

SECRETARY-GENERAL'S REPORT TO MINISTERS 2017

Secretary-General's Report to Ministers

2017

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Letter from the Secretary-General



Angel Gurría, OECD Secretary-General, and Shinzō Abe, Prime Minister of Japan, at the presentation of the *OECD Economic Survey of Japan*, April 2017

Over the past twelve months, the OECD has continued delivering on its mandate to promote better policies for better lives. We have done so despite an increasingly challenging context that puts into question the *raison d'être* of our Organisation. While the past year brought great achievements, it also witnessed how the values of international solidarity, co-operation and openness that we stand for came under attack due to a resurgence of nationalism, isolationism, populism and protectionism.

Throughout 2016, we began to take stock of the need to urgently address this backlash against globalisation. This implies drawing on the best in us, while addressing our shortcomings, taking bold steps moving forward, and fixing what does not work. Going back to “business as usual” is not an option: we need a new narrative and new solutions to confront the challenges of our time – stagnant growth and living standards, enduring poverty, rising inequalities, growing protectionism, climate and

environmental degradation and a loss of trust in democracy and its institutions, not to mention several global systemic risks. We need new, audacious solutions to tackle these challenges.

Drawing on the unprecedented transformation that the OECD has undertaken in recent years by putting people at the centre of its work – recognising that economic growth and its drivers are only means towards the end goal of better lives for all – throughout the year we took

great strides towards renewing and strengthening our analytical frameworks and making a “New Approaches to Economic Challenges (NAEC) state of mind” our Organisation’s new normal. Our horizontal projects on inclusive growth, digitalisation and migration are also allowing us to approach these major themes from a multi-dimensional perspective, better tailored to their inherent complexity.

Our 2016 Ministerial Council Meeting, chaired by Chile, focused precisely on such interlinkages between policy areas, by highlighting how our policies to foster productivity need to come hand in hand with our efforts to ensure inclusiveness and reduce inequalities – not just as a mere palliative afterthought, but from their very onset and design. At the Forum, we launched our study on the *Productivity-Inclusiveness Nexus*, which deals with this issue and

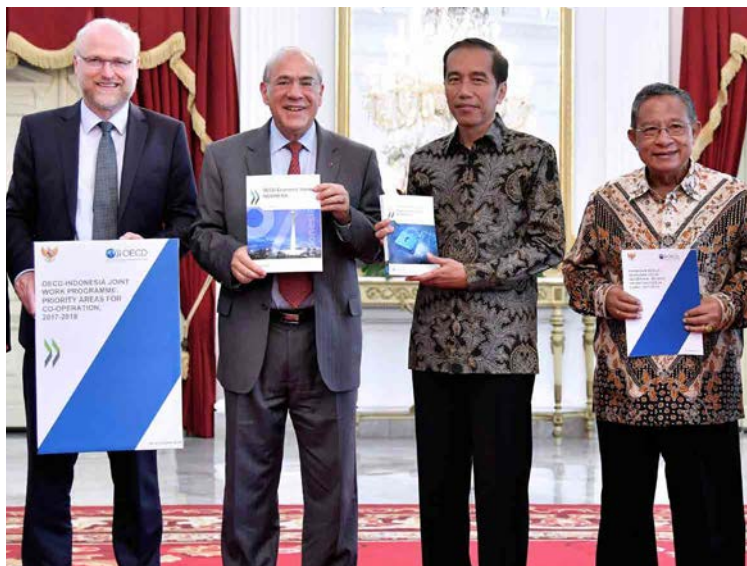


Angel Gurría, OECD Secretary-General, and Angela Merkel, Chancellor of Germany, at the presentation of the *Economic Survey of Germany 2016*, April 2016

lays out an agenda for further research.

During the year, we advanced our productivity and competitiveness

agenda with the launch of the OECD Global Forum on Productivity and deepened our work on Global Value Chains (GVCs), including expanding and developing our Services Trade Restrictiveness Index (STRI) and Trade in Value Added (TiVA) databases. At the same time, the OECD Centre for Opportunity and Equality (COPE), our work on gender, children and youth, the new Inclusive Growth in Cities campaign and the update of the Better Life Index have deepened our commitment towards more inclusive economies and societies. This includes progress in areas such as the quality of jobs, healthcare, education and skills systems. We also rolled out the latest Programme for International Student Assessment (PISA) results, with great impact, and advanced our initiative on the need for global competencies to form more tolerant citizens.



Alexander Böhmer, Head of Southeast Asia Division, OECD; Angel Gurría, OECD Secretary-General; Joko Widodo, President of Indonesia; and Pratikno, Minister of State Secretariat of Indonesia (left to right), October 2016

In 2016 we started “walking the talk” by delivering on the ambitious international agenda set out in 2015. Through the OECD Action Plan on the Sustainable Development Goals (SDGs), presented at last year’s Ministerial, we are gradually integrating the SDGs into our frameworks and advice. At the same time, we are pioneering the design of a new international statistical standard on Official Development Assistance, the Total Official Support for Sustainable Development (TOSSD), as well as leading global efforts to improve domestic resource mobilisation in developing countries (through our Tax Inspectors Without Borders initiative) and private financial flows into them (through our updated Policy Framework for Investment and Investment Policy Reviews). With regard to the implementation of the Paris Agreement on Climate Change, we are helping countries achieve their commitments, particularly by tracking private and public climate finance and by launching platforms like the new Centre on Green Finance and Investment, aimed at supporting the transition to a green, low-emissions economy.

Another important breakthrough that 2015 left us was the extraordinary progress in international efforts to curb tax evasion and avoidance. During the past year, we advanced the Base Erosion and Profit Shifting Project, establishing an inclusive framework of over 100 countries and jurisdictions to work together on concluding a Multilateral Convention to implement



Bilateral meeting between Pravin Gordhan, Minister of Finance of South Africa, and Angel Gurría, OECD Secretary-General, during OECD Week, May 2016

minimum standards. Over 100 countries and jurisdictions have signed up to the new Automatic Exchange of Information standard and will begin automatically exchanging tax information. Following the refugee crisis and hike in migration flows, we also made great contributions to the United Nations Conference on Migration last September through our 40th *International Migration Outlook* and its message on the benefits of integration. We also strengthened our role as an anti-corruption hub by launching our first report on political party funding and campaign financing, and contributing to the United Kingdom’s Anti-Corruption Summit, as well as by holding major meetings on this issue.

Few aspects better illustrate our capacity to contribute to global governance and address our planet’s most pressing challenges than our engagement with the G20 and G7. In close collaboration with the Chinese Presidency, we saw the advancement of our work with the G20 in

many fields, particularly on innovation and the digital economy, trade and investment, corporate governance and tax transparency, as well as the establishment of a Global Forum on Steel Excess Capacity to address problems in this industry. We also supported the Japanese Presidency of the G7, which delivered remarkable outcomes, and helped advance the preparation of Germany’s and Italy’s 2017 G20 and G7 presidencies.

Our ability to impact the global agenda is equally matched by the targeted policy support that we provide to our members and Key Partners, many of which turn to us for advice and help in advancing their specific reforms and improving their public administration and governance. The growing number of leaders who visit us shows this, as do the landmark thematic ministerial meetings that we hold on topics ranging from the future of work and agriculture to environmental policy, the digital economy and



Bill Morneau, Finance Minister of Canada, with Angel Gurría, OECD Secretary-General, at the presentation of the *OECD Economic Survey of Canada*, June 2016

fighting corruption – all of which charted the way forward in their respective policy fields. This is also reflected in the increasing global reach of our standards, instruments and bodies. Today, the number of non-member partnerships in OECD bodies stands at nearly 250. The number of non-member adherences to OECD legal instruments was 475 at the end of 2016. Over the past year, we have continued enhancing our global character: we welcomed Latvia as our newest member moved forward with the accession processes of Colombia, Costa Rica and Lithuania; and strengthened our work with Key Partners and

regions, including the launch of the Latin America and the Caribbean Regional Programme and a joint programme of work with Indonesia.

Throughout 2016 we also continued improving our communications, visibility and impact, as well as our management and administrative practices to put the OECD at the leading edge in this realm. Likewise, we consolidated a second OECD campus in Boulogne, allowing further synergies between directorates that now enjoy a first-class environment conducive to greater horizontal collaboration.

Despite these many successes, this year, more than ever, has challenged our assumptions, tested our resolve, and reminded us of our shared values. We are living in a history-defining moment that demands that we capitalise on our value added to give the very best in us. I am sure that, together, we will confront these challenges during 2017 and beyond, making globalisation work for all. ■

Angel Gurría

2016: A Year in Review



The OECD Ministerial and Policy Forum on the Future of Work is held in Paris.

14-15 January

25-27 February

Going for Growth is launched at G20 Finance Ministers Meeting in Shanghai.



The 42nd G7 Leaders Summit takes place in Ise-Shima, Japan.

29 March

Launch of the Inclusive Growth Initiative at the Ford Foundation in New York.

26-27 May

Latvia becomes a member of the OECD.

1-2 June

The *Productivity-Inclusiveness Nexus* report is launched.

1-2 June

January

The Anti-Corruption Ministerial Meeting is held in Paris.

16 March

The OECD Agriculture Ministerial is held in Paris.

7-8 April

The OECD Regional Programme for Latin America and the Caribbean is launched at the Ministerial Council Meeting.

1 June

Chilean President Michelle Bachelet opens the Ministerial Council Meeting.

1 June





Mr. Angel Gurría

The OECD Digital Economy Ministerial is held in Cancún, Mexico.

20-24 June

Environment Ministers from OECD and selected non-member countries meets for the OECD Environment Ministerial.

28-29 September

13 October

Launch of the OECD Centre on Green Finance and Investment in Tokyo.

28 November

The Global Strategy Group meets at the OECD to discuss "Fixing Globalisation: Achieving Better Lives for All".

December

The *Better Policies for 2030: An OECD Action Plan on the Sustainable Development Goals* is launched.

1-2 June

Launch and first official meeting of the OECD Global Forum on Productivity in Lisbon.

7-8 July

The Hangzhou Summit is the 11th meeting of the G20.



4-5 September

The Multilateral Convention to Implement Tax Related Measures to Prevent Base Erosion and Profit Shifting (BEPS) Treaty is adopted by more than 100 jurisdictions.

24 November

Launch of 2015 results of the OECD Programme for International Student Assessment (PISA) in Paris.

6 December



ABOUT THE OECD



The OECD at a glance

www.oecd.org/aboutoecd

The OECD provides a forum in which governments work together to seek solutions to common problems, share experiences and identify best practices to promote better policies for better lives.

For more than 50 years, the OECD has helped forge global standards, international conventions, agreements and recommendations in areas such as governance and the fight against bribery and corruption, corporate responsibility, development, international investment, taxes, and the environment, to mention a few. Co-operation, dialogue, consensus and peer review drive the OECD

as it seeks to fulfil its vision of a stronger, cleaner, fairer world economy and society.

The OECD supports policy makers in identifying challenges and addressing them through appropriate policies. It is also a source of advice on almost all areas of policy making and implementation, and one of the world's largest and most trusted sources of comparable statistical data on economics, trade, employment, education, health, social issues, migration, the environment and many other fields. It carries out its mission thanks to more than 200 committees and working groups

of national experts and decision makers, and a high-quality permanent Secretariat.

The OECD includes 35 member countries and is in accession talks with Colombia, Costa Rica, Lithuania and the Russian Federation¹. Brazil, the People's Republic of China, India, Indonesia and South Africa are OECD Key Partners. The OECD also collaborates with more than 100 other economies, many of which participate in its committees and adhere to its instruments. Additionally, the OECD hosts the secretariat of several international programmes. ■

1. The activities related to the accession process of the Russian Federation to the OECD are postponed for the time being.



OECD member countries: Ambassadors² and year of accession

www.oecd.org/membercountries

| | | |
|-----------------|--|------|
| Australia | His Excellency Mr Brian Pontifex | 1971 |
| Austria | Her Excellency Ms Marlies Stubits-Weidinger | 1961 |
| Belgium | His Excellency Mr Jean-Joël Schittecatte | 1961 |
| Canada | Her Excellency Ms Michelle d'Auray | 1961 |
| Chile | Her Excellency Ms Claudia Serrano | 2010 |
| Czech Republic | His Excellency Mr Petr Gandalovič | 1995 |
| Denmark | His Excellency Mr Klavs A. Holm | 1961 |
| Estonia | His Excellency Mr Alar Streimann | 2010 |
| Finland | His Excellency Mr Pekka Puustinen | 1969 |
| France | His Excellency Mr Pierre Duquesne | 1961 |
| Germany | His Excellency Mr Matei Hoffmann | 1961 |
| Greece | His Excellency Mr George Krimpas | 1961 |
| Hungary | His Excellency Mr Zoltán Cséfalvay | 1996 |
| Iceland | His Excellency Mr Kristján Andri Stéfansson | 1961 |
| Ireland | His Excellency Mr Dermot Nolan | 1961 |
| Israel | His Excellency Mr Carmel Shama-Hacohen | 2010 |
| Italy | His Excellency Mr Alessandro Busacca | 1962 |
| Japan | His Excellency Mr Hiroshi Oe | 1964 |
| Korea | His Excellency Mr Jong-Won Yoon | 1996 |
| Latvia | Her Excellency Ms Ivita Burmistre | 2016 |
| Luxembourg | His Excellency Mr Paul Dühr | 1961 |
| Mexico | His Excellency Mr Dionisio Pérez-Jácome Friscione ³ | 1994 |
| Netherlands | His Excellency Mr Noé van Hulst | 1961 |
| New Zealand | His Excellency Mr James Kember | 1973 |
| Norway | Her Excellency Ms Elin Østebø Johansen | 1961 |
| Poland | His Excellency Mr Aleksander Surdej | 1996 |
| Portugal | His Excellency Mr Paulo Vizeu Pinheiro | 1961 |
| Slovak Republic | Mr Juraj Tomáš (<i>Chargé d'affaires, a.i.</i>) | 2000 |
| Slovenia | Her Excellency Ms Irena Sodin | 2010 |
| Spain | His Excellency Mr José Ignacio Wert | 1961 |
| Sweden | Her Excellency Ms Annika Markovic | 1961 |
| Switzerland | His Excellency Mr Ulrich Lehner | 1961 |
| Turkey | His Excellency Mr Erdem Başçı | 1961 |
| United Kingdom | His Excellency Mr Christopher Sharrock | 1961 |
| United States | Mr Peter Haas (<i>Chargé d'affaires, a.i.</i>) | 1961 |
| European Union | His Excellency Mr Rupert Schlegelmilch | 1961 |

Candidates for accession

www.oecd.org/about/enlargement.htm

Colombia
Costa Rica
Lithuania
Russian Federation⁴

2. As of 11 May 2017.

3. His Excellency Mr Dionisio Pérez-Jácome Friscione was Ambassador until 28 May 2017.

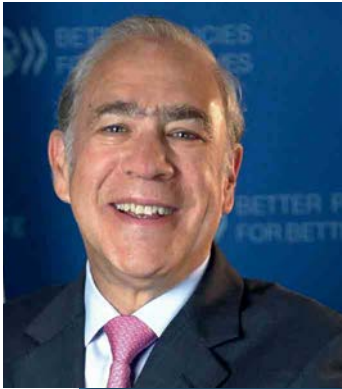
4. The activities related to the accession process of the Russian Federation are postponed for the time being.

Key Partners

www.oecd.org/about/membersandpartners

Brazil
China, People's Republic of
India
Indonesia
South Africa

Secretary-General's Cabinet



As Secretary-General of the OECD since 2006, **Angel Gurría** has led the transformation of the OECD into the “go to” institution for policy reforms. He has made the OECD count as a global “house of best practices”, providing targeted support to member and partner countries in addressing current challenges and in designing, delivering and implementing better policies for better lives. Under his watch the OECD has become a trusted partner for the G20, G7, Asia-Pacific Economic Cooperation, the Pacific Alliance and many other international fora. He has led the Organisation in the delivery of important structural reform agendas and has overseen major results in the areas of inclusive growth, gender, governance, tax, anti-corruption, green growth, water, migration, education, health, innovation and trade, to name but a few. He has driven the effort to put people and their well-being at the centre of policy and growth. He has scaled up the OECD contribution to the global agenda and to key multilateral agreements, including the important inputs made by the Organisation to the Paris Agreement on Climate Change and the Sustainable Development Goals. He has increased the Organisation's outreach and relevance, strengthening its links with key emerging economies and steering the accession process for new members, including the five countries which have joined under his leadership: Chile, Estonia, Israel, Latvia and Slovenia.



Gabriela Ramos is the OECD Chief of Staff and Sherpa to the G20. She supports the Strategic Agenda of the Secretary-General and ensures organisational alignment and horizontal collaboration across the Organisation. She is responsible for OECD contributions to global governance, including through the G20 and G7. She leads the initiatives on Inclusive Growth and New Approaches to Economic Challenges and also oversees work on education, employment and social affairs, including gender. She developed the OECD's Mexico Forum and edited and launched the flagship *Getting it Right* and the Better Policies series. Previously, she served as Head of the OECD Office in Mexico and Latin America.



Mr Rintaro Tamaki was appointed Deputy Secretary-General of the OECD in August 2011. His portfolio includes the strategic direction of OECD policy on environment, green growth, taxation, financial and enterprise affairs and anti-corruption, as well as representing the OECD at Financial Stability Board meetings. During his prominent career, Mr Tamaki has worked on various budget, taxation, international finance and development issues in the OECD and at the World Bank. He has previously been Finance Minister at the Embassy of Japan in Washington, DC. Mr Tamaki then became Deputy Director-General before becoming Director-General and subsequently Vice-Minister for International Affairs at the Ministry of Finance.



Deputy Secretary-General **Mari Kiviniemi** joined the OECD in August 2014. She is responsible for the strategic oversight of the OECD's work on efficient and effective governance, territorial development, trade and agriculture, and statistics. She is also responsible for advancing the Better Life Initiative as well as entrepreneurship, small- and medium-sized enterprises (SMEs), local development and tourism. Mari Kiviniemi was Finland's Prime Minister from 2010-2011 and a member of parliament from 1995-2014. She had previously been Minister of Public Administration and Local Government, Minister for Foreign Trade and Development, and Minister for European Affairs.



Deputy Secretary-General **Douglas Frantz**, former US Assistant Secretary of State for Public Affairs, took up his duties in November 2015. In this role, he actively contributes to the strategic direction of the OECD's Development Agenda, notably in the context of co-operation with the United Nations toward the achievement of the Sustainable Development Goals by 2030. In addition to focusing on the OECD's regional initiatives in Southeast Asia, the Middle East and North Africa, Latin America and Africa, he oversees the Organisation's global relations portfolio. He also oversees the OECD's activities on science, technology and innovation.

Organisation chart

www.oecd.org/about/list-of-departments-and-special-bodies.htm

GENERAL SECRETARIAT

SECRETARY-GENERAL
Angel Gurría

Office of the Secretary-General
Gabriela Ramos, OECD Chief of Staff
and G20 Sherpa, NAEC, Inclusive Growth

**Chief Economist and Head of the
Economics Department**
Catherine Mann

Global Relations Secretariat
Andreas Schaal, Director

Directorate for Legal Affairs
Nicola Bonucci, Director and
Accession Co-ordinator

Public Affairs and Communications
Anthony Gooch, Director

Internal Audit and Evaluation
Lucy Elliott, Director

Council and Executive Committee Secretariat
Patrick van Haute, Director

DEPUTY SECRETARIES-GENERAL

Rintaro Tamaki
Environmental Sustainability and Green
Growth, Financial and Fiscal Issues

Mari Kiviniemi
Governance, Trade and Agriculture,
Statistics, Territorial Development

Douglas Frantz
Development Agenda and Global Relations
Portfolio

SPECIAL BODIES

Development Centre

Mario Pezzini
Director

International Energy Agency

Fatih Birol
Executive Director

Nuclear Energy Agency

William Magwood
Director-General

International Transport Forum

José Viegas
Secretary-General

June 2017

DIRECTORATES

| | | | | |
|---|--|---|--|--|
| <p>Development Co-operation Directorate</p> <p>Jorge Moreira da Silva Director</p> | <p>Economics Department</p> <p>Alvaro Pereira Director of Country Studies Branch</p> <p>Christian Kastrop Director of Policy Studies Branch</p> | <p>Directorate for Education and Skills</p> <p>Andreas Schleicher Director</p> | <p>Directorate for Employment, Labour and Social Affairs</p> <p>Stefano Scarpetta Director</p> | <p>Centre for Entrepreneurship, SMEs and Local Development</p> <p>Lamia Kamal-Chaoui Director</p> |
| <p>Environment Directorate</p> <p>Simon Upton Director</p> | <p>Executive Directorate</p> <p>Anthony Rottier⁵ Director</p> | <p>Directorate for Financial and Enterprise Affairs</p> <p>Pierre Poret Director</p> | <p>Directorate for Public Governance and Territorial Development</p> <p>Rolf Alter Director</p> | <p>Directorate for Science, Technology and Innovation</p> <p>Andrew Wyckoff Director</p> |
| <p>Statistics Directorate</p> <p>Martine Durand Director</p> | <p>Centre for Tax Policy and Administration</p> <p>Pascal Saint-Amans Director</p> | <p>Trade and Agriculture Directorate</p> <p>Ken Ash Director</p> | | |

SPECIAL ENTITIES

| | | | |
|--|---|--|--|
| <p>Financial Action Task Force</p> <p>David Lewis Executive Secretary</p> | <p>Multilateral Organisation Performance Assessment Network</p> <p>Chantal Verger - Acting Head of Secretariat</p> | <p>Partnership in Statistics for Development in the 21st Century</p> <p>Johannes Jütting Secretariat Manager</p> | <p>Sahel and West Africa Club</p> <p>Laurent Bossard Director, Sahel and West Africa Club Secretariat</p> |
|--|---|--|--|

5. Shahin Lauritzen was appointed Director as of 1 June 2017.

Financing the OECD

E-mail: PBF.Info@oecd.org

The Organisation operates a results-based approach to its planning, budgeting and financial management, identifying the priority policy impacts its members are seeking; deploying resources flexibly to achieve these outcomes through the evolving work programme; and evaluating performance after the fact.

The OECD budget and the content of its work programme are established every two years by the OECD's governing body, the Council, based on recommendations from the Secretary-General. The budget for 2017 is EUR 374 million, increased approximately by half from voluntary contributions, and extra-budgetary resources that

are planned but variable, provided mainly by governmental bodies and institutions.

The OECD's financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) and are audited by external auditors selected from OECD member country supreme audit institutions. The Organisation's financial statements are published on the OECD website.

Members' assessed contributions, 2017

All member countries contribute to the outputs funded by "Part I" of the budget, which accounts for

54% of the overall budget of the Organisation. "Part II" outputs, of interest to a more limited number of members or relating to special policy sectors not covered by "Part I", account for a further 26%. Other budgets, including pensions and special budgets, account for the rest. Contributions to "Part I" are based on both a proportion that is shared equally and a scale reflecting the relative size of member countries (based on national income). "Part II" programmes are funded by a scale or other arrangements agreed among participating countries. ■

www.oecd.org/budget



MINISTERIAL COUNCIL MEETING



Secretary-General's Strategic Orientations 2017

Better lives through better policies and multilateral co-operation

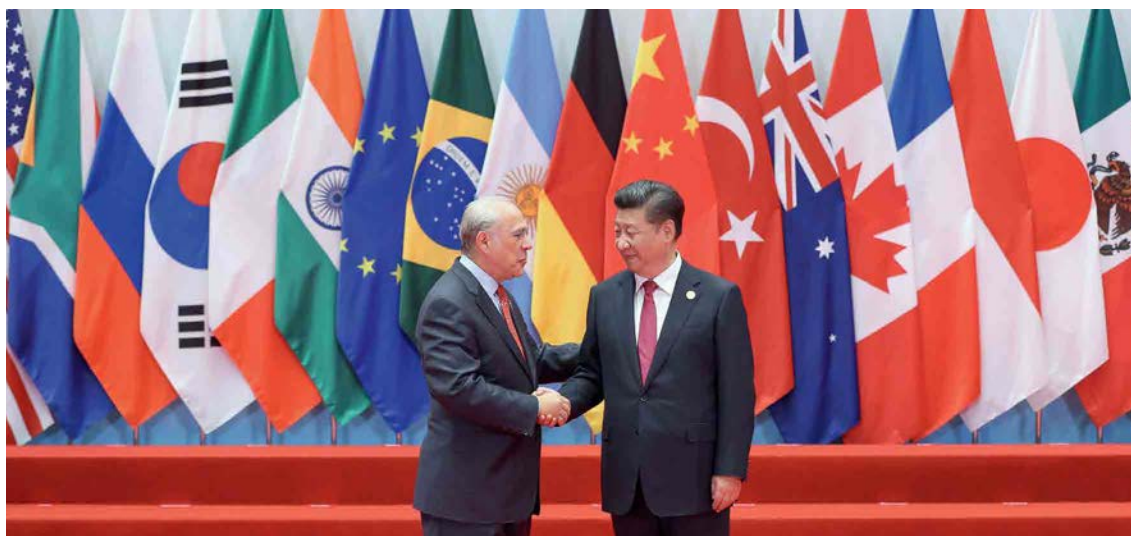
My Strategic Orientations, proposed to members at this 2017 OECD Ministerial Council Meeting, reflect my views on the critical context that the world is facing and the urgent need to speed up the transformation of our policy responses to keep pace with the pressures of a rapidly changing world, as well as the importance of strengthening multilateral co-operation. I firmly believe that there is no other course of action if we are to address people's concerns, manifested in the calls for more fairness in our economies and societies, as well as the need to collectively engage

with global challenges which cannot be solely dealt with at the national level. I also believe that we should tap the unprecedented opportunities before us, especially technological and digital changes – while recognising that these entail risks too. Our goal is to continue delivering better lives for our citizens, and to do so we need a new narrative and model for sustainable progress and prosperity that puts inclusiveness and well-being at the centre of our work. We need a comprehensive roadmap to make this a reality. Following the priorities laid out in the “21 for 21” Agenda, and building on the Programme of Work and Budget 2017-2018 that members approved last December, this document

identifies how the OECD can best contribute to this endeavour, based on its unique strengths and value added. These Strategic Orientations identify specific areas of work and actions that can continue to promote better lives in open and increasingly digitalised societies, as well as helping to restore public confidence in governments and multilateral collaboration.

The assessment: Where are we today?

We are at a critical juncture. Societies in OECD countries seem increasingly sceptical about the process of globalisation and the architecture and values of multilateral co-operation and



Xi Jinping, President of the People's Republic of China, welcomes Angel Gurría, OECD Secretary-General, at the G20 Summit, September 2016



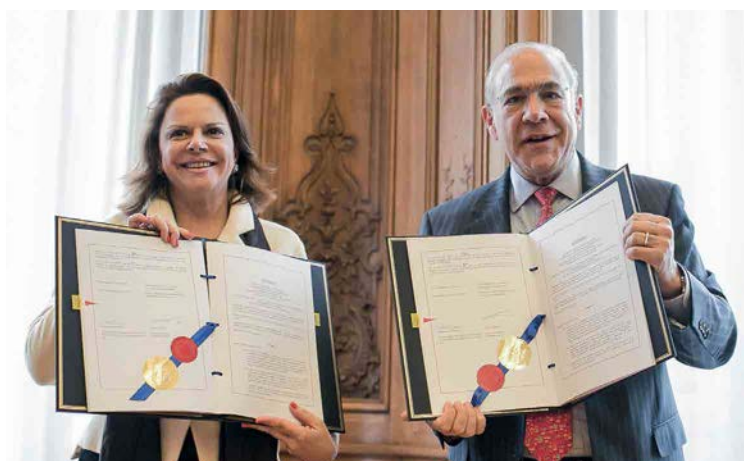
Stefan Löfven, Prime Minister of Sweden, and Angel Gurría, OECD Secretary-General, August 2016

openness. The year 2015 saw important breakthroughs for multilateralism, including the adoption of the Sustainable Development Goals (SDGs), the Paris Agreement on climate change and critical international steps to curb tax evasion and avoidance led by the OECD and the G20. However, 2016 witnessed the emergence of new forms of nationalism, isolationism, populism and protectionism. It is no coincidence that this tectonic shift is unfolding in an already difficult economic context, marked by years of slow global growth and sluggish trade and investment flows despite exceptional monetary stimulus across the major economies. While unemployment has gradually decreased in many countries, the crisis has left a large number of people with stagnant living standards and a sense of unfairness created by increasing concentration at the upper end

of the income distribution. This, in turn, has led to an erosion of public trust in the institutions we have built over the past century. We are also confronting several systemic changes: a digital and technological transformation with positive and negative consequences for production, consumption, the world of work

and the overall functioning of societies; population and migration trends that are altering our economic, societal and labour landscape; growing divides within and across countries that are fuelling a “geography of discontent”; and the daunting task of combating climate change and preserving the planet and its biodiversity for future generations. All these trends feed a sense of vulnerability, uncertainty, and anxiety which translate into distrust towards globalisation and further global integration.

