



ACTIVE WITH

# LATIN AMERICA AND THE CARIBBEAN



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## SUPPORTING STRUCTURAL REFORM EFFORTS IN LATIN AMERICA AND THE CARIBBEAN

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After two years of negative growth, the Latin American and Caribbean (LAC) region is expected to have a mild economic recovery in 2017. While this is positive news, it should not give room for complacency, particularly in a global context of increased protectionism, weak global growth, persistently low commodity prices and a rising trend in interest rates.

LAC must tap into internal sources of growth in order to sustain economic and social development. As such, structural reforms to raise productivity, advance social inclusion, and strengthen public sector capacity and governance are needed more than ever.

In June 2016, the OECD launched the LAC Regional Programme to support the region in these efforts. The Programme has quickly moved into implementation mode, by organising a Ministerial meeting in Chile, in December 2016, with Ministers of Economy from the region to develop a discussion on the tools needed to improve productivity. Similar high level meetings will be held on social inclusion issues this year in Paraguay and on governance issues in 2018 in Peru. This agenda is also supported by the Latin American Economic Outlook (LEO). In 2016, the LEO focused on Youth, Skills and Entrepreneurship, in line with the Ibero-American Summit of Cartagena. This year, the LEO will analyse institutional reforms in order to support the discussions of the EU-CELAC summit in San Salvador.

The Programme builds on the OECD's longstanding partnership and dialogue with the region, as well as with other international organisations that are active in LAC. It is also bolstered by the strong bilateral relationships formed with: our Members, Chile and Mexico; accession candidates, Colombia<sup>12</sup> and Costa Rica; a Key Partner, Brazil; Peru, which we are supporting through a country programme; Argentina, which has recently strengthened its co-operation via a new Action Plan; as well as through the OECD Development Centre, which now has a total of 11 members from the LAC region.

The content of this brochure is a testament to the broad scope and intensity of our work, which we look forward to strengthening further with all governments and stakeholders in the region.

ANGEL GURRÍA, *OECD Secretary-General*

# Contents

<b>THE OECD AND LATIN AMERICA AND THE CARIBBEAN</b>	2	<b>IMPROVING TAX REVENUE COLLECTION AND EXPENDITURE EFFICIENCY</b>	53
Snapshot: The LAC region within the global economy	4	Improving revenue collection and fiscal management	54
Latin America and the Caribbean today: slower growth exposing the need for further structural reforms	6	Enhancing tax transparency and compliance	55
Supporting the region's reform agenda: The OECD LAC Regional Programme	8	Efficient public procurement and budgeting	56
Working hand in hand with regional partners	14	<b>PROMOTING INTEGRITY, TRANSPARENCY AND ACCOUNTABILITY</b>	58
Engaging with LAC countries	16	Enhancing integrity and combatting corruption	59
Identifying policy drivers for sustainable and inclusive economic growth	20	Fostering open government	60
<b>IMPROVING EDUCATION AND DEVELOPING SKILLS</b>	21	<b>ENHANCING PUBLIC GOVERNANCE AND DEVELOPING REGIONS, CITIES AND RURAL AREAS</b>	62
Fostering skills and employability through education and training	22	Improving public governance	63
Improving financial literacy	25	Regional development and multi-level governance	64
<b>PROMOTING PRODUCTIVITY, INNOVATION AND EMBRACING THE DIGITAL ECONOMY</b>	26	Improving water governance	66
Boosting productivity	27	<b>EFFECTIVE REGULATION FOR IMPROVED ECONOMIC AND GOVERNANCE OUTCOMES</b>	68
Embracing the digital economy and fostering innovation	29	Fostering sound competition	69
<b>FOSTERING INVESTMENT, GREATER INTEGRATION IN GVCS AND SME DEVELOPMENT</b>	31	Ensuring regulatory efficiency	71
Enhancing the investment environment	32	Raising the bar on corporate governance of private and state-owned enterprises	72
Promoting trade and integration in global value chains	34	<b>ENVIRONMENT AND SUSTAINABILITY</b>	73
Supporting SME development and entrepreneurship	35	Promoting green growth	74
Meeting infrastructure and transport needs	37	Towards a cleaner and healthier environment	76
Increasing agricultural productivity and food security	39	Combating climate change, including through effective development co-operation	78
<b>WOMEN, YOUTH AND MIGRANTS</b>	41	Strengthening chemical and biological safety	79
Creating more and better-quality jobs	42	Ensuring reliable and clean energy	80
Tackling gender inequality	45	<b>ANNEXES</b>	81
Better understanding and harnessing migration flows	47	Participation in OECD Bodies	81
<b>TACKLING INFORMALITY, IMPROVING SOCIAL PROTECTION AND HEALTHCARE</b>	49	Adherence to OECD legal instruments	82
Improving social protection, well-being and healthcare	50	Country Participation in OECD LAC Networks	83
Tackling inequality and informality	52	Sources and disclaimers	83
		Dialogue and data	84



# THE OECD AND LATIN AMERICA AND THE CARIBBEAN

The OECD and the Latin America and the Caribbean (LAC) region have a growing and dynamic relationship. In January 2016, OECD members decided to strengthen co-operation with the region through the creation of an OECD LAC Regional Programme, launched on 1 June 2016 at the OECD's Ministerial Council Meeting, with Chile and Peru selected as the Programme's co-chairs for 2016-2018.

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◆ **Michelle Bachelet**, then-President of Chile, and then-President of Peru, **Ollanta Humala**, along with OECD Secretary-General **Angel Gurría** (seated centre) jointly launched the OECD LAC Regional Programme during the 2016 OECD Ministerial Council Meeting. Overall, 20 countries from the region were represented at the launch, including ministerial-level representation from Argentina, Brazil, Colombia, Costa Rica, the Dominican Republic, Panama, Paraguay, Peru and Uruguay, as well as the heads of CAF, ECLAC, the IDB, SEGIB, and SIECA.



*“The challenges that Latin America faces are enormous in magnitude and complexity. We are the most unequal region with a poverty rate of 28%, in which a high degree of precariousness and informality persists. It is imperative to seek ways to boost sustainable growth for the region, diversify our economies and increase our productivity. The OECD Regional Programme for Latin America and the Caribbean is an important step in this direction. Its basis of trust and co-operation will promote political and technical dialogue at the highest level to move towards a more prosperous, more democratic and more inclusive future for all our countries.”* – **Michelle Bachelet**, former President of Chile



*“Peru has been an example of a free and stable economy that strives to provide equal opportunities, through sound management of public policies, as well as by harnessing the opportunities offered by international and regional cooperation and integration. Adopting OECD standards in fields such as integrity, anticorruption measures, fiscal transparency and public governance, has allowed us to maintain dynamic and sustained development. Our continuous efforts to become a full member of the OECD is a national policy that has been maintained during successive governments and enjoys widespread public support. It is widely recognized that the OECD has contributed to the bolstering of more transparent and citizen-oriented economies in the region.”* – **Martín Vizcarra**, President of Peru

# Snapshot: The LAC region within the global economy

With a combined gross domestic product (GDP) of USD 5.3 trillion<sup>1</sup>, Latin America and the Caribbean (LAC) is a region of growing importance to the world economy. It spans a market of 632 million people<sup>2</sup> and, in 2015, attracted over USD 179 billion in foreign direct investment – approximately 10% of global flows.<sup>3</sup>

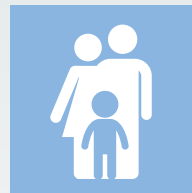
## LAC region, as compared to top world economies<sup>5</sup>

1. EU
2. USA
3. China
- 4. LAC**
5. India
6. Japan



### Diverse regional economies

- GNI per capita rates show most of LAC are upper-middle-income economies.<sup>4</sup>
- Three G20 countries: Argentina, Brazil and Mexico.
- Some high-income economies: Chile and Uruguay.
- Some low-income economies: Haiti.



### An emerging, vibrant middle class

Since 2002:<sup>6</sup>

- 57 million Latin Americans have moved out of poverty.
- 29 million are no longer indigent.

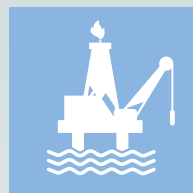
However...

- 168 million remain below the poverty line.
- 70 million are living in extreme poverty.



## Expanding trade

- As a percentage of GDP, foreign trade has increased since 1990 from 33.1% to 43.4% in 2015.<sup>8</sup>
- Beyond further expanding trade agreements with countries outside of the region, harmonising the current web of intra-regional trade agreements is also a priority.



## Vast natural resources

Of the world's resources, LAC possesses:<sup>7</sup>

- 15% of oil reserves
- 1/4 of all arable land
- 1/3 of all fresh water
- Substantial mineral stocks
- A key issue is how to better share the benefits derived from natural resources across society.



## Need to diversify exports

- Regional exports are highly concentrated in commodities – for example, five products, all of them commodities, represented 75% of the value of regional shipments to China in 2013.<sup>9</sup>
- In LAC, high-technology exports totaled 11.53% of manufactured exports in 2015, as compared to 18.46% in high-income countries.<sup>10</sup>
- In LAC, exports of iron and ores totaled 11.5% of manufactured exports in 2015, as compared to 4.36% in high-income countries.<sup>11</sup>

Statistics were sourced from the World Bank, ECLAC, and OAS, in addition to OECD data. For specific citations, see the Annex, page 83.

