

# Meeting of the OECD Council at Ministerial Level

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**STRENGTHENING THE OECD'S  
GLOBAL REACH**

# **Strengthening the OECD's Global Reach**



## **EXECUTIVE SUMMARY**

### **Council Resolution on Strengthening the OECD's Global Reach**

1. In May 2013, Council adopted a Resolution on Strengthening the OECD's Global Reach [C(2013)58/FINAL]. This Resolution aims to realise the strategic objective expressed in the 2011 MCM Vision Statement [C/MIN(2011)6/FINAL] to make the OECD a more effective and inclusive global policy network by developing new forms of partnership and collaboration. This report takes stock of the progress achieved in implementing the Resolution and makes suggestions for the road ahead.

### **Strengthening the Co-operation with the Key Partners**

2. Involving the Key Partners (Brazil, China, India, Indonesia and South Africa) in the full range of OECD activities and instruments, with a view to possible future Membership, is a priority for the OECD. As a result of the sustained efforts deployed over the past few years, Key Partners have become more strongly engaged in the Organisation's key areas of work, such as trade, investment, taxation and education, with a growing number of policy reviews and surveys and a higher-level policy dialogue.

3. Looking ahead, the Organisation needs to continue the progress achieved over the past years and bring these countries closer to our standards and bodies. It needs to work more closely with the Key Partners, in particular in its standard-setting role, and to explore ways to jointly map out strategic priorities and plan future work, for example, building on the Framework for Co-operation Agreement signed with the Government of Indonesia.

### **Bringing in Other Important Partners**

4. Besides the Key Partners, the OECD has a strategic interest in involving other important economies in its work, either through a regional approach or by targeting individual countries. The Southeast Asia Regional programme [C/MIN(2014)12] was established to strengthen the co-operation with this region of strategic priority.

5. In addition, the Framework for the Establishment of Country Programmes [C/MIN(2013)12] will enable the Organisation to support the reform process in a very limited number of countries by facilitating their access to OECD expertise and their adherence to OECD instruments and good policy practices. Finally, the Council Resolution on Partnerships in OECD Bodies [C(2012)100/FINAL] provides a flexible framework to allow selected Partner countries to join individual OECD Committees and Working Parties on a par, in terms of rights and obligations, with Members.

### **Regional Approaches**

6. The Global Reach Resolution invites the Secretary-General to explore and develop recommendations to the Council on how to further strengthen the regional component of the OECD's Global Relations, in particular with regard to Africa and Latin America, as well as MENA. Over the years, the Organisation has developed regional approaches to strengthen its engagement with a large number of partners in several regions, increasing its impact and relevance in many parts of the world where OECD

expertise can support national reform efforts. Besides the Southeast Asia Programme, the Organisation has regional programmes in Eurasia, Southeast Europe and the MENA region. No comprehensive programmes exist for Latin America or Africa yet, but activities take place in the context of regional initiatives. Regional approaches are cost-effective ways to promote the dissemination of OECD good policy practices. They benefit from regional peer dynamics and from a strong ownership of participating partners, who are often involved at Ministerial level in their governance.

### **Costa Rica and Lithuania**

7. While the Resolution paved the way for accession discussions with Colombia and Latvia, it also foreshadowed decisions on the possible accession of Costa Rica and Lithuania in 2015. A programme of work has been put in place to prepare both countries for this decision. The countries have prepared Action Plans highlighting their commitment to adhere to OECD instruments, conduct policy reviews and participate in the policy discussions of OECD bodies. These activities are funded by each of these countries.

### **G20, G8, APEC**

8. The OECD has provided important contributions to help successive G20 and G8 Presidencies achieve their priorities. This has included its ambitious project on Base Erosion and Profit Shifting, work on the combat of corruption, on employment prospects of the youth, the unskilled and the long-term unemployed, financial education, the monitoring of protectionist investment and trade measures and analysis of Global Value Chains (GVCs). The OECD is actively supporting the Australian Presidency's priorities of promoting stronger economic growth and employment and of making the global economy more resilient. In particular, it is providing analysis and inputs for comprehensive national growth strategies, and work on structural reforms, employment including gender, financing for investment, trade and GVCs, anti-corruption and taxation, among others.

9. The OECD supported the UK G8 Presidency in 2013, contributing particularly to the Group's tax, trade and transparency agenda. It also contributes to the Deauville Partnership through projects supporting policy reforms in the MENA region.

10. Co-operation between the OECD and the Chinese APEC Presidency has intensified in 2014. The Organisation provides support in a wide range of policy areas, such as infrastructure financing, fiscal reforms and disaster risk management.

## I. INTRODUCTION

11. The OECD's Global Relations strategy seeks to make the Organisation a more effective and inclusive global policy network through the engagement with the Key Partners (Brazil, China, India, Indonesia and South Africa) and other relevant Partners. Its economic analysis, policy advice and best practices are recognised beyond its membership, propelling the Organisation to become a global standard-setter. The Secretary-General has signalled in all his Strategic Orientations the importance of building a more inclusive and relevant organisation that engages with important emerging and developing economies, in line with the OECD's 50<sup>th</sup> Anniversary Vision Statement (2011).

12. To reinforce the OECD's relevance, Council in May 2013 adopted a Resolution on Strengthening the OECD's Global Reach [C(2013)58/FINAL]. It reconfirmed mandates calling on the Organisation to work more closely with Key Partners in all aspects of its work, including adherence to OECD legal instruments. The Council also decided to open accession discussions with Colombia and Latvia, and agreed to work closely with Costa Rica and Lithuania to prepare for their future accession with a view to taking a decision in 2015. It welcomed the establishment of a comprehensive Southeast Asia Regional Programme and it invited the Secretary-General to explore and develop recommendations to Council on ways to further strengthen the regional component of the OECD's Global Relations, in particular with regard to Africa and Latin America, as well as the MENA region. The Resolution also recognised the importance of a more effective involvement of other important economies into the OECD's work. It approved a Framework for the establishment of Country Programmes [C/MIN(2013)12] to share OECD's standards and best practices with a very limited group of Partners undertaking reforms. These measures reinforce each other and have expanded the OECD "Global Relations Toolbox" (see Annex IV) in support of the Organisation's search for global impact and relevance.

13. Since the adoption of OECD's Global Reach Resolution,<sup>1</sup> new accession processes have been opened with Colombia and Latvia and the implementation of the Southeast Asia Programme has progressed. Kazakhstan, Morocco, Peru and Thailand have been invited to engage in Country Programmes. The OECD continues to play a key role at the G20 Summits, and the Key and other relevant Partners have stepped up their participation in the Organisation's activities. This progress provides us with an auspicious starting point for setting the course towards the next biennium.

14. Looking ahead, new steps may need to be taken to pursue the OECD's 50th Anniversary Vision to become a "more effective and inclusive global policy network". This includes steps to: (i) bring Key and other Partners closer to OECD standards, including by involving them, as appropriate, in the standards' design and revision, and their association with OECD bodies, (ii) develop a very limited number of Country Programmes as a tool to strengthen our co-operation with countries that have shown the willingness to reform and to adopt OECD standards and good policy practices, and (iii) strengthen the regional component of our work, especially in the regions mentioned in the Resolution on Strengthening the OECD's Global Reach (Africa, Latin America and the MENA region).

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<sup>1</sup> Ministers will receive separate documentation on the accession processes and on the Southeast Asia Regional Programme [C/MIN(2014)12].

## II. RELATIONS WITH THE KEY PARTNERS

### a) Overview

15. Involving the Key Partners (Brazil, China, India, Indonesia and South Africa) in the full range of activities and instruments, with a view to possible future Membership, is a priority for the OECD. After the Council issued the 2010 Guidelines to Committees on Deepening of Enhanced Engagement with the Key Partners,<sup>2</sup> all Committees have updated their Global Relations strategies, inviting these countries to attend Committee meetings and to be included in the Committees' products such as databases, country and regional reviews and *Outlooks*. Recently adopted new rules have facilitated the participation of Key Partners and other important economies in OECD bodies and projects (such as the Base Erosion and Profit Shifting project (BEPS) and the review of the OECD's corporate governance instruments) on a basis of equality with OECD Members, as appropriate. Annex V lists the participation of the Key Partners and other G20 Partners in OECD bodies and projects and their adherence to OECD instruments.

16. Significant progress has been made since the 2013 MCM. Highlights include a stronger engagement of the Key Partners in the Organisation's work on trade and investment (Global Value Chains/Trade in Value Added, Services Trade Restrictiveness Index database, and Freedom of Investment Roundtable), taxation (all Key Partners have joined the BEPS project as Associates), education (Programme for International Student Assessment and Programme for the International Assessment of Adult Competencies) and agriculture. Three policy reviews and surveys of the Key Partners were presented and fourteen more are underway. The OECD and the Government of Indonesia signed a Privileges and Immunities Agreement, which will enable the OECD to open a Contact Point Office in Jakarta<sup>3</sup> and facilitate closer co-operation with Indonesian authorities on the implementation of the Framework of Co-operation Agreement signed in 2012. Progress has been seen in the areas of work identified in this Framework (see Annex I). In addition, several Key Partners reinforced the teams in charge of following co-operation with the OECD from their bilateral embassies in Paris and their inter-Ministerial consultation mechanisms in capitals. A number of sector-specific agreements and Memoranda of Understanding have been concluded<sup>4</sup> and the OECD established a programme of temporary assignments for Chinese government officials. A similar programme will be initiated in 2014 with Indonesia, as agreed in the Framework of Co-operation Agreement.

17. Reflecting the Key Partner's progressive engagement with the OECD is the increase in their total financial contributions to the Organisation, which went from 2.3 MEUR in 2012 to 4.0 MEUR in 2013. The Key Partner countries pay fees for their participation in subsidiary bodies as Participant or Associate, and provide grants for the preparation of peer reviews.

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<sup>2</sup> See C(2010)100/FINAL.

<sup>3</sup> The Contact Point office will be based in the New Zealand Embassy in Jakarta, Indonesia.

<sup>4</sup> In November 2013, the Nuclear Energy Agency signed a Joint Declaration with the China Atomic Energy Authority and it intends to sign an MoU with the Nuclear Energy Administration of China, both on co-operation in the field of peaceful uses of nuclear energy. The OECD also signed an MoU with the China Academy of Social Sciences and will sign another with the National Bureau of Statistics of China. The Directorate General of Taxes of the Ministry of Finance of the Republic of Indonesia and the OECD's Centre for Tax Policy and Administration signed an MoU on taxation in November 2013.

18. Progress has been enhanced through the Secretary-General's official visits, with, since the 2013 MCM, one official mission to Brazil and two to China. Visits of Deputies Secretary-General have also contributed to present the work of the Organisation in important fora and engage in discussions with high-level policy-makers. In return, several Ministers from the Key Partners have visited OECD headquarters over the past year.<sup>5</sup>

19. The growing role of the G20 in global governance, in an increasing number of policy areas, has strengthened the Key Partners' engagement with the Organisation. Interactions in G20 meetings have promoted greater understanding of OECD's goals, and enhanced the global relevance of its work.

20. Looking ahead, the Organisation needs to continue the incremental progress achieved over the past years and use all the relevant tools in its toolbox to bring these countries closer to our standards and bodies. The Secretary-General will continue to make sure that actions are taken to strengthen the Key Partners' engagement with OECD's bodies, activities and instruments. The ways forward with each Key Partner are mapped out in Annex I.

21. The Organisation needs to work more closely with the Key Partners, in particular in its standard-setting role, and to conduct further high-level policy dialogues to jointly map out strategic priorities and plan future work.

## **b) Involvement in the substantive work of the Organisation**

### ***Partnerships in OECD Bodies***

22. Following up on the 2010 Guidelines and the Council Resolution on Partnerships in OECD Bodies [C(2012)100/FINAL; see Annex III], all Committees have included the Key Partners at least as Invitees in their Participation Plans. Some Committees (Committee for Fiscal Affairs, Public Governance Committee and PISA Board) are preparing invitations to the Key Partners as Associates and all Committees have been asked to explore this option during the upcoming review of their Plans.

23. Brazil became an Associate in PISA and was designated Vice Chair of its Governing Board in November 2013 and Vice Chair of the Steel Committee in December 2013. China has become an Associate in the Working Party No. 10 of the Committee on Fiscal Affairs, where it is also a Vice Chair. South Africa became an Associate in the Governing Body of the Co-operative Research Programme on Biological Resource Management for Sustainable Agricultural Systems in January 2014 (See Annex V).

### ***Databases and Publications Series***

24. Information on the Key Partners and some of the Partner countries is now systematically included in many of the OECD's statistical databases, allowing the Organisation to incorporate these countries into its *Outlooks* and *At a Glance* series. They have also been incorporated in the *OECD Economic Outlook*, *Going for Growth*, the *Main Economic Indicators* and the *OECD Factbook*, as well as the regional *Economic Outlooks* (Latin America, Africa and Southeast Asia) produced by the OECD Development Centre. A progress report of the extent to which these countries are covered by the OECD databases was provided to the External Relations Committee (ERC) in September 2013 [ERC(2013)12].

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<sup>5</sup> Among the high-level visitors were South Africa's Minister of Water and Environmental Affairs, Mrs. Edna Molewa (June 2013), China's Minister of Taxation, Mr. Wang Jun (August 2013 and January 2014), China's Minister of Education, Mr. Yuan Guiren (November 2013), and Brazil's Minister of Education Aloizio Mercadante Oliva (November 2013).

25. A Better Policies brochure was produced for China, in response to a request from the Chinese G20 Sherpa, on how to avoid the so-called “middle income trap” and with policy recommendations on food security, social safety nets, health reform, climate change, green growth and urban development. The report drew on the results of the 3<sup>rd</sup> *Economic Survey of China* and of other co-operation activities and was presented by the Secretary-General to President Xi Jinping at the G20 Summit in September 2013.