Globalisation has brought great benefits to many people, including large segments of the population in emerging and developing economies. OECD empirical evidence shows the risks of protectionism and the fact that economic openness, increased trade and investment, further integration in Global Value Chains (GVCs), the diffusion of technology and the movement of capital and people across borders create greater wealth. However, while the size of the pie has grown, the



Ana Helena Chacon, Vice President of Costa Rica, and Angel Gurría, OECD Secretary-General, at the signature ceremony of the Privilege and Immunities Agreement, May 2016



Official visit of José Maria Pereira Neves, Prime Minister of the Republic of Cabo Verde, and Angel Gurría, Secretary-General of the OECD, February 2016

slices going to the bottom deciles are not, and in some cases they are even getting smaller. Important segments of the middle classes in OECD countries feel squeezed and fear that their children will experience lower living standards and fewer opportunities. These concerns are not unfounded. Aggregates and averages do not tell the whole story: they do not explain why many people feel disenfranchised, disconnected and underrepresented. What started as an economic crisis in 2008 and evolved into a social crisis during the past decade has most recently given rise to political and popular discontent that threatens our social cohesion, our solidarity and our sense of common purpose.

In this rapidly changing context, the OECD has continued to deliver responses to these challenges. The 2016 Ministerial Council Meeting focused on the Productivity-Inclusiveness Nexus, and we hosted important ministerial meetings on the future of work, the digital economy,

prospects in agriculture, and combating corruption; we worked on the implementation of the 2015 landmark international agreements on development, climate change and taxes; and we advanced our contributions in several areas with key policy recommendations on economic and financial stability, trade and investment, education and skills, employment, health, migration, gender, children and youth, ageing, innovation, entrepreneurship, the environment, agriculture and industry, regulation, competition, integrity, good public and private sector governance, regions and cities, statistics, energy, transport, and others. The OECD has deepened its work in all these fields, breaking down the silos between them to facilitate cross-fertilisation while engaging with relevant stakeholders in this pivotal dialogue.

However, this is not enough. Expertise, evidence-based policy recommendations and global standard-setting — our *raison*

d'être — are increasingly being questioned. As we look to the rest of 2017 and beyond, we need to go further; we need to do better. The year 2016 was a powerful wake-up call. Our traditional growth models created wealth and opportunities, but benefits were not evenly distributed; they also overlooked the sustainability and resilience dimensions, as evidenced by the environmental and financial crises. These Strategic Orientations set out a vision for a new sustainable development narrative and an ambitious roadmap that, by acknowledging the specific circumstances of each country and community, capitalises on our unique capacity and expertise to be more useful in the current context.

The vision: What needs to be done?

In order to confront the challenges of our time, the OECD needs to support policy implementation and strengthen both the adherence to, and the enforcement of, global standards that work for the benefit of all. We need to close the gap between “Technology 4.0” and “Policy 1.0”, as well as between global problems and domestic tools. We also need to continually re-examine our own policy prescriptions and tools to ensure they are fit for purpose in this new economic and social context. Only by doing so can we help countries and institutions reconnect with people who feel that the system has not delivered for them. To take advantage of the full potential of economic integration, openness and technological progress, we need to harness them better

through reinforced international co-operation, ensuring that they deliver for everyone and that all citizens have a voice in shaping the global policies that affect them.

The OECD's strategic priority must be consistent with the vision set out in my "21 for 21" Agenda, albeit adjusting it to the changing reality and challenges. During my 11 years as Secretary-General, my goal has been to make our Organisation more useful to its members and partners by drawing on its interdisciplinary nature and renewing our analytical frameworks to ensure that a focus on horizontality and integrated systems thinking is our new normal. We will not improve the world with the same rationale, the same theories and the same concepts that got us into the crisis. This also applies to how we communicate and engage with our stakeholders and with people at large.

In order to ensure that everyone benefits from the opportunities offered by open economies and societies, we need clarity on our ultimate goal; we need to focus on the main challenges we face; and we need precision on the policies that can help us overcome such challenges and tap into opportunities.

- *Our goal is to improve people's well-being through evidence underpinning better policies.* This means developing further our productivity and competitiveness agenda, while putting people's lives at the centre of it by going more social in our work. The 'better

lives' aspect of our inspiring motto should guide all of our work. We need to build on the Inclusive Growth and New Approaches to Economic Challenges (NAEC) initiatives, moving from analysis to action; from prescription to implementation; from means to ends. Promoting better lives cannot limit itself to providing basic services or setting minimum standards. It is not only about compensating losers and creating safety nets, but about empowering everyone to thrive in life and fulfil their potential. It implies understanding how growth-enhancing and development policies impact real lives. It also includes ensuring environmental quality and access to environmental services. Better lives also refer to the non-material dimensions of well-being: happiness, shared aspirations towards a common future and a sense of identity and belonging –

factors that lie at the core of the current dissatisfaction with globalisation and the system that underpins it. This implies relying on new economic thinking and innovative approaches.

The OECD needs to deepen its work on the multi-dimensional nature of well-being, refining its instruments and frameworks and taking concrete steps to improve metrics to capture the reality of people's lives, including through micro-data. We need to take concrete steps to move beyond GDP — as well as to refine GDP measurement itself— putting more emphasis on the quality of life in our messages about growth and macroeconomic averages. This implies refining our Multi-dimensional Living Standards (MDLS) framework, but also paying more attention to subjective aspects by measuring and analysing expectations, perceptions and values,



Angel Gurría, OECD Secretary-General, and Rosen Plevneliev, President of the Republic of Bulgaria, June 2016



Emmanuel Macron, Minister of the Economy, Industry and Digital Affairs of France, and Angel Gurría, OECD Secretary-General, at the International Economic Forum on Latin America and the Caribbean, June 2016

particularly those related to perceptions of exclusion and disenfranchisement. Our research also needs to pay more attention to consumption patterns and in particular to the relationship between consumption, life satisfaction and intergenerational sustainability to enrich not only our understanding of individual well-being, but also that of communities. It is also critical that we continue extending this analysis beyond the OECD, including developing and middle-income countries where realities, perceptions and expectations may diverge from those in OECD member countries.

- **We have to address exclusion.** Exclusion is at the root of alienation and isolation. Exclusion implies the denial of the opportunities and resources that should be available to all members of society. Rising inequality levels

are contributing to this sense of exclusion. We need to tackle the multi-dimensional nature of exclusion and its diverse implications. This implies acknowledging that income inequality is only the tip of an iceberg that includes wealth concentration; weak prospects of social mobility; and broader feelings of broken identities and disenfranchisement. We need to take a hard look at redistribution policies and their effectiveness, and to ask ourselves whether the focus on equality of opportunity translates into results that adequately reflect differences in merit and skills.

The OECD Inclusive Growth Initiative will continue to be central to our efforts to combat exclusion, with a focus on the nexus between productivity and inequality. Our next step should be to trace the link of the different dimensions of growth, productivity and

sustainability to the different forms of inequality: income, wealth, health, education and opportunities. We will also take into consideration how technological change, digitalisation and the transition to a green, low-carbon economy present both risks and opportunities. We should develop a full-fledged action plan for inclusive growth with actions that can be taken at the sub-national, national and international levels. This should look at competition policies and the prevention of “winner takes most” dynamics across borders. It should also pay special attention to vulnerable groups, devising tools and strategies tailored to their specific circumstances. In doing so, we should aim to prevent rather than heal; and provide fresh thinking on the role of governments in empowering people to achieve their full potential, as well as on the opportunity that the digital transformation offers in this regard.

- **We should reinforce multilateral co-operation to improve both domestic and international policies and outcomes.** The interdependency of policies undertaken at the sub-national, national and international levels demands integrated approaches that incorporate spill-over effects and potential synergies. The erosion of trust in our institutions is often a response to the inability of different levels of governance to work together and to recognise that common challenges can be addressed

more effectively through co-ordinated co-operation.

The OECD must enhance its policy advice to members and partners by incorporating the sub-national dimension into its work. We also need to help co-ordinate policy responses to global challenges and to help set global rules of the game in order to ensure an open and transparent economy. Our priority should be to keep markets open and the global

economy increasingly integrated by promoting co-operation among countries and with other international organisations and fora. A deeper reflection on the governance of globalisation and the distribution of its benefits is urgently needed. We should update and upgrade our standards, making them truly global, and develop new ones where necessary.

Drawing on the OECD's expertise and comparative

advantages, these Strategic Orientations propose priority actions to advance our well-being goal, prevent exclusion and ensure that domestic and international policies work together for greater effectiveness. These actions, which may be different from place to place and from one situation to another, will help to ensure that the great transformation brought on by globalisation and digitalisation leads to better lives for all.

Table 1: Conceptual framework: The Secretary-General's Strategic Orientations 2017

| NARRATIVE | PRIORITY | ACTIONS | OECD DNA |
|--------------------|---------------------------|--|-----------------------------------|
| GOAL | Well-being | <ul style="list-style-type: none"> Beyond GDP Sustainability | Global reach and engagement |
| OBSTACLE | Exclusion | <ul style="list-style-type: none"> Inclusive Growth and the Productivity-Inclusiveness Nexus Investing in economic, human, social and natural capital Addressing wealth concentration Creating opportunities | Thinking, measuring and modelling |
| TOOLS AND ENABLERS | Multilateral co-operation | <p><i>Domestic policies</i></p> <ul style="list-style-type: none"> Integrated policy packages <p><i>International policies</i></p> <ul style="list-style-type: none"> Co-ordination and standards | Anticipation and foresight |
| | | | Horizontality |
| | | | Listening and engaging |



The Strategic Orientation: Better domestic and international policies through enhanced multilateral co-operation

These Strategic Orientations propose that the OECD continues its “go national” agenda, but combined with a “go global” drive. Domestic and global actions go hand in hand in order to respond to globalisation and technological change. We need innovative domestic policies that improve citizens’ lives and well-

being, but in an interdependent world their success relies on the effectiveness of international co-operation. This implies a reflection on our approach to policy making and the role of the state, business and global governance mechanisms.

Domestic policies

At the domestic level, the priority is upgrading the OECD’s targeted policy advice. We need to do so by integrating our thematic and sectoral recommendations into

cohesive policy packages that tackle both structural and social challenges. We will explore the creation of ad hoc “crack teams” of experts from across different OECD directorates which could be rapidly deployed to support countries when needed. We will also examine our existing country and thematic reviews to support reforms and national development objectives, and continue the increasing focus on inclusiveness of our Going for Growth work. Building on the Better Policies Series brochures

and Leaders' Programme, we could develop a programme of seminars to discuss governments' priorities and how the OECD can best support them. We will also leverage further our Multi-dimensional Country Reviews (MDCRs) to better target our support to partner countries, their development strategies and transformation efforts.

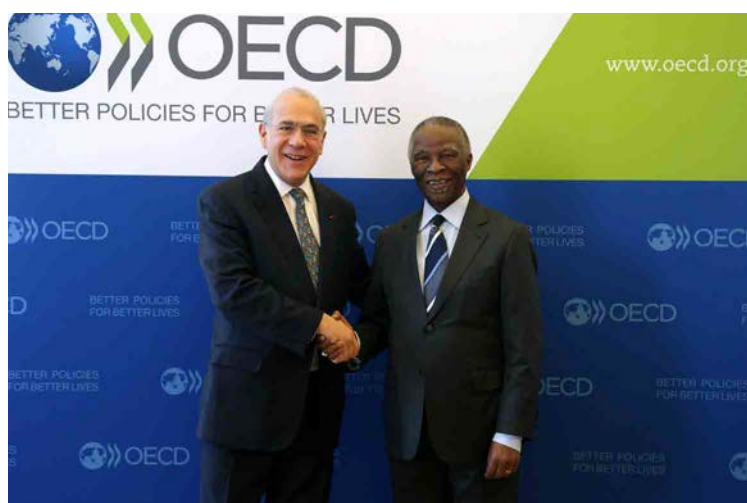
We also need to ensure that structural policies at the domestic level feed into each other. This means understanding better the trade-offs across different policies and reforms: not only avoiding negative spill-over effects, but also maximising how they can complement and reinforce each other. This is particularly relevant for policies that cut across traditional ministerial boundaries. In this regard, it is important that we reinforce our productivity and competitiveness agenda, particularly through the recently established Global Forum on Productivity and by linking it further to our work on

the nexus between productivity and inclusiveness. We will also advance new regulatory and competition assessments that cut across different policy areas; support endeavours to improve infrastructure; and redouble our efforts to confirm, yet again, that 'green' and 'growth' go well together by analysing how climate-friendly policies can provide a major boost to short-term growth and long-term resilience. We will also further develop our work on adaption, resilience and risk prevention, with special focus on vulnerable regions.

We will help countries to seize the opportunities opened up by the Next Production Revolution. Digitalisation, automation and other technological advances offer great opportunities to promote growth, productivity and competitiveness, but disruptions need to be addressed –especially with regard to jobs – through policies tailored to each economy. Special attention will be given to developing a full-

fledged OECD digital strategy that can then be applied, adjusted and tailored by individual countries, in a similar way to what we have done with our national skills strategies and their action phases. This will draw on our Going Digital project and focus on the inclusiveness and sustainability dimensions of new production models.

Bringing our Inclusive Growth Initiative and our research on the nexus between productivity and inclusiveness to the next level, we could document further the consequences of “exclusive growth” with regard to inequalities of income and opportunities, as well as the concentration of wealth and market power. The platform provided by the OECD Centre for Opportunity and Equality (COPE) is contributing to broadening our research and policy dialogue in this area. The drivers behind intergenerational transmission of poverty should be more carefully scrutinised, including intergenerational social mobility. Special attention should be paid to vulnerable groups, within given segments of society: children, women, migrants, single-parent households, the long-term unemployed, workers in non-standard jobs, the young and the elderly, LGBT, sick and disabled people. Our work needs to focus on identifying the specific obstacles they confront and how to overcome them. Concrete approaches and instruments developed by the OECD for specific groups like the Gender Strategy and the Council Recommendations on Gender Equality in



Angel Gurría, OECD Secretary-General, and Thabo Mbeki, Chair of the High Level Panel on Illicit Financial Flows from Africa, April 2016

Education, Employment and Entrepreneurship, as well as in Public Life, may provide a model for how to address the particular and concrete challenges faced by some of these vulnerable groups. Attention should also be paid to how the OECD can do more to help address the growing “geographies of discontent”.

We should redouble our efforts to advance gender equality, where progress has been very slow. An emerging concern is the continuous violence against women, a debate from which the OECD cannot be absent having championed the gender agenda internationally. We should also continue to monitor the G20 gender target that the OECD contributed to set, as well as to support governments in their efforts to implement family-friendly policies and build labour markets that allow women and men to live more fulfilling and balanced lives. Special attention should be given to childcare policies, but also to child well-being more broadly. Children represent the future of our societies and are often hardest hit by poverty and exclusion. We should further analyse and document the role that early childhood interventions can have in child well-being and the reduction in the intergenerational transmission of inequalities.

We need to document and measure wealth concentration in our economies with more precision. This implies enhancing our metrics and filling knowledge gaps through a full-fledged research agenda that looks at the many interrelated factors behind



Angel Gurría, OECD Secretary-General, interviewed by BFM News TV during OECD Week, May 2016

wealth concentration, including income disparities, technological divides, uneven access to finance, and limited progressivity in fiscal systems. We should also analyse how different drivers of wealth concentration relate and reinforce each other, and translate into inequality of opportunities and limited social mobility. Improving the data is the first step to identifying policy options to address this phenomenon. We have advanced in documenting the precariousness and lack of progress of lower income groups, as well as the impact of this on growth, but we should also take a hard look at the dynamics of the top 10% and 1%, including their access to high-level jobs, finance and international mobility.

In the new intergenerational social contract for inclusive growth, respect for the rights and dignity of workers will be crucial. We need to strengthen labour market institutions and assess the potential positive and negative

effects of collective bargaining and minimum wages in reducing growing wage divergence. Our innovative Job Quality Framework should support our efforts to prevent job precariousness, irregular practices and informality in the labour market. We will work closely with countries to promote a virtuous circle of better job quality, health and productivity. Job quality will be one of the pillars of the New Jobs Strategy, which will identify how countries can deliver more and better jobs; an inclusive labour market; and support the adaptability of workers and the resilience of our economies. We will increase our engagement with the Swedish Government and the International Labour Organization in the advancement of a new Global Deal between governments, businesses, unions and other relevant actors to enhance social dialogue and promote decent work. We will also advance the analysis on how the decline in unionisation may have impacted the living standards of workers.

The other side of the coin relates to providing workers with the skills needed to thrive in a rapidly changing context. Investing in skills is good policy, both in terms of productivity as well as inclusiveness, helping both workers and businesses. But we need innovative solutions. This implies redoubling our efforts to ensure that education and training systems prepare people to meet the needs of labour markets that are themselves evolving as a result of increased globalisation and technological change. It also requires that workplaces become learning spaces where workers, who bear a central responsibility for their own continuous education and professional development, can update and upgrade their skills and knowledge to continuously adapt to new realities. For the OECD, one task ahead lies in reviewing our research, instruments and recommendations to move beyond technical and cognitive skills and focus on how to nurture the social and emotional skills needed for succeeding in a globalised world. We will support countries' efforts to enhance lifelong learning by strengthening opportunities for adult learning, especially for those most at risk of becoming marginalised in the labour market. Of equal importance is to ensure that the skills that workers and citizens already have are used appropriately in order to increase productivity and wages.

Social protection systems are critical to ensure that domestic policies tackle exclusion and inequalities and help those more

directly affected by dislocations. Drawing on its comparative advantage and expertise on what works and what does not in a variety of contexts around the world, the OECD is well positioned to be the go-to source on how countries can improve the design and delivery of social programmes and services in view of their increasing financial burdens. We need to look at how we can improve social protection systems and make them more effective, including by increasing the efficiency and targeting of existing measures; revising eligibility criteria, entitlements and access to benefits in light of the rise of long-term unemployment; as well as the portability of benefits from job to job and from country to country. The forthcoming Employment, Labour and Social Affairs Committee (ELSAC) Ministerial meeting on "Social Protection for the 21st Century" will help identify ways in which modern systems can respond to changing needs in order to make social policy fit for the future. Particular focus should be placed on ensuring that the middle class feels that it has a stake in social policy: in some countries, the increasing costs of housing, education and healthcare are making the middle classes feel that their living standards are being eroded and that their children will have a lower standard of living than their parents. Specific support should also be provided to partner countries in the design and implementation of their nascent social protection systems.

Emphasis should be placed on the equity and quality of social

services, and in particular on the outcomes of both education and health systems and the experiences of those who benefit from them. Our work on the drivers for success in these policy areas – for instance the quality of teaching and the results and outcomes of education systems – should be framed in a larger, whole-of-OECD reflection on the quality of public services and their impact on people's lives. The 2017 Meeting of OECD Health Ministers put this focus at the heart of its message, with its call for people-centred care. The OECD will develop this theme over the coming years, not least by developing new ways of measuring the performance of health systems according to whether they really improve people's health, rather than relying on simply measuring what health systems do. Delivering the Patient-Reported Indicator System (PaRIS) will support countries as they transform health systems, integrate care, and seek a better use of new technologies at affordable prices.

Governments also need to take a hard look at the progressivity of social transfers and other redistributive mechanisms, including cash-based support programmes. This is an area where the OECD can help by identifying best practices and distilling practical recommendations, besides analysing the progressivity of systems. In light of the decline in labour's share in national income, we must undertake a deep analysis of where capital income goes and how it can be more equally shared. In this regard, we

can contribute rigorous and expert analysis on potential pros and cons in topical debates such as the notion of a universal basic income (UBI) or the possibility of putting a tax on robots and machinery. We must, of course, focus on building up or preserving good framework conditions for the creation of jobs and the preservation of work incentives. We should develop a coherent strategy based on best practices of income support to job losers and those on the margins of the labour market while they find employment, coupled with a parallel strategy to facilitate labour market adjustments. We would naturally draw on the valuable policy lessons from our country reviews of displaced workers and on our labour market activation reviews. In our quest to ensure that benefits reach those who need them most, we also need to look at the sustainability, progressivity and adequacy of pension systems and their implications on the rights of pensioners.

Beyond social services and transfers, governments can play a more proactive role to prevent exclusion and empower people and communities. Rather than palliative approaches that just focus on compensating those in need, the focus should be on preventing as much as possible that our economies create losers. To do so, we need an empowering state that ensures that wealth and income concentration does not translate into different opportunities in life and intergenerational divides. Social safety nets are vital, but not enough. The state should not only remove barriers to opportunities,

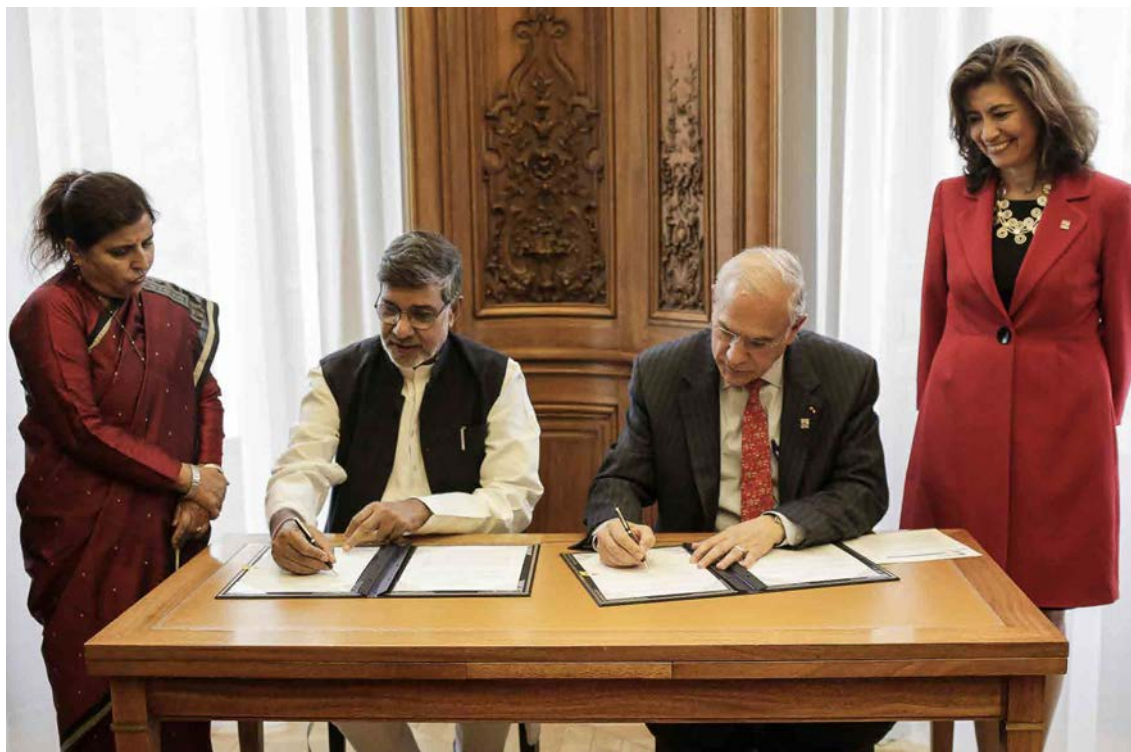
but also provide people with the capacity to seize them, focusing on low-income and disadvantaged groups. In practice, this means taking a life-cycle perspective to preventing, mitigating and coping with disadvantage. This needs to start with high-quality early education and care, and be followed with access to comprehensive education and training throughout life, and to income and skills that help support people as they transition between jobs. In this endeavour, it will be critical to devise, when possible, alliances and partnerships with the private sector that help empower people. This requires revaluing the role of the state in the economy, beyond fixing market failures, in order to provide solid frameworks to ensure better outcomes for all.

If countries are to implement these policies, they will need to raise the necessary resources through tax revenues. Fostering economic dynamism and productivity is the basic driver of resource mobilisation, and the OECD will continue supporting governments and businesses in the pursuit of a pro-growth agenda. But we must also help countries get their tax systems right, according to their own circumstances. We need to strengthen the progressivity of the whole tax system, ensuring that everyone pays their fair share while taking care to avoid distortions and limit negative effects on incentives. Both statutory personal and corporate income tax rates have declined over the past 30 years, in part related to international tax competition, while the tax burden

on lower and middle incomes has increased. Likewise, the OECD needs to analyse the increase in the share of national income accruing to capital, as well as the use of tax expenditures and exemptions that tend to be regressive in nature and favour those with the means to exploit the loopholes and engage in tax planning. We need to shed new light on the discussion about the taxation of capital income, wealth and property, but also look further into the taxation of financial wealth vehicles (like collective investment schemes and mutual funds) and non-wage financial compensation packages (bonuses, stock options). We should also continue assessing the potential of environmental taxes.

To complete our analysis of domestic fiscal systems, we also need to look at government expenditure. The willingness to comply with tax obligations relies to a great extent on the perception that the money collected is well spent. Besides our work on public budgeting and best practices, the OECD can draw on its comparative advantage and undertake useful research on public perceptions about government expenditure and budget composition.

At the firm level, a renewed focus on competition and addressing market concentration is critical. Beyond our traditional work on fostering competition policies and preventing collusive practices, we need to better understand the growing productivity divergence across firms that may be putting into question the competitive nature of markets and reinforcing winner-take-most dynamics



Sumedha Satyarthi; Kailash Satyarthi, Chairman, Kailash Satyarthi Children's Foundation; Angel Gurría, OECD Secretary-General; and Gabriela Ramos, OECD Chief of Staff and Sherpa, at the signing ceremony of the Memorandum of Understanding, May 2016

and market power accumulation in several sectors. We need to develop further our analysis on firm dynamics and the relationship between larger and smaller firms, and in particular how globalisation, technological change and intellectual property rights systems may be affecting knowledge diffusion and access in certain markets.

We must foster policies which support the development, growth and competitiveness of small- and medium-sized enterprises (SMEs), including the creation of a conducive business environment for them. The increasing integration of markets and production processes and the digital transformation of the economy and society call for the

OECD to develop a fully-fledged SME strategy that taps into our Organisation's vast analysis and expertise in terms of SME creation, development, financing, productivity, regulatory environment and business dynamics and statistics. Such a strategy could allow SMEs to maximise their opportunities in a global, interconnected digital economy, and their contribution to growth, sustainable development and social inclusion. Special attention should be given to start-ups and innovative young firms.

At the domestic level, the sub-national dimension is critical. We need a better understanding of the effects of globalisation, trade and digitalisation in the

territories and communities of countries. The OECD's rich work on territorial issues needs to fully incorporate the inequality dimension, analysing divergences between leading and lagging regions as well as the urban-rural divide and how megatrends may be exacerbating them. While we will continue working with countries on regional comparative data as well as on rural and urban development policies, we need to ensure that our inclusiveness and green growth metrics take into particular consideration the spatial dimension and its role in exacerbating inequalities.

The OECD should reinforce its work on regional and local development policies, distilling

best practices and developing toolkits on how regions and cities can maximise their comparative advantages and overcome their specific challenges. New metrics and data on urban and rural units can help us better track their economic performance and distributional challenges, as well as assess the effectiveness of different targeted policies. Our reviews can also deal in more depth with how sub-national governance arrangements can help promote inclusive and sustainable growth while tackling inequalities, respecting the environment and advancing well-being. Initiatives like Champion Mayors for Inclusive Growth can help us share findings, spread best practices and identify concrete actions, and could be replicated at other sub-national levels, including regions, smaller cities and villages.

We need to support governments in their effort to improve public governance and restore trust in public policies. On the one hand, this implies fostering good practices, high quality services and innovation in the public sector, something that the OECD Observatory of Public Sector Innovation can help promote. On the other hand, persistent problems of corruption, regulatory capture and other signs of low respect for the rule of law and for the independence of public institutions need to be addressed. The implementation of the new OECD Recommendation on Public Integrity should provide policy levers that are particularly powerful in improving trust,

for example regarding integrity in large public infrastructure projects, having political leaders leading by example, and developing common standards across all levels of government. Deepening our work on political finance, lobbying and the prevention of political capture by interest groups is equally critical, and should include the development of adequate metrics and standards in these areas, building on the work we are producing in the field of trust and governance with instruments like the forthcoming Guidelines on the Measurement of Trust.

We should also maximise the great potential of our work with and our ability to convene the centres of governments, supporting efforts to strengthen internal co-ordination, engaging in effective medium- and long-term strategic planning, sustaining effective engagement with citizens and civil society across the policy

cycle, and instilling a culture of monitoring and evaluation. The development of a Policy Framework on Sound Public Governance will support the design and implementation of governance reforms to improve results for citizens as part of an empowering state. It should also help us advance our integrated policy support to countries, joining the dots across different policy areas.

Finally, good governance also implies tackling concerns about people's limited information about the public sector, their participation in policy making and, possibly, their access to political power, all forms of exclusion at the root of the loss of citizens' trust in institutions. This often translates into indifference, disengagement and lack of participation in political and civic processes, threatening our democracies. Building on its Trust Agenda, the OECD needs to look at how the various inequalities translate



Volodymyr Groysman, Prime Minister of Ukraine, and Angel Gurría, OECD Secretary-General, October 2016



Angel Gurría, OECD Secretary-General, and Senator Ishaq Dar, Minister of Finance and Revenue of Pakistan, at the signing ceremony of the Convention on Mutual Administrative Assistance in Tax Matters, September 2016

into unequal access to power and representation, with certain segments of societies feeling that their voices and interests are ignored or underrepresented, while others are seen to have disproportionate access and the ability to bend public policies to their interests. As recommended by the latest OECD Report on Open Government, a greater focus on strengthening the transparency and accountability of the public sector is indeed crucial for government to regain people's confidence, as well as the implementation of inclusive participation mechanisms to ensure that citizens' needs are properly communicated and addressed.

