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24 April 2024

**COUNCIL****Meeting of the Council at Ministerial Level, 2-3 May 2024****ANNUAL UPDATE ON OECD STANDARD-SETTING****JT03542348**

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## Executive Summary

Over the past decades, the OECD, as an evidence based, consensus-based and inclusive Organisation, has played an important role in the development and implementation of innovative standards to address global challenges, including on environment, tax and digitalisation among others.

Reflecting priorities set by Members, the 16 new or updated OECD legal instruments adopted since the 2023 Ministerial Council Meeting aim to improve outcomes for Members and beyond. The Organisation has also continued to improve its standard-setting methods through innovative tools to develop and support the implementation of its standards. While the work remains firmly grounded in OECD substantive committees through the OECD's "bottom-up" approach, support for the OECD's standard-setting role at the highest levels of the Organisation is fundamental to ensure "top-down" political oversight and alignment with the overall priorities of OECD Member governments.

In line with the priority placed by OECD Members on action to address climate change and the biodiversity crisis and building on the technical expertise and work of relevant OECD committees, strengthened efforts will be essential to update existing OECD environmental standards and to develop new standards in areas where the OECD can make a useful contribution. Across the board, an array of work is planned to develop, update and support implementation of OECD standards including to address challenges related to new and emerging technologies and to declining trust in public institutions.

Finally, in the current geopolitical context, the OECD's role as a global standard-setter is key at a time when multilateral solutions are needed more than ever. It will be essential for the OECD to ensure inclusive settings for the development and implementation of standards and to strengthen co-operation and coordination on standard-setting with other international organisations and fora.

1. With almost 270 legal instruments currently in force,<sup>1</sup> the OECD has since its creation set landmark and innovative international standards<sup>2</sup> in a variety of areas supporting the shared values highlighted in the 60<sup>th</sup> Anniversary Vision Statement [[C/MIN\(2021\)16/FINAL](#)] and reaffirmed by Ministers in the 2023 Ministerial Council Meeting (MCM) Statement: "*individual liberty, democracy, the rule of law, human rights, gender equality, environmental sustainability and tackling inequalities*" [[C/MIN\(2023\)24/FINAL](#)].
2. OECD standards aim to level the playing field, facilitate transfers across borders and improve well-being and outcomes for citizens. They are one of the most visible ways in which the OECD has a concrete impact in coordinating positive outcomes for Members and their citizens. OECD standards are particularly important in the context of the ongoing accession processes, in which there is an in-depth technical evaluation of candidate countries against all OECD legal instruments resulting in concrete recommendations to improve alignment.
3. In the 2023 MCM Statement, Ministers emphasised the "*central role played by the OECD in shaping global standards in partnership with relevant stakeholders*" (*ibid.* para. 5) and confirmed that they "*strongly value the OECD Secretariat's ongoing work and commitment to developing and supporting the implementation of international standards and providing best practice and evidence-based policy advice*"

<sup>1</sup> All OECD legal instruments are available on the [online Compendium of OECD Legal Instruments](#).

<sup>2</sup> OECD standards are all OECD legal instruments as well as other kinds of policy principles and guidelines developed within the OECD framework.

(*ibid.* para. 15). The [2023 Independent External Evaluation of the OECD](#)<sup>3</sup> considered that the “*OECD's standard setting role is highly regarded, as the consensus-based and non-binding standards developed by the OECD provide added value and enhance the organisation's reputation and visibility*” (p. 1) and confirmed that the OECD’s “*global role as a leading international forum for sharing best practice and international standard setting*” (p.23).

4. This document, prepared by the OECD Directorate for Legal Affairs, presents an annual update on OECD standard-setting activity since the last MCM on 7-8 June 2023.<sup>4</sup>

## 1. Standard-Setting Activity from June 2023 to May 2024

### 1.1. Adoption of New and Updated Legal Instruments

5. Following a record 30 new or updated legal instruments adopted by the Council during the period covered in the last annual update [[C/MIN\(2023\)5](#)], 16 new or updated legal instruments have been adopted by the Council from June 2023 to May 2024, including 4 at this MCM. In a changing global context, the OECD has continued to demonstrate its ability to broker consensus and develop standards proposing innovative solutions to increasingly complex policy issues through a multistakeholder approach. Much of the OECD standard-setting activity over the last year has been dedicated to updating existing instruments (65%), allowing the Organisation to adapt its standards in order to reflect the latest consensus on effective co-ordinated responses to evolving challenges.

6. Reflecting priorities set by Members, the 16 new or updated OECD legal instruments adopted over the last year aim to improve outcomes for Members and their citizens with regard to six key policy challenges that were highlighted in the [60th Anniversary Vision Statement](#) and the [2023 MCM Statement](#):

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| <p><b><i>1. Harnessing the potential of science, innovation and digitalisation, while responding to accelerating technological development, including by shaping human-centric and rights-oriented technology</i></b></p> | <ul style="list-style-type: none"> <li>• Recommendation on Artificial Intelligence (update)</li> <li>• Declaration on Transformative Science, Technology and Innovation Policies for a Sustainable and Inclusive Future (new)</li> </ul>   |
| <p><b><i>2. Promoting free and fair trade, investment, and supply chain resilience to achieve a global playing field for sustainable and inclusive growth</i></b></p>   | <ul style="list-style-type: none"> <li>• Declaration on International Investment and Multinational Enterprises (update)</li> <li>• Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (update)</li> <li>• Arrangement on Officially Supported Export Credits + Sector Understanding on Exports Credits for Civil Aircraft + Sector Understanding on Export Credits for Ships (update)</li> <li>• Recommendation on Guidelines on Corporate Governance of State-Owned Enterprises (update)</li> <li>• Decision Revising the OECD Schemes for the Varietal Certification or the Control of Seed Moving in International Trade and Decision establishing the OECD Scheme for the Certification</li> </ul> |

<sup>3</sup> An independent external Evaluation of the OECD was carried out from September 2022 to July 2023. The Evaluation was focused on the relevance, effectiveness and efficiency of the OECD’s work as conducted by its policy committees, supported by the OECD Secretariat under the oversight of the Council.

<sup>4</sup> The annual updates to the MCM are an outcome of the 2016-2021 Standard-Setting Review (SSR): see *Standard-Setting Review: Five-Year Report (2016-2021)* [[C/MIN\(2021\)9](#)].

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|   | of Forest Reproductive Material Moving in International Trade (update)   |
| <b>3. Accelerating a just transition and promoting more resilient systems for future generations, in particular by protecting human health and the environment, including by valuing the contribution of small and medium-sized enterprises</b> | <ul style="list-style-type: none"> <li>• Declaration on Enhancing SMEs and Entrepreneurship Policies for Greater Resilience and Successful Green and Digital Transitions (new)</li> <li>• Recommendation on Building Financial Resilience to Disaster Risks (update)</li> <li>• Declaration on Building Better Policies for More Resilient Health Systems (new)</li> </ul> |
| <b>4. Adopting policies to transition towards low-emission energy systems, while encouraging progress on sustainable development, climate, biodiversity and nature action</b>   | <ul style="list-style-type: none"> <li>• Recommendation on Integrated Pollution Prevention and Control (update)</li> <li>• Declaration on Supporting the Achievement of the Strategic Objectives and Targets of the Global Framework on Chemicals – For a Planet Free of Harm from Chemicals and Waste (new)</li> </ul>  |
| <b>5. Strengthening the global tax system, while supporting developing countries implement existing tax rules swiftly</b>   | <ul style="list-style-type: none"> <li>• Multilateral Convention to Facilitate the Implementation of the Pillar Two Subject to Tax Rule (new)</li> <li>• Commentary on Articles 25 and 26 of the Model Tax Convention on Income and on Capital (update)</li> <li>• Transfer Pricing Guidelines (update)</li> </ul>   |
| <b>6. Preserving the values of democracy, the rule of law and the protection of human rights</b>  | <ul style="list-style-type: none"> <li>• Recommendation on Transparency and Integrity in Lobbying and Influence (update)</li> <li>• Recommendation on Access to Justice and People-Centred Justice Systems (new)</li> </ul>  |

7. In developing or updating these standards, the OECD has continued to improve its standard-setting working methods in line with the findings of the *Standard-Setting Review: Five-Year Report (2016-2021)* [C/MIN(2021)9, section 3.2], including by:

- *Playing a vital role in the global governance architecture as a trusted multilateral actor, engaging with other international organisations to avoid duplication:* several of the legal instruments adopted or revised in the period covered aim at complementing workstreams of other international organisations and fora, thereby avoiding duplication and ensuring alignment of processes in the global governance architecture (see example in para. 21 of the Annex).
- *Regularly updating standards to flexibly adapt to fast-paced developments:* the pace and complexity of the changes brought by innovation and technical developments, together with the current societal and environmental challenges, are calling for open, inclusive and co-ordinated governance models that enable the development of agile and adaptive regulation. Despite a challenging context, the OECD has continued to demonstrate its ability to update its standards in order to adapt to fast-paced developments, particularly in technical areas (see examples in para. 22 of the Annex).
- *Translating high-level principles and long-term goals into action:* one of the strengths of the OECD is its ability to convene Ministerial or other high-level events through which sectoral Ministers and other high-level representatives to discuss pressing challenges in order to identify appropriate policy responses. Those committee Ministerial meetings routinely conclude with the adoption of an OECD Declaration, in which Adherents commit to high-level principles and long-term goals and provide the OECD with orientations for future work to help them achieve those commitments. These Declarations build on OECD evidence-based analysis and existing OECD standards, as well as setting the foundation for future work of the related committees, including future standard-setting work (see examples in para. 23 of the Annex).