# Latin America and the Caribbean today: slower growth exposing the need for further structural reforms

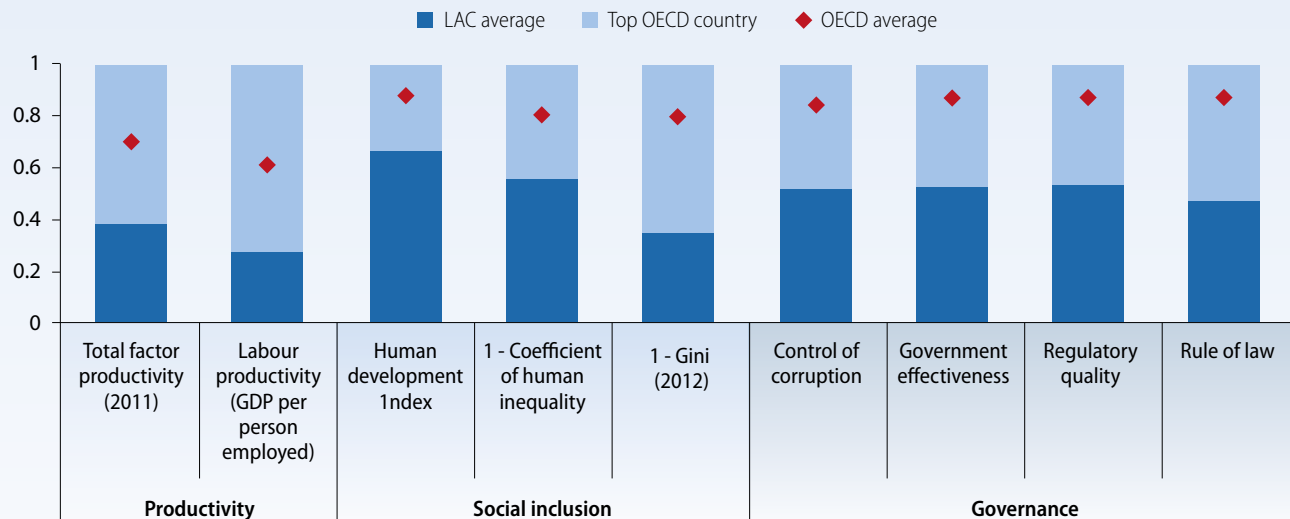
**Today's macroeconomic context is putting the region's past socio-economic progress to the test. More than ever, structural reforms to raise productivity, advance social inclusion, and strengthen public sector capacity and governance are needed to sustain economic and social development.**

The LAC region is facing a turning point. The first years of the 21st century saw great economic and social progress. Rapid expansion of international trade and strong demand for the region's commodities, along with greater macroeconomic discipline and innovative social policies, delivered robust

growth and lifted millions of households - more than 10% of the region's population - out of poverty.

However, triggered by lower commodity prices and slowing global growth, in 2014 the region grew less than the average of OECD countries for the first time in the past decade. 2015 and 2016 mark the first back-to-back years of recession in over three decades. Progress in poverty reduction has also stalled since 2010. The sustainability of the region's recent successes is thus being tested, underscoring the importance of structural reforms to underpin sustainable and inclusive growth.

**Gap of LAC vs OECD in key productivity, social inclusion and governance indicators**  
(2014, Top performing on each indicator =100%; least performing on each indicator =0%)



Source: OECD figure, based on data from the World Bank and IDB





Productivity, social inclusion and governance broadly encompass the region's inter-related challenges:

- **Productivity's** limited contribution to growth in LAC is key to understanding the region's low relative income. A typical LAC country could have increased income per capita by 54% since 1960 if its productivity had grown in line with that of the rest of the world.
- **Social inclusion** is and should continue to be an important public-policy objective in the region, which, despite important

advances, is still the most unequal region in the world. While the region's average Gini index score (a measure of the level of inequality in a society) has declined significantly, from 0.55 in 2001-03 to 0.48 in 2012-13, this decrease has stagnated in recent years.

- Significant **governance** challenges related to public sector capacity, establishment of anti-corruption mechanisms, and the rule of law remain. Efficient public service delivery is also a key area of concern, related to growing demand from the region's emerging middle class and civil society.



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# Supporting the region's reform agenda: The OECD LAC Regional Programme

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**Launched at the OECD's 2016 Ministerial Council Meeting by OECD Secretary-General Angel Gurría and then-President of Chile, Michelle Bachelet, the OECD LAC Regional Programme aims to support the LAC countries in advancing their reform agendas, responding to the region's growing awareness of the need for better policies and structural reforms to ensure higher rates of growth and sustain economic and social development.**

During its inaugural year, the Programme moved quickly into implementation mode, approving a Programmatic Document to guide its substantive work over 2016-2018, and successfully delivering its first high-level event. The Programme's co-chairmanship for 2016-2018 was assumed by Chile, as an OECD member country, and Peru, as a LAC partner country. The co-chairs preside over the Steering Group of the Programme, which



📍 The first regional meeting of the Programme took place on 13 October 2016 in Santiago, Chile at the headquarters of the United Nations' Economic Commission for Latin America and the Caribbean (ECLAC), bringing together representatives of 22 OECD and Latin American and the Caribbean countries as well as regional organisations, such as ECLAC, the IDB, CAF and the Ibero-American General Secretariat (SEGIB).



provides strategic guidance. The Steering Group is made up of both OECD member countries and a number of Latin American partners (Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Panama, Paraguay, Peru, and Uruguay) that have expressed their interest in taking on these governing responsibilities.

### THEMATIC PRIORITIES OF THE OECD LAC REGIONAL PROGRAMME



*“Within the transition of Latin America towards a state of integral development, collaboration with the OECD as a strategic partner is very important. We believe that the OECD LAC Regional Programme has proven to be an effective way to materialise this collaboration, which we hope will be deepened and focus on specific issues of interest and value to the region.”*

**Felipe Morandé**, Ambassador of Chile to the OECD



*“In the last decades, we have been adopting policies and implementing reforms based on a vision that is fully consistent with that of the OECD, and therefore in line with its values and policy recommendations. This is not only a policy of this government, but rather a state policy, which passes through different governments and is shared by all the political parties represented in the legislature. Peru’s approach to the OECD flows naturally from this process. In June 2016 the OECD LAC Regional Programme was launched under the co-presidency of Chile and Peru. The three pillars of the Programme - Governance, Productivity and Social Inclusion - are a most useful tool to face the challenge of achieving not only greater economic growth, but above all to set a path that leads to sustainable development. Peru, as co-chair of the Regional Programme, is fully committed to the promotion of OECD standards in the region.”*

**Alvaro De Soto**, Ambassador of Peru to France

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## Supporting the region's reform agenda: The OECD LAC Regional Programme

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Keeping productivity, social inclusion and governance as the main framework, the Programme will undertake a number of activities during its first 2016-2018 mandate:

### FLAGSHIP PUBLICATIONS AND HIGH LEVEL MEETINGS:

- A **Ministerial on Productivity** was held from 5-6 December 2016, hosted by Chile and co-organised with the IDB in collaboration with the OECD's Global Forum on Productivity. **High level meetings on social inclusion and governance** will take place in Asunción, Paraguay in 2017 and Lima, Peru in 2018, respectively.
- The publication **Boosting Productivity and Inclusive Growth in Latin America** was prepared for the 2016 high level meeting, featuring innovative research from the OECD and IDB on priority reforms for development.
- The annual flagship publication **Latin American Economic Outlook (LEO)**, already in its 10th edition, will continue to contribute its in-depth analysis of economic and social development in Latin America. The latest edition explores youth, skills and entrepreneurship.
- The annual **International Economic Forum on Latin America and the Caribbean**, co-organised with the IDB and French Ministry of Economy and Finance, will contribute to the Programme as a space for annual high-level policy debate.

[www.oecd.org/latin-america](http://www.oecd.org/latin-america)



SCAN TO READ  
THE REPORT



© **Michelle Bachelet**, then-President of Chile, opens the Regional Programme's first high-level event and substantive output, an "International Conference and Ministerial Meeting on Productivity and Inclusive Growth", held from 5-6 December 2016 in Santiago, Chile.



“The OECD Development Centre enjoys active policy debates with Latin American and Caribbean countries, which take place on an equal footing between OECD and non-OECD countries. Eleven countries of the region are members of the Centre. The Centre’s analyses are key to OECD work in the region. The Latin American Economic Outlook, the Revenue Statistics in Latin America and the Caribbean, as well as the Multi-Dimensional Country Reviews, are internationally recognised reports that demonstrate the Centre’s capacity to tackle both regional and country specific challenges for further inclusive development in the region.”

**Pierre Duquesne**, former Ambassador of France to the OECD and Chair of the OECD Development Centre’s Governing Board



“The Development Centre has been instrumental in strengthening the engagement between the OECD and the Latin American and Caribbean region. This enduring and successful partnership is built on in-depth analysis and active participation in policy dialogues. It benefits from our close co-operation with key regional institutions and our unique membership of eleven Latin American countries. As the Centre engages in a renewed dialogue with the region, we look forward to continuing the fruitful and reciprocal collaboration, most notably through the Latin American Economic Outlook and the International Economic Forum on Latin America and the Caribbean, which will be key to driving the LAC Programme forward in strategic and inclusive ways.”

**Mario Pezzini**, Director of the OECD Development Centre

d, Competencias y Emprendimiento.