International policies

Governments and national institutions can only address problems that are global in nature through collaboration beyond national borders. In addition, many of the proposals for further

work mentioned in the previous section can only succeed if they are part of co-ordinated actions at a global level, in light of the high international mobility of both capital and labour. Improving the outcomes of globalisation and the capacity of domestic policies to solve people's problems involves, therefore, strengthening international co-operation in many areas. It implies a focus on levelling the playing field and promoting global standards to ensure that everyone benefits from global dynamics, including the international movement of goods, services, capital and labour. It also demands that we pay more attention to the cross-border distributional and environmental aspects of growth.

Our horizontal projects for the 2017-2018 biennium — Inclusive Growth, Ensuring the Effective Integration of Vulnerable Migrant Groups, Going Digital — will be critical, as will be the New Jobs Strategy and Future of Work, the

adoption and implementation of the new Action Plan on Preventing Ageing Unequally and the mainstreaming of issues like gender, green growth, skills or innovation. They all relate to areas where international co-ordination is critical. Moreover, such co-operation is also crucial in areas where policy decisions transcend national boundaries and demand co-ordinated action: cross-border trade and investment; international tax competition; setting new standards on due diligence, responsible business conduct and environmental and human rights protection; etc. Co-ordination should result in larger benefits for each country and therefore in a global policy optimum, as opposed to a race to the bottom that is costly for everybody.

We also need to continue supporting the implementation of the important agreements reached by the international community in 2015, leveraging our contribution to the achievement of the Sustainable Development Goals (SDGs) through our SDG Action Plan. Our work must take into account the universal nature of the SDGs and the linkages between the different goals, focusing on providing targeted support to member and partner countries in their national strategies and specific plans, enhancing co-ordination across and between levels of government, and promoting effective stakeholder engagement. Specific areas where we can contribute to achieving the SDGs include hunger and poverty eradication, health, food security, education, gender equality, energy

access, ageing, health, the ocean economy, water and sanitation, anti-corruption and co-operation in science and technology. The consolidation of an office in New York should help us achieve this by supporting the United Nations in several areas where the OECD holds relevant expertise and can promote integrated approaches.

In supporting the 2030 Agenda we should place special emphasis on development finance, including through supporting the implementation of the Addis Ababa Agenda for Action, producing an OECD annual Outlook on Development Finance and completing the transformation in the measurement of development finance with the Total Official Support for Sustainable Development (TOSSD). Our development work should also ensure our targeted support to developing countries seeking innovative solutions to improve the lives of their populations. To this end, we must redouble our efforts to support the agenda of the Global Partnership for Effective Development Co-operation endorsed in Nairobi last December and build on the respective memberships of the Development Assistance Committee, the OECD Development Centre and the Sahel and West Africa Club to exchange best practices among countries at different levels of development. We must also reinforce our role in fostering direct policy dialogue with developing and emerging economies on key issues, such as extractive industries, integration into global markets and value

chains, domestic resource mobilisation and the transitioning to higher income levels. We should enhance our work on development policies through our global, regional and thematic outlooks, as well as through our MDCRs. The ongoing review of the DAC, efforts to foster cohesion, synergies and co-operation in the OECD development cluster, and further engagement with a broader range of stakeholders — including the private sector, foundations, civil society and academia — all point in this direction.

We need to continue supporting the implementation of the Paris Climate Agreement through our work on climate finance — in terms of measurement, monitoring and mobilisation — as well as on the alignment of policies to ensure a cost-effective transition to a low-carbon economy. We will help catalyse and support the transition to green, low-emissions and climate-resilient economies through the development of effective policies, institutions and instruments, including through the OECD Centre for Green Finance and Investment. The OECD must help reinforce international co-operation around the green agenda. This includes better collaboration on adaptation and risk prevention, especially with regard to climate change, water resources, food security and biodiversity protection, as well as particularly vulnerable regions and ecosystems. A critical goal is to help design and enforce strong environmental standards and secure public participation in defining them, as well as

to strengthen monitoring and evaluation mechanisms. Our work needs to look at both the negative and positive environmental dimensions of international trade, evaluating its implications for sustainability. It also should highlight how policies in various jurisdictions can be mutually supportive of environmental objectives, and signal the transformations needed to make economies more resource-efficient and circular.

Particular attention should be paid to our work on international migration, the integration of migrants in receiving societies and the impact in their countries of origin. In this regard, we need to contribute to UN-led efforts to establish better functioning co-ordinating mechanisms, supporting with our research, evidence and expertise the ongoing negotiations of a global compact for safe, orderly and regular migration, to be adopted at an intergovernmental conference on international migration in 2018. We should continue building on the efforts of the Global Knowledge Partnership on Migration and Development (KNOMAD) of which the OECD is a key partner, and on the ongoing work on policies that foster a positive contribution of migrants to development, both in origin and destination countries. We should also advance our analysis and peer learning on refugee integration policies, and the broader integration of migrants, drawing on existing indicators to support policy making and ensure a coherent approach. With its expertise in fighting transnational corruption and economic crime,

the OECD could also act together with national authorities and other international actors to cut the financial lifeline of people traffickers.

We need to continue addressing tax avoidance and evasion, one of the greatest contributions that the OECD has provided to the international community in the past decade. Our work on taxes illustrates our ability to mobilise countries across the world towards a common goal so they can improve the global rules of the game while instilling fairness into the system and gradually restoring trust in institutions. We need to complete the work to make tax havens a thing of the past. We need to consider the role of taxation in supporting inclusive growth, especially in a global environment with mobile factors of production. While progress has been made in dealing with tax avoidance, tax evasion, and the increased mobility of taxpayers and tax bases, these continue to present challenges for tax policy makers. We need to continue to advance the implementation of the new global standard on the Automatic Exchange of Information (AEOI). To address tax avoidance by multinationals, we need to ensure an effective implementation of the Base Erosion and Profit Shifting (BEPS) package through the Inclusive Framework on BEPS, as well as to further engage in the ongoing debate about a destination country-based corporate tax versus the principles of source and residence. Complementing the work of the Financial Actions Task Force (FATF) and the Global Forum on

Transparency and Exchange of Information for Tax Purposes, the OECD could improve access to and effective use of beneficial ownership information for tax purposes. The OECD also needs to advance its work on tax certainty, discussing the tax challenges of the digital economy, advancing the implementation of the international value added tax/ goods and services tax (VAT/ GST) guidelines, harnessing tax policy for lower carbon growth, and fostering international collaboration on domestic resource mobilisation through the expansion of the Tax Inspectors Without Borders initiative to more countries.

We need a new trade and investment narrative that focuses on openness and fairness, acknowledging that trade and investment should be positive drivers for inclusive growth and well-being. This will imply putting both producers and consumers at the centre of our policies, shifting the focus to widespread, long-term societal gains, working on governance frameworks to ensure a level playing field, and increasing the transparency of policies and policy making. We need to continue further integrating our trade, investment and domestic agendas, with more and better research and evidence on the gains and cost of openness, including their interaction with related domestic and international policies and the final effect not just on growth, but on development outcomes and their distribution across society. One important area where our expertise could bring additional value would be the thorough

measurement and documentation of the costs of protectionism and isolation for our economies, including disaggregating data to focus on the most burdensome measures, and in particular their impact on the most vulnerable segments of society.

In the specific area of trade, we need to refine our analysis of GVCs and our databases on Trade in Value Added (TiVA), the Services Trade Restrictiveness Index (STRI) and the Trade Facilitation Indicators (TFIs), increasing both their reach and depth to better understand the benefits and costs of open markets, as well as the risks of protectionism and the practical actions that can be taken to improve the functioning of markets. An important avenue is to continue further integrating foreign direct investment (FDI) measurement into TiVA and GVCs to better understand their interrelationship, as well as the specific role of multinational enterprises (MNEs) in global trade. Given that GVCs are not static and will shift depending on policies, relative prices and technology, a better understanding of these dynamics will support better domestic and international policies. On the trade policy agenda, we need to support government efforts to make trade policy more open, allowing people and communities to inform and be informed by the debate. The impact of embedding labour, environmental and other standards in more comprehensive trade and economic partnership agreements should be carefully analysed to ensure that they have the desired effect. We need to pay



Angel Gurría, OECD Secretary-General, and Peter Georgescu, Chairman Emeritus of Young & Rubicam, during a “Coffees of the Secretary-General”, May 2016

special attention to the potential for trade opening in specific areas (services, agriculture) to generate pro-poor growth.

With regard to investment, we need to leverage existing OECD instruments and consider new ones to ensure that cross-border activity and capital allocation maximises opportunities while benefitting society at large. We must refine the FDI Regulatory Restrictiveness Index, enrich our FDI analysis through linkages to other data, and enhance the use of the Policy Framework for Investment (PFI) with a long-term view to establish a coherent policy climate for investment. The PFI can also be better leveraged as a tool to mobilise public and private resources for high-impact

infrastructure investments that are environmentally sustainable and improve people’s lives. We will continue to address issues related to infrastructure financing, including the promotion of the role of private capital by implementing and leveraging the international instruments we developed and providing further analysis and data. The OECD can also assist countries in carefully weighing the risks and benefits of unfettered capital flows, and in particular to ensure that emerging and developing countries meet certain thresholds — which include the quality of their institutions and policy making and their level of domestic financial development — before they open

up their capital account. We also need to pay special attention to the volatility of capital flows. Efforts should be devoted to completing the review of the OECD Codes of Liberalisation of Capital Movements and encouraging the participation by non-members, particularly non-OECD G20 countries. This would help to ensure transparency, accountability and proportionality in the monitoring of capital flows. It would also bring new perspectives and a better understanding of how best to sequence the liberalisation of capital movements. We also need to weigh in with our research and expertise on the debates on investment treaty making and investor-state dispute settlement (ISDS) mechanisms.

We need to further analyse the role of the financial system and assess how it can best contribute to a healthy real economy. Further work is needed to better assess the linkage between the wider economy and the financial sector. Working with other institutions like the International Monetary Fund (IMF) and the Financial Stability Board (FSB), the OECD can contribute towards better measuring financial transactions and developing standards and rules that can help put the international financial system on a more solid footing and help prevent future crises. Among other areas, we need to consider biases towards debt finance in many of our countries and promote the development of oversight over the shadow banking system and cross-border trading of assets whose intermediaries and instruments are not subject to regulatory mechanisms. The OECD needs to stand for strong domestic financial regulation as well as for mechanisms that allow international collaboration in this realm and help update inadequate regulations. Our research should also deal with proposals to enact financial transaction taxes, assessing their costs, benefits and viability. Attention should be given to the role of finance in income and wealth inequality, including the role of executive remuneration and its alignment with long-term performance. We also need to look at uneven access to finance among individuals and firms, and advance our work on financial literacy and financial consumer protection to deal with the increasing complexity of instruments and products.

Strengthening our global standard-setting role by upgrading both our standards and their adequate implementation will be critical in improving global co-operation. In line with last year's Ministerial Council Meeting (MCM) Statement, we need to complete the ongoing review of our standards, to ensure that they are fully up to date and have maximum impact globally. Broadening adherence, enhancing effectiveness and strengthening monitoring mechanisms are all critical to this endeavour. Unfortunately, international standards are lagging behind the enormous economic, social, political and technological transformation that is taking place. To address this, we should be a bold pathfinder and help fill the gaps in emerging policy areas that require new global standards. This exercise needs to be inclusive and engage all relevant stakeholders, ensuring an adequate discussion on governance issues. Our progress on the Programme for

International Student Assessment (PISA) and on the tax front illustrates the importance of creating a global agenda and an inclusive process in order to better leverage our assessments, tools and standards. We also need to sharpen our ability to provide legal assistance and support national policy makers in the implementation of standards, including through domestic legislation and regulation.

In terms of international competition we need rules of the game that guarantee growth-enhancing global markets and prevent excessive income and wealth concentration. International co-operation is needed to limit anti-competitive practices such as explicit or implicit subsidies or the formation of cartels whose impact extends beyond national borders. There is a need for national authorities to share information, bridge uneven regulations and agree to common principles to promote



Angel Gurría, OECD Secretary-General, and Algirdas Butkevičius, Prime Minister of Lithuania, at the presentation of the *OECD Economic Assessment of Lithuania*, March 2016

competition. Cross-border legal enforcement capacity also needs to be strengthened. Particular attention should be given to competition in the financial sector, where institutions that are “too big to fail” may benefit from implicit subsidies and make the market less contestable. Attention should also be given to dangerous risk-taking behaviour that has in the past resulted in a privatisation of benefits during upturns, and a socialisation of losses during downturns, with the costs being shouldered by the taxpayers. In light of the nature and rapid internationalisation of State Owned Enterprises (SOEs), we should further analyse their dynamics and role in the global economy, with particular attention to enhancing transparency about the benefits they may enjoy and ensuring that they play by the same rules.

Our standards and best practices should continue giving due consideration to the specificities of MNEs and their role in the global economy, with robust principles that ensure a level playing field. We should ensure that MNEs do not hamper fair international competition and efficient capital allocation, and that they remain an active source of long-term investment. In this regard, we need to tackle “winner-take-most” dynamics, which will require enhanced co-operation between competition agencies. We also need to look at Intellectual Property Rights (IPR) and how we can strike the right balance between fostering innovation and protecting creativity while ensuring that IPR

benefits lead to societal gains and not to barriers of entry.

We need stronger standards for companies in general, and the OECD can be the international reference for guidance on principles of good corporate behaviour in a global environment. We will develop our work on corporate governance, with a special focus on the implementation of the G20/OECD Principles of Corporate Governance. We will also help enforce the instruments we have already developed to combat malpractice and wrongdoing, such as the OECD Anti-Bribery Convention, and focus on effective implementation to prevent corruption and enhance business integrity. The recently launched Phase 4 of country reviews will focus on enforcement and detection efforts, and corporate liability. Globalisation and new technologies increase both the opportunities for corruption across multiple jurisdictions as well as the chances of impunity; in turn, this is among the factors contributing to public distrust toward international business. By developing a single and consistent anti-corruption framework, the OECD can help tackle these unprecedented opportunities for corruption, illicit trade and organised crime, reinforcing also its research and policy leverage in this area. Paradoxically, globalisation, digitalisation and financialisation can actually be drivers for enhanced global co-operation to combat these problems. The OECD also needs to look at how technology can be an ally in this endeavour. In a context of global security threats,

the OECD also needs to examine the role of export controls in preventing terrorism and their vulnerability to bribery.

Beyond corruption and crime, the globalisation of supply chains has led to concerns about responsible business conduct, with some companies shifting production abroad to profit from lower human rights standards, environmental protection and health and safety standards. This also weakens trust in business. We need to strengthen the OECD MNE Guidelines, the OECD Due Diligence Guidance and the National Contacts Points system. We also need to promote their effective implementation and advance adherence to them by more countries, in particular G20 economies, as well as support any initiative to strengthen international standards.

But responsible business conduct is about more than just basic ethical behaviour: we need strong corporate standards that refer not only to good governance and abiding by the law, but also to the economic, environmental and social impact of companies as key actors in our societies. This implies taking a strong approach to long-term social investment and moving towards a stronger corporate accountability framework, including the possibility of providing companies with a “social license to operate” based not only on the benefits that they provide to shareholders, but also to society stakeholders at large. The OECD has been working with different stakeholders, but needs to go to the next frontier and promote comprehensive

standards that hold companies accountable towards the future of the planet and the communities they operate in. The state can play a facilitating role, not only promoting policies that enable the implementation of responsible business conduct, but also with new forms of coalitions and Public-Private Partnerships (PPPs) that could help business become a true lever of positive change and an active contributor to inclusive growth, reduced inequalities and shared well-being. The OECD could help identify and distil better policies in this regard, as well as develop refined metrics to measure the impact of business in terms of societal well-being.

Our global agenda should also focus on addressing sector-specific problems. The establishment by OECD and G20 members of a Global Forum on Steel Excess Capacity will help us assess the significant challenge of excess capacity in this area and how to address related distortions. Long-standing work in the areas of food, agriculture and fisheries can be further exploited to inform government efforts to move further away from trade-distorting support to targeted investments in improving sector productivity, sustainability and resilience. We will also explore the development of standards in fields such as maritime transport, fossil fuel subsidies, export restrictions on raw materials, and supply chains and due diligence in several sectors. Special attention should be given to deepening our analysis and understanding of frontier technologies, advanced research

and cutting-edge activities that raise new governance and even ethical dilemmas, including bio and neurotechnologies, artificial intelligence, the Internet of Things and big data. The potential of developing guidelines in some of these areas should be assessed. We should also closely monitor the functioning of new financial instruments and technologies like blockchain, including possible ways of improving transparency and regulation.

Enhanced multilateral co-operation

A key dimension of our ability to reinforce the global governance architecture in these and other areas will be determined by the strengthening of our contributions to the G7 and G20, as well as our collaboration with several regional organisations and multilateral development banks. We will work with them in promoting strong, sustainable, balanced and inclusive growth, while enhancing economic and financial resilience and creating opportunities for citizens. We will give prominence to bringing inclusive growth to the core of the G7 and G20 agendas, and collaborate closely with these fora and institutions in advancing global rules, including by leveraging our standards to improve global co-operation.

By reinforcing our collaboration with other International Organisations (IOs), we can strengthen effectiveness in international rule-making in support of a sustainable world economy and shared well-being.

I propose to reinforce our work on International Regulatory Co-operation, in particular by supporting the efforts of the Partnership among International Organisations on Effectiveness in International Rule-Making, established under OECD leadership. The OECD will also promote further coordination among IOs, and specifically with other leading International Financial Institutions (IFIs), to ensure that we better complement each other. We should create a broader and deeper mechanism for co-operation among IOs, with regular meetings among the senior leadership of those institutions involved in the G20 (IMF, World Bank, FSB, ILO, WTO and OECD) as well as the UN Secretary General. By doing so, we can foster consistency between our respective programmes of work, the 2030 Agenda, the climate agenda and the tax agenda.

We need to better measure attitudes towards globalisation, and in order to do so, we should establish a platform with other partners that can help us capture and assess perceptions but, most importantly, the drivers behind them and the different “geographies of discontent” – as attitudes vary across countries, regions, socioeconomic groups and even across time. In this regard, we also need to advance our work on global values and how they relate to our education systems. The Global Competencies Framework, which will be included in the 2018 PISA, is a positive step in this direction as it aims to assess young people's understanding of global issues

and attitudes toward cultural diversity and tolerance.

Improving the OECD's DNA and the work needed to rise to the challenges and expectations

Building a more open, global and inclusive OECD policy network is critical in order to expand the impact of our standards and our work. In this regard, completing the accession processes of Colombia, Costa Rica and Lithuania will bring the total number of OECD members to 38. Drawing on the report by the Council Working Group on Membership, we hope to be able to respond promptly to the formal requests for membership received from Argentina, Bulgaria, Croatia, Kazakhstan, Malta, Peru, Romania and Sri Lanka, and consider other expressions of interest. We will work closely with members on further engaging with prospective candidates who

can bring value added to the Organisation and can provide regional beacons for stability and good practices, while bearing in mind that the OECD does not aim to become a universal organisation in terms of its size and membership, but rather one with global impact. We will also use all our outreach instruments, bodies and programmes to broaden take-up by non-members – with a special focus on large emerging economies and relevant global and regional players – by explaining better how participation and engagement can help them meet their specific challenges. We should continue building on the OECD Development Centre's membership in our outreach efforts to partner countries.

We will enhance our work with Key Partners, consistent with our global relations strategy, promoting a more active engagement with OECD substantive committees with a

view to possible membership. We will update our joint programmes of work with Brazil and China and implement the recently renewed programme with Indonesia to make the best use of OECD expertise, instruments and standards for their reform agendas and lay out the conditions for possible membership considerations. We need to scale up our relationship with India and South Africa to encourage a similar level of strategic and comprehensive engagement and collaboration, prioritising the development of joint programmes of work. Capitalising on the experiences with Morocco, Kazakhstan and Peru, we will launch a country programme with Thailand and build the foundations for a more structured cooperation with Africa focusing in particular on Sub-Saharan Africa, as mandated by the MCM 2016. We will also continue advancing our Southeast Asia, Latin America and the Caribbean, South East Europe, Eurasia (Central and Eastern Europe, the Caucasus and Central Asia) and Middle East and North Africa regional programmes.

Through the mainstreaming of the NAEC initiative we will continue underpinning fresh thinking, experimentation and discussion of new policy models, analytical approaches and narratives that can help enrich the work of the OECD. Building on the insights gained through NAEC, the OECD will be at the forefront of economic analysis and policy-making, advancing thinking about the economy by considering feedbacks, systemic stability, interactions



Angel Gurría, OECD Secretary-General, and Tiago Brandão Rodrigues, Minister of Education of Portugal, May 2016



Angel Gurriá, OECD Secretary-General, and María del Pilar Arosemena de Alemán, Ambassador of Panama to France, at the signing of the Convention on Mutual Administrative Assistance in Tax Matters, October 2016

and risks, and policy trade-offs. This approach will contribute to bringing down the traditional barriers between different disciplines and policy silos, relying more on findings from the hard sciences, behavioural and social sciences as well as the humanities, and providing new tools (including agent-based models, network analysis, big data, machine learning and decision analysis) to understand and analyse a range of challenges from financial crises and inequality to sustainability and complex governance systems. It will aim to challenge our prevailing assumptions and stimulate unprejudiced dialogue.

Going forward we will rely more systematically on our strategic

foresight capacity, as megatrends and rapid technological change transform our world. Reinforcing our strategic foresight capacity is fundamental to stay ahead of the curve in order to anticipate new and emerging challenges. The mainstreaming of strategic foresight throughout our work areas, including the use of the latest methodologies and analytical tools, will allow the OECD to lead policy debates on emerging challenges and opportunities, and reinforce its capacity to provide robust responses in a time of rapid change and uncertainty. We must also strengthen our efforts to identify early signs of disruptive change, fostering anticipatory capacity across the Organisation and working with

national governments and leading foresight practitioners worldwide to explore a range of plausible future scenarios and their implications for policy decisions today.

With regard to internal management and improving our way of working, we will promote further horizontal collaboration to break down silos and ensure timely corporate responses to new and emerging needs. This implies consolidating a corporate identity that goes beyond individual directorates, by making horizontality the new normal of our Organisation. Special attention will be given to improving horizontal collaboration with “Part II” bodies. We will develop more synergies and cohesion

to reduce the transaction costs that we currently face when promoting collaboration between different units, with a focus on strengthening organisational coherence and emphasising greater agility to be more responsive to change. This will take place through actions arising from the Value for Money (V4M) initiative and our drive towards continuous performance improvement, so that members get maximum value for the resources they provide and the OECD remains at the leading edge among international organisations in terms of impact, efficiency and transparency. Along these lines, we will foster staff diversity. We must also reinforce our work with committees, which are the pillars of our Organisation and give the OECD a leading edge over other international organisations. In this regard, we will favour further collaboration, information sharing and even joint work across committees, especially around horizontal projects, but also in areas where cross-fertilisation can be particularly fruitful to help break the silos that also operate in national governments. We will establish a task force to assess how the OECD can best tap into the huge potential of its committees.

Drawing on the comprehensive OECD internal Digital Strategy underway, we will redouble our efforts to take advantage of new digital technologies in terms of mobility, accessibility and horizontal collaboration,

while assessing how the digital revolution will impact our business model and how we can best adapt our content creation, packaging and delivery to new platforms of consumption and dissemination, making them more demand driven. Particular focus will be given to the role of big and smart data and how our tools and instruments can help us collect and analyse it. The release of the new OECD Network Environment (O.N.E.) will reinforce our collaboration with OECD members' Delegations and help us communicate and share information with them and capitals in a timelier manner.

We will also complete the shift in our public communications, ensuring greater coherence and corporate consistency. Our communications strategy will place greater emphasis on listening and engagement, reaching out to new audiences and stakeholders to avoid "echo chambers" and talking solely to "people like us". I count on OECD Delegations to help us engage in a broader conversation with non-traditional audiences back home, with a particular focus on social partners and civil society, as well as improving outreach at national, regional and local levels. While continuing to value, promote and focus on our specific reports and products, we will place less emphasis on individual outputs and deliverables, and move towards thematic communication campaigns built around our major horizontal priorities,

which will allow the time for core messages to take root and help shape global conversations around the critical issues of our time. In this endeavour, we will invest more in identifying and understanding our audiences, their needs and their reactions. This will include adapting content to our stakeholders through shorter, more accessible and visual formats and devoting greater attention to analytics and measuring the impact of our communications.

We are at a challenging, critical moment, but I sincerely think that the OECD can make a difference. Increased international integration has made our societies better off, freer and more dynamic. But we risk losing such gains if we fail to distribute more evenly those benefits and address some negative externalities. We can do so through mutually reinforcing domestic and international policies that ensure that the benefits of the international movement of goods, services, capital, labour, technology, ideas and culture are seized and widely shared. Our 50th Anniversary Vision Statement underscored our members' resolve to make the OECD a more effective and inclusive global policy network, drawing on our uniqueness and comparative advantages. These Strategic Orientations propose a way in which we can sharpen our contribution to governments' efforts to put the forces of globalisation to work for all. ■

Ministerial Council Meeting 2016 Statement



Official Family Photo of the OECD Ministerial Council Meeting 2016

Enhancing productivity for inclusive growth

On the occasion of the 2016 OECD Ministerial Council Meeting (MCM), we¹ have assembled under the Chairmanship of Chile, and the Vice-Chairmanship of Finland, Hungary and Japan on 1-2 June to discuss how to enhance productivity and inclusive growth in mutually reinforcing ways, as key drivers to increase people's well-being.

We congratulate Latvia for the successful conclusion of its

accession process. We now look forward to welcoming Latvia as a full member of the Organisation for Economic Co-operation and Development (OECD).

Setting out the challenges

Over the past year, major international agreements such as the United Nations (UN) 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda on financing for

development, the World Trade Organization's 10th Ministerial Conference in Nairobi and the Paris Agreement on Climate Change have laid the foundations for future collective action to achieve our common goals. We welcome the adoption of the initiative on strengthening the international tax system under the Base Erosion and Profit Shifting project (BEPS), endorsed by G20 leaders, and further work on the Automatic Exchange of Information for tax purposes

1. Ministers and Representatives of Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States and the European Union.



Angel Gurría, OECD Secretary-General, and Michelle Bachelet, President of Chile, during OECD Week, June 2016

(AEOI). We encourage the OECD, with other international and regional organisations, to help members design and implement policies to meet their commitments.

World economic growth remains too slow, with weak global trade and investment, low commodity prices, below target inflation in most major economies, persistent high unemployment, high debt levels in many countries and downside risks, especially in emerging market economies. We are concerned by the productivity slowdown, the longer-term rise in inequalities and the erosion of job quality. The problem of global excess capacity in certain sectors is a serious bottleneck for world economic growth. We recognise the need to strengthen economic growth through the appropriate use of fiscal and

monetary policy tools and by accelerating the pace of structural reforms, which has stalled in many countries. We also need to enhance action to support trade and investment.

Geopolitical risks, conflict and insecurity have drawn many OECD countries into the centre of the recent refugee crises, posing challenges to their integration systems. We support the global call for an effective response to humanitarian challenges stressed at the World Humanitarian Summit in Istanbul.

Widely publicised cases of possible fraud and tax evasion highlight the urgent need to implement OECD standards to strengthen the international tax system and to address other major challenges such as international corruption and money laundering.

Enhancing productivity for inclusive growth

We agree that there are several possible drivers behind the observed trends in productivity growth, including weakness in investment and financial market conditions, a slow diffusion of new technologies, the possible growing market power of incumbent firms and unnecessary or inefficient regulation. We recognise that disparities in skills, quality of education, and health and social services can undermine aggregate productivity and increase inequalities. We agree on the need to promote a positive cycle between economic growth and enhanced opportunities and income. The OECD should deepen its understanding of the productivity challenge and its possible links to inequality trends to explore policy solutions for enhancing productivity while

fostering inclusive growth. A coherent approach is needed to ensure that vulnerable groups participate in the labour market, firms have an equal opportunity to contribute to a dynamic economy and lagging regions fulfil their productive potential. We appreciate the contribution of

support the OECD's efforts to enhance its analytical methods and to anticipate global developments. We encourage it to remain at the cutting edge of evidence-based economic thinking and prioritise its work in accordance with its core competences.

agendas. We encourage the OECD to deepen its analysis on lifelong learning and on what students may need to learn to succeed in an uncertain, digitalised and complex world. We stress the importance of developing transferable, transversal, digital and entrepreneurial skills and promoting interdisciplinary education and research. An effective co-ordination between education, training policies and labour market demands is needed, including the strengthening of vocational education. We welcome the OECD's new work on "getting skills right" and look forward to the outcomes of the work on broadening the notion of skills.



