



G20 DEVELOPMENT WORKING GROUP

2015 ANNUAL PROGRESS REPORT



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SUMMARY

The G20 Development Working Group (DWG) agreed to an Accountability Framework and produced an Annual Progress Report in 2014. The purpose of the Annual Progress Report is to outline the status of the G20 DWG commitments, as endorsed by G20 Leaders. The Report is a core component of the G20 DWG Accountability Framework.

The 2015 Report documents progress on ongoing commitments outlined in the 2014 DWG Annual Progress Report and actions identified in the Brisbane Development Update. This report is to be submitted to G20 Sherpas following the final DWG meeting under the Turkish Presidency in Antalya on 14-16 September 2015.

In 2015, the DWG has made good progress on the five priority areas outlined in the 2013 St. Petersburg Development Outlook: Infrastructure, Domestic Resource Mobilization (DRM), Financial Inclusion and Remittances, Food Security and Nutrition, and Human Resource Development (HRD). In accordance with G20 Sherpas' guidance, increased attention has been given to strengthening policy coherence on development across G20 workstreams. Stronger linkages have been established with the finance track, in particular on infrastructure, DRM, financial inclusion and remittances. Significant steps have been taken to establish policy coherence with the G20 Employment Working Group (EWG) on Human Resource Development. Development has become a cross-cutting theme with various workstreams, including 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.

In 2015, the DWG developed the G20 Inclusive Business Framework. The Framework supports the private sector's important role in development, and enhances G20 efforts to deliver inclusive and sustainable growth. It helps promote opportunities for low-income people and communities to participate in markets as buyers or suppliers. And through concrete case studies it demonstrates that inclusive business is good for business. The Framework presents governments, IOs and the private sector with a set of options to enable inclusive business to grow. These options draw on evidence-based case studies of government policy and business know-how. Delivered together, they have the potential to significantly boost inclusive business worldwide and contribute to advancing the Sustainable Development Goals (SDGs). A new G20 Platform for Inclusive Business will be established to help improve information sharing and knowledge generation to this end. Inclusive business will continue to be on the DWG agenda, also taking into account its linkages with the five priority areas. Progress will be reported in 2016.

The attached G20 Development Commitments Monitor contains a comprehensive list of completed and ongoing commitments, information on the latest status and a rationale that supports decisions made regarding the status of commitments to enhance the information value and transparency of the report.

The status of the commitments has been indicated through a "traffic light" style coding: on track (green); mixed progress (orange); stalled (red); complete, ongoing monitoring; and complete. Commitments marked "complete" in 2014 have not been measured in 2015. Commitments identified in 2014 as "complete, ongoing monitoring" will only be monitored when developing the DWG Comprehensive Accountability Report, as the focus is on looking at longer-term outcomes from those commitments. New commitments agreed by the DWG in 2014 have been added to the 2015 Annual Progress Report, with an indication of their status at that time.

Of the 20 commitments in the 2015 Development Commitments Monitor:

- 11 are assessed as being on track;
- 3 are assessed as having registered mixed progress;
- 0 are assessed as having stalled;
- 2 are assessed as having been completed with ongoing monitoring;
- 4 are assessed as having been completed.

G20 DEVELOPMENT COMMITMENTS MONITOR

On track (green) = commitment is predominantly on track according to agreed timetable and outputs

Mixed progress (orange) = behind timeline for completion but due to complete soon

Stalled (red) = work that has been discontinued (to be removed from future progress reports)

Complete (ongoing monitoring) (no colour) = commitment is complete but ongoing monitoring required to evaluate longer term or systemic impacts

Complete (no colour) = DWG agrees that the commitment is complete (to be removed from future progress reports)

G20 Development Working Group – Existing Commitments (which will be monitored in the 2015 progress report)

| DEVELOPMENT COMMITMENT | 2015 ACTION | LATEST STATUS (TO BE UPDATED) | RATIONALE |
|------------------------|-------------|--|-----------|
| | | <p>On track (green) = commitment is predominantly on track according to agreed timetable and outputs</p> <p>Mixed progress (orange) = behind timeline for completion but due to complete soon</p> <p>Stalled (red) = work that has been discontinued (to be removed from future progress reports)</p> <p>Complete (ongoing monitoring) (no colour) = commitment is complete but ongoing monitoring required to evaluate longer term or systemic impacts</p> <p>Complete (no colour) = DWG agrees that the commitment is complete (to be removed from future progress reports)</p> | |