SCAN TO READ  
THE REPORT



© Left to right: **Rebeca Grynspan**, Ibero-American Secretary General; **Alicia Bárcena**, Executive Secretary of ECLAC; **Juan Manuel Santos**, then-President of Colombia; **Pedro Pablo Kuczynski**, then-President of Peru; **Gabriela Ramos**, OECD Chief of Staff and Sherpa to the G20; and **Enrique García**, former Executive President of CAF, at the launch of the 2017 Latin American Economic Outlook (LEO) in October 2016.

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## Supporting the region's reform agenda: The OECD LAC Regional Programme

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*“The Programmatic Document approved by the OECD LAC Regional Programme Steering Group is a major breakthrough for the OECD’s relationship with the region. Going forward, this agreement will allow the Organisation to increase its impact and relevance within the region; provide high-level strategic orientations to OECD-LAC work, and foster the use of*

*OECD standards, while also bringing in views from the LAC region more systematically. Overall, this should ensure a coherent and consistent approach to our work with the region that leverages our collaboration with regional partners.”*

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

### **SUPPORTING POLICY REFORM IN SPECIFIC AREAS:**

The Programme supports policy reform in nine policy areas, with both OECD and LAC countries, in recognition that productivity, social inclusion and governance are multi-faceted challenges.

These activities are intended to bring and adapt the OECD working methods of production of comparable statistics, policy assessment, policy dialogue, and policy to the region.

- **OECD LAC Regional Policy Networks (RPNs)** will continue to bring and adapt the discussions of OECD Committees to the region. The engagement of LAC countries in these networks (see Annex page 83) has proven to be an effective means for the exchange of views and policy practices, leading to a marked increase in the participation of countries from the region in OECD committees and adherence to OECD instruments (see Annex pages 81-82).

### **POLICY AREAS OF THE OECD LAC REGIONAL PROGRAMME**

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1. Improving education and developing skills
2. Promoting productivity and innovation and embracing the digital economy
3. Fostering investment, greater integration in GVCs, and SME development
4. Empowerment of women and youth, migration
5. Tackling informality, improving social protection and healthcare
6. Improving tax revenue collection and expenditure efficiency
7. Promoting integrity, transparency and accountability and strengthening anti-corruption efforts
8. Enhancing public governance and developing regions, cities and rural areas
9. Effective regulation for improved economic, governance and environmental outcomes

Comparable statistics

Policy assessment

Policy dialogue

Policy advice



### SUB-REGIONAL ACTIVITIES:

- Recognising the heterogeneity of the region, the Programme is developing sub-regional initiatives, with an emphasis on **Central America** and the **Caribbean**, in order to better tailor its policy advice and support.
- The OECD is also continuing to support the work of the **Pacific Alliance**. During the 2016 XI Pacific Alliance Summit in Puerto Varas, Chile, the OECD presented the report **Gender Equality in the Pacific Alliance: Promoting Women's Economic Empowerment**. Going forward, the OECD will further engage with the Alliance i.a. through the development of an SME Policy Index.

### STATISTICS:

- While many LAC countries are already included in **OECD statistical datasets**, the Programme will seek to expand this coverage and make it more readily available. A **new OECD-LAC statistics portal** has already been developed to this aim.
- In addition, the OECD, in collaboration with ECLAC, launched the **How's Life in Latin America? Initiative** to develop well-being indicators for the LAC region, building on the **OECD Better Life Initiative**.



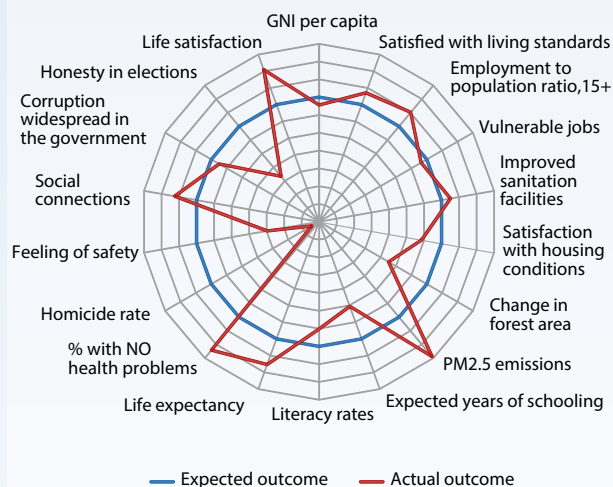
*We celebrate with deep enthusiasm the launch of the OECD Latin America and the Caribbean Regional Programme. We are convinced that this important initiative will contribute to closer ties between the OECD and the Latin American region and serve as a guide for the adoption and implementation of practices and policies that contribute to transform the region into*

*a more transparent, prosperous and inclusive society. Costa Rica is committed to working closely with the Organisation and serving as a platform for the successful implementation of this Programme in Central America and the Caribbean."*

**Luis Guillermo Solís**, former President of Costa Rica

### AN OVERVIEW OF WELL-BEING OUTCOMES IN LATIN AMERICA AND THE CARIBBEAN

The OECD's How's Life? framework emphasises the multi-dimensionality of well-being, and applying this framework to LAC countries can suggest areas of strength and weaknesses for people's well-being. The chart shows a selection of well-being indicators, comparing the actual average outcomes against what could be expected given the region's level of gross domestic product (GDP).



Note: Results have been normalised so that the higher the score, the better outcome, and are presented in units of standard deviation of the indicator. For a full explanation, see the *Latin American Economic Outlook 2017*.

Source: OECD/ECLAC/CAF (2016), *Latin American Economic Outlook 2017: Youth, Skills and Entrepreneurship*

## Working hand in hand with regional partners

**Close co-operation with leading regional organisations has been and continues to be a key feature of the OECD's work in the LAC region. The OECD LAC Regional Programme's Steering Group benefits from the participation of leading organisations based in the LAC region, which helps to facilitate synergies and joint projects.**

**The United Nations Economic Commission for Latin America and the Caribbean (ECLAC)**, one of the five regional commissions of the United Nations, has supported and contributed to the OECD's work with the region for many years. The OECD regularly partners with ECLAC to produce its flagship annual regional publication, the **Latin American Economic Outlook (LEO)**, as well as other regional and country studies. ECLAC also actively participates in several OECD LAC regional policy initiatives and networks, as well the OECD Policy Dialogue on Global Value Chains, Production Transformation and Development.

**The Inter-American Development Bank (IDB)** is a co-organiser of the International Economic Forum on LAC in Paris, and either co-organises or participates in the majority of OECD LAC regional policy networks and initiatives. In addition, the OECD and the IDB presented a joint OECD-IDB publication **Boosting Productivity and Inclusive Growth in Latin America** at the OECD LAC Regional Programme's December 2016 High Level Meeting on Productivity and Inclusive Growth in Santiago, Chile.

**The Development Bank of Latin America (CAF)** has partnered with the OECD since 2011 to produce the LEO. CAF is also a prominent partner and participant in OECD LAC regional policy networks, co-organising the meetings of the LAC Network on Corporate Governance of State-Owned Enterprises.

**The Organization of American States (OAS)** collaborates with the OECD in the framework of the LAC Anti-Corruption Programme and on the *International Migration in the Americas* report.

**The Ibero-American Secretariat (SEGIB)** organises the Ibero-American Summit, which has served as the venue for the presentation of the LEO since 2007. SEGIB, along with ECLAC and the OECD, jointly organise the Ibero-American Network on Fiscal Policy, which seeks to share statistics, reforms and good practice in the field of fiscal policies.

**The Regional Facility ("the Facility") for Development in Transition** is a European Union initiative designed jointly with the OECD, its Development Centre, and ECLAC, which was launched in May 2018. The Facility's main objective is to have a more impactful co-operation with the LAC region. Through tailored national and sub-national strategies, better measurements and scaled-up knowledge-sharing efforts, the Facility seeks to support countries – at different stages of development – in addressing specific development vulnerabilities and inequalities even as they become more prosperous.



⦿ The heads of the IDB (**President Luis Alberto Moreno**, pictured top left), SEGIB (Secretary-General **Rebeca Grynspan**, pictured top right), ECLAC (Executive Secretary **Alicia Bárcena**, pictured bottom left), and CAF (former Executive President **Enrique García**, pictured bottom right) speaking at a panel on Productivity, Inclusive Growth and Governance in Latin America at the 2016 OECD Forum on 1 June in Paris, France.





The Facility will co-finance tailored initiatives to offer new responses to changing development realities and challenges under four pillars:

- **Pillar I:** Supporting high-level regional strategic dialogue on key common challenges - the Latin American Economic Outlook (LEO)
- **Pillar II:** Supporting national policy reforms - country specific policy reviews and support to implementation of recommendations
- **Pillar III:** Supporting regional policy dialogue and exchange of best practices
- **Pillar IV:** Supporting pilot initiatives that will serve as concrete examples of the new type of co-operation between EU and Latin American countries under the logic of Development in Transition

On the occasion of its 1st Steering Committee held in July 2018, in Brussels, Belgium, the Facility approved a number of regional and country-specific projects, covering issues such as well-being indicators, fiscal policy and domestic resource mobilisation,

gender, and investment, as well as budgeting and infrastructure. Further Steering Committee meetings will be held regularly to monitor the implementation of existing projects, as well as design and select further initiatives.

The OECD also combines its efforts with other relevant partners to support the LAC region. It has established fruitful partnerships with other **European Commission** initiatives, such as the **Programme for Social Cohesion in Latin America (EUROSociAL+)**; international organisations like the **World Bank**, which supported the implementation and adoption of OECD standards through the **OECD Peru Country Programme**; as well as other regional organisations, including, for example, the **Latin American and Caribbean Economic System (SELA)**, which is partnering with the OECD to adapt its SME Policy Index methodology to the LAC region; and the **Inter-American Center of Tax Administrations (CIAT)**, which works with the OECD in compiling comparable tax revenue statistics between OECD and LAC countries.

