ACTIVE WITH EURASIA
Since the turn of the century, the aggregate GDP of the Eurasia countries has more than doubled. This impressive result reflects a combination of reform effort, high prices for key export commodities, a young and highly literate population, and growing trade links to fast-growing economies surrounding Eurasia.

Yet important challenges remain. As the economic and political shocks of recent years have shown, consolidating these achievements and enabling the Eurasia economies to realise their full potential will require further institution-building and policy reform. They must also invest in the hard and soft infrastructures needed to exploit the opportunities arising from their strategic location and to use the region’s considerable resource wealth as a basis for broad-based development and prosperity. The OECD has increased its involvement with the Eurasia countries over the last decade, building on a long history of work with them. Our work there supports sustainable and inclusive growth in the region, promoting structural reforms and capacity building, and facilitating policy dialogue.

We will continue to support reform in the region, while further strengthening our relations with individual countries there.

ANGEL GURRÍA, OECD Secretary-General
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THE OECD AND EURASIA
High-level participants of Eurasia Week 2014, OECD Headquarters, Paris, France
The OECD’s Eurasia activities involve 13 countries extending from the borders of the European Union to the Far East: Afghanistan, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, the Republic of Moldova, Mongolia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

The OECD supports partner countries in Eurasia on the basis of a whole-of-government and whole-of-OECD approach.

The OECD also provides intensive programmes of support for individual countries:

- The **Kazakhstan Country Programme**, signed in January 2015, addresses issues such as social policy, public governance, environmental protection, innovation, and education and skills.

- The **Ukraine Action Plan**, signed in April 2015, supports reform in the areas of anti-corruption, governance and the rule of law, and investment and business climate.

Launch of the OECD Kazakhstan Country Programme: Karim Massimov, Prime Minister of Kazakhstan and Angel Gurría, Secretary-General of the OECD, Signing of the Memorandum of Understanding, 22 January 2015, Davos, Switzerland.

Official visit of Petro Poroshenko, President of Ukraine and Angel Gurría, Secretary-General OECD Headquarters, April 2015.
The OECD has supported structural transformation through policy reform and dialogue in the Eurasia region for a quarter-century, in collaboration with the Eurasia countries, OECD members and other international institutions. Increasingly, OECD work in the region takes a multidisciplinary approach, drawing on the expertise of various OECD Directorates and Committees to help governments in the region strengthen public governance and institutions, deepen international integration and connectivity, and make growth more equitable and sustainable whilst developing public-private dialogue. The increased multidimensionality and flexibility of our co-operation to tackle global, regional and national challenges makes our co-operation a true partnership for the 21st century.

Paulo Vizeu Pinheiro, Ambassador of Portugal to the OECD, Chair of the OECD External Relations Committee

“I am grateful for the support of the OECD and its member countries for our reform agenda and reiterate my country’s commitment to international co-operation and the adoption of the best global standards for improving our policies and our people’s lives.”

Petro Poroshenko, President of Ukraine

“Our collaboration with the OECD reflects the good influence and wide-ranging impact that the Organisation is having in Kazakhstan. In recent years, we have worked closely together to make Kazakhstan’s private sector more competitive and to improve the transparency and governance of our public institutions. The OECD has supported our efforts to attract more investment into our country and to improve access to markets beyond our borders. Importantly, too, the OECD has helped us expand the range of economic opportunity, public services, and social welfare, so that every citizen has a greater chance at a good life.”

Karim Massimov, Prime Minister of Kazakhstan, 2014-2016
Eurasia at a glance

Since the turn of the century, labour productivity and real incomes have more than doubled and more than 50 million people have been lifted out of poverty.

Afghanistan
- Population: 32,527,000
- GDP: 1,934
- Average Life Expectancy: 59.2 – 61.6

Kazakhstan
- Population: 17,506,000
- GDP: 25,933
- Average Life Expectancy: 67.1 – 75.9

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The OECD and Eurasia have a longstanding and mutually beneficial relationship that has steadily developed since the early 1990s.

**OECD Eurasia Week** is the annual OECD event to exchange on whole-of-government challenges in the region. Eurasia Week includes a ministerial level panel, several thematic sessions on pressing issues of relevance to the region and a business forum open to public and private sector representatives from OECD and Eurasia countries alike.

"OECD work in Eurasia supports the alignment of reform agendas of countries from the region to the Organisation’s globally recognised standards. By doing so, we facilitate mutually beneficial linkages between the region and the global community. The Eurasia countries benefit from establishing a common policy ground on economic issues with OECD members, and OECD members benefit from engaging in policy dialogue with the countries in this strategically placed and high-potential region."

**Andreas Schaal**, OECD Director of Global Relations

"The OECD’s Global Relations Strategy seeks to make the Organisation a more effective and inclusive global policy network. Our engagement with Central Asian, Eastern European and Southern Caucasus countries encompasses a growing range of policy areas and involves both regional-level initiatives and country-level support. We benefit greatly from the partner countries’ experiences and perspectives, which enriches the policy debate at the OECD. At the same time, these countries can tap into the wealth of OECD expertise to inform their policy reforms. We look forward to strengthening this mutually beneficial co-operation."

**Marcos Bonturi**, OECD Special Representative to the United Nations

"Enhancing SME Policies in Central Asia Policy Seminar: **Abdul Sattar Murad**, Minister of Economy of Afghanistan, **Shigeo Katsu**, President of Nazarbayev University, and **Saidrahmon Nazrizoda**, First Deputy Minister of Economic Development and Trade, Tajikistan."

