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THE OECD'S GLOBAL RELATIONS

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EXECUTIVE SUMMARY

Promoting Best Practices Worldwide

1. The OECD works with most countries in the world. Partner countries' involvement in OECD work is mutually beneficial and essential for keeping the OECD inclusive and relevant. This engagement aims to enlarge the "club of best practices", which bases its work on *(i)* evidence-based analysis, *(ii)* the design and use of internationally agreed standards and practices, and *(iii)* peer learning, review and monitoring. Members and Partners share an interest in developing a common vision of the challenges they face individually or collectively and in learning from one another to meet those challenges.

2. The Secretary-General, in his Strategic Orientations, has underlined the need for the Organisation to continue its quest to become a more global institution, by strengthening its engagement with major emerging economies, whose weight in the international economy continues to increase. In the past few years, OECD Members have issued guidance to foster the integration of Partners in the Organisation's work, particularly in the Vision Statement issued at the 2011 MCM [[C/MIN\(2011\)6/FINAL](#)]. This Statement called for the OECD to become a "more effective and inclusive global policy network" and to "develop new forms of partnership and collaboration with the aim of improving the well-being of all our citizens". It also welcomed "collaboration with all those countries interested in sharing knowledge and expertise, promoting reform and contributing and adhering to OECD standards".

A Broad Palette of Tools for Partnership

3. The OECD has developed a palette of mutually reinforcing tools to implement its work with Partner countries. These include the identification of five Key Partners, with whom the Organisation seeks comprehensive engagement in most Committees, as well as Partnerships in regional approaches and Global Fora. It also includes co-operation with the G20 as an effective platform for providing technical advice and policy recommendations to this relevant, global, forum.

Expanding the Co-operation with Key Partners

4. There has been steady progress in the working relations with the Key Partners, *e.g.* with Brazil on tax and environment policies, with South Africa on investment standards, with India on responsible business conduct and with China on the combat of bribery. There is room for improvement though, including by ensuring these partners' involvement in horizontal projects and in the review of legal instruments, but also by intensifying OECD advice on specific policy challenges they are confronting. To strengthen the focus of our work, Members and the Secretariat have identified certain policy areas with potential for mutual benefit. An initial list of possible ways forward with each of the Key Partners is presented in Annex I. These will be further developed in the next few months. In addition, we need to engage with the Key Partners more formally. An increasing number of sector-specific MoUs has been, or will be, signed with them, and a comprehensive framework agreement has been concluded with Indonesia, which we will seek to emulate with other Key Partners. These agreements are a step forward to the extent that they imply a political commitment from both sides and create a mechanism to develop joint priorities.

Stepping Up the Engagement with other Important Partners

5. Besides the Key Partners, there is an increasing number of other economies which offer special potential for fruitful co-operation. It is important for the Organisation to nurture its relations with these countries, which are often important players in their region. The OECD can step up its engagement with

these partners in two ways. First, by giving a new impetus to its work with Southeast Asia; second by creating long-term Country Programmes aimed at the countries that wish to get closer to OECD standards in a number of defined areas.

Southeast Asia: A Region of Strategic Interest

6. The creation of a regional programme for Southeast Asia will take the OECD's engagement with countries in the region to a new level. This will underline this region's designation at the 2007 MCM as one of strategic interest and allow the Organisation to build a closer, broader and whole-of-government relationship with countries in the region. The Programme will bring participating countries closer to OECD standards and practices and facilitate access to the expertise of OECD bodies. It will have a whole-of-government co-ordination mechanism. Other international organisations in the region would be invited to participate. The OECD's experience in operating large comprehensive and thematic programmes in certain regions, particularly the MENA region and Central Asia, can be put to good use in fulfilling the potential available in its relations with Southeast Asia.

Country Programmes: A New Tool in the Toolbox

7. Today, countries that wish to adopt OECD good policy practices and instruments have to approach Committees one by one with little pro-active involvement of ERC and Council. This makes it more difficult for the OECD to establish a more strategic, long-term, whole-of-government view of the relations with these countries. The Country Programme was a missing link in the Global Relations toolbox. There are benefits in co-operating with countries that seek the observance of OECD standards on the basis of an overall plan and funding mechanism. Therefore, Council has approved a framework enabling the OECD to establish Country Programmes in the future. The output results to be achieved under these programmes will be part of the PWBs of the Committees responsible for the standards concerned, so the programmes will be designed in consultation with these Committees. But the strategic whole-of-government guidance for ERC and Council will be added as an essential element of our relations with the given country.

The G20: An Essential Conduit to the Key Partners

8. The G20 will remain an essential conduit for the OECD to work with Member countries and emerging economies represented there to advance agreements in the fields of structural reform, taxation, employment, Green Growth, fossil fuels, development and the combat of corruption and of protectionism in trade and investment. Their reports on Addressing Base Erosion and Profit Shifting and Trade in Value Added, to be delivered to G20 Leaders at their September 2013 summit, are the most recent examples of the way in which OECD standards can help Members' and Partners' reform efforts worldwide.

New Forms of Partnership in OECD Committees

9. Last, but not least, OECD Committees have recently been provided with new rules on the engagement with Partners, which have simplified the procedures involved and made Associate status in most OECD bodies a feasible option. This allows for a new form of Partnership, providing selected Partners with a similar status to that of Members in individual OECD bodies, subject to their commitment to these bodies' goals, practices and high standards, as demonstrated by their policies and their adherence to at least the legal instruments defined for this purpose in the relevant Participation Plans. This will improve Committees' ability to bring together the most important players in their fields of responsibility as peers.

I. INTRODUCTION

10. The aim of the OECD's Global Relations is to create a community of the major world economies and successful reformers, guided by its evidence-based policy advice and standards. This engagement serves a mutual benefit. It gives both Members and Partners a platform to examine and learn from each other's policies. It also helps maintain the OECD's relevance in a changing world economy and gives Partner countries access to a wealth of policy experiences and best practices.

11. To implement this work with its Partners, the OECD has developed a set of mutually reinforcing tools (see the Annex II on the Global Relations Toolbox). Comprehensive engagement is sought with five of the most important economies outside the OECD's Membership (section II). The G20 continues to offer an important conduit for involving these countries in the OECD's work (section IV).

12. Besides the Key Partners, the OECD has a strategic interest in putting its engagement with the generation of newly emerged and emerging economies on a firmer footing, which it can do by giving a new impetus to its work in Southeast Asia and by creating long-term Country Programmes. Southeast Asia was defined as a region of strategic interest in 2007 [[C/MIN\(2007\)4/FINAL](#)], but there is potential to achieve more in this region than is actually done today, especially in terms of meeting OECD's standards, involving the countries at a whole-of-government level and even of applications for Membership. The Country Programmes will spread the observance of OECD standards and allow the countries concerned a role as leading lights in their region. With these additions, the OECD will be better equipped to continue to extend its impact and relevance and thus to better serve its Member countries as it creates better policies for better lives.

II. OECD'S RELATIONS WITH ITS KEY PARTNERS

13. Work with the Key Partners has been a central focus of the OECD's strategy since 2007 (see Annex I). It seeks the involvement of the five Key Partners in the full range of its work, where possible on a basis of near-equality with Members, with a view to possible future Membership. After Council issued its Guidelines to Committees on Deepening of Enhanced Engagement [[C\(2010\)100/FINAL](#)], all Committees have updated their Global Relations strategies to take account of this priority in the substance and methods of their work. The countries are routinely invited to attend Committee meetings and included in the Committees' products such as databases, country and regional reviews and *Outlooks*. Step by step, these countries also expand their more regular forms of Partnership in OECD bodies, as Participants or occasionally as Associates.

14. Besides the integration of the Key Partners in the Committees' work, the engagement has also been advanced by high-level political contacts. Since the 2012 MCM, the Secretary-General has paid several visits to Key Partners, some of them more than once, and Deputies Secretary-General have visited these countries thirteen times. The Global Relations Secretariat has stepped up its efforts by strengthening links with officials and other stakeholders in these countries. The Organisation also interacts with the Key Partners via its involvement in the G20 at the levels of Ministers, Sherpas and Deputies and through membership in Working Groups and participation in seminars and other events. This has been an effective means of enhancing the global relevance of the OECD's work and has strengthened its interaction with the Key Partners.

a) Institutionalisation of the Relationship

15. Over the past year, the OECD has also made progress in terms of a greater institutionalisation of its relations with the Key Partners. In September 2012, the Secretary-General and Minister of Finance Mr Agus Martowardojo, on behalf of the Government of Indonesia, signed a Framework of Co-operation Agreement. The agreement provides a general framework for co-operation with Indonesia based on the guidance received from Member countries at the 2012 MCM to work bilaterally with each of the Key Partners. While it names some areas for co-operation which correspond to Indonesian interests, its principal purpose is to create a mechanism for developing joint priorities allowing the OECD to discuss areas for further co-operation on an annual basis. The Secretariat has proposed to other Key Partners to conclude similar Framework Agreements as a tool for setting joint priorities, subject to Council Decisions on the OECD's Programme of Work and Budget.