The OECD looks forward to strengthening and expanding these partnerships through the LAC Regional Programme.



☞ (from left to right) **Hugo Sobral**, Deputy Managing Director of the Americas within the European External Action Service (EEAS); **Mario Pezzini**, Director of the OECD Development Centre and Special Advisor to the OECD Secretary-General on Development; **Jolita Butkeviciene**, DG-DEVCO's Regional Director for LAC; **Andreas Schaal**, Director of the OECD Global Relations Secretariat; and **Mario Cimoli**, Deputy Executive Secretary of UN-ECLAC, at the 1st Steering Committee of the EU Facility for Development in Transition in LAC.

# Engaging with LAC countries

**The OECD LAC Regional Programme aims to be an inclusive framework for all Latin American countries to engage with the OECD. The Programme will facilitate broader participation in OECD work and access to OECD expertise, building on the recent strengthening of many bilateral relationships.**

The OECD has never been closer to the LAC region: Chile and Mexico are OECD member countries, and Colombia<sup>12</sup> and Costa Rica are in the process of accession. The Organisation also has a co-operation programme in place with our Key Partner Brazil and is completing a two year country co-operation programme with Peru, and Argentina is stepping up its engagement via a tailored Action Plan. All of these countries, as well as the Dominican Republic, Panama, Paraguay and Uruguay, are members of the OECD Development Centre.

**Mexico** and **Chile** joined the Organisation as Members in 1994 and 2010, respectively. Their membership has served as a bridge between LAC and the Organisation, introducing the LAC context into OECD Committees' policy discussions and research agendas. In its capacity as an OECD member, Chile is serving as a co-chair of the **OECD LAC Regional Programme** for 2016-2018. OECD countries agreed on 25 May 2018 to invite Colombia as the 37th member of the Organisation. Former Colombian President Juan Manuel Santos and Secretary-General Gurría signed an Accession Agreement on 30 May during the 2018 OECD Ministerial Council Meeting in Paris.

The accession processes of **Colombia** and **Costa Rica** began in May 2013 and April 2015 respectively. In the context of the accession process, both countries are engaged in a comprehensive review of their policies, involving all ministries and agencies. The evaluation process allows OECD standards and good practices to be shared with the Colombian and Costa Rican authorities and serves as a catalyst for domestic reform.

## DIFFERENT FORMS OF COUNTRY ENGAGEMENT:

- **Member countries:** Chile and Mexico
- **Key Partner:** Brazil
- **Countries in the process of accession:** Colombia<sup>12</sup> and Costa Rica
- **Country programme:** Peru
- **Members of the Development Centre:** all of the above plus Argentina, Dominican Republic, Panama, Paraguay and Uruguay
- **Other forms of engagement:**
  - economic surveys, assessments and multi-dimensional country reviews
  - country policy reviews
  - participation in OECD bodies, global forums and policy dialogues and international surveys such as PISA
  - adherence to OECD instruments

**Brazil** is currently an active and valued Key Partner of the OECD. Along with China, India, Indonesia and South Africa, Brazil contributes to the work of OECD Committees and participates on an equal footing with OECD Members in a number of significant bodies and projects. Launched in November 2015, the **OECD-Brazil Programme of Work** aims to support Brazil in advancing its reform agenda and informing its public policies in areas of common interest.

**Peru** was amongst the first countries to engage with the OECD through an **OECD Country Programme**. Launched in December 2014, this Programme has been highly effective in supporting Peru's reform agenda. As an example, in December 2016, the government enacted 29 legislative decrees that implement



OECD Recommendations and other policy standards. These included reforms in areas such as environment, waste management, transparency and exchange of information in tax matters, regulatory policy, cross-border bribery, integrity and rural and urban development.

The Organisation is strongly supporting **Argentina** in its ambitious reform agenda. As a G20 country, together with Mexico and Brazil, Argentina benefits from the broad OECD-G20 agenda and participates in the development of standards for better global governance such as the **Base Erosion and Profit Shifting (BEPS) Project** and the **OECD-G20 Principles of Corporate Governance**. Argentina has recently taken further steps to strengthen its relationship with the OECD via a tailored 2016-2017 **Action Plan**, which will mobilise OECD support for Argentina's key reform priorities across 16 policy areas. The OECD is conducting a Multi-dimensional Economic Survey of Argentina during 2017, and welcomes its renewed active engagement in the 16 OECD bodies in which it participates (see *Annex, pages 81-82*).

Many other LAC countries engage with the OECD through regional activities and by participating in OECD bodies, global forums and international surveys such as the **Programme for International Student Assessment (PISA)** and **Survey for Adult Skills (PIAAC)**. Members of the Development Centre participate in its governing board and engage in policy dialogue with other developing countries.

As is evident throughout this brochure, OECD engagement with the LAC region has clear impact on policy implementation. At the country level, various examples of this impact exist, ranging from OECD work on skills triggering demand from Peru to inform their education reform process; OECD work on youth inclusion informing adjustments of government strategies in El Salvador; and OECD work on fiscal affairs, social protection, and innovation informing reforms in Colombia, Costa Rica, Panama and Peru.



President **Mauricio Macri** of Argentina and OECD Secretary-General **Angel Gurría** during the World Economic Forum 2016 in Davos, Switzerland.



*“The main purpose of the Government of Paraguay is to build a competitive country, implementing policies to strengthen human capital and generating the necessary infrastructure for development; reforming the public management to provide services of higher quality, with efficiency and under public-private partnership schemes. Likewise, our Government has connected social protection programmes with those of economic inclusion, in order to deepen the social transformations that favour development. We are convinced that OECD countries will become important partners for the consolidation of these transformations, which aim above all things towards the well-being of the Paraguayan people.”*

**Horacio Cartes**, former President of Paraguay

President **Horacio Cartes** of Paraguay delivers keynote remarks at the 8th edition of the International Economic Forum on Latin America and the Caribbean on 3 June 2016 in Paris, France. The Forum brought together more than 400 participants, including high-level representatives from governments, international organisations, the private sector, and civil society, to discuss the challenges of fostering inclusive productivity in the region and building new partnerships for sustainable development.



President **Tabaré Vázquez** of Uruguay and OECD Secretary-General **Angel Gurría** during an official visit to the OECD in October 2015.



Pedro Pablo Kuczynski, then-President of Peru, pictured alongside OECD Secretary-General **Angel Gurría** and Vice President of the World Bank for Latin America and the Caribbean, **Jorge Familiar**, during the 14 October 2016 OECD-Peru Forum, which discussed the key outcomes of the 2015-2016 OECD Country Programme with Peru.

# Identifying policy drivers for sustainable and inclusive economic growth

**The OECD offers a variety of tools to assist Latin America and the Caribbean in identifying policy drivers that can bring the double dividend of increasing productivity and reducing inequality.**

OECD economic and structural reform monitoring activities include various LAC partner countries, in addition to OECD Members.

The **OECD Economic Outlook**, released twice a year, analyses the major trends and forces that shape the short-term economic prospects of Member, Key Partner and selected non-member countries. It covers six Latin American countries (Argentina, Brazil, Chile, Colombia, Costa Rica and Mexico). Simultaneously, the **OECD Economic Outlook: Projections for Latin American countries** is issued in Spanish to accompany the Outlook. The **Going for Growth** publication provides a comparative overview of structural policy developments in forty countries, including the six Latin American countries mentioned above.

**OECD Economic Surveys** of Brazil, Chile, Colombia, Costa Rica and Mexico identify these countries' main economic challenges, analyse how to promote more socially inclusive development strategies, and propose reform options, drawing on international best practices. The OECD also monitors Argentina's economy as part of its engagement in the G20 and will produce a Multi-dimensional Economic Survey for the country during 2017.

**OECD Multi-dimensional Country Reviews (MDCRs)** help emerging economies to formulate development strategies and identify and support the policy reforms needed to achieve further sustainable and inclusive development. The second volumes of the **Review of Uruguay** and **Review of Peru** were released in March 2016 and October 2016, respectively. The first volumes of the MDCRs of Panama and Paraguay will be released during 2017.

[www.oecd.org/eco](http://www.oecd.org/eco)  
[www.oecd.org/dev/mdcr.htm](http://www.oecd.org/dev/mdcr.htm)





# IMPROVING EDUCATION AND DEVELOPING SKILLS

# Fostering skills and employability through education and training

**The OECD is working with LAC countries to improve education, training and skills systems to help drive economic growth, social inclusion and greater equality in the region. The OECD can provide valuable evidence-based information to help countries improve their education and training policies.**

In recent years, the LAC region has increased its participation in many areas of the OECD's work on education and skills:

- 11 LAC countries (Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Mexico, Panama, Peru, Trinidad and Tobago, and Uruguay) will take part in the **Programme for International Student Assessment (PISA)** 2018 assessment, which assesses the extent to which 15-year-olds in around 80 economies can apply skills and knowledge to real-life situations.
- Ecuador, Guatemala, Honduras and Paraguay are participating in **PISA for Development**, which enhances the relevance of the survey to the contexts of middle and low-income countries and provides opportunities for peer-to-peer learning.



Students participating in the PISA-D Field Trial at a school in Paraguay, October 2016.