### **Policy Reviews**

26. Policy reviews of the Key Partners are also regularly produced and discussed in the different Committees. These allow the Secretariat to deepen its understanding of these countries’ policy environments and integrate into their analyses the Key Partners’ perspectives and innovative practices. They include the biennial *Economic Surveys* as well as other reviews:

- The Secretary-General delivered Brazil’s *Economic Survey 2013* and the *Investing in Youth* review in Brasilia in October 2013. Several new reviews have also been started: *Environmental Performance Review*, *Anti-bribery Phase 3 evaluation*, *Water Governance Review*, a pilot study on agricultural productivity, and the next OECD-FAO *Agricultural Outlook* will foreseeably include a Brazil country chapter. Brazil has also been active in promoting multi-country initiatives such as the *Comparative Review on Citizen Engagement and Supreme Audit Institutions* and convening countries in the region to regional dialogues on skills and social progress, and on PIAAC.
- Collaboration is ongoing with China on a *National Urban Policy Review* in collaboration with the National Development and Reform Commission. The preparation of the 4<sup>th</sup> *Economic Survey* has been initiated in partnership with the State Information Centre, and will include special chapters on education and agriculture. The Ministry of Water Resources has now joined the *Water Governance Initiative*. Also, the OECD collaborates with the National Centre for Climate Change Strategy of China on the publication *Toward a Green Investment Policy Framework: the Case of Sustainable Urbanisation in Chinese Cities* that will be delivered in 2014.
- The 3<sup>rd</sup> *Economic Survey of India* will be launched in India in November 2014. The Survey discusses the current macroeconomic situation and related policy challenges. It will also focus on manufacturing, healthcare and gender policies.
- Several policy reviews on Indonesia are forthcoming: a 3<sup>rd</sup> *Economic Survey* (2014), a *Review on National Policies for Education* (2015), and a 2<sup>nd</sup> *Investment Policy Review* (2015). Indonesia was also included in several regional publications including, *Review of Innovation in Southeast Asia* (2013), *Economic Outlook for Southeast Asia, China and India 2014: Beyond the Middle Income Trap* (2013), *Efficiency of Schooling for Skills in Southeast Asia* (2013), *Perspectives on National Intellectual Property Systems, Innovation and Economic Development: Colombia and Indonesia* (2014). Furthermore, for the first time Indonesia was included in *Monitoring and Evaluation of Agricultural Policies in OECD and Emerging Economies* and *Review of Fisheries*.
- An *Environmental Performance Review* of South Africa was released in December 2013, in presence of the Minister of Water and Environmental Affairs. A joint *Review of Vocational Education and Training* in South Africa is forthcoming.

27. Some of the reviews relate to the Key Partners’ adherence to OECD instruments, such as the Phase 3 examinations of South Africa (2013) and Brazil (2014) as parties to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The *Global Forum on Transparency and Exchange of Information for Tax Purposes* published the reports of the combined Phase 1 and Phase 2 examinations of China in June 2012 and of South Africa in October 2012. The Phase 1 examination of Brazil was published in April 2012 and the Phase 2 in July 2013.



## ***Projects***

28. To ensure the relevance and impact of OECD work, it is important to ensure that the Key Partners have an opportunity to participate, on an equal basis when possible, in all stages of discussions of key OECD projects, especially those related to G20/OECD mandates.

29. All Key Partners joined as Associates the Base Erosion and Profit Shifting project, after its Action Plan was endorsed by the G20 Heads of State in September 2013 in Saint-Petersburg. Brazil, China, India, and South Africa were elected members of the CFA's "Bureau Plus" which steers this project.

30. The OECD *Initiative on Inclusive Growth* has also resonated strongly with the strategic priorities of several Key Partners. The Chinese government invited the OECD to contribute to the preparations of the 13<sup>th</sup> Five-Year Plan, via a joint project on inclusive growth. The topic is also one of the three broad priorities of the Framework Co-operation Agreement signed with Indonesia, and has been identified by the South African government as one of the priorities in its co-operation with the Organisation. The Key Partners have also been invited to participate in the initiative on *New Approaches to Economic Challenges*. Brazil has been particularly active, highlighting the impact of the 2008 financial and economic crisis on inequality and other social dimensions. Brazil has also been an active participant in the OECD *Development Strategy*. The Indonesian Minister for National Development Planning, Ms Armida Alisjahbana, is co-chair of the Global Partnership for Effective Development Co-operation.

## ***Involvement in Standard Setting and Compliance***

31. Efforts should be made to bring the Key Partners closer to OECD legal instruments. In particular, the participation of these countries in the development and revision of core OECD instruments is crucial to ensure their global relevance. It allows the integration of their perspective and through them that of emerging and developing countries, which in some instances face different policy challenges than developed economies. A special programme has been set up, supported and co-ordinated by China's Ministry of Commerce, *i.a.* to facilitate the participation of Chinese officials in the discussions concerning OECD legal instruments. Seminars on the revision of the Principles of Corporate Governance and the Guidelines on Corporate Governance of State-Owned Enterprises have resulted in Chinese authorities expressing their interest to participate in the revision of these instruments. Brazil, India and Indonesia have agreed to participate as Associates in the Review of the Principles of Corporate Governance and are also considering participating in the revision of the Guidelines on State Owned Enterprises.

### III. REGIONAL APPROACHES

32. The Council Resolution on Strengthening the OECD's Global Reach “invites the Secretary-General to explore and develop recommendations to Council on how to further strengthen the regional component of the OECD's Global Relations, in particular with regard to Africa and Latin America, as well as MENA” [C(2013)58/FINAL, item I, iv)]. The Organisation needs to pursue its strategic discussion on ways to strengthen this regional component of the OECD's Global Relations, taking advantage of its experience with comprehensive and thematic programmes in these and other regions, and reinforcing its partnership with regional organisations. It should pay particular attention to the possibilities for involving regional Partners in the governance of its regional initiatives and ensuring their involvement at the high political levels.

#### **Southeast Asia**

33. After years of impressive and sustained growth, Southeast Asia is now one of the most dynamic and fastest growing economic regions in the world. However, policy challenges remain. The region needs to sustain strong productivity growth to close the gap in relative living standards vis-à-vis the more advanced economies. Structural reforms in sectors such as investment, education, infrastructure and green growth will be needed to foster competitiveness, productivity and job creation. Countries in the region must also tackle poverty and concentrate on developing human capital. Development gaps can be reduced through a wide range of reforms, such as tax policy, and infrastructure investment, to promote more equitable outcomes. Southeast Asia has set itself an ambitious goal of regional economic integration by 2015. The ASEAN economic community aims to create a “single market and production base”, which will have positive effects on economic growth and employment.

34. OECD has been working with countries in Southeast Asia for 25 years and defined the region as a strategic priority for the Organisation in 2007. Its regional initiatives span across many policy areas, including corporate governance, anti-corruption, budget, innovation, regulatory reform, tax, competition, investment, capital markets, financial education and inclusion, education, skills and employment, pensions, health, social policy and revenue statistics. Co-operation also takes place as part of several of the OECD horizontal initiatives, *e.g.* measuring well-being, Green Growth, the Development Strategy, the Policy Dialogue on Natural Resource-based Development and PISA for Development. A few countries in the region have undergone peer reviews, joined OECD bodies as Associates and Participants, adhered to OECD legal instruments and been incorporated into OECD databases.

35. A new Southeast Asia Regional Programme<sup>6</sup> will help to enhance and broaden the OECD's engagement with the region and foster the exchange of good practices and mutual learning among policy makers in Southeast Asia and OECD countries. It will provide an opportunity for enhanced political engagement with the countries in the region, bringing the relationship to a more strategic level and providing a whole-of-government perspective. The Southeast Asia Regional Programme is also meant to support regional integration efforts and boost growth in the region, by bringing participating countries closer to OECD standards and practices, providing access to OECD bodies, and potentially increasing knowledge of OECD instruments.

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<sup>6</sup> This programme is discussed more extensively in document C/MIN(2014)12.

## Eurasia

36. Work in Eurasia is composed of several large programmes and networks, such as the Environmental Action Programme Task for Eastern Europe the Caucasus and Central Asia, the SIGMA programme, the Anti-Corruption Network for Eastern Europe and Central Asia, the Trento Centre for Local Development; the Multilateral Tax Centres in Ankara, Budapest and Vienna and the OECD-GVH (Hungarian Competition Authority) Regional Centre for Competition in Budapest.

37. The Eurasia Competitiveness Programme, established in 2008, comprises two sub-regional initiatives, covering Central Asia and Eastern Europe and the South Caucasus, respectively. It aims to assist countries in conceiving and implementing policies to attract investment, improve competitiveness and support private sector development and to bring participating countries closer to Organisation's standards. Its projects are designed in response to country demands that are elaborated under the guidance of the Programme's Steering Committees. Among the Programme outcomes are a series of handbooks – on the implementation of investment policy, the promotion of SME financing in the region and the development of human capital in Central Asia – which provide concise and specific policy guidance to governments (“turnkey solutions”).

38. In June 2013, an OECD Eurasia Competitiveness Roundtable was established, leading to the establishment of a policy network for conducting peer reviews and knowledge-sharing to promote country-specific approaches and to conduct a dialogue between OECD Members and Partner countries. This mechanism will be extended to include a monitoring cycle that will measure progress achieved after a first peer review. Thus, the Programme will measure its impact and ensure its continued relevance. Furthermore, ownership of the programme will be consolidated by Eurasian countries and bridges will continue to be established between OECD Members and Eurasian Partners. The Programme will further widen the scope of its activities to widen the involvement of OECD Directorates. It will also further leverage its network to ensure the participation of high-level public officials, private sector leaders and members of civil society in OECD Global Fora and international meetings.

## South East Europe

39. Launched in 2000, the *OECD Investment Compact for South East Europe* supports economies in South East Europe<sup>7</sup> in improving their investment climate and fostering private sector development, through regional co-operation and enhanced policy design and implementation. Some of the methodologies developed within this Programme were later implemented in other regions, such as the SME Policy Index, which is now also adapted for MENA, Eastern Europe and South Caucasus, as well as Southeast Asia.

40. Countries from the region are important trade and investment partners of the OECD Members and the Compact is working in partnership with the European Commission to help them accelerate their convergence with the EU *acquis*. In doing so, the Programme adapted to changing circumstances in the region which evolved from the aftermath of war at its inception through a period of EU accession, with Romania, Bulgaria and Croatia achieving EU member status and six others being at various stages of the EU accession.

41. The Programme's strategy focuses on stimulating the long-term drivers of economic growth, including innovation, skills, and trade integration and its work is structured around regional fora and working groups with specific mandates. Political support for major initiatives is garnered at annual Ministerial meetings. Using OECD methods to promote policy dialogue and peer learning, the Investment

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<sup>7</sup> Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Former Yugoslav Republic of Macedonia, Kosovo (observer), Republic of Moldova, Montenegro, Romania and Serbia.

Compact is also playing a key role in shaping and monitoring the South East Europe 2020 Strategy, modelled after the Europe 2020 Strategy of the European Union. Furthermore, it promotes investment and sectoral competitiveness by analysing and removing policy barriers to investment and growth, drawing on the OECD Policy Framework for Investment. It also helps improve SME policies through policy assessment and targeted assistance for reform, and promotes free trade in the framework of the regional free-trade agreement CEFTA 2006, by monitoring non-tariff barriers to trade and services trade restrictiveness. The Investment Reform Index, based on the OECD's Policy Framework for Investment is used by governments in the region for the development of their national development plans. The SME Policy Index is used as a reference for SME policy in the region and for convergence to the Small Business Act for Europe.

42. In addition, the European Commission's DG on Enlargement asked the Investment Compact to support Partner countries in improving the business environment for innovative and high-growth SMEs, within the framework of the Enterprise Development and Innovation Facility (EDIF). Reform priorities for each economy were identified, involving multi-stakeholder roundtables in each of the economies. Regional policy priorities were also identified. The Investment Compact will assist the region by promoting further reforms through country-specific Triple Helix Partnership projects in Albania, Croatia and Kosovo, and by monitoring SME policy developments, including the implementation of EDIF-related reforms through the SME Policy Index (an OECD SME policy benchmarking tool).

### **Latin America**

43. Over the past ten years, Latin America experienced one of its best economic performances. While it owed much to high commodity prices, an important part was the result of better policies. Maintaining momentum on reforms is critical for the region. Countries will have to diversify their production base, upgrade the quality of their educational systems to innovate and increase their productivity, expand the infrastructure, and improve the functioning of markets in an inclusive and environmentally friendly manner.

44. OECD support could be instrumental in further advancing the required institutional, structural, social and green reform agendas through a broader and more structured whole-of-government engagement with the region. There is significant work to build on: OECD engagement with the region has grown steadily since 2001, and gained momentum in 2009, with the launch of the Latin America and the Caribbean (LAC) Initiative. At present, a promising policy dialogue is taking place within a number of Committee-supported networks on issues ranging from corporate governance, investment and competition to the combat of corruption, fiscal and budget issues, and water governance. In 2013, there were many regional or country-specific studies published or under preparation, including the 7<sup>th</sup> edition of the *Latin American Economic Outlook*, the 3<sup>rd</sup> edition of the *Latin American Revenue Statistics*, the first editions of *Latin American Government at a Glance* and the *Latin America Pensions Outlook*. In this context, the OECD should consider the possibility of working towards the establishment of a Comprehensive Regional Programme for Latin America and the Caribbean during the next biennium.

45. Latin American countries have also expressed interest in joining OECD bodies and adhering to its legal instruments. This naturally includes Colombia, an accession country, but also Costa Rica and Peru, the latter having confirmed its interest in a Country Programme. Panama joined the Development Centre in 2013. A multidimensional review of Uruguay is in preparation. These are some of the various possible modalities of Latin American countries' participation in the OECD's work.

46. Looking forward, OECD co-operation with Latin America and the Caribbean may benefit from (i) a framework providing over-arching strategic direction, and (ii) a mechanism to identify shared priorities with Partners in the region. This could help the Organisation become more effective in

supporting LAC countries on economic, institutional, structural, social and green reforms, mapping out a path for further developing existing networks, regional publications and key events and strengthening collaboration with regional international organisations.

### **Middle East and North Africa**

47. The MENA region is confronting a pressing demand for inclusive growth, job creation and better governance. The deteriorating business environment reduced foreign direct investment significantly. In 2013, growth and FDI resumed, but unevenly among countries, and prospects remain uncertain. MENA countries are reforming their public sectors to make them more efficient, transparent and accountable, and to provide better services to the population.

48. Responding to these challenges the MENA-OECD Initiative on Governance and Investment for Development has, through its Investment Programme, aimed to foster more inclusive growth and job creation through investment, SME promotion, women's economic integration and strengthened business integrity. Through its Governance Programme, the Initiative has promoted the implementation of open government and gender equality, improving the machinery of government and promoting local development to increase citizens' trust and support for pro-growth reforms. It contributes to the G8 Deauville Partnership, which supports economic and governance reforms in Egypt, Jordan, Libya, Morocco, Tunisia and Yemen.

49. Following the political developments in the region in 2011 and subsequent consultations with governments and other stakeholders from MENA countries and international organisations, the Programme has evolved toward more country-specific projects, tailored to the country-specific policy needs. In the current political context, MENA countries and especially the ones in transition need targeted support given the complexity of their reform processes. This is expected to bring new perspectives and experiences to the dialogue, enriching the policy debate and benefitting the regional component by sharing successful "home-grown" and "country-owned" reforms.