## 1.2. Supporting Dissemination and Implementation of OECD Standards

8. Over the past year, reports on the implementation, dissemination and continued relevance of nine Recommendations have been discussed by committees and presented to Council. Based on the information provided by Members, the common findings of these nine implementation reports included the following:

- *The implementation of OECD standards leads to concrete impacts on domestic policies:* all nine implementation reports confirm that Adherents have made significant efforts to implement the related Recommendations and provide concrete examples of domestic changes to align with their provisions (see examples in para. 26 of the Annex).
- *Continued efforts to increase the dissemination of OECD legal instruments within Adherents and beyond:* while the reports demonstrate that efforts have been made to disseminate the Recommendations both within Adherents and non-Adherents, as well as across other international organisations and relevant stakeholders, they also include proposals to strengthen dissemination at all levels of government, across non-Adherents and through co-ordination with other international organisations. This is key to ensuring broad and adequate implementation of the instruments (see examples in para. 27 of the Annex).
- *Peer learning activities to support dissemination and implementation:* activities have also focused on supporting peer learning and exchange across Adherents to promote individual and collective efforts and provide a venue for discussing best practices and trends (see examples in para. 28 of the Annex).

9. Committees have also continued to develop innovative tools, practices and working methods to support the implementation and dissemination of OECD standards, including by:

- *Diversifying the tools used to support the implementation and dissemination of OECD standards:* while initially, efforts to support the implementation and dissemination of OECD standards were concentrated in one dedicated implementation toolkit, committees are increasingly using a diversity of tools in parallel, adapting them to the different needs of relevant stakeholders (see examples in paras. 30-32 of the Annex).
- *Developing action plans to mainstream standard-setting into regular committee work:* in order to avoid duplication and building on their long-standing work, committees have been developing action plans, with a view to bring together existing resources to support implementation and dissemination on newly adopted/revised legal instruments (see examples in paras. 33-34 of the Annex).
- *Convening groups of experts to exchange best practices and share lessons learnt on OECD standards:* with an ever-increasing workload and demands on committee time and resources, several committees are using alternative to formal meetings to discuss the implementation and dissemination of legal instruments, through the convening of special sessions of expert (level II) bodies or the use of informal groups of experts (see examples in paras. 35-36 of the Annex).

## 1.3. Continued Relevance of OECD Standards

10. In addition to the regular reporting to committees and Council on the implementation, dissemination and continued relevance of specific OECD legal instruments, the 2016-21 SSR resulted in mechanisms for more regular reviews of the stock of instruments.<sup>5</sup> The key highlights over the period covered to improve the continued relevance of OECD standards are as follows:

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<sup>5</sup> See, in particular, Progress Report on Standard-Setting Review [[C/MIN\(2018\)11](#)] and Standard-Setting Review: Five-Year Report (2016-2021) [[C/MIN\(2021\)9](#), Section 3.2].

- *Being a standard-setter is not only about developing new standards but also about abrogating or updating standards when they are no longer relevant:* since the launch of the SSR in May 2016, 77 OECD legal instruments have been abrogated – most of them having been replaced by updated and/or consolidated standards. One key question when considering possible abrogation is whether the content of the instrument is already covered in other international standards (including from other international organisations). Over the period covered, 5 legal instruments have been abrogated (see paras. 38-40 of the Annex for more information).
- *Leveraging an OECD-wide approach to OECD standard-setting has led to discussions in substantive committees that have no or few standards under their responsibility:* with the growing visibility and impact of OECD standards within and outside the Organisation as well as the Organisation-wide approach taken in the SSR, there have been recent discussions on developing legal instruments in committees which do not have or have limited standards under their responsibility (see paras. 41-44 of the Annex for more information).
- *Complementing the bottom-up process with top-down political support to ensure that the OECD standard-setting work is aligned with the overarching priorities of Organisation:* during the period covered, the Council had the opportunity to discuss the update of the OECD environment standards (including a four-year plan focused on climate change). This discussion provided the opportunity for Members to recall the importance of updating the set of OECD legal instruments in order to ensure that the OECD could continue to play a leading role in coordinated action to address the current climate and biodiversity crisis (see paras. 45-47 of the Annex for more information).

## 2. Inclusiveness and Global Impact of OECD Standard-Setting

11. To address opportunities and challenges requiring global co-operation, only multilateral solutions can be effective and efficient for all. And, at a time when the rules-based international order is under pressure, the OECD has an important role to play through its multidisciplinary mandate and evidence-based standards developed by expert policy-makers and adopted by consensus. The OECD's unique characteristics have allowed the Organisation to facilitate agreement on flagship standards with global impact in a number of areas including international taxation, responsible business conduct, corporate governance and anti-corruption.

12. In order to consolidate its position as a trusted partner and multilateral platform for standard-setting, it will be essential for the OECD to make full use of its inclusive settings to ensure participation of partner countries on an equal footing in the development and implementation of standards. The OECD can continue to identify the areas where it can add value, while ensuring and deepening complementarity with the work of other international organisations. In this regard, the OECD already works closely with the United Nations (UN) and other international organisations in a broad array of policy areas, including through its support for the UN Strategic Approach to International Chemicals Management (SAICM) and its joint standard with the Food and Agriculture Organization of the United Nations (FAO).<sup>6</sup>

## 3. Upcoming Work on Standards

13. Looking ahead to the year to come, committees are working on the development or update of standards across several key policy areas including:

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<sup>6</sup> See *Guidance for Responsible Agricultural Supply Chains* [[OECD/LEGAL/0428](#)].

- **Investment:** following the recent update of the *Declaration on International Investment and Multinational Enterprises* [[OECD/LEGAL/0144](#)],<sup>7</sup> the Investment Committee approved on 27 October 2023 a forward-looking roadmap with a view to ensure that the standards under its responsibility (in particular on national treatment, investment incentives, national security and infrastructure) remain up to date and fit for purpose and as part of its broader work on investment policy [[DAF/INV/ICD/WD\(2023\)1/REV2](#)].
- **Sustainable transport:** in line with the priority on the update of the OECD standards on environment,<sup>8</sup> the next step will focus on updating and consolidating two Recommendations related to transport from 1974 and 2004.<sup>9</sup> A first draft *Recommendation on Sustainable Transport* is currently being reviewed in the expert (level II) bodies of the Environment Policy Committee (EPOC) [[ENV/EPOC/WPIEEP\(2024\)5](#)]. The new consolidated instrument will focus on sustainable urban transport, spatial planning, sustainable long-distance travel and freight, as well as on strategic, institutional and outreach tools for a greener transport system.
- **User-centric public administrative services:** following a call at its 2022 meeting at Ministerial level [[OECD/LEGAL/0484](#)], the Public Governance Committee (PGC) is working towards a new *Recommendation on Human-Centric Public Administrative Services*. Focused on public administrative services, the new Recommendation would establish a clear, common policy framework to support Adherents in the development and implementation of public administrative services with the user's needs as the principal consideration in their design and delivery.
- **Tourism:** the Tourism Committee has agreed at its October 2023 meeting to develop a roadmap to complete the review of the two OECD legal instruments under its responsibility, which was paused following the onset of COVID-19 to focus attention and resources on the pandemic response. Building on its recent work,<sup>10</sup> the new consolidated instrument will focus on the post-pandemic global tourism context, with a view to promote the development of evidence-based tourism policies that prioritise a sustainable development agenda in guiding future tourism.

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<sup>7</sup> The text of the Declaration was updated in 2024. This followed the update of the *Guidelines on Multinational Enterprises on Responsible Business Conduct* which are set out in Annex 1 to the Declaration in May 2023.

<sup>8</sup> The update was called for in the 2022 *Declaration on a Resilient and Healthy Environment for All* [[OECD/LEGAL/0468](#)] and welcomed in the [2022 MCM Statement](#).

<sup>9</sup> The Recommendation on Traffic Limitation and Low-Cost Improvement of the Urban Environment [[OECD/LEGAL/0131](#)] and the Recommendation on Assessment and Decision-Making for Integrated Transport and Environment Policy [[OECD/LEGAL/0325](#)].