OECD Eurasia Week High-level Policy Dialogue 2015: Enhancing Interconnectedness of the Eurasia Region. Left to right: Oleksandra Vakulina, Euronews; Dondogdorj Erdenebat, Minister for Industry of Mongolia; Abdul Sattar Murad, Minister of Economy of Afghanistan; István Mikola, Minister of State for Security Policy and International Cooperation, Ministry of Foreign Affairs and Trade of Hungary; Igor Slobodnik, State Secretary, Ministry of Foreign and European Affairs of Slovakia; Catherine L. Mann, OECD Chief Economist; Pierre Poret, Deputy Director, Directorate for Financial and Enterprise Affairs, OECD.
Building more competitive economies

In 2008, the OECD Eurasia Competitiveness Programme was created to help the region address its economic challenges. It assists the thirteen Eurasia countries in the design and implementation of policies to improve their business climate drawing on the expertise, experience and instruments of the OECD and its members.

The Programme has since established itself as a regional policy-network to:

- Enhance policy dialogue between OECD and Eurasia countries, as well as among countries of the region.
- Promote country-specific approaches to competitiveness reforms and peer reviews.
- Serve as a gateway to OECD expertise.

“The OECD Eurasia Competitiveness includes two Initiatives:

<table>
<thead>
<tr>
<th>Central Asia Initiative</th>
<th>Eastern Europe and South Caucasus Initiative</th>
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<td>Uzbekistan</td>
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“Georgia is determined to further strengthen its democratic institutions and economy and make it more competitive whilst continuing to integrate with the European internal market. Engagement with OECD peer review processes and participation in its Committees, along with adherence to OECD instruments, can help anchor our policy reforms and align them with international standards, bringing the experience and expertise of the OECD’s 35 member states to support Georgia in achieving goals in such crucial areas as public administration, SME development, environment and education.”

Giorgi Kvirikashvili, Prime Minister of Georgia

“As Co-chair of the Eastern Europe and South Caucasus Initiative, Sweden is strongly committed to supporting policy and governance reforms in Eurasia, given the important political and economic challenges the region faces. In Ukraine, Sweden has supported a number of OECD projects in such fields as anti-corruption, investment, competitiveness and energy efficiency. We see the benefit of sustained OECD engagement in building institutions and capacities, even in a turbulent political and economic environment. We will continue supporting OECD outreach in Eurasia, through project work, alignment to OECD standards and closer involvement with OECD bodies.”

Annika Markovic, Ambassador of Sweden to the OECD
“The European Union strongly supports OECD work with the partner countries of the OECD Eurasia Competitiveness Programme, as Chair of the OECD Eurasia Competitiveness Programme’s Advisory Board, Co-chair of the Central Asia Initiative, and as a major donor to OECD work on investment, competitiveness and governance in both of the Programme’s major pillars, the Central Asia Initiative and the Eastern Europe and South Caucasus Initiative. We recognise the contribution of the OECD to the region as a whole as well as to individual countries in order to better adapt policy advice and support to specific contexts, particularly at a time when a number of Eurasia countries are developing deeper partnerships with Europe.”

**Rupert Schlegelmilch**, Ambassador of the European Union to the OECD
Promoting peer review of competitiveness reforms

The OECD Eurasia Competitiveness Roundtable is a regional peer review mechanism to assess and monitor competitiveness reform implementation. Peer reviews offer an initial assessment and recommendations concerning a selected policy area. They are followed two to three years later by a review of progress in reform implementation.

<table>
<thead>
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<th>Country</th>
<th>Policy Area</th>
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<td>Kazakhstan</td>
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<td>2016</td>
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<td>Business support services for SMEs</td>
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<tr>
<td></td>
<td>Kyrgyzstan</td>
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<td></td>
<td>Moldova</td>
<td>Access to finance and business support services for SMEs</td>
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</tbody>
</table>
“The Eurasia Competitiveness Roundtable, which the Czech Republic has had the honour to chair since 2014, carries out peer reviews on competitiveness reforms each year to share knowledge and experiences across countries, as well as peer support for those engaged in reform implementation. The peer review meeting is an excellent opportunity to stimulate dialogue, learn from each other and, if required, to exert soft pressure for reform.”

Pavel Rozsypal, Ambassador of the Czech Republic to the OECD

<table>
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<th>2018</th>
<th>2019</th>
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SUSTAINABLE, BALANCED AND INCLUSIVE GROWTH
Promoting regional development and urbanisation

Substantial shifts in patterns of urbanisation and economic activity over the last quarter-century have presented Eurasia countries with both challenges and opportunities. The OECD helps Eurasia governments to promote inclusive and sustainable territorial development, supporting growth while addressing territorial disparities, particularly between cities and rural areas.

Ukraine and Kazakhstan have undergone OECD Territorial Reviews that have helped them manage decentralisation, strengthen local government capacities and improve municipal capacity building as well as co-ordination across levels of government, drawing in particular on the Recommendation of the OECD Council on Effective Public Investment Across Levels of Government. The Reviews offer policy tools to help governments promote balanced growth and facilitate the implementation of cross-sectoral policy strategies that meet the needs of large cities, as well as rural and peri-urban areas.

The Urban Policy Review of Kazakhstan conducted in 2016 provides a comprehensive assessment of urban development policies. The Review puts particular emphasis on the development of a network of cities to boost investment attractiveness and economic development and on better planning of, and investment in, urban housing, transport and public utilities.

www.oecd.org/gov/regional-policy
www.oecd.org/effective-public-investment-toolkit
International trade has been a key driver of Eurasia’s integration into global markets. The OECD helps Eurasia countries identify priorities for action in the areas of trade facilitation and the export of raw materials.

Eleven of the 13 Eurasia countries are covered by the OECD’s Trade Facilitation Indicators (TFIs), which help governments improve border procedures, reduce trade costs, boost trade flows, and ultimately reap greater benefits from international trade. OECD work on trade facilitation shows that implementing the WTO Trade Facilitation Agreement could reduce trade costs by an average of 15%.