Angel Gurría, OECD Secretary-General, and Luis Guillermo Solís, President of Costa Rica, February 2016

We echo the call of the Employment and Labour Ministerial Meeting this year to update the OECD Jobs Strategy, to advise on policies to make labour markets more inclusive and resilient, improving youth employment, gender equality and job quality. We welcome the 2015 OECD Recommendations on Ageing and Employment Policies; on Integrated Mental Health, Skills and Work Policy; and on Gender Equality in Public Life, the latter presented at the Ministerial Meeting on Public Governance for Inclusive Growth in Helsinki.

the *Productivity-Inclusiveness Nexus* report to this important issue. The Declaration on Enhancing Productivity for Inclusive Growth aims to identify ways forward on these issues. We support further work within the Organisation, as well as through the Global Forum on Productivity.

Policy action across the board to foster productivity and inclusive growth

Skills, jobs and social policies to support productivity and inclusive growth

We welcome the OECD's broader work on well-being and its cross-disciplinary approach to policy analysis, as promoted by the New Approaches to Economic Challenges (NAEC) Initiative, currently being mainstreamed within the Organisation. We

We recognise the importance of skills, quality of education, and broader social policies, including active labour market policies, to support productivity growth, foster social inclusion and reap the full benefits of innovation. We also recognise the benefits of social dialogue to advance these

We recognise the importance of fighting inequalities and promoting inclusive growth from early stages in individuals' lives. We welcome the OECD's current work on children, in the areas of education, health and social policies and encourage further co-ordinated analysis.

We need to strengthen our integration policies to better benefit from migrants' skills and promote cohesive societies. We encourage the OECD to enhance its work of migrants' integration and related policies to support members' efforts, as well as continue its analysis on migration trends and on the migration and development nexus.

Reaping the benefits of digitalisation and innovation

We recognise that a coherent and holistic policy approach is necessary to fully harness and leverage the benefits of innovation and digitalisation for increased productivity, quality jobs and inclusive growth. We should promote and protect the global free flow of information, in accordance with OECD Principles for Internet Policy Making. To this end, we look forward to the Ministerial Meeting on Digital Economy, Innovation, Growth and Social Prosperity that will be held in Cancún, Mexico on 21-23 June.

We also underline the need to enable innovation and experimentation at the firm level, including small- and medium-sized enterprises (SMEs), fostering technology and knowledge diffusion by strengthening collaboration between public research institutions and industry, and facilitating investment in R&D and other forms of knowledge-based capital.

We reaffirm the commitments of the 2015 Daejeon Declaration on Science, Technology and Innovation policies for the Global



Angel Gurría, OECD Secretary-General, and Daniel Duncan, Prime Minister of Côte d'Ivoire, at the Millennium Challenge Corporation-OECD Investor event: Joining Forces to Catalyse Investments in the Developing World, October 2016

and Digital Age. In particular, we call on the OECD to bring together its policy and analytical expertise, including the ongoing work on the Next Production Revolution, the digital economy, the future of work, skills and education. We also call on the Organisation to further its analysis on how to reap the benefits of new and fast-developing areas such as biotechnology, artificial intelligence, the sharing and circular economy as well as platform markets. We encourage the OECD to develop a horizontal policy strategy on digitalisation, its opportunities and challenges.

Enabling firms to thrive

We recognise the need to promote an enabling environment to allow firms to thrive and innovate, particularly small, young firms and start-ups. We need to foster

sound and easily manageable regulation and institutional arrangements to ensure a level-playing field for incumbents and new entrants, including on market openness, competition, and access to finance, especially for SMEs, and in particular young and innovative firms. We need to remove distorting policies that inhibit the growth of innovative firms and hinder the restructuring or exit of poorly-performing ones. We call on the Organisation to further develop appropriate indicators on competition, regulation and trade for OECD members and partners.

We note the importance of the regional and local dimensions in creating an environment that is supportive of productivity growth in firms, which can be reinforced through urban-rural linkages as well as effective collaboration

between national and sub-national levels of government. We call on the Organisation to provide guidance for territorial strategies that enhance firm-level and local productivity, including national-local and public-private partnerships. We look forward to the OECD's contributions to the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) in October which will set out the New Urban Agenda for years to come.

Fostering trade and investment for productivity and inclusive growth

We recognise the need to boost trade and investment to both foster productivity, and inclusive and sustainable growth. Our priority is to reinforce an open, rules-based multilateral trading system that remains relevant to today's global economy given the rapid development of e-commerce and Global Value Chains (GVCs). We also welcome World Trade Organization (WTO)-complementary bilateral, regional and plurilateral initiatives aimed at promoting trade and productivity growth. We call for the implementation of the expanded Information Technology Agreement (ITA) as agreed, the entry into force of the Trade Facilitation Agreement (TFA) by the end of this year, the conclusion of the Environmental Goods Agreement (EGA) by the G20 Summit in September, and the conclusion of the Trade in Services Agreement (TiSA) negotiations possibly by the end

of 2016. We note the priorities for urgent attention of the OECD identified in the Agricultural Ministerial Declaration adopted last April.

Following the Nairobi Ministerial Conference, there remains a strong commitment to advance negotiations on the pending Doha issues. We agree that a range of issues of importance to today's global economy, that are currently subject of trade rulemaking in Regional Trade Agreements, are highly relevant issues for consideration in the WTO. We reaffirm our standstill and rollback commitments to resist all forms of protectionism. We also recognise the negative impact on trade of global excess capacity in sectors such as steel and shipbuilding and stress the need to avoid market distorting measures and enhance the well-functioning of markets. We encourage the Organisation to continue and deepen its work on the Trade in Value Added (TiVA), Trade Facilitation Indicators (TFIs), and Services Trade Restrictiveness Index (STRI), in order to clarify how trade openness can contribute to increasing productivity, growth and inclusiveness.

We encourage the OECD to continue analysing investment trends and enhancing its work to promote investment policies that foster an open, transparent and rules-based domestic and international investment environment, including through the Freedom of Investment Roundtable, the Annual Conferences on Investment Treaties and the OECD Codes of

Liberalisation. We celebrate the 40th anniversary of the OECD Declaration on International Investment and Multinational Enterprises. We call on the OECD to continue promoting strong Responsible Business Conduct (RBC), notably the Guidelines for Multinational Enterprises (MNEs), strengthening the functioning of the National Contact Points, and fostering work on due diligence in relevant sectors, such as agricultural supply chains, to encourage inclusive, responsible and sustainable growth.

Living up to our international commitments

We recognise the OECD's role in supporting the members' and international community's implementation of the 2030 Agenda and the achievement of the Sustainable Development Goals (SDGs), building on its core strengths and expertise. In this regard, we appreciate the vision set out in the proposed OECD Action Plan on the Sustainable Development Goals, and the role that the OECD can play in providing high quality and coherent public policy advice grounded in evidence. We welcome the OECD's continued work, in co-ordination with members, to strengthen collaboration with the UN system and other international organisations so as to maximise synergies and complementarities of efforts.

Within the vision set out in the 2030 Agenda, and the Addis Ababa Action Agenda, the



Horacio Cartes, President of the Republic of Paraguay, and Angel Gurría, OECD Secretary-General, December 2016

effective use of all means of implementation for financing development, including domestic resources, will be critical to its achievement. We support OECD work carried out with developing countries on the use of the new Policy Framework for Investment and the Tax Inspectors Without Borders initiative. We reaffirm the importance of Official Development Assistance (ODA) to promote development, prioritising those countries most in need or facing fragile situations. We stress that the strategic use of ODA to catalyse private capital is a growing priority for many members' development co-operation efforts. We recognise that middle-income countries continue facing development challenges in specific areas and we acknowledge the increasing importance of South-South initiatives as a source of development finance and

expertise. We encourage the OECD to continue its efforts to modernise the measurement and coherence of development finance, in particular, its specific work with others to clarify the concept of Total Official Support for Sustainable Development (TOSSD), which will complement, and not replace, ODA.

We call on the OECD to contribute to the effective implementation of the Paris Agreement on Climate Change, particularly on improving transparency of action and support, phasing out inefficient fossil fuel subsidies, increasing investments in renewables and energy efficiency, implementing effective emissions reduction policies and tracking climate finance, working together with the International Energy Agency (IEA), the Nuclear Energy Agency (NEA) and the International Transport Forum (ITF). The OECD

should continue advising on the implementation of climate policy action for macroeconomic and structural policy settings, and how these policies interact both domestically and internationally, as well as promoting renewable energies and market-based approaches to tackle climate change. We welcome the progress made in preparation of the Environment Policy Committee meeting at Ministerial level to be held in Paris in September 2016.

We strongly support the OECD's focus on the full implementation of BEPS, including its proposed inclusive framework, and we call on the Organisation to develop the tools necessary to support all jurisdictions to meet their AEOI commitments, and to develop a common transmission system.

We congratulate the OECD on a successful Anti-Bribery



H.E. Ibrahim Abdelaziz Al-Assaf, Minister of Finance of Saudi Arabia; Angel Gurría, OECD Secretary-General; and H.E. Majed bin Abdullah bin Hamad Al-Hogail, Minister of Housing of Saudi Arabia, June 2016

Ministerial meeting and look forward to the follow-up on its Ministerial Declaration. We call on the OECD to adopt a more coherent approach to its anti-corruption work within its existing mandate and structures so as to improve co-ordination and information sharing and maximise the impact of its expertise, convening power and tools. We invite the Organisation to also engage emerging and developing countries in this agenda.

Promoting the OECD's global reach

We stress the importance of the OECD strategy to continue strengthening its global reach and

reinforce its role in establishing and promoting high standards in its fields of expertise, while addressing new challenges as they arise. We call for a strategic reflection by members on the future size and membership of the Organisation and for a report to the 2017 MCM. We welcome the OECD's role and contributions in the G20/G7, Asia-Pacific Economic Cooperation (APEC), the Pacific Alliance and other international dialogue processes.

We welcome the launch of the OECD Latin America and the Caribbean Regional Programme as a central reference for future work on productivity, inclusion and governance in the region. We call on the OECD to take further steps on its implementation in close co-

operation with regional partners. We also welcome progress made by the Southeast Asia Regional Programme which should continue to be strengthened, including by enhancing co-operation with the Economic Research Institute for the Association of Southeast Asian Nations (ASEAN) and East Asia (ERIA). At the same time, we commend the Middle East and North Africa, Eurasia and South East Europe Regional Programmes and support their continuous efforts in disseminating OECD standards and good practices through close dialogue with these partners. We encourage the Organisation to look for ways to enhance its engagement with the sub-Saharan region according to

the Committees' global relations priorities.

We also welcome the progress made by Colombia, Costa Rica, and Lithuania in their ongoing accession processes. We support the progress achieved with the Key Partners (Brazil, the People's Republic of China, hereafter 'China', Indonesia, India and South Africa), in particular the work programmes with China and Brazil. We also welcome Japan's return to the Development Centre and the other recent memberships. We look forward to a successful conclusion and evaluation of the two-year

country programmes and the continuation of the OECD's co-operation with Ukraine.

Leadership and management

We commend the Secretary-General on his efforts to enhance the relevance and impact of the OECD, and look forward to continuing our work together on delivering "Better Policies for Better Lives". We acknowledge the role of the Secretary-General in proposing new initiatives, including in his Strategic Orientations, for

further consideration by the Council.

We welcome the Secretary-General's efforts to manage the Organisation most effectively, including by increasing staff diversity and gender balance, and the recent advancements on evaluation, value-for-money, audit and horizontal projects. We encourage the Secretary-General to maintain the drive towards continuous improvements in the transparency, management and operations of the Organisation so that the OECD is recognised as being at the leading edge in these fields. ■

Ministerial Council Meeting 2016

Chair's Summary

Ministers from OECD countries met under the Chairmanship of Chile, and the Vice-Chairmanship of Finland, Hungary and Japan on 1-2 June, for the 2016 Ministerial Council Meeting (MCM): Enhancing Productivity for Inclusive Growth. The 2016 MCM benefited from the participation of Ministers and representatives from Colombia, Latvia, Costa Rica and Lithuania, as well as from Brazil, the People's Republic of China (hereafter 'China'), India, Indonesia and South Africa. In addition, Kazakhstan, Morocco, and Peru participated in Sessions 6 and 7, and Argentina and Hong Kong (China) attended Session 7.

After welcoming remarks by the Secretary-General, the President of Chile, Ms Michelle Bachelet, delivered a keynote address highlighting the need to raise productivity to improve living standards and well-being and to place inclusiveness considerations at the core of policy making. She called for more and better opportunities to increase the contributions of all to make economies more productive and reap the benefits of better economic outcomes. President Bachelet stressed the importance of preparing citizens for the future of work, ensuring a level-playing field and building cities as a platform of innovation and social inclusion,

in order to achieve productivity and inclusion goals in mutually reinforcing ways. She also highlighted the importance of addressing gender inequalities.

Economic outlook

Ministers exchanged views on recent economic developments, noting that trade and investment remain subdued, financial conditions have tightened, debt levels are high, and commodity prices remain low. They observed that sluggish demand is contributing to low inflation and investment, and inadequate wage and employment growth.

Ministers noted that population ageing is also slowing growth. Views on the overall economic outlook were mixed.

Concerns over slowing productivity, rising inequality, and declining job quality in many countries was discussed extensively. Ministers noted that persistent low-growth reflects legacies from the crisis and past policy mistakes. They maintained that we are in a low- (or middle-) growth trap that is both an economic and political phenomenon, which calls for strong action. Ministers mentioned that downside risks to the global economy have



Pedro Pablo Kuczynski, President of Peru, and Angel Gurría, Secretary-General of the OECD, October 2016



Nirmala Sitharaman, Minister of Commerce and Industry of India, and Angel Gurría, OECD Secretary-General, during OECD Week, June 2016

increased and that pre-existing risks have intensified markedly, driven by rising geopolitical pressures and conflict. Ministers observed that many emerging market economies (EMEs) have lost momentum, especially commodity-exporting countries, where lower commodity prices have constrained investment and confidence.

Ministers urged the OECD to step up its efforts to strengthen the international tax system, building on the success of the OECD-G20 Base Erosion and Profit Shifting (BEPS) Project and the Automatic Exchange of Information initiative in response to recent high-profile cases of fraud and tax evasion.

In the first high-level panel, Ministers outlined the collective

macroeconomic policy actions needed to support demand and provide a more favourable environment for growth-enhancing structural policies, including through public investment and stepping up skills and active labour market policies. They discussed the need for a more balanced monetary and fiscal policy mix and an acceleration of structural reforms to strengthen growth. They also called for decisive action to boost trade and investment.

During the second high-level panel, Ministers shared views on the causes of slowing productivity, including weakening investment in knowledge-based capital, challenging financial market conditions, the slow diffusion of new technologies, and the

possible growing market power of incumbent firms. Ministers mentioned that the digital economy can be a major driver of productivity, pointing to the potential benefits of new business models and the opportunities of big data. However, they noted that security risks and the digital divide must be properly addressed.

Ministers observed that slowing productivity may be feeding into rising or persistently high inequalities of income, wealth and opportunity. Ministers also noted that long-term unemployment, insufficient access to work-based training, the digital divide, skills gaps, and “winner-takes-all” market dynamics are possible factors driving further inequality and undermining productivity



Dacian Ciolos, Prime Minister of Romania, and Angel Gurría, OECD Secretary-General, June 2016

growth. They looked at possible policies to enhance productivity growth in an inclusive way. Ministers underlined the need for a new narrative that includes measures to support people, firms and regions to fulfil their potential.

Specific measures to strengthen youth engagement in the labour market were mentioned, including higher financial resources for education, support for youth entrepreneurship, and enhanced efforts to match the skills taught in education systems with those in demand by firms, with a particular emphasis on Science, Technology, Engineering and Mathematics (STEM) and gender.

Strategic orientations

Ministers welcomed the start of the third mandate of Mr Angel Gurría as Secretary-General. They expressed appreciation for his leadership and efforts to strengthen the relevance and impact of the OECD. They welcomed his role in proposing new initiatives, including in his Strategic Orientations, and updating on the findings and progress of OECD horizontal projects and cross-cutting initiatives. They exchanged views on how the Strategic Orientations were aligned with national agendas. Ministers underlined the importance of the OECD agendas on better understanding the productivity-inclusiveness nexus,

tackling persistent inequalities, and anticipating future trends, including harnessing the benefits of the Next Production Revolution and the digital economy. They also voiced support for the OECD's work on antimicrobial resistance and anti-corruption. They highlighted the importance of the OECD's work at the national level to support national reform agendas, as well as the need to build on its successes on topics related to the international taxation system and to strengthen its efforts on global priorities, including anti-corruption, illicit trade, climate, and the Sustainable Development Goals (SDGs). They welcomed the progress made by the OECD

with its multidisciplinary approach, notably through the New Approaches to Economic Challenges (NAEC) Initiative.

Enhancing productivity for inclusive growth

Ministers discussed the twin challenges of slow productivity growth and rising inequality, as well as possible interlinkages between these trends. Ministers welcomed the OECD's report on the *Productivity-Inclusiveness*

policies that position lagging regions and firms to realise their productive potential, as well as greater focus on facilitating market access and promoting competition, especially in new technology sectors – could be the key to strengthening productivity growth for the benefit of all segments of society. They called on the OECD to further explore policies that enhance productivity while fostering inclusive growth by deepening its understanding of the micro and macroeconomic underpinnings of aggregate

Anticipating trends – education, skills and quality jobs

Ministers discussed the future of work in response to digitalisation and rapid technological change, as well as the risks on employment creation and job quality. They noted that the risks of job losses from automation are relatively modest. Ministers agreed that countries must invest in the right skills, promote job quality, and adapt labour market institutions and social protection systems to harness the benefits of digitalisation for productivity and growth, taking into consideration the challenges arising from the platform economy.

Several policy priorities emerged from their discussions: promoting access to quality education and training for all, particularly those from disadvantaged backgrounds; encouraging lifelong learning; removing barriers to the employment of youth, women, and vulnerable groups to capitalise on and further develop their digital skills; creating better incentives for workers and firms to upskill; developing well-targeted labour market programmes to reduce the effects of displacement, limit skills loss, and facilitate the transition to new jobs and careers; and providing adequate work-related benefits and social protection. They also observed that institutional conditions that facilitate the adoption and diffusion of new technologies are important, and noted that traditional models of worker protection may not be calibrated to the new world of work. Ministers noted the need for policies to



Angel Gurría, OECD Secretary-General, and Māris Kučinskis, Prime Minister of Latvia, during OECD Week, June 2016

Nexus and exchanged views on the report's key findings. They noted that productivity is a multi-dimensional concept that requires better measurement tools and data collection and analysis. They also agreed that a broader, more inclusive approach to productivity growth – grounded in investments in education, skills, health, and quality jobs for individuals, and

productivity growth and potential links between firm-level productivity, the allocation of resources, and increased inequality. Ministers encouraged the OECD to leverage the Inclusive Growth Initiative and the Global Forum on Productivity to build the evidence base for productivity analysis and measurement.



Anne Hidalgo, Mayor of Paris, and Angel Gurría, OECD Secretary-General, at the Second Meeting of the Champion Mayors for Inclusive Growth, November 2016

support people over the life cycle, from early childhood to the elderly.

Ministers noted the importance of broadening the definition of skills to include social and emotional dimensions and global competencies, and supporting policy makers in assessing and anticipating changing skills needs.

Preparing for the Next Production Revolution (innovation, entrepreneurship and the digital economy)

Ministers underscored the need to facilitate technological diffusion in lagging firms by stimulating innovation and experimentation at the firm level, fostering technology and knowledge diffusion, investment in digital infrastructure, research

and development (R&D) and other forms of knowledge-based capital. They called for specific support to small- and medium-sized enterprises (SMEs), given observed lags in the diffusion of digital technologies to small businesses that have hampered their productivity performance. Ministers noted the importance of supporting digital infrastructure to address the digital divide and fostering social dialogue to adapt our economies, including regulatory frameworks, to the technological revolution.

Horizontal work exploring the opportunities and challenges of digitalisation received strong support. Ministers encouraged the OECD to leverage its wide-ranging policy and analytical expertise to develop an integrated and coherent strategy that positions members and Key Partners

to capitalise on the digital revolution. They called on the OECD to deepen its analysis on the impact of emerging technologies, including biotechnology, artificial intelligence, the sharing and circular economy, and platform markets.

Ministers recognised the capacity of digitalisation to address global challenges, including climate change and wider environmental concerns, development, and ageing populations. Ministers noted that these issues will be explored further in the 2016 Ministerial Meeting on the Digital Economy, Innovation, Growth and Social Prosperity.

Enabling environment (regulatory policy and competition, finance and corporate Issues) for dynamic and inclusive economies

Ministers debated the conditions necessary for firms to thrive and innovate, with an emphasis on small, young firms and start-ups. They agreed on the need to foster sound regulation and institutional arrangements to deliver a level-playing field for incumbents and new entrants, including on market access, competition and financing, particularly for SMEs. They called on the OECD to develop further indicators on competition, regulation and trade for OECD members and Key Partners.

Ministers stressed the importance of implementing policies that enable innovative firms to grow and facilitate the restructuring or exit of

poorly-performing firms. They agreed that the public sector can contribute to aggregate productivity by improving the efficiency of public services and reducing administrative burdens and recognised that public sector productivity is difficult to measure. They also called on the OECD to provide guidance for effective territorial strategies, recognising that strong urban-rural linkages and effective collaboration between all levels of government can foster productivity growth among firms.

Ministers looked forward to the OECD's contributions to the

United Nations (UN) Conference on Housing and Sustainable Urban Development (Habitat III) in October 2016, which will set out the New Urban Agenda for years to come.

All on Board for 2030: a universal agenda for inclusive and sustainable development

Ministers discussed the OECD's efforts to support the implementation of the 2030 Agenda for Sustainable Development. They welcomed the OECD Action Plan on the Sustainable Development Goals,

stressing the important role that the Organisation can play to support the achievement of the SDGs, based on its analytical capabilities and core strengths, in collaboration with the UN system. Ministers emphasised that policy coherence will be central in this agenda and that the OECD can help to bridge institutional silos and bring evidence to bear on synergies and trade-offs in public policy making.

Ministers underscored the importance of high quality data and analysis. Some countries welcomed the idea of embedding SDG analytics into existing OECD review processes, such as



Macky Sall, President of Senegal, and Angel Gurría, OECD Secretary-General, during OECD Week, June 2016



Darren Walker, President of the Ford Foundation, and Angel Gurría, OECD Secretary-General, November 2016

Economic Surveys and Multi-Dimensional Country Reviews. They highlighted the universal nature of the SDGs throughout the discussions. They also identified gender equality as a pressing challenge facing countries at all levels of development.

Ministers observed that the success of the 2030 Agenda is closely linked to the effective mobilisation of development finance, including domestic resources. They stressed the importance of Official Development Assistance (ODA), particularly for countries most in need, recognising that middle-income countries may continue facing development challenges in specific areas. Discussions also underscored the importance of finance beyond ODA, considering in particular the OECD's contribution to domestic revenue mobilisation in developing countries, international tax reforms (e.g. BEPS, Tax Inspectors Without Borders), as well as

support for private sector investment through initiatives such as the Policy Framework for Investment (PFI).

The continued prevalence of corruption was identified as a key obstacle to inclusive growth, productivity, and sustainable development. Ministers congratulated the OECD for hosting the 2016 Anti-Bribery Ministerial, and for its contribution to the UK Anti-Corruption Summit. Members called on the OECD to strengthen its anti-corruption work within its existing mandate. Ministers called for greater efforts to strengthen outreach and improve co-ordination with emerging and developing economies to enhance the impact and outcomes of the OECD's anti-corruption analysis, tools and standards.

Ministers encouraged the OECD to support countries' individual efforts to meet their Paris Agreement (COP21) commitments

– working in partnership with the International Energy Agency (IEA), Nuclear Energy Agency (NEA) and International Transport Forum (ITF) – by generating the necessary resources and support for phasing out inefficient fossil fuel subsidies, implementing effective emissions reduction policies, and tracking climate finance. Ministers welcomed the report *Towards a Recommendation on Water: Progress Report* and encouraged further work with the aim of developing an OECD Recommendation that builds on the existing OECD acquis on water and recent policy analysis from OECD bodies.

Ministers noted the global call for an effective response to the current refugee crisis and humanitarian challenges at the World Humanitarian Summit in Istanbul. They welcomed the efforts made by the OECD in order to better measure migration trends and to promote effective integration policies.

Strengthening the contribution of trade and investment to productivity and inclusiveness

Ministers recognised the need to boost trade and investment to foster productivity and achieve inclusive and sustainable growth. They concluded that an open, rules-based multilateral trading system that is calibrated to the rapidly-evolving global economy is critical for this purpose. Ministers encouraged greater co-ordination between trade and investment policies to increase their coherence in an environment characterised by global value chains. They also stressed that ‘flanking’ policies – covering labour markets, education, responsible business conduct (RBC), and social protection – are necessary to ensure that benefits of trade and investment are widely shared. Ministers also discussed the role of trade and investment for raising productivity in the agricultural sector.

Ministers welcomed recent World Trade Organization (WTO)-complementary bilateral, regional and plurilateral initiatives aimed at promoting trade and productivity growth, and encouraged rapid implementation of the expanded Information Technology Agreement (ITA), the entry into force of the Trade Facilitation Agreement (TFA), and the conclusion of negotiations on the Environmental Goods Agreement (EGA) and the Trade in Services Agreement (TiSA). They called on the OECD to deepen its work on the OECD Services Trade Restrictiveness Index (STRI), Trade in Value Added (TiVA) and Trade Facilitation Indicators

(TFIs), to better understand developments in the global trading system.

They supported the advances in the negotiation on outstanding issues building on the outcomes of the Nairobi Ministerial Conference. Ministers encouraged the integration of new and emerging issues, such as digital trade, regulatory coherence, competition and investment, in the post-Nairobi multilateral negotiating agenda.

Ministers urged the OECD to deepen its analytical work on the provisions of regional trade agreements to better understand them and their impact. They also underscored the importance of resisting protectionist measures, with a particular emphasis on phasing out WTO-inconsistent measures in the agriculture and services sectors.

The 40th anniversary of the OECD Guidelines for Multinational

Enterprises, within the framework of the OECD Declaration on Investment, was noted by Ministers. They called on the OECD to strengthen the functioning of the National Contact Points and foster work on due diligence.

Ministers underlined the importance of RBC and noted good progress in the implementation of RBC standards. They called on the OECD to: facilitate further knowledge-sharing and dialogue on the challenges of designing and implementing effective RBC policies; deepen analytical work on the link between trade, investment and RBC standards; reinforce outreach activities on RBC; continue efforts to develop due diligence guidance for companies; and improve the system of National Contact Points through peer reviews, training, learning events, and tools to help adhering governments implement the OECD Guidelines for Multinational Enterprises.



Allen Michael Chastanet, Prime Minister and Minister for Finance, Economic Growth, Job Creation, External Affairs and Public Service of Saint Lucia, and Angel Gurría, Secretary-General of the OECD, October 2016



Christian Kern, Federal Chancellor of Austria, and Angel Gurría, Secretary-General of the OECD, November 2016

Ministers recognised that the contribution of international investment to productivity, innovation, and technology transfers depends on open, transparent, and rules-based investment policies. They called on the OECD to continue analysing investment trends, broaden its analytical work on current and emerging areas of investment treaty policy and consolidate its co-operation with international organisations and the G20's Trade and Investment Working Group.

Launch of the OECD Latin America and the Caribbean (LAC) Regional Programme

Ministers welcomed the formal launch of the LAC Regional Programme, noting it will consolidate the OECD's

longstanding advice and support on the region's main challenges and shape strategic responses related to increasing productivity, advancing social inclusion, and strengthening institutions and governance. They also noted that addressing these issues is central to achieving the SDGs and the 2030 Agenda for Sustainable Development. Ministers called on the OECD to take further steps to support implementation of the LAC Regional Programme, including through the establishment of the Steering Committee, co-chaired by Chile and Peru, and the Advisory Board, and also by mobilising expertise and support from regional organisations, such as the Economic Commission for Latin America and the Caribbean (ELCAC), the Inter-American Development Bank (IDB) and the Development Bank of Latin America (CAF).

Accession of Latvia

Ministers congratulated Latvia for successfully concluding the accession process. They acknowledged Latvia's longstanding efforts to make progress on structural reforms and noted that many of its core priorities – reducing inequalities, maximising trade and investment, fostering innovation, fighting corruption, and optimising the effectiveness of education, health and labour market policies – are aligned with the OECD's agenda. Ministers wholeheartedly expressed their support for Latvia's membership to the OECD.

OECD's global reach

Ministers commended the progress made by Colombia, Costa Rica and Lithuania in their

ongoing accession processes. Ministers agreed on the value of the OECD's global reach and called for a strategic reflection by the OECD on its future size and membership. Ministers acknowledged the OECD's continued efforts to advance engagement with its Key Partners (Brazil, China, Indonesia, India and South Africa) and noted the progress on the country programmes (Peru, Morocco and Kazakhstan).