- Argentina (Buenos Aires), Brazil, Chile, Colombia and Mexico will represent the region in the 2018 **Teaching and Learning International Survey (TALIS)**, which examines the working conditions and attitudes of teachers and school leaders to inform policies for better teaching.
- Chile, Ecuador, Mexico and Peru have joined the OECD's **Survey of Adult Skills (PIAAC)**. PIAAC assesses the proficiency of the adult population in the foundational skills of literacy, numeracy and problem solving.

Involvement in these OECD international surveys has 1) enabled countries in the region to build an evidence base for effective education, teaching and skills policies; 2) allowed governments to benchmark their progress against other countries; and 3) given LAC countries access to international networks where successful education policies and practices are shared.



*“These are exciting times for Korea and the LAC region. Despite the geographical distance, the bond that unites the two sides is as strong as ever. While four free trade agreements between Korea and nine LAC countries serve as the foundation for economic cooperation and co-prosperity, various initiatives are underway to strengthen the*

*political, social, and cultural ties between the LAC region and Korea. As a member of the Advisory Board to the OECD LAC Regional program, Korea welcomes the opportunity and looks forward to working together with its LAC partner countries by sharing its development experience in areas such as skills and digital economy. Through collaborative efforts, we look forward to concrete outcomes that will pave the way for a more prosperous, sustainable and inclusive LAC region.”*

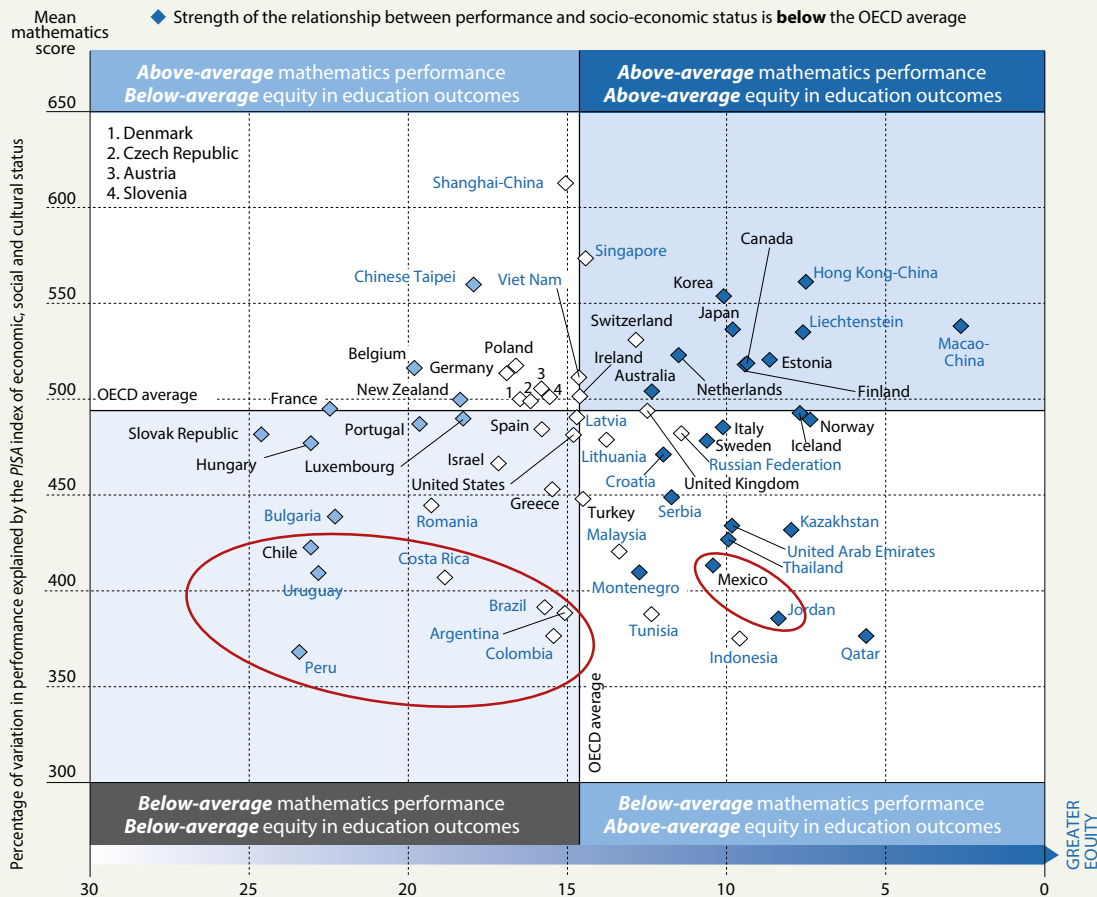
**Jong-Won Yoon**, Ambassador of Korea to the OECD





### Student performance and equity

- ◆ Strength of the relationship between performance and socio-economic status is **above** the OECD average
- ◇ Strength of the relationship between performance and socio-economic status is not statistically significantly different from the OECD average
- ◆ Strength of the relationship between performance and socio-economic status is **below** the OECD average



OECD analysis in *Skills in Ibero-America: Insights from PISA 2012* found that social, cultural and economic background explains the performance variations of students in the region to a large degree. In fact, the strength of the relationship between performance and students' socio-economic status is above the OECD average in all Ibero-American countries except Mexico (see figure above).

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## Fostering skills and employability through education and training

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The OECD also does more in-depth work with countries in the region in various ways:

- Chile, Colombia and Uruguay have undertaken system-wide reviews of national education policies or thematic reviews of their vocational education and training systems and school resources that are tailored to specific country contexts.
- Mexico and Peru have participated in the **OECD National Skills Strategy** project to better develop, activate, and use skills through a whole-of government approach.
- Cities in Brazil and Colombia are engaged in new OECD projects to identify and assess important non-cognitive competencies, such as socio-emotional skills and creativity.
- Chile and Mexico have joined the **Future of Education & Skills: The Education 2030 Framework** – a new initiative that helps countries design and develop curricula to meet the needs of the 21st century.

The OECD encourages the involvement of additional interested LAC countries within these projects and assessments to build stronger evidence bases for effective teaching, learning and skills.

Going forward, the OECD will publish an updated report, **Skills in Ibero-America**, which will draw from the latest PISA and PIAAC results. A previous version of this report (published in 2015 based on 2012 PISA data) provided an overview of the main skills challenges in the region, as well as a number of policy recommendations to enhance the quality and equity of the region's education systems. The **OECD LAC Regional Programme** is also fostering policy dialogue in the region to enhance peer learning on policy practices that can further improve learning outcomes and ensure that the labour market and societal skills needs are being met.

[www.oecd.org/education](http://www.oecd.org/education)  
[www.oecd.org/pisa](http://www.oecd.org/pisa)  
<http://skills.oecd.org>  
[www.oecd.org/edu/ceri](http://www.oecd.org/edu/ceri)



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# Improving financial literacy



**LAC governments recognise financial literacy as a key life skill and an essential component of poverty reduction and social inclusion policies. The OECD provides valuable evidence-based information to inform financial education and inclusion programmes in a wide range of LAC countries.**

Almost 40 institutions from 18 LAC countries are active members of the **OECD International Network for Financial Education (INFE)**. Building on this excellent existing co-operation, the OECD and the Securities and Exchange Commission of Brazil (CVM) launched in December 2016 the **OECD/CVM Centre on Financial Education and Literacy in Latin America and the Caribbean**, based in Rio de Janeiro. The creation of this Centre will continue to deepen LAC regional co-operation with the OECD on financial education through the

further development of data benchmarks, and indicators. It will also provide a framework for the review and monitoring of the implementation and evaluation of financial education policies and of related OECD/INFE standards and instruments in LAC, as well as inform dedicated policy analysis and research in areas of relevance to OECD/INFE members from the region.

Already through their engagement with the INFE, many LAC countries, including Argentina, Bolivia, Brazil, British Virgin Islands, Chile, Colombia, Ecuador, and Peru, have benefitted in particular from their use of the OECD/INFE instrument to measure adults' financial literacy. In addition, Brazil, Chile, Colombia, and Peru participate in the Financial Literacy Option of the **OECD Programme for International Student Assessment (PISA)**. Both of these methods of engagement allow for the collection and analysis of evidence to inform national strategies for financial education.

[www.oecd.org/daf/fin/financial-education/financial-education.htm](http://www.oecd.org/daf/fin/financial-education/financial-education.htm)

[www.oecd.org/pisa/keyfindings/PISA-2012-results-volume-vi.pdf](http://www.oecd.org/pisa/keyfindings/PISA-2012-results-volume-vi.pdf)



◆ **Diana Mejia**, Public Policy and Competitiveness Specialist at CAF, and **Flore-Anne Messy**, Head of the OECD Financial Affairs Division, discuss innovations in financial education and inclusion policies in LAC with representatives from Brazilian NGOs and the Development Bank of Peru at the official launch of the Centre.