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| INFRASTRUCTURE | | | |
| <p>H (2014). <i>Strengthening The Upstream Environment For Infrastructure Project Preparation.</i> International organisations and developing countries are requested to establish voluntary policy indicators to identify the most essential reforms in the enabling environment for infrastructure investment. G20 members and MDBs are encouraged to provide capacity building support in response to reform priorities identified by governments.</p> | <p>In 2015, the OECD worked with the WBG and other international organisations on the identification and compilation of a set of indicators on policies that can enhance the enabling environment and mobilise greater investment in infrastructure. The proposed indicators constitute a policy framework which can help developing countries design reforms to enhance infrastructure investment. These indicators would also inform G20 efforts to support developing countries in addressing challenges with regard to upstream preparation of infrastructure projects.</p> | <p>Complete (ongoing monitoring) = Commitment is complete but ongoing monitoring required to evaluate longer term or systemic impacts</p> | <p>The ‘Stock-Taking of Selected Policy Indicators on the Enabling Environment for Infrastructure Investment’ was released in September 2015. The DWG should monitor the proposed capacity building elements of this action and evaluate options to use the proposed framework.</p> |
| <p>I (2014). <i>Maximising the Effectiveness Of Project Preparation Facilities to Leverage Greater Private Sector Investment:</i> MDB-based PPFs will collaboratively support governments to develop prioritised lists of infrastructure projects, building on existing cooperation and allotting sufficient time for approaches to be evaluated by the relevant institutions. MDB-based PPFs with a focus on PPPs for infrastructure are requested to</p> | <p>In 2015 the G20 requested MDB-based PPFs that are focused on PPPs for infrastructure to prepare two reports. The first is a report on the key elements of MDBs current approach to country-specific sector diagnostics, as a first step in moving towards sector diagnostics that can be exchanged with other MDBs. The second is a report on current approaches to project prioritisation as a first step to moving towards government approved lists of prioritised projects. A “Workshop on Quality Infrastructure Investment”</p> | <p>On Track = commitment is predominantly on track according to agreed timetable and outputs</p> | <p>The Inter-American Development Bank coordinated the preparation of a paper entitled ‘Partnering to Build a Better World: MDB’s Common Approaches to Supporting Investments in Infrastructure’, presented to the DWG in September 2015.</p> <p>Separately, the World Bank Group has developed an Infrastructure Prioritization Toolkit, which is designed as an additional resource for</p> |

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| <p>report on the key elements of their current approach to country-specific sector diagnostic and approaches to project prioritization.</p> | <p>was organised, focusing on key aspects of inclusive growth through infrastructure development.</p> | | <p>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. In September 2015 the World Bank Group presented to the DWG a Working Paper setting out a detailed description of the still-evolving Toolkit, which continues to be subject to World Bank Group internal review. The G20 should contribute to efforts to improve capacity in developing countries.</p> |
| <p>J (2014). <i>Promoting Better Understanding of Risk and Return In Infrastructure Investment in LICs:</i> the DWG and the IIWG will initiate a dialogue on factors affecting risk perception in LICs, to better inform risk management and mitigation approaches and explore engagement between institutional investors and other potential stakeholders.</p> | <p>In 2015, the World Bank Group and the OECD prepared a report which takes into account the 2012 report (Misperceptions of Risk and Return in Low Income Countries) and draws together information on the specific factors affecting risk perceptions in LICs and identifies practical approaches and initiatives utilized successfully by a range of organizations to mitigate risk, manage the information asymmetry, directly address risk in investing in infrastructure in LICs, and change</p> | <p>On Track = commitment is predominantly on track according to agreed timetable and outputs</p> | <p>The OECD and World Bank Group presented the report on ‘Risk and Return Characteristics of Infrastructure Investment in Low Income Countries’ to the DWG in September 2015. This is the first step in completing this multi-year action. The DWG will carry forward this work in consultation with the IIWG, notably with a view of promoting dialogue with key stakeholders on better understanding of risk and return, addressing possible misperceptions and promoting</p> |

