was agreed by the DWG

in 2015, and the report will follow in June 2016). In parallel, a toolkit will be developed to help developing countries to improve their tax treaty negotiating skills (December 2016).

b) *Automatic Exchange of Information (AEOI) for tax purposes*

The DWG will continue to monitor the implementation of the Global Forum 2014 Road Map on how developing countries can benefit from the new standard on AEOI. In particular, the DWG will track the implementation of the Global Forum's Africa Initiative and new AEOI pilot projects.

c) *Capacity building*

In 2015, the DWG agreed a *Call to Action for Strengthening Tax Capacity in Developing Countries*, which includes a commitment to support tax capacity building efforts on a voluntary basis. A biennial reporting mechanism for the DWG has been established to demonstrate increased efforts. The first reporting will be carried out in 2016. DWG members who have joined the *Addis Tax Initiative* may provide information arising from their commitments under the initiative.

FINANCIAL INCLUSION AND REMITTANCES

In 2015, we made progress on G20 Leaders' commitment to reduce the global average cost of transferring remittances to five per cent, and to prioritise financial inclusion. We developed *National Remittance Plans* that outline actions members are taking to facilitate remittance flows and further reduce remittance costs to developing countries. Through these plans, we are implementing country-led actions to: foster market competition and effective risk-based regulation; improve financial system infrastructure; pursue policies conducive to harnessing emerging technologies; and increase transparency, literacy and consumer protection of remittance transfers. These actions will make further progress on the G20 remittances target, with the global average unweighted cost of sending remittances currently at a record low of 7.7 per cent. We are also focused on the better understanding of risk and scale of money transfer operator bank account closures.

Engaging the private sector and financing for small and medium-sized enterprises (SMEs) was a priority in 2015 including scaling-up support to SME finance in developing countries through new partnerships under the SME Finance Compact.

The DWG and the Global Partnership for Financial Inclusion (GPFII) collaborated with the Investment and Infrastructure Working Group (IIWG) on the *G20 Joint Action Plan on SME Financing*. The new GPFII private sector engagement strategy and the SME Finance Forum which will evolve into a global membership body for private and public financial institutions will be central instruments for the private sector engagement.

In order to mainstream food security in financial inclusion, the GPFII worked on uncovering innovative ways to finance the agricultural sector in developing countries.

The GPFII also developed a Consultation Document for the 2nd edition of the GPFII White Paper "Global Standard-Setting Bodies and Financial Inclusion for the Poor- The Evolving Landscape," to be released in due course, with the active participation of the standard-setting bodies' secretariats.

The DWG welcomes the GPFi's continued work on strengthening financial literacy and consumer protection, including development of a policy handbook on implementing national strategies for financial education and core competencies on financial literacy for youth.

Forward Work Programme

The G20 will implement our *National Remittance Plans*, adapting these to account for emerging trends and new technologies and aimed at achieving the commitment to reduce the global average cost of remittance transfers to five percent. The Plans will be monitored by the GPFi annually and updated every two years, until 2019, when the 2014 Financial Inclusion Action Plan (FIAP) is to be updated. The DWG will work with the GPFi on financial inclusion and remittances to identify how G20 actions contribute to and align with the Sustainable Development Goals and Addis Ababa Action Agenda, including in the areas of remittance cost reductions, encouraging savings and other financial services, greater competition, and targeted public and private investment. The GPFi and DWG will consider opportunities to partner with the private sector to accelerate financial inclusion, literacy and consumer protection for individuals, noting proposals on: digital finance, women, youth, elderly, the disabled, migrants, people in rural areas and small and medium enterprises.

The DWG will continue to work with the G20 work streams to support policy coherence on the implementation of the *G20 Joint Action Plan on SME Financing* and address the challenges to SME finance and financial inclusion. In 2016, the DWG will consider actions it can support to accelerate financial inclusion, focusing on private sector engagement and the application of modern technology.

FOOD SECURITY AND NUTRITION

The principal task in the food security and nutrition area in 2015 has been to begin implementation of the *G20 Food Security and Nutrition Framework* endorsed by G20 Leaders in 2014. The preparation and endorsement of the *Implementation Plan of the G20 Food Security and Nutrition Framework* has accordingly been the main successful deliverable. The Implementation Plan was prepared with the assistance of FAO with additional inputs from IFAD, ILO, IFPRI, OECD, WFP and World Bank Group.

The *G20 Food Security and Nutrition Framework* identifies three outcomes-focused and long-term priority objectives: increasing responsible investment in food systems; increasing incomes and quality employment in food systems; increasing productivity sustainably to expand food supply. Human nutrition, women and youth and smallholder farmers are cross-cutting themes in these three objectives and there is a further wish to promote mainstreaming of food security and nutrition in other G20 tracks. The *Implementation Plan of the G20 Food Security and Nutrition Framework* was needed to identify specific, concrete and practical actions that make real progress towards the achievement of the Framework's three priority objectives.

The Implementation Plan presents and prioritizes specific proposals for actions that contribute to meeting each of the Framework's three priority objectives and address the need for mainstreaming food security and nutrition. It prioritizes practical actions in the areas of responsible investment, rural incomes and employment and sustainable productivity growth, including reduction of food loss and waste. It pays particular attention to smallholder and family agriculture, with an emphasis on women and youth. It lists other actions of less immediate priority but which also contribute to meeting the Framework's objectives, including supporting international food security and nutrition initiatives. The actions reflect the G20's

comparative advantage and scope for value-added in providing political support and engaging in collective action.