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# PROMOTING PRODUCTIVITY, INNOVATION AND EMBRACING THE DIGITAL ECONOMY



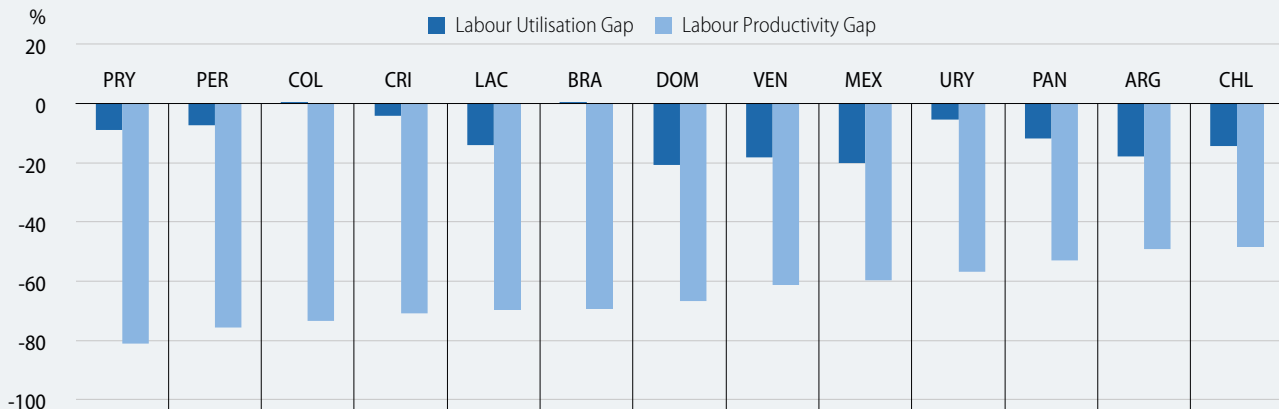
# Boosting productivity

**Low levels of productivity are the main reason behind the per-capita income differences between Latin American and OECD countries. The OECD has been a key player with respect to fostering a wider discussion of productivity issues and the kind of reforms that can boost productivity in the region, as well as providing concrete policy recommendations on how to move forward.**

Discussions of possible strategies to strengthen productivity growth are a regular feature of the biennial in-depth country surveys that are prepared for Argentina, Brazil, Chile, Colombia, Costa Rica and Mexico. The preparation of these reports includes outreach events to foster discussion about policy reforms that can boost productivity and inclusive growth – past events in the LAC region have been organised in São Paulo, Bogotá, Mexico City and Santiago de Chile. These reports and the regular visits



**Sources of income per capita differences vis-à-vis OECD economies, 2014**



Note: Compared to the simple average of the 17 OECD countries with the highest GDP per capita in 2014 at 2011 PPPs (in mil. 2011US\$). The sum of the percentage difference in labour resource utilisation and labour productivity does not add up exactly to the GDP per capita difference since the decomposition is multiplicative. Labour productivity is measured as GDP per employee. Labour resource utilisation is measured as employment as a share of population.

Source: Penn World Tables PWT 9.0, 2016.

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## Boosting productivity

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of OECD experts to the region are an effective tool that can help LAC policy makers to harness the benefits of experiences made in other countries, both in the region and beyond.

The **OECD Global Forum on Productivity** was launched in July 2015 to bring together OECD and partner countries to exchange views on productivity-enhancing policies and discuss good policy practices. With the support of the Global Forum, the OECD and IDB organised an **International Conference and Ministerial Meeting on Productivity and Inclusive Growth** in Santiago, Chile from 5-6 December 2016, and produced the publication **Boosting Productivity and Inclusive Growth in Latin America** to support the meeting's discussions. Participants in the Ministerial Meeting decided to create a **Latin American Roundtable on Productivity**, within

the OECD's Global Forum on Productivity and linked to the **LAC Regional Programme**, which will allow countries and experts to continue sharing good practices on productivity. The first meeting of this Roundtable will take place in Costa Rica during 2017.

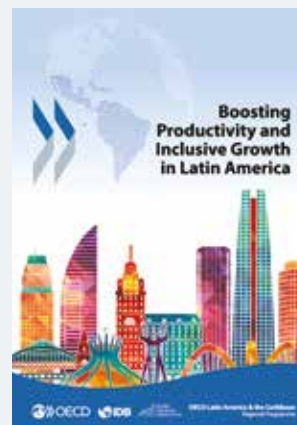
Looking ahead, in-depth economic surveys will be published in 2017 for Argentina, Brazil and Chile, along with outreach activities to convey the messages of these publications to a wide audience, including policy makers, civil society and universities.

[www.oecd.org/eco/surveys](http://www.oecd.org/eco/surveys)

[www.oecd.org/global-forum-productivity](http://www.oecd.org/global-forum-productivity)

[www.oecd.org/sti](http://www.oecd.org/sti)

[www.oecd.org/site/innovationstrategy](http://www.oecd.org/site/innovationstrategy)



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# Embracing the digital economy and fostering innovation

**The LAC region has seen substantial change in the past two decades regarding digital services, including increased internet usage and burgeoning mobile penetration. However, some 300 million people still have no access to the Internet, and important issues related to affordability, infrastructure, and demand remain. The OECD actively works with Latin American policy makers to provide concrete policy recommendations to overcome these barriers.**

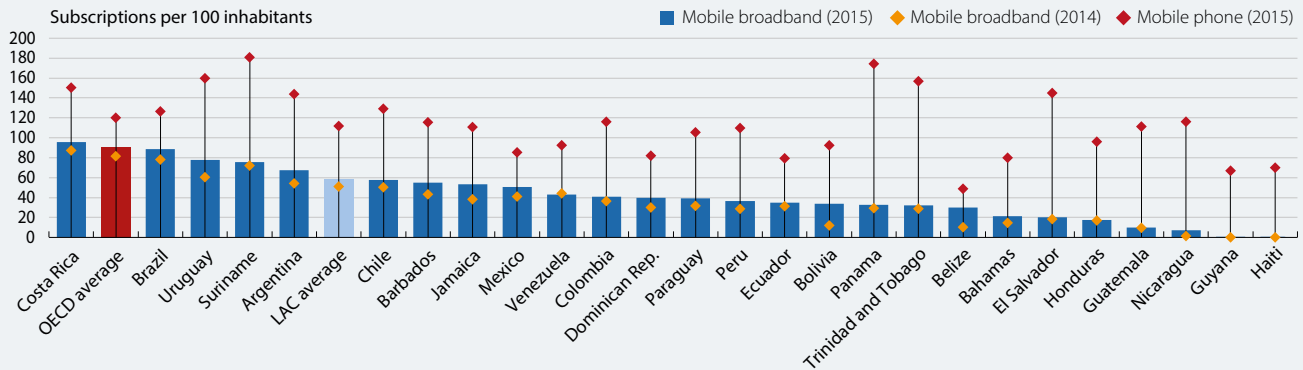
The OECD-IDB *Broadband Policies for Latin America and the Caribbean: A Digital Economy Toolkit* is a whole-of-government overview of the policies, regulatory practices and options that can maximise the potential of broadband as a driver of economic and social development. The Toolkit covers 26 LAC countries and draws together the extensive policy experience of the OECD on digital issues into a coherent and holistic framework, providing LAC policy-makers with a practical guide in this important policy domain. By providing concrete policy recommendations to overcome barriers to increased broadband access and use (see figure), the Toolkit aids policy-

making processes in the region and ultimately strengthens LAC economies as OECD partners in the digital era.

Digital economy challenges in the LAC region relate to supply-side issues as well as demand-side issues. For example, the Internet is providing consumers in the LAC region with exciting opportunities to purchase an expanding range of products at competitive prices. However, enhancing the benefits of e-commerce requires maintaining an environment in which consumers have trust. In 2016, the OECD revised its **Recommendation on Consumer Protection for Ecommerce**, which seeks to underpin the dynamic and innovative potential of ecommerce while addressing important consumer concerns.

Going forward, in the context of the **OECD LAC Regional Programme**, the OECD will continue to support the region to advance the Digital Agenda 2020, contributing to efforts led by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) through the OECD's status as an observer to ECLAC's [working group](#) on a regional digital market.

## Mobile broadband and telephone penetration in LAC (2015)



Sources: OECD for OECD countries; ITU (2016), ITU World Telecommunications/ICT Indicators Database for LAC countries.

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## Embracing the digital economy and fostering innovation

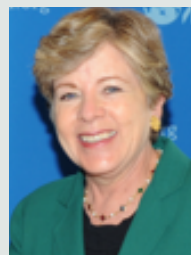
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Overall, a more integrated LAC digital market should lead to greater levels of innovation, productivity, growth and social inclusion in the region.

The OECD's work on innovation provides concrete policy recommendations for strengthening innovation in the LAC region as a tool for improving productivity and well-being. The OECD closely co-operated with national authorities in the LAC region for the collection of data and policy information to produce the OECD's **Science, Technology and Innovation Outlook 2016**, which monitors recent developments and aims to inform on global patterns in science, technology and innovation (country profiles are available for [Argentina](#), [Brazil](#), [Chile](#), [Colombia](#), [Costa Rica](#), [Mexico](#), and [Peru](#) from the LAC region). By benchmarking innovation inputs and outputs against peers, and providing advice on policies ranging from improving the quality of human capital to honing the governance of the innovation system and boosting knowledge transfer, the OECD's co-operation with the LAC region is helping build a more resilient global environment for science, technology and innovation.

Going forward, an Innovation Policy Review of Costa Rica will also be published in 2017. **OECD Innovation Policy Reviews** provide comprehensive analysis and policy recommendations based on country-specific contexts, while drawing on the accumulated experience of the OECD's innovation work.