16. More sector-specific agreements have been concluded, or will be, with individual Key Partners in a number of areas. These may be agreements with government departments or agencies, but also with private sector institutions. A case in point is China. Its Ministry of Environmental Protection and the OECD have co-operated on the basis of Memoranda of Understanding on Environmental Co-operation since 2003; the current one covers the period 2011-2014. The Nuclear Energy Agency will soon sign a Joint Declaration with the China Atomic Energy Authority on co-operation in the field of peaceful uses of nuclear energy. While in China, in March 2013, the Secretary-General signed an MoU with the Party School of the Central Committee of the Communist Party. Its aim is to reinforce the co-operation, to share policy experiences and exchange ideas on global policy challenges and it lists the means for doing so. The OECD has also concluded an MoU with the Chinese State Administration for Taxes on joint work in the field of taxation. Similar MoUs have been signed with the Secretariat of the Federal Revenue of Brazil and the South African Revenue Service. An agreement is in preparation with the Indian Institute of Corporate Affairs to establish a programme of co-operation and support on topics of mutual interest in the field of corporate affairs. This will include collaboration on the promotion of responsible business conduct. Last but not least, Brazil, India, Indonesia and South Africa have signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

17. Secondments to the OECD have continued to be used as a way of providing officials from Partners to obtain first-hand knowledge of the OECD and its work. A programme of temporary assignments for Chinese government officials at the OECD was launched in 2012. Currently two Chinese nationals are working at the OECD as secondees; four others have been confirmed to do so later this year and four more secondments are under discussion.

18. Last, but not least, progress has also been made in the communication between the Organisation and the Key Partners including through the local presence of OECD officials in Key Partner capitals. In addition to the contact point in Beijing which has been operating since 2008, a Senior Advisor for India has been appointed. The appointment of a Senior Advisor for Indonesia is imminent. Once the necessary administrative procedures have been completed, these Advisors will be spending significant time in Delhi and Jakarta respectively. The five Key Partners have also strengthened the capacity of their Paris embassies to liaise with the OECD by appointing diplomats with the task of co-ordinating the relations of their countries with the OECD.

b) Partners in OECD Bodies

19. In pursuance of the Council's 2010 Guidelines, several Committees have developed action or engagement plans for the individual countries. Such Plans usually name areas of common interest and state an intention of increasing the Partners' participation, often starting at the level of (recurrent) Invitees. The Committee on Fiscal Affairs has developed multi-year programmes of Co-operation with each of the

Key Partners. The Committee on Corporate Governance has developed bilateral programmes with each of the Key Partners and has reviewed India's and Indonesia's risk management practices in-depth. Its focus is on members of the Financial Stability Board and it has prepared a policy on their participation in the Committee. Country-specific engagement plans have also been worked out by the Trade, Agriculture and Fisheries Committees.

20. Reports to previous MCMs pointed out that the substantial expansion of the Key Partners' participation in OECD bodies, seen since 2007, had in most cases taken the form of "recurrent *ad-hoc*" observerships, or Invitees in today's terminology. This is still the case, as Table 1 illustrates, but, as in previous years, there has been further progress in the acceptance of other forms of participation by some of the Key Partners. In November 2012, China stated its readiness to join PISA as a full national participant (previously, only Shanghai had participated). South Africa joined the Public Governance and Tourism Committees as a Participant in 2012 and stated its intention to join the Co-operative Research Programme, Biological Resource Management for Sustainable Agricultural Systems as an Associate (its acceptance of the fee is pending). Brazil joined the Working Party on Consumer Product Safety as a Participant. India joined the OECD Network on Fiscal Relations across Levels of Government as an Associate and the Competition Committee as a Participant.

Table 1 – KEY PARTNERS' AD-HOC INVITATIONS IN OECD BODIES*

| | 2008 | | 2009 | | 2010 | | 2011 | | 2012 | |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | <i>Bodies</i> | <i>Notif.</i> | <i>Bodies</i> | <i>Notif.</i> | <i>Bodies</i> | <i>Notif.</i> | <i>Bodies</i> | <i>Notif.</i> | <i>Bodies</i> | <i>Notif.</i> |
| Brazil | 27 | 34 | 18 | 23 | 34 | 54 | 46 | 62 | 36 | 50 |
| China, P.R. of | 30 | 45 | 28 | 37 | 48 | 84 | 59 | 100 | 52 | 85 |
| India | 23 | 36 | 24 | 32 | 48 | 81 | 56 | 95 | 42 | 66 |
| Indonesia | 18 | 27 | 21 | 30 | 44 | 74 | 54 | 84 | 49 | 80 |
| South Africa | 24 | 44 | 19 | 25 | 34 | 59 | 30 | 55 | 33 | 51 |

* Numbers of notifications to the ERC and number of different bodies for which they were issued.

21. Council has enshrined the special status of the Key Partners by authorising OECD bodies to invite these countries as Invitee or Participant without any further Council involvement. The new rules on Partnerships in OECD bodies¹ also make it feasible to invite Partners as Associates in Part I bodies by introducing transparency on the conditions to be met and the fees to be paid. This opens a new prospect for Partners in the form of the option of achieving equality with Members in almost all OECD Committees (except in discussions on the accession of new Members). As reported at the 2012 MCM, several Committees already took an interest in this option for the Key Partners and possibly other Partners: the Committees on Fiscal Affairs, Public Governance, Investment, Corporate Governance, Development Assistance and Statistics. The Public Governance Committee is close to reaching agreement with Brazil on its accession to the Committee as an Associate. Most Committees are currently preparing their Participation Plans that mention the conditions to be met by Associates, so we will have more insight in the actual demand for this option by the end of this year, when all Plans will have been completed.

1 Council Resolution on Partnerships in OECD Bodies [[C\(2012\)100/FINAL](#)]; see the toolbox in Annex II.

c) Involvement in the Substantive work of the Organisation

- *Databases and Publications Series*

22. Information on the five Key Partners continues to be included systematically in many of the OECD's databases, which allows the Organisation to analyse these countries in its publication series, *Outlooks* and *At a Glance* series. For many years, they have been incorporated in the *OECD Economic Outlook*, *Going for Growth*, the *Main Economic Indicators* and the *OECD Factbook*, as well as the regional *Economic Outlooks* (Latin America, Africa and Southeast Asia) produced by the Development Centre. The Secretariat will present a comprehensive overview of the Key Partners' inclusion in the *Core Statistics of the OECD* to the External Relations Committee later this year.

23. Some or all Key Partners are included in numerous other publications, including:

- *Science, Technology and Industry Outlook*,
- *Education at a Glance*,
- *International Migration Outlook*,
- *Employment Outlook*,
- *Monitoring and Evaluation of Agricultural Policies*,
- *OECD-FAO Agricultural Outlook*,
- *Tourism Trends and Policies*,
- *World Energy Outlook*,
- *Pensions at a Glance*,
- *Health at a Glance*,
- *Government at a Glance*,
- *Regions at a Glance*,
- *Regional Outlook*,
- *Steelmaking Capacity in non-OECD Economies*,
- *Internet Economy Outlook*,
- *Environmental Outlook*,
- *Related-Party Transactions*.

- *Policy Reviews*

24. Country-specific reviews are also regularly produced, including the biennial *Economic Surveys* and others:

- Brazil asked the OECD to undertake an *Integrity Review*, the first such review undertaken of any country and a precursor of Brazil's request for Associate status in the Public Governance Committee. A parallel review was undertaken of Brazil's Supreme Audit Institution, examining the capabilities needed to audit good governance. A *Territorial Review of Brazil* has been completed and was discussed in Brasilia at a March 2013 conference on regional development. A publication on youth employment, *Jobs for Youth*, will be released in the second half of this year. A peer review of Brazil's water governance is to start in June 2013.
- A mid-term progress report on China's 2007 *Environmental Performance Review* was issued in 2012. The IEA produced a study of the policy options for low-carbon power generation in China. Together with the National Centre for Climate Change Strategy a publication is to be released entitled *Toward a Green Investment Policy Framework; the Case of Sustainable*

Urbanisation in Chinese Cities. A DAF Working Paper will be published on *China's Policies towards Inward and Outward Investment.*

- India has been discussed in several studies of energy policies: the IEA published a case study of the 2012 Indian Blackout and a study on *Understanding Energy Challenges in India*; the NEA discussed India's civil liability regime for nuclear damage. A possible *Territorial Review* of the New Delhi-Mumbai Industrial Corridor and a new *Investment Policy Review* are under discussion.
- Indonesia was the subject of policy reviews issued in late 2012 on *Agricultural Policies* and *Regulatory Reform*. Another review, on *National Policies for Education*, is forthcoming. The *Economics Department Working Papers* included a study on the improvement of Indonesia's tax systems.
- An *Environmental Performance Review* of South Africa will be released this year. Together with the Investment Committee, South Africa has undertaken a review of its investment regime in relation to the OECD Codes on Liberalisation and the principle of National Treatment. A study of higher education in the Free State province was published in 2012. A study of Durban in the context of the OECD Port Cities Programme is forthcoming in 2013.

25. Some of the reviews relate to Key Partners' prior adherence to instruments, such as the Phase 3 examinations of South Africa (2013) and Brazil (2014) as parties to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The Global Forum on Transparency and Exchange of Information for Tax Purposes published the reports of the combined Phase 1 and Phase 2 examinations of China in June 2012 and of South Africa in October 2012. The Phase 1 examination of Brazil was published in April 2012; the Phase 2 examination is underway (India and Indonesia were examined earlier). In March 2013, there was a launching event of the Securities Exchange Board of India guide to implementing the recommendations from the 2011 peer review on related-party transactions.