<sup>10</sup> In particular the [OECD Report to the G20 Tourism Working Group - the G20 Rome guidelines for the future of tourism](#).

## Annex A. OECD Standard-Setting Activity between June 2023 and May 2024

### 1. New or Updated OECD Legal Instruments

#### 1.1. Addressing Key Policy Challenges through OECD Standard-Setting

1. 16 new or updated legal instruments have been adopted in the period covered.

| New and Updated Legal Instruments adopted during the period covered   |
|---|
| Arrangement on Officially Supported Export Credits [ <a href="#">OECD/LEGAL/5005</a> ] + Sector Understanding on Export Credits for Ships (SSU) [ <a href="#">OECD/LEGAL/5016</a> ] + Sector Understanding on Export Credits for Civil Aircraft (ASU) [ <a href="#">OECD/LEGAL/5011</a> ] |
| Decision Revising the OECD Schemes for the Varietal Certification or the Control of Seed Moving in International Trade [ <a href="#">OECD/LEGAL/0308</a> ]  |
| Decision establishing the OECD Scheme for the Certification of Forest Reproductive Material Moving in International Trade [ <a href="#">OECD/LEGAL/0355</a> ]   |
| Declaration on Building Better Policies for More Resilient Health Systems [ <a href="#">OECD/LEGAL/0500</a> ]   |
| Declaration on Enhancing SMEs and Entrepreneurship Policies for Greater Resilience and Successful Green and Digital Transitions [ <a href="#">OECD/LEGAL/0497</a> ]   |
| Declaration on International Investment and Multinational Enterprises [ <a href="#">OECD/LEGAL/0144</a> ] (2024 MCM)  |
| Declaration on Supporting the Achievement of the Strategic Objectives and Targets of the Global Framework on Chemicals – For a Planet Free of Harm from Chemicals and Waste [ <a href="#">OECD/LEGAL/0502</a> ] (2024 MCM)  |
| Declaration on Transformative Science, Technology and Innovation Policies for a Sustainable and Inclusive Future [ <a href="#">OECD/LEGAL/0501</a> ]  |
| Multilateral Convention to Facilitate the Implementation of the Pillar Two Subject to Tax Rule [ <a href="#">OECD/LEGAL/0499</a> ]  |
| Recommendation on Access to Justice and People-Centred Justice Systems [ <a href="#">OECD/LEGAL/0498</a> ]  |
| Recommendation on Artificial Intelligence [ <a href="#">OECD/LEGAL/0449</a> ] (2024 MCM)  |
| Recommendation on Building Financial Resilience to Disaster Risks [ <a href="#">OECD/LEGAL/0436</a> ]   |
| Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence [ <a href="#">OECD/LEGAL/0393</a> ]  |
| Recommendation on Guidelines on Corporate Governance of State-Owned Enterprises [ <a href="#">OECD/LEGAL/0414</a> ] (2024 MCM)  |
| Recommendation on Integrated Pollution Prevention and Control [ <a href="#">OECD/LEGAL/0256</a> ]   |
| Recommendation on Transparency and Integrity in Lobbying and Influence [ <a href="#">OECD/LEGAL/0379</a> ] (2024 MCM)   |

2. Reflecting priorities set by Members, the new and updated OECD standards adopted over the last year aim to improve outcomes for Members and their citizens on six key policy challenges that were highlighted in both the [60th Anniversary Vision Statement](#) and the [2023 MCM Statement](#).

|          |  |
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| <b>1</b> | <i>Harnessing the potential of science, innovation and digitalisation, while responding to accelerating technological development, including by shaping human-centric and rights-oriented technology</i> |
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3. With the adoption of the *Recommendation on Artificial Intelligence* (AI) [[OECD/LEGAL/0449](#)] in 2019 – the first intergovernmental standard on AI - the OECD is at the forefront in supporting the development of policies that foster innovation and trust in AI by promoting the responsible stewardship of trustworthy AI, while ensuring respect for human rights and democratic values. In its work to support the implementation, dissemination and continued relevance of the Recommendation and reporting to the Council thereon, the Digital Policy Committee (DPC), through its Working Party on Artificial Intelligence (AIGO), identified a window of opportunity to maintain the relevance of the Recommendation by updating its definition of an "AI System" to foster broad alignment between the OECD's definition and ongoing



policy and regulatory processes internationally, including in the European Union (EU) and the Council of Europe, as well as undertaking a few updates to clarify the substance of some of its provisions, facilitate their implementation, increase their relevance and ensure that the Recommendation reflects important technological developments, including with respect to generative AI. These updates will reinforce the OECD's foundational position in the international AI governance landscape.

4. The *Declaration on Transformative Science, Technology and Innovation Policies for a Sustainable and Inclusive Future* [[OECD/LEGAL/0501](#)] (adopted during the 2024 meeting of the Committee for Scientific and Technological Policy (CSTP) at Ministerial level) makes a case for transformative STI policies to accelerate sustainability transitions, while embedding shared values in the governance of science and emerging technologies and reaffirming the need for international co-operation in STI to address global challenges, as well as outlining directions for future OECD efforts in the realm of STI.

2

*Promoting free and fair trade, investment, and supply chain resilience to achieve a global playing field for sustainable and inclusive growth*

5. The updated *Declaration on International Investment and Multinational Enterprises* [[OECD/LEGAL/0144](#)], together with the body of OECD legal instruments related to it, embodies a holistic approach to international investment, with governments committing to provide an open and transparent environment for international investment and to encourage the positive contribution multinational enterprises (MNEs) can make to economic, social and environmental progress. One of the major objectives of the latest revision has been to capture in the Declaration an up-to-date narrative of the Investment Committee's current approach to investment policy, including by incorporating considerations on how investment policies keep markets open, while managing security implications that may occasionally arise in the context of international investment and, at the same time, enhancing the positive impact of FDI on climate and society.

6. The *Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence* [[OECD/LEGAL/0393](#)] promotes coherence and a level playing field for officially supported export credits with a view to achieving a high level of environmental and social performance of new and existing projects and to reducing the potential for trade distortions. In its work to maintain the continued relevance of the Recommendation, the Working Party on Export Credits and Credit Guarantees (ECG) recently undertook an update of the references to the international standards used as benchmarks for the environmental and social review of projects. The ECG has also begun a broader substantive review of the Recommendation in light of international developments and changes to industry practices, in particular with regard to biodiversity, climate change and human rights.

7. In the period covered, a modernisation of the *Arrangement on Officially Supported Export Credits* [[OECD/LEGAL/5005](#)] (Arrangement) was also undertaken, including the *Sector Understanding on Export Credits for Civil Aircraft* (ASU) [[OECD/LEGAL/5011](#)] and the *Sector Understanding on Export Credits for Ships* (SSU) [[OECD/LEGAL/5016](#)], which both form an integral part of it. The main purpose of the Arrangement is to provide a framework for the orderly use of officially supported export credits by fostering a level playing field in order to encourage competition among exporters based on quality and prices of goods and services exported rather than on the most favourable officially supported export credits. With the 2023 modernisation package, Participants have allowed for more flexible financing terms to better face challenges posed by the economic and financial needs of projects, as well as the increasingly competitive landscape and to create further incentives for supporting a wider range of climate friendly and green transactions, without creating a race to the bottom and compromising the level playing field. This update also provided the opportunity to transform the SSU in a self-contained agreement.<sup>11</sup>

<sup>11</sup> While the SSU continues to form part of the Arrangement, all the rules applicable to ships supported under the SSU are contained in Annex IV, without any cross-references to rules in the body of the Arrangement.

8. The *Recommendation on Guidelines on Corporate Governance of State-Owned Enterprises* [[OECD/LEGAL/0414](#)] is recognised as the leading global standard to guide governments and government officials charged with state-ownership responsibilities in devising effective institutional, legal and regulatory frameworks for the ownership and governance of state-owned enterprises (SOEs). With a threefold increase of the share of SOEs in the top 500 global companies since the adoption of the Guidelines in 2005, the 2024 revision has aimed at strengthening the provisions of the Guidelines to reflect the growing size, role and strategic importance of SOEs, including in global value chains, which has reinforced the need for a level playing field to safeguard the global competitive landscape, as well as to provide a sound governance framework for SOEs with respect to sustainability and integrity. Another objective of the revision has also been to ensure that the SOE Guidelines remain complementary to the *Recommendation on Principles of Corporate Governance* [[OECD/LEGAL/0413](#)] following its revision by the Council in 2023.

9. The four [OECD Agricultural Codes and Schemes](#),<sup>12</sup> some of the oldest OECD legal instruments, facilitate international trade through the simplification and harmonisation of documentary, inspection and testing procedures. They are updated on a continuous basis through their respective Annual Meetings. During the period covered, the most relevant update concern the *Seeds Schemes*, an international framework for the certification of agricultural seed moving in international trade, which is key in facilitating international trade, by reducing technical barriers to trade, increasing transparency, contributing to the international harmonisation of standards and environmental protection, thus increasing market confidence through the enforcement of quality control and the simplification and harmonisation of documentary and inspection procedures.