Afghanistan, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Ukraine and Uzbekistan are also included in the OECD Inventory of Export Restrictions on Raw Materials. Export restrictions have contributed to large swings in prices and have become a source of friction and trade disputes. Systematic OECD work on these measures and their economic effects has underpinned, and helped to facilitate, policy dialogue among stakeholders affected by them.

www.oecd.org/trade
Agriculture typically accounts for a somewhat larger share of GDP in Eurasia than in most OECD economies – and a much larger share of employment. The OECD works with countries to improve agricultural policies and practices in an effort to boost the productivity and competitiveness of the sector, and guarantee higher incomes for rural populations.

The OECD and the Food and Agriculture Organization of the United Nations (FAO) annually publish a joint Agricultural Outlook, which examines the medium-term outlook for global agricultural commodity markets.

Kazakhstan and Ukraine are included in the OECD’s annual Agricultural Policy Monitoring and Evaluation report, which estimates support to agriculture and evaluates the related impacts.

In addition, Kyrgyzstan, Moldova and Ukraine are active members of the OECD Seed Schemes, which promote the use of agriculture seeds of consistently high quality. Certified seeds are produced – and officially controlled – according to common harmonised procedures in 58 participating countries.

www.agri-outlook.org
www.oecd.org/agriculture
Support for responsible business conduct is critical in building healthy business environments in Central Asia and the South Caucasus and bringing them closer to international standards.

Georgia and Kazakhstan were the first countries in Eurasia to undertake reviews of Responsible Business Conduct by multi-national enterprises (2014). The EU-Georgia Association Agreement includes a commitment to promote responsible business conduct through exchange of information and best practices, specifically mentioning the OECD Guidelines for Multinational Enterprises.

“Poland values the OECD’s efforts to bring together all the Eurasia countries, engaging them in peer review processes that facilitate policy learning and the dissemination of good practices. As Co-chair of the OECD Eastern Europe and South Caucasus Initiative, we welcome the close alignment between OECD work in the region and the priorities of the EU’s Eastern Partnership, as well as the OECD’s promotion of international standards and best practices in social, economic and environmental policy and governance.”

Aleksander Surdej, Ambassador of Poland to the OECD

“The Deep and Comprehensive Free Trade Area with the European Union offers opportunities for improved access to the EU single market but also poses competitive challenges for Georgia’s small and medium-sized enterprises. The OECD has been an important partner in the definition of Georgia’s SME Development Strategy, providing analytical support, facilitating public-private dialogue and providing access to international expertise and good practices. OECD recommendations have helped us to develop a sound policy reform roadmap for SME development, including better access to finance, internationalisation and innovation.”

Irma Kavtaradze, Deputy Minister of Economy and Sustainable Development, Georgia
The OECD helps Eurasia countries reconcile economic, social and environmental objectives to ensure that their development path is sustainable and that citizens’ lives improve.

Kazakhstan joined the OECD Development Centre in January 2015. The country is undertaking a Multi-Dimensional Country Review, an OECD tool that identifies binding development constraints and supports the design of policies and strategies which promote an integrated approach to development that addresses such issues as equity, environmental quality, and well-being, as well as economic growth.

Kazakhstan and Mongolia are both members of the OECD Policy Dialogue on Natural Resource-based Development (PDNR). The PDNR offers an intergovernmental platform for peer learning and knowledge sharing, where OECD and non-OECD countries, in consultation with extractive industries and civil societies, craft innovative and collaborative solutions for resource-based development.

www.oecd.org/dev
The Eurasia region faces particularly daunting environmental challenges, which are often the legacies of the communist past. Yet, partly for this reason, they also have significant green growth potential. The OECD has been helping the region develop better green growth instruments and measurement tools to secure a more sustainable future.

Recent initiatives include:

- Pilot projects to establish green growth indicators in Armenia, Azerbaijan, Kazakhstan, Moldova and Ukraine, based on the OECD Green Growth Indicators.
- Support for the adoption of new analytical tools, such as the System of Environmental Economic Accounting, that would permit governments to factor the costs of natural capital depletion into their decision making.

www.oecd.org/greengrowth

THE CARBON EFFICIENCY OF THE EURASIA ECONOMIES HAS BEEN RISING

Production-based CO$_2$ productivity, GDP per unit of energy-related CO$_2$ emissions

USD 2010 PPP/kilogram of CO$_2$ produced

Source: OECD data
The OECD maintains comprehensive databases of internationally comparable statistics to support its analytical and policy work. In addition, it develops and promotes international statistical standards, while co-ordinating statistical activities with other international organisations.

Eleven of the Eurasia countries participate in regular meetings organised jointly by the OECD and UNECE, in particular the Joint OECD–UNECE Seminar on Implementation of the System of Environmental Economic Accounting and The Group of Experts on National Accounts.

On July 2016, the OECD Council agreed to invite Kazakhstan to become a Participant in the Committee on Statistics and Statistical Policy (CSSP). OECD work in the country has deepened recently in the following areas:

- Development of national accounts and implementation of the 2008 System of National Accounts.
- Implementation of Green Growth and Sustainable Development Indicators.
- The OECD’s Better Life Initiative, which takes a multi-dimensional approach to well-being.

www.oecd.org/statistics/better-life-initiative.htm
Small and medium-sized enterprises (SMEs) face particularly tough policy barriers in many Eurasia countries. Yet they are also critical to growth, job creation and the diversification of economic activity. The OECD attaches great importance to helping the Eurasia countries identify and address regulatory and other obstacles to entrepreneurship and SME development and to engaging in knowledge sharing and peer learning with each other in the field of SME reforms.

Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine are included in the OECD SME Policy Index: Eastern Partner Countries 2016, a benchmarking tool to assess and monitor progress in SME policy implementation and convergence towards good practices. Georgia also participates in the OECD Scoreboard on SME Access to Finance, which remains a particularly important challenge for SMEs.