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| | incentives in MDBs to move to a more enabling culture. | | greater access to and use of risk mitigation tools by developing countries where appropriate. |
| 8 (2010). <i>Special measures for regional integration:</i> identify a limited number of regional initiatives with an action plan to reduce bottlenecks and deliver concrete outcomes. | The DWG requested that MDBs report on lessons related to bottlenecks and challenges in preparing and developing of 11 identified projects in 2015. | On Track = in September 2015 the MDBs updated the information on the designated eleven projects contained in the Infrastructure Action Plan 2012 Follow-up Report (as set out in an Annex to this Annual Progress Report) | Since the eleven designated projects are long-term initiatives, this is an ongoing multi-year commitment. |
| 11 (2010). <i>Transparency and sustainability:</i> assess how best to integrate environmental safeguards in an effective cost-efficient manner. | Finalisation of the review and update of the World Bank Group's safeguard policies in 2015. | Mixed progress = behind timeline for completion but due to complete soon | At this stage the review and update of the World Bank Group's safeguard policies is envisaged to be finalised in 2016. |

FOOD SECURITY AND NUTRITION

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| 25 (2010). <i>Promote increased procurement from smallholder producers and strengthen their access to markets in line with domestic and regional strategies.</i> | Smallholders are a cross-cutting theme in the FSN Framework and a particular focus for actions under the Implementation Plan aimed at increasing investment and reducing food loss and waste. | On track = commitment is predominantly on track according to agreed timetable and outputs | Emphasis in the Implementation Plan on promoting responsible investment generally and on infrastructure improvements, low cost technologies and capacity building to reduce post-harvest food losses and facilitate smallholder access to markets. |
| 29 (2010). <i>Confirm commitment to scaling-up nutrition through a combination of direct nutrition interventions and incorporation of nutrition into all relevant policies.</i> | Commitment confirmed through identification of nutrition as a cross-cutting theme in the FSN Framework and carried over into the agreed Implementation Plan. Support for the Rome Declaration on Nutrition | On track = commitment is predominantly on track according to agreed timetable and outputs, although more could be done on direct nutrition interventions. | Although more could be done on direct nutrition interventions, the nutrition cross-cutting theme has been carried over into the agreed Implementation Plan in relation |

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| <p>O (2014) <i>Determine new actions for 2015 in accordance with the G20 Food Security and Nutrition (FSN) Framework.</i></p> | <p>adopted by 2nd International Conference on Nutrition. A Global Forum on Nutrition-Sensitive Social Protection Programs: Towards Partnership for Development was held in Moscow.</p> | | <p>to policy interventions. The outcome of the second International Conference on Nutrition has also been supported by G20 Agriculture Ministers in their Communiqué.</p> |
| | <p>Implementation Plan of the G20 Food Security and Nutrition Framework agreed with following top priority actions:</p> <p>(i) support to operationalization of <i>Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT)</i> and <i>CFS Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI)</i>;</p> <p>(ii) support to human resource development especially for rural women and rural youth, through G20-LIDCs knowledge- sharing forums on vocational training and food security and nutrition safety nets;</p> <p>(iii) promoting reductions of food losses and waste in G20 and LIDCs through creation of knowledge-sharing platform.</p> | <p>Complete = DWG agrees that the commitment is complete (to be removed from future progress reports)</p> | <p>Implementation Plan agreed and some priority actions, notably Food Loss and Waste Technical Platform, already in progress.</p> |

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| HUMAN RESOURCE DEVELOPMENT | | | |
| <p>D (2013). <i>Enhancing national capacities on skills to meet labour market needs:</i> work with relevant IOs to assist interested developing countries to assess skills development needs and build national capacity on quality training for all stakeholders.</p> | <p>The Russian-funded ILO project in Armenia, Kyrgyzstan, Jordan, Tajikistan and Vietnam continued and is expected to close at the end of 2015. Management of TVET institutions simulator tool and skill technology foresight tool tested in Vietnam and Armenia.</p> <p>The Korean-funded project in Nepal and Mozambique was launched in 2015</p> | <p>Mixed progress = behind timeline for completion but due to complete soon</p> | <p>While launch of Nepal component has gone smoothly, some delays have occurred in Mozambique due to internal difficulties.</p> |
| <p>E (2013). <i>Developing regional and international cooperation for training:</i> explore ways to develop south-south and triangular cooperation programs involving G20 members, focused on provision of training and knowledge-sharing to developing country nationals.</p> | <p>A workshop on Skills for Labour Mobility, sponsored by Korea in collaboration with the OECD and ILO, is scheduled to be held on October 7-8, 2015 in Paris</p> <p>A G20-OECD Workshop on Quality Apprenticeships was held in Antalya, February 2015</p> <p>UNESCO and ILO are preparing a background paper on inter-ministerial cooperation on skills and illustrative case studies</p> | <p>Mixed progress = behind timeline for completion but due to complete soon</p> | <p>Preparation of the background paper was delayed in 2014 and rescheduled for 2015. Background paper and case studies expected by the end of 2015</p> |