Ministers welcomed the OECD's strong collaboration with the G7, G20, Asia-Pacific Economic Cooperation (APEC), and the Pacific Alliance. They called on the OECD to advance further its work on the international governance architecture, and its work with emerging and

developing countries, to raise the global visibility and impact of the OECD's work and standards. Ministers discussed the OECD's core regional initiatives, including the Southeast Asia Regional Programme, the new LAC Regional Programme, the Eurasia Competitiveness Programme, and the Regional Programme for South East Europe. Some mentioned that expanding regional work to sub-Saharan Africa would complement these initiatives.

Closing session and outcomes

During the closing session, Ministers adopted the Declaration on Enhancing Productivity for Inclusive Growth and the 2016

Ministerial Council Meeting Statement. Ministers welcomed the decision of Colombia, Costa Rica, Latvia and Lithuania to adopt the Declaration and join the Statement.

Ministers welcomed the extensive use of breakout groups in this Ministerial meeting chaired by Chile, noting they facilitated more engaging discussions and supported an in-depth analysis. They also appreciated previous consultations with the Trade Union Advisory Committee (TUAC) and the Business and Industry Advisory Committee (BIAC) held in Santiago, and the discussions at the 2016 OECD Forum Productive Economies, Inclusive Societies. ■

Global Strategy Group 2016

Chair's summary

The Global Strategy Group (GSG) is the OECD's high-level forum on global and strategic issues. It brings together senior officials from member and Key Partner countries to discuss global megatrends and how the Organisation can support countries in dealing with future challenges and opportunities. It meets once a year and also serves to support preparations of the forthcoming OECD Ministerial Council Meeting (MCM). The 2016 GSG meeting took place in Paris on 28-29 November to discuss "Fixing Globalisation: Achieving Better Lives for All".

Participants welcomed the fourth meeting of the Global Strategy Group (GSG) and the crucial importance of this year's topic on the future of globalisation.² While acknowledging the enormous benefits of globalisation, which has provided higher standards of living to many people around the world, lifted a billion people out of poverty, allowed increased cultural and information exchanges, and advanced international responses to some of the most pressing global challenges of our time, participants also recognised that shortcomings, unmet expectations and misperceptions have created a resentment against globalisation that is threatening economic openness and creating a lack of trust towards both national political systems and multilateral co-operation. They

emphasised that there is an urgent need for bold action to improve the outcomes and processes of globalisation, so its benefits are more equally shared.

Member countries agreed that the OECD has an important role to play in helping countries tackle inequality in an integrated world and promote better distribution of wealth in societies – including, amongst others, by addressing inequalities of income, access to quality services, and skills improvement. They urged the OECD to continue and deepen its work on inclusive growth to that end. Participants also stressed the importance of rethinking how the social contract between the people and governments can be strengthened. In view of the forthcoming Ministerial Council Meeting in June, participants

recognised the need for the OECD and member countries to listen more carefully to people's perceptions and to communicate more effectively in a 'post-fact' world. The growth narrative should put people's well-being and sustainability at the centre. Participants underlined the OECD's role in setting global standards that should not only level the global playing field but also make it fairer, more inclusive and transparent. Members urged the OECD to build the statistical case for and enhance its analytical work on the benefits and shortcomings of globalisation. It was also noted that communication is not enough to influence people's perceptions of globalisation – ultimately, delivering results is what matters.

Five main areas of action were put forward by participants.

2. Over a day and a half, seven key interventions set the tone for discussions. The Chair of the GSG, Mr Ulrik Vestergaard Knudsen (Denmark) and the OECD Secretary-General, Mr Angel Gurría, delivered keynote speeches to introduce the discussions. Mr Ian Goldin, Senior Fellow and Professor of Globalisation and Development at Oxford University, and Mr Frédéric Mazzella, Founding CEO of BlaBlaCar, developed further on the opportunities and challenges of globalisation. Mr Roberto Azevêdo, Director-General of the World Trade Organization (WTO) and Mr Bruce Stokes, Director of Global Economic Attitudes at Pew Research Center, gave their insights on the future of trade and investment. Addressing the OECD's role in advancing the implementation of the Sustainable Development Goals, Mr Lenni Montiel, United Nations Assistant Secretary-General for Economic Development, set a clear path for the Organisation to move forward. Finally, to address the OECD's role in global governance, Ms Gesa Mieke-Nordmeyer, G7/G20 German sous-Sherpa, Ms Gabriela Ramos, OECD Chief of Staff and Sherpa, and Ms Saskia Sassen, Professor of Sociology at Columbia University, assessed how global standards can be strengthened. Over 50 delegates from OECD member countries, Key Partners and Accession countries participated in the discussions.



Family photo of the Global Strategy Group, November 2016

First, participants emphasised the need to better understand the advantages and drawbacks of globalisation and the importance of identifying more precisely who is affected negatively both in terms of individuals and businesses at the national and regional levels. They suggested that globalisation is not a goal in itself and that environmental and social sustainability must be at the centre of a new narrative on globalisation, and participants agreed that the OECD has a key role and a comparative advantage among international organisations in informing the discussion through its multidisciplinary analysis, data, knowledge and tools.

Several participants stressed the importance of assessing the interplay between the international phenomenon of 'globalisation' and domestic policies and found that the

OECD is well positioned to give policy advice on domestic policies that will incorporate new technologies to reap the benefits of globalisation and make it more inclusive. Some also suggested that domestic policies will also be central in creating a better environment for companies.

Participants emphasised that governments should provide flanking policies to ensure globalisation drives improved well-being, and strengthens social safety nets, education and skills, social dialogue, active labour market policies, and responsible business conduct. They stressed the need to review how increased inequalities in the context of globalisation may have disempowered certain groups of people and to find mechanisms to better involve those people in decision making. Key policy areas for government action were identified, including

addressing the concentration of income, wealth and profits in network industries, strengthening financial regulations, reversing the erosion of trust, promoting more inclusive growth, tackling climate change, improving cyber security, supporting good governance – including in the private sector – and incorporating NAEC perspectives in policy making where appropriate.

Some also underscored the need to understand trade better and connect it to national policies. They called for the policy-making process to be more inclusive – reflected in regular public dialogue and consultation with non-governmental organisations (NGOs) and trade unions.

Second, participants took stock of the importance of digitalisation and the profound revolution it entails for every economic sector and society in general. They

noted how globalisation and digitalisation are intrinsically linked and underscored the need to make digitalisation a global opportunity. Participants called on the OECD to enhance its work and help countries put in place the necessary policy environment to fully reap the benefits of digitalisation and avoid deepening the digital divide. They added that the OECD's Horizontal Project on digitalisation can provide a roadmap for members to channel digitalisation for better education, better health, better skills policies and a more multi-dimensional understanding of the challenges presented by digitalisation. Members stressed the OECD's comparative advantages regarding the need to focus on skills to allow for people to take full advantage of technological progress; to anticipate the future of work, and the future of labour markets; to ensure that there is no new divide in digital access, including for people, regions and small- and medium-sized enterprises (SMEs); and to address privacy, security, and intellectual property rights issues. Furthermore, members called on the Organisation to continue work on providing better understanding regarding how digitalisation is reshaping the future of work, including wages and the demand for particular competencies; its effect on social security systems and social dialogue; the impact and implications of the digital economy on trade and investment; and how global standards on digitalisation can promote change while ensuring that it benefits all equally. They underlined the importance of OECD work on the digital

economy in the context of the German Presidency of the G20, including on the issue of digital trade.

Participants emphasised also the role that governments have to play in providing digital infrastructure, establishing the rules of the game and a regulatory framework for competition in a digital world, creating the appropriate environment for innovation and in ensuring that people – the most important resource – have access to the right education and skills. Some noted that governments can help provide the conditions to finance experimentation and young innovative firms. Alternative financing instruments and channels – venture capital, crowd-sourcing, equity finance – will be needed.

Third, participants noted that the continued weakness of international trade and international investment was linked to the unsatisfactory performance of the global economy, as noted in the latest OECD Economic Outlook. Reference was made to the risk of sliding into protectionism and the related anti-globalisation backlash this could imply. Delegates recognised the potential risk of additional job loss because of increased automation that could lead to possible disruption for service workers in member countries' economies similar to what has already been experienced by manufacturing workers.

Participants emphasised that the trade and investment agenda

should be fully integrated into the domestic policies agenda in order to ensure inclusive growth in an open markets environment, and that the full range of structural policies – from social protection and flexible labour markets to strategic investments in education, skills, innovation and physical infrastructure – is needed to ensure that the benefits of trade and investment are more widely and more equally distributed. Delegates were reminded that already some member countries have taken enlightened approaches to broadening the benefits associated with international trade and investment by combining such labour market flexibility with social security and that the OECD is well placed to disseminate the successful experience as well as to learn from possible failures. They also noted the need to favour international trade and investment agreements that better help the inclusive and sustainable growth agendas.

Participants noted that critical sentiments towards trade were least common among the younger generation. Although anti-globalisation protest have so far not been anti-trade manifestations as such it was considered important that the negotiations of regional and bilateral trade agreements included sufficient engagement of stakeholders in an atmosphere of transparency.

Fourth, building on the opportunity presented by the Sustainable Development Goals, there was consensus that the OECD can and should put its

expertise and evidence at the disposal of both member and partner countries. The United Nations' call for more co-operation with the OECD as well as the common desire to work closer with the G20 in this area were welcomed.

In many respects, countries are still coming to terms with the implications of a universal, integrated set of goals and targets for domestic policy making and governance. Members highlighted some specific examples of OECD tools and evidence that are evolving to meet new challenges, including those presented by the 2030 Agenda (e.g. development finance measurement work, building on the OECD's track record on multi-dimensional well-being; work in support of the greening of finance) as well as the role that the Organisation could play in identifying and sharing best practices in this regard and how it can contribute to ongoing international efforts.

The OECD's work regarding the implementation of the Paris Climate Agreement was encouraged for instance regarding climate financing (including funds supplemented by the private sector), implementation of the

agreement at the national level, carbon pricing, monitoring and the sharing of best practices. The further integration of climate and sustainable development perspectives across the OECD's work was also encouraged and reference was made to the hopefully soon conclusion of the ongoing work regarding the SDG Action Plan.

Finally, members stressed the urgent need for more ambitious and enforceable international rules and standards – economically, socially, politically and environmentally. Participants recognised the growing numbers of issues in the OECD/G20 nexus and re-affirmed the importance of strengthening OECD/G20 co-operation as well as the key contribution that partnership with other global fora such as the G7 and Asia-Pacific Economic Cooperation (APEC) can make in promulgating OECD-standards more widely.

Because people's resentment against globalisation may be linked to the fact that the existing process of openness and liberalisation may not have been accompanied by enough globalisation in terms of rule making and governance,

members stressed the role of the OECD in global standard-setting and more broadly on international regulatory co-operation as well as the need for mechanisms to ensure that the benefits are more equally shared. In this regard the Base Erosion and Profit Shifting project (BEPS), the Anti-Bribery Convention and the Guidelines for Multinational Enterprises (MNEs) were mentioned as examples of instruments with substantial legal and economic impact that together with other standard setting instruments contribute to establishing or re-establishing credibility in international institutions and perhaps even in globalisation itself. The Chair thanked the Secretary-General and the Secretariat for having made the OECD an increasingly credible and useful partner of the G20.

Participants welcomed the fact that the 2016 GSG meeting will inform the preparations for the next OECD Ministerial Council Meeting to be held on 7-8 June, 2017. They agreed that the Global Strategy Group should meet again before the end of 2017 under the chairmanship of Mr Ulrik Vestergaard Knudsen. ■

KEY ACTIVITIES



Secretary-General's Activity in 2016

Overview

During 2016, the OECD Secretary-General carried out a very intense official agenda in order to advance the relevance, impact and visibility of the Organisation. In addition to chairing Council, interacting with delegations, and participating in the Ministerial Council Meeting (MCM) and Global Strategy Group, he carried out numerous official visits to member and partner countries, and engaged through hundreds of formal and informal meetings with many leaders and key stakeholders. Through his bilateral activities in Paris and abroad, he continued to provide support and timely and targeted policy advice to OECD member and partner countries in their reform efforts. Through his participation at international summits, such as the G7 Summit in Ise-Shima, the G20 Summit in Hangzhou and the United Nations Summit for Refugees and Migrants in New York, the Organisation was able to advance key global agendas on issues such as the Base Erosion Profit Shifting (BEPS) package (endorsed by G20 leaders in November 2015) and the BEPS Inclusive Framework, Automatic Exchange of Tax Information, and the 2015 Paris agreement on climate (which benefited from OECD work on climate finance and on aligning policies for a low-carbon transition). The Secretary-General also strengthened the OECD's contribution to the G20, G7, Asia-Pacific Economic Cooperation (APEC) and its collaboration with Association of Southeast Asian Nations (ASEAN), and helped broker a stronger partnership with Brazil, the People's Republic of China (hereafter 'China') and Indonesia, with new joint programmes of work.

During the year, the Secretary-General led the Secretariat's efforts to deliver new, ground-breaking analysis on issues such as the

productivity-inclusiveness nexus, trade and global value chains, the integration of migrants, and skills, while continuing to seek a more open, innovative, multi-disciplinary and horizontal approach to addressing policy challenges, as part of the New Approaches to Economic Challenges (NAEC) Initiative. He also launched a new initiative to strengthen the relevance and impact of OECD standards, launching a review by OECD substantive Committees.

The Secretary-General made 55 trips abroad in 2016. This included his participation in the main international summits that took place throughout the year. In the course of 2016, the Secretary-General held 59 formal meetings with Heads of State and Government, 20 meetings with heads of international organisations and 208 meetings with ministers, as well as numerous informal interactions with high level officials and senior stakeholders, including regular phone calls. In total, he conducted over 590 formal bilateral meetings over the course of the year.

The Leaders' Programme brought 16 Heads of State or Government to the OECD. The Secretariat and delegations have also benefited from these visits through a programme of public lectures, including leading thinkers and innovators who participated in NAEC seminars and the Coffees of the Secretary-General series. Many of the activities undertaken by the Secretary-General in Paris during 2016 were also related to his regular management of the OECD Secretariat and the governance of the Organisation.

The Organisation's media presence and coverage also remained consistently high.

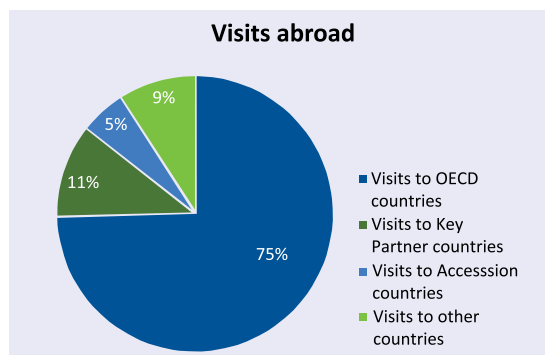
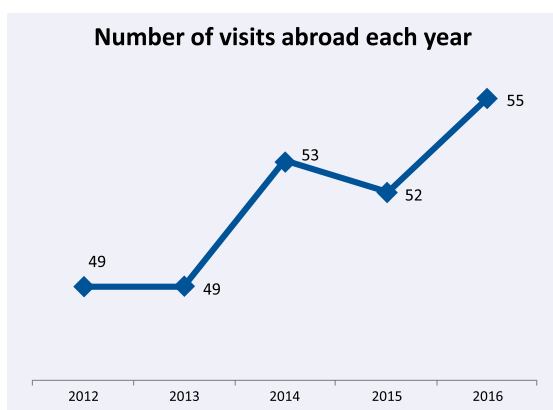
Activity abroad

In 2016, 75% of the Secretary-General's visits abroad were to OECD member countries (41 of 55). The rest included 3 visits to Accession countries, 6 to Key Partner countries and 5 to other non-member countries. Since 2007, the Secretary-General has completed a total of nearly 500 trips abroad (493).

Throughout the year, the Secretary-General visited 25 of the 35 OECD member countries. He made five visits to the United States, four to Mexico, three each to Germany, Japan, and the United Kingdom, two each to Belgium and the Slovak Republic, and one visit to Austria, Canada, Chile, the Czech Republic, Greece, Hungary, Italy, Israel, Korea, Norway, Poland, Portugal, Spain, Sweden, Switzerland, and the Netherlands.

During every visit, the Secretary-General presented relevant OECD work and was regularly received by the Leaders and key members of the government. The main purpose of these trips was to advance the OECD's advisory role in the respective countries, present relevant OECD work linked to the country's reform agenda, and raise the Organisation's profile. Nine OECD Better Policies Series reports produced by the Cabinet were presented by the Secretary-General in 2016, coinciding with his visits and meetings with Leaders.

Figure 1. Secretary-General's visits abroad



The Secretary-General also represented the OECD and presented the Organisation's latest work at important international events. These included the annual World Economic Forum in Davos, the International Monetary Fund/World Bank meetings held in Washington, the G7 Summit in Ise-Shima, the G20 Summit in Hangzhou, and the UN Summit for Refugees and Migrants in New York. He also participated at important OECD ministerial meetings and conferences taking place abroad, like the Launch of the Champion Mayor Initiative in New York, the Anti-Corruption Summit in London, the Digital Economy Ministerial Meeting organised by the OECD's Science, Technology and Innovation Directorate in Cancún, the 2016 Skills Summit organised by the OECD's Education Directorate in Bergen, the Middle East and North Africa (MENA)-OECD Ministerial Conference organised by the OECD's Governance and Territorial Development Directorate and Global Relations Secretariat in Tunis, the World Summit of Local and Regional Leaders, the UN Habitat III Conference in Quito, and the Global Partnership for Effective Development Co-operation Ministerial in Nairobi.

During his visits, the Secretary-General met with key ministers of all member countries, as well as with Leaders, including: Austrian Federal Chancellor, Christian Kern; Brazilian President, Michel Temer; Bulgarian President, Rosen Plevneliev; Canadian Prime Minister, Justin Trudeau; Cape Verdean Prime Minister, José Maria Neves and Prime Minister, Ulisses Correia e Silva; Chilean President, Michelle Bachelet; Colombian President, Juan Manuel

Santos; Costa Rican President, Luis Guillermo Solís; Croatian Prime Minister, Tihomir Orešković; Czech Prime Minister, Bohuslav Sobotka; French President, François Hollande; German Federal Chancellor, Angela Merkel; Greek Prime Minister, Alexis Tsipras; Guatemalan President, Jimmy Morales; Hungarian Prime Minister, Viktor Orbán and President János Áder; Indian Prime Minister, Narendra Modi and President Pranab Mukherjee; Indonesian President, Joko Widodo; Israeli Prime Minister, Benjamin Netanyahu; Italian Prime Minister, Matteo Renzi; Ivorian Prime Minister, Daniel Kablan Duncan; Japanese Prime Minister, Shinzō Abe; Kazakh Prime Minister, Karim Massimov; Kenyan President, Uhuru Kenyatta; Korean President, Park Geun-hye; Latvian Prime Minister, Māris Kučinskis; Lithuanian President, Dalia Grybauskaitė and Prime Minister Algirdas Butkevičius; Luxembourg Prime Minister, Xavier Bettel; Dutch Queen Maxima; Norwegian Prime Minister, Erna Solberg; Paraguayan President, Horacio Cartes; Chinese President, Xi Jinping; Peruvian Presidents Ollanta Humala and Pedro Pablo Kuczynski; Polish Prime Minister, Beata Szydło; Portuguese President, Marcelo Rebelo de Sousa; Romanian Prime Minister, Dacian Cioloș; Saint Lucian Prime Minister, Allen Chastanet; Senegalese President, Macky Sall; Slovak Prime Minister, Roberto Fico; South African President, Jacob Zuma; Swedish Prime Minister, Stefan Löfven; Tunisian President, Beji Caid el Sebsi; Ukrainian Prime Minister, Volodymyr Hroïshman; United Arab Emirates Prime Minister, Sheikh Mohammed bin Rashid Al-Maktoum; United Kingdom Prime Minister, Theresa May; American President, Barack Obama; and Vietnamese Prime Minister, Nguyễn Xuân Phúc .

The Secretary-General met regularly with members of Parliament in the countries he visited and addressed the U.S. Congress on some of his visits. He participated in the On the Road meeting of the OECD Global Parliamentary Network held in Tokyo in April. The Secretary-General also met with representatives from the private sector, trade unions, and civil society during his trips abroad. Most of his visits featured public events in which he had an opportunity to address broader audiences and share the OECD's main messages with the general public.

In 2016, the OECD further strengthened its ties with the G20. The Secretary-General was invited to participate in all high-level G20 meetings of the Chinese Presidency, including several thematic meetings including: the Finance Ministers and Central Bank Governors meetings and the G20 Hangzhou Summit. He also attended major meetings of the G7 in Japan, APEC and other fora.

During 2016, the Secretary-General made 6 trips to Key Partner countries including, India, Indonesia and four visits to China. During his visits, the Secretary-General presented specific work carried out by the OECD on these economies, including Economic Surveys, Policy Briefs and Better Policies series documents. He also visited Colombia, Costa Rica, Ecuador, Kenya, Lithuania, Peru, Tunisia and the United Arab Emirates. To support the Secretary-General's activities, the Deputy Secretaries-General also visited the Key Partner countries on a number of occasions.

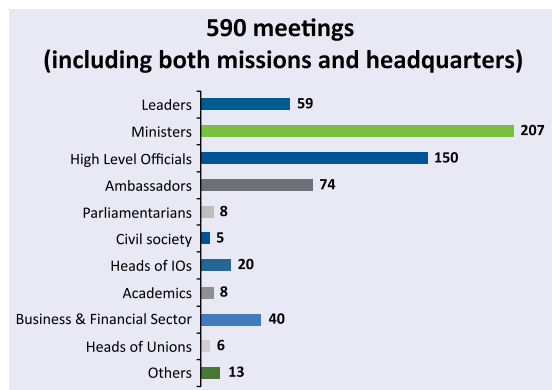
Activity in Paris

During 2016, the Secretary-General received 16 Leaders in Paris. During OECD Week alone, five Heads of State or Government (Chile, Croatia, Latvia, Peru, and Senegal), six Deputy Prime Ministers or Vice-Presidents (Belgium, Costa Rica, Korea, Poland, Slovenia, and Turkey), 59 Ministers, 24 Vice-Ministers and hundreds of other high level officials visited the Organisation. The Secretary-General also participated in the annual meeting of the OECD Global Strategy Group on 28-29 November.

Throughout the year, the Secretary-General also delivered keynote remarks and participated in other important events hosted at the OECD, including various conferences, global fora and high-level committee meetings such as, the Labour Ministerial and Policy Forum, the OECD Global Parliamentary Network (GPN) Meeting, the OECD Anti-corruption Ministerial meeting, the Ministerial Meeting on Agriculture, the OECD Integrity Forum, the Committee Chairs Lunch ahead of the MCM, the Ministerial meeting of the Environment Policy Committee (EPOC), the OECD

Eurasia Week 2016 and the Fora on Africa and Latin America, to mention just a few.

Figure 2. Secretary-General's bilateral meetings



A great part of the Secretary-General's activities in 2016 was also devoted to the regular exercise of his management duties, as well as his chairing of the OECD Council and interaction with delegations. Over the course of the year, the Secretary-General held 66 bilateral meetings with OECD Ambassadors, chaired 17 sessions of the OECD Council, 3 Heads of Delegation meetings, 8 meetings of the MCM Bureau, 9 regular meetings with Chairs of Standing Committees and 11 meetings of the Group of Directors. He also held 62 preparatory meetings on substance and activities with different units of the Organisation had 77 regular meetings with OECD Directors and held 77 regular senior management meetings, as well as hundreds of management meetings on OECD housekeeping issues.

Communication and visibility

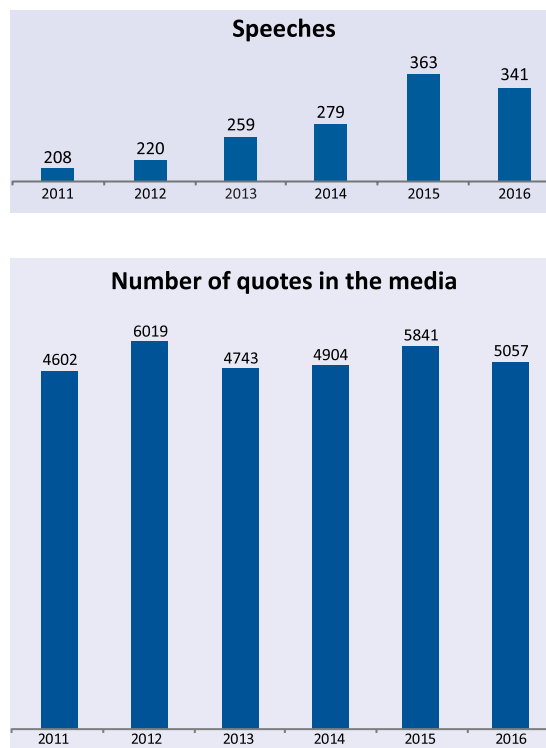
During 2016, the OECD continued consolidating its impact and visibility. Outreach and communication activities by the Secretary-General played a critical role in achieving this goal.

The Secretary-General gave 184 sit-down interviews, 59 in Paris (43 from the OECD studio) and 125 while on mission, not counting several

ad hoc interviews and press points. He launched 49 Outlooks, flagship publications and reports in 24 different countries, namely: Austria, Belgium, Canada, Chile, China, Colombia, Costa Rica, Czech Republic, France, Germany, Greece, Hungary, Indonesia, Israel, Italy, Japan, Lithuania, Mexico, Slovak Republic, Sweden, Tunisia, Turkey, the United Kingdom and the United States.

The Secretary-General also delivered 341 speeches, was quoted 5 057 times in the media and in more than 880 original articles. Social media use and presence also increased, allowing the Organisation to reach broader audiences and join global conversations on key issues. The Secretary-General's Twitter account and a new series of contributions on LinkedIn provided him the opportunity to take innovative approaches in promoting the work of the Organisation. ■

Figure 3. Secretary-General's speeches and media coverage



Digital transformation

January 2017 saw the launch of the OECD's cross-cutting project on the digital transformation - Going Digital: Making the Transformation Work for Growth and Well-being. This project is the largest horizontal effort to date at the OECD, bringing together the expertise of 14 policy committees to explore how countries can make digitalisation work.

The time is right for this project. Although the transition to a digital economy has been underway for nearly half a century, the pace of change has quickened. Digital infrastructures are now nearly fully deployed across OECD countries, and powerful devices such as smartphones provide ubiquitous computing and access. However, the use of digital tools still differs greatly across countries, firms and households, even in the most advanced economies. As digital transformation unleashes its potential for growth and well-being, it also poses challenges to the current nature and structure of organisations, markets and social interactions.

It is increasingly clear that the gap between "Technology 4.0" and "Policy 1.0" needs to be closed. Many public policies are a legacy of the analogue era and are simply ill-adapted for digital times. Policy makers sometimes lack an understanding of the changes underway and tinker with existing policies rather than proactively developing new approaches.

The 2016 Ministerial Council Statement acknowledged this, recognising that "a coherent and holistic policy approach is necessary to fully harness and leverage the benefits of innovation and digitalisation for increased productivity, quality jobs and inclusive growth". Their call for the OECD "to develop a horizontal policy strategy on digitalisation, its opportunities and challenges" was mirrored in a range of sectoral Ministerial meetings, notably on science and technology, employment, skills and the digital economy.

The OECD brings three key strengths to this project:

- Its breadth of expertise from specialised policy communities and their supporting Secretariat, enabling a whole-of-government perspective.
- An ability to work transversally both internally and across different communities, with experience honed over decades of practice.
- Direct access to policy makers and stakeholders from a wide range of countries, many of which are pioneers in digital transformation.

By providing a holistic framework and cutting edge analysis into policy issues straddling the boundaries of traditional policy silos, the Going Digital project will provide policy makers with pro-active solutions to drive greater growth and societal well-being and help address the productivity, unemployment and inequality challenges faced by many countries.

For more information see: <http://oe.cd/goingdigital>

Migration

The global economy is undergoing major economic, geopolitical and demographic changes that have significant consequences on the composition and size of migration flows, and can be expected to affect future flows even more. In many respects international migration is at a crossroads. Whether it becomes a source of shared prosperity and inclusive growth or of tensions – both domestically and internationally – will depend on the design and effectiveness of migration and integration policies. OECD work on migration helps member and partner countries get the most out of migration. It focuses on three main areas:

A permanent monitoring system. The monitoring of migration trends and policies, notably through the *International Migration Outlook*, is one of the OECD's core activities on migration. Over the past years, this monitoring has been extended to a number of non-OECD countries, notably in Asia and Latin America, through co-operation with other international organisations. The monitoring of integration outcomes of immigrants and their children, through the flagship publication *Settling In: Indicators of Immigrant Integration*, is also a key building block of OECD work on migration. In 2018 the OECD will organise, with other international organisations, the first International Forum on Migration Statistics.

More efficient integration systems. The labour market and social integration of immigrants and their children remains an area of concern and of intense policy activity in OECD countries. As migrant populations increase and grow more diverse in most countries, integration policy instruments must be increasingly customised. For example, the challenge of providing adequate support to the many asylum seekers and refugees in host countries will require significant efforts, notably in Europe. These issues will also be at the heart of a new horizontal project launched by the OECD on ensuring the effective integration of vulnerable migrant groups.