[www.oecd.org/internet/broadband/lac-digital-toolkit](http://www.oecd.org/internet/broadband/lac-digital-toolkit)



*“Productivity growth in Latin America and the Caribbean (LAC), as in most parts of the global economy, is insufficient to drive the necessary improvements in real wages and income distribution. Under the new paradigm of the digital economy, the region faces specific challenges because it lacks firms that produce and disseminate the sort of new technologies that will be at the core of productivity and economic growth in the short and medium run. ECLAC sustains that LAC must establish the foundation and enabling conditions for an environmental big push to change its development pattern, and embrace new and future technologies, particularly robotics and artificial intelligence, to create competitive advantages. This calls for significant strides in industrial and technology policies, focused on investment and innovation, as well as strengthening regional integration efforts in a global context of low growth and uncertainties in global trade.”*

**Alicia Bárcena**, Executive Secretary of the Economic Commission for Latin America and the Caribbean



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# FOSTERING INVESTMENT, GREATER INTEGRATION IN GVCS AND SME DEVELOPMENT

# Enhancing the investment environment

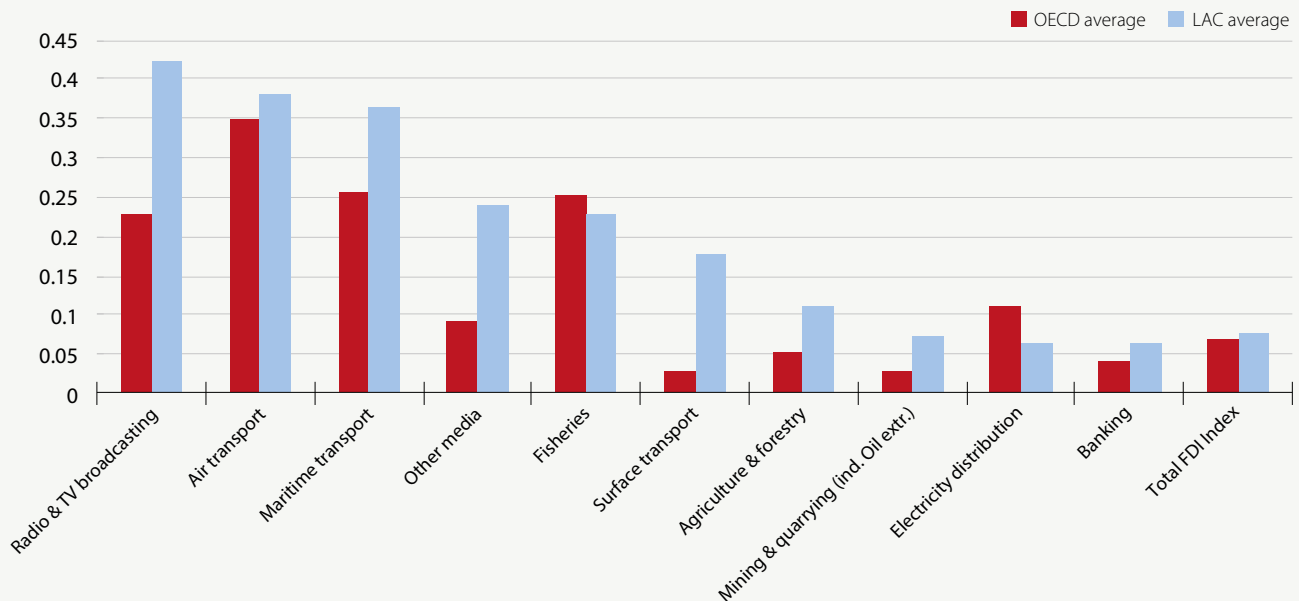
**In the aftermath of the commodity price slowdown, attraction and retention of investment remains a priority in the LAC region. In some cases, this means far-reaching reforms and opening of certain sectors of the economy to investment (see Figure). The OECD stands ready to share its technical knowledge and the experiences of other OECD countries to facilitate investment policy reforms.**

Thanks to its technical expertise in investment policy, in particular in the areas of investment policy reforms, foreign direct investment (FDI) statistics, international investment treaties, and responsible business conduct (RBC); many LAC countries are engaged with the OECD in this policy area.

Seven LAC countries are already Adherents to the **OECD Declaration on Investment and Guidelines for Multinational Enterprises** (Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru), and several others are already in the process of formal adherence. The OECD's convening power on investment policy issues and reforms, be it through its Investment Committee, the **Freedom of Investment Roundtable**, the **Global Forum on International Investment** or ad hoc events, allows for peer-to-peer exchanges and learning. All of this fosters a unique complementarity between the OECD and other development partners in the region.

**Top 10 most restrictive sectors across selected LAC countries (2015)**

1= most restrictive; 0= least restrictive



Source: OECD FDI Restrictiveness Index



The **OECD LAC Investment Initiative** has successfully re-launched within the framework of the OECD LAC Regional Programme, comprising analytical work streams, driven by the demand of its members, and a policy dialogue network. The Network brings together investment policy officials and experts from 10 LAC (Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Panama, Peru, Paraguay and Uruguay) and 4 OECD countries (Canada, Portugal, Spain and the United States). The Network meets multiple times per year back to back with the OECD Investment Committee, as well as through conferences and meetings in the region co-organised with other development partners, such as the IDB and ECLAC. The Initiative's analytical work in 2017 will focus on investment promotion and facilitation policies, helping different agencies operating in the region attract and retain investment more effectively.

[www.oecd.org/corporate/mne/latin-america-caribbean-investment-initiative.htm](http://www.oecd.org/corporate/mne/latin-america-caribbean-investment-initiative.htm)  
[www.oecd.org/investment](http://www.oecd.org/investment)



# Promoting trade and integration in global value chains



The OECD supports LAC countries as they seek to move up global value chains (GVCs) and enhance the contribution of international investment and trade to their growth agendas.

The OECD collaborates with countries in the LAC region on a range of trade-related issues:

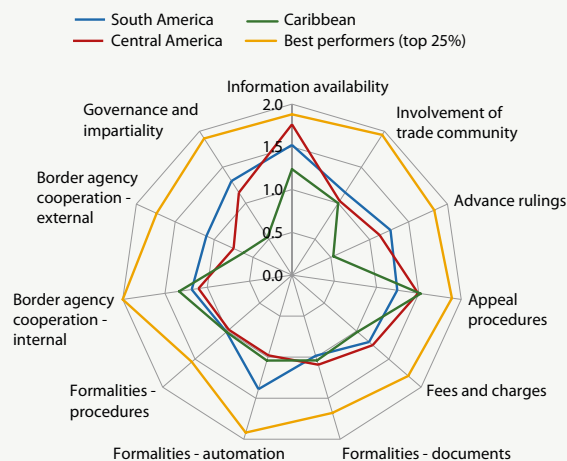
- The OECD's **trade facilitation indicators (TFIs)** cover the full spectrum of border procedures for more than 160 countries, including 28 countries in the LAC region, to help governments improve their border procedures, reduce trade costs, and boost trade flows.
- The OECD's **Services Trade Restrictiveness Index (STRI)** database covers 44 countries, including Brazil, Chile, Colombia and Mexico, in 22 services sectors. The data included in the STRI database was used for a specific country study *The Role of Services for Economic Performance in Brazil*.
- The **OECD-WTO Trade in Value Added (TiVA) database** currently covers 62 countries, including Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru.

Both OECD and LAC partner countries benefit from the inclusion of more LAC countries in OECD databases like the STRI, TFIs and TiVA, which enables benchmarking against a wide range of regions and countries, as well as the sharing of a diverse range of experiences. Going forward, the OECD will work to further expand the inclusion of LAC countries.

International production, trade, and investment are increasingly organised within GVCs. The 2016 OECD study on **Participation in GVCs in Latin America – Implications for Trade and Trade-related Policy** analyses the extent of the region's participation in GVCs, as well as certain key aspects of trade integration initiatives that can be used to improve GVC participation. The OECD **Initiative on Global Value Chains (GVCs), Production**

## Trade facilitation performance in LAC: OECD indicators (2015)

Latest available data, where 2 = best performance



**Transformation and Development** also provides a space for engagement with LAC countries on these issues. The Initiative, hosted by the OECD Development Centre, is a global platform for policy dialogue where OECD and non-OECD countries share knowledge on an equal footing on how to promote sustainable and inclusive production transformation. Eleven LAC countries regularly participate from the business and government side. The Mexican Ministry of Economy hosted the 7th Plenary Meeting of the Initiative in November 2016 and the Dominican Republic will host the 11th Plenary Meeting in 2018. A **Production Transformation Policy Review (PTPR)** of Chile will also be released in November 2017 – this is a new policy assessment and guidance tool, developed in the framework of the Initiative, to support economic transformation and diversification strategies.

[www.oecd.org/trade](http://www.oecd.org/trade)

[www.oecd.org/trade/facilitation](http://www.oecd.org/trade/facilitation)

[www.oecd/dev/global-value-chains.htm](http://www.oecd/dev/global-value-chains.htm)

<http://oe.cd/gvc>

<http://oe.cd/stri>

<http://oe.cd/tiva>

# Supporting SME development and entrepreneurship



**Small and medium-sized enterprises (SMEs) form an important part of the LAC regions' economy, accounting for approximately 99% of businesses and 67% of employment. However, their contribution to GDP in LAC is just 30%, compared to 60% in OECD economies, reflecting shortcomings in labour productivity. In addition, there is significant potential to strengthen intra-regional integration. SMEs have an important role to play in this respect, but remain in need of support measures that can help them access and compete in international markets.**

Access to finance represents one of the most significant challenges for SMEs. The 2017 edition of ***Financing SMEs and Entrepreneurs: An OECD Scoreboard*** covers 39 OECD and non-OECD countries, including Brazil, Chile, Colombia and Mexico from the LAC region. Participation by Latin American countries in the *Scoreboard* helps expand knowledge on SME financing and policies and share good practices, providing a foundation for evidence-based policies in the region and contributing to the improvement of international data comparability in SME finance. Going forward, the OECD is working to expand the coverage of this annual report to additional LAC countries.