- Projects and High-level Events

26. Certain OECD projects are ground-breaking, making it essential that Key Partners' insights and experience are fully shared and taken into account in the outcomes. This is the case for projects such as NAEC, Skills Strategy, Green Growth and Gender, to which representatives from Key Partners have been invited from the beginning.

27. The final report of the OECD's Gender Initiative, *Closing the Gender Gap: Act Now*, provides data, analysis and actionable policy messages for Members and Key Partners. Specific analysis of the Key Partners is presented across the report. The *OECD Gender Data Portal*, launched in December 2012, includes data on the Key Partners for most indicators and wherever possible. A draft Recommendation on Gender Equality in Education, Employment and Entrepreneurship has been being prepared by the Secretariat and is being reviewed by relevant Committees with a view to its adoption by the 2013 MCM.

28. The OECD's Green Growth Strategy has attracted the participation of Brazil, China, Indonesia and South Africa (besides other Partners), which participated in the 2012 meeting of the new Green Growth and Sustainable Development Forum. China and South Africa participated in the OECD's joint workshop with the Global Green Growth Institute, on Green Growth Development Paths, in November 2012. A new horizontal project, "Toward Green Growth in Emerging and Developing Economies" supports Indonesia and developing countries of the ASEAN region in designing Green Growth policies that could help make their societies more inclusive. The Key Partners have also been invited to the annual conference of the Green Growth Knowledge Platform, in April 2013.

29. Visibility of the OECD's work among the Key Partners can be ensured by participation in high-level events, which can also provide a means of involving non-government representatives. The first meeting of the Global Strategy Group was attended by Deputy Ministers from Indonesia and South Africa. The regional *Economic Outlooks* are usually launched at high-level events, such as the Ibero-American summit. A high-level forum on skills for social progress is planned for Brazil. A high-level tax event was held in Delhi in April 2013. Measuring well-being also attracts Key Partner interest: India hosted the Fourth OECD World Forum on Statistics on Measuring Well-Being in October 2012, which Brazil and South Africa attended. In the third quarter of 2013, the OECD will organise a joint high-level conference with the Indian Institute of Corporate Affairs on Responsible Business Conduct for Development. Finally, the OECD can ensure greater visibility of its work among Key Partners by publishing its work in their languages.

d) Key Areas of Interest for Future Co-operation

30. Bearing in mind the Council's 2010 Guidelines on deepening Enhanced Engagement [[C\(2010\)100/FINAL](#)], which state the Organisation's aim of involving the Key Partners in the full range of its work programme, Members (including Committee Delegates) and the Secretariat have identified ways forward to bring this aim closer. They have done so in recognition of the mutual benefit for Members and Partners which the programme of work should serve and of the fact that engagement with Key Partners is a priority for all Committees. Work will continue to be carried out with a view to making these Partners' more familiar with OECD instruments or standards for good practice and to encourage their regular participation in OECD bodies. Usually, these are long-term endeavours without any specific timetable. An elaboration of the ways forward with each Key Partner can be found in Annex I and will be further developed in the next few months.

III. REGIONAL PROGRAMMES AND NETWORKS

31. Starting around 1990,² the OECD has been able to reach out to all regions in the world, using various forms of regional approaches. This is an efficient way of involving large groups of countries thanks to possibility of linking up with regional institutions and the limited geographical distances. In most regions, the OECD works in the form of thematic programmes and networks.

32. To bolster its regional approaches, the Organisation has, since 2000, concluded partnership agreements with a number of international organisations, such as the World Bank, regional development banks, the WHO and the ILO. Their purpose is to help carry the OECD's institutional and policy know-how to non-Members, especially to developing countries. They have helped improve the OECD's insight into other countries' policy perspectives. These early initiatives have borne fruit in the form of a multitude of sector-specific partnerships in all regions. Teaming up has allowed the OECD and its partner organisations to complement one another's strengths and to avoid duplications, thus ensuring an efficient use of resources.

33. Countries in all regions have been willing to engage with the OECD in numerous areas of work, both in a regional context and in the OECD Global Forums.

2 However, the Sahel and West Africa Club started its work as early as in 1976.

a) Southeast Asia

34. To underline Southeast Asia's growing importance in the world economy, the MCM invited the Secretary-General in 2007 to explore and develop recommendations to Council to expand the OECD's relations with this region "with a view to identifying countries for possible membership". The OECD's thematic work in the region encompasses work in the following areas (the principal local partner is mentioned):

- regulatory reform (with APEC);
- information and communication (APEC);
- investment (ASEAN);
- anti-corruption (Asian Development Bank);
- public budget management;
- capital market reform (ADB Institute);
- corporate governance;
- employment and skills;
- Green Growth in fast-growing Asian cities;
- seminars in the OECD-Korea Policy Centre.

35. Southeast Asia's strategic interest for the OECD, its Key Partners and the world economy more generally provide the impetus for strengthening and deepening our collaboration in the region. While the OECD has been active in Southeast Asia since 1990, there is scope for further progress in improving the countries' regular participation in OECD bodies, involving them in the definition of good practices and bringing them closer to OECD standards. There is also a need for greater co-ordination at the political level and a more concerted effort to secure funding, as set forth in par. 85. The OECD's work in this region has been bolstered by its regional partners, such as ASEAN, APEC, and the ADB, which can be expanded and help to ensure regional buy-in. The OECD's work in this region is discussed in a separate note [[C/MIN\(2013\)14](#)], which deals with the establishment of a comprehensive regional programme, building on what has been achieved in previous years.

b) Europe and Central Asia

36. Work in Europe and Central Asia is dominated by several large programmes and networks, most of which are grants-funded and have their roots in the 1990s Transition Economies Programme:

- the Environmental Action Programme Task for Eastern Europe, the Caucasus and Central Asia, an intergovernmental body that guides reforms of environmental and water policies;
- SIGMA, a joint EU-OECD initiative supporting countries in strengthening their public governance and administration systems;
- the Anti-Corruption Network for Eastern Europe and Central Asia, supporting the participating countries in their fight against corruption by providing a regional forum for exchange of experience, defining best practices and donor co-ordination;
- the Trento Centre for Local Development, the Multilateral Tax Centres in Ankara, Budapest and Vienna, and the OECD-GVH Regional Centre for Competition in Budapest, which help countries to build capacity for local economic and employment development (as part of the LEED Programme), OECD's tax instruments and guidelines and competition law and policy, respectively.

37. The Investment Compact for Southeast Europe (SEE) helps governments improve their investment climate and foster private sector development, while lending support to the implementation of the SEE 2020 Vision, which focuses on policies to promote long-term drivers of growth, such as innovation, skills and trade integration.

38. The Eurasia Competitiveness Programme is the OECD's first significant programme in its part of the world and was founded more recently. Comprised of the Central Asia and the Eastern Europe and South Caucasus Initiatives it implements a comprehensive approach to evaluate policy, define priorities and support capacity building and implementation of reform, leveraging the OECD Policy Framework for Investment (PFI) and innovative tools, such as the Investment Reform Index (IRI).

c) Africa

39. The OECD did some exploratory work in Africa in the 1990s, but only in 2002 would co-operation with Africa become part of its mainstream Global Relations. The trigger was the establishment of NEPAD (2001), which was widely seen as a credible initiative to help achieve the Millennium Development Goals in Africa. A common characteristic of OECD's work in this region is that much of it is done in a partnership; another is the leading role and support of a Key Partner – South Africa – for many of these activities. For example:

- The NEPAD-OECD Africa Investment Initiative is led by a steering group chaired by the Chief Executive of the NEPAD Secretariat, with South Africa and Japan as Vice Chairs, and collaboration in projects with the African Development Bank and other regional players. The OECD has agreed with the 14 SADC member states to embark on a three-year regional investment policy programme, drawing on the Policy Framework for Investment and our country reviews;
- The OECD Network on Corporate Governance of SOEs in Southern Africa is set up in partnership with the Development Bank of Southern Africa (DBSA);
- A Joint Initiative was launched with the African Development Bank to Support Business Integrity and Anti-Bribery Efforts in Africa;
- With the South African Treasury and the Development Bank of Southern Africa, OECD launched the Centre for African Public Debt Management and Bond Markets in Midrand, South Africa;
- The *African Economic Outlook* is published by a partnership of the OECD Development Centre, the African Development Bank, UNDP and UNECA.

40. In other cases, the OECD is a contributor to initiatives taken in and by Africa, such as the African Competition Forum, the CABRI³-SBO Network (Senior Budget officials), and the African Tax Administration Forum (ATAF). Having worked with African tax administrations since the early 2000s, the OECD concluded an agreement with ATAF to enhance their co-operation, in October 2012, making it the first organisation to do so. The Secretariat is also planning to sign an MoU with CABRI, to reinforce co-operation in the area of public financial management.

d) Middle East and North Africa

41. The OECD has been working with the Middle East and North Africa (MENA) region since 2005 through the MENA-OECD Initiative on Governance and Investment for Development. Its work has focused on governance and investment with the aim of helping our Partners in the region strengthen public sector institutions and generate sustainable private sector-led growth. On governance, OECD is helping its

3 Collaborative Africa Budget Reform Initiative.

Partners to develop accountable, responsive and inclusive governance frameworks. By fighting corruption and preventing misconduct, countries in the region can enhance the rule of law and rebuild citizens' trust in government. By helping them clean up public procurement systems and increasing the transparency of laws, regulations and codes, the OECD is also increasing these countries' capacity to deliver public services. On investment, our role has been to enhance their capacity to attract both foreign and domestic investment by strengthening their frameworks and creating a level playing field. The focus is on private sector development and on practical ways to improve the business climate, for firms of all sizes.