More adaptable immigration policies. As skills mobility is gaining importance, notably at the regional level, the capacity to retain and attract talent is gaining importance. Attractiveness of individual countries as well as of main economic areas will depend not only on their migration policies, but also on their capacity to recognise and value skills. At the same time, there are concerns regarding the possible impact of migration on specific segments of the labour market. Striking the right balance between attractiveness, responsiveness and control may become increasingly challenging, particularly regarding temporary migration. With this objective in mind, the OECD focuses on the need to better understand interactions between different policy instruments and policy trade-offs.

For more information see: www.oecd.org/migration-insights; www.oecd.org/migration/indicators-of-immigrant-integration-2015-settling-in-9789264234024-en.htm; or www.oecd.org/migration/international-migration-outlook-1999124x.htm

International co-operation

The year 2016 was dubbed “the year of implementation” at the OECD for major international initiatives on development, the climate, and taxation signed in 2015. As part of our commitment to COP21, we launched the OECD Centre on Green Finance and Investment, to develop effective policies, institutions, and instruments to catalyse the transition to a green, low-emissions, climate-resilient global economy. The OECD Council endorsed in December 2016 *Better Policies for 2030: An OECD Action Plan on the Sustainable Development Goals*, showing how the Organisation will support the achievement of the 2030 Agenda. The study *Measuring Distance to the SDGs Targets: A pilot assessment of where OECD countries stand*, piloted in selected OECD countries, leverages OECD work on well-being and the wealth of its data, and is a first attempt at estimating the distance that OECD countries have to travel to achieve the target levels set for 2030. The inclusive framework on Base Erosion and Profit Shifting (BEPS) developed in response to a call by the G20 Leaders, allows interested countries and jurisdictions to work with OECD and G20 members on developing standards on BEPS-related issues and reviewing and monitoring the implementation of the whole BEPS package. The framework also supports the development of the toolkits for low-capacity developing countries.

G20

The OECD also participates in G20 meetings at the highest political level (Leaders, Ministers, Sherpas, Finance Deputies) as well as at the technical level (Working Groups). The Sherpa Unit, headed by Chief of Staff and Sherpa to the G20, Gabriela Ramos, contributes to virtually all of the Group's strands of work and most G20 working groups with data, analytical reports, policy recommendations and standards, often in collaboration with other international organisations. At their Summit in Hangzhou, China, in 2016, Leaders of the G20 countries called on the OECD to help develop an agenda to build a stronger, more innovative and inclusive world economy. The OECD has contributed ideas, analysis and data in support of the Presidency's goal to integrate an Innovation Action Plan to support investment in science and technology, improve skills and encourage the exchange of knowledge. The OECD will facilitate the new G20 Task Force on Innovative Growth; provide a venue to discuss issues such as steel over-capacity; and contribute to other important areas such as the role of skills and training, investment in infrastructure, and support to small- and medium-sized enterprises.

The OECD Better Life Initiative

For many decades, gross domestic product (GDP) has been the main indicator used by national and international institutions to define and measure progress. But this focus on economic growth fails to capture many factors which affect people's lives. Launched in 2011 and part of international efforts to go beyond GDP, the OECD Better Life Initiative introduces an OECD framework to analyse well-being and societal progress.

The *How's Life?* report brings together international comparable measures of well-being based on people's material conditions and quality of life in eleven dimensions: income and wealth, jobs and earnings, housing conditions, health status, work and life balance, education and skills, social connections, civic engagement and governance, environmental quality, personal security and subjective well-being. The fourth edition of *How's Life?* will be launched in 2017 focusing on well-being for migrants, governance and trust, and the treatment of inequalities.

The OECD Better Life Index (BLI) is an interactive online platform that invites the public to visualise well-being outcomes in OECD countries and beyond according to criteria that are most important to them. The platform has so far attracted nearly 10 million visits from over 180 countries. The top five countries by number of visits are the United States, Mexico, France, Canada and the United Kingdom. New features have been gradually added, allowing users to compare and share their index with other people who have created indexes, as well as see the number of responses by country, age and gender, and what topics people think are most important. Over 122 000 people have shared their views on what makes for a better life, with life satisfaction, health and education topping the list. The OECD Better Life Index is now available in seven languages: English, French, German, Italian, Portuguese, Russian and Spanish. Latvia and South Africa were added to the Index in 2016.

The work on measuring well-being is led by the Statistics Directorate.

For more information see: www.oecd.org/statistics/better-life-initiative.htm

The OECD Better Life Index is co-ordinated by the Directorate for Public Affairs and Communication. For more information on the Index see: www.oecdbetterlifeindex.org

To compare BLI responses from around the world see: www.oecdbetterlifeindex.org/responses

DIRECTORATES



Office of the Secretary-General



Office of the Secretary-General
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“The Office of the Secretary-General (OSG) ensures strategic alignment for the Secretary-General in leading the Organisation and advancing his vision for inclusive and sustainable growth. OSG keeps the OECD at the leading edge of policy thinking to maximise its impact on the international governance architecture, particularly the G20 and G7. In this period of profound change, OSG enables the OECD to respond to new and growing demands from our members and partner countries.”

Gabriela Ramos,
OECD Chief of Staff
and G20 Sherpa

The Office of the Secretary-General (OSG) supports the Secretary-General in delivering his strategic vision for the Organisation. Led by the Chief of Staff and Sherpa to the G20, Gabriela Ramos, and the Deputy Chief of Staff, Juan Yermo, and with the support of the OSG Counsellor, Elsa Pilichowski, the Head of Management and Communications, Ángel Alonso Arroba, the Speech Writing and Intelligence Unit Head, Mario López-Roldán, Senior Advisor, Isabell Koske, and a talented group of advisors and assistants, OSG works to increase the relevance, visibility and impact of the Organisation.

OSG ensures that the OECD remains at the cutting edge of policy analysis and delivers timely and targeted policy advice to support reform processes in member and Key Partner countries, in line with the “21 for 21” commitment of the Secretary-General. It does so by supervising and advancing the Secretariat’s strategic objectives, including the efforts and contributions of the Deputy Secretaries-General. OSG supports the Secretary-General in co-ordinating the work carried out by directorates, bodies, agencies and committees to create synergies and respond promptly and adequately to emerging needs and demands derived from a rapidly changing context. As Head of OSG, the Chief of Staff and the Deputy Chief of Staff directly oversees the New Approaches to Economic Challenges (NAEC) and Inclusive Growth initiatives; and houses the G20/G7 Sherpa unit, the Strategic Foresight unit, the Policy Coherence for Development unit and the Roundtable on Sustainable Development. OSG and the Deputy Secretaries-General also provide general oversight to horizontal projects and the mainstreaming of horizontal themes throughout the OECD Secretariat.

By supervising the work of the Global Relations Secretariat and the Legal Directorate, OSG is at the forefront of the Organisation’s outreach strategy, leading and monitoring accession processes as well as co-operation with Key Partners and non-members. OSG also works closely with the Council and Executive Committee Secretariat in order to manage the regular interaction with Ambassadors to the OECD and to prepare Council meetings, as well as the annual Ministerial Council Meeting and Global Strategy Group. OSG collaborates with the Internal Audit and Evaluation

www.oecd.org/about/secretary-general

unit to ensure that the Organisation maintains its good management. Likewise, OSG co-ordinates closely with the Executive Directorate on the general management of OECD operations, corporate services and housekeeping issues, as well as with the Public Affairs and Communications Directorate to guarantee consistency and impact in the Organisation's messages, external communications and outreach to different stakeholders. In summary, through its oversight of directorates, OSG ensures strategic direction and coherence in the Secretariat's work.

In 2016, OSG supported the Secretary-General's 55 foreign missions, plus 137 more for the Chiefs of Staff and Deputy Secretaries-General. OSG prepared 340 speeches, 1 500 briefing notes, and organised 600 full-fledged bilateral meetings for the Secretary-General, including his meetings with 60 Leaders, 17 of whom visited the OECD. He also met 200 ministers, conducted 320 internal meetings, and responded to an average of 500 emails every day.

During the year, OSG produced important substantive reports including *The Productivity-Inclusiveness Nexus*, which was a cornerstone of the 2016 Ministerial Council Meeting. It also delivered members and partners 10 Better Policies Series reports and 29 country-specific Policy Briefs. OSG also contributed actively to the substantive preparation of major OECD meetings, including guidance and review of several Ministerial declarations and other key documents. In particular, OSG prepared the *Key Issues Paper* of the Ministerial Council Meeting and the *Discussion Notes* of the Global Strategy Group. It also organised numerous events at OECD headquarters at the highest political level, including 17 visits by Heads of State, Government and International Organisations under the Leaders' Programme, several NAEC seminars, and many encounters with leading "out-of-the-box" thinkers that participated in the Coffees of the Secretary-General series. ■

■ Key publications

- *Update on the Mainstreaming of the New Approaches to Economic Challenges (NAEC) initiative*
- *The Productivity-Inclusiveness Nexus*

Better Policies series:

- Latin America: *Promoting productivity for inclusive growth in Latin America*
- China (People's Republic of): *Policies for sound and effective investment in China*
- China (People's Republic of): *Enabling China's transition towards a knowledge-based economy*
- Japan: *Boosting growth and well-being in an ageing society*
- Middle East and North Africa: *Better policies for inclusive growth and economic integration in the MENA Region*
- Poland: *Policy priorities for making Poland a more inclusive and knowledge-based economy*
- Sweden: *Promoting well-being and inclusiveness in Sweden*
- *Putting an end to corruption*

The 29 country-specific Policy Briefs produced in 2016 include: Costa Rica, the Czech Republic, Germany, Greece, Hungary, Indonesia, Israel, Korea and Lithuania.

Sherpa Office and Global Governance Unit

The OECD has become a trusted partner of the G20, which was confirmed this year by the close co-operation and support it provided to the Chinese Presidency of the G20. With OECD contributions developed all across the house, and co-ordinated by the Sherpa and the Global Governance Unit, the OECD delivered substantive support for the development of major outcomes of the Hangzhou Summit, enhancing substantially its relationship with the People's Republic of China, hereafter 'China'. This resulted in the first ever visit of the Prime Minister of China to the OECD and the signature of several major commitments and a programme of work, and the Skills Development Programme.

Particularly relevant was the support to the Chinese Presidency to develop the *G20 Blueprint for Innovative Long-term Growth*, an initiative to harness new sources of growth to escape the low-growth trap and advance an agenda for enhanced structural reform, including a quantitative framework. The backlash against globalisation prompted the G20 to take a leadership role in identifying ways to regain trust in open markets and global economic integration. OECD support includes work on a more transparent, effective and fair international tax architecture. Under the Chinese Presidency, the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) was established, with OECD and non-OECD countries on an equal footing. Additionally, the OECD made substantive contributions to China's priorities in trade and investment, green finance, anti-corruption, and the 2030 Sustainable Development Agenda. The OECD also helped the Chinese Presidency to advance the anti-corruption agenda by finalising the new G20 Anti-corruption Action Plan, and drafting reports for the G20 on best practices in budget transparency and open data.

To help safeguard "interconnected economies" against the globalisation backlash, the 2017 German Presidency's priorities include resilience, sustainability and responsibility. The OECD is contributing to priority issues including digital transformation; digital trade; the transition to a low-carbon economy; anti-microbial resistance; the integration of migrants; quality female employment; tax certainty; and responsible business conduct. Other OECD contributions to the 2017 German G20 Presidency include the report *Key Issues for Digital Transformation*, as well as developing a roadmap identifying key policy directions towards digital transformation.

The OECD is also engaged with the G7. Under the 2016 Japanese Presidency, the OECD promoted gender equality including in science, technology, engineering and mathematics (STEM) disciplines; policies to help reignite growth by boosting trade and investment; improved healthcare; and implementation of the Automatic Exchange of Information Common Reporting Standard and the G20/OECD BEPS package. The OECD is supporting the 2017 Italian G7 Presidency on inclusive growth and inequality; gender, the Next Production Revolution; and implementing the COP21 Paris Agreement and Agenda 2030.

The OECD supports structural reforms in Middle Eastern and North African (MENA) countries in the context of the G7 Deauville Partnership and is leading co-operation with MENA countries in developing country-tailored reform plans under the Compact for Economic Governance and 20 technical co-operation projects on implementation financed by the MENA Transition Fund.

The OECD's engagement with Key Partners has been strengthened through co-operation with regional fora such as the Asia-Pacific Economic Cooperation (APEC). The OECD supported the 2016 Peruvian Presidency and started to deliver on its mandates in the Cebu Action Plan drawn up under the Philippines' APEC Presidency. The Organisation is working closely with the 2016 Vietnamese APEC Presidency across policy areas including small- and medium-sized enterprise (SME) competitiveness and innovation; inclusive growth; connectivity; food security; and finance-related issues, including financial literacy, disaster risk financing, long-term investment and BEPS. ■

For more information contact: sgeshpa@oecd.org

■ Key publications

- *OECD Contribution to the Chinese G20 Presidency*
- *G20 Innovation Report 2016*
- *OECD Secretary-General's Tax Report to the G20 Leaders*
- *Quantifying the Implementation of G20 Members' Growth Strategies*, OECD-IMF Note
- *Inter-Relationship between Trade and Investment: Strengthening Policy Coherence*, WTO, UNCTAD, OECD and World Bank
- *OECD Report to G7 Leaders on Women and Entrepreneurship: A summary of recent data and policy developments in G7 countries*
- *OECD Report to G7 Leaders on Responsible Business Conduct*

■ Key events

- G20 Seminar on Corruption and Economic Growth, Paris, France, October 2016
- G20 Leaders Summit, Hangzhou, China, September 2016
- G20 Finance Ministers and Central Bank Governors Meetings, February/April/ July/ October 2016
- G20 Sherpa meetings, January/April/June/September/October 2016
- Deauville Partnership Senior Officials' Meetings: Tokyo, Japan, March 2016 and Barcelona, Spain, November 2016
- G20/OECD Inclusive Framework on Base Erosion and Profit Shifting Conference, Kyoto, Japan, July 2016
- G7 Leaders Summit, Ise-Shima, Japan, May 2016
- G7 Finance Ministers and Central Bank Governors Meeting, May 2016

New Approaches to Economic Challenges (NAEC) and the Inclusive Growth Initiative

Under the leadership of the Chief of Staff, the New Approaches to Economic Challenges (NAEC) Initiative was launched at the 2012 Ministerial Council Meeting (MCM) to catalyse a process of continuous improvement of OECD analytical frameworks and policy advice. The initiative is overseen by OSG, with strong support from the Secretary-General, and all directorates pursue NAEC approaches.

The 2016 update on the NAEC mainstreaming report indicated that many lessons emerging from NAEC are being acted upon across the OECD Secretariat and Committees, notably the need to develop a new narrative for growth that puts people and well-being at the centre. Per capita GDP should be seen as a means, not an end in itself. We must get away from an overemphasis on efficiency, and stop neglecting the distributional impacts of policies and their consequences for sustainability. Trade-offs and complementarities need to be considered through integrated approaches that break down silos, like the Productivity-Inclusiveness Nexus.

Quantitative integrated analysis has been upgraded with new policy tools and measures such as the Job Quality and Multi-dimensional Living Standard frameworks. The mainstreaming of well-being and inclusive, resilient and sustainable growth is continuing through enhanced dialogue on NAEC at the Committee level. Efforts are also being made to develop new data, policy tools and analytical approaches including behavioural insights and exploiting the opportunities of big data.

With a stronger linkage with the Strategic Foresight unit, the focus of NAEC is being sharpened to forward-looking, interconnected and complex challenges. NAEC and the OECD's willingness to consider a complexity approach, in the words of Bank of England Chief Economist Andy Haldane, "puts the Organisation at the forefront of bringing economic analysis and policy-making into the 21st century".

The Inclusive Growth Initiative was set up in 2014 in response to the Ministerial mandate for the NAEC Initiative to "develop a strategic policy agenda for Inclusive Growth". The Initiative has methodological, sectoral, national and regional pillars.

The *Productivity-Inclusiveness Nexus* report analyses linkages between productivity and multi-dimensional inequalities, framing a policy agenda to reinvigorate productivity growth by fostering inclusion. The Initiative argues that economies can become more productive if they invest in low income groups, regions and laggard firms to help them fulfil their potential. It goes against the current thinking of growing first and distributing later, to advance equity considerations in the development of policy options. It also calls for a growth path that does not leave it up to social policy to correct and compensate for the human costs of the economic path we choose. In the context of the geography of discontent, it underlines the need to develop policies to enable low-income and poorly educated people, young firms, small- and medium-sized enterprises, and lagging regions to benefit from and contribute to more productive and sustainable economies and societies.

Following a 2016 MCM Declaration, the Initiative is identifying obstacles to innovation diffusion among firms, examining rent-seeking behaviour and its implications for competition policies, and considering the role of the financial sector in promoting inclusiveness and ensuring efficient allocation of capital. The role of skills and education of the bottom 40% of the population to improving productivity and inclusiveness; building more resilient and inclusive labour markets (including for youth and immigrants); and engaging employers in skills development in the context of rapid technological change are also being analysed.

A Group of Friends of Inclusive Growth was established in 2015 under the leadership of the Permanent Representative for the United States, and is now being headed by the Ambassador of Chile. In November 2016, the Group launched a dialogue with business on inclusive growth to compile best practices for inclusive growth in the private sector. The Group also led to the launch of the extremely successful Champion Mayors for Inclusive Growth Initiative, where 50 Champion Mayors share their perspectives and experiences with national governments and stakeholders. In November 2016, the Mayors pledged to fight inequalities through the Paris Action Plan for Inclusive Growth in Cities. ■

For more information on NAEC see: www.oecd.org/naec; Twitter: [@gabramosp](https://twitter.com/gabramosp)

For more information on the Inclusive Growth Initiative see: www.oecd.org/inclusive-growth; Twitter: [@gabramosp](https://twitter.com/gabramosp)

■ Key publications and events

- *Debate the Issues: New Approaches to Economic Challenges*
- China-OECD Policy Dialogue on New Approaches to Economic Challenges, Chengdu, China, 23 July 2016
- OECD, European Commission, Institute for New Economic Thinking (INET) Oxford “Complexity and Policymaking Workshop”, Paris, France, September 29-30 2016
- First NAEC Roundtable, Paris, France, 14 December 2016

Economics Department



Catherine L. Mann

Chief Economist, Head of the Economics Department and Counsellor to the Secretary-General, G20 Finance Deputy
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“Deepening global integration, with the changing nature of global value chains and financial markets as well as new technologies, creates opportunities to promote inclusive growth. They also call for deeper insights into policy coherence – the integration of macroeconomic and structural policies – taking into account trade-offs and synergies, and the potential gains from collective action.”

The Economics Department (ECO) carries out cross-country, country-specific and macroeconomic and structural policy surveillance and research on OECD member countries as well as the Accession and Key Partner countries.

As global growth has remained weak and is facing higher inequality, ECO focusses its policy advice on achieving stronger and inclusive growth through effective policy packages built on demand policies including effective fiscal initiatives and structural policies aimed at boosting long-term growth and well-being. In the context of mainstreaming New Approaches to Economic Challenges (NAEC) and Inclusive Growth, ECO has continued to undertake new work on productivity, as well as understanding the complementarities and trade-offs between structural policies, demand and inequality.

Over the past 12 months, ECO published 20 country surveys. The launch of *Economic Policy Reforms 2017: Going for Growth* at the G20 meeting in Germany in March 2017 continues to place the OECD's structural reform message at the centre of the G20 agenda. The policy papers series saw four new releases on the following topics: the economic consequences of Brexit, fiscal decentralisation and trade, and economic resilience. In an effort to increase dissemination ECO launched the Ecoscope blog, publishing 68 posts and receiving 258 481 visitors to the new platform over 2016. The Global Forum for Productivity website was also launched in 2016 and received 14 036 visitors. The Economics Department published another 92 working papers in 2016. ■

www.oecd.org/eco

■ Areas of focus

- Cross-country structural policy analysis and advice: www.oecd.org/eco/goingforgrowth.htm
- Productivity and long term growth: www.oecd.org/eco/growth Public finance and fiscal policy: www.oecd.org/eco/public-finance Labour markets, human capital and inequality: www.oecd.org/eco/labour Economic policies to foster green growth: www.oecd.org/eco/greeneco
- Monetary and financial issues: www.oecd.org/eco/monetary
- Why is world trade so weak, what can policy do about it? www.oecd.org/eco/outlook/why-is-world-trade-so-weak-what-can-policy-do-about-it.htm
- Does Fiscal Decentralisation Foster Regional Convergence?: www.oecd.org/eco/does-fiscal-decentralisation-foster-regional-convergence.htm
- The Economic Consequences of Brexit: **A Taxing Decision**: www.oecd.org/eco/the-economic-consequences-of-brex-it-a-taxing-decision.htm
- Economics Department policy papers: www.oecd.org/eco/policy-papers.htm
- Economics Department working papers: www.oecd.org/eco/economicsdepartmentworkingpapers.htm

■ Key publications

- *OECD Economic Outlook*
- *OECD Economic Outlook Interim Reports*, September 2016 and March 2017
- *OECD Economic Surveys* (member countries and selected non-member economies)
- *Journal: Economic Studies*

■ Key events

- Launch of *OECD Interim Economic Outlook* for major world economies, Paris, France, 21 September 2016 and 7 March 2017
- Launch of *Strengthening Economic Resilience*, Brussels, Belgium, 14 December 2016
- Promotion of *Enhancing Economic Flexibility: What is in it for workers?*, Berlin, Germany, 30 November 2016
- Launch of *OECD Economic Outlook*, Paris, France, 1 June and 28 November 2016
- Launch of *The Economic Consequences of Brexit: A Taxing Decision*, London, United Kingdom, 27 April 2016

Directorate for Science, Technology and Innovation



Andrew Wyckoff

Director

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“It is part of the DNA of STI to constantly look for ways of better understanding where our economies and societies are today, and where they are going. We pride ourselves on tackling topics at the boundaries of our scientific and technological understanding such as using bio- and nanotechnology to alter modes of production, a granular view on productivity, and how digital shifts like “big data” and digital platforms are changing our world.”

The Directorate for Science, Technology and Innovation (STI) develops evidence-based policy advice on the contribution of science, technology and innovation to our economies and societies. From business dynamics and productivity to the digital economy, from innovation for social challenges to alleviating excess capacity in heavy industries, STI provides new insights for policy makers.

Among many highlights in 2016, STI released its latest *Science, Technology and Innovation Outlook*, focused on global megatrends and technology trends, and their implications for science systems and international co-ordination in innovation. Work continued on the Next Production Revolution, exploring how digital technologies, new materials and new processes may transform the production and distribution of goods and services. STI organised a Ministerial-level meeting on the Digital Economy, in Cancún, which covered a range of issues including the impact on work, consumers and maintaining an open Internet.

A key focus for STI over 2017 is the OECD's cross-cutting project on digital transformation - Going Digital. This will help policy makers better understand and pro-actively steer their economies and societies in a world that is increasingly digital and data-driven. Mandated by Ministers at the 2016 Ministerial Council Meeting, the strength of this project is the OECD's unique capacity to provide a whole of economy and society perspective, coupled with the long history of digital economy policy analysis in STI. As well as a holistic framework for analysing the digital transformation, the work will take “deep dives” into issues residing at the intersection of multiple policy areas, providing coherent solutions to policy makers. ■

www.oecd.org/sti

■ Areas of focus

- Big data: www.oecd.org/sti/ieconomy/data-driven-innovation.htm
- Broadband and telecom: www.oecd.org/sti/broadband
- Digital economy: www.oecd.org/sti/ieconomy
- Firm dynamics: www.oecd.org/sti/dynemp.htm
- Global value chains (GVCs): www.oecd.org/sti/ind/global-value-chains.htm
- Inclusive Innovation: <http://oe.cd/inclusive>
- Industry: www.oecd.org/sti/ind
- Innovation: www.oecd.org/sti/inno
- Science and technology: www.oecd.org/sti/sci-tech
- Trade in Value Added (TiVA): www.oecd.org/trade/valueadded

■ Key publications

- *The Next Production Revolution*
- *Key Issues for Digital Transformation in the G20*, Report prepared for a joint G20 German Presidency/OECD conference, Berlin, 12 January 2017
- *OECD Science, Technology and Innovation Outlook 2016*
- *Broadband Policies for Latin America and the Caribbean: A Digital Economy Toolkit*
- *The Ocean Economy in 2030*

■ Key events

- Technology Foresight Forum on Artificial Intelligence, Paris, France, 17 November 2016: www.oecd.org/sti/ieconomy/technology-foresight-forum-2016.htm
- Final conference on the Next Production Revolution: Smart Industry: Enabling the Next Production Revolution - Implications and Strategies for Industry and Policy, Stockholm, Sweden, 17-18 November 2016, www.vinnova.se/en/misc/Smart_Industry_Conference
- IP Statistics for Decision Makers, Sydney, Australia, 15-16 November 2016: www.ipsdm2016.com
- Conference of the Global Forum on Productivity: Structural Reforms for Productivity Growth, Lisbon, Portugal, 7-8 July 2016: www.oecd.org/global-forum-productivity/events
- Ministerial Meeting on the Digital Economy: Innovation, Growth and Social Prosperity, Cancún, Mexico, 21-23 June 2016: www.oecd.org/internet/ministerial

Directorate for Financial and Enterprise Affairs



Pierre Poret
 Director
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“Our mission is to help governments and companies adopt and implement policies and co-operative approaches that foster open markets and responsible business conduct and make globalisation work for all.”

The Directorate for Financial and Enterprise Affairs (DAF) helps governments improve domestic policies and global rules that shape markets and business conduct. It works in the fields of anti-corruption, corporate governance, competition, investment, financial markets, insurance, private pensions and responsible business conduct.

The OECD published implementation methodology for the new G20/OECD Principles of Corporate Governance and Core Principles on Private Pension Regulation. New tailored guidance supporting the implementation of the OECD Guidelines for Multinational Enterprises has been released to help enterprises build responsible supply chains in the agriculture; extractives; garment and footwear; and finance sectors.

The OECD reinforced its role as a leader in the international fight against corruption with the 2016 Anti-Bribery Ministerial and launch of the fourth phase of monitoring implementation of the OECD Anti-Bribery Convention. Contributions to COP21 on investment in clean energy, corporate climate change disclosure, and fiduciary duty were followed-up in 2016. Targeted work with Greece, Mexico and Portugal is identifying and implementing pro-competitive policy reforms.

The 2016 *OECD Business and Finance Outlook* focused on doing business in a fragmented world. In 2017, the Outlook will address the international governance issues key to achieving a level playing field and making globalisation beneficial to all.

The Directorate contributes to G20 work on international financial architecture and the OECD Code of Liberalisation of Capital Movements, anti-corruption, corporate governance and responsible business conduct, global investment policy making, long-term institutional investment and infrastructure, financial literacy and consumer protection, small- and medium-sized enterprise financing, green finance and clean energy. ■

www.oecd.org/daf

■ Areas of focus

- Bribery in international business: www.oecd.org/daf/anti-bribery
- Competition: www.oecd.org/daf/competition
- Corporate affairs: www.oecd.org/daf/ca
- Financial markets, insurance and pensions: www.oecd.org/daf/fin
- International investment: www.oecd.org/daf/inv

■ Key publications

- *OECD Business and Finance Outlook*
- *OECD Pensions Outlook*
- *OECD Sovereign Borrowing Outlook*
- *OECD Corporate Governance Factbook*
- *OECD PISA 2015 Results: Students and Money*
- *OECD Competition Assessment Review of Greece*
- *OECD Investment Policy Reviews: Cambodia, Lao PDR, Viet Nam, Ukraine*
- *OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector*
- *OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector*

■ Key events

- OECD Global Forum on Competition, Paris, France, December 2017
- OECD Global Forum on Responsible Business Conduct, Paris, France, 29-30 June 2017
- Forum on Responsible Mineral Supply Chains, Paris, France, 2-4 May 2017
- Global Anti-Corruption and Integrity Forum, Paris, France, 30-31 March 2017
- OECD Conference on Business, Finance and Gender, Paris, France, 8 March 2017
- Global Forum on International Investment, Paris, France, 6 March 2017

Directorate for Employment, Labour and Social Affairs



Stefano Scarpetta

Director

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“Rapid demographic change, technological progress and digitalisation, and globalisation are creating many opportunities but concerns are growing about people’s ability to cope with the rapid changes in work and society. This is often fuelling anxiety and uncertainty about the future. We need to help governments develop forward-looking skills, labour, health and social policies that help people seize the opportunities while enabling them to face the challenges of a more dynamic and competitive environment.”

The Directorate for Employment, Labour and Social Affairs (ELS) leads the OECD’s work on employment, social policies, international migration and health. It oversees work on interrelated policy areas that help countries boost employment and skills, and improve social welfare and health outcomes in a context of population ageing, globalisation and rapid technological change.

We launched the Future of Work project to help countries adapt their labour market, skills and social institutions and policies to the new world of work and to the challenges of digitalisation, globalisation, and rapid population ageing. This work is part of the revision of the OECD Jobs Strategy and the OECD Going Digital Horizontal Project; it will also inform the 2018 Social Policy Ministerial on Social Protection for the 21st Century.