Kazakhstan is the focus of one of the OECD Studies on SMEs and Entrepreneurship, which covers a range of issues and policies, including the potential of FDI-SME linkages to support SME development. At the sub-national level, FDI-SME linkage strategies have been designed in three pilot regions, complemented by capacity building focused on making the most of FDI as a spur to SME and local development.

The OECD also organises capacity building seminars on SME policies in partner countries or at its training centre in Italy.

www.oecd.org/cfe/smes
www.oecd.org/cfe/leed/trentocentre.htm
www.oecd.org/globalrelations/supporting
smecompetitivenessintheeasternpartnercountries.htm
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Fostering competition is a key priority in Eurasia, not least because concentrated industrial structures and weak conditions for competition were among the legacies of the old system of central planning. The OECD supports a wide range of activities to advance competition law and policy reform in the region to stimulate productivity and innovation for the benefit of consumers.

The OECD-GVH Regional Centre for Competition in Budapest (RCC) is a joint initiative of the OECD and the Hungarian Competition Authority (GVH). It disseminates best practices in competition law and policy to 18 non-members, including Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova and Ukraine. The RCC also facilitates networking and international co-operation among the beneficiary countries.

Azerbaijan, Georgia, Kazakhstan, Moldova, Mongolia and Uzbekistan participate in the annual OECD Global Forum on Competition.

In 2015, the OECD undertook a Review of Competition Law and Policy in Kazakhstan, which was launched in Astana in May 2016. In 2016, Kazakhstan was invited to become a participant in the Competition Committee.

As part of the Ukraine Action Plan, the OECD is conducting a follow-up and monitoring review, taking as a baseline the competition work done by the OECD and other international partners in Ukraine.

www.oecdgvh.org/menu/about/about_rcc_folder
www.oecd.org/competition/globalforum
Investment policy reform and international investment co-operation are central to the OECD’s effort to help Eurasia countries integrate into the global economy.

Kazakhstan has applied for adherence to the OECD Declaration on International Investment and Multinational Enterprises. The OECD has undertaken a review of the country’s investment policies to assess its ability to meet the obligations under the Declaration, as well as progress made since an earlier Investment Policy Review undertaken in 2011.

In 2016, Ukraine was invited to adhere to the Declaration, following an examination of its investment policies by the Investment Committee in the context of the OECD Action Plan for Ukraine. The Investment Committee concluded that Ukraine was both willing and able to meet its obligations under the Declaration and related decisions and recommendations.

Kazakhstan, Kyrgyzstan, Mongolia and Ukraine were included in the calculation of the OECD FDI Regulatory Restrictiveness Index in 2015 to identify screenings and other discriminatory approval procedures which may limit inward FDI flows.

www.oecd.org/investment/fdiindex.htm

“Working with the OECD has helped us to prioritise our actions for the improvement of the policy framework and to make Ukraine a better place in which to live and invest. We are grateful for the opportunity to benefit from OECD expertise and align our policies with international best practices.”

Yuliya Kovaliv, First Deputy Minister for Economic Development and Trade of Ukraine
| 1234.664 | 22.346 | 10.356 | 23.456 | 11.222 |
| 421.563 | 88.456 | 45.345 | 23.652 | 732.243 |
| 232.345 | 66.232 | 89.111 | 67.632 | 732.243 |
| 424.222 | 31.532 | 111.439 | 61.323 | 732.243 |
| 3513.567 | 98.232 | 266.423 | 61.123 | 732.243 |
| 288.456 | 41.332 | 882.118 | 89.111 | 732.243 |
| 499.221 | 67.112 | 909.123 | 777.234 | 732.243 |
| 1349.234 | 772.18 | 412.341 | 945.324 | 945.324 |
| 343.567 | 53.682 | 777.234 | 945.324 | 945.324 |
| 342.246 | 87.322 | 12.321 | 67.112 | 945.324 |
| 31.532 | 89.322 | 99.223 | 945.324 | 945.324 |
| 662.232 | 12.321 | 97.234 | 87.124 | 945.324 |
| 354.234 | 39.332 | 223.564 | 97.234 | 893.465 |
| 636.111 | 43.129 | 338.541 | 99.322 | 893.465 |
| 78.673 | 99.333 | 99.333 | 99.333 | 893.465 |

PUBLIC GOVERNANCE

ACTIVE WITH EURASIA
The SIGMA Programme, a joint initiative of the OECD and the European Union which has been active for almost 25 years, works with Armenia, Azerbaijan, Georgia, Moldova and Ukraine to strengthen the foundations for improved public governance and build the capacities of the public sector.

To support the dialogue on public administration reform in countries neighbouring the EU, SIGMA has developed *The Principles of Public Administration: A Framework for ENP Countries*. The Principles were developed by SIGMA in close co-operation with the European Commission to define detailed requirements for a well-functioning public administration in each of the following core areas:

- strategic framework of public administration reform
- policy development and co-ordination
- public service and human resource management
- accountability
- service delivery
- public financial management, including external audit and public procurement

SIGMA works closely with centres of government, key co-ordinating ministries, state agencies, independent oversight bodies and parliaments on the design and implementation of governance reforms, providing recommendations for improving laws and administrative arrangements, policy papers and multi-country comparative studies, as well as opportunities to share good practice from a wide range of countries.

[www.sigmaweb.org](http://www.sigmaweb.org)
Improving tax transparency and compliance

The aim of the Base Erosion and Profit Shifting (BEPS) package is to close gaps in international tax rules that allow multinational enterprises to shift profits to low or no-tax jurisdictions.

Nine Eurasia countries have been involved in the OECD’s work on BEPS:

- Eurasia countries participated in the Committee on Fiscal Affairs (CFA) and its subsidiary bodies during the BEPS design process.