50. The OECD has supported the G8 Deauville Partnership in many of the priority areas under the three pillars identified: Finance, Governance and Trade and Investment. The Programme is also actively participating in the International Financial Institutions Co-ordination Platform, and has launched work strands on *i.a.* job creation, SME facilitation and investment reform. As an Implementation Support Agency in the G8 MENA Transition Fund, the OECD is leading six projects (four in Tunisia, one in Libya and one in Yemen) to advance country-led policy and institutional reforms in Private-Public Partnerships, investment, youth employment, tax, SME policies and judiciary reforms. The Programme will build on its strengths and comparative advantages to address new themes, such as youth unemployment, regional trade and economic integration, socio-economic inequalities, and fostering competitiveness for inclusive growth, youth and governance, as well as furthering the ongoing work on democratic governance.

### **Sub-Saharan Africa**

51. Sub-Saharan Africa has been growing at a fast pace over the past two decades. Yet, this favourable economic outlook is subject to risks, including political uncertainty. To realise its full potential, Sub-Saharan Africa needs more investment in infrastructure, swifter trade procedures, higher levels of regional integration and more effective institutions. Faster structural transformation is needed to reduce dependency on natural resources, boost productivity, enhance job creation and improve social cohesion<sup>8</sup>.

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<sup>8</sup> *African Economic Outlook*, 2013.

52. The OECD regional thematic initiatives and networks deal with structural reform priorities, development, regional integration, investment policy, anti-bribery and business integrity, corporate governance of SOEs, public debt management, budget reform, taxation and competition policy. These initiatives are often conducted in close co-operation with regional organisations, such as the African Development Bank, the UN Commission for Africa (UNECA), the New Partnership for Africa's Development (NEPAD) as well as sub-regional bodies. Co-operation with Sub-Saharan African countries also takes place in the context of the OECD horizontal initiatives mentioned in the Southeast Asia section, above.

53. These regional and global activities have also triggered greater country-specific engagement, namely in terms of participation in OECD Bodies, adherence to legal instruments and use of OECD methodologies and peer reviews. For example, fifteen Sub-Saharan African countries are members of the Global Forum on Transparency and Exchange of Information for Tax Purposes; four are members of the Development Centre Governing Board and six participate in one or more OECD Agricultural Schemes and Codes. Likewise, seven Sub-Saharan African countries have undergone Investment Policy Reviews based on the OECD Policy Framework for Investment, and three have undergone peer reviews of their education systems. Furthermore, three countries are also considered for a Multi-Dimensional Country Review.

54. Building on this relationship and on the work done in the context of the OECD Development Strategy, a more structured engagement with the OECD could support the implementation of countries' national and regional reform agendas. The OECD's work in both Southern and Western Africa has built a firm basis for pursuing this. The organisation works with Southern Africa, in co-operation with the Southern Africa Development Community (SADC) on the development of individual Investment Policy Reviews and a regional programme "Unlocking Investment Potential in Southern Africa" to improve the business climate in the region through better investment policy design and implementation. Other work with SADC is focused on development, statistical capacity building, taxation, and corporate governance of SOEs. A regional innovation review is also being explored.

55. The OECD also increasingly works with Western Africa, with the Economic Community of West African States (ECOWAS) and West African Economic and Monetary Union (WAEMU). Joint work is mainly taking place in the areas of regional integration, food security, security and development, responsible investment in agriculture and statistical capacity building. OECD-ECOWAS co-operation on migration and development is also being explored.

56. The OECD and these sub-regions would benefit from a strengthened co-operation, inter alia by jointly identifying priorities, enhancing synergies across different work strands and consolidating co-operation with key pan-African regional organisations, such as the AfDB, UNECA and the African Union/NEPAD. This would contribute to reinforce the Organisation's reach to these countries, and increase the impact and relevance of its work and standards.

#### IV. CO-OPERATION WITH COSTA RICA AND LITHUANIA

57. When Council decided to open accession discussions with Colombia and Latvia in 2013, it also agreed “to review the situation in due course, with a view to taking a decision to open accession discussions with Costa Rica and Lithuania in 2015 and, in the intervening period, to work closely with these countries to prepare for their future accession process” [C(2013)58/FINAL, Items I, vii) and viii)]. This decision enabled Costa Rica and Lithuania to intensify their ties with the OECD.

58. In this context, both countries have developed Action Plans outlining specific areas of interest for intensified co-operation, such as corporate governance, economic policy, education, investment, public governance, trade policy and the combat of bribery (see Annex II). The Action Plans highlight the countries’ political commitment to adopt OECD standards and contribute to policy discussions in Committees. They comprise a number of policy reviews, adherence to legal instruments and Partnerships in OECD bodies.

59. The Presidents of both countries, Ms Laura Chinchilla of Costa Rica and Ms Dalia Grybauskaitė of Lithuania, visited the OECD in November 2013, addressing Members of the Council and confirming their countries’ commitment to the implementation of their respective Action Plans. Both countries have set up internal co-ordination structures to facilitate co-operation with the OECD under the Plans, led by the Ministry of Foreign Trade of Costa Rica and the Ministry of Foreign Affairs of Lithuania.

##### **Costa Rica**

60. Costa Rica has a track record of active co-operation with the OECD. Since the 1990s, it has participated in the OECD’s regional work in Latin America, in the fields of investment, competition, the fight against corruption, corporate governance, insurance, pensions, education and budget management. It is a member of the Development Centre, participates in the Bologna process, has adhered to the *Declaration on International Investment and Multinational Enterprises* and ratified the *Convention on Mutual Administrative Assistance in Tax Matters* amongst other instruments.

61. Costa Rica adopted its Action Plan on 27 September 2013. Since the adoption of the Action Plan, Costa Rica has endorsed the OECD’s Action Plan for Youth, adhered to several OECD instruments and joined a number of OECD bodies as Participant, as shown in Annex II. It is also seeking Participant status in a number of other bodies. In April 2014, Council invited Costa Rica to adhere to the Codes of Liberalisation, subject to the outcome of a full examination of its proposed position under the Codes.

62. Two of the reviews included in the Costa Rica Action Plan were launched in December 2013: a *Skills Beyond School* review, which assesses the strengths and challenges of Costa Rica’s vocational education and training system, and a *Public Governance Review*, which analyses the strengths and weaknesses of the Costa Rican public administration.

63. In February 2014, a *Competition Law and Policy Review* was launched, in the framework of the Latin American Competition Forum. It assesses how Costa Rica deals with competition and regulatory issues, and analyse the soundness of its competition law and the structure and effectiveness of its competition institutions. An *Innovation Policy Review* will be undertaken in the second half of 2014, providing concrete recommendations on how to improve policies which impact on innovation

performance, including research and development policies, with a special focus on the role of government. A *Market Openness Review*, also foreseen for later this year, will present an analysis of Costa Rica's trade policy-related institutions and regulations, taking into account its potential influence on market openness. Finally, a *Multidimensional Country Review* will make a comprehensive diagnosis of the constraints to economic and social development in Costa Rica and on the interaction and coherence between policies.

64. The Secretary-General visited San Jose on 17 September 2013 where he presented, along with President Chinchilla, the Costa Rica Action Plan to an audience of over 500 people including Ambassadors of OECD countries, representatives of the business sector and academia. The event also marked Costa Rica's adherence to the *Seoul Declaration on the Future of the Internet Economy* and to the *Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance*.

## **Lithuania**

65. Lithuania's track record of active co-operation with the OECD also goes back to the 1990s. Following a Joint Declaration of Lithuania, Estonia and Latvia on 22 October 1996, affirming their willingness to become OECD Members [C(96)221], the Organisation launched a comprehensive Baltic Regional Programme (1998-2004). Lithuania adhered to the *Declaration on International Investment and Multinational Enterprises*, participates in the Sigma Programme, the LEED Programme, the Bologna process and the Roundtable on Sustainable Development, as well as regional work on investment, the fight against corruption, insurance, pensions, education and budget management. It has signed the *Convention on Mutual Administrative Assistance in Tax Matters*.

66. Lithuania adopted its Action Plan on 25 September 2013. Since then, Lithuania has adhered to the *Seoul Declaration on the Future of the Internet Economy* and the *Declaration on Base Erosion on Profit Shifting* and is willing to adhere to several other instruments and join a number of OECD Bodies, including the Working Group on Bribery. Besides those mentioned in the Action Plan (see Annex II), it has recently joined as Participant the Committees for Industry, Innovation and Entrepreneurship, for Scientific and Technological Policy, on Digital Economy Policy and on Statistics and Statistical Policy, as well as the Working Party on State Ownership and Privatisation Practices. This Working Party will also review Lithuania's position relative to the Guidelines on Corporate Governance of State-Owned Enterprises, with a view to its adherence to this instrument. The Council has also invited Lithuania to adhere to the OECD Codes of Liberalisation, subject to the outcome of a full examination of Lithuania's proposed position under the Codes. The process, initiated in early 2013, is being pursued in 2014, with an examination by the Enlarged Investment Committee, with the objective of reaching a final decision on Lithuania's adherence to the Codes in 2015.

67. Besides the review of Lithuania's position under the Codes, two policy reviews will be launched in 2014. A *Public Governance Review* will provide the government with an opportunity to engage actively in a dynamic process, culminating in OECD recommendations on how its central and sub-national institutions, actors and stakeholders can better work together to achieve national policy priorities. Subsequently, a *Regulatory Policy Review* will present an integrated assessment of regulatory reform by examining policies, institutions and processes for better regulation. An *Economic Assessment* and four other policy reviews are to be started in 2015.

68. On the occasion of the informal ECOFIN meeting held in Vilnius on 13-14 September 2013 in the context of the Lithuanian Presidency of the EU Council, the Secretary-General presented and introduced the discussion on "The Fight against Tax Fraud and Tax Evasion". In the margin of this event, he also met with the Lithuanian Minister of Foreign Affairs, Linas Antanas Linkevičius, and with the Chancellor of the Lithuanian Government, Alminas Mačiulis, as well as other senior officials, to discuss



the Lithuanian and EU economic situation, and the intensified co-operation between the OECD and Lithuania to be pursued under the Action Plan.

### **Funding**

69. In December 2013, Costa Rica signed a first grant agreement funding two policy reviews, on Skills Beyond School and Public Governance, respectively. A second Grant Agreement will be signed soon to fund the policy reviews to be started in 2014. A subsequent grant agreement is expected to be signed early in 2015 covering the remaining policy reviews of the Action Plan. Lithuania signed a grant agreement in April 2014 covering all the elements of the Action Plan to be started in 2014, while also committing to pay at the beginning of 2015 the full amount necessary to fund the elements of the Plan to be carried out in 2015.

## V. ENGAGEMENT WITH THE G20, G8 AND APEC

### G20

70. The OECD contributes to virtually all of the G20's work strands through technical advice and policy recommendations, in line with the work done by the Organisation's Committees. The regular contacts which the Secretary-General, the OECD Sherpa and the DSG representing the OECD at Deputy level maintain with Leaders, Ministers, Sherpas and high-level officials of G20 countries, including during G20 summits, have promoted a broader understanding of the Organisation's goals and contributions, and also served to widened the network of contacts with officials from G20 non-OECD countries. The OECD contributions to the G20 have also offered another channel to strengthen the participation of the Key Partners in the Organisation's projects and initiatives. It also helps to leverage the impact of OECD work, and to broaden its reach.

71. The OECD has provided important contributions to help successive G20 Presidencies achieve their priorities – for example to the development of a “new” G20 development agenda under the 2010 Korean Presidency, the elaboration of an action plan on food security and the setting-up of the Agriculture Market Information System (AMIS) and its associated Rapid Response Forum (RFF) under the French Presidency (in 2011), and the operationalisation of the Mexican Presidency's Green Growth agenda.

72. In 2013, the OECD supported many priorities of the growth-focused agenda of the Russian Presidency, providing analytical and policy support on: financing for investment, energy sustainability, trade, taxation, employment, financial education and consumer protection, development and anti-corruption. The Organisation also worked with the Russian Presidency and the Development Working Group on the definition of a new Action Plan on development, as well as of a new accountability mechanism. Upon the request of the G20, the OECD delivered at the St Petersburg Summit (September 2013) – in addition to the work on GVCs and BEPS and Automatic Exchange of Information mentioned below – the G20/OECD High-Level Principles on Long-term Investment and work on national strategies for financial education, complemented by the development of tools to measure financial literacy and evaluate financial education programmes.

73. Under the Australian Presidency 2014, the OECD is supporting the Presidency's priorities of promoting stronger economic growth and employment outcomes and of making the global economy more resilient in the face of future shocks. In particular, the OECD is making contributions on the basis of OECD's Committee work to the strategic and ambitious goal of the presidency to achieve a more coherent G-20 growth narrative and more efficient policy co-ordination, through the design of an integrated agenda for growth and resilience, encompassing structural reforms for boosting labour and product markets, promoting women's economic empowerment as well as competition and trade and identifying positive policy spill-overs across G20 countries. The OECD is actively supporting this innovative and “holistic” approach to the issue of growth and jobs within the G20 forum.

74. Within the G20 Framework Working Group, the OECD has supported G20 country-led efforts to achieve *strong, sustainable and balanced growth* by providing evidence-based policy analysis on the impacts of structural reform options. In light of its long-standing structural expertise, the OECD has been actively involved in the implementation of the G20 Mutual Assessment Process, in the structural policy area, and is currently contributing to the Australian Presidency's priority of developing comprehensive

*national growth strategies*, as mandated by Leaders at the G20 St Petersburg summit. Our Organisation is contributing to the identification of collective policy gaps across the G20 countries that are holding back strong, sustainable and balanced growth and the required country-level actions to address them. In addition, for three consecutive years now, the Secretary-General has been asked to launch the annual *Going for Growth* report, in the margins of the February G20 Finance Ministers Meeting, a sign that this OECD work is gradually becoming an essential input into and a critical contribution for G20 discussions on structural reforms and growth. In all the preparatory meetings, the OECD Secretariat presents the result of our work, and helps the Presidency to craft meaningful outcomes for the Summit.

75. The work of the *Global Forum on Transparency and Exchange of Information for Tax Purposes* has been critical in achieving the remarkable progress registered in the realm of international tax transparency and exchange of information upon request, since the G20 Washington Summit in November 2008. Its membership has risen progressively and now incorporates 121 countries. The first ratings of 50 jurisdictions – which have completed their Phase 1 (compliance of the national legislation with the international standard) and Phase 2 reviews (assessment of the practical implementation of the international standard on tax transparency and information exchange) – have been formally adopted by the Global Forum.