SMEs face a variety of challenges in their development, covering multiple policy domains. In recognition of this, and building on previous work undertaken with Pacific Alliance countries, the OECD is adapting its **SME Policy Index** methodology to the LAC region in collaboration with the Latin American and Caribbean Economic System (SELA) and CAF. A pilot study was launched in May 2017 during an OECD-SELA workshop in Puerto Vallarta, Mexico, supported by the Mexican Institute of the Entrepreneur (INADEM), to cover the countries of the Pacific Alliance, as well as Argentina, Ecuador and Uruguay. The final Index results, which will benchmark participating countries against international best practices across a wide range of dimensions related to SME development, will be released in 2018.



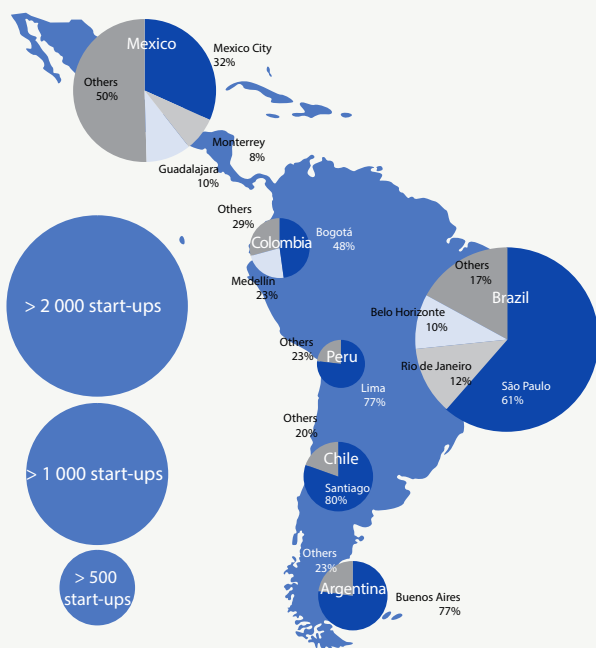
OECD-SELA-INADEM Joint International Conference on Developing Public Policies for Upgrading Productivity in Traditional Small Enterprises, held from 3-4 November 2016 in Puerto Vallarta, Jalisco, Mexico.



## Supporting SME development and entrepreneurship

In the last decade, start-up promotion policies have gained momentum in Latin America. ***Start-up Latin America 2016: Promoting an Innovative Future***, a joint project of the OECD Development Centre and INADEM, is the second edition of the 2013 study ***Start-up Latin America: Promoting Innovation in the region***. The study provides an in-depth country review and a comparative assessment of start-up promotion policies in Chile, Colombia, Mexico and Peru, identifying good practices, highlighting reforms to improve policy design and implementation, and presenting a policy framework to

### Start-ups in Latin America and their distribution by city, 2016



Note: The graph includes Latin American countries with at least 200 startups, as of October 2016 according to Angellist.

Source: OECD (2016) *Start-up Latin America 2016* based on data from Angellist ([www.angellist.com](http://www.angellist.com) accessed October 2016)

promote start-ups that takes into account the different needs of companies at the seed, start-up, growth and expansion stages. The OECD Development Centre will continue to monitor policies for start-up promotion in Latin America and is open to extend this analysis to additional countries.

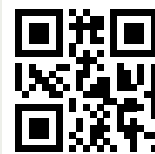
The OECD also undertakes in-depth country reviews of SME and entrepreneurship policy, one of which was completed for Mexico in 2013. This review influenced a re-thinking of SME policy in Mexico, leading to the establishment of a new Entrepreneur Fund to manage and channel resources to national programmes for SMEs, among other reforms and initiatives. At the further request of the Mexican government, a report on ***Raising Productivity in Small Traditional Enterprises*** was prepared in 2016. The report was presented at a conference in Puerto Vallarta (Jalisco), Mexico, on 3-4 November 2016, with the support of the Latin American and Caribbean Economic System (SELA). Both the report and conference shed light on the importance of policies for upgrading productivity in small traditional enterprises as a means to support more inclusive growth and reduce productivity gaps between small and large enterprises. Building on this work, additional workshops will be held in Mexico over 2017-2018 on enhancing SME productivity.



[www.oecd.org/industry/smes](http://www.oecd.org/industry/smes)

[www.oecd.org/dev/americas/startup-latin-america.htm](http://www.oecd.org/dev/americas/startup-latin-america.htm)

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## Meeting infrastructure and transport needs

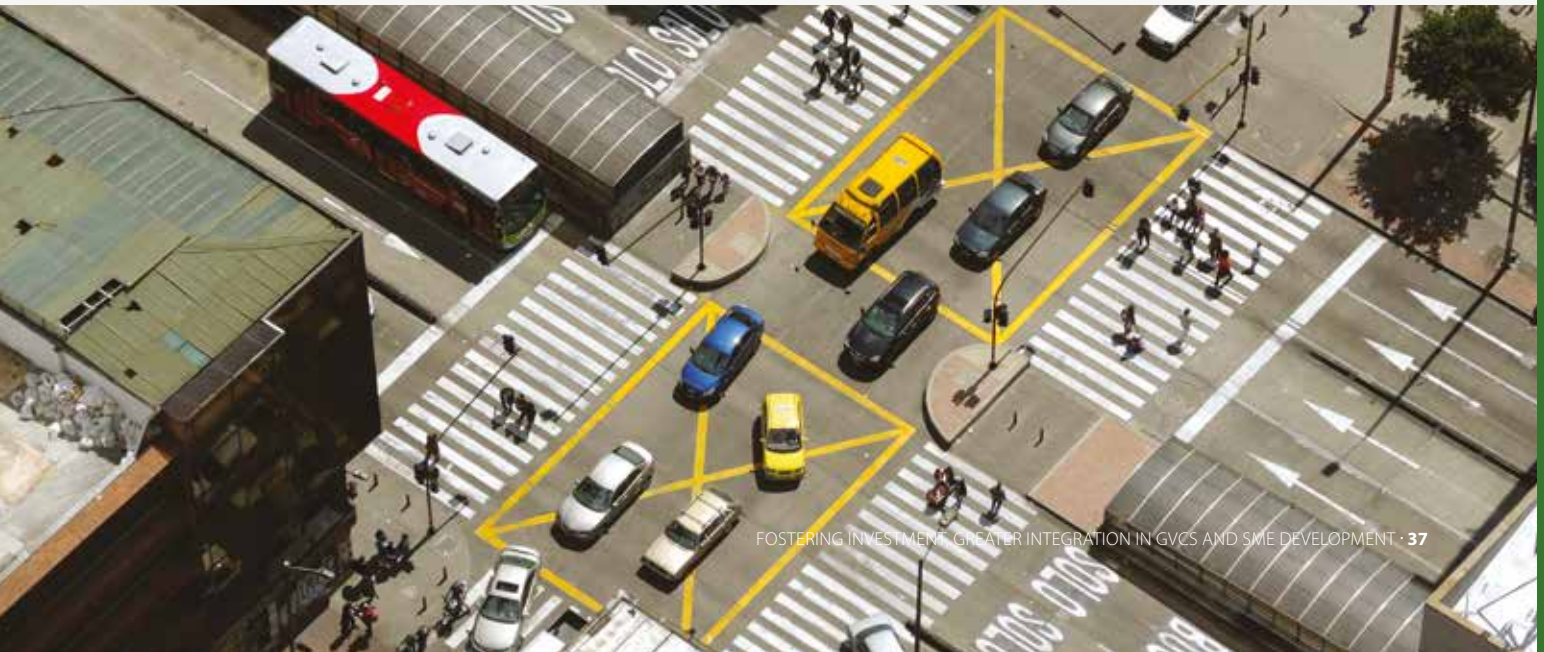


**Transport infrastructure plays a critical role in the transition from a middle- to high-income economy. Despite significant improvements, persistent gaps in logistics and transport infrastructure remain in the LAC region, posing a major challenge to trade, competitiveness, inclusive growth and public service provision. The OECD supports the region in the development of strategic infrastructure, with the aim to provide better opportunities for business and tourism, as well as improve the quality of public services for the population.**

The **International Transport Forum (ITF)** at the OECD acts as a transport policy think tank for its 57 member countries, which include Argentina, Chile and Mexico from the LAC region, with Mexico having assumed the ITF presidency in May 2016. The ITF has supported the **Ibero-American Road Safety Observatory (OISEVI)**, a co-operative effort by 18 countries to improve crash data collection and analysis to develop better-targeted road safety policies, in various ways, such as through a Spanish-language interface to the ITF's road safety database.

Recent OECD and ITF work with the LAC region has focused on two major areas:

1. **Special chapters in the Multi-dimensional Reviews of Peru and Uruguay**, which emphasise how transport policies can have a significant impact on inclusive development and quality of life. The Peru review identifies the need for a national transport plan to define transport policy priorities, and highlights the particular importance of developing a National Policy for Urban and Metropolitan Mobility. The Uruguay review analyses the current state of rail and road infrastructure, infrastructure management systems and issues related to public-private partnerships and value for money.
2. A forthcoming 2017 report **Review of gaps, standards and governance of public infrastructure in Chile**, which will benchmark Chile's quality and stock of infrastructure by comparing Chilean macro-zones to geographically similar OECD regions and provides recommendations for a better infrastructure governance framework, including coordination across different levels of government.



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## Meeting infrastructure and transport needs