- The Eastern Europe and Central Asia Regional Meeting in October 2015 identified ways for Eurasia countries to engage in the implementation and monitoring of the measures adopted. The next regional meeting will take place in Lithuania in December 2016. Its objectives are to support Eurasia countries in implementing BEPS, to assist in capacity building as needed, and to enable them to contribute to input into the work of the Inclusive Framework at CFA and working party levels.

- All Eurasia countries have been invited to join the Inclusive Framework for monitoring and supporting the implementation of the BEPS Project. Georgia is a member of the Inclusive Framework Steering Committee.

Six Eurasia countries have joined the Ad Hoc Group on the Multilateral Instrument formed in November 2015 to enable countries to swiftly amend their tax treaties

www.oecd.org/ctp/beps
Eurasia countries are involved in a variety of ways in the OECD’s efforts to promote tax transparency and compliance.

- Armenia, Azerbaijan, Georgia, Kazakhstan, and Ukraine are among the 133 members of the Global Forum on Transparency and Exchange of Information for Tax Purposes, which is the premier international body for ensuring the implementation of the internationally agreed standards of transparency and exchange of information on tax.

- Georgia, Kazakhstan and Moldova participate in the Convention on Mutual Administrative Assistance in Tax Matters.

- All of the Eurasia countries are invited to Multilateral Tax Centres in Ankara, Budapest, Vienna or China, which together hold around 25 events per year on tax topics such as transfer pricing, international tax avoidance, tax treaties and tax administration.

- The OECD organised three tax workshops in Kazakhstan in 2016, on implementing BEPS, VAT/Sales Tax and exchange of information and Common Reporting Standards.

- Ukrainian officials have participated in trainings on tax and financial crimes held at the Tax Crime Academy in Ostia, Italy.

“Mongolia can greatly benefit from co-operation with the OECD in its search for economic diversification and resiliency. Current initiatives on anti-corruption, access to finance, as well as SME development are critical to achieving sustainable growth and promoting better employment and opportunities for all. Future collaboration with the OECD in a wide range of areas, such as taxation and corporate governance, can help Mongolia realise its economic potential and achieve its development goals, as well as increasing its integration with OECD and Central Asian countries.”

Tsevelmaa Bayarsaikhan, Chief of Staff of the President, President’s Office, Mongolia

www.oecd.org/tax/transparency
The OECD Anti-Corruption Network for Eastern Europe and Central Asia provides a regional forum for 25 countries in the region from Estonia to Mongolia to prevent and combat corruption through peer reviews and peer learning.

Key activities include:

- The Istanbul Anti-Corruption Action Plan, under which peer reviews of the implementation of anti-corruption recommendations are conducted for Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Ukraine and Uzbekistan.

- A series of thematic training seminars on corruption prevention in the public sector and on business integrity.

- The Anti-Corruption Law Enforcement Network, which provides a framework for investigators and prosecutors to learn about modern investigative techniques, improve their capacity to deal with corruption cases, and strengthen enforcement of anti-corruption legislation.

In Ukraine, a country-specific project is underway to strengthen the legal and institutional capacity to effectively detect, investigate and prosecute high-profile and complex corruption.
Afghanistan, Kazakhstan, Kyrgyzstan and Mongolia are also participants in the **ADB/OECD Anti-Corruption Initiative for Asia and the Pacific**, which provides a forum through which peers from the region meet regularly to discuss shared integrity challenges and ways to address them. The Initiative also runs a Law-Enforcement Network, similar to that of the ACN.

**OECD Integrity Scans** help governments assess their legal, administrative and economic frameworks regarding integrity and the fight against corruption. From 2015-2016 Kazakhstan became the first Eurasia country to conduct an Integrity Scan.

www.oecd.org/corruption/acn  
www.oecd.org/cleangovbiz  
www.oecd.org/site/adboecdanti-corruptioninitiative

### WIDE VARIATION AMONG EURASIA COUNTRIES WHEN IT COMES TO CRIMINALISING Bribery

**Criminalisation of elements of bribery offences**

<table>
<thead>
<tr>
<th></th>
<th>Giving</th>
<th>Receiving</th>
<th>Offer</th>
<th>Promise</th>
<th>Solicitation</th>
<th>Acceptance of offer or promise</th>
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Delivering better public services and regulation

The transformation of their economies since 1991 has required the Eurasia countries to create new institutions adapted to the needs of market economies and to overhaul the structures inherited from the old system. OECD work on public governance helps them find ways to improve the quality of regulation and the delivery of public goods and services to citizens and firms.

Each year, the OECD convenes a meeting of Senior Budget Officials from Central, Eastern and Southeastern Europe to discuss budgeting and public financial management issues across the region. Armenia, Belarus, Moldova, Tajikistan, Ukraine and Uzbekistan participated in the 2015 meeting.

In 2015, Kazakhstan undertook a functional review of the central administration that contributed to the design of important administrative reforms and supported the modernisation of the State apparatus, including its legal, policy and institutional framework.

In 2014 Kazakhstan also underwent a regulatory review to improve its regulatory framework and align it better to international standards, as well as to introduce policies, tools and institutions that could enhance regulatory quality while reducing administrative burdens and compliance costs.

www.oecd.org/gov/publicgovernancereviews.htm
www.oecd.org/gov/regulatory-policy
For more than 20 years, the OECD has provided the Secretariat of an inter-governmental Environmental Action Programme Task Force for Eastern Europe, the Caucasus and Central Asia (EECCA). Renamed in 2016 as the “GREEN” Action Programme, it supports the EECCA countries in integrating environmental considerations into reform processes and strengthening institutional and human capacities for environmental management.

As part of this work, the OECD has implemented country-specific and regional activities including:

- Promoting “smart” environmental regulations, instruments and regulatory frameworks, particularly environmental permitting systems, product-related taxes and extended producer responsibility schemes, in Moldova and Ukraine.