76. Upon the request of G20 Leaders in St. Petersburg, the OECD has developed a new single global standard for automatic exchange of information, compatible with FATCA and EU rules, that was delivered to G20 Finance Ministers in Sydney in February 2014. This new standard will facilitate the automatic exchange of tax information, including within the framework of the joint OECD/Council of Europe Convention on Mutual Administrative Assistance in Tax Matters.<sup>9</sup> The OECD is also working on a roadmap aimed at enabling developing countries to participate in and benefiting from the new international tax environment, building *inter alia* on the OECD Tax Inspectors without Borders initiative supported by Leaders in St Petersburg.

77. Building on the work of the Committee of Fiscal Affairs and further to the request of the G20 Leaders during the Los Cabos summit (2012), the OECD launched a new, ambitious work programme on Base Erosion and Profit Shifting, setting out an overview of the key principles that underlie the taxation of multinational enterprises' cross-border activities, as well as the base erosion problems and profit shifting opportunities for enterprises that these principles may induce. The resulting BEPS Action Plan, endorsed by G20 Leaders in St Petersburg, reflects a strong consensus and ensures effectiveness and inclusiveness in the development of the Action Plan. The OECD/G20 BEPS Project promotes and facilitates greater involvement of Key Partners into the initiative and takes into account the perspective of developing countries, business and the civil society at large. All G20 countries (including our Key Partners) have accepted to be part of the project on an equal footing). The first deliverables are expected in September 2014.

78. The OECD continues to contribute extensively to G20 work on employment, a priority of both the Russian and Australian Presidencies. The OECD is actively supporting G20 work in this area by providing assistance to the G20 Task Force on Employment. Under the Russian Presidency, the Organisation contributed to prepare and inform G20 Labour and Employment Ministers' discussions at their meeting held in Moscow in July 2013, with country-specific analysis on labour activation and by monitoring progress made by countries in implementing their commitments in the area of labour market policies. Under the Australian Presidency, we are furthering this work by supporting G20 countries in the elaboration of the country employment plans requested by Leaders in St. Petersburg – employment plans that will in due course feed into the definition of G20 national growth strategies. The Organisation will in

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<sup>9</sup> The Convention has now been signed by over 60 countries, including the Key Partners.

particular provide recommendations to the Group with respect to enhancing labour market participation of vulnerable groups, with specific emphasis on female participation and gender equality (building on the Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship).

79. On the combat of corruption, collaboration with the Key Partners has significantly expanded under the G20 framework. As a result of the G20 ambitious action plans against corruption, and the G20 Leaders' encouragement of "engagement with the OECD Working Group on Bribery with a view to explore possible adherence to the OECD Anti-bribery Convention as appropriate" (G20 St Petersburg Declaration), China, India and Indonesia have regularly attended the meetings of the Working Group as Invitees. Finally, the OECD has worked closely with all G20 countries, including Brazil to address the issue of integrity in public procurement.

80. Another area where the OECD has provided regular and well recognised support is the G20 trade and investment agenda. Since 2009, and in collaboration with the WTO and the UNCTAD, the OECD has been monitoring and reporting annually on trade and investment protectionist measures in the G20. The Organisation has also contributed to establish Global Value Chains as a key item on the agenda of the G20: jointly with WTO and UNCTAD, we delivered to G20 Leaders an analysis of the functioning of Global Value Chains (GVCs) and their relationship with trade and investment flows, as well as with development and jobs. This work, complemented by the development of the OECD trade in value-added database (TiVA), offers greater clarity on the functioning of GVCs, their impact on economic performance, and on the policies that can facilitate countries' participation in GVCs at various stages of development. The OECD is expanding its work in this area and delivered a report to G20 Sherpas in March 2014, identifying domestic structural, regulatory and competition reforms that countries at various stage of development could undertake to improve their integration into GVCs. A stocktaking seminar on GVC will also be organised in the margins of the OECD MCM 2014.

## **G8**

81. Under the UK G8 Presidency in 2013, the OECD contributed to the agenda on tax, trade and transparency put forward by the Group. The Group also relies on the OECD's expertise and know-how in the MENA region. As an Implementation Support Agency, the OECD is active in the Deauville Partnership Transition Fund to support countries' efforts to promote growth, jobs, investment and governance. Following the adoption by the Transition Fund Steering Committee in 2013 of six project proposals supported by the OECD, the Organisation is now involved in concrete policy reforms for youth employment, taxation, PPP, investment in Tunisia, SME promotion in Libya and improved governance in Yemen.

## **APEC**

82. In 2014, the co-operation between the OECD and the Chinese APEC Presidency has significantly intensified. The OECD participated to the APEC Finance Deputies' Meeting in February 2014 and is now actively supporting the 2014 China APEC Presidency with inputs on a wide range of policy areas, notably infrastructure investment and financing, fiscal reforms and taxation policies as well as disaster risk management.

## VI. POSSIBLE WAYS FORWARD

83. The 2013 Council Resolution on Strengthening the OECD's Global Reach reaffirmed the Members' resolve to make the OECD a more effective and inclusive global policy network. This note has taken stock of the progress achieved over the past year in implementing the Resolution. With respect to the Key Partners, the Resolution sought a continued strengthening of the co-operation, building on past achievements. While it is important that the Organisation remains open to collaboration in all its areas of work, Members should explore, with Key Partners, ways to map out strategic priorities and plan future work.

84. The OECD should work with Key Partners to facilitate whole-of-government contacts and communication. The Secretary-General will continue to pursue ways to strengthen Key Partners' engagement with OECD's bodies, activities and instruments. Key Partners now have the possibility to become Associates in Committees. They are encouraged to do so and should be invited to play an active role in the governing entities of OECD bodies in which they are engaged, as Chairs or Vice Chairs. Efforts should also be made to bring Key Partners closer to OECD legal instruments.

85. Council has also resolved to make concerted efforts to better integrate other important economies into the work of the OECD. To promote and facilitate this integration, the Organisation has recently developed new tools in the form of the Council Resolution on Partnerships in OECD Bodies [C(2012)100/FINAL], the Framework for Country Programmes [C/MIN(2013)12] and the Southeast Asia Regional Programme [see C/MIN(2014)12]. The Partnership Resolution will be assessed in early 2015.

86. The Resolution on Partnerships has created the possibility for selected Partner countries to join individual Committees as Associates, *i.e.* on a par with Members,<sup>10</sup> and asks Committees to encourage them to seek "a higher level of Partnership and a fuller integration in the body's work."<sup>11</sup> Working with the main players in their fields of work helps Committees to increase their relevance and impact and promote a level playing field. Therefore, Committees should give special attention to the possibilities for inviting their Partners on this basis when they are reviewing their Global Relations strategies in preparation for the next PWB.

87. The OECD should also encourage and facilitate the adherence of relevant Partners to OECD legal instruments, including via their participation in the development and revision of instruments. Partners should also be involved in our efforts to identify gaps and emerging needs in global standard-setting, to discuss where and how the OECD might make a useful contribution. The OECD should make full use of its co-operation with other international organisations to broaden the understanding for and compliance with its instruments by Partners.

88. The Country Programmes provide a new way to work with a very limited number of Partners so they benefit from OECD expertise in supporting reform processes. This tool should be used strategically in the sense that the countries selected for such programmes are expected to be trailblazers in their region

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<sup>10</sup> Not including activities related to the accession of a country to the Organisation, or the adherence of a Partner to a legal instrument to which the Associate has not adhered itself.

<sup>11</sup> C(2012)100/FINAL, Annex, par. 1, a), iv).

in terms of the adoption of reforms, so the programmes will help to spread OECD standards not only among the countries concerned, but also among other countries in the region.

89. Regional approaches offer a cost-effective way of reaching many countries and can be used to great mutual advantage; they can also contribute to accelerate the progress made with Key Partners. In some regions, these approaches have taken the form of comprehensive programmes, as currently being set up in Southeast Asia and earlier in the MENA, Eurasia and South East Europe regions. These programmes go beyond a focus on individual thematic areas by taking a whole-of-government approach and mechanisms to identify shared priorities and by involving the higher political levels of the participating countries. Such programmes imply a high degree of political commitment and involvement of Partners in their governance. Following up on the undertaking in the Global Reach Resolution to further strengthen the regional component of the OECD's Global Relations, in particular with regard to Africa and Latin America as well as the MENA region, the Organisation should look at ways to better engage with the regions with which it does not yet have a comprehensive regional programme. The OECD has a long track record of working with Latin America, West Africa and Southern Africa. Building on these achievements, the Organisation could move towards a broader and more structured 'whole-of-government' engagement with countries in these regions or sub-regions that are willing and able to participate in the OECD's work, including through the establishment of Regional Programmes.

## ANNEX I – THE WAY FORWARD FOR EACH OF THE KEY PARTNERS

1. This Annex looks in more detail at our future work with Key Partners. Members (including Committee Delegates) and the Secretariat have identified areas of work where there was special interest in or potential for mutually beneficial work with Key Partners. These areas are neither exclusive nor immutable, and are only an indication of current views regarding those work areas that merit special consideration. These areas are further detailed below, together with others where further work would be mutually beneficial for Members and Partners alike. It should be underlined that Council has instructed all Committees to give priority to working with Key Partners [C(2010)100/FINAL].

### a) **Brazil**

2. Over the past decade, Brazil has moved up the ranks of the world's largest economies, with an average annual growth of around 3.7%, while achieving much more inclusive growth than in the past. The different stages of the global crisis have affected Brazil in different ways. After a rapid recovery in 2010, sustained by high commodity prices and capital inflows fuelled by monetary stimulus in the US and Europe, the Brazilian economy has posted slower rates of growth over the past three years. The year 2013 was a difficult one, with capital inflows inverting, inflation rising, and the trade and current account balances deteriorating. Although the Brazilian economy remains resilient, mainly due to the macro stability built in the last decade, and currently operates at full employment, a number of shortcomings in productivity and cost competitiveness have come to the fore: real wages have continued to grow more than productivity, and increasing costs of production have deteriorated the international competitiveness of the domestic industry. Brazil will have to "go structural" to put the economy back on a sustainable growth track and overcome historical bottlenecks such as lack of infrastructure, poor labour quality, high tax burden and complexity and bureaucratic delays. This will enable Brazil to continue the remarkable efforts seen on the social front, which have led to a reduction in poverty and inequality, although these problems remain acute.

3. Brazil's co-operation with the OECD has been evolving favourably in the past few years. It is an Associate in 7 OECD bodies, the BEPS project and the 2014 revision of the Principles on Corporate Governance, a member of the Development Centre, and a Participant in 11 Committees and Working Parties. It has also adhered to 13 legal instruments and has shown interest in participating in the revision of some of them. Together with India, Brazil recently joined a small group of countries that will draft revisions to the 1995 OECD Recommendation on International Co-operation on Anticompetitive Practices affecting International Trade. It is considering an invitation as Associate in the Guidelines on Corporate Governance of State-Owned Enterprises. As Participant in the Public Governance Committee, it also participates in the review of the Council Recommendation on Enhancing Integrity in Public Procurement. Brazil is an active contributor to NAEC, and expressed appreciation for OECD's contributions to the G20 and the efforts made by the Secretariat to involve Brazil in their preparation.

4. An important progress to signal since the 2013 MCM is Brazil's engagement in the governing entities of two OECD bodies as Vice-Chair: Governing Board of PISA and Steel Committee. Several other achievements can be seen in all the priority areas identified in 2013. Highlights include the start of an Environmental Performance Review with the Ministry of Environment, Phase 3 Evaluations of the Working Group on Bribery, a Water Governance peer review, co-operation on the annual OECD-FAO medium-term agricultural outlook, and a pilot study in an OECD led G20 project on agricultural

productivity. Brazil has also been active in promoting multi-country initiatives such a Comparative Review on Citizen Engagement and Supreme Audit Institutions and a regional dialogue on education and skills development.

5. Brazil has signalled the intention to consolidate these advances and further progress during 2014, a year in which government efforts will be concentrated in rekindling growth while further increasing social investments. Brazil is considering the possibilities of a framework agreement with the OECD which would allow identifying joint priorities of co-operation, and of setting up a secondment programme.

<b>Box 1 – Proposed Ways Forward with Brazil</b>	
<b>Trade</b>	<p>Strengthen and deepen collaboration on mutually beneficial topics such as analysis of trade in services, and of the trade policy implications of global value chains (GVCs), including how trade facilitation and aid for trade can help developing countries maximise the benefits of GVCs.</p> <p>Continue to involve Brazil in the work of the Trade Committee and subsidiary bodies, and propose active roles in workshops and seminars.</p>
<b>Agriculture</b>	<p>Deepen and broaden collaboration across a broad range of agricultural and agricultural trade policy issues.</p> <p>Ensure a high level of engagement with the Committee for Agriculture (<i>i.e.</i> policy monitoring and evaluation, medium-term outlook, and agro-trade policy), including through Brazil’s role as a Participant in the Committee and its subsidiary bodies.</p> <p>Explore the possibility of producing a special country chapter on Brazil from the 2015 FAO/OECD medium term outlook report.</p>
<b>Investment</b>	<p>Continue to engage Brazil in the Freedom of Investment Roundtable, including in the work on the international investment dimension of competitive neutrality.</p> <p>Continue to engage Brazil in the work on the MNE Guidelines, including at the Global Forum on Responsible Business Conduct.</p> <p>Continue to promote an active participation of Brazil in the Latin America and Caribbean (LAC) Investment Initiative and ongoing follow up discussions to strengthen the Initiative in the years ahead (<i>e.g.</i> by hosting a meeting of the Initiative in 2014-15).</p> <p>Encourage Brazil to participate in the update of the Policy Framework for Investment.</p>
<b>Taxation</b>	<p>Build on the status of Brazil as an Associate in the BEPS (Base Erosion and Profit Shifting) Project, and in the Bureau Plus of the Committee on Fiscal Affairs (which deals with BEPS) to facilitate Brazil’s engagement in the CFA and its Working Parties with a view to Brazil’s eventual Participant Status.</p> <p>Continue the implementation of the three-year Memorandum of Co-operation between Brazil and the OECD. Four events are scheduled for 2014 (Comprehensive Approach to Tax Treaties 1-4 April, Tax Administration – Risk Management 7-11 April, Taxation of Non Residents 6-10 October, and Handling Administrative Debt Collection 1-5 December).</p>