42. Since the launch of the Deauville Partnership (DP) in May 2011, the OECD has been actively participating in both the financial and governance tracks, supporting the transition countries' efforts to establish sustainable and economic growth through the promotion of job creation and good governance. The OECD has become an Implementing Supporting Agency in the Transition Fund created to support the transformation process by providing grants for technical co-operation to strengthen governance and public institutions, and foster sustainable and inclusive economic growth.

43. The OECD is fully engaged in this process and is already involved in projects on the quality of service delivery and investment reform in Tunisia. It is also working with Transition Countries and other ISAs to develop projects proposals in areas of procurement, SMEs and job creation. Since early 2011, the OECD has discussed its engagement in the region with representatives from MENA economies and international organisations. It has started to address the region's imperatives, including by strengthening capacity to mobilise domestic resources through a more effective tax policy and a more efficient tax administration. It will continue to offer its Partners the possibility of tapping into a broad range of policy advice, benefiting from the accumulated experience on issues such as education and skills, water management, environment as well as regional and global integration.

e) Latin America

44. The fact that two Latin American countries have joined the OECD as Members and that three others have applied for this status, is a testimony to the OECD's effective and deepening relations with this continent. Government officials from the region cite their broad reform agendas as the main reason for approaching the OECD, wanting to learn more about the policy experience of its Members. The OECD has been partnering with governments in Latin America and the Caribbean (LAC) to identify and disseminate positive policy experiences through the LAC Initiative which complements other Committee activities in the region. It comprises Initiatives in the fields of Investment, Innovation, Fiscal Affairs and Poverty Alleviation.

45. Results of the LAC Investment Initiative over 2012 include Colombia's adherence to the Declaration on International Investment and Multinational Enterprises and the Anti-Bribery Convention. Colombia has been the first Partner to apply for adherence to the Codes of Liberalisation. Costa Rica is in the process of adhering to the Investment Declaration. The Poverty Alleviation Initiative presented the results of its water policy survey, *Water Governance in Latin America and the Caribbean*, to Ministers during the 2012 Ibero-American Summit. The LAC Innovation Initiative workshop was held at the IDB in March 2012, generating the material necessary to compile the forthcoming publication, *Report on New Technology Based Enterprises in Six Countries in Latin America*. Other OECD Networks in Latin America include the Latin American Corporate Governance Roundtable, the IDB-OECD Latin America Competition Forum, and the LAC Senior Budget Officials network. The International Economic Forum of Latin America and the Caribbean brings together leaders from public and private sectors to discuss the region's economic performance and share solutions to its development challenges. Finally, the *Latin American Economic Outlook (LEO)*, covering almost every country in the region, is published and discussed during the annual *Secretaría General Iberoamericana (SEGIB)* Summit of Heads of State of 22 Spanish and Portuguese speaking countries of Latin America, plus Andorra, Portugal and Spain.

IV. ENGAGEMENT WITH THE G20

46. The OECD contributes to virtually all the G20's work strands through technical advice and policy recommendations, in line with the work done in its Committees, which, accordingly, remain actively engaged with non-OECD G20 countries. The regular contacts which the Secretary-General, the OECD Sherpa and the DSG representing the Organisation at Deputy level maintain with the leaders, Ministers and high-level officials of the G20 countries, including during G20 summits, have promoted the understanding of the OECD's goals and contributions and widened the network of contacts with officials from those countries. This is a way of securing the participation of the Key Partners from the beginning in new fields of work.

47. The structural reform agenda, as an integral part of the Framework for strong, sustainable and balanced growth (FSSBG), is one of the areas in which the OECD support has been most valued by the G20 countries. In light of its long-standing structural expertise, the OECD has been actively involved in the implementation of the G20 Mutual Assessment Process, in the structural policy area. In addition, for two consecutive years now, the Secretary-General has been asked to launch the annual issue of the *Going for Growth* report in the margins of the February G20 Finance Ministers Meeting, first in partnership with the Mexican Minister of Finance and most recently with the Russian Finance Minister, a sign that this OECD work is gradually becoming an essential input in and a critical contribution to G20 discussions on structural reforms and growth.

48. The OECD also contributed extensively to G20 work on employment, notably by suggesting policy actions to improve the employment prospects of the youth, the unskilled and the long-term unemployed and by helping to frame the discussions of the Group on such issues as the ILO training strategy for G20 Leaders, youth unemployment (policy note on *Giving Youth a Better Start*) and sustainable development, green growth and quality employment. We also assisted countries in drafting the Conclusions of all three Labour Ministerial Meetings. The OECD provided assistance in installing the G20 Task Force on Employment, working closely with the French Presidency to define its terms of reference and subsequently working with the Mexican Presidency to make it operational, e.g. by providing input into the "G20 Strategies for Youth Employment", which is being elaborated by the Task Force.

49. In the G20 tax agenda, the Global Forum on Transparency and Exchange of Information for Tax Purposes has been critical in achieving the remarkable progress registered in the realm of international tax transparency since the Washington Summit in November 2008. Its membership has risen to 120, including a growing number of developing economies. Most of its members have undergone their Phase 1 review (compliance of the national legislation with the international standard) and the Global Forum has recently launched the first Phase 2 reviews, which assess the practical implementation of the international standard on tax transparency and information exchange.

50. More recently, the OECD has launched a new, ambitious work programme on Base Erosion and Profit Shifting (BEPS). It seeks to analyse aggressive tax planning by multinational enterprises (MNEs), develop appropriate rules in the area of transfer pricing and make recommendations to tackle double non-taxation of MNEs. The G20 Leaders provided their support to this OECD project in Los Cabos, and requested a final report on *Addressing Base Erosion and Profit Shifting*, which is scheduled to be delivered to G20 Leaders at their Saint-Petersburg Summit in September 2013.

51. On the combat of corruption, collaboration with Key Partners has significantly expanded under the G20 framework. In Los Cabos, all G20 Leaders reiterated their commitment to more active engagement with the OECD Working Group on Bribery, on a voluntary basis, and as a result, China, India and Indonesia have attended the meetings of the Working Group regularly as Invitees. Under the impetus of the

G20 and following a consultation seminar with the OECD on the foreign bribery offence, China enacted a legislation criminalising foreign bribery. Also, the OECD organised several technical seminars and high-level events in India to support it in its foreign bribery efforts, including in the drafting of a bill criminalising foreign bribery. Furthermore, the OECD has worked closely with Brazil with regards to issues of public procurement in the context of the G20.

52. Finally, a fourth area where the OECD has given regular and well recognised support to the G20 is the monitoring of protectionist investment and trade measures. Since 2009, and together with the WTO and the UNCTAD, the OECD has monitored and publicly reported on trade and investment measures. The last report was published in October 2012, and the next one is scheduled to be published in June 2013. The OECD has recently helped to push further the G20 agenda on trade, by raising the issue of Global Value Chains, through which the OECD, jointly with WTO, is taking a fresh look at the way international trade is being organised and is evolving. The ever important cross-border fragmentation of production chains and processes is actually making the case for a more ambitious trade and investment global agenda.

53. More generally, the OECD has provided important contributions to help successive G20 Presidencies achieve their priorities.

- Under the 2010 Korean Presidency, the OECD, as a “pathfinder”, helped the Korean authorities shape the “new” G20 development agenda and Multi-Year Action Plan. Specific contributions regarded the definition of the G20 development concepts, based on growth and resilience, as well as knowledge sharing and policy dialogues to benefit low-income countries. Along with other international organisations, the OECD co-ordinated several pillars of the Seoul MYAP, including food security, human resource development, private investment and job creation, domestic resource mobilisation and knowledge sharing. The Organisation has also contributed to the work undertaken in other pillars: trade (aid for trade), infrastructure and growth with resilience.
- In 2011, under the French Presidency, the OECD participated in the inception of the Action Plan on Food Price Volatility and Agriculture, which was endorsed by G20 Agriculture Ministers in June 2011. In particular, the OECD also played a pivotal role in the setting up of the Agriculture Market Information System (AMIS) and its associated Rapid Response Forum (RFF), initiatives of the French Presidency which have proven essential in the current context. The OECD continues to be an active member of both the AMIS and the RFF.
- Under the 2012 Mexican Presidency, the focus on Green Growth led to two joint IO reports, on Incorporating Green Growth and Sustainable Development Policies into Structural Reform Agendas and the Toolkit of Policy Options to Support Inclusive Green Growth, both written by the OECD, the UN, the World Bank, and other relevant organisations. The drafting of this Toolkit in particular represented a valuable opportunity for the OECD to work with the G20 emerging economies, and at the request of the DWG the OECD will further work with developing countries to provide support on its implementation.
- Under the current Russian Presidency, the OECD is actively involved on financing for investment, Russia’s flagship initiative. A Diagnostic Note by international organisations will serve to identify the priorities of G20 Members for the Saint-Petersburg Summit. In addition, the OECD has led the work on the role of banks, corporate financing and institutional investors in long-term investment financing, as well as on structural impediments to long-term financing. The OECD is also working with the Russian Presidency and the Development Working Group on the definition of a new Action Plan on development, as well as of a new accountability mechanism, requested by G20 Leaders in Los Cabos, Mexico. And the OECD, jointly with WTO, will report back on the relationship between GVCs and trade and investment flows, development and jobs, by the next Leaders’ Summit, in September 2013.