- Understanding the determinants of the environmental performance of low-risk installations, the vast majority of which are SMEs, in Armenia, Georgia, Moldova and Ukraine, and adapting regulatory requirements, information provision and financing for greening SMEs.

- Analysing country- or sector-specific approaches that can reduce the environmental and health impacts of the extractive sector, both during operations and after closure.

- Helping environmental inspectorates in EECCA countries to improve their performance, particularly with respect to the economic aspects of compliance promotion and non-compliance response.

www.oecd.org/greengrowth/greengrowthindicators.htm
www.oecd.org/env/outreach/eap-tf.htm
www.oecd.org/env/outreach/npd-water-ecca.htm
The OECD helps the Eurasia mobilise domestic finance to promote more efficient use of energy and other resources and to provide safe and affordable water, clean and reliable energy, sanitary waste disposal and clean transport.

OECD work has looked, in particular, at how policy barriers to green investment by the private sector could be removed, including:

- Assistance in reforming fossil fuel subsidies in Azerbaijan, Armenia, Belarus, Georgia, Moldova, Ukraine and Kazakhstan.

- Assessment of the experience of Georgia and Ukraine with environmental credit lines in commercial banks and the promotion of more sustainable and environmental lending and access to private finance for green investments.

- Identification of opportunities and obstacles in all Eurasia countries to access and scale-up international finance for investments in greenhouse gas emissions reduction in light of the goals of the Paris Agreement on Climate Change.

- Assistance to policy makers and experts in Kazakhstan, Moldova and Ukraine in preparing robust and realistic green public investment programmes that can contribute to achieving priority environmental and climate-related objectives.

www.oecd.org/env
Pressure on water resources in Eurasia countries is high due to increasing demands from agriculture, energy generation, industry and urban populations. Climate change is adding to the uncertainty about future water availability and reinforcing the need for more effective management of freshwater resources. Since 2002, the OECD has worked with a number of Eurasia countries to address these challenges in the framework of the EU Water Initiative.

The main working method has been to support National Policy Dialogues aimed at preparing realistic, agreed approaches to water sector reform.

Recent work includes:

- Developing legislation and national water strategies in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan and Ukraine.
- Reforming economic instruments for water management in Armenia and Kyrgyzstan.
- Strengthening governance of water supply and sanitation in Kazakhstan, Moldova and Ukraine.
- Analysing economic benefits of trans-boundary water co-operation between Azerbaijan and Georgia.

www.oecd.org/env/outreach/partnership-eu-water-initiative-euwi.htm
Ensuring reliable and clean energy

The International Energy Agency (IEA) works with Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan in the areas of energy policy and statistics.

In 2015, the Agency published the *Energy Policies Beyond IEA Countries: Eastern Europe, Caucasus and Central Asia*, a compendium of energy policy peer reviews for these countries, covering issues such as energy security, energy markets, sustainable development and investment attractiveness, and offering policy recommendations for each country.

In July 2016, the IEA embarked on an EU-funded four-year EU4Energy Programme on enhancing energy data management and use in policy formation, as well as fostering energy policy fora on a range of topics related to energy security, sustainable development and markets, for improving evidence-based policy design.

www.iea.org

**EURASIA’S ENERGY INTENSITY: TRADITIONALLY HIGH BUT FALLING**

Energy intensity (TPES/GDP)

Toe/thousand of 2005 USD PPP

![Energy Intensity Graph](chart)

Source: IEA data
The International Transport Forum (ITF) at the OECD is an intergovernmental organisation with 57 member countries that focuses on helping governments improve the design and implementation of policies governing all modes of transport. Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine are all members of the ITF.

The ministerial panel at the 2015 ITF annual summit discussed the role of new routes and technologies to improve surface transport for crossing continents. This debate focused on Eurasia connections and concluded that, in order to improve transport and logistics in Eurasia, greater effort should be devoted not only to reducing physical barriers and infrastructure gaps between countries with poor transport infrastructure but also to removing barriers created by the absence of harmonised legislation or inefficient customs procedures.

Since then, the ITF has devoted increasing attention to these challenges, offering analysis of the main barriers and recommendations on how to tackle them in such contexts as the Asia-Europe Meetings (ASEM) on transport and logistics networks in Eurasia in 2015 and 2016.

www.itf-oecd.org
EMPLOYMENT AND SOCIAL DEVELOPMENT
Seeking best practices of social and health policies

The OECD’s work on social policy covers a wide range of issues and continuously seeks new best policy practices to adapt to changing socio-economic and demographic conditions.

Afghanistan, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Turkmenistan and Uzbekistan are covered by the OECD Society at a Glance: Asia/Pacific 2014, which offers an overview of issues such as demography and family characteristics, employment and unemployment, poverty and inequality. The 2014 edition includes a chapter on social protection in the region, produced in co-operation with the International Labour Organisation and the Asian Development Bank. Azerbaijan’s social protection system is further investigated in the 2016 OECD report, A Decade of Social Policy Developments. Kyrgyzstan is one of ten countries participating in the EU Social Protection System project, which assesses the current system and future needs, while also building government capacities.

The 2016 OECD review of labour policies in Kazakhstan focuses on promoting access to labour markets for youth, older workers and the protection of vulnerable groups. It supports the government’s preparations to revise the labour code and rationalise its benefit system.

www.oecd.org/employment
The OECD also works with member and non-member countries to increase both the efficiency and the effectiveness of their health systems, as well as on better tools for monitoring health system performance.

Kazakhstan’s *Health System Review* (forthcoming 2017) focuses on hospital and primary care. A review of health care national accounts was also prepared in parallel.