<b>Environment Policy, Climate Change and Green Growth</b>	<p>Carry out OECD Environmental Performance Review under the EPOC's Working Party on Environmental Performance (WPEP). The project is scheduled to start in the first semester of 2014 and be launched by the end of 2015.</p> <p>Continue co-operation in the three areas identified by Brazil: climate change, biodiversity and water.</p> <p>Now that Brazil is a full adherent to the Mutual Acceptance of Data (MAD), promote greater involvement of Brazil in "work sharing" arrangements – which rely on MAD data – for existing chemicals and pesticides.</p>
<b>Development and Effective Development Co-operation</b>	<p>Continue the positive ongoing dialogue with the Agência Brasileira de Co-operação (ABC), Brazilian Co-operation Agency, in the area of collection and reporting of development co-operation statistics. Conduct a joint workshop between the ABC, the Institute for Applied Economic Research (IPEA) and DCD to i) exchange information on statistical methodologies used by Brazil and by the OECD and ii) identify possible improvements of these methodologies, with an aim to ensure greater data comparability.</p> <p>Finalise the project on the role of Supreme Audit Institutions in strengthening good governance and state-society relations, conducted by GOV and DCD under the Effective Institutions Platform. The project involves Brazil, South Africa, Chile and the International Organisation of Supreme Audit Institutions.</p> <p>Encourage an active participation of Brazil in the Global Partnership for Effective Development Co-operation.</p>
<b>Corporate Governance</b>	<p>Follow up on the invitation by the Corporate Governance Committee to Brazil to become an Associate in the 2014 review of the OECD Principles of Corporate Governance, and in the 2014 review of the OECD Guidelines on Corporate Governance of State-Owned Enterprises, and encourage Brazil to adhere to these instruments, as revised.</p> <p>Continue to engage Brazil in the LAC Corporate Governance Roundtable and LAC Network on Corporate Governance of State Owned Enterprises (SOEs), and follow up on the possibility of Brazil hosting the 2015 SOE meeting.</p>
<b>Public Governance</b>	<p>Confirm Brazil as an Associate in the Public Governance Committee.</p> <p>Conduct a Review of Supreme Audits Institutions under the sponsorship of Brazil. The study will provide inputs to OECD work on integrity, audit and control. It will examine current trends in the value added by external control that will inform the assessment of supreme audit institutions.</p> <p>Expand the work with Brazil beyond the integrity area, with a particular emphasis on territorial development and water. A Water Governance Policy Dialogue is ongoing and a Review of Water Governance in Brazil will be published towards April 2015.</p>

<b>Social Inclusion, Education/Skills</b>	<p>Build on Brazil's status as Associate and Vice Chair of the Board of PISA to promote a fruitful dialogue with Brazil and other Latin American countries on education and skill enhancing policies.</p> <p>Co-host with Brazil's Ministry of Education and the Ayrton Senna Institute a High Level Policy Forum in São Paulo where Ministers, senior policy makers and academics from OECD and partner countries can discuss the relevance of skills for well-being and social progress.</p> <p>Organise a High Level meeting in Brazil to discuss the participation of Latin American countries in the third round of PIAAC.</p> <p>Discussions are underway about how the OECD could support the Ministry of Labour with regards to the implementation of the recommendations of Investing in Youth: Brazil. Emphasis could be put on improving job quality, by reducing turnover and informality.</p>
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## b) China

6. China's economic performance has been outstanding since the reforms launched in 1998. Since then, GDP growth has averaged just below 10% per year. There are, however, still a number of areas where reform could ensure that growth is maintained over the next decade. Financial, land and labour markets all need further significant change. Success in implementing such reforms would help China achieve the economic growth rates projected in the OECD's most recent long-term scenario, which show the Chinese economy becoming the world's largest on any measure of GDP in the next decades.

7. The new Chinese leadership has shown determination to step up reforms and several of its representatives have recognised that co-operation with the OECD can help China's reform and opening up process. There are indeed strong linkages between the leadership's reform objectives and the work of the OECD.

8. China's collaboration with the OECD and its participation in the Organisation's work are extensive and both have increased over the years. Progress in formalising this collaboration has been relatively slower than for most other Key Partners (Associate in 3 bodies and 1 project, adherent to 5 instruments, Participant in 3 bodies). Priority has been given to bodies that already count an important number of developing countries in their membership. Chinese Ministries and entities have, in several instances, signed *ad hoc* Memoranda of Understanding with the OECD to frame their co-operation with the Organisation (see footnote 4). A programme of Temporary Assignments for Chinese Government Employees on Official Mission to the OECD set up in 2012, partly financed by the Deutsche *Gesellschaft für Internationale Zusammenarbeit* (GIZ), has contributed to reinforce linkages between Ministries and the Secretariat and will be continued in 2014.

9. Important progress has been seen since the last Ministerial meeting. China signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters in August and formally requested to be invited as Associate in the WP10 of the Committee on Fiscal Affairs on exchange of information and tax compliance. The Ministry of Education confirmed China's participation at national level in PISA 2015. A Joint Declaration on Co-operation in the Field of Peaceful Uses of Nuclear Energy between NEA and the China Atomic Energy Authority was signed in September 2013. The OECD will sign MOUs with the National Bureau of Statistics and the China Academy of Social Sciences.

10. Co-operation has been strengthened on trade and investment, with increased dialogue and co-operation on trade in value added and global value chains, China's involvement in the preparation of STRI data and preliminary discussions on Free Trade Zones developments. Co-operation on improving the

management and effectiveness of foreign aid has also intensified within the China-DAC Study Group. In response to a request from the Chinese G20 Sherpa, the OECD prepared a brochure with policy recommendations on how to avoid the middle income trap, looking into the challenges of food security, social safety nets, health reform, climate change, green growth and urban development, which drew on the results of the 3<sup>rd</sup> Economic Survey of China and on other co-operation activities. At the G20 Summit in September 2013, the Secretary-General handed this brochure to President Xi Jinping, which expressed his appreciation. The preparation of the 4<sup>th</sup> Economic Survey has started, in partnership with the State Information Center. In addition to the ongoing National Urban Policy Review, the NDRC invited the OECD to contribute to the conceptual preparation of the 13<sup>th</sup> Five Year Plan, via a joint project on inclusive growth and collaboration on global macroeconomic trends.

11. Another important development has been the development of a Programme to facilitate the participation of Chinese officials in the revision of OECD instruments and the development of new ones, supported and co-ordinated by the Ministry of Commerce, and partly financed by the UK Embassy in Beijing. Introductory seminars around the revision of the Principles of Corporate Governance and the Guidelines on Corporate Governance of State-Owned Enterprises led relevant Chinese authorities to express their interest in participating in these instruments' revision process.

12. The China APEC Presidency has also solicited OECD's support, with contributions from the Organisation to the APEC Finance Deputies' meeting in February, on infrastructure investment and financing, disaster risk financing and fiscal and taxation policies. Our support has also been solicited on public private partnership, the fight against international bribery and global value chains. Notable progress has also been observed in the framework of the G20.

13. Dialogue with Chinese authorities now takes place at higher levels, with a meeting between the Secretary-General and Vice Premier Wang Yang in June 2013, and expression of willingness on the part of President Xi Jinping to officially meet the Secretary-General at a mutually convenient time.

14. Chinese authorities are not excluding the possibility of developing some form of framework agreement, which would allow them to better identify priority areas. Inter-ministerial co-ordination is already well established through the Ministry of Commerce, which organises annual consultation meetings on the OECD-China co-operation in which the Secretariat participates.

**Box 2 – Proposed Ways Forward with China**

<b>Trade</b>	<p>Building on our extensive dialogue on global value chains, strengthen co-operation in the area of trade in value-added to support China's efforts to move up global value chains. Examine how trade facilitation and aid for trade can help maximise the benefits of value chains.</p> <p>Strengthen co-operation on trade in services, and China's participation in the OECD database on services trade restrictiveness.</p> <p>Monitor the impact of the Shanghai Free trade zone.</p> <p>Pursue dialogue with China on export credits.</p>
<b>Investment and Responsible Business Conduct</b>	<p>Encourage China to become a Participant in the Investment Committee, an Associate in the Freedom of Investment Roundtables and in the Working Group on International Investment Statistics in order to better understand China's investment practices, and its emerging responsible business conduct regime and how it relates to the OECD MNE Guidelines. In the long term, encourage China to adhere to the OECD Declaration on International Investment and Multinational Enterprises, and to subscribe to responsible business instruments,</p>

	<p>including on the sourcing of metals in conflict prone areas. Further engage China in the work on the international investment dimension of competitive neutrality.</p> <p>Encourage China to participate in the update of the Policy Framework for Investment.</p> <p>Co-operate with China on its Go Abroad policy, and support with benchmarks and advice the development of bilateral investment treaties with China.</p>
<b>Fight against Bribery and Integrity</b>	<p>Scale up China's engagement with the Working Group on Bribery in order to support implementation of China's new anti-foreign-bribery law. Develop co-operation on other aspects of the fight against corruption, building on past co-operation on regulatory reform and budgeting.</p> <p>Respond to China's desire to work on prevention of bribery, and develop co-operation on integrity in the civil service.</p> <p>Encourage China to participate in the revision of the Recommendation on Anti-corruption Proposals for Bilateral Aid Procurement adopted in 1996 and of the 2008 Principles on Integrity in Public Procurement.</p>
<b>Green Growth and Environment</b>	<p>Help inform China's environmental policies and support China's efforts to shift to a greener growth pattern, through a strengthened participation in EPOC, its subsidiary bodies and the Global Forum on Environment and OECD's work on Green Growth and on climate change.</p> <p>Co-operate on water resources management and governance.</p> <p>Provide support to China to join the Mutual Acceptance of Data instrument in the Chemicals sector.</p>
<b>Development and Aid Effectiveness</b>	<p>Involve China in the implementation of the OECD Strategy on Development.</p> <p>Strengthen China's engagement with the DAC and encourage China to participate in the Global Partnership for Effective Development Co-operation.</p> <p>Scale up China's participation in the Development Centre's activities, with a view to its possible membership of the Centre.</p>
<b>Corporate Governance</b>	<p>Intensify China's participation in the Corporate Governance Committee and its Working Party dealing with state-owned enterprises (SOEs) as China pursues its agenda of improving corporate governance, particularly of State Enterprises.</p> <p>Encourage China to participate actively in the revision of the OECD Principles of Corporate Governance and of the OECD Guidelines on Corporate Governance of SOEs, and to adhere to these instruments.</p>
<b>Macroeconomic and Structural Policies</b>	<p>Through our next Economic Survey and other work, monitor and provide recommendations on China's macroeconomic and structural policy reforms and support the country's transition to a greener and more inclusive and cohesive society.</p> <p>Collaborate on the development of knowledge-based capital and the development of services.</p> <p>Contribute to the preparation of the Chinese 13th Five Year Plan through a joint project with the National Development and Reform Commission on inclusive growth and consultations on global economic prospects.</p>
<b>Urban Development</b>	<p>Support China's urban development process through a National Urban Policy Review with the National Development and Reform Commission.</p>

<b>Education and skills</b>	Support China's efforts to modernise its education system. Discuss with China PIAAC and AHELO, and develop further co-operation on Vocational Education and Training.
<b>Tax and fiscal policies</b>	Build on China's close association to OECD on tax issues to further discuss automatic exchange of information; maintain the current intensity of expert exchanges to support the Chinese undergoing tax reform. Establish a closer relationship with Ministry of Finance on the budgetary reform, including mid-term forecasting. Develop co-operation in the area of fiscal relations across levels of government, encourage China to join the "Network on Fiscal Relations across Levels of Government".
<b>Public Governance</b>	Involve China in the development of the Principles on Effective Public Investment – A Shared Responsibility across Levels of Government, and of the implementation toolkit in 2014 and beyond. Strengthen co-operation on the governance of public private partnership arrangements.

**c) India**

15. India is facing the macroeconomic challenge to revive growth and improve social inclusion while keeping a sound fiscal position and controlling inflation. Priority objectives include increasing domestic and foreign investment and export-oriented manufacturing, improving skills, mobilising resources for infrastructure development and improving the delivery of public services. Indian policy makers recognise the importance of the government's intervention to ensure an inclusive growth, including by supporting the poor in terms of education, health and nutrition. The *12<sup>th</sup> Five Year Plan* (2012-17) puts emphasis on universal health care, cost efficiency and a more flexible approach to centre-state financing. Another important facet of the challenge of achieving a sustained and inclusive growth is a lack of skills in the working population, which is holding back the increase of labour productivity and income.

16. The OECD has been working with India in support of its reform efforts since the late 1990s, resulting in 10 Partnerships in OECD bodies (including in relation to fiscal affairs, taxation and competition) and its membership of the Development Centre. India has also signed on to a number of OECD instruments, including the Council Acts related to the Mutual Acceptance of Data in the Assessment of Chemicals. India has also been an active Partner in OECD's work on improving the exchange of information to counter tax avoidance and evasion, and swiftly ratified the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. In March 2013, India became the first Partner country to join the OECD Network on Fiscal Relations across Levels of Government.

17. The OECD also works with Indian private sector organisations, such as the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI). Both business associations have worked with the OECD to create awareness of, and private sector support for, combating bribery of foreign public officials and to help enterprises put effective compliance measures in place. A bill for criminalising this conduct is currently before Parliament.

18. Since the MCM 2013, significant progress has been made in a number of priority areas. India became an Associate in the Base Erosion and Profit Shifting project and the review of the Principles of Corporate Governance and a member of the Steering Group and Peer Review Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes. A member of the CFA Bureau Plus, India will also participate in the new working group on automatic exchange of information, established at the

November 2013 Global Forum meeting. The OECD was invited to take part in the third BRICS International Competition Conference, which discussed competition enforcement in BRICS countries. The collaboration with the Indian government for the preparation of the Economic Survey has been continuous and fruitful, with a focus on themes central to India's policy agenda, such as manufacturing, health and gender. The EDRC meeting discussing the Survey will take place in October 2014 and the survey will be launched in the country in November 2014. India has responded positively to the invitation extended by the G20 Russian Presidency to join the network of international and national researchers contributing to analytical work on GVCs undertaken by the OECD in collaboration with WTO and UNCTAD. India will be participating in the first working meeting on this subject to take place in Paris in June 2014.

19. There has been a bilateral programme on corporate governance with the Securities Exchange Board for the last three years. The meeting of the Asian Roundtable on Corporate Governance took place in India this year. The Development Centre has been working with the Central Statistics Office and local research partners on constructing the Social Institutions and Gender Index (SIGI) for India since 2011. The Chairperson of the Technical Steering Committee of SIGI India attended the Technical Advisory Workshop for SIGI 2014 that took place in October 2013 and presented recent developments on the country study.

20. During the visit of the Secretary-General to India in October 2012, six areas were identified as being of strategic importance to India's reform agenda: infrastructure development and financing, regulatory reform, education/skills, health, social policy and innovation. The Indian government does not see the need for the moment to further formalise its relation with the OECD via an agreement. Inter-Ministerial meetings to appraise the Ministry of External Affairs of ongoing technical co-operation between line Ministries and the OECD are organised regularly. Efforts have been made to work more closely with the Indian Embassy in Paris. Income Tax Overseas Units have been set up in various missions and consulates of India abroad to look into tax evasion and compliance matters and as part of this programme the Ministry of Finance will post an official in the Paris Embassy.