3

*Accelerating a just transition and promoting more resilient systems for future generations, in particular by protecting human health and the environment, including by valuing the contribution of small and medium-sized enterprises*

10. The *Recommendation on Building Financial Resilience to Disaster Risks* [[OECD/LEGAL/0436](#)], was revised in 2023 to ensure it addresses increasingly important (re)emerging risks such as large-scale cyber-attacks and infectious disease outbreaks. The Recommendation provides high-level policy guidance on the financial management of disaster risks, focusing in particular on the role of insurance markets, while recognising the importance of an integrated approach to disaster risk management and the contribution of risk assessment, risk awareness and risk prevention to the financial management of those risks. The 2023 update also provided the opportunity to integrate relevant elements of the *Recommendation on the Establishment of a Check-List of Criteria to define Terrorism for the Purpose of Compensation* [[OECD/LEGAL/0331](#)].

11. Underscoring the necessity for health systems to be adequately equipped to handle and promptly recover from high-impact shocks, the *Declaration on Building Better Policies for More Resilient Health Systems* [[OECD/LEGAL/0500](#)] (adopted during the 2024 meeting of the Health Committee at Ministerial level) charts a vision for health systems, reflecting Ministers' expectations and orientations for how health system should evolve to be both more resilient and high performing, identifying key pressure points as well as policy areas where there is an opportunity or a need for change. The Declaration welcomes the renewed Health System Performance Assessment Framework (HSPA) [[DELSA/HEA\(2023\)21/REV1](#)] (see below).

12. The *Declaration on Enhancing SMEs and Entrepreneurship Policies for Greater Resilience and Successful Green and Digital Transitions* [[OECD/LEGAL/0497](#)] (adopted during the 2023 meeting of the

<sup>12</sup> Decision Revising the OECD Schemes for the Varietal Certification or the Control of Seed Moving in International Trade [[OECD/LEGAL/0308](#)]; Decision revising the OECD Standard Codes for the Official Testing of Agricultural and Forestry Tractors [[OECD/LEGAL/0334](#)]; Decision revising the OECD Scheme for the Application of International Standards for Fruit and Vegetables [[OECD/LEGAL/0346](#)]; Decision establishing the OECD Scheme for the Certification of Forest Reproductive Material Moving in International Trade [[OECD/LEGAL/0355](#)].

Committee on SMEs and Entrepreneurship (CSMEE) at Ministerial level) calls on governments to adopt a forward-looking agenda and take action to enhance SME and entrepreneurs' resilience to future shocks, help them lead the digital and green transitions which are reshaping the economy; and adapt to a changing trade and investment landscape. In this perspective, governments commit to adopting a "holistic" and "people-centred" approach to policy-making, one that puts SMEs and the entrepreneurs themselves at the heart of policies so they can deliver on their full potential, strengthen recovery and resilience, contribute to the digital and green transitions, and drive inclusive and sustainable growth.

4

*Adopting policies to transition towards low-emission energy systems, while encouraging progress on sustainable development, climate, biodiversity and nature action*

13. Since its adoption in 1991, the *Recommendation on Integrated Pollution Prevention and Control* (IPPC) [[OECD/LEGAL/0256](#)] inspired profound legislative changes among most Adherents, with some changes in the form of policies and instruments that transcend environmental media and promote holistic solutions to environmental challenges. The Recommendation was revised to reflect progress in the adoption of the IPPC approach over the last 30 years. The revision aims at recognising IPPC's role in strengthening government's ability to prevent or minimise pollution, hazards and wastes by taking account of the "cradle to grave" life cycle of activities and substances, and transfer of pollutants across environmental media. To that effect, the scope of the Recommendation has been extended by integrating the best available techniques (BAT) approach as one of the methods to design instruments to prevent and control pollution.

14. Recognising the critical role of sound management of chemicals and wastes in addressing the global and interrelated crises of pollution, climate change and biodiversity loss, the *Declaration on supporting the Achievement of the Strategic Objectives of the Global Framework on Chemicals - For a Planet Free of Harm from Chemicals and Waste* [[OECD/LEGAL/0502](#)] reaffirms governments' commitments to improve the safe and sustainable management of chemicals throughout their life cycle and outlines a shared position on how to support implementation of the [Global Framework on Chemicals – For a Planet Free of Harm from Chemicals and Waste](#) which was adopted at the Fifth International Conference on Chemicals Management in Bonn, Germany on 25-29 September 2023.

5

*Strengthening a global tax system, while supporting developing countries implement existing tax rules swiftly*

15. Following the historical moment marked by the [Statement on the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy](#) (the "Two-Pillar Solution"), the OECD/G20 Inclusive Framework on BEPS has worked relentlessly to update key elements of the global tax system to reflect the globalised and digitalised nature of the economy and to support developing countries implement this landmark agreement.

16. The adoption in 2023 of the *Multilateral Convention to Facilitate the Implementation of the Pillar Two Subject to Tax Rule* [[OECD/LEGAL/0499](#)] and its opening for signature represents a major step forward towards the implementation of Pillar Two and a fairer international tax system, enabling developing countries to 'tax-back' in instances where covered payments sourced in their jurisdiction are not subject to a minimum nominal corporate income tax rate of 9% in a partner jurisdiction.

17. Simultaneously, work has continued on Pillar One, both to finalise the negotiations of the Multilateral Convention (MLC) on Amount A of Pillar One, as well as on Amount B which constitutes a critical component of the broader agreement on Pillar One. With the release of the [report on Amount B of](#)

[Pillar One](#) and the consequent changes made to the [OECD Transfer Pricing Guidelines](#),<sup>13</sup> an optional simplified and streamlined approach to the application of the arm's length principle to baseline marketing and distribution activities is now provided in order to reduce transfer pricing disputes, compliance costs, and enhance tax certainty for tax administrations and taxpayers alike, benefitting primarily to low-capacity jurisdictions facing limited resources and data availability. The inclusion of the Amount B guidance into the OECD Transfer Pricing Guidelines is accompanied by conforming changes, adopted by Council, to the [Commentary](#) on Article 25 of the OECD Model Tax Convention,<sup>14</sup> following the updates made to the Commentary on Article 26 related to the exchange of tax information earlier in 2024.

6

*Preserving the values of democracy, the rule of law and protection of human rights*

18. The *Recommendation on Transparency and Integrity in Lobbying and Influence* [[OECD/LEGAL/0379](#)] acknowledges that lobbying in all its forms, including advocacy and other ways of influencing public policies, is a legitimate act of participation, and grants stakeholders access to the development and implementation of public policies. It provides decisions-makers within the Adherents with directions and guidance on how to promote equal access to policy discussions for all parties concerned, and how to enhance transparency, integrity and mechanisms for effective implementation. When reviewing the 2021 Report on the implementation of the Recommendation, the Council invited the PGC to prepare an update to reflect the evolving lobbying and influence landscape, and to help actors in government, business and civil society reinforce the frameworks for transparency and integrity in policy-making [[C\(2021\)74](#)]. In recognition of the importance of a sound framework for regulating lobbying to foster transparency, integrity and accountability, the Recommendation has been revised to cover the full spectrum of today's lobbying and influence practices and risks, including those brought by the increased use of social media and foreign government influence, as well as reflecting the numerous actors involved.

19. The effectiveness of democracies and the rule of law hinges on the extent to which everyone has meaningful access to the justice system. The lack of access to justice also has significant impacts on people's well-being, and on their ability to participate in the economy, employment, relationships and health. In order to address the challenges to ensuring justice systems' responsiveness, effectiveness and accountability, the *Recommendation on Access to Justice and People-Centred Justice Systems* [[OECD/LEGAL/0498](#)] sets out a people-centred approach to justice through whole-of-state and whole-of-society strategies, appropriate leadership and culture, clear roles and prerogatives, safeguarding independence of different justice actors, taking into account the perspectives and needs of specific communities, and by eradicating any bias and discrimination in the justice system. The Recommendation underscores the different legal and institutional frameworks of its Adherents, the importance of an independent and transparent justice system based on the rule of law, to foster trust in public institutions, strengthen democratic governance models and achieve broader well-being and inclusive growth.

## 1.2. Improvements to OECD Standard-Setting Working Methods

20. In developing or updating these legal instruments, the OECD has continued to **improve its standard-setting working methods** in line with the findings of the *Standard-Setting Review: Five-Year Report (2016-2021)* [[C/MIN\(2021\)9](#), section 3.2], including by:

<sup>13</sup> The *Recommendation on the Determination of Transfer Pricing Between Associate Enterprises* [[OECD/LEGAL/0279](#)] recommends that Adherents follow, when reviewing, and if necessary, adjusting transfer pricing between associated enterprises for the purposes of determining taxable income, the Transfer Pricing Guidelines.