V. TO CONCLUDE

54. This paper points to possible future directions for the Global Relations programme. In fostering its relations with the Key and other Partners, Committees will make use of the new tool they have been given in the form of the Council Resolution on Partnerships in OECD Bodies [[C\(2012\)100/FINAL](#)]. The possibility it has created to invite Partners as Associates has opened a new chapter in the OECD's Global Relations, as it allows countries to work more closely with individual Committees without being full OECD Members. Many Committees are defining the conditions on which they intend to welcome Associates and are expected, over time, to put this new tool to its full use. But for the OECD to further strengthen its role as an inclusive global partner, the following actions are needed:

- In fostering its relations with the five Key Partners, the OECD should continue to leverage its broad horizontal expertise and fact-based analysis. This would position it to better inform policy decisions and help countries develop common approaches to joint challenges, including through the design of broadly-accepted rules aimed at the better functioning of the world economy. In this context, it is important that the relations with the Key Partners continue to be comprehensive; hence a priority for all Committees.⁴ With this in mind, Members have identified a number of policy areas which they regard as of key interest for strengthening our work with each of the Key Partners (Annex I). The Secretariat and the responsible Committees will continue to be guided by these indications of future directions, without ignoring the goal of comprehensive engagement with the Partners and always with an eye to the mutual benefit.
- Collaboration with the G20 reinforces a mutually beneficial relationship between the OECD and its Key Partners and need to be strengthened. The increasing number of areas where OECD is called upon by the G20 Leaders shows how OECD's cross-cutting expertise is increasingly recognised and relied upon by all G20 countries. In turn, the improving relationship with Key Partners in the G20 context allows the OECD to learn more about their policy expectations and to integrate their views in a more systematic way, thus reaffirming the OECD's role as a global standard setter.
- The OECD's new initiatives are increasingly taking the form of horizontal projects, often involving numerous Committees. There is room for improvement in securing Key Partners' involvement in such projects from the beginning, to ensure their global relevance. It will be important to include these countries in the scheduled reviews of OECD's instruments.
- Notwithstanding the importance of the Key Partners, there are other important economies which present strong potential for enhanced partnerships. The Organisation should nurture relations with these countries, not only because of their own growing economic weight, but also because these relations can have broader regional or global implications. The introduction of Country Programmes will provide a new tool to engage in a structured and strategic manner with countries willing and able to meet OECD standards in specific policy areas. These programmes will allow these countries to benefit from OECD expertise in a strategic manner, on the basis of an overall multi-year plan.
- The Organisation has several tools at its disposal to involve large numbers in its work in a cost-efficient manner: its Global Forums and its regional programmes and networks. It should continue to use them to extend its global reach, including to developing countries, complementing the

4 By virtue of the Council Guidelines on Deepening Enhanced Engagement, [C\(2010\)100/FINAL](#).

knowledge and networks of its partner organisations. In this respect, the creation of a regional programme for Southeast Asia is especially important, as it is to take the OECD's engagement with the countries in this region to a new level, underlining its designation as one of strategic interest. There is room for further progress in these countries' regular participation in OECD bodies, involving them in the definition of good practices and bringing them closer to our instruments.

- Last but not least, several countries have recently expressed interest in OECD membership. This is a positive signal of the interest many countries have in our work and as such it is welcome. Members have agreed that the Organisation should remain open to possible new candidates that meet the criteria for accession.

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

55. This Annex looks in more detail at our future work with Key Partners. As mentioned in par. 30, Members (including Committee Delegates) and the Secretariat have identified areas of work where there was special interest in the potential for mutually beneficial work with the Key Partners. These areas were not seen as exclusive, nor as immutable, but as an indication of current views on those areas that merited special consideration. These areas are summarised in Table 2 and are elaborated below, together with other areas, where further work would serve a mutual benefit for Members and Partners. It should be underlined that Council has instructed all Committees to give priority to working with the Key Partners [[C\(2010\)100/FINAL](#)].

| Table 2 – POLICY AREAS IDENTIFIED BY THE MEMBERS AS KEY AREAS OF INTEREST | | | | | |
|--|---------------|--------------|--------------|------------------|---------------------|
| | Brazil | China | India | Indonesia | South Africa |
| Investment, CSR | ✓ | ✓ | ✓ | ✓ | ✓ |
| Corporate Governance | | ✓ | | ✓ | |
| Trade | ✓ | ✓ | ✓ | ✓ | ✓ |
| Anti-corruption | | ✓ | ✓ | ✓ | ✓ |
| Regulatory Reform, Public Governance and Integrity | | | | ✓ | ✓ |
| Taxation | ✓ | | ✓ | | |
| Environment, Green Growth | ✓ | ✓ | | | ✓ |
| Development, Aid Effectiveness | ✓ | ✓ | ✓ | | ✓ |

a) Brazil

56. Brazil has a long-standing co-operation with the OECD. It is an Associate in six subsidiary bodies in which it demonstrated its commitment to the body's goals and practices by participating actively in the programme of work and adhering to the body's instruments. In addition, Brazil is a Participant in twelve other subsidiary bodies. Brazil's participation in these bodies, such as the Education Policy and Public Governance Committees, has been particularly fruitful. Brazil has financed several peer reviews, hosted and co-organised international seminars and is, or will be, an Associate in some of these bodies. A member of the Development Centre, Brazil is also a potential important contributor to the OECD's Development Strategy.

57. Committee discussions can sometimes evolve into agreements to which Members and others may adhere. Brazil has adhered to several of these agreements. Noteworthy is its adherence to instruments of

the bodies in the field of Financial and Enterprise Affairs,⁵ or the Council Acts related to the Mutual Acceptance of Data in the Assessment of Chemicals, which require specific regulations, legislative amendments or reporting requirements.

58. Brazil has made significant progress over the last few years in strengthening economic performance and enhancing social development. In particular, the benefits of increased prosperity have been shared more equitably across social groups and regions. However, more recently economic growth has slowed as inflation pressures have increased, suggesting that further structural reforms are needed to boost competitiveness and productivity. The government recognises this need and is in the process of advancing a reform agenda which includes tax and pension reform, changes to labour legislation and measures to boost innovation and investment. It has recently facilitated private-public-partnerships to increase investment in infrastructure. The OECD has expertise in all these policy areas and can be of assistance in supporting reforms.

59. OECD working methods are also proving to be effective to resolve issues of global importance to many countries. Its work has helped find some common ground between Brazil and Members on issues relating to work on tax policy and on environment policy. Brazil's participation in the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes has paved the way to a productive relationship on fiscal policy, as confirmed by a recent Memorandum of Co-operation that lays the groundwork for high-level policy dialogue. Similarly, the Environment Directorate undertook informal talks with Brazil, which have resulted in frequent participation at Environment Policy Committee (EPOC) meetings. Also, Brazil accepted to participate in the Environmental Performance Review (EPR) of South Africa with a view to learning more about the process and, perhaps, undertaking a review of Brazil in the longer term.

| Box 1 – Proposed Ways Forward with Brazil | |
|--|--|
| Trade | Identify areas in which deeper collaboration is mutually beneficial, <i>e.g.</i> analysis of trade in services and of the trade policy implications of global value chains (GVCs), including how trade facilitation and aid for trade can help developing countries maximise the benefits of GVCs. |
| Agriculture | An agreement has been reached to conduct modelling training aimed to build Brazil's capacity to model the medium-term outlook for commodities. Build on this agreement to ensure a high level of engagement with the Committee for Agriculture (<i>i.e.</i> policy monitoring and evaluation, medium-term outlook, and agro-trade policy). |
| Investment | Involve Brazil in the work on the international investment dimension of competitive neutrality in the Investment Committee's Freedom of Investment Roundtables. |
| Taxation | Implement the three-year Memorandum of Co-operation between Brazil and the OECD on the way forward with regard to the Committee on Fiscal Affairs: 4-5 meetings per year between the Secretariat, Members and the Brazilian Tax Administration to focus on technical issues, <i>e.g.</i> tax avoidance, exchange of information, <i>etc.</i> Expand the CFA's invitations to Brazil to its Working Parties, including WP1 on tax treaties, and WP6 on tax treaties (to ensure input into the developing project on Base |

5 These are the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Declaration on International Investment and Multinational Enterprises and the Council Recommendation Concerning Effective Action against Hard-Core Cartels.