### **Box 3 – Proposed Ways Forward with India**

<b>Trade</b>	Strengthen co-operation on the database on services trade restrictiveness and on India's participation in global value chains.
<b>Investment and Responsible Business Conduct</b>	Encourage India to participate in the update of the Policy Framework for Investment. Involve India in the work on responsible business conduct.
<b>Fight against bribery</b>	Support India's implementation of its proposed anti-bribery law which will bring India into compliance with its UNCAC commitments, and enhance India's co-operation with the Anti-Bribery Convention and Working Group. Help inform India's policy making including through OECD's support to the G20 Anti-Corruption Working Group. Pursue collaboration with FICCI and CII in this area.
<b>Tax policy</b>	Upgrade India's status in the CFA from Participant to Associate.
<b>Development and Aid Effectiveness</b>	Seek India's regular participation in Senior and High-Level DAC meetings and in DAC subsidiary bodies. Encourage India to contribute to the Global Partnership for Effective Development Co-operation.

<b>Infrastructure and Long-term Financing</b>	Engage with India on long term investment in infrastructure, supporting India's goal to attract private investment in infrastructure development during the 12th five-year plan period; provide advice on the development of innovative financial products for long-term investors in infrastructure.
<b>Regulatory Policy</b>	Propose a Review of Regulatory Reform covering areas of regulatory policy, competition policy and market openness.
<b>Corporate Governance</b>	Welcome India's participation as an Associate to the revision of the OECD Principles of Corporate Governance. Encourage India's participation in the revision of the OECD Guidelines on Corporate Governance of State-Owned Enterprises. Encourage India to adhere to these instruments.
<b>Education</b>	In response to the government's emphasis on skills development and utilisation in the coming decades, develop jointly a skills development strategy, based on the OECD Skills Strategy and its applications at the country level, and building on ongoing co-operation undertaken by LEED.
<b>Health</b>	Support reform efforts on health, a priority area of the 12th five year plan, including via the Economic Survey of India (2014).
<b>Social Policy</b>	Propose a Social Cohesion Policy Review, based on a multi-dimensional approach to analyse policies across sectors that affect social cohesion and outcomes.
<b>Innovation</b>	Strengthen co-operation on inclusive innovation, with the new India Inclusive Innovation Fund under the Ministry of Micro, Small & Medium Enterprises, building on past co-operation with the National Innovation Council.
<b>Macroeconomic and Structural Policies</b>	The 2014 Economic Survey of India discusses the current macroeconomic situation and related policy challenges, with a focus on manufacturing, healthcare and gender policies.

#### d) Indonesia

21. A member of G20, Indonesia is the world's third largest democracy, offering political stability, a large domestic market and rich and diversified natural resources. In its effort to boost regional economic development and increase the welfare of its people, the government launched in May 2011 the *Master Plan for the Acceleration and Expansion of Indonesia's Economic Development* which aims to make Indonesia one of the world's 10 biggest economies by 2025.

22. The OECD's relationship with Indonesia has grown significantly since 2007, reflecting its economic dynamism and increasing importance in the world economy. Like all the Key Partners, Indonesia has been integrated into the OECD's regular work programme and covered in OECD flagship publications and statistical databases. The number of its Associate status and Partnerships in OECD bodies has increased slightly to seven, while it has become increasingly more involved in the Organisation's work. The OECD and Indonesia are collaborating on an ever wider range of policy areas, including horizontal activities such as inclusive growth, green growth, and skills, and country-specific activities on macroeconomic and structural reforms, taxation, regulatory reform, education, environment, food security, SMEs, corruption, investment and public and corporate governance among others. Country specific reviews for education, innovation and investment and a 4<sup>th</sup> Economic Survey are planned in 2014-2015. A member of the Development Centre, Indonesia is also an important contributor to the OECD's Development Strategy.

23. This bottom-up technical co-operation is complemented with top-down political engagement. Indonesia is the first Key Partner to have signed a Framework of Co-operation Agreement (September 2012), which will support Indonesia's Master Plan and its reform efforts towards a more inclusive growth, supported by efficient infrastructure and improved governance capacity. This Agreement provides a whole-of-government view of relations with the OECD and agrees to open an Office in Jakarta, establishing a secondment programme for Indonesian officials across agencies, and a focus on priority areas that support Indonesia's Master Plan and its reform efforts towards a more inclusive growth, supported by efficient infrastructure and improved governance capacity.

24. There have been significant developments in advancing our co-operation since the 2013 MCM. In September 2013, Secretary-General Angel Gurría and Minister of Finance Dr Muhamad Chatib Basri, signed a Privileges and Immunities Agreement in the margins of the St Petersburg G20 Leaders' Summit, which will enable the OECD to open the Indonesia Contact Point Office in Jakarta based in the New Zealand Embassy. This office will allow the OECD to work closely with Indonesian authorities on the implementation of the Framework of Co-operation Agreement. The Ministry of Finance also sent a secondee to work on the implementation of the Framework Agreement, including a secondment programme which will help Indonesian officials to become more familiar with OECD instruments and best practices while encouraging more formal participation in OECD bodies. Progress has been made in the different priority areas identified by the Agreement as shown in Box 4.

25. Indonesia has also indicated that it would like to take a leading role in the new, comprehensive Southeast Asia Regional programme. The Ministry of Finance co-hosted the OECD Southeast Asia Regional Forum in Bali, Indonesia on 25-26 March 2014.

26. Advances on collaboration on technical co-operation have also been made. Highlights include Indonesia joining the Base Erosion and Profit Shifting project in 2013. The Directorate General of Taxes of the Ministry of Finance signed a Memorandum of Understanding for a three year programme on taxation. Indonesia, a Financial Stability Board member, formally accepted to participate as an Associate in the revision of the OECD Principles of Corporate Governance in 2014.

<b>Box 4 – Proposed Ways Forward with Indonesia</b>	
<b>Infrastructure</b>	Foster connectivity by supporting Indonesia through projects on infrastructure financing, including public-private partnerships.
<b>SMEs</b>	Encourage Indonesia to take a leading role in the Regional Policy Network on SMEs to exchange international good practices in SME policy. Engage Indonesia in OECD activities on strengthening its SME policy framework.
<b>Trade</b>	Strengthen co-operation in the area of trade in value-added to support Indonesia's efforts to move up in global value chains (GVCs). Examine how trade facilitation and aid for trade can help maximise the benefits of GVCs. Follow-up work with Indonesia on the database on services trade restrictiveness measures.
<b>Investment and Responsible Business Conduct</b>	Encourage Indonesia to be a Participant in the Investment Committee. Launch the second Investment Policy Review as part of the regional investment network supported by the ASEAN-Australia-New Zealand Free Trade Area Economic Co-operation Work Programme. Encourage Indonesia to participate in the update of the Policy Framework for Investment.



	Promote Indonesia's participation in the work on responsible business conduct.
<b>Fight against Corruption</b>	Support passage and implementation of Indonesia's proposed anti-bribery law and, on that basis, develop Indonesia's work with the Anti-Bribery Convention and the Working Group on Bribery, with a view to eventual WGB membership.
<b>Public Governance</b>	<p>Invite Indonesia to become a Participant in the Public Governance Committee and its subsidiary bodies.</p> <p>Strengthen Indonesia's participation in the work of the OECD Integrity Framework.</p> <p>Support Indonesia to implement the recommendations of the 2012 Regulatory Reform Review and strengthen regulatory governance in line with the OECD Recommendations for Regulatory Policy and Governance.</p>
<b>Corporate Governance</b>	Welcome Indonesia's participation as an Associate in the revision of the OECD Principles of Corporate Governance. Encourage Indonesia's participation in the revision of the OECD Guidelines on Corporate Governance of State-Owned Enterprises. Encourage Indonesia to adhere to these instruments.
<b>Taxation</b>	Support the implementation of the three-year programme on taxation. The programme will provide a framework for collaborating in a focused and flexible way and enhance co-operation between Indonesia and the OECD on taxation.
<b>Inclusive Growth</b>	<p>Monitor and provide recommendations on Indonesia's macroeconomic and structural policy reforms, supporting the country's transition to a more equal and inclusive society. Begin new work on examining issues of decentralisation and regional economic development, risk of transitory food insecurity and innovation for inclusive growth.</p> <p>Encourage Indonesia to be more involved in the activities of the OECD International Network on Financial Education (INFE) and to apply the policy instruments developed by the OECD and its INFE on financial education as well as participate more systematically in relevant data collection on financial literacy (for youth –PISA financial literacy- and adults -OECD/INFE toolkit).</p> <p>Explore possibilities to deepen co-operation in the areas of basic education, vocational education and training, skills development and teaching and learning, to improve the quality of education.</p>
<b>Green Growth and Environment</b>	<p>Support Indonesia's efforts to shift to a greener growth pattern, through a strengthened participation in the Environment Policy Committee and its selected Working Parties, the Global Forum on Environment events and the Forum on Green Growth and Sustainable Development.</p> <p>Encourage participation in the OECD Databases, such as the one on Green Growth indicators and the OECD Database on instruments used for environmental policy and natural resources management.</p> <p>Support Indonesia's efforts to establish a chemicals programme in general, with an initial focus on creating a programme for monitoring the generation of non-clinical health and safety test data which would qualify under OECD's Mutual Acceptance of Data (MAD) system.</p> <p>Encourage participation in the case study of the Urban Growth in Dynamic Asia project, which aims at exploring ways to foster green growth at the city scale in fast-growing Asian cities.</p>

e) **South Africa**

27. South Africa's main policy challenges are to reduce poverty, unemployment and income inequality. The Government aims to enhance the quality of, and access to, education, improve healthcare and social protection, fight corruption, enhance public service delivery, boost infrastructure development, and advance land reform and rural development. Mitigating the effects of climate change and spurring greener growth are also key cross-cutting concerns. These priorities are reflected in South Africa's *New Growth Path Through 2020* and *National Development Plan 2030*, the country's main blueprint for reforms. The OECD is well-placed to support South Africa's efforts in addressing these challenges, via its innovative work on employment, inclusive economic growth, education and skills development, taxation and public governance, and its expertise in the political economy of reforms.

28. Over the past decade, South Africa has steadily expanded its relationship with the OECD, resulting in 20 Partnerships in OECD Bodies and Projects, and adherence to 10 OECD legal instruments including the Anti-Bribery Convention, the Council Acts on Mutual Acceptance of Data in Chemicals, and more recently, the Convention on Mutual Administrative Assistance in Tax Matters. South Africa also actively participates in, and champions, the OECD regional initiatives and networks with Sub-Saharan Africa, in areas such as macroeconomic and structural reforms (African Economic Outlook), investment, budget reform, public debt management and bond markets, tax policy and administration, anti-bribery and corporate governance of State-Owned Enterprises. Advancing the African agenda is one of South Africa's key priorities *vis-à-vis* the OECD.

29. In the past year, South Africa has been actively involved in different work strands of the OECD Trade and Investment Committees, including the Freedom of Investment roundtables and the Working Party and Global Forum on Responsible Business Conduct. As an Associate in the Working Group on Bribery, South Africa is undergoing its Phase 3 examination (March 2014). South Africa's recent Participant status in the Public Governance Committee has also opened the door for new work, *e.g.* on public sector innovation, centres of government and public sector accountability and integrity. South Africa's Economic Survey (March 2013) and Environmental Performance Review (December 2013), which both include a chapter on green growth, were both released in South Africa together with the Minister of Finance, and the Minister of Environmental and Water Affairs, respectively. As a member of the Development Centre, South Africa also participates in new work regarding Perspectives on Global Development, Social Institutions and Gender, and the Policy Dialogue on Natural Resource-Based Development. The OECD also advises South Africa on financing public healthcare, statistical health data collection and hospital reform. Furthermore, in January 2013, South Africa also became the Chair of the Global Forum on Transparency and Exchange of Information for Tax Purposes. In May 2013, the country adhered to the Declaration on Base Erosion and Profit-Shifting and subsequently became an Associate in the Base Erosion and Profit-Shifting Project of the CFA. More recently, it became a member of the Advisory Board of the Tax Inspectors without Borders initiative undertaken in the framework of the OECD Tax and Development Task Force, which South-Africa is co-chairing. Finally, in the course of 2013, South Africa and the OECD also agreed to jointly conduct a Review of Vocational Education and Training (VET), which will assess the strengths and challenges of national VET systems and include policy recommendations based on international best practice.

30. In March 2013, the government of South Africa initiated an internal process to improve the co-ordination of its relations with the OECD. The objective of this process is to strengthen the domestic institutional framework for engagement with the OECD. Against this background, the administration appointed a Senior Advisor for OECD-South Africa Relations (located in National Treasury) and established an Inter-Departmental Working Group on the OECD. The administration is also developing an internal mechanism to better co-ordinate, focus and steer our joint work across the government to meet the priorities of South Africa's National Development Plan and its regional agenda. It is expected that once

South Africa's internal institutional arrangements and capacity are strengthened, it will be in a better position to further discuss how to formalise its relations with the OECD.