In Afghanistan and Mongolia, most OECD support has been extended through the Korea Policy Centre in Seoul, which organises regional knowledge sharing activities to promote the use of health expenditure data and foster quality improvement programmes. These are jointly carried out with the World Health Organisation.

Mongolia is covered by the joint OECD-WHO publication *Health at a Glance: Asia/Pacific*.

[www.oecd.org/els/health-systems](http://www.oecd.org/els/health-systems)
Improving education systems and learning outcomes

Eurasia is emerging as an attractive destination for investment and trade, but achieving dynamic and sustainable growth in the region will depend on the skills of the workforce and the quality of underlying education systems. The OECD supports Eurasia countries in setting measurable goals for improving education systems and enhancing learning outcomes for students.

Georgia, Moldova, Kazakhstan and Kyrgyzstan currently participate in the Programme for International Student Assessment (PISA), which studies the extent to which 15-year-olds have acquired the key knowledge and skills for participation in modern societies. Azerbaijan (Baku City), Belarus and Ukraine will join PISA 2018.

The OECD also offers targeted support to current or future PISA participants in order to make better use of PISA participation. In Ukraine, the OECD has analysed the country’s capacity in the area of standardised assessment.

In 2018, Kazakhstan and Georgia will participate in the Teaching and Learning International Survey (TALIS), which examines the working conditions and attitudes of teachers and school leaders to inform policies for better teaching.

The OECD has conducted country-specific reviews in Kazakhstan, Kyrgyzstan and Ukraine on issues such as higher education, vocational education and training, school resources, early childhood education and integrity.

www.oecd.org/edu
www.oecd.org/pisa
www.oecd.org/edu/school/talis.htm
Improving youth inclusion

Young people are increasingly exposed to a number of vulnerabilities and threats, such as limited access to decent employment, education, health services and civic participation. The OECD works with partner countries to close the gap in youth well-being.

Moldova is one of ten countries participating in the EU-OECD Development Centre Protection Youth Inclusion project, which pursues two objectives:

- Supporting national policy makers, youth organisations and other stakeholders in compiling and collecting data on youth which will nurture policy design and analysis.

- Facilitating national dialogue on youth inclusion in partner countries that will contribute to the design of evidence-based policies and approaches.

This process is accompanied by capacity building on policy design and impact evaluation.

www.oecd.org/development/inclusivesocietiesanddevelopment
Fostering dialogue on development co-operation

The OECD’s Development Assistance Committee (DAC) is a unique international forum where bilateral providers of development co-operation and multilateral agencies work together to improve the quantity and quality of development assistance.

The DAC has been expanding its engagement with Azerbaijan and Kazakhstan, two providers of development co-operation that are keen to learn from the experience of DAC members. Both countries have been rapidly developing their official development assistance (ODA) institutions and activities, on both bilateral and multilateral (mainly via the UN) bases.

Azerbaijan has provided ODA to over 30 countries since 2011, when it established the Azerbaijan International Development Agency (AIDA).

Kazakhstan became a DAC Invitee in 2015 and started reporting its development finance statistics to the OECD the same year. In addition, Kazakhstan has participated in the meetings of several DAC Subsidiary Bodies.

www.oecd.org/dac

Since 2012, AIDA and the Islamic Development Bank have co-sponsored the “Alliance to fight avoidable blindness” campaign in Africa. Under the initiative of AIDA, Azerbaijani ophthalmologists have successfully carried out more than 10,000 free cataract operations in Benin, Burkina Faso, Chad (pictured), Cameroon, Djibouti, Guinea, Mali, Libya and Niger.
Managing international migration

In recent years, personal remittances have exceeded 10% of GDP in five of the 13 Eurasia countries; migration has had a substantial impact on receiving countries, too. The OECD works to help Eurasia countries to better understand migration trends and their economic impact and to improve policies towards migrants, particularly in the major sending countries.

In Armenia and Georgia, the OECD Development Centre is working to enhance government capacity to incorporate migration into the design and implementation of the countries’ development strategies. In particular, the Centre helps collect primary data through household and community surveys, and provides support through capacity building activities and cross-country comparisons.

In Kyrgyzstan, the Centre focuses on providing reliable evidence on the economic impact of labour migration on Kyrgyzstan’s economy, as country of destination, in co-operation with the International Labour Organisation (ILO).

In Moldova, the Centre is operationalising a dashboard of indicators for measuring policy and institutional coherence for migration and development in co-operation with the United Nations Development Programme (UNDP).

www.oecd.org/development
INDUSTRY AND INNOVATION
OECD Innovation Policy Reviews provide comprehensive assessments of national innovation systems, based on internationally comparable indicators. They provide policy recommendations based on the experiences of OECD countries and leading emerging economies that can help countries better integrate into global knowledge networks and further diversify their economies.

Kazakhstan is undergoing an Innovation Policy Review, as well as a review of its Intellectual Property System, which should help the government determine where and how improvements to its national innovation system can be made. The reviews support the government’s efforts to diversify the economy and reduce its vulnerability to commodity-price fluctuations in the world market.

www.oecd.org/innovation

Working towards more open markets for steel

Steel is one of the most widely produced industrial products in the world, and the sector depends heavily on a range of raw materials for its production. Several Eurasia countries have significant steel sectors, including Kazakhstan and Ukraine.

The OECD Steel Committee provides a unique forum for governments to come together to address the evolving challenges facing the steel industry and identify political solutions to encourage open and transparent markets for steel.

As an Associate in the OECD Steel Committee, Ukraine works closely with other members of the Committee to address the current crisis facing the world’s steel industry, characterised by excess capacity and growing trade frictions, to improve productivity and the competitiveness of the industry, and to tackle issues related to energy efficiency and the environmental performance of the sector.