The actions prioritised in the Implementation Plan provide the basis of the Forward Work Programme outlined below. They also provide an input into the *G20 Action Plan on Food Security and Sustainable Food Systems* called for by G20 Agriculture Ministers at their meeting in May 2015.

Forward Work Programme

The *Implementation Plan of the G20 Food Security and Nutrition Framework* identifies priority actions in three areas to be implemented over the next one to three years.

- (i) Mechanisms and instruments that promote responsible investment in agriculture and food systems are indispensable to the achievement of higher productivity sustainably, inclusive growth, poverty reduction, improved food security and nutrition, and economic, social and environmental sustainability. The G20 will therefore support the operationalization of the *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security* and the *Principles for Responsible Investment in Agriculture and Food Systems* agreed by the Committee on World Food Security (CFS). On a voluntary basis, G20 members will encourage the relevant international organizations to provide guidance on operationalizing the above CFS guidelines and principles, and raise awareness of these mechanisms to facilitate their use in interested countries.
- (ii) The G20 will seek to increase incomes and quality employment in food systems through support to human resource development, especially for rural women and rural youth, through G20-LIDCs knowledge-sharing forums on vocational training, improved access to productive assets and financing, enhancing smallholder integration into value chains, and food security and nutrition-sensitive social protection and safety-net programs. G20 members will support and participate in these initiatives on a voluntary basis in partnership with relevant international organizations and other stakeholders.
- (iii) The G20 will continue to support sustainable productivity growth and expand food supply. Productivity improvement can be promoted by adopting technologies and sharing knowledge as much as new research and innovation. The G20 will focus its efforts on reducing food loss and waste. Relevant international organizations, in response to the G20 Agriculture Ministers' request, are establishing a technical platform on reducing food loss and waste by raising awareness, promoting coherence and consistency in measurement frameworks, gathering and disseminating information on policy options and best practices and capacity building. The G20 will encourage the platform to promote capacity building in low income and developing countries, with a particular focus on post-harvest loss reductions through innovative low-cost technologies and practices. G20 members will participate in this platform on a voluntary basis.

While these three actions have the greatest priority for implementation over the next one to three years, the G20 will continue to support successful ongoing actions such as the Agricultural Market Information System (AMIS), the Global Agriculture and Food Security Program, the Platform for Agricultural Risk Management, the Tropical Agricultural Platform, the framework for improving agricultural productivity sustainably, and the Meeting of Agricultural Chief Scientists. It will also support international food security and nutrition initiatives and contribute to the achievement of the SDGs. Efforts will be made to mainstream food security and nutrition in other parts of the G20 agenda.

HUMAN RESOURCE DEVELOPMENT

Continued progress was made on human resource development to support better employment outcomes, increased productivity and social inclusion. An international comparable skills indicator database (WISE) and knowledge sharing platform on skills development were further refined, as well as tools on skills technology foresight and simulation-based training for technical and vocational school systems. Capacity-building skills development programmes continued in a number of developing countries. The DWG and EWG finalized a *Multi-Year Framework for policy coherence on human resource development*. The DWG agreed that the DWG HRD Action Plan will serve as reference to inform the future work of the DWG and looks forward to the prioritisation of the specific outcomes by future Presidencies.

Forward Work Programme

We will continue to progress human resource development priorities in collaboration with international organizations, with most actions on track for completion in 2015. A background report on inter-ministerial cooperation in skills development should be completed by the end of the year. A workshop on Skills for Labour Mobility agreed in 2014 is scheduled for October 2015. Work on Skills for Trade and Economic Diversification continues, with further tool development and application in several developing countries. Both the World Indicators on Skills for Employment database and the Knowledge Sharing Platform continue to be enhanced, as well as tools on technology foresight for skills and the simulation-based training for technical and vocational systems management. Technical cooperation programmes, sponsored by G20 members, continue to be implemented in several developing countries, including in areas such as employment services, skills for rural populations and skills training for inclusion of persons with disabilities. In 2016, further work will be carried out to improve policy coherence on HRD, specifically between the DWG and the Employment Working Group.

INCLUSIVE BUSINESS

The DWG agreed the *G20 Inclusive Business Framework*. The Framework is an evidence-based reference for government and business leaders showing how the private sector can help reduce poverty and advance inclusive and sustainable growth while pursuing business opportunities. It presents governments and the private sector with a set of options to enable inclusive business to expand, drawing on an extensive list of cases studies as well as on a survey of G20 members on their existing policies in this area.

The DWG agreed to support the *G20 Global Platform on Inclusive Business* to continue with information sharing and knowledge generation related to this topic. The Platform will assist policy makers to work towards advancing inclusive businesses.

A number of engagement events held in 2015 on inclusive business in collaboration with the B20 and other partners helped raise awareness on inclusive business among the private sector and other key stakeholders and enabled G20 members to share their experiences.

Forward Work Programme

The *G20 Global Platform on Inclusive Business*, the development of which the DWG has agreed to promote, will focus on inclusive business policy, learning, and implementation. Policy makers will be the drivers of the platform. Governments, the private sector, and other key stakeholders, including the B20, will be engaged to foster knowledge exchange and build

policy capacity. The platform will work in close cooperation with other existing platforms, including those focused on the private sector. Future work under this platform is expected to include: expanded research and analysis to build the evidence base; a gap and good practice analysis and case studies to ensure added value; knowledge exchange through policy fora and workshops; launch of a website on inclusive business policy; outreach in developing countries; and G20 member national outreach with stakeholders. Progress on the advancement of these actions, including the establishment of the platform and its outreach strategy, will be reported in 2016.