<b>Box 5 – Proposed Ways Forward with South Africa</b>	
<b>Trade</b>	<p>Strengthen co-operation in the area of trade in value-added to support South Africa's efforts to produce and export higher value-added goods and further integrate regional and global value chains. Examine how trade facilitation and aid for trade can help in this regard.</p> <p>Continue to work with South Africa on the OECD database on services trade restrictiveness measures.</p>
<b>Investment and Responsible Business Conduct</b>	<p>Encourage South Africa to participate in the update of the Policy Framework for Investment.</p> <p>Encourage South Africa to deepen its engagement with the Investment Committee's Freedom of Investment Roundtable.</p> <p>Continue to promote South Africa's participation in the OECD work on responsible business conduct.</p> <p>Continue to engage South Africa in the development of a Regional Investment Framework for the Southern African Development Community.</p>
<b>Public Governance and Fight against Bribery</b>	<p>Support the effective implementation of the Anti-Bribery Convention in South Africa.</p> <p>Support South Africa's efforts to strengthen the capacity of the state: <i>e.g.</i> improve accountability and integrity and public service delivery.</p> <p>Support sound public financial management in South Africa, including via the OECD's regional work with the Collaborative African Budget Reform Initiative.</p>
<b>Corporate Governance</b>	<p>Encourage South Africa to participate in the revision of the OECD Principles of Corporate Governance and of the OECD Guidelines on Corporate Governance of SOEs, and to adhere to these instruments.</p>
<b>Green Growth and Environment</b>	<p>Use the Environmental Performance Review to identify new areas for co-operation, including in the area of green growth.</p>
<b>Development and Effective Development Co-operation</b>	<p>Continue to involve South Africa in the implementation of the OECD Strategy on Development.</p> <p>Continue to explore the possibilities for further co-operation, particularly in the area of South-South and triangular co-operation.</p>
<b>Taxation</b>	<p>Continue to reinforce co-operation on tax policy and administration issues as defined by the MoU with the South African Revenue Service. Support the review of South Africa's tax policy framework.</p> <p>Continue to engage with South Africa in the OECD's work with Africa via the Taskforce on Tax and Development.</p>
<b>Education</b>	<p>Deepen co-operation in the areas of basic education, vocational education and training, skills development and teaching and learning.</p>

<b>Employment and Social Policy</b>	<p>Support South Africa's healthcare reforms and data collection efforts.</p> <p>Explore possibilities to co-operate on other social policies and social protection issues.</p> <p>Explore the possibility to conduct an Investing in Youth Review and other employment-related work.</p>
<b>Inclusive growth</b>	<p>Explore the possibility to conduct new work on income inequality and poverty.</p>

## ANNEX II – COSTA RICA AND LITHUANIA ACTION PLANS

### COSTA RICA

**Table 1 – Policy Reviews**

REVIEW	TIMING
Agriculture Policy Review	To start in 2015
Competition Law and Policy Review*	Started in February 2014
Multi-Dimensional Country Review	To start in November 2014
Economic Assessment	To start in 2015
Skills Beyond School Review	Started in December 2013
Public Governance Review	Started in December 2013
Innovation Policy Review	To start in August 2014
Statistics Review	To start in 2015
Market Openness Review	To start in May 2014

\* Review taking place in the Latin American Competition Forum and financed by the Inter-American Development Bank

**Table 2 – Adherence to Instruments**

INSTRUMENT	TIMING
Convention on Combating Bribery of Foreign Public Officials in International Business Transactions	Adherence requested in September 2013
Declaration on International Investment and Multinational Enterprises and related instruments	Adhered in September 2013
Recommendation on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas	Adhered in September 2013
Codes of Liberalisation of Capital Movements and of Current Invisible Operations	Invited in April 2014 to adhere to the OECD Codes subject to the outcome of a full examination by the Investment Committee of Costa Rica's proposed position under the Codes, which will start in 2014.
Recommendation on the OECD Benchmark Definition of Foreign Direct Investment	Request forthcoming
Declaration for the Future of the Internet Economy (Seoul Declaration)	Adhered in October 2013

Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance	Adhered in October 2013
Recommendation of the Council on Enhancing Integrity in Public Procurement	Reviewed in the context of the Public Governance Review
Selected instruments of the Chemicals Committee	Request forthcoming
Declaration on Base Erosion and Profit Shifting	Request forthcoming
Selected instruments of the Environmental Policy Committee	Request forthcoming
Recommendation on High-Level Principles on Financial Consumer Protection	Request forthcoming
Recommendation on Gender Equality in Education, Employment and Entrepreneurship	Adhered in November 2013
Action Plan for Youth ( <i>not a legal instrument</i> )	Endorsed in November 2013

**Table 3 – Partnerships in OECD Bodies**

<b>OECD BODY</b>	<b>TIMING</b>
Working Group on Bribery in International Business Transactions	Associate status requested in September 2013
Competition Committee	Invited as Participant. Acceptance pending.
Committee on Consumer Policy	Request forthcoming
Working Party on State Ownership and Privatisation Practices	Request forthcoming
Group of National Experts on Vocational Education and Training	Participant as of October 2013
Environment Policy Committee	Invited as Participant. Acceptance pending.
Committee on Financial Markets	Request forthcoming
Committee for Information, Computer and Communications Policy	Participant as of December 2013
Insurance and Private Pensions Committee	Request forthcoming
Working Group on International Investment Statistics	Request forthcoming
Public Governance Committee	Participant status requested in September 2013
Committee for Scientific and Technological Policy	Participant in the Working Party on Innovation and Technology Policy as of August 2013. Invited as Participant in the main Committee .Acceptance pending.
Committee on Statistics and Statistical Policy	Participant as of February 2014
Committee on Fiscal Affairs	Invited as Participant. Acceptance pending.
Trade Committee and its Working Party	Participant status requested in September 2013

## LITHUANIA

**Table 1 – Policy Reviews**

REVIEW	TIMING
Regulatory Policy Review	To start in 2014
Public Governance Review	To start in 2014
Corporate Governance of State-Owned Enterprises	To start in 2015
Economic Assessment	To start in 2015
Innovation Policy Review	To start in 2015
Statistics Review	To start in 2015
Market Openness Review	To start in 2015
Policy Note on Jobs for Youth (part of the Youth Action Plan support)	To start in 2015

**Table 2 – Adherence to Instruments**

INSTRUMENT	TIMING
Convention on Combating Bribery of Foreign Public Officials in International Business Transactions	Requests sent in April and May 2013
Recommendation on Gender for Equality in Education, Employment and Entrepreneurship	Request forthcoming
Endorsement of the Youth Action Plan ( <i>not a legal instrument</i> )	Request forthcoming
Codes of Liberalisation of Capital Movements and of Current Invisible Operations	Invited in December 2013 to adhere to the OECD Codes subject to the outcome of a full examination by the Investment Committee of Lithuania's proposed position under the Codes, which will start in 2014.
Declaration for the Future of the Internet Economy (Seoul Declaration)	Adhered in November 2013
Declaration on Base Erosion on Profit Shifting	Adhered in November 2013
OECD Principles of Corporate Governance	Invited to participate as Invitee in meetings on the review of the Principles (March and November 2014)
Recommendation on Guidelines for Corporate Governance of State-Owned Enterprises	Participant in the WPSOPP meetings on the review of the Guidelines (April and September 2014). The WPSOPP has

	agreed to undertake a review of Lithuania's position relative to the Guidelines on Corporate Governance of State-Owned Enterprises, with a view to its adherence to this instrument (April 2014)
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**Table 3 – Partnerships in OECD Bodies**

<b>OECD BODY</b>	<b>TIMING</b>
Working Group on Bribery in International Business Transactions	Associate status requested in May 2013
Corporate Governance Committee	Participant status requested in March 2013
Development Assistance Committee	Request for participation sent in April 2013
Economic Policy Committee	Request forthcoming
Working party No. 1 on Macro-Economic and Structural Policy Analysis	Request for participation sent in July 2013
Education Policy Committee	Requests sent in February 2008 and in 2011
Teaching and Learning International Survey	Request forthcoming
Employment, Labour and Social Affairs Committee	Request for participation sent in May 2013
Health Committee	Request for participation sent in July 2013
Environment Policy Committee	Request forthcoming
Working Group on Good Laboratory Practices	Request forthcoming
Working Party on Debt Management	Participant status requested in July 2013
Advisory Task Force on the Codes	Invited until adherence to the Codes, whereupon Lithuania will become Associate
Public Governance Committee	Participant status requested in March 2013
Territorial Development Policy Committee	Participant status requested in March 2013
Regulatory Policy Committee	Participant status requested in March 2013
Committee on Fiscal Affairs	Request forthcoming
Trade Committee and its Working Party	Participant status requested in March 2013
Fisheries Committee	Request forthcoming



### ANNEX III – PARTNERSHIPS IN OECD BODIES

1. The OECD's principal tool for engaging with Partners is to invite them to Committees: it allows selected Partners a long-term involvement in the OECD's regular work with Members. Until recently, Partners were offered such participation only sparingly. However, new rules adopted in 2012<sup>1</sup> have encouraged these Partnerships by easing the procedures, clarifying the conditions and setting fixed fees for all forms of Partnership in Part I bodies<sup>2</sup>. An important consequence of the new rules is that they allow Partners a position of near-equivalence with Members, in terms of rights and obligations, in individual substantive Committees, *i.e.* as Associates. Furthermore, the number of Partnerships has risen sharply. Since 9 October 2012, when the new rules entered into force, 115 new invitations to prospective Partners have been issued, a 57% increase, as shown in the table below.

PARTNERSHIPS IN OECD BODIES: INVITATIONS ISSUED*					
Invitations issued as of:	Issued to:	Participant	Associate	Associate in a project	Total
9 October 2012	<b>All Partners, of which:</b>	<b>114</b>	<b>70</b>	<b>17</b>	<b>201</b>
	<i>Accession candidates**</i>	25	8	3	36
	<i>Key Partners</i>	38	20	5	63
	<i>Other G20</i>	9	5	2	16
	<i>Costa Rica, Lithuania</i>	1	4	1	6
	<i>Others</i>	41	33	6	80
10 April 2014	<b>All Partners, of which:</b>	<b>175</b>	<b>88</b>	<b>53</b>	<b>316</b>
	<i>Accession candidates**</i>	46	12	12	70
	<i>Key Partners</i>	52	27	20	99
	<i>Other G20</i>	10	6	8	24
	<i>Costa Rica, Lithuania</i>	15	7	2	24
	<i>Others</i>	52	36	11	99

\* Including those not yet accepted.

\*\* The candidates as of May 2013, *i.e.* Colombia, Latvia and the Russian Federation. The invitations to Colombia and Latvia to participate with a status equivalent to Invitee are not included in these numbers.

<sup>1</sup> Council Resolution on Partnerships in OECD Bodies [C(2012)100/FINAL].

<sup>2</sup> As of 2014, Associates pay annual fees of 20,400 or 51,100 EUR at the Committee's discretion. Participants pay 10,800 EUR.

2. Over the course of 2013 all Committees have defined and updated their Global Relations strategies and drawn up Participation Plans to identify their Partners and the conditions for their participation. One of the options that have gained traction recently is that of Associate status in Committee-driven projects (rather than the full range of the Committees' work). This allows Partners to join specific work, *e.g.* discussions to prepare a new legal instrument, on the same basis as Members, including an expectation that they will commit themselves to the outcome of such discussions. In 2013, all G20 members and accession countries were invited to join the project on Base Erosion and Profit Shifting of the Committee on Fiscal Affairs and the members of the Financial Stability Board, as well as the accession candidates, were invited to join the 2014 review of the OECD Principles of Corporate Governance and the Guidelines on Corporate Governance of SOEs.

3. The 2012 Resolution on Partnerships in OECD Bodies also encourages upgrades of Partners' involvement, *e.g.* from Participant to Associate, to ensure a fuller integration of these Partners in their work. Consequently, when Committees review their strategies in 2014, they should identify the potential for inviting certain Partners as Associates or upgrading Participants to this level. This will be relevant in particular, but not exclusively, for the Key Partners and the countries involved in Country Programmes. Committees will also be encouraged to involve the Key Partners at an early stage in projects and in discussions on the development or revision of OECD legal instruments, where possible as Associates. There will be an evaluation of the Council Resolution on Partnerships in OECD Bodies in the first half of 2015, *i.a.* to assess whether it has facilitated the involvement of important Partners into the Committees' work.

## ANNEX IV – THE GLOBAL RELATIONS TOOLBOX

1. The OECD has a set of tools at its disposal to implement its Global Relations programme. Some of these – the regional approaches and Global Forums – have a low threshold and provide an efficient way of involving large numbers of Partners and to team up with other organisations, especially regional ones. These approaches feed into the work of Committees: they help Committees take account of the Partners' perspectives and help identify the Partners who would be able and willing to participate in the Organisation's work at a higher level. Other approaches have a more formal character and target specific Partners.

### a) Accession to the Organisation

2. Council may invite countries that meet the criteria to accede to the OECD as Members. A number of countries have expressed interest in joining the Organisation, thus recognising the OECD as a club of best practices and promoter and facilitator of structural reforms. Although not all requests for membership are acted upon, the OECD seeks to engage all countries interested in undertaking reforms and sharing the Organisation's standards and best practices.

3. A specific decision by Council is required to open accession discussions with a country. Accession discussions were opened with the Russian Federation in 2007 and with Colombia and Latvia in 2013. The Council will discuss in 2015 whether to open accession discussions with Costa Rica and Lithuania. The Council has asked the Secretariat to work closely with these countries in the intervening period, to prepare for their future accession processes. Each of the two countries has developed an Action Plan, which they have started to implement.

### b) Key Partners

4. The OECD Council has designated as Key Partners five countries of systemic importance to the world economy and has mandated the Secretary-General to develop close agendas with these countries. Accordingly, the Organisation endeavours to integrate the Key Partners in the full range of the OECD's work, whenever possible on a basis of near-equality with Members. The 2010 Council Guidelines to Committees for Deepening Enhanced Engagement [C(2010)100/FINAL] instructed Committees to update their Global Relations strategies so they would adequately reflect the Organisation's priority to deepen and broaden the engagement with these Key Partners. As a result, these countries participate today in the work of a wide range of Committees, including their statistical databases, publication series and country reviews.

5. The Key Partnerships were launched in 2007 with a view to possible Membership. The Key Partners are also important players in the OECD's Global Forums and, not least, in many of the OECD's bodies. This is recognised in their special status under the Council Resolution on Partnerships in OECD Bodies [C(2012)100/FINAL], which provides all Committees with a shortcut to invite the Key Partners as Invitees and Participants without prior Council approval. These Partnerships can also support other elements of the Toolbox, *e.g.* the regional approaches, for which they can be important drivers, initiators and models for enhanced co-operation with the Organisation.

**c) Country Programmes**

6. Council approved a Framework for the Establishment of Country Programmes in 2013 [C/MIN(2013)12]. Country Programmes serve a mutual benefit by enabling selected Partners to anchor domestic reforms and commit to achieving OECD standards and performance levels over time, but without any formal commitment on OECD's part, or theirs, to Membership. Thus, they will help countries committed to comprehensive reform to expand and enhance their relations with the OECD and facilitate their commitments to its standards, instruments and best practices.

7. The Framework defines the way in which Country programmes can be established and the criteria for considering beneficiary countries. These criteria include mutual interest, willingness and ability of the country to commit itself to a long-term programme of reforms based on OECD standards and the exemplary value of such commitments in its region. Council has invited Kazakhstan, Morocco, Peru and Thailand to engage in a Country Programme.

**d) Partnerships in OECD Bodies**

8. Partnerships in OECD bodies can be concluded with Partners with which there is a mutual desire to co-operate in particular areas of work. In accordance with the 2012 Council Resolution on Partnerships in OECD Bodies [C(2012)100/FINAL], all OECD Committees have developed Participation Plans, based on their Global Relations strategies, which set forth the Partners that may participate in its work intermittently ("Invitees"), regularly in non-confidential sessions ("Participants"), or fully and after endorsing relevant disciplines ("Associates").

9. The new rules have simplified the procedures for inviting and vetting Partners and made it feasible for Partners to become Associates in Part I bodies, allow them to join the work of these bodies on the same footing as Members.<sup>1</sup> The new rules have led several Committees to consider countries as possible Associates. The Key Partners, accession countries and certain others have also been invited as Associates in Committee-driven projects, notably the BEPS project and the revision of the OECD's corporate governance instruments.

