From analysis to action – Multidimensional Country Reviews

by
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Multidimensional Country Reviews (MDCRs) support developing countries in designing development strategies that aim for high impact. These strategies address the binding constraints to development, defined as sustainable and equitable growth and well-being. A growing number of developing countries worldwide are implementing MDCRs. Many see the MDCR as a tool to implement the Sustainable Development Goals.

The OECD’s 2012 Strategy on Development put forward the MDCR as a response to a twofold challenge. First, all countries face challenges that are specific to their individual circumstances and their level of social, institutional, and economic development. Only mutual learning and the adaptation of expertise and policy advice to the inner workings and outer circumstances of a country can achieve better policies for better lives. Second, policy makers, especially from developing countries, shared feedback that while the OECD’s sector-specific policy expertise was excellent, little is offered to inform a comprehensive strategy and manage the trade-offs. Yet, key policy makers, especially at the centre of government, were seeking precisely this overarching analysis and where to prioritise efforts and in what sequence.

Shortly before the 2012 Strategy on Development, the Arab Spring shook up a number of beliefs about development. Take Tunisia for example. It had very high marks on all indicators according to the Millennium Development Goals and standard macroeconomic guidance: 3% fiscal deficit, 5% average growth since 1990, 100% primary enrolment rate since 2008, 80% healthcare coverage for its population, and a good reformer in doing business. Although of little surprise in hindsight, the uprisings revealed the need for a broader understanding of what progress means for a country. Observers had completely overlooked the importance of social cohesion, the highly unequal regional distribution of opportunities, and the inability of the institutional and productive systems to adapt to changing circumstances.

MDCRs take the essential broader view. They understand development as strengthening a society’s capabilities to consistently translate monetary, human and natural resources into well-being outcomes. The definition of well-being is inspired by the OECD’s
How’s Life? framework with its 11 dimensions and concepts of quality of life and material well-being. These include income and jobs as well as subjective well-being measures of social connections, civic engagement, environmental conditions, health and education, among others. To consistently create such well-being requires a large range of capabilities in the realms of innovation, production, governance, finance and social protection, to name a few.

Countries must transition to higher levels of functioning as internal and external circumstances change if they are to successfully pursue broad-based development. A stumbling block to further development occurs whenever a given combination of capabilities, resources, and the external environment impedes a country from optimising opportunities and addressing its most imminent social and economic challenges. In this context, traditional analysis has often concentrated on investment or productivity constraints. This correctly describes a need in most cases. However, social, environmental and governance challenges are equally important and often underlie the productivity trends. High inequality, for example, translates into highly unequal school systems that weaken human capital, which implies reduced economic capabilities and lower productivity. A high concentration of economic power reduces opportunities for new activities to surface and drive change by challenging less efficient incumbents. A misuse of natural resources may be a bottleneck to further development. Low levels of trust combined with non-transparent judicial and executive government systems often lead to a social contract of the smallest common denominator that cannot underpin a transition to new engines of progress.

MDCRs have been created as a continuously evolving tool to help countries identify the core constraints among their capabilities. The MDCR then provides national policy makers and their partners with the inputs needed for a country-owned and implemented development strategy. Aided by the toolkits of strategic foresight and governmental learning, a multidisciplinary team works together across OECD directorates to identify a country’s most important shortcomings in terms of well-being outcomes and the capabilities
to produce them. Some of the capabilities that have been identified as holding back development in the MDCRs include:

➤ Sustain inclusive economic growth by continuously diversifying the economy to meet the changing demands of the global marketplace (this shows up in various forms at most levels of development).

➤ Channel sufficient financial resources to where they can be used most productively.

➤ Turn the country’s human resources into human capital by equipping citizens with the skills necessary to further develop the economic, social and institutional potential of the country, given the most likely set of opportunities.

➤ Adapt the institutional environment to the higher level of functioning required to transition, including more reliable judicial systems, less corruption, and stronger incentives for performance in the civil service.

➤ Manage environmental resources to maximise natural capital while at the same time providing incentives for increased productivity.

➤ Sustain a social contract that overcomes the divisions between the formal and informal economies and delivers well-being and revenue by including as many citizens as possible.

In a follow-on, OECD expertise is applied by the partner country to address these shortcomings and create a more sustainable system for delivering growth and well-being. In Côte d’Ivoire, sector experts from across the OECD worked together with a strong local team in the Prime Minister’s office to design a full government action plan which addresses the needs for economic modernisation, infrastructure, a more efficient and equitable tax system, developing skills that can sustain production transformation, and a financial sector that can deliver resources to where they can be most productive.

Analysis is only the very first step. Progress requires action. With this in mind, the OECD team works closely with a core group of
national policy makers and analysts throughout the MDCR. This ensures that the recommendations are well adapted to a country’s circumstances and priorities and that the policy makers are in a position to make full use of the MDCR output. The preparation of the MDCR involves a spectrum of policy makers and researchers as well as public, private, and NGO actors. They reach beyond capital cities to encompass expertise across a country. Once the analysis and recommendations are done, MDCRs go beyond just delivering a report to engaging in a true dialogue around the recommendations that build on shared prioritisation. The result is a programme that, when implemented well and in supportive circumstances, can rapidly and positively transform national welfare.

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