| | |
|----------------------|--|
| | Erosion and Profit Shifting) with a view to Brazil's eventual participation in the Committee itself. |
| Environment | The Brazilian Ministry of Environment has expressed an interest in three areas: climate change, biodiversity and water. The Environment Policy Committee and the Global Forum on Environment will extend invitations. Following Brazil's participation in the Environmental Performance Review of South Africa, hold informal discussions with a view to detailing the mutual benefits of Brazil's participation in a similar review of their environmental policies. |
| Development | The DAC will invite Brazil to its meetings in recognition of its growing role in South-South technical co-operation. Also, the OECD will offer support to Brazil to improve the collection and reporting of its development co-operation statistics. |
| Corporate Governance | Solicit Brazil's active participation in the revision of the Principles of Corporate Governance and the Guidelines on Corporate Governance of State-Owned Enterprises. Explore the possibilities for Brazil's participation in a Corporate Governance peer review. |
| Public Governance | We should welcome Brazil to participate in the Public Governance Committee as an Associate and look to enhance further its participation in the forthcoming <i>Comparative Review of Audit Institutions</i> . |
| Social Inclusion | Brazil has made social inclusiveness a priority and seeks to exchange policy experiences with Members. A "Jobs for Youth" peer review could be undertaken, as Brazil will host a policy forum in 2014 (working title: "Skills for Social Progress") and will participate in PISA 2015. |

b) China

60. China's collaboration with the OECD and its participation in the Organisation's work are extensive and both have increased over the years. Yet, there has been less progress in formalising this collaboration than for most other Key Partners. Since the Enhanced Engagement Programme was initiated, in 2007, China has not acquired the status of Participant or Associate in any new Committee or Working Party. However, China became a member of the Global Forum on Transparency and Exchange of Information for Tax Purposes in 2009 and of the International Transport Forum in 2011, which both count an important number of developing countries in their membership.

61. The Ministry of Education recently confirmed China's participation at national level in the 2015 Round of the Programme for International Student Assessment (PISA). Directorates are increasingly organising their co-operation with Ministries through the establishment of MOUs, as ENV did with the Ministry of Environmental Protection in 2011 (STD with National Bureau of Statistics, CTP with the State Administration of Taxation, STI with the Development Research Centre of the State Council). The OECD signed an MOU in March 2013 with the Central Party School, which plays a key role in China's political life. Finally, a programme of Temporary Assignments for Chinese Government Employees on Official Mission to the OECD was set up, partly financed by the *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)*.

62. There are reasons to be optimistic about the future OECD-China co-operation. The new Chinese leadership has shown determination to step up reforms and several of its representatives have recognised that co-operation with the OECD can help China's reform and opening up process. There are indeed strong

linkages between their objectives and the work of the OECD. The government's overarching goal is to sustain economic growth while shifting towards a more inclusive and greener development model. Several Ministries were actively involved in the preparation of the 3rd Economic Survey of China and the resulting analysis and recommendations were well received by Chinese authorities (including the Party's Office of the Leading Group for Financial and Economic Affairs and the Research Office of the State Council). Ministries are developing co-operation on global value chains, knowledge-based capital and services to develop new sources of competitiveness. The co-operation on environmental issues remains strong, with the publication by the Ministry of Environmental Protection of a mid-term progress report of the 2007 Environmental Performance Review. Urban development is another important priority for the government, which has, through its National Development and Reform Commission, invited the OECD to conduct a National Urban Policy Review. The new leadership will also work to reinforce the fight against corruption, adjust the role of the state in the economy and conduct fiscal reforms.

| Box 2 – Proposed Ways Forward with China | |
|---|--|
| Trade | <p>Building on our extensive dialogue on global value chains, we can strengthen co-operation in the area of trade in value-added to support China's efforts to move up global value chains. Examine how trade facilitation and aid for trade can help maximise the benefits of value chains.</p> <p>Work with China on the OECD database on services trade restrictiveness measures.</p> |
| Investment and Responsible Business Conduct | <p>Welcome more active participation by China in the Investment Committee, in the Freedom of Investment Roundtables and in the Working Group on International Investment Statistics in order to better understand China's investment practices, and its emerging responsible business conduct regime and how it relates to the OECD MNE Guidelines. In the long term, encourage China to adhere to the OECD Declaration on International Investment and Multinational Enterprises.</p> <p>Encourage China to participate in future updates of the Policy Framework for Investment.</p> |
| Fight against Bribery | <p>Scale up China's engagement with the Working Group on Bribery in order to support implementation of China's new anti-foreign-bribery law. Develop co-operation on other aspects of the fight against corruption, building on past co-operation on regulatory reform and budgeting.</p> <p>Respond to Chinese desire to work on prevention of bribery by welcoming China to participate in the revision of the Recommendation on Anti-corruption Proposals for Bilateral Aid Procurement adopted in 1996 and of the 2008 Principles on Integrity in Public Procurement.</p> |
| Green Growth and Environment | <p>Help inform China's environmental policies and support China's efforts to shift to a greener growth pattern, through a strengthened participation in EPOC, its subsidiary bodies and the Global Forum on Environment and OECD's work on Green Growth and on climate change.</p> |
| Development and Aid Effectiveness | <p>Involve China in the implementation of the OECD Strategy on Development.</p> <p>Strengthen China's engagement with the DAC and encourage China to participate in the Global Partnership for Effective Development Co-operation.</p> <p>Scale up China's participation in the Development Centre's activities, with a view to its possible membership of the Centre.</p> |

| | |
|---------------------------------------|---|
| Corporate Governance | Intensify China's participation in the Corporate Governance Committee and its Working Party dealing with state-owned enterprises (SOEs) as China pursues its agenda of improving corporate governance, particularly of State Enterprises. Welcome China to participate actively in the 2014 revisions of the OECD Principles of Corporate Governance and of the OECD Guidelines on Corporate Governance of SOEs. |
| Macroeconomic and Structural Policies | Through our next Economic Survey and other work, monitor and provide recommendations on China's macroeconomic and structural policy reforms and support the country's transition to a greener and more inclusive and cohesive society. Collaborate on the development of knowledge-based capital and the development of services. |
| Urban Development | Support China's urban development process through a National Urban Policy Review with the National Development and Reform Commission. |
| Education | Support China's efforts to modernise its education system. |

c) India

63. Co-operation with India started in the late 1990s and has resulted in ten Partnerships in OECD bodies, including in the areas of fiscal affairs, taxation and competition. India has also signed on to a number of OECD instruments, including the Council Acts related to the Mutual Acceptance of Data in the Assessment of Chemicals. The OECD also works with Indian private sector organisations, such as the Confederation of Indian Industry and the Federation of Indian Chambers of Commerce and Industry. The latter has worked to develop private sector support for Indian government initiatives to combat the bribery of foreign public officials and to help enterprises put effective compliance measures into place. A bill for criminalising this conduct is currently before Parliament.

64. In the current political context India is facing the macroeconomic challenge to revive growth and improve social inclusion while keeping a sound fiscal position. In this perspective, India focuses on increasing domestic and foreign investment and export-oriented manufacturing, improving skills, mobilising resources (especially through private sector participation and innovative financial products) for infrastructure development and improving the delivery of public services. India wants to attract private sector investment to fund half of the projected \$1 trn required for infrastructure development during the 12th five-year plan period.

65. Indian policy makers recognise that inclusive growth is not possible without social and political institutions and government's role in helping the poor in terms of education, health, food and nutrition. A lack of skills among India's working population is holding back the increase of productivity and hence sustained and inclusive growth. The 12th five year plan has given particular emphasis to universal health care, cost efficiency and a more flexible approach to centre-state financing. The OECD can assist Indian reform efforts through its expertise on inclusive growth, infrastructure financing, skills development, innovation and governance.

66. India has also been an active Partner in OECD's work on improving the exchange of information to counter tax avoidance and evasion, and an early ratifying party to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. India has developed its own code of corporate conduct (the

National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business), which has many similarities with the OECD Guidelines for Multinational Enterprises, and provides a solid basis for furthering co-operation between India and the OECD in the field of corporate responsibility. The Securities Exchange Board of India has a bilateral programme with the OECD on Corporate Governance. A member of the Development Centre, India is also a potential important contributor to the OECD's Development Strategy.

| Box 3 – Proposed Ways Forward with India | |
|---|---|
| Trade | Explore the possibility of further co-operation on the database on services trade restrictions and on India's place in global value chains. |
| Investment and Responsible Business Conduct | Involve India in future updates of the Policy Framework on Investment (PFI) and the work on responsible business conduct. The Investment Committee is working with the Indian Institute of Corporate Affairs, with which an MoU will be signed on subjects that include responsible business conduct and corporate governance. |
| Fight against bribery | Support India's implementation of its proposed anti-bribery law which will bring India into compliance with its UNCAC commitments, and, on that basis, enhance India's co-operation with the Anti-Bribery Convention and Working Group. Help inform India's policy making including through OECD's support to the G20 Anti-Corruption Working Group. |
| Tax policy | Welcome India to upgrade its status in the CFA from Participant to Associate and its involvement in future work on Base Erosion and Profit Shifting. |
| Development and Aid Effectiveness | Seek India's regular participation in Senior and High-Level DAC meetings and in DAC Working Parties. |
| Infrastructure and Long-term Financing | In light of India's goal to attract private investment in infrastructure development during the 12 th five-year plan period provide advice, in the development of innovative financial products for long-term investors in infrastructure. The OECD project on long-term investment has recently gained momentum from G20 initiatives in this field. |
| Regulatory Policy | Propose a Review of Regulatory Reform covering areas of regulatory policy, competition policy and market openness. |
| Education | Given India's emphasis on skill development and utilisation in the coming decades, develop co-operation in the area of skills based on the OECD Skills Strategy and its applications at the country level. |
| Health | In light of the emphasis in the 12 th five year plan on universal health care, cost efficiency and a more flexible approach to centre-state financing, work with India will be sought on related areas like the health benefits package in the context of expanding insurance, expanding health coverage in the federal context and funding needs. |
| Social Policy | Propose a Social Cohesion Policy Review, based on a multi-dimensional approach to analyse policies across sectors that affect social cohesion and outcomes. |

d) Indonesia

67. The OECD already co-operated with Indonesia in the context of its regional work in Southeast Asia before Enhanced Engagement was launched in 2007 and it became a Key Partner. The number of its Partnerships in OECD bodies is a still modest five, but it has become increasingly involved in the Organisation's work and has recently benefited from country studies on investment, economic policy, regulatory reform and agricultural policy. Indonesia was also the first Key Partner to sign a Framework for Co-operation Agreement with the OECD in September 2012, creating a mechanism to develop joint priorities.