Kazakhstan deposited a request for Associate status in the OECD Steel Committee on 5 May 2016.

www.oecd.org/sti/steel
ADHERENCE TO OECD INSTRUMENTS

The Organisation’s governing body, Council, has the power to adopt Decisions and Recommendations, usually referred to as “the OECD Acts”. These Acts are the result of the substantive work carried out in the Organisation’s committees. They are based on in-depth analysis and reporting undertaken within the Secretariat and cover a wide range of topics from anti-corruption to environmental policy. Some of them, such as the OECD Codes of Liberalisation, date back to the establishment of the Organisation.

OECD Acts are open to non-Members’ adherence. In certain cases, this requires a prior examination of their policies in the relevant field.

The OECD Acts are:

- **Decisions**, which are legally binding on Members and non-Members that have adhered to them (Adherents). While they are not international treaties, they do entail the same kind of legal obligations as those subscribed to under international treaties. Adherents are obliged to implement Decisions and must take the measures necessary for such implementation.

- **Recommendations**, which are not legally binding, but practice accords them great moral force as representing the political will of Adherents, and there is an expectation that Adherents will do their utmost to fully implement them.

Other legal instruments are also developed within the framework of the Organisation:

- **Declarations** are solemn texts setting out relatively precise policy commitments to which governments subscribe. They are not formal Acts of the Organisation and are not intended to be legally binding.

- **Arrangements and Understandings** are negotiated and adopted in the framework of the Organisation by some Members and/or non-Members. They are not Acts of the Organisation and are not legally binding.

- **International Agreements** may be concluded in the framework of the Organisation and are legally binding on the Parties, which may include Members and non-Members.

PARTICIPATION IN OECD BODIES

**Decisions**

- Decision of the Council Revising the OECD Schemes for the Varietal Certification: Kyrgyzstan, Moldova, Ukraine

**Recommendations**

- Recommendation of the Council on Digital Government Strategies: Kazakhstan

- Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship: Kazakhstan

- Recommendation of the Council Concerning Guidelines for Quality Provision in Cross-Border Higher Education: Kazakhstan

- Recommendation of the Council Concerning Guidelines on Earthquake Safety in Schools: Kazakhstan

**Declarations**

- Paris Declaration on Aid Effectiveness: Afghanistan, Armenia, Belarus, Georgia, Kyrgyzstan, Moldova, Mongolia, Tajikistan, Ukraine

- Istanbul Ministerial Declaration on Fostering the Growth of Innovative and internationally Competitive SME: Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Ukraine, Uzbekistan

- Daejeon Declaration on Science, Technology and Innovation Policies for Global and Digital Age: Kazakhstan

- Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance: Kazakhstan

- Declaration on International Investment and Multinational Enterprises: Ukraine
PARTICIPATION IN OECD COMMITTEES AND WORKING PARTIES

- **Steel Committee**: *Ukraine* (Associate)
- **Committee for Industry, Innovation and Entrepreneurship**: *Kazakhstan* (Participant)
- **CIIE WP on SMEs and Entrepreneurship**: *Ukraine* (Participant)
- **Competition Committee**: *Ukraine* (Participant)
- **Public Governance Committee** (all bodies): *Ukraine* (Participant)
- **Committee on Statistics and Statistical Policy**: *Kazakhstan* (Participant)
- **Competition Committee**: *Kazakhstan* (Participant)

**Associates** participate in OECD bodies, including projects or the development or revision of OECD legal instruments, for an open ended period, with the same rights and obligations as OECD members.

**Participants** participate in OECD Bodies for an open-ended period, except in discussions marked as confidential.

Eurasia countries also participate as **invitees** of many OECD bodies on a meeting-by-meeting basis.

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**PARTICIPATION IN OECD REGIONAL NETWORKS**

- **The Anti-Corruption Network for Eastern Europe and Central Asia** includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

- **The GREEN Action Programme in Eastern Europe, the Caucasus and Central Asia** includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

- **The OECD Eurasia Competitiveness Programme** includes Afghanistan, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

- **The SIGMA Programme** includes Armenia, Azerbaijan, Georgia, Moldova and Ukraine.

Member of:

- **OECD Development Centre and its Governing Board** (since 2015): *Kazakhstan*.

- **International Transport Forum and Joint OECD/ITF Transport Research Committee** (since 2011): Armenia, Azerbaijan, Belarus, Georgia, Moldova, Mongolia, Tajikistan, Turkmenistan, Ukraine.


DATA AND DIALOGUE

The OECD reaches out to stakeholders in the Eurasia countries through its support for public-private dialogue and active engagement in discussions between the government and non-state actors in the Eurasia countries, as well as its convening of such annual events as the OECD Eurasia Week, the OECD Eurasia Business Forum and the OECD Eurasia Competitiveness Roundtable. These platforms bring together ministers and senior officials from ministries, departments and state agencies from the region and from OECD countries, as well as development partners, private-sector representatives and other stakeholders, for both wide-ranging debates about broad reform challenges in the region and concrete, working-level discussions of specific reform proposals in individual countries. Their objective is to stimulate public-private dialogue concerning the policy areas covered by the OECD projects and more generally the overall economic reform agendas of the Eurasia countries. The OECD also participates actively in other regional platforms, such as the EU’s Eastern Partnership Platform 2 on “Economic integration and convergence with EU policies” and the EBRD’s Investment Climate and Governance Initiative.

www.tuac.org
www.biac.org
www.oecd.org/forum

NEWS AND PUBLICATIONS

Discover reports, data and analysis about the Eurasia alongside the world’s leading economies on OECD iLibrary, the global knowledge base – www.oecd-ilibrary.org

News and information about OECD work and events involving Eurasia are available at www.oecd.org/globalrelations/eurasia.htm
The OECD: A Global Policy Network

The Organisation for Economic Co-operation and Development (OECD) is an international organisation helping governments tackle the economic, social and governance challenges of a globalised economy. It provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

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