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| <p>30 (2010). <i>Create internationally comparable skills indicators: assist LICs to better match training to employers' needs and future labour market opportunities in developing countries.</i></p> | <p>The OECD has established the World Indicators for Skills and Employment (WISE). The database was presented to the first DWG meeting in 2015. A formal launch will take place back to back with the Workshop on Skills for Labour Mobility, on October 7-8, 2015 in Paris.</p> | <p>On track = commitment is predominantly on track according to agreed timetable and outputs</p> | |
| <p>32(2010). <i>Knowledge sharing platform: skills for employment.</i></p> | <p>The ILO Knowledge Sharing Platform continues to be enhanced and updated. Funding to support further development (Korea) is available in 2016</p> | <p>On track = commitment is predominantly on track according to agreed timetable and outputs</p> | |
| <p>P (2014). <i>Enhance Policy coherence between DWG HRD and the EWG.</i></p> | <p>A non-paper on policy coherence prepared by Korea with support from ILO and OECD was agreed by the DWG and EWG.</p> <p>A draft Multi-Year Framework on HRD was finalized by the DWG and EWG.</p> | <p>On track = commitment is predominantly on track according to agreed timetable and outputs</p> | |

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FINANCIAL INCLUSION AND REMITTANCES

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| <p>N (2014): <i>Recommit to the Remittance Target: work to reduce the global average cost of transferring remittances to five per cent.</i></p> | <p>In 2015, each G20 member developed National Remittance Plans. Each plan outlines actions to progress leaders' recommitment to help reduce remittance costs to five per cent, and to prioritise financial inclusion.</p> | <p>Complete (ongoing monitoring) = commitment is complete but ongoing monitoring required to evaluate longer term or systemic impacts</p> | <p>The G20 Global Partnership for Financial Inclusion (GPFI) Markets and Payments System Subgroup will monitor the G20 National Remittance Plans as agreed in the Financial Inclusion Action Plan.</p> |
| <p>G (2013): <i>Accelerate innovative approaches to reduce remittance costs: in 2014, consider results-based mechanisms to reduce the cost of transferring remittances to developing countries.</i></p> | <p>In accordance with the 2014 Financial Inclusion Action Plan, in 2015, the G20 Global Partnership for Financial Inclusion (GPFI) Markets and Payments System Subgroup undertook a stocktake, including an inventory of innovative payment eco-systems and recommendations within which implementation issues for harnessing emerging technologies can be considered. The Subgroup also developed a framework for the use of remittances, including case studies and lessons learned on the successful take-up of emerging technologies in relation to remittances.</p> | <p>Complete = DWG agrees that the commitment is complete (to be removed from future progress reports)</p> | <p>The stocktake of innovative solutions (released November 2015) and the framework for the use of remittances (October 2015) identifies roles for the government and the private sector in the creation and development of inclusive payment eco-systems to further financial inclusion. These documents are available to the Development Working Group to consider when developing policy options to further enhance remittance flows and financial inclusion.</p> |