68. Indonesia hopes to achieve inclusive growth where economic development and prosperity gains are shared by all in a sustainable manner, to develop infrastructure to foster connectivity and serve as a major driver of long-term growth and to improve its governance capacity through strengthening institutional capabilities. These three areas have been identified in the Framework of Co-operation Agreement and are part of President Yudhoyono's Master Plan for the Acceleration and Expansion of Indonesia's Economic Development. The Master Plan aims to make Indonesia one of the world's 10 biggest economies by 2025.

69. The OECD has been supporting Indonesia in these efforts through its work on horizontal activities such as the Development Strategy, inclusive growth, Green Growth, and skills. It also focuses on country-specific activities on corruption, investment and public governance. The fight against corruption is among the subjects where the co-operation has been successful. The Corruption Eradication Commission (KPK) regularly attends meetings and the Ministry of Foreign Affairs has expressed interest in joining the Anti-Bribery Convention. Indonesia has also been active in the Corporate Governance Committee and an Indonesia-OECD Corporate Governance Policy Dialogue was launched in 2011. Like other FSB members, Indonesia is likely to be invited to participate in the revision of the OECD's corporate governance instruments. A member of the Development Centre, Indonesia is also a potential important contributor to the OECD's Development Strategy.

70. In the field of investment, a second policy review is planned, which may analyse the contribution of foreign investment to development, Green Growth and responsible business conduct. Follow-up is also planned for the recent regulatory policy review in the form of support from the Regulatory Policy Committee for Indonesia's efforts to improve processes for public consultation and impact assessment in the development of laws and regulations. Indonesia has also expressed interest in involvement in the work of the Public Governance Committee on public integrity and the possibility of a whole-of-government Public Governance Review.

Box 4 – Proposed Ways Forward with Indonesia

| | |
|---|--|
| Trade | <p>Strengthen co-operation in the area of trade in value-added to support Indonesia's efforts to move up in global value chains (GVCs). Examine how trade facilitation and aid for trade can help maximise the benefits of GVCs.</p> <p>Begin work with Indonesia on the database on services trade restrictiveness measures.</p> |
| Investment and Responsible Business Conduct | <p>Encourage Indonesia to be a Participant in the Investment Committee. Launch the second Investment Policy Review as part of the regional investment network supported by the ASEAN-Australia-New Zealand Free Trade Area Economic Co-operation Work Programme.</p> <p>Promote Indonesia's participation in the work on responsible business conduct.</p> |

| | |
|------------------------------|---|
| Fight against Corruption | Support passage and implementation of Indonesia's proposed anti-bribery law and, on that basis, develop Indonesia's work with the Anti-Bribery Convention and the Working Group on Bribery, with a view to eventual membership. |
| Public Governance | Invite Indonesia to become a Participant in the Public Governance Committee and its subsidiary bodies. Strengthen Indonesia's participation in the work of the OECD Integrity Framework. |
| Corporate Governance | Step-up Indonesia's participation in the Corporate Governance Committee. Encourage Indonesia to participate actively in the 2014 revisions of the OECD Principles of Corporate Governance and of the OECD Guidelines on Corporate Governance of SOEs. |
| Infrastructure | Foster connectivity by supporting Indonesia and its APEC Presidency through projects on infrastructure financing, including public-private partnerships. |
| Inclusive Growth | Monitor and provide recommendations on Indonesia's macroeconomic and structural policy reforms, supporting the country's transition to a more equal and inclusive society. Begin new work on examining issues of decentralisation and regional economic development, risk of transitory food insecurity and innovation for inclusive growth. Expand financial inclusion and financial education activities. Explore possibilities to deepen co-operation in the areas of basic education, vocational education and training, skills development and teaching and learning, to improve the quality of education. |
| Green Growth and Environment | Support Indonesia's efforts to shift to a greener growth pattern, through a strengthened participation in the Environmental Policy Committee, the Global Forum on Environment and the work on Green Growth and on climate change. Encourage participation in the database on Green Growth indicators. |

e) South Africa

71. Over the past decade, South Africa has steadily expanded its relationship with the OECD, resulting in 17 Partnerships in OECD bodies and adherence to a number of instruments such as the Anti-Bribery Convention and the Council Acts on Mutual Acceptance of Data in Chemicals. It also actively participates in a number of initiatives aimed at the African continent, in areas such as investment, budget reform, tax administration, public debt management, anti-corruption and corporate governance.

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

73. South Africa has been actively involved in strands of work of the Trade and Investment Committees, including the Freedom of Investment roundtables and corporate social responsibility. As an

Associate in the Working Group on Bribery, South Africa is to undergo its Phase 3 examination. It is also involved in the G20 Anti-Corruption Action Plan. Its Participant status in the Public Governance Committee has opened the door for new work on public governance and integrity. South Africa is also a leading advocate of the green economy. Its Environmental Performance Review is due soon and will serve to identify further areas of co-operation. It is also a member of the Development Centre. Furthermore, as chair of the Task Force on Tax and Development, it ensured that the Task Force's recommendations on MNE financial data and tax incentives, transparency, and transfer pricing, were included in the OECD report to the G-20 Development Working Group on Tax Systems Capacity Building.

| Box 5 – Proposed Ways Forward with South Africa | |
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| Trade | <p>Strengthen co-operation in the area of trade in value-added to support South Africa's efforts to move up in global value chains (GVCs). Examine how trade facilitation and aid for trade can help maximise the benefits of GVCs.</p> <p>Work with South Africa on the OECD database on services trade restrictiveness measures.</p> |
| Investment and Responsible Business Conduct | <p>Promote South Africa's participation in the OECD work on responsible business conduct. Develop a better understanding of the gaps between South Africa's regime ("King Reports on Corporate Governance") and the OECD MNE Guidelines.</p> <p>Engage South Africa in the development of a <i>Regional Investment Framework for the SADC region</i> and <i>Guidance to Increase Private Participation in SADC Infrastructure</i>.</p> <p>Encourage South Africa to become a Participant in the Investment Committee.</p> |
| Public Governance and Fight against Bribery | <p>Provide any necessary support for the implementation of the Anti-Bribery Convention in South Africa.</p> <p>Support South Africa's efforts to strengthen the capacity of the state: e.g. improve accountability and integrity, public service delivery and the quality of regulatory frameworks.</p> <p>Support sound public financial management in South Africa, including via the OECD's regional work with the Collaborative African Budget Reform Initiative (CABRI).</p> |
| Green Growth and Environment | <p>Use the forthcoming <i>Environmental Performance Review</i> to identify new areas for co-operation.</p> <p>Further work on Green Growth and support to South Africa's efforts to move to a low-carbon economy.</p> |
| Development and Aid Effectiveness | <p>Involve South Africa in the implementation of the OECD Strategy on Development.</p> <p>Promote South Africa's participation in the activities of DAC SLM and HLM and explore the possibilities for further co-operation, particularly in the area of South-South and triangular co-operation.</p> |
| Social Policy | <p>Support South Africa's health care reforms and data collection efforts. Explore possibilities to co-operate on other social policies and social protection issues.</p> |

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| <p>Taxation</p> | <p>Reinforce co-operation on tax policy and administration issues as defined by the MoU with the South African Revenue Service. Support the review of South Africa’s tax policy framework.</p> <p>Continue to engage South Africa in the OECD’s work with Africa via the Taskforce on Tax and Development.</p> |
| <p>Education</p> | <p>Deepen co-operation in the areas of basic education, vocational education and training, skills development and teaching and learning, to improve the quality of education. Propose a “Jobs for Youth” policy review.</p> |

ANNEX II – THE GLOBAL RELATIONS TOOLBOX

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

a) Accession to the Organisation

75. Accession is available for those countries that meet the criteria for OECD Membership. A number of countries have applied to join the Organisation. Interest in joining the OECD comes from countries with different levels of development, geographical and political background and weight in the world economy, but which all recognise the OECD as a club of best practices and promoter and facilitator of structural reforms. These applications are seen as a positive signal of interest and are welcome. Although not all countries are likely to be successful in their application, there is consensus that the OECD should remain open.

b) Designations as Key Partners

76. The OECD has designated as Key Partners five countries of systemic importance to the world economy with which it can serve a mutual benefit by dialogue in a broad range of areas. The difference between the Key Partners and all other Partners is the formal undertaking to engage with the former in the full range of the OECD's work programme, while co-operation with others tend to focus on specific areas. This is the gist of the Council guidelines issued to Committees in 2010, instructing them to update their Global Relations strategies so they would adequately reflect the Organisation's priority to deepen and broaden the engagement with these Key Partners. As a result, these countries participate today in the work of a wide range of Committees, including their statistical databases, publication series and country reviews.