<sup>14</sup> The *Recommendation concerning the Model Tax Convention on Income and on Capital* [[OECD/LEGAL/0292](#)] recommends Adherents to conform to the Model Tax Convention when concluding new bilateral conventions or revising existing bilateral conventions.

*Playing a vital role in the global governance architecture as a trusted multilateral actor, engaging with other international organisations to avoid duplication*

21. Several of the legal instruments adopted or revised in the period covered aim at complementing workstreams of other international organisations and fora, thereby avoiding duplication and ensuring alignment of processes in the global governance architecture.

- The OECD has been a continuous support to the Strategic Approach to International Chemicals Management (SAICM), a multi-stakeholder and multi-sectoral voluntary agreement developed at the United Nations (UN) to support an overall objective of sound management of chemicals throughout their life cycle, since its adoption in 2006. In 2008, the Council adopted a *Resolution on Implementation of the Strategic Approach to International Chemicals Management* [C(2008)32], which made the implementation of the SAICM objectives an integral part of the OECD Chemicals Programme. Through the adoption of the *Declaration on supporting the Achievement of the Strategic Objectives and Targets of the Global Framework on Chemicals – For a Planet Free of Harm from Chemicals and Waste* [OECD/LEGAL/0502], Ministers not only restate their commitments to support the new Framework replacing SAICM but also respond to the call made in the *Global Framework on Chemicals – For a Planet Free of Harm from Chemicals and Waste* for multilateral cooperation.<sup>15</sup> In the Declaration, OECD Members confirm the role of the Organisation in supporting the implementation of the new Framework in a comprehensive manner. Grounded in OECD's strengths, in particular its standards and tools in the area of risk assessment and management of chemicals, the Declaration calls for the OECD to “*pursue its efforts to enhance actions and collaborate with other international organisations in the context of the Inter-Organisation Programme for the Sound Management of Chemicals (IOMC) to support the implementation of the [new framework]*”.

*Regularly updating standards to adapt to fast-paced developments*

22. The pace and complexity of the changes brought by innovation and technical developments, together with the current societal and environmental challenges, are calling for open, inclusive and co-ordinated governance models that enable the development of agile and adaptive regulation. Despite a challenging context, the OECD has continued to demonstrate its ability to broker consensus in order to update its standards to adapt to fast-paced developments, particularly in technical areas.

- In the area of **export credit**, since it first came into existence in 1978, the *Arrangement on Officially Supported Export Credits* [OECD/LEGAL/5005] has been regularly updated (in average every 1.5 years) to reflect Participants' needs and market developments. These continuous updates have been essential to ensure that the Arrangement remains fit for purpose, including the 2023 modernisation package which represented a major milestone to help increase the impact of trade and finance flows on securing climate objectives. Similarly, since the adoption in 2003 of the first *Recommendation on Common Approaches on Environment and Officially Supported Export Credits* [OECD/LEGAL/0318], the Council has reviewed and updated the Recommendation five times in light of Adherents' experience as well as relevant international developments, including within international financial institutions, in particular the World Bank Group, whose standards

<sup>15</sup> See paragraph 14 of the [Bonn Declaration](#), which invite “United Nations entities and other relevant international organizations, including the International Labour Organization, the World Health Organization, the Food and Agriculture Organization of the United Nations and the World Trade Organization, to strengthen their role in generating reliable chemicals- and waste-related data, and to facilitate relevant action and collaboration based on scientific evidence[; and] the governing bodies of those organizations, in accordance with their respective mandates, to strengthen their cooperation and coordination to support the Global Framework on Chemicals – For a Planet Free of Harm from Chemicals and Waste, and to integrate its goals into their programmes of work and budgets, as appropriate.”

are referenced in the Common Approaches for benchmarking purposes.<sup>16</sup> In particular, each update has included enhanced provisions for addressing issues associated with projects to which Export Credit Agencies (ECA)-supported exports are destined; for example, the 2003 Recommendation focused only on environmental impacts, the 2007 Recommendation included also references to social impacts and the 2012 Recommendation further extended its scope to contain provisions for project-related human rights impacts.

- In the area of **tax**, the *Transfer Pricing Guidelines* which were first adopted in 1995, have been continuously updated to reflect the increased role of multinational enterprises (MNEs) in world trade and the complex taxation issues arising for both tax administrations and MNEs themselves. Through regular reviews of the experiences of governments in applying the arm's length principle, the Committee on Fiscal Affairs (CFA) has over the years identified areas for further work and inclusion in the *Guidelines*. For example, in 2016, the *Guidelines* were substantially revised in order to reflect the clarifications and revisions agreed in the 2015 Base Erosion and Profit Shifting (BEPS) Reports on Actions 8-10 *Aligning Transfer Pricing Outcomes with Value Creation* and on Action 13 *Transfer Pricing Documentation and Country-by-Country Reporting* and in 2020 a new Chapter X was added to the *Guidelines* to incorporate guidance on transfer pricing aspects of financial transactions. These updates triggered related revisions to the *OECD Model Tax Convention on Income and on Capital* which incorporates the *Guidelines*.

#### Translating high-level principles and long-term goals into action

23. One of the strengths of the OECD is its ability to convene Ministerial or other high-level events through which sectoral Ministers and other high-level representatives to discuss pressing challenges in order to identify appropriate policy responses. Those committee Ministerial meetings routinely conclude with the adoption of an OECD Declaration, in which Adherents commit to high-level principles and long-term goals and provide the OECD with orientations for future work to help them achieve those commitments. These Declarations build on OECD evidence-based analysis and existing OECD standards, as well as setting the foundation for future work of the related committees, including future standard-setting work.

- Discussions at the meeting of the CSMEE at Ministerial level, including on the *Declaration on Enhancing SMEs and Entrepreneurship Policies for Greater Resilience and Successful Green and Digital Transitions* [[OECD/LEGAL/0497](#)], were informed by OECD flagships outputs in the area of SMEs and entrepreneurship that were launched in the run up to or at the Ministerial meeting itself to support action by governments, including the *Recommendation on SME Financing* [[OECD/LEGAL/0493](#)], adopted at the 2023 MCM, the [2023 edition of the SME and Entrepreneurship Outlook](#) and the [Implementation Toolkit](#) supporting the 2022 *Recommendation on SME and Entrepreneurship Policy* [[OECD/LEGAL/0473](#)]. The Declaration reiterates Adherent's commitment to strengthen SME and Entrepreneurship policy as embodied in the *Recommendation on SME and Entrepreneurship Policy* and welcomes the adoption of the *Recommendation on SME Financing*. It also calls on the OECD to develop new work on SMEs and entrepreneurs' well-being, including complementing work done to support the implementation of the *Recommendation on Integrated Mental Health, Skills and Work Policy* [[OECD/LEGAL/0420](#)], which is under the responsibility of another committee, and to improve the evidence-base and granularity of information to support SME and entrepreneurship policies,

<sup>16</sup> The *Recommendation on Common Approaches and Official Supported Export Credits* [[OECD/LEGAL/0318](#)] adopted in December 2003 [[C\(2003\)236](#), as amended by [C\(2004\)213](#)] and abrogated in June 2007; the *Recommendation on Common Approaches on the Environment and Officially Supported Export Credits* [[OECD/LEGAL/0354](#)] adopted in June 2007 [[C\(2007\)65](#); [C\(2007\)65/CORR1](#)] and abrogated in June 2012; the *Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence* [[OECD/LEGAL/0393](#)] adopted in June 2012 [[C\(2012\)101](#)]; CORR1 as amended by [C\(2016\)38](#) in April 2016 and by [C\(2024\)61](#) in March 2024].

including through indicators monitoring progress against OECD standards on SME and entrepreneurship.

- Similarly, at the meeting of the Health Committee at Ministerial level, Ministers discussed the legacy and lessons learned from the COVID-19 pandemic, and the actions needed to strengthen health systems to ensure that they are able to withstand future shocks. Through the *Declaration on Building Better Policies for More Resilient Health Systems* [OECD/LEGAL/0500] Ministers welcomed the renewed HSPA framework, which provides common language, definitions and understanding among policy makers, stakeholders and organisations on a shared renewed vision for assessing health system performance.<sup>17</sup> This renewed framework incorporates new key health system objectives (such as sustainability, from both the economic and environmental perspectives) and stresses more clearly the interconnectedness and potential trade-offs across different health systems dimensions (such as balancing efficiency and equity, efficiency and people-centredness, or sustainability and resilience).
- The *Declaration on Transformative Science, Technology and Innovation Policies for a Sustainable and Inclusive Future* [OECD/LEGAL/0501] aspires to be actionable by outlining how the OECD can assist Adherents in delivering on transformative STI policies. In doing so, it sets directions for future OECD efforts, that will inform the renewal of the CSTP’s mandate and the 2025-26 Programme of Work and Budget. In particular, through the Declaration, Ministers welcome two new tools aimed at supporting domestic reforms: the Agenda for Transformative Science, Technology and Innovation Policies (which aims to support policymakers in their efforts to reform their STI policies to better address global challenges such as climate change) and the Framework for Anticipatory Governance of Emerging Technologies (which aims to equip governments and other actors to better anticipate, prepare for and act on governance challenges in future emerging technology contexts, building on existing OECD standards such as the *Recommendation on Responsible Innovation in Neurotechnology* [OECD/LEGAL/0457]). Further, the Declaration includes a call to take stock of the progress made to follow-up to the Declaration in the CSTP “five to ten years after its adoption”, signalling the commitment made to turning high-level dialogue into action.