TRADE

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| <p>43 (2010): <i>Maintain beyond 2001 Aid for Trade (Aft) levels that reflect the average of the last three years (2006-2008).</i></p> | <p>In early 2015, the OECD and WTO provided a brief report to the DWG.</p> | <p>Complete = DWG agrees that the commitment is complete (to be removed from future progress reports)</p> | <p>The DWG recommends that Sherpas receive future reports directly.</p> |
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| DOMESTIC RESOURCE MOBILIZATION | | | |
| <p>K (2014). <i>Address BEPS In LICs:</i> Ensure developing countries can participate in, and benefit from, the G20/OECD BEPS agenda and related international tax issues. IOs will collaborate 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. In 2015, IOs will also draft a report on options for developing countries on efficient and effective use of tax incentives for investment; and agree on ways to support ongoing efforts to improve the availability of quality transfer pricing comparability data for developing countries.</p> | <p>Developing countries and regional tax administration forums are now directly participating in the BEPS discussions at the OECD. The OECD has worked with regional organisations to set up workgroups on BEPS to feed into the development of toolkits and is conducting BEPS regional dialogue events.</p> <p>A workplan for the development of BEPS toolkits has been agreed by the DWG and the IOs have been delivering reports to this timetable. A draft of the toolkit “Options for Low Income Countries’ Effective and Efficient Use of Tax Incentives for Investment” was developed by IOs for the DWG in March 2015 (IMF lead) and was agreed at the DWG meeting in June. The final paper will go to the Leaders’ Summit in November.</p> <p>Terms of reference and a scoping paper for the transfer pricing comparables toolkit have been produced and approved by the DWG.</p> <p>A concept note has been produced for the indirect transfer of assets</p> | <p>On Track = commitment is predominantly on track according to agreed timetable and outputs</p> | <p>Developing countries are participating in the BEPS discussions. IOs have so far delivered the BEPS toolkits to the agreed workplan.</p> |

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| <p>L (2014). <i>Identify Obstacles to Information Exchange:</i> ensure developing countries can participate in, and benefit from AEOI. The Global Forum will 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.</p> <p>M (2014). <i>Strengthen Capacity:</i> G20 members will, on a voluntary basis: take practical steps to make available tax policy and administration experts to assist international</p> | <p>toolkit. The final report is expected in 2016.</p> | | |
| | <p>In its response to the 2014 Roadmap on AEOI for Developing Countries, the DWG indicated its support for pilot projects between G20 and developing countries to undertake AEOI. Four countries have chosen to undertake pilots so far (UK/Ghana, Albania/Italy, Colombia/Spain, and Philippines/Australia). Discussions are progressing well in Morocco, Pakistan and Uganda about the organisation of their pilot projects and potential twinning partners with an aim to an early start.</p> <p>The Global Forum has set up the Africa Initiative, which aims to raise awareness of the benefits of exchange of information (on request and automatically) as tools for tackling tax evasion. The Global Forum is undertaking Automatic Exchange of Information (AEOI) training events and delegates from several developing countries have received training.</p> | <p>On Track = commitment is predominantly on track according to agreed timetable and outputs</p> | <p>G20 members are engaging in AEOI pilots with developing countries. Global Forum is progressing with AEOI training as planned.</p> |
| <p>The DWG agreed a Call to Action on tax capacity building at its June meeting which includes a commitment to increase tax capacity building on a voluntary basis and to support and cooperate with</p> | <p>On track = commitment is predominantly on track according to agreed timetable and outputs</p> | <p>Call to Action reinforced G20 members' commitment to tax capacity building. The Addis Tax Initiative showed that G20 members are willing to fund</p> | |

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| <p>and regional organisations that strengthen developing countries' capacity to participate in and benefit from the G20 tax agenda; implement the DWG's Guiding framework; and support regional (including inter-regional) tax administration forums.</p> | <p>international and regional organisations on these initiatives. There will be a regular reporting mechanism for the DWG to demonstrate the increased efforts.</p> <p>A number of G20 members (Australia, Canada, European Commission, France, Italy, Germany, Indonesia, United Kingdom, United States, Republic of Korea) signed up to the Addis Tax Initiative at the Financing for Development Conference in July, which includes a commitment to double technical cooperation in the area of domestic revenue mobilisation and tax by 2020. Under the initiative developing countries have committed to step up their work on tax reform to improve the fairness, transparency, efficiency and effectiveness of their tax systems.</p> | | <p>increased efforts on DRM and tax.</p> |

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INCLUSIVE GREEN GROWTH

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| <p>67 (2012). <i>Encourage further exploration of effective mechanisms to mobilise public and private funds for inclusive green growth investments in developing countries, including through the public-private Dialogue Platform on Inclusive Green Investment.</i></p> | <p>A global platform to encourage private sector investment into inclusive green growth, 'GreenInvest', was launched at the G20 meeting in Izmir, June 2015.</p> | <p>On track = commitment is predominantly on track according to agreed timetable and outputs</p> | <p>GreenInvest is now operational with Executive Director appointed and agreement in place for GGGI to provide secretariat services. Individual working groups (WG) under GreenInvest are being mobilised with first WG meetings scheduled for late 2015 / early 2016.</p> <p>Implementation will continue in 2016 and progress will be reported to G20 in 2016.</p> |
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