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

c) Long-Term Country Programmes

78. The Long-term Country Programmes are a new addition to the Global Relations toolbox. Such Programmes can be developed to the benefit of Members and Partners with countries wishing to achieve OECD standards and performance levels over time, but without any formal commitment on OECD's part, or theirs, to eventual Membership. These programmes will entail a more medium to long-term strategic

vision of our relations with a particular country. Thus, they will help countries committed to comprehensive reform to expand and enhance their relations with the OECD and facilitate their commitments to its standards, instruments and best practices.

79. The framework for these programmes [[C/MIN\(2013\)12](#)] defines the way in which such programmes can be established and the criteria for considering beneficiary countries. These criteria include mutual interest, willingness and ability of the country to commit itself to a long-term programme of reforms based on OECD standards and the exemplary value of such commitments in its region.

d) Partnerships in OECD Bodies

80. Partnerships in OECD bodies can be concluded with countries and economies with which there is a mutual desire to co-operate in particular areas of work, in accordance with the rules which Council recently established for this purpose. In October 2012, the Council adopted a new Resolution on Partnerships in OECD Bodies [[C\(2012\)100/FINAL](#)], which aims to promote and facilitate the Partners' participation in these bodies. The Resolution replaced the outdated 2004 rules. It asks from each Committee to develop a Participation Plan, based on its Global Relations strategy, which sets forth the Partners that may participate in its work intermittently ("Invitees"), regularly in non-confidential sessions ("Participants"), or fully and after endorsing relevant disciplines ("Associates"). Most Participation Plans will be submitted to Council for approval during the first half of 2013; the remaining Plans will be submitted before the end of this year.

81. The new rules have considerably simplified the procedures for inviting and vetting Partners. Having made it feasible for Partners to become Associates in Part I bodies, they allow these Partners to join the work of these bodies on a similar footing as Members.⁶ The new rules have led several Committees to consider countries as possible Associates, which would make the participation of these countries in these Committees more effective. Countries participating in Country Programmes would also qualify for Associate status in some OECD bodies as a corollary of their adherence to certain legal instruments.

e) Regional Approaches

82. The OECD's gamut of regional approaches comprises comprehensive programmes, thematic programmes, thematic networks, seminar series and ad-hoc initiatives.⁷ The common driver of all these approaches is to spread the Organisation's work, standards and good practices across the world. The guiding principles of many approaches are usually the OECD's tools and instruments such as the Policy Framework on Investment, the corporate governance principles or the tax instruments. Several of these programmes have developed their own reference documents, based on the OECD's more general standards.

83. The regional approach is one of the low-threshold tools the OECD has at its disposal (the other being the Global Forums) to familiarise large numbers of countries with the OECD's work and standards and to hear these countries' relevant insights and experience. Both approaches can contribute to the above-

6 With a few exceptions, principally the participation in discussions of the accession of new Members, which remain accessible to Members only.

7 See [C\(2006\)168/FINAL](#).

mentioned, more selective approaches, by preparing the ground for the integration of some Partners into Committees, or even for eventual Membership.⁸

84. Regional approaches have distinct advantages. They are an efficient way of reaching out to large numbers of countries, as activities can be organised in the regions themselves, with local sponsorship, and be anchored into existing regional structures. This ensures ownership and facilitates the co-operation with other organisations, usually regional ones, including the regional development banks and many others. A number of Committees have created programmes and networks in multiple regions, such as those on tax, investment, competition, corporate governance, the combat of corruption, or the Senior Budget Officials.

85. Besides these general advantages of regional approaches, there are specific advantages in formalising these programmes, making them whole-of-government both for Partners and for the OECD (through a Council Decision)⁹:

- Foremost, a formal programme implies political commitment at the higher political level. This ensures that not merely individual Departments are involved and committed, but governments and the OECD as such.
- This commitment is generally longer-term in formal programmes, and generally includes multi-year financial resources, thus increasing the sustainability of the programme and allowing it to pursue strategic goals more effectively.
- These programmes include governance mechanisms for the programme as a whole, *e.g.* in the form of a Steering Group (which would be subject to the authority of an official OECD Committee and ultimately the Council). This affords Partner countries a more effective role in establishing programmatic priorities and in organising events. It could also usefully encompass civil society and the private sector, to give them a role in the formulation of programmes and in disseminating programme results.
- The governance mechanism generally include the setting of priorities, and joint work planning and co-ordination mechanisms, including internal co-ordination mechanisms in the Partner countries, led by a Ministry that acts as the OECD's principal interlocutor for programme co-ordination.

86. Other factors that can help to secure the success of such a programme are:

- The creation of a "circle of friends" in the form of donors and intellectual contributors, who help to launch the regional approach, including by providing voluntary contributions, and are involved in the planning of work and the assessment of the results;
- Involvement of Members through their embassies and other representative institutions in the region;
- The availability of permanent facilities, including the OECD centres, provided either by Members or by partner organisations, to organise (and possibly host) events in the region and disseminate information;

8 An example of the latter is the Baltic Regional Programme, which helped pave the way for Estonia's eventual accession.

9 Council can delegate these decisions to the External Relations Committee [[C\(2006\)78/REV1/FINAL](#)].

- A communications plan and active public relations policy to promote the local visibility of the regional approach and to disseminate its results.

87. Regional programmes (comprehensive or thematic) that have been formally established, *i.e.* by means of a Council or ERC decision are listed below.¹⁰ To build on the OECD's achievements in Southeast Asia, a new formal regional programme is being created in this region¹¹ (see also par. 34).

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

f) Global Fora

88. Global Fora are networks of stakeholders (not official bodies), created by Committees¹² to involve large numbers of Partners in their work. Like regional approaches, they offer a low-threshold means of involving many stakeholders in the work of OECD Committees. They help the Committees to identify relevant issues, including "next-generation" issues, to promote a broad convergence of views on its output results, to ensure that these results are known and used among these stakeholders, and to share best practices in the implementation of the results.

89. During 2012, three new Global Fora were created, on transfer pricing, value-added tax and responsible business conduct, respectively, bringing their total number to sixteen.¹³ Since October 2012, all Partners and other stakeholders have been able to participate on equal terms, thanks to a Council Decision to suppress the category "Designated Participant" in a Global Forum.

g) The Development Strategy

90. The OECD Strategy on Development was endorsed at the 2012 MCM [[C/MIN\(2012\)6](#)]. Its main goal is to strengthen OECD's contributions to "higher and more inclusive growth in the widest array of countries", sharing our knowledge and making full use of the OECD evidence-based approaches to improve policy making and economic reform for developing and developed countries. The development strategy will allow the OECD, by working together on substantive issues, to adapt its knowledge and understanding of economic issues to the realities of developing and low income countries.

91. One of the innovative ways it introduces to strengthen the engagement with developing countries is the undertaking of Multidimensional Country Reviews (MDCR). Such reviews will take a comprehensive, diagnostic approach to the binding constraints on economic and social development in

10 A full overview of all regional approaches currently in the Global Relations programme was recently presented to the External Relations Committee [[ERC\(2012\)8/REV1](#) and [ERC\(2012\)8/ANN1/REV1](#)].

11 This proposal is presented in greater detail in document [C\(2013\)34/REV1](#).

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

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

non-Member countries and on policy interactions and coherence. Unlike the above-mentioned Country Programmes, they would not primarily be aimed at allowing the countries to comply with OECD standards and instruments or based on countries' commitments to do so. However, they could provide an in-depth diagnostic phase that would help identify the policy gaps that can be addressed by these Country Programmes. Myanmar, the Philippines and Uruguay have formally requested such reviews; with the first two countries work has started and with Uruguay this will happen soon.

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

h) The Development Centre

93. The OECD Development Centre occupies a unique place within the OECD. It is an inclusive space for policy dialogue, fostering knowledge sharing, open debate and creative policy solutions, among countries at different levels of development that support the pursuit of growth whilst reinforcing social cohesion and the efficient use of natural resources. Today, the Governing Board counts 41 members, 17 of which are Partner countries. These Partner countries have the right to participate on an equal footing with the Centre's OECD Members in its Governing Board, and consequently in the definition of its Programme of Work. They have the obligation to contribute to the financing of the Centre's Programme of work.

94. The areas of activity of the Centre include analysing trends and challenges facing developing countries, both globally and regionally, reflected in regional Outlooks and the flagship report: *Perspectives on Global Development*. Other major areas of work include: social cohesion, including gender (SIGI), migration and competitiveness. The Development Centre is also at the centre of the Multidimensional Country Reviews (MDCR).