The challenges and opportunities of technological change were at the core of the 2017 Health Ministerial Meeting on the Next Generation of Health Reforms which discussed the need to build a patient-centred approach to healthcare. Ministers asked the OECD to develop the Patient-Reported Indicators Survey (PaRIS) to monitor health systems on healthcare outcomes from patients’ perspectives.

We lead the organisation’s project on Ensuring the Effective Integration of Vulnerable Migrants, focussing on how to enhance the integration of migrants and refugees who have little prospect of returning home.

As part of the Inclusive Growth agenda, we finalised the Preventing Ageing Unequally Action Plan as well as the report on progress on implementation of the OECD Gender Recommendation, both presented at the 2017 Ministerial Council Meeting. ■

www.oecd.org/els

■ Areas of focus

- Employment policies and data: www.oecd.org/els/emp
- Families and children: www.oecd.org/els/family
- Health policies and data: www.oecd.org/els/health-systems
- International migration policies and data: www.oecd.org/els/mig
- Pension systems: www.oecd.org/els/public-pensions
- Social policies and data: www.oecd.org/els/soc; Twitter: https://twitter.com/OECD_Social

■ Key publications

- *OECD Employment Outlook 2016*
- *Health at a Glance: Europe 2016 and Asia Pacific 2016*
- *Society at a Glance 2016*
- *OECD International Migration Outlook 2016*
- *Getting Skills Right: Assessing and Anticipating Changing Skill Needs*
- *Recruiting Immigrant Workers: Europe 2016*
- *Report on the Implementation of the OECD Gender Recommendations - Some progress on gender equality but much left to do (forthcoming)*
- *Tackling Wasteful Spending on Health*
- *Health Workforce Policies in OECD Countries: Right Jobs, Right Skills, Right Places*
- OECD Affordable Housing Database: www.oecd.org/social/affordable-housing-database.htm

■ Key events

- OECD Health Ministerial Meeting, Paris, France, 16-17 January 2017
- COPE conference “The squeezed middle class in OECD and emerging countries – Myth and reality”, Paris, France, 1-2 December, 2016
- High-level conference on the Labour Market Integration of Refugees (OECD-BMAS), Paris, France, 28 January 2016

Directorate for Education and Skills



Andreas Schleicher

Director and Special Advisor on
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General

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“Our aspiration is to help every learner, every parent, every teacher and every policy maker see that only the sky is the limit to improving education – and that improving education is the key to a better and fairer society.”

The Directorate for Education and Skills (EDU) helps countries achieve two overarching goals: strengthen equal educational and employment opportunities and social participation, and improve the effectiveness and efficiency of institutions to make reform happen.

Initial results from the 2015 PISA assessment were released in December, 2016. Volume I, *PISA 2015: Excellence and Equity in Education*, analyses how performance and equity have evolved over recent years across countries and Volume II, *Policies and Practices for Successful Schools*, examines school and systems policies and practices that explain performance differences among schools and education systems. Three additional PISA volumes will be published in 2017. Volume III will address students' well-being; Volume IV will look at students' financial literacy, and Volume V will explore PISA's innovative domain: collaborative problem solving.

Forthcoming titles in 2017 examine the transition to primary school; a comparative review on school funding; higher education and how technology is challenging and transforming institutions; and vocational education.

The Directorate will contribute to the OECD's Inclusive Growth agenda by providing policy recommendations based on best practices for equal educational opportunities for all; a study on closing the achievement gap for indigenous students; and publications examining the skills of migrants and the resilience of migrant students, drawing on data from the Survey of Adult Skills and PISA.

The Directorate will continue to help governments with national skills strategies. The 2017 edition of the *Skills Outlook* will focus on how stronger skills and better education can translate into better jobs, improving global value chains. ■

www.oecd.org/edu

■ Areas of focus

- Centre for Educational Research and Innovation (CERI): www.oecd.org/edu/ceri
- Education GPS (interactive data visualisation website): <http://gpseducation.oecd.org>
- Education at Glance: OECD indicators: www.oecd.org/edu/eag.htm
- Survey of Adult Skills (PIAAC): www.oecd.org/site/piaac
- OECD Skills Strategy: www.oecd.org/skills
- Programme for International Student Assessment (PISA): www.pisa.oecd.org **Teaching and Learning International Survey (TALIS): www.oecd.org/edu/school/talis**

■ Key publications

- *Education at a Glance: OECD Indicators 2017*
- *PISA 2015 Results: Students' Well-Being; Students' Financial Literacy; Collaborative Problem Solving*
- *OECD Skills Outlook 2017*
- *Higher Education 2030 (Volume III): Technology*
- *Starting Strong (Volume V): The transition from Early Childhood Education and Care to Primary Schooling*
- *Pedagogical Knowledge and the Changing Nature of the Teaching Profession*
- *Thematic Comparative Report on the Funding of School Education*
- *Opportunity for All: Overcoming Educational Inequalities*

■ Key events

- Launch of the PISA 2015 Results on Collaborative Problem Solving, Singapore, 21 November 2017
- International launch of *Education at a Glance: 2017 Indicators*, 12 September, 2017
- Launch of the PISA 2015 Results on Financial Literacy, Paris, France, 24 May 2017
- International launch of the PISA 2015 Results: on Students' Well-Being, Paris, France, 24 April 2017

Trade and Agriculture Directorate



Ken Ash

Director of Trade and Agriculture
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“Our priority today is to clarify practical actions that governments can take to make trade work better for more people. This will require well-integrated international trade policies and agreements, but it will also require policies at home that support investments in needed physical and digital infrastructure, education and skills, and social protection. For many countries, food, agriculture and fisheries policy reforms matter a lot.”

The Trade and Agriculture Directorate provides policy analysis and advice aimed at helping government develop trade, agriculture, and fisheries policies that can contribute to more inclusive and sustainable growth. We also manage programmes covering officially supported export credits, agricultural product standards, and co-operative research for sustainable agricultural systems.

In response to growing anti-globalisation sentiments, our ongoing efforts aim to identify policy packages that would make trade work for all. Better evidence and communications on the benefits of trade are necessary, but insufficient. Comprehensive policy action is needed both to create an environment where expected benefits can materialise, for more people, and to harness available tools for international economic co-operation. The OECD is working across policy communities to clarify the full range of appropriate policy responses.

In terms of trade policy, a priority is to reduce unnecessary costs that policies can unintentionally impose on individuals and firms. Improving inefficient customs procedures and reducing regulatory inefficiencies, including on service suppliers that underpin efficient manufacturing sectors, can be particularly beneficial. The OECD Trade Facilitation Indicators and our Services Trade Restrictiveness Index allow governments to benchmark their performance in both these areas and to prioritise needed reforms.

The OECD provides analysis and advice to help governments improve food, farm and fisheries policies, including through our annual *OECD Agricultural Policy Monitoring and Evaluation Report*, *OECD-FAO Agricultural Outlook*, and ongoing efforts to identify fisheries subsidies that can contribute to overfishing. The *OECD Inventory of Support Measures for Fossil Fuels* underpins our work with individual countries, including as chair of recent G20 fossil-fuel subsidy peer-review processes. ■

www.oecd.org/tad

■ Areas of focus

- Agricultural policies and support: www.oecd.org/tad/agricultural-policies
- Agricultural trade: www.oecd.org/tad/agricultural-trade
- Benefits of trade liberalisation: www.oecd.org/tad/benefitlib
- Export credits: www.oecd.org/tad/xcred
- Fisheries: www.oecd.org/fisheries
- Services trade: www.oecd.org/trade/services
- Trade facilitation: www.oecd.org/tad/facilitation
- Trade and development: www.oecd.org/tad/tradedev

■ Key publications

- *Services Trade Policies and the Global Economy* (forthcoming; provisional title)
- *OECD-FAO Agricultural Outlook 2017-2026* (forthcoming)
- *Agricultural Policy Monitoring and Evaluation 2017* (forthcoming)
- *Services and Performance of the Indian Economy: Analysis and Policy Options*, OECD Trade Policy Papers 196
- *Global Value Chains and Trade in Value-Added: An Initial Assessment of the Impact on Jobs and Productivity*, OECD Trade Policy Papers 190
- *Water Risk Hotspots in Agriculture* (forthcoming)
- *OECD Food and Agricultural Reviews: Agricultural Policies in the Philippines*
- *Building Food Security and Managing Risks: A Focus on Southeast Asia*

■ Key events

- G20 Trade Conference, Distributing the gains from trade, Paris, France, 8-9 June 2017
- OECD Global Forum on Agriculture 2017, Paris, France, 3 May 2017
- OECD-World Bank workshop on Trade Facilitation in Asia, Singapore, May 2017
- OECD Trade Conference, Integration versus isolation: Strengthening communication on the costs and the benefits of trade, Paris, France, 25-26 April 2017

Environment Directorate



Simon Upton

Director

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“Environment Ministers, who gathered at the OECD last September for their four-yearly meeting, face systemic challenges in addressing climate change and moving to a more resource-efficient, circular economy. These challenges can only be tackled when they can enlist the active co-operation of Ministers of Finance, the economy and many key sectors. Unsurprisingly the Environment Directorate is one of the most horizontally integrated at the OECD and will continue, in 2017, to identify and promote economy-wide action to reduce environmental pressure.”

The Environment Directorate helps countries design and implement effective policies to address environmental problems and sustainably manage natural resources. It examines the linkages between the environment and economic, sectoral or social concerns in areas such as: climate change; biodiversity; water; waste; environmental taxes; chemical, nanomaterial and genetically modified crop safety; agriculture; transport; trade; investment; and development.

Following the 2016 MCM mandate to “contribute to the effective implementation of the Paris Agreement on Climate Change”, the OECD examined the interface of climate change and economics to support countries’ action on climate change. Key reports include *Investing in Climate*, *Investing in Growth*, advising governments on an integrated set of structural policy measures to both spur growth and trigger the structural transformations needed to implement the Paris Agreement, as well as *2020 Projections of Climate Finance Towards the USD 100 Billion Goal*. Another milestone was the launch of the OECD Centre on Green Finance and Investment, which provides a global platform to identify reforms needed to steer investment away from fossil fuels. The work of the OECD/IEA’s Climate Change Expert Group contributed to enhanced transparency of mitigation, adaptation and climate finance under the Paris Agreement.

Environment Ministers gathered at the OECD in September 2016 to discuss how to address environmental challenges in light of growth objectives. The year 2016 also saw the adoption of the Recommendation of the Council on Water, the first in 25 years, which updates OECD policy guidance on water quantity, quality, risks and disasters, governance and financing. Reports on Green Growth Indicators and on Biodiversity and Development are forthcoming. ■

www.oecd.org/environment

■ Areas of focus

- Climate change: www.oecd.org/environment/action-on-climate-change
- Environment in emerging and transition economies: www.oecd.org/environment/outreach
- Environmental modelling and outlooks: www.oecd.org/environment/indicators-modelling-outlooks
- Environmental policies tools and evaluation: www.oecd.org/environment/tools-evaluation
- Green growth: www.oecd.org/greengrowth
- Safety of chemicals, pesticides, biotechnology and nanomaterials: www.oecd.org/chemicalsafety
- Mainstreaming biodiversity: www.oecd.org/environment/resources/mainstream-biodiversity
- Water: www.oecd.org/water

■ Key publications

- *Diffuse Pollution, Degraded Waters: Emerging Policy Solutions*
- *Marine Protected Areas: Economics, Management and Effective Policy Mixes*
- *Investing in Climate, Investing in Growth (G20 support)*
- *Green Growth Indicators 2017*
- *Biodiversity and Development: Mainstreaming and Managing for Results*
- *Managing the Human Impacts on the Nitrogen Cycle*
- *The Assessment of Nanomaterials: Human Health and Environmental Safety* OECD 2017 Environmental Performance Reviews: Canada, Estonia, Korea, New Zealand, Switzerland

■ Key events

- Roundtable on Financing Water, Paris, France, 12-14 April 2017
- Launch of *Investing in Climate, Investing in Growth* at the Petersberg Climate Dialogue and related OECD International Conference, Berlin, Germany, 23 May 2017
- Global Forum on Environment: Mainstreaming Biodiversity, Southeast Asia, September 2017
- 4th Green Investment Financing Forum, Paris, France, 10-11 October 2017
- Green Growth and Sustainable Development Forum: Ocean Economy and Green Growth, Paris, France, 21-22 November 2017

Centre for Tax Policy and Administration



Pascal Saint-Amans

Director

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“With the successful launch of the Inclusive Framework on BEPS in 2016, countries and jurisdictions can now work together on an equal footing to tackle tax avoidance and level the playing field. In 2017, we need to support consistent global implementation, adapted to take into account each country’s level of capacity. In a rapidly changing environment, enhancing certainty and predictability for both tax administrations and taxpayers is critical as we work to secure more inclusive growth.”

The Centre for Tax Policy and Administration (CTPA) supports the Committee on Fiscal Affairs, covering international and domestic issues, across direct and indirect taxes. For more than 50 years, the OECD has led the development of the international tax rules – addressing tax barriers to trade and investment while also tackling tax evasion and avoidance. Today, the OECD’s work on tax issues has a global reach, with more than 100 jurisdictions participating on an equal-footing, and we also have an active engagement with business, labour and civil society.

The Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Project now has over 90 committed members working to curtail opportunities for aggressive tax planning, including through the recently adopted Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS. On tax transparency, we’re developing new tools to support implementation of our global standard for automatic exchange of financial account information, while the more than 135 members of the Global Forum on Transparency and Exchange of Information for Tax Purposes continue to closely monitor implementation of the tax transparency standards. Further, with strong tax systems now widely recognised as key to sustainable domestic resource mobilisation, the OECD-UNDP partnership to expand our Tax Inspectors Without Borders initiative is making a concrete impact on the ground in developing countries. ■

www.oecd.org/ctp

■ Areas of focus

- Automatic Exchange of Information: www.oecd.org/tax/automatic-exchange
- Base Erosion and Profit Shifting: www.oecd.org/ctp/beps
- Consumption tax: www.oecd.org/ctp/consumption
- Forum on Tax Administration: www.oecd.org/tax/forum-on-tax-administration
- Global Forum on Tax Transparency and Exchange of Information for Tax Purposes: www.oecd.org/tax/transparency
- Tax and crime: www.oecd.org/ctp/crime
- Tax and development: www.oecd.org/ctp/tax-global/tax-and-development.htm
- Tax and environment: www.oecd.org/tax/tax-policy/tax-and-environment.htm
- Tax policy and statistics: www.oecd.org/ctp/tax-policy
- Tax Inspectors Without Borders: www.tiwb.org
- Tax treaties: www.oecd.org/ctp/treaties
- Transfer pricing: www.oecd.org/ctp/transfer-pricing

■ Key publications

- *Effective Carbon Rates: Pricing CO₂ through Taxes and Emissions Trading Systems*
- Global Forum on Transparency and Exchange of Information for Tax Purposes: Peer Reviews
- OECD/G20 Base Erosion and Profit Shifting Project reports
- OECD International VAT/GST Guidelines
- OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2017
- Revenue Statistics 2017 covering OECD, LAC, Asian and African countries
- *Tax Administration 2017*
- *Tax Policy Reforms in the OECD 2017*
- *Taxing Wages 2017*

Statistics Directorate



Martine Durand

Chief Statistician and Director of Statistics

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“With globalisation and the emergence of Uber, AirBnB and other web-based platforms, we need to look more closely at whether the statistics we are using today to measure economic activity are adequate. Capitalising on its networks and expertise, the OECD Statistics Directorate continues to be at the forefront of many of the innovations needed to address these measurement challenges.”

The Statistics Directorates (STD) collects, analyses and harmonises statistics on national accounts, prices, trade, entrepreneurship, labour, productivity and well-being. We are developing new measures of inequalities, trust, job quality, trade flows and green growth, and provide a monthly assessment of the economic cycle with our composite leading indicators. STD co-ordinates all OECD statistical activities and the development of OECD statistical information systems.

Drawing on its experience in measuring multi-dimensional well-being, STD has developed a methodology to help interested countries measure the distance they have to travel to meet the Sustainable Development Goals by establishing their national and global priorities and designing the policies needed to bridge the gaps.

STD has collaborated with Facebook and the World Bank to develop an online monthly business survey (the Future of Business Survey) that provides insights on challenges faced by small- and medium-sized enterprises (SMEs), their outlook and how they capitalise on digital tools, and address new issues.

The OECD's Trade in Value Added database provides insights on global value chains (GVCs) and is developing more timely estimates and new indicators that describe the role of SMEs and multinational enterprises in GVCs, telling us more on “inclusive globalisation”.

Efforts are being made to address measurement challenges presented by globalisation and digitalisation, particularly concerning the validity of accounting concepts, unrecorded cross-border flows of intellectual property, and price measurement.

STD is at the forefront of linking more granular data with traditional macro statistics, to support research and policy analysis. This includes bringing in more detailed information on enterprises and on the distribution of household income, consumption and wealth. ■

www.oecd.org/std

■ Areas of focus

- Composite leading indicators and business tendency surveys: www.oecd.org/std/leading-indicators
- Entrepreneurship indicators and business statistics: www.oecd.org/std/business-stats
- Productivity statistics: www.oecd.org/std/productivity-stats
- OECD Better Life Initiative: www.oecd.org/betterlifeinitiative
- Measuring well-being and progress: www.oecd.org/measuringprogress
- Inclusive growth: www.oecd.org/std/inclusivegrowth-theoecdmeasurementframework.htm
- Gender equality: www.oecd.org/gender
- Green growth: www.oecd.org/greengrowth
- Labour statistics: www.oecd.org/std/labour-stats
- International trade and balance of payments: www.oecd.org/std/its
- Measuring Trade in Value Added (TiVA): www.oecd.org/trade/valueadded
- National accounts and financial statistics: www.oecd.org/std/na; www.oecd.org/std/fin-stats
- Prices and purchasing power parities: www.oecd.org/std/prices-ppp

■ Key publications

- *OECD Compendium of Productivity Indicators 2017*
- *Nordic Countries in Global Value Chains 2017*
- *Measuring the Distance to the SDG Targets: A pilot assessment of where OECD countries stand 2016*
- *Entrepreneurship at a Glance 2016*

■ Key events

- G20 Thematic Workshop on Institutional Sector Accounts, Paris, France, 10-12 April 2017
- Measuring business impacts on people's well-being, Paris, France, 23-24 February 2017
- Subjective well-being over the life course: Evidence and policy implications, London, United Kingdom, 12-13 December 2016

Directorate for Public Governance and Territorial Development



Rolf Alter

Director

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“Good governance, based on transparent and inclusive rules and trustworthy institutions, is more important than ever. Citizens are increasingly questioning established institutions, both nationally and internationally. We need to reflect on the reasons for dissatisfaction and provide guidance for governments on how they can make public policies more effective and strengthen the institutions that deliver them.”

The Directorate for Public Governance and Territorial Development (GOV) provides data, analysis and good practice for improving public policy making and strengthening citizens' trust in government. An effective and accountable public service is essential to support the businesses that create jobs, equip young people with the skills they need for fulfilling careers, and provide the health and social services that citizens expect throughout their lives.

Work in 2016 explored the role of public governance in supporting productivity growth and inclusiveness, both directly, through efficient [public procurement](#) and [infrastructure investment](#), and indirectly, through [good regulatory practice](#) and policies to unlock growth in regions and cities. Reports on [fostering innovation in the public sector](#) and on [behavioural insights](#) emphasised the importance of new approaches to policy making, while a new [OECD instrument on public sector integrity](#) along with publications on [trust and public policy](#) and on [open government](#) underlined the ongoing need to promote core public sector values.

Looking ahead, the OECD is supporting [international regulatory co-operation](#) as a means to ensure that globalisation is inclusive and brings economic benefits for all. At the same time, work on the [governance of critical risks](#), including [illicit trade](#), will help governments anticipate and manage crises in an increasingly interconnected world.

OECD governance principles and experience continue to be in high demand among non-member countries. Public governance is a key dimension of OECD regional programmes in Southeast Asia, Latin America and the [Middle East and North Africa](#). The OECD collaborates on public governance issues with UN Habitat, the European Commission, the World Bank, the Inter-American Development Bank and many other international bodies. ■

www.oecd.org/gov

■ Areas of focus

- Budgeting and public expenditures: www.oecd.org/gov/budget
- Observatory of Public Sector Innovation: www.oecd.org/governance/observatory-public-sector-innovation/home
- Public employment and management: www.oecd.org/gov/hrm
- Regional, urban and rural development: www.oecd.org/gov/regional
- SIGMA (Support for Improvement in Governance and Management): www.oecd.org/gov/sigma
- Water Governance: www.oecd.org/gov/regional-policy/watergovernanceprogramme.htm
- Sustainable Development Goals and Public Governance: www.oecd.org/gov/sustainable-development-goals-and-public-governance.htm
- Digital Government Toolkit: www.oecd.org/governance/digital-government/toolkit
- Effective Public Investment Toolkit: www.oecd.org/effective-public-investment-toolkit

■ Key publications

- *OECD Regional Outlook 2016: Productive Regions for Inclusive Societies*
- *The Governance of Inclusive Growth (November 2016)*
- *Making Cities Work For All*
- *Government at a Glance: Latin America and the Caribbean 2017*
- *Trafficking in Persons and Corruption: Breaking the Chain*

■ Key events

- 2nd International Conference on Urban Policies, Paris, France, 15-16 May 2017
- OECD Global Anti-Corruption and Integrity Forum - In the Public Interest: Taking Integrity to Higher Standards, Paris, France, 30-31 March 2017
- OECD Infrastructure Forum, Paris, France, 20-21 March 2017
- Towards Gender Equality Before the Law, Paris, France, 10 March 2017
- Roundtable for Ministers on Open Government, Paris, France, 8 December 2016
- Public Procurement Week, Paris, France, 4-10 October 2016

Public Affairs and Communications Directorate



Anthony Gooch

Director

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“Engaging a global audience of policy makers, policy shapers and citizens, PAC works to maximise the impact of OECD work through listening, dialogue and dissemination.”

The Public Affairs and Communications Directorate (PAC) enhances the OECD’s dialogue and engagement with stakeholders on public policy. It orchestrates external communications in line with the Secretary-General’s orientations, sets standards and provides guidance, support and advice on communication issues.

In 2016, as Chair of the Senior Communications Board, PAC led the development of the OECD corporate communications narrative. It spearheaded communications campaigns around inclusive growth, migration, digitalisation and implementation.

The OECD continued to feature prominently in major global media. Visits to OECD.org, Data Portal, and data visualisation, video and social media platforms increased. The OECD iLibrary received over 10.5 million downloads, while the Better Life Index, a key civic engagement platform, received nearly 2 million visits in 2016, bringing the total to almost 9 million.

The 2016 OECD Forum on Productive Economies, Inclusive Societies gathered over 3 000 speakers and participants. The OECD Global Parliamentary Network (GPN) expanded engagement with legislators, including through Parliamentary Days and its first meeting in Asia, attracting parliamentarians representing 22 countries.

PAC also continued to engage strongly regionally and locally through its centres in Central and Eastern Europe, Latin America and the Caribbean, Asia and North America.

Throughout 2016, PAC helped the OECD navigate a new “post-truth, post-fact” communications environment by adjusting communications priorities to: adopt a campaigns approach; listen to key audiences; increase public engagement; respond to the “geography of discontent”; move from books to tweets, videos and visuals; use language people understand; improve the findability of OECD material; and analytics and impact assessment. ■

www.oecd.org

■ Areas of focus

- Centres abroad: www.oecd.org/centres; Berlin: www.facebook.com/OECDStatistik and www.twitter.com/OECDStatistik; Mexico: www.twitter.com/ocdeenespanol; Tokyo: www.facebook.com/OECD.Tokyo and www.twitter.com/OECDTokyo; Washington: www.facebook.com/OECDWashington and www.twitter.com/OECD_Washington
- Civil society: www.oecd.org/civilsociety
- OECD iLibrary, dissemination and knowledge: www.oecd-ilibrary.org
- Images and videos: www.flickr.com/OECD; www.youtube.com/OECD
- The OECD Data Portal: <http://data.oecd.org>
- Media relations: www.oecd.org/media
- OECD Forum: www.oecdforum.org
- Parliamentary relations: www.oecd.org/parliamentarians
- Publishing activities: www.oecd.org/publishing
- Social media: www.facebook.com/TheOECD; www.twitter.com/OECD;
- Better Life Index: www.oecdbetterlifeindex.org

■ Key publications

- OECD Observer, quarterly: www.oecdoobserver.org
- OECD Yearbook 2016: www.oecd.org/yearbook
- OECD Insights series: <http://oe.cd/1hQ>; OECD Insights Blog: <http://oecdinsights.org>
- OECD Factbook: www.oecd.org/publications/factbook
- Secretary-General's Report to Ministers 2017
- OECD Civil Society Newsletter

■ Key events

- OECD Forum 2016: Enhancing Productivity for Inclusive Growth, Paris, France, 31 May-1 June 2016
- Journées européennes du patrimoine, Paris, France, 17-18 September 2016
- OECD Parliamentary Days, Paris, France, 3-5 February 2016

Development Co-operation Directorate



Jorge Moreira Da Silva

Director

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“DCD is updating and adapting its tools and measurement frameworks to ensure their maximum contribution to the implementation of the Sustainable Development Goals. These updated instruments – including new measures of development finance, accountability mechanisms, and updated rules for reporting ODA – will help us hold our members to account for delivering on their commitments to development co-operation.”

The Development Co-operation Directorate (DCD) tracks and analyses data to inform the smart use of development finance; influences policies to advance sustainable development; and shapes practices to improve the effectiveness of providers, as well as to improve capacity and the enabling environment in developing countries. DCD supports the OECD Development Assistance Committee (DAC).

DCD helps the international community deliver on the 2030 Agenda for Sustainable Development. It adapted its peer review methodology to help members of the OECD Development Assistance Committee align their policies and programmes with the Sustainable Development Goals (SDGs) and modernised the framework for measuring official development assistance, which reached its highest level ever in 2016. DCD is developing consensus for the [total official support for sustainable development](#) measurement framework that will track public and private finance for sustainable development. The *Development Co-operation Report 2016* explored ways of optimising private sector contributions to the SDGs.

DCD also reviewed the policy markers that measure environmental objectives associated with development co-operation flows. The [Rio Markers](#) measure resources targeting climate change mitigation and adaptation, helping to identify synergies and gaps. To support OECD members in dealing with the refugee crisis, DCD established a Temporary Working Group on Refugees and Migration.

DCD and the United Nations Development Programme support the Global Partnership for Effective Development Co-operation, monitoring progress on internationally agreed aid effectiveness targets. The results of the [2016 report](#), based on data provided by 81 developing countries, were reviewed by over 5 000 development partners at a High Level Meeting in Nairobi. ■

■ Areas of focus

- Accountable and effective institutions: www.oecd.org/dac/accountable-effective-institutions
- Aid for trade: www.oecd.org/dac/aft
- Conflict, fragility and resilience www.oecd.org/dac/conflict-fragility-resilience
- DAC global relations: www.oecd.org/dac/dac-global-relations
- Effective development co-operation: www.oecd.org/dac/effectiveness
- Environment and development: www.oecd.org/dac/environment-development
- Evaluation of development programmes: www.oecd.org/dac/evaluation
- Financing sustainable development: www.oecd.org/dac/financing-sustainable-development
- Gender equality and development: www.oecd.org/dac/gender-development
- Peer reviews of DAC members: www.oecd.org/dac/peer-reviews

■ Key publications

- *Development Co-operation Report 2016: The Sustainable Development Goals as Business Opportunities*
- *Making Development Co-operation More Effective: 2016 Progress Report*
- *States of Fragility: Understanding Violence*
- *Private Sector Engagement for Sustainable Development: Lessons from the DAC*
- *Climate and Disaster Resilience Financing in Small Island Developing States*

■ Key events

- OECD Global Forum on Development, Paris, France, 5 April 2017
- Second High-Level Meeting of the Global Partnership for Effective Development Co-operation, Nairobi, Kenya, 28 November-1 December 2016

Centre for Entrepreneurship, SMEs, Local Development and Tourism



Lamia Kamal-Chaoui

Director

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“Too many people, places and firms feel that globalisation has created a relatively short list of winners and a relatively long list of losers. Through its work on SMEs, entrepreneurship, local development, and tourism, CFE is giving national and local governments the tools to ensure this ‘silent majority’ can better contribute to and benefit from inclusive growth.”

The Centre for Entrepreneurship, SMEs, Local Development and Tourism (CFE) provides targeted guidance, comparative statistics, and capacity building support to local and national actors to help them unleash the potential of entrepreneurs and small- and medium-sized enterprises (SMEs), boost local job creation, and maximise tourism's contributions to inclusive growth.

CFE is now identifying effective approaches to implementing the G20/OECD High-Level Principles on SME Financing adopted in 2015. The Working Party on SMEs and Entrepreneurship developed a new tool for multi-dimensional assessment of SME performance and the business environment, which will be released with the new publication *Small, Medium, Strong. Trends in SME Performance and Business Conditions*.

The Local Economic and Employment Development (LEED) Programme's *Job Creation and Local Economic Development 2016* highlights risks posed by widening gaps in jobs and skills across local communities. It also launched a new series of reviews on local approaches to social inclusion, published a compendium of best practices for inclusive business creation, and extended OECD Reviews on Local Job Creation to reach 16 countries.