**e) The Development Centre**

10. The OECD Development Centre is a special body of the OECD, open to full membership to non-OECD countries. It is an inclusive space for policy dialogue on economic and social issues, fostering knowledge sharing, open debate and creative policy solutions, among countries at different levels of development that support the pursuit of growth whilst reinforcing social cohesion and the efficient use of natural resources. Today, the Governing Board counts 42 Members, 18 of which are not OECD Members. These countries have the right to participate on an equal footing with the Centre's OECD Members in its Governing Board, and consequently in the definition of its Programme of Work. The Centre hosts the two thematic policy dialogue networks, mentioned in the Strategy on Development tool, on natural-resource based development and on global value chains, that bring together OECD and non-OECD countries on a voluntary basis. It also hosts networks of non-governmental stakeholders, notably Multinational enterprises (EmNet), private sector foundations (NetFWD) and think tanks (DeFiNe).

11. The Centre's multidisciplinary approach draws on its various areas of activity, which include analysing trends and challenges facing emerging and developing economies, both globally and regionally, as reflected in regional Outlooks and the flagship report: *Perspectives on Global Development*, and at the

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<sup>1</sup> With a few exceptions, principally the participation in discussions of the accession of new Members, which remain accessible to Members only.

country level, as reflected for example in the Multidimensional Country Reviews (MDCR) and the Social Cohesion Policy Reviews (SCPRs). Other major areas of work include: social cohesion, including social protection, youth inclusion and gender (*e.g.* the social institutions and gender indicators, SIGI), migration and competitiveness.

**f) Regional Approaches**

12. The OECD's gamut of regional approaches comprises comprehensive programmes, thematic programmes, thematic networks, seminar series and ad-hoc initiatives.<sup>2</sup> The common driver of all these approaches is to spread the Organisation's work and standards set by its instruments across the world. Several programmes have developed their own reference documents, based on these standards.

13. Regional approaches are an efficient way of involving large numbers of countries, as activities can be organised in the regions themselves, with local sponsorship, and be anchored into existing regional structures. A flexible tool, regional approaches help to familiarise countries with the OECD's work and standards and to share their own insights and experiences. It also serves to prepare the ground for the integration of some Partners into Committees and even Membership.<sup>3</sup> Regional approaches will also undergo a knock-on effect from Country Programmes, as the Partners selected for such programmes are expected to be trailblazers for reforms in other countries in its region.

14. In 2013, the Council established a new comprehensive regional programme with Southeast Asia, to further expand the OECD's co-operation efforts with the countries of the region [see C/MIN(2014)12]. It will be formally launched at the 2014 MCM.

15. Other regional programmes (comprehensive or thematic) that have been formally established are:

- the MENA Initiative on Governance and Investment for Development;
- the Eurasia Competitiveness Programme;
- the Task Force for the Environmental Action Programme for Central and Eastern Europe;
- the Sigma Programme;
- the Sahel and West Africa Club;
- the NEPAD-OECD Africa Investment Initiative.

**g) Global Fora**

16. Global Fora are networks of stakeholders (not official bodies), created by Committees<sup>4</sup> to involve large numbers of Partners in their work. Like regional approaches, they enable many stakeholders to participate in the work of OECD Committees. They help the Committees to identify relevant issues, including "next-generation" issues, to promote a broad convergence of views on expected outputs, to

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<sup>2</sup> See C(2006)168/FINAL.

<sup>3</sup> A case in point is the Baltic Regional Programme, which helped pave the way for the accessions of Estonia and Latvia, and possibly Lithuania.

<sup>4</sup> In accordance with the revised Framework for the OECD Global Forums, C(2008)208/FINAL, as amended [C/M(2012)11, Item 172 g)].

ensure that these results are known and used among stakeholders, and to share best practices in the implementation of the results. Sixteen Global Fora have been created to date.<sup>5</sup>

## **h) The Development Strategy**

17. The OECD Strategy on Development was endorsed at the 2012 MCM and aims at strengthening the OECD's contributions to "higher and more inclusive growth in the widest array of countries". Based on mutual learning on an equal footing basis, the Strategy allows the OECD to adapt its knowledge and understanding of policy issues to the realities of emerging economies, developing and low income countries, and to create a strong partnership between OECD Members and Partner countries to share knowledge and contribute to coherent policy making. The three thematic priority areas of the Strategy on Development are Global Food Security, Illicit Financial Flows and Green Growth.

18. To strengthen the engagement with developing countries, the strategy has introduced Multidimensional Country Reviews (MDCR), which will take a comprehensive, diagnostic approach to the binding constraints on economic and social development in Partner countries and on policy interactions and coherence. They will provide an in-depth diagnostic phase that would help identify the policy gaps that can be addressed in a follow-up phase. Myanmar, the Philippines, Uruguay, Panama and Thailand have formally requested such reviews. With the first three countries work is well advanced and it is at the initiation phase with Panama and Thailand.

19. In addition, networks of policy makers and practitioners are being established under the auspices of the Strategy on Development. These networks will address specific development challenges that are common to groups (or clusters) of OECD Members and Partners. A first cluster will look at the challenges of natural resource driven development, such as managing volatility, improving taxation, promoting diversification and the development of local suppliers, enhancing transparency and governance. Another cluster will deal with the challenges of firms' integration in global value chains and subsequent to promote innovation, upgrading and employment.

## **i) Co-operation with other International Organisations**

20. From its earliest days, the OECD has sought to co-operate with other international organisations as a means to achieve its objectives. Such co-operation helps to share in the most cost-effective way OECD Membership's expertise and experience with non-Member countries and to provide a conduit for these organisations' members to share their own views and insights with the OECD. It also generates synergies and avoids unnecessary duplication of work among international bodies.

21. This co-operation exists in different forms, and includes joint publications, formal or informal participation in each other's events, exchange of information and statistics and observership in OECD bodies. International organisations regularly participate in the governance structures, such as steering groups, of regional programmes and networks and often provide financial resources. To bolster this kind of co-operation, the OECD has concluded partnership agreements with some of the most important among them, notably the World Bank, the Asian and Inter-American Development Banks, the World Health Organisation, the European Investment Bank and the International Labour Organization.

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<sup>5</sup> On agriculture, biotechnology, competition, development, education, environment, finance, international investment, the knowledge economy, public governance, responsible business conduct, tax treaties, transfer pricing, value-added tax, tourism statistics and trade. Not included in this list is the Global Forum on Transparency and Exchange of Information for Tax Purposes, which is a Part II body created by Council.

## ANNEX V – OECD’s Engagement with G20 Economies: A Snapshot

\* Invited; acceptance pending  
✓ Invited and accepted

		OECD BODIES, PROJECTS AND LEGAL INSTRUMENTS	Brazil	China	India	Indonesia	South Africa	Russian Federation	Argentina	Saudi Arabia
<b>ASSOCIATES</b>	<b>In Bodies</b>	Global Forum on Transparency and Exchange of Information for Tax Purposes	✓	✓	✓	✓	✓	✓	✓	✓
		Governing Board of the Development Centre	✓		✓	✓	✓		✓	
		Joint OECD/ITF Transport Research Committee		✓	✓			✓		
		Council Working Party on Shipbuilding								
		Steel Committee	✓					✓		
		Working Group on Bribery in International Business Transactions	✓				✓	✓	✓	
		Local Economic and Employment Development (LEED) Programme					✓			
		Investment Committee in enlarged session and its Working Party on Responsible Business Conduct	✓						✓	
		OECD Network on Fiscal Relations across Levels of Government			✓					
		Committee on Fiscal Affairs (CFA)							✓	
		Working Party 10 of the CFA on Exchange of Information and Tax Compliance		✓					✓	
		Governing Board of the Programme for International Student Assessment (PISA)	✓							
		Working Party on Indicators of Educational Systems (INES) and its Networks								
		<b>For Mutual Acceptance of Data only:</b>								
		<ul style="list-style-type: none"> <li>• Joint Meeting of the Chemicals Committee and the Working Party on Chemicals, Pesticides and Biotechnology                             <ul style="list-style-type: none"> <li>○ Working Group on Good Laboratory Practice</li> <li>○ Working Group of National Co-ordinators of the Test Guidelines Programme</li> </ul> </li> </ul>	✓		✓		✓		✓	
	Governing Body of the Co-operative Research Programme: Biological Resource Management for Sustainable Agricultural Systems						✓			
	All Committees of the Nuclear Energy Agency							✓		
	<b>In Projects</b>	Board of Participating Countries of the Programme for the International Assessment of Adult Competencies				✓				
		Teaching and Learning International Survey Board of Participating Countries								
		Freedom of Investment, National Security & Strategic Industries project (Investment Committee)				✓		✓		
Project on Base Erosion and Profit Shifting (Committee on Fiscal Affairs)		✓	✓	✓	✓	✓	✓	✓	✓	

		<b>OECD BODIES, PROJECTS AND LEGAL INSTRUMENTS</b>	<b>Brazil</b>	<b>China</b>	<b>India</b>	<b>Indonesia</b>	<b>South Africa</b>	<b>Russian Federation</b>	<b>Argentina</b>	<b>Saudi Arabia</b>
		Review of the Principles of Corporate Governance (Corporate Governance Committee)	✓	*	✓	✓	*	✓	*	*
		Review of the Guidelines on Corporate Governance of SOEs (Corporate Governance Committee)	*	*	*	*	*	✓	*	*
<b>PARTICIPANTS</b>		Economic and Development Review Committee						✓		
		Committee for Agriculture <i>and its subsidiary bodies</i>	✓				✓		✓	
		Group on Commodity Markets of the Committee for Agriculture						✓		
		Fisheries Committee						✓	✓	
		Committee on Consumer Policy			✓					
		Working Party on Consumer Product Safety of the Committee on Consumer Policy	✓		✓					
		Committee on Fiscal Affairs <i>and its subsidiary bodies</i>		✓ <sup>1</sup>	✓		✓	✓		
		Committee for Digital Economy Policy <i>and its subsidiary bodies</i>					✓	✓		
		Committee for Industry, Innovation and Entrepreneurship (CIIE)						✓		
		Working Party on SMEs and Entrepreneurship of the CIIE						✓		
		Committee on Statistics <i>and its subsidiary bodies</i>	✓				✓	✓		
		Competition Committee <i>and its subsidiary bodies</i>	✓		✓	✓	✓	✓		
		Committee for Scientific and Technological Policy <i>and its subsidiary bodies</i>	✓	✓			✓	✓	✓	
		Council Working Party on Shipbuilding						✓		
		Investment Committee <i>and its subsidiary bodies</i>	✓							✓
		Joint Meeting of the Chemicals Committee and the Working Party on Chemicals, Pesticides and Biotechnology					✓			
		Working Party on State Ownership and Privatisation Practices of the Corporate Governance Committee								
	Trade Committee <i>and its subsidiary bodies</i>	✓							✓	
	Joint Working Party on Agriculture and Trade	✓				✓			✓	
	Joint Working Party on Trade and Environment	✓								

<sup>1</sup> Except in Working Party 10, where China has Associate status



	<b>OECD BODIES, PROJECTS AND LEGAL INSTRUMENTS</b>	<b>Brazil</b>	<b>China</b>	<b>India</b>	<b>Indonesia</b>	<b>South Africa</b>	<b>Russian Federation</b>	<b>Argentina</b>	<b>Saudi Arabia</b>
	Working Group on the Harmonisation of Regulatory Oversight in Biotechnology and the Task Force for the Safety of Novel Foods and Feeds of the Environment Policy Committee						✓	✓	
	Education Policy Committee						✓		
	Centre for Educational Research and Innovation Governing Board								
	Programme for International Student Assessment (PISA)		✓	✓ <sup>2</sup>	✓				
	Public Governance Committee <i>and its subsidiary bodies</i>	✓				✓			
	Regulatory Policy Committee								
	Tourism Committee					✓	✓		
	Steel Committee			✓		✓		✓	
	Territorial Development Policy Committee <i>and its subsidiary bodies</i>					✓			
	Insurance and Private Pensions Committee						✓		
	Working Party on Private Pensions (Insurance and Private Pensions Committee)	✓		✓		✓	✓		
Employment, Labour and Social Affairs Committee						✓			
<b>OECD LEGAL INSTRUMENTS</b>	Agricultural Schemes and Codes: Application of International Standards for Fruit and Vegetables					✓			
	Agricultural Schemes and Codes: Varietal Certification or Control of Seed Moving in International Trade	✓		✓		✓	✓	✓	
	Agricultural Schemes and Codes: Official Testing of Agricultural and Forestry Tractors		✓	✓			✓		
	Bologna Charter on SME Policies	✓		✓	✓	✓	✓	✓	
	Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and related instruments	✓				✓	✓	✓	
	Council Acts on Mutual Acceptance of Data in the Assessment of Chemicals	✓		✓		✓		✓	
	Recommendation of the Council Concerning Effective Action against Hard Core Cartels	✓							
	Declaration on Access to Research Data from Public Funding		✓			✓	✓		
	Declaration on Fostering the Growth of Innovative and Internationally Competitive SMEs (Istanbul Declaration)	✓		✓	✓		✓	✓	
Declaration for the Future of the Internet Economy (Seoul Declaration)			✓	✓					

<sup>2</sup> Himachal Pradesh and Tamil Nadu are PISA survey participants (not PISA Governing Board participants).

	<b>OECD BODIES, PROJECTS AND LEGAL INSTRUMENTS</b>	<b>Brazil</b>	<b>China</b>	<b>India</b>	<b>Indonesia</b>	<b>South Africa</b>	<b>Russian Federation</b>	<b>Argentina</b>	<b>Saudi Arabia</b>
	Declaration on International Investment and Multinational Enterprises and related instruments	✓						✓	
	Recommendation of the Council on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas	✓						✓	
	Declaration on International Science and Technology Co-operation for Sustainable Development		✓			✓	✓		
	Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance	✓					✓		
	Convention on Mutual Administrative Assistance in Tax Matters	✓ <sup>3</sup>	✓ <sup>3</sup>	✓	✓ <sup>3</sup>	✓	✓ <sup>3</sup>	✓	✓ <sup>3</sup>
	Paris Declaration on Aid Effectiveness		✓	✓	✓	✓	✓	✓	✓
	Arrangement on Officially Supported Export Credits	✓							
	Declaration on Base Erosion and Profit Shifting (BEPS)	✓			✓	✓	✓	✓	
	Multilateral Guidelines – Extract from the Annex to the Decision Establishing a Steel Committee	✓					✓		
	Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship						✓		

<sup>3</sup> Not ratified yet.

*This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.*

# OECD WEEK 2014

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