## 2. Supporting Dissemination and Implementation of OECD Legal Instruments

### 2.1. Reports on Implementation of OECD Standards

24. Over the past year, the following reports on the implementation, dissemination and continued relevance of 9 Recommendations were approved by committees and presented to Council:

| Reports on the Implementation of:  | Committee(s) | Reference                  |
|--|--------------|----------------------------|
| Decision-Recommendation on the Co-operative Investigation and Risk Reduction of Chemicals                          | CBC          | <a href="#">C(2023)108</a> |
| Recommendation on Open Government  | PGC          | <a href="#">C(2023)113</a> |
| Recommendation on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector | IC           | <a href="#">C(2023)103</a> |

<sup>17</sup> Health system performance assessment is a crucial element in ensuring that health systems meet people’s health needs and preferences, and provide high-quality healthcare for all. Consistently and systematically evaluating health systems helps policy makers to identify areas that require improvement, support the best allocation of resources, and assess the achievement of key policy objectives.

|  |           |  |
|--|-----------|--|
| Recommendation on the Governance of Critical Risks   | PGC       | <a href="#">C(2023)163</a>                 |
| Recommendation on Guidelines on Insurer Governance   | IPPC      | <a href="#">C(2023)168</a>                 |
| Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence | ECG       | <a href="#">C(2024)61</a>                  |
| Recommendation on Digital Government Strategies  | PGC       | <a href="#">C(2024)70</a>                  |
| DAC Recommendation on the Humanitarian-Development-Peace Nexus   | DAC/INCAF | <a href="#">DCD/DAC/INCAF(2023)1/FINAL</a> |
| Recommendation on Artificial Intelligence  | DPC       | <a href="#">C(2024)53</a>                  |

25. Further highlighting the importance of the regular reporting to Council, several of the reports concluded to the need to revise the related-Recommendations to increase their relevance and impact over time. Both reports on the implementation of the *Recommendations on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence* and on *Artificial Intelligence* led to immediate revisions of the two instruments. The former as well as the report on the implementation of the *Recommendation on the Governance of Critical Risks* also concluded that a more thorough revision was warranted. The key findings of these nine reports are as follows.

*The implementation of OECD standards leads to concrete impacts on domestic policies*

26. All nine implementation reports confirm that Adherents have made significant efforts to implement the related-Recommendations and provide **concrete examples of domestic changes** to align with their provisions.

- The second *Report on the implementation of the Recommendation on the Governance of Critical Risks* finds that three Adherents that did not have a national strategy on governance of critical risks at the time of the first report to Council had adopted one since, the provisions of the Recommendation inspiring most Adherents' efforts to develop or revise national strategies on governance of critical risks in some respect. For example, Germany cites the Recommendation in its recent "German Strategy for Strengthening Resilience to Disasters" and Ireland specifically cites the OECD guidance related to critical infrastructure several times in its strategic emergency management policy guidance for critical infrastructure.
- The *Report on the implementation of the Recommendation on Guidelines on Insurer Governance* shows that Adherent practices are strongly aligned with the Recommendation, which is consistent with existing legislation, regulation and guidance, including regional and other international guidance such as the European Union's Solvency II regulation and guidelines from the European Insurance and Occupational Pensions Authority (EIOPA), and the International Association of Insurance Supervisors' (IAIS) Insurance Core Principles related to corporate governance.
- The *Report on the implementation of the Recommendation on Artificial Intelligence* underscores that while in 2017, prior to the adoption of the Recommendation, only a few countries had national AI strategies, today the [OECD.AI Policy Observatory](#) references over 50 national strategic and government wide initiatives on how to comprehensively steer trustworthy AI development and deployment, with 40 Adherents currently having a national AI Strategy in place, and three in the process of developing one. Several jurisdictions also explicitly refer to or draw from the OECD AI Principles and subsequent OECD analytical work in their national guidelines, legislative actions, or voluntary frameworks. This is the case for instance in Israel's and the United Kingdom's cross-sectoral principles, which reflect the OECD AI Principles. The AI Risk Management Framework by the United States' National Institute of Standards and Technologies



uses the OECD Framework of Classification of AI Systems, while the EU AI Act adopted the recently updated OECD definition of an AI system included in the Recommendation.

- The second *Report on the implementation of the Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence* outlines that between 2017 and 2021, the Export Credit Agencies (ECAs) from 24 Adherents supported exports with a volume of SDR 76.91 billion destined to 150 Category A projects and 337 Category B projects that were subject to an environmental and social review in accordance with the provisions of the Recommendation. This equates to 67% (by volume) of export credits support provided in accordance with the core business provisions of the Arrangement (i.e. excluding concessional credits and export credits for ships or aircraft).

*Continued efforts to increase the dissemination of OECD legal instruments within Adherents and beyond*

27. While the reports demonstrate that efforts have been made to disseminate the Recommendations both within Adherents and non-Adherents, as well as across other international organisations and relevant stakeholders, they also include proposals to strengthen dissemination at all levels of government, across non-Adherents and through co-ordination with other international organisations. This is key to ensuring broad and adequate implementation of the instruments.

- Concerning the dissemination at **all levels of government**: the *Report on the implementation of the Recommendation on Open Government* notes that the domestic use of the Recommendation as a reference in policies, strategies, legal documents or similar official government documents has increased its dissemination, in particular when Adherents communicate across Ministries and levels of government about the importance of its provisions. The *Report on the implementation of the Recommendation on the Governance of Critical Risks* points out that efforts by Adherents to disseminate the Recommendation at sub-national levels of government are less visible and suggests that Adherents prepare unofficial translations of the Recommendation into their national languages in order to provide wider accessibility across ministries and at all levels of government. The *Report on the implementation of the Recommendation on Digital Government Strategies* underlines that while significant strides have been made in disseminating the Recommendation at the international and national levels, further efforts can be made to disseminate it at the subnational level to increase its impact and ensure consistent progress across all levels of government.
- Concerning the **need to reach out to non-Adherents**: the *Report on the implementation of the Recommendation on Guidelines on Insurer Governance* suggests that dissemination within non-Adherents could be strengthened through regional and global events organised by the OECD. The *Report on the implementation of the Recommendation on Digital Government Strategies* explains that the Global E-Leaders initiative (GELI) has provided a concrete framework to streamline efforts of the Secretariat and Adherents in bringing non-Adherents closer to the Recommendation.<sup>18</sup> In light of the importance of many non-Adherents for garment and footwear production, the *Report on the implementation of the Recommendation on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector* acknowledges the importance of the awareness raising events, trainings, technical advice, and capacity building undertaken by Adherents and the Secretariat to disseminate the Recommendation among non-Adherents. In particular, one key event to engage non-Adherents is the annual sectoral Policymaker Roundtable (PMRT) where 12 non-Adherents participated in at least one of the four annual PMRTs since 2019.

<sup>18</sup> Under the framework of GELI, OECD's regional networks on open and innovative government that cover the Latin America and the Caribbean (LAC), the Middle East and North Africa (MENA) and the Southeast Asia (SEA) regions remain crucial in disseminating the Recommendation in these regions. Adherents have led policy dialogues through these regional networks. Furthermore, the Recommendation continues to be used as a framework to support capacity building of non-Adherents in different regions.

- Concerning the **co-ordination with other international organisations**: the *Report on the implementation of the Decision-Recommendation on the Co-operative Investigation and Risk Reduction of Chemicals* highlights the cooperation by the Secretariat with other international organisations, most notably the eight UN agencies involved in chemical safety through the IOMC. Similarly, the *Report on the implementation of the Recommendation on Artificial Intelligence* highlights the collaboration by the Secretariat with other intergovernmental organisations through the global policy.AI coalition, that helps policy makers navigate through the different international initiatives, keeping each other up to date on their respective AI policy activities and trying to ensure interoperability between their work, and working together where their mandates intersect. The *Report on the implementation of the DAC Recommendation on the Humanitarian-Development-Peace Nexus* highlights that the Czech Presidency of the European Union put the DAC Recommendation as a topic for discussion within various European Union working parties.

#### Peer learning activities to support dissemination and implementation

28. Implementation activities have also focused on supporting **peer learning and exchange** across Adherents to promote individual and collective efforts and provide a venue for discussing best practices and trends.