The OECD coalition of Champion Mayors for Inclusive Growth was launched, gathering 50 mayors from around the world. They committed to the concrete actions in the New York Proposal and the Paris Action Plan. Their third meeting will be hosted by Seoul in October 2017.

The 2016 edition of *OECD Tourism Trends and Policies* covers 50 countries and includes a chapter on the sharing economy. The Tourism Committee meets for the 100th time in 2017, marked by High Level Meeting on Tourism Policies for Sustainable and Inclusive Growth. ■

www.oecd.org/cfe

■ Areas of focus

- Local economic and employment development (LEED): www.oecd.org/cfe/leed
- SMEs and entrepreneurship: www.oecd.org/cfe/sme
- Tourism: www.oecd.org/cfe/tourism
- Champion Mayors for Inclusive Growth: www.oecd.org/inclusive-growth/champion-mayors

■ Key publications

- *Financing SMEs and Entrepreneurs 2016: An OECD Scoreboard* (2017 forthcoming)
- *OECD Studies on SMEs and Entrepreneurship: SME and Entrepreneurship Policy in Israel 2016*
- *Job Creation and Local Economic Development 2016*
- *OECD Reviews on Local Job Creation: Employment and Skills Strategies* (Canada and Poland)
- *Weaving Together Policies for Social Inclusion in Ireland*
- *Inclusive Business Creation: Good Practice Compendium*
- *OECD Tourism Trends and Policies 2016*
- *Tourism Policy Review of Mexico*
- *The Missing Entrepreneurs 2017* (forthcoming)

■ Key events

- 13th Annual Meeting of the OECD LEED Forum on Partnerships and Local Development, Prague, Czech Republic, 10-11 April 2017
- Meetings of the OECD Champion Mayors for Inclusive Growth Initiative: Launch, New York, United States, 29 March 2016; 2nd Meeting, Paris, France, 21 November 2016; 3rd Meeting, Seoul, Korea, 23-24 October 2017
- 14th Global Forum on Tourism Statistics, Venice, Italy, 23-25 November 2016
- High Level Meeting on Tourism Policies for Sustainable and Inclusive Growth to commemorate 100th Meeting of the Tourism Committee, Paris, France 2-3 October 2017,
- 8th Annual Expert Meeting of the Employment and Skills Strategies in Southeast Asia Initiative, OECD and Southeast Asia Regional Policy Network on Education and Skills, Cebu, Philippines, 11-12 October 2016
- Workshop on policies for upgrading productivity in small traditional enterprises, Puerto Vallarta (Jalisco), Mexico, 3-4 November 2016; two follow-up workshops planned for 2017-2018

Global Relations Secretariat



Andreas Schaal

Director

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“The OECD is developing towards a global policy network of 35 OECD countries and over 100 partner countries to identify challenges and implement common solutions. We support partners’ policy reforms to unleash inclusive growth and to align with globally recognised standards. We benefit from partners’ perspectives to enrich these standards to level the global playing field and make globalisation more inclusive.”

The Global Relations Secretariat supports the Secretary-General’s strategic objectives for an open and inclusive organisation and strengthens engagement with emerging and developing countries through regional programmes in Southeast Asia, Latin America and the Caribbean, the Middle East and North Africa (MENA), Eurasia and South East Europe. It fosters the active involvement of the Key Partners – Brazil, China, India, Indonesia and South Africa – as well as other important partners, in the OECD’s work programme.

Global Relations activities increasingly focus on using the G20 and other fora to leverage OECD standards and policies; strengthening the Organisation’s relationship with Key Partners; and deepening support to partner countries’ reforms through regional and country programmes.

OECD support to the Chinese G20 Presidency culminated with the Hangzhou Summit and resulted in: the G20 Blueprint for Innovative Growth; OECD inputs to G20 members’ growth strategies; the implementation of the full Base Erosion and Profit Shifting (BEPS) package; and the establishment of a Global Forum on Excess Capacity in the Steel Industry. The Latin America and the Caribbean Regional Programme held a Ministerial Meeting on Productivity and Inclusive Growth in Chile. The MENA-OECD Ministerial Conference held in Tunis will help the OECD reinforce its contribution to the MENA countries’ transition. A new programme of work with Indonesia for 2017-2018 was also launched during the Secretary-General’s mission in Jakarta in October. In addition, country programmes in Kazakhstan, Morocco and Peru are being successfully completed and a new country programme is about to be launched in Thailand. The OECD has elaborated a Sustainable Development Goals (SDGs) Action Plan and is strengthening its co-ordination with the United Nations to support the delivery and implementation of the SDGs. ■

www.oecd.org/globalrelations

■ Areas of focus

- OECD Global Relations, Key Partners, regional programmes and Global Fora: www.oecd.org/globalrelations
- Africa: www.oecd.org/africa
- Brazil: www.oecd.org/brazil; www.oecd.org/latin-america
- China (People's Republic of): www.oecd.org/china
- Eurasia: www.oecd.org/globalrelations/eurasia.htm
- India: www.oecd.org/india
- Indonesia: www.oecd.org/indonesia
- Latin America: www.oecd.org/latin-america
- Middle East and North Africa: www.oecd.org/mena
- South Africa: www.oecd.org/southafrica
- Southeast Asia: www.oecd.org/globalrelations/seaprogramme.htm
- South East Europe: www.oecd.org/south-east-europe

■ Key publications

- *Competitiveness in South East Europe 2016: A Policy Outlook*
- SME Policy Index series
- *Women's Economic Empowerment in Selected MENA Countries*
- *Industrial Upgrading for Green Growth in China*
- OECD "Active with..." country and regional brochures

■ Key events

- Latin America and the Caribbean High Level Meeting on Social Inclusion, November 2017
- Eurasia Week, October 2017, www.oecd.org/eurasia-week
- Southeast Asia Forum, July 2017, www.oecd.org/southeast-asia-forum
- Fostering Investment for Competitiveness in South East Europe, April 2017

Executive Directorate



Anthony Rottier
 Director
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“The OECD is always challenging itself to reinforce its recognised strong management practices and standards. In 2016 EXD’s work focussed on ‘renewal projects’ that further modernise our ways of working and increase our ability to collaborate across geographies and traditional organisational structures in innovative ways. These developments will provide the right environment and tools for our staff to continue to produce exceptional outputs and deliver value for money to our members.”

The Executive Directorate (EXD) advises the Secretary-General on management issues to ensure the OECD stays at the forefront of corporate management best practices. EXD delivers corporate services to staff, members and delegates including human and financial resource management, digital knowledge and information management and conference, language, security and operations services.

In 2016 EXD planned and implemented a large office space project that consolidated the OECD presence on two sites – OECD (La Muette) and OECD (Boulogne). The Boulogne project will culminate in 2017 with the opening of a new conference centre. In Boulogne, almost 1 500 staff work more flexibly than in the past, assisted by policies to facilitate teleworking. The year 2016 also saw the modernisation of paternity leave rules and a project to facilitate access to crèche facilities.

The OECD achieved certification of all its buildings against the highly-regarded HQE® standard in 2016, recognising our environmental performance in building management and our ongoing drive to “Green” the OECD. The launch of a forum for staff to share and discuss good practices was among the projects to implement the Value for Money (V4M) Action Plan.

EXD developed the OECD Digital Strategy in 2016, an ambitious programme to reinforce the Organisation’s agility and effectiveness through digital technologies. Over 2017-18, the introduction of new tools will enable staff, members and Delegations to access information more flexibly and facilitate collaboration between different policy areas. In parallel, EXD contributed to putting in place the digital infrastructure required for tax administrations to share information from September 2017. ■

Internal Audit and Evaluation



Lucy Elliott
Director
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“In-depth Evaluation and Internal Audit play a key role in supporting the OECD’s mission through their forward-looking recommendations and identification of good practices, and their advice to the Secretary-General on executive governance, risk management, control, monitoring and evaluation, all of which contribute to reinforcing the leading-edge nature of the OECD’s executive governance, accountability, transparency and performance.”

Internal Audits provide objective and independent assurance to the Secretary-General over executive governance, risk management and control within the OECD secretariat. In-depth Evaluations provide systematic and objective assessments of the relevance, effectiveness and efficiency of the OECD’s substantive committees *inter alia* to inform Council decisions on mandate appropriateness and renewal.

In 2016, In-depth Evaluation covered 12 committees and two “Part II” programmes, including evaluations and monitoring of implementation of recommendations, while continuing to enrich a repository of good-practice cases aimed at contributing to replicating success and promoting learning across the Organisation. Furthermore, following agreement of Council on a third cycle of In-depth Evaluation designed to reflect the changing needs and strategic priorities of the Organisation, a six-year programme up to and including 2022 was approved by Council at the start of 2017.

The year 2016 was the second year of Internal Audit’s four-year strategy, auditing closer to the substance of the OECD’s work and providing more assurance at a corporate level. In line with this strategy, Internal Audit continued to “audit what matters”, notably in 2016 covering voluntary contributions, external communications and ethics among other subjects. Internal Audit’s risk-based work plan for the 2017-2018 biennium includes cybersecurity and physical security, procurement, and various Human Resources matters.

Through Internal Audit and In-depth Evaluation the OECD continues to enhance transparency and accountability – since the beginning of 2016 summary Internal Audit reports are made available to the full OECD membership, and from its 3rd Cycle, reports of In-depth Evaluations will be publicly disclosed. ■

www.oecd.org/about/whodoeswhat/internal-audit-evaluation.htm

Directorate for Legal Affairs



Nicola Bonucci
 Director for Legal Affairs and
 Accession Co-ordinator
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“Today, the OECD Guidelines for Multinational Enterprises are the most comprehensive set of government-backed recommendations on responsible business conduct in existence and seek to encourage and maximise the positive impact that Multinational Enterprises can have on sustainable development and social progress.”

The Directorate for Legal Affairs advises on all legal, institutional and procedural aspects of the Organisation's activities and supports directorates in the development of their outputs. It represents the Organisation in legal proceedings and provides support on contracts, co-operation and financing agreements, intellectual property and financial and human resources reforms.

The Directorate played a central role in negotiating the contractual arrangements relating to the development and operation of a Common Transmission System (CTS) enabling 100+ tax administrations to automatically exchange information as well as the development of a standardised user agreement to be entered into between the OECD and the jurisdictions that will be using the CTS.

On matters of substance, support was extensive to the Base Erosion and Profit Shifting Project (BEPS) – notably on the development of a multilateral instrument to modify bilateral tax treaties. The Directorate also represented the OECD in various international fora focussing on the fight against anti-corruption, including in the G20 context. These fields will remain key in the coming months, together with the work on general due diligence guidance for responsible business conduct.

Throughout 2016, the team mobilised to co-ordinate accession discussions with three candidate countries at different stages in the process. Finally, the directorate assisted with the significant relations maintained with non-members, in particular with their adherence to OECD legal instruments and with co-operation arrangements, and was very active in the negotiation of Privileges and Immunities Agreements to facilitate the work of the OECD and protect its independence. ■

www.oecd.org/legal

Council and Executive Committee Secretariat



Patrick van Haute

Director

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“The Council Secretariat will continue to serve as one of the interfaces between members and the Secretariat, to prepare the decisions that will shape the future of the OECD. In a time of difficult economic situations with members, the OECD potential value-added is higher than ever. We dedicate our work and skills to the successful implementation of our recommendation, for the benefit of our fellow citizens.”

The Council Secretariat serves the Council and the Executive Committee, the Heads of Delegation meetings, the Global Strategy Group and the Ministerial Council Meeting (MCM).

The Council Secretariat advises the Secretary-General on the general policy of the Organisation and provides advice and assistance on institutional, policy and procedural aspects of the Council's activities. It also serves as a liaison among standing committees as well as between the Secretariat and member delegations in the management of the Council's work programme. The Council Secretariat's dialogue with directorates facilitates their engagement with members.

Within the available resources and while serving new bodies, the Council Secretariat is continuing to upgrade its service to Council, its chair and the Executive Committee, moving higher up in the value chain by collecting timely information from different networks, with a view to ensuring better co-ordination, earlier identification and resolution of possible issues, as well as easier programming. The launch of the eCouncil platform in 2014 has dramatically improved the document process for the preparation of the Executive Committee and Council: it enhances co-ordination and streamlines document and meeting preparations. In 2016, a specific space was successfully launched within eCouncil for the preparation of the Budget Committee. Throughout 2017 efforts will continue toward enhancing and reinforcing processes within the Secretariat and supporting institutional relations. With this in mind, the Council Secretariat will continue to work on new developments in eCouncil with the aim of launching a specific space for the preparation of the External Relations. ■

SPECIAL BODIES



Development Centre



Mario Pezzini

Director of the OECD Development Centre, Special Advisor to the OECD Secretary-General on Development

The OECD Development Centre (DEV) was established in 1962 as a platform for analysis, knowledge-sharing and evidence-based policy dialogue on development. With Japan and Paraguay joining in 2016, DEV counts 27 OECD countries, plus the EU, and 25 non-OECD countries interacting on an equal footing to find innovative policy solutions to pressing development challenges.

The Centre provides policy advice to developing and emerging economies on a wide range of issues. For example, DEV produced guidance that is being used by the G7 to help developing countries structure extractive contracts for the long term; brought foundations to the Global Partnership for Effective Development Co-operation; deepened co-operation with UN Habitat during the historic Habitat III Conference; and initiated a new collaboration between the U.S. Millennium Challenge Corporation and the OECD. Its Social Institutions and Gender Index (SIGI) became an official data source to gauge progress on Sustainable Development Goal (SDG) 5.1 to end discrimination against women and girls. The People's Republic of China hereafter, 'China', asked DEV to join the Silk Road Think Tank Network and to support the Centre for International Knowledge on Development.

At its 2016 High-level meeting, co-chaired by China and France, Ministers called on the Centre to pursue new initiatives, including a Dialogue on Migration and Development, an Initiative with Africa, and called for a further uptake of its Multi-dimensional Country Reviews as an innovative tool for implementing the SDGs. In a changing global landscape, DEV's 2017-18 work programme will be a chance to debate, challenge and redefine the definition of development. ■

For more information see: All Development Centre activities: www.oecd.org/dev; African Economic Outlook: www.africaneconomicoutlook.org; Latin American Economic Outlook: www.latameconomy.org; OECD's Development Blog: <https://oecd-development-matters.org>; Social Institutions and Gender Index: www.genderindex.org; Wikigender: www.wikigender.org

International Energy Agency



Fatih Birol
Executive Director

The International Energy Agency (IEA) works to ensure reliable, affordable and clean energy for its 29 member countries and beyond. Its work revolves around the “4 Es” of sound energy policy: energy security, environmental sustainability, economic development and engagement worldwide.

In 2016, the IEA made considerable progress implementing the three pillars of “modernisation” supported by IEA Ministers at their 2015 meeting:

Enhance engagement with major emerging economies: Singapore and Morocco became IEA Association members joining China, Indonesia and Thailand; Mexico took concrete steps towards accession; and the IEA and China shared their common intention to work towards establishing an energy co-operation centre in Beijing.

Strengthen and broaden commitment to energy security: the IEA held the eighth Emergency Response Exercise including partner countries and launched two new energy security reports, *Global Gas Security Review* and *Re-Powering Markets*.

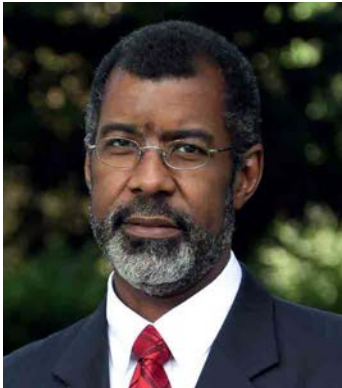
Increase the IEA's focus on clean energy technology: the IEA was chosen to host the Clean Energy Ministerial Secretariat; and also created a dedicated Energy Efficiency division and a Systems Integration of Renewables unit.

Key IEA outputs in 2016 included:

- *World Energy Outlook 2016*, with focus on renewables and Mexico.
- *Energy Technology Perspectives*, highlighting urban energy systems.
- *Monthly Oil Market Report* and five *Medium-Term Market* reports.
- *First World Energy Investment* report, generating 6 000 press stories.
- IEA Big IdEAs speaker series featuring EC Vice President Maros Šefčovič, Qatar's former Deputy Premier and Energy and Industry Minister Abdullah Bin Hamad Al-Attiyah, and others.
- Training more than 400 partner country officials on energy data. ■

For more information see: www.iea.org

Nuclear Energy Agency



William D. Magwood, IV
NEA Director-General

Nuclear Energy Agency (NEA) member countries account for 83% of global nuclear energy generating capacity. Through international co-operation, the NEA assists its 31 member countries in maintaining and further developing the scientific, technological and legal bases required for a safe, environmentally sound and economical use of nuclear energy for peaceful purposes. It strives to provide authoritative assessments and to forge common understandings on key issues as input to government decisions on nuclear energy policy and to broader OECD analyses in areas such as energy and the sustainable development of low-carbon economies.

NEA activities cover nuclear safety and regulation, including human aspects such as safety culture, radioactive waste management, decommissioning, radiological protection, nuclear science and data, nuclear technology development, economic analyses, policy and legal matters. The NEA is the Technical Secretariat for the Multinational Design Evaluation Programme, the International Framework for Nuclear Energy Co-operation and the Generation IV International Forum. Over 20 joint undertakings operate under NEA auspices, including the Halden Reactor Project which will mark its 60th year in 2018.

Highlights in 2016 include: adopting the 4th Strategic Plan of the Nuclear Energy Agency: 2017-2022; the IFNEC-NEA Conference on Financing Nuclear Projects; the *Five Years after the Fukushima Daiichi Accident: Nuclear Safety Improvements and Lessons Learnt* report; the 5th International Conference on Geological Repositories; and the Stakeholder Involvement in Nuclear Decision Making workshop.

The NEA continues work on: the Nuclear Innovation 2050 project, intended to identify global priorities for future research and development; and the NEA Nuclear Education, Skills and Technology (NEST) framework, which will provide research and training opportunities for youth to shape future experts and leaders. ■

For more information see: www.oecd-nea.org; Twitter: [@OECD_NEA](https://twitter.com/OECD_NEA)

International Transport Forum



José Viegas
Secretary-General

The International Transport Forum (ITF) at the OECD is an intergovernmental organisation with 57 member countries. It acts as a strategic think tank for transport policy and organises the Annual Summit of transport ministers, the world's largest gathering of transport policy makers. The ITF is the only global organisation covering all modes of transport.

The ITF's Decarbonising Transport project launched in 2016 works towards carbon-free mobility, with over 40 partners and supporters, including the OECD and the International Energy Agency (IEA). The project is building the most comprehensive model of global transport activity to date and creating a dialogue for mutual learning around sustainable transport policies.

The ITF contributed extensively to the United Nations Secretary-General's High-Level Advisory Group on Sustainable Transport of which the ITF Secretary-General was a member.

The 2017 Summit on Green and Inclusive Transport discussed transport's contribution to the Paris Agreement and the UN Sustainable Development Goals. A joint declaration by ministers highlighted transport's role in mitigating climate change.

The ITF's new network Safer City Streets, with 34 cities already, helps improve urban road safety by sharing data, experiences and knowledge. The ITF report *Zero Road Deaths and Serious Injuries: Leading a Paradigm Shift to a Safe System*, received worldwide attention in 2016 earning ITF received a Special Award from the Prince Michael of Kent International Road Safety Awards for its global leadership.

Member countries commissioned numerous case-specific policy analyses, including: ports policies for Chile; regulation of for-hire passenger transport for Portugal; rail transport regulation for Mexico; and the impact of mega-ships on Gothenburg port for Sweden.

Five companies joined the ITF Corporate Partnership Board taking its membership to 28. ■

For more information see: www.itf-oecd.org

SPECIAL ENTITIES



Financial Action Task Force



David Lewis
Executive Secretary

The Financial Action Task Force (FATF), created by the G7 in 1989, today includes 37 members to assess risks, set standards and evaluate countries' efforts to counter money laundering, the financing of terrorism (including evolving threats) and the financing of the proliferation of weapons of mass destruction. Through nine regional bodies it brings together a global network of 198 jurisdictions that have committed at the highest level to implement the FATF Standards and be assessed against them. FATF works closely with the United Nations, World Bank, International Monetary Fund and others. Its standards are essential to combatting drug and people trafficking, fraud, corruption, tax evasion and other serious threats.

FATF was the first standard setter to measure impact as well as formal compliance. Countries with strategic deficiencies and posing a threat to the financial system are listed publicly. Since 2007 FATF has reviewed 80 countries and publicly identified 60 of them. Forty-six countries have since taken action.

Supported by the G7 and G20, FATF continues to prioritise global action to swiftly and efficiently tackle all sources, techniques and channels of terrorist financing; improve the implementation of transparency and beneficial ownership standards alongside the Global Forum; strengthen the capacity of the FATF and enhance the effectiveness of the Global Network. The priorities of the FATF Spanish Presidency from July 2016 to June 2017 also include establishing a dialogue with the FinTech and RegTech communities, and enhancing the operational focus of the FATF through a forum of Heads of FATF Financial Intelligence Units. ■

For more information see: www.fatf-gafi.org

Multilateral Organisation Performance Assessment Network



Chantal Verger
Acting Head of MOPAN Secretariat

The Multilateral Organisation Performance Assessment Network (MOPAN) is composed of 18 governments who share a common interest in assessing the organisations they fund. Together MOPAN members provide 95% of funding to multilateral organisations. The Network collects, analyses and presents relevant and credible information on the organisational and development effectiveness of these organisations.

This knowledge base is intended to contribute to organisational learning within and among the organisations, and their direct clients and partners. Network members use the reports for their own accountability needs and as a source of input for strategic decision making.

In 2015-16, MOPAN assessed twelve multilateral organisations: African Development Bank, Gavi – the Vaccine Alliance, Global Fund to Fight AIDS, Tuberculosis and Malaria, Inter-American Development Bank, International Labour Organization, Joint United Nations Programme on HIV/AIDS, United Nations Development Programme, United Nations Environment Programme, United Nations Human Settlements Programme, United Nations Children’s Fund, United Nations Office for the Coordination of Humanitarian Affairs and the World Bank. The reports and findings are now being presented to the management of each organisation and are available on the MOPAN website.

Meanwhile MOPAN has embarked on a new round of 14 assessments that are conducted in parallel over 2017-18. As was the case in 2015-16, the organisations assessed comprise a mix of International Financial Institutions, United Nations funds, programmes and specialised agencies, and Global Funds. These organisations have operational and/or normative mandates and there is a balance between humanitarian and development organisations. ■

For more information see: www.mopanonline.org

Partnership in Statistics for Development in the 21st Century



Johannes Jütting
Secretariat Manager

The Partnership in Statistics for Development in the 21st Century (PARIS21), founded in 1999 by the United Nations, the European Commission, the OECD, the International Monetary Fund, and the World Bank, promotes better use and production of statistics throughout the developing world.

PARIS21's 2016-2020 strategy, in line with the Sustainable Development Goals (SDGs), supports the effective use of data for better policies and better lives. PARIS21 will respond to new and emerging demands of the evolving data ecosystem through a set of four key activities: knowledge-sharing and innovation incubator; advocacy; co-ordination and monitoring; and technical support.

PARIS21's *Partner Report on Support to Statistics (PRESS)*, explores the amount of worldwide financial support dedicated to statistical development. In 2016, only 0.25% of Official Development Assistance was dedicated to statistics. For developing countries to meet the data needs of the SDGs, current domestic and donor support to data and statistics will need to double to nearly USD 1 billion per year.

In order for countries to respond to national and international data needs, PARIS21 is developing a set of innovative statistical tools. The Platform for Innovations in Statistics (PISTA) collects innovations in statistical capacity and matches them with national statistical systems, while the Advanced Data Planning Tool (ADAPT) helps countries consult, cost and chart indicators relevant to development objectives.

PARIS21 will continue to promote and facilitate the better use of statistics nationally, regionally and globally by providing innovative expertise to developing countries as they adapt to the 2030 Agenda, while also being a vital actor in the greater co-ordination amongst statistical and development partners. ■

For more information see: www.paris21.org

Sahel and West Africa Club



Laurent Bossard
Director, Sahel and West Africa Club
Secretariat

The Sahel and West Africa Club (SWAC) is an international platform whose mission is to enhance the effectiveness of regional policies and promote West African initiatives and positions in global debates. Members and partners include West African regional organisations, OECD countries and the European Union. SWAC is the only international entity entirely dedicated to regional co-operation in Africa.

SWAC supports the Food Crisis Prevention Network (RPCA), an international platform for consensual analysis and concerted action, under the political leadership of the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (UEMOA). The SWAC Secretariat also facilitates dialogue and advocacy for the Global Alliance for Resilience (AGIR).

SWAC examines how urbanisation, population and income growth are transforming the West African food economy. The Africapolis project provides data on the size, growth and geolocation of all urban agglomerations exceeding 10 000 inhabitants.

SWAC also advocates innovative, forward-looking approaches to policies and international co-operation. The flagship publication, *Cross-border Co-operation and Policy Networks in West Africa*, explores how border areas contribute to regional integration.

The West African Papers series and Map & Facts cover a wide range of topics including gender and climate change.

The Secretariat is active in the international dialogue on stability and development in the region. The annual Sahel and West Africa Week took place in Nigeria in 2016, focusing on the humanitarian situation in the country's north-east.

The Secretariat is developing synergies within the OECD Development Cluster, including through the OECD Africa Forum and the Development Matters blog. ■

For more information see: www.oecd.org/swac and www.food-security.net

ADVISORY COMMITTEES



Business at OECD (BIAC)



Phil O'Reilly
Chairman



Bernhard Welschke
Secretary-General and member of
the Executive Board

The Business and Industry Advisory Committee (Business at OECD) addresses the OECD on a full range of topics concerning economic development in OECD countries and across the globe. Established in 1962, we stand for policies that enable businesses of all sizes to contribute to growth, economic development, and prosperity. Through Business at OECD, the leading national business and employer federations and their firms, as well as associated expert groups, provide knowledge to support good governance and economic competitiveness.

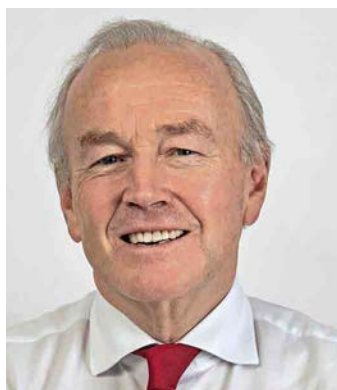
In line with the 2017 Ministerial Meeting theme, “Making Globalisation Work: Better Lives For All”, we advocate for open and competitive markets, shared benefits of trade and investment, structural reforms, and measures to ensure the participation of all. There is much evidence that global value chains will enhance the potential of businesses to innovate, grow, and contribute to the success of our economies. Businesses rely on governments to provide consistent and enabling policy environments nationally and internationally. Good regulatory practice, better regulatory co-operation across borders, and more tax certainty are basic requirements for an enabling business environment. Digital transformation harbours great opportunities for our economies and societies. To fully reap the benefits, businesses depend on a skilled workforce and labour mobility. Governments, business and other stakeholders must engage in dialogue and action to enhance skills and enable all to participate in rapidly changing economies. This must be paired with active policies that protect people from the consequences of serious disruptions in labour markets. ■

For more information see: www.biac.org; Twitter: [@BusinessAtOECD](https://twitter.com/BusinessAtOECD)

Trade Union Advisory Committee



Richard Trumka
President of the AFL-CIO (USA)



John Evans
General Secretary

Vice Presidents: Marc Leemans, President of the Belgian Confederation of Christian Trade Unions (CSC-Belgium); Naoto Ohmi, General Secretary of RENGO Japan; and Jorunn Berland, President of the Confederation of Vocational Unions (YS – Norway)

The Trade Union Advisory Committee to the OECD (TUAC) brings the labour movement's voice to the OECD, its annual Ministerial Council Meeting and its committees and working groups. TUAC has 58 affiliated trade union centres in OECD countries, representing more than 66 million workers, as well as associate members in Brazil, Indonesia, the Russian Federation and South Africa. TUAC brings over 500 trade union representatives every year to OECD meetings.

TUAC promotes policy frameworks that aim at shared prosperity within and between countries and at asserting the positive role of trade unions and collective bargaining in achieving inclusive growth. Three formal TUAC Working Groups help prepare policy positions for specific consultations and/or conferences on economic policy, on responsible business conduct and investment, and on education, training and employment. Access to OECD discussions enables TUAC to act as a “first mover” within the labour movement in responding to new and emerging policy challenges, such as the digitalisation of the economy.

TUAC works closely with other international trade union organisations, including the International Trade Union Confederation (ITUC) in co-ordinating trade union inputs to the G20 (through the Labour 20) and the G7 process, as well as the European Trade Union Confederation (ETUC) and the various Global Union Federations on sector specific issues. ■

For more information see: www.tuac.org; Twitter: [@TUACOECD](https://twitter.com/TUACOECD)

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Union takes part in the work of the OECD.

OECD Publishing disseminates widely the results of the Organisation's statistics gathering and research on economic, social and environmental issues, as well as the conventions, guidelines and standards agreed by its members.

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