- Of particular interest is the Nexus Academy and Nexus Helpdesk mentioned in the *Report on the implementation of the DAC Recommendation on the Humanitarian-Development-Peace Nexus*. The Nexus Academy emerged from the DAC-UN Dialogue to support the implementation of the DAC Recommendation and has been instrumental in providing training to over 300 individual actors from over 60 different organisations to date. The Nexus Helpdesk aims at providing the Secretariat with the capacity to act as a source of ad hoc support to help with the development of HDP nexus approaches across ministries and entities.
- The *Report on the implementation of the Recommendation on Open Government* describes the role of OECD Open Government Reviews as a powerful mechanism to assess the state of affairs of open government policies and practices in light of the Recommendation, supporting its dissemination, as well as creating a space for peer-learning and collaboration among Adherents, but also non-Adherents wanting to align with its provisions.
- Similarly, the *Report on the implementation of the Recommendation on Digital Government Strategies* highlights that Adherents have strengthened the implementation of the Recommendation by fostering knowledge sharing and peer-to-peer learning, with 15 national peer reviews having been conducted for 13 Adherents since the last report to Council in 2017.
- The *Report on the implementation of the Recommendation on the Governance of Critical Risks* underlines that while peer reviews have supported tangible institutional and policy reforms, identifying innovative policies found in other Adherents and stimulating adoption of best practices and innovative tools in risk governance, few Adherents have undertaken peer reviews of their risks governance frameworks and policies since 2017 and should make more widespread use of offers by international organisations to conduct such peer reviews.

## 2.2. Supporting the Implementation and Dissemination of OECD Standards through innovative tools

29. Over the past year, committees have continued to develop innovative tools, practices and working methods to support the implementation and dissemination of OECD legal instruments, including by:

*Diversifying the tools used to support the implementation and dissemination of OECD standards*

30. While initially, efforts to support the implementation and dissemination of OECD standards were concentrated in one dedicated implementation toolkit, committees are increasingly using a **diversity of tools** in parallel, adapting them to the different needs of relevant stakeholders.

- The *Report on the implementation of the Decision-Recommendation on the Co-operative Investigation and Risk Reduction of Chemicals* describes that the implementation of several of the provisions of the instrument occurs through various collaborative activities: (i) **regular dialogue** through the relevant expert (level II) bodies of the CBC, including the convening of dedicated webinars, given that scientific knowledge is continually advancing, hazard and exposure methodologies and that risk management approaches are constantly evolving; (ii) publication of **technical guidance and case studies** related to specific provisions of the instrument which help to standardise methods and provide common frameworks thus helping reducing duplication and improving efficiencies; and (iii) development or contribution to the development of several publicly available **electronic tools and portals** within and outside the OECD.<sup>19</sup> The mandates of three CBC bodies are aligned with the Decision-Recommendation to support Adherents' efforts through those various collaborative activities.
- In addition to targeting policy makers, the *Recommendation on Responsible Innovation in Neurotechnology* [OECD/LEGAL/0457] also encourages all organisations and individuals involved in, or affected by, neurotechnology, including public and private organisations, to promote and implement the Recommendation according to their respective roles. To support their efforts, the Working Party on Biotechnology, Nanotechnology and Converging Technologies (BNCT) is developing guidance resources which present **possible actions and relevant practices and resources for industry actors in addition to policymakers** [DSTI/STP/BNCT(2022)7]. A related Policy Toolkit will be launched at the margins of the CSTP Ministerial Meeting in April 2024.
- To support the implementation of the *Recommendation on the Social and Solidarity Economy and Social Innovation* [OECD/LEGAL/0472], the Local Employment and Economic Development (LEED) Directing Committee developed two practical guides on [legal frameworks](#) and [social impact measurement](#) as well as [country fact sheets](#) for the social economy to **national and subnational authorities** as well as **social economy entities**<sup>20</sup> to assess the scope, size, employment and contribution to economic sectors, as well as to measure, manage and ultimately maximise their impact, prioritising their strategic use for organisational learning and improvement. The LEED Directing Committee also developed one [online toolkit](#), composed of practical guidance, checklists for action and case studies to support the implementation of the Recommendation. The materials that are made available in the online toolkit can be used by governments to design and implement social economy and social innovation policies and/or, to perform an overall evaluation of existing policy frameworks, and in turn, inform revision and updates.

31. In addition to developing guidance documents, committees are also increasingly working on **indicators** to more easily assess the state-of-play of Adherent's alignment against Recommendations and thus their impact.

- Responding to the call of the Council to “develop digital government indicators” [C(2017)139], the Working Party of Senior Digital Government Officials (E-Leaders) developed a measurement

<sup>19</sup> For example: the eChemPortal, the OECD Per- and Polyfluoroalkyl Substances (PFAS) Portal, IUCLID (International Uniform Chemical Information Database), the QSAR (Quantitative structure-activity relationship) Toolbox, Substitution and Alternative Assessment (SAAT) Toolbox and the eAOP (Adverse Outcome Pathway) Portal.

<sup>20</sup> Social economy entities traditionally refer to the set of associations, cooperatives, mutual organisations, and foundations whose activity is driven by values of solidarity, the primacy of people over capital, and democratic and participative governance.

tool to assess digital government maturity with a view to support the implementation of the *Recommendation on Digital Government Strategies* [OECD/LEGAL/0406]. This resulted in the [OECD Digital Government Index](#), whose latest edition was released in 2024, which benchmarks the efforts made by governments to establish the foundations necessary for a coherent, human-centred digital transformation of the public sector on the basis of the Recommendation and the OECD Digital Government Policy Framework [GOV/PGC/EGOV(2020)2/REV1].

32. While the drafting of Recommendations has been adjusted over time to provide increasingly action-oriented recommendations, substantive directorates have recognised the challenges to develop indicators with some of the provisions not being concrete enough to provide a comparable measure. Work has started in expert (level II) bodies to consider the development of indicators for the *Digital Security Recommendations*, the *Declaration on Public Sector Innovation* and the *Recommendation on Creating Better Opportunities for Young People* [OECD/LEGAL/0474].

*Developing action plans to mainstream standard-setting into regular committee work*

33. In order to avoid duplication and building on their long-standing work, committees have been developing action plans, with a view to bring together existing resources to support implementation and dissemination on newly adopted/revised legal instruments.

- Following the adoption of the *Recommendation on SMEs and Entrepreneurship Policy* [OECD/LEGAL/0473] in 2022, the CSMEE has started working on an action plan to strengthen its data infrastructure and identify knowledge and capacity gaps to support the first implementation report to Council due in 2027, building on its parallel efforts to develop a “Data Lake” on SME&E Policy [CFE/SME(2021)20] and the OECD SME&E Strategy [CFE/SME(2020)17]. The action plan includes proposals to strengthen CSMEE’s capacity to assess implementation by creating an ecology of data, i.e. recovering, recycling and reusing existing data, including by sharing SME-specific data across committees [CFE/SME(2023)12].
- The Working Party on Environmental Information (WPEI) has developed a work plan to support the implementation and dissemination of the *Recommendation on Environmental Information and Reporting* [OECD/LEGAL/0471] adopted in 2022. The work plan includes a proposal to use information from country Environmental Performance Reviews, in particular the country-specific recommendations on environmental information, as a source of inspiration for Adherents’ efforts to implement the Recommendation, as well as to feed into an implementation toolkit that would build on existing tools and further exploit synergies and manage existing resources in an efficient manner.

34. A useful and efficient way to mainstream the standard-setting work across several committees and benefit from the multidisciplinary nature of the OECD is the use of a Horizontal Project to support the implementation of an OECD Recommendation.

- The Horizontal Project “A Better Future for Young People in Ageing Societies” is dedicated to supporting the implementation and dissemination of the *Recommendation on Creating Better Opportunities for Young People* [OECD/LEGAL/0474]. The project is integrated with, and builds on, other relevant work underway across the OECD including for example the long-standing series of *Investing in Youth* country reviews and the *Declaration on Building Trust and Reinforcing Democracy* [OECD/LEGAL/0484]. Through the project, relevant committees<sup>21</sup> have put their resources together to collect and assess good practice examples and indicators. The project’s main deliverable is the OECD Youth Policy Toolkit, which will provide hands-on practical guidance to Adherents to improve the design and implementation of their youth policies.

<sup>21</sup> The Employment, Labour and Social Affairs Committee (ELSAC), CSMEE, the LEED Directing Committee, the Education Policy Committee (EDPC), and the Regional Development Policy Committee (RDPC).

*Convening groups of experts to exchange best practices and share lessons learnt on OECD standards*

35. With an ever-increasing workload and demands on committee time and resources, several committees are using alternative to formal meetings to discuss the implementation and dissemination of legal instruments, through the convening of special sessions of expert (level II) bodies or the use of informal groups of experts.

- In order to progress technical work relating to the *Recommendation on Bribery and Officially Supported Export Credits* [OECD/LEGAL/0447] and the development of a Guidance Note to facilitate the implementation of the Recommendation, an informal group of Bribery Experts supports the Working Party on Export Credits and Credit Guarantees by (i) facilitating a level playing-field regarding the implementation and dissemination of the Recommendation; (ii) supporting the development of the 2024 implementation report to Council; and (iii) ensuring the continued relevance of the Recommendation, notably by exchanging informally regarding relevant legal and regulatory developments within Adherents.
- The Task Force on Financial Consumer Protection organises as part of its March 2024 meeting a Roundtable Discussion on Consumer Credit to discuss key finding from recent OECD research related to consumer credit, emerging trends and risks in consumer credit matters and associated policy developments [DAF/CMF/FCP(2024)4]. The objective of the Roundtable is also to inform the assessment of the *Recommendation on Consumer Protection in the field of Consumer Credit* [OECD/LEGAL/0453] and its first implementation report to Council due in 2024/25.
- An informal expert group on the social and solidarity economy and social innovation supports the implementation of the *Recommendation on the Social and Solidarity Economy and Social Innovation* [OECD/LEGAL/0472] with a view to provide a stable and inclusive network for expert debates on the social economy and to create a community, building momentum on OECD work on the social economy, including on improving data and social impact measurement. To date 23 OECD Members and beyond, including the European Union, have designated experts to participate in the group. The informal expert group held three thematic meetings and provided inputs for the development of the online toolkit and also on how to best implement and disseminate the Recommendation.

36. As OECD standards have an increasing impact on stakeholders beyond governments, those informal settings have benefited from a multistakeholder approach, with the participation of experts from relevant communities, including academia and the business.

### 3. Continued Relevance of OECD Legal Instruments

37. In order to ensure the continued relevance and impact of OECD legal instruments, the 2016-21 SSR resulted in more regular reviews of the stock of instrument,<sup>22</sup> in particular in the context of the renewal of committee mandates or development of the biennial Programme of Work and Budget. In addition, the In-Depth Evaluation (IDEs) has increasingly included analysis of the standard-setting activity of a committee, proposing dedicated IDE recommendations. These regular reviews have provided the opportunity to evaluate the status of standard-setting activity and foresee new activities to improve the relevance and impact of OECD legal instruments. Key findings over the period covered include:

<sup>22</sup> See, in particular, Progress Report on Standard-Setting Review [C/MIN(2018)11] and Standard-Setting Review: FiveYear Report (2016-2021) [C/MIN(2021)9, Section 3.2].

*Being a standard-setter is not only about developing new standards but also about abrogating or updating standards when they are no longer relevant*

38. Since the launch of the SSR in May 2016, 77 OECD legal instruments have been abrogated – most of them having been replaced by updated and consolidated standards. As of the drafting of this update, the total number of OECD legal instruments in force (268) is exactly the same as the number of instruments covered during the first report on standard-setting at the 2017 MCM [[C/MIN\(2017\)15](#)]. One key question when considering possible abrogation is whether the content of the instrument is already covered in other international standards (including from other international organisations).

39. Over the period covered, 5 legal instruments have been abrogated:

- In the context of the renewal of the mandate of EPOC in 2023, the Committee proposed to Council the abrogation of 4 out-dated Recommendations<sup>23</sup> [[C\(2023\)122](#), Annex D]. The rationale for the proposal was that (i) the content of the instruments had become obsolete over time (including references to the work of the OECD or other international organisations), (ii) the content was duplicative of another OECD standard and/or (iii) the priorities of the Committee had shifted with no resources or interest to support implementation and dissemination.
- In the context of the revision of the Recommendation on Building Financial Resilience to Disaster Risks, the IPPC reflected on the continued relevance of the Recommendation on the Establishment of a Check-List of Criteria to define Terrorism for the Purpose of Compensation [[OECD/LEGAL/0331](#)] (2004 Recommendation), which provides similar (although more detailed) guidance on elements related to the financial management of terrorism risk as the newly revised Recommendation. With a view to streamline the set of OECD standards related to the financial management of terrorism risk, the IPPC included relevant elements of the 2004 Recommendation in the newly revised Recommendation. While the 2004 Recommendation has been abrogated by the Council, the Check-List in its Appendix has been retained as an IPPC output, with a view to transforming it into committee-level guidance supporting the newly revised Recommendation, depending on priorities and resources.

40. With a view to maintain the relevance of OECD standards over time, the SSR has also led to a reflection on how to draft instruments to limit the risk of them becoming outdated (for example by removing time-bound references in the preamble) and how to ensure regular follow-up work over time (including through regular reporting to Council).

*Leveraging an OECD-wide approach to OECD standard-setting has led to discussions in substantive committees that have no or few standards under their responsibility*

41. There has been traditionally a difference across OECD committees in terms of their use of standard-setting. The largest number of OECD legal instruments can be found in the areas of environment (including chemicals management), digitalisation, public governance, tax and financial affairs (in particular investment). Other policy areas have a much more limited number of legal instruments (education, trade) or none at all (economic policy and fisheries). With the growing visibility and impact of OECD standards within and outside the Organisation as well as the Organisation-wide approach taken in the SSR, there have been recent discussions on developing legal instruments in committees which do not have or have limited standards under their responsibility. This includes the COFI, the EDPC and the Economic Policy Committee (EPC), through its Working Party 1 on Macro-Economic and Structural Policy Analysis (WP1).

<sup>23</sup> The Recommendation on Guiding Principles concerning International Economic Aspects of Environmental Policies [[OECD/LEGAL/0102](#)], the Recommendation on Principles concerning Coastal Management [[OECD/LEGAL/0148](#)], the Recommendation for the Implementation of a Regime of Equal Right of Access and Non-Discrimination in Relation to Transfrontier Pollution [[OECD/LEGAL/0152](#)], and the Recommendation on Strengthening Noise Abatement Policies [[OECD/LEGAL/0218](#)].

42. Following its IDE and mandate renewal, the COFI has started the development of two new OECD standards, including the *Recommendation on eliminating Government Support to Illegal, Unreported, and Unregulated Fishing* (IUU Recommendation). While the Committee has limited resources, it supported the development of new standards as a way to increase the visibility of the COFI within and outside the Organisation as well as the opportunity to complement the work done in the WTO and other fora. With regard to resources, the IUU Recommendation build on long-standing work of the Committee. There have been a few negotiation sessions but the underlying evidence-based analysis was already accounted for. For the follow-up, the Committee plans to use the OECD Review of Fisheries and Fisheries Support Estimate (FSE) database to limit the burden on Adherents and the Secretariat.

43. There has also been a discussion in the EPC WP1 regarding a *possible Recommendation on Housing Policies*, to embody the findings of the OECD Horizontal Project on Housing Policies for Inclusive and Sustainable Growth. Ultimately, the content was reframed as secretariat working paper<sup>24</sup> due to a lack of consensus among the Members over whether an OECD legal instrument was the right avenue. However, this is notable as it is the first time there has been a discussion of a possible OECD legal instrument on economic policy.

44. Finally, while it has a few legal instruments under its responsibility, the EDPC has been historically reluctant to develop new ones, largely linked to the concerns expressed by several Members whose education systems decentralise decisions related to curriculum to the regional or local level. In recent months, the EDPC has started to consider the development of a Recommendation on the use of AI in education. At this stage, the work on this topic will continue with a focus on developing the evidence-based analysis before re-discussing the form of the output.

*Complementing the bottom-up process with top-down political support to ensure that the OECD standard-setting work is aligned with the overarching priorities of the Organisation*

45. The Council, through its Executive Committee, regularly reviews the OECD standard-setting work: when new/revised instruments are proposed for adoption or an implementation report proposed for declassification. However, these reviews are of individual instruments and do not provide the opportunity for an overarching discussion on a committee's set of standards. As a result of the SSR, committees report to Council every five years on their standard-setting work as a whole as part of their mandate renewal.

46. In March 2024, at the request of a Member, the Council had the opportunity to discuss the update of the OECD environment standards (including a four-year plan focused on climate change), with the EPOC Chair and Director of the Environment Directorate. This discussion provided the opportunity for Members to recall the importance of updating the set of OECD legal instruments in order to ensure that the OECD could continue to play a leading role in coordinated action to address the current climate and biodiversity crisis. This update is also relevant in the context of ongoing accession processes in which candidate countries are evaluated against all OECD legal instruments in force.

47. One of the benefits of this discussion at Council level is to ensure top-down political support and oversight in line with the overall priorities of OECD Members, including so that sufficient resources are allocated in the upcoming Programme of Work and Budget. At the same time, the actual substantive update of the standards or development of new standards will always be a bottom-up, evidence-based process led by EPOC and its expert (level II) bodies in line with the working methods of the OECD.

<sup>24</sup> See *An Agenda for Housing Policy Reform* [[ECO/CPE/WP1\(2023\)19/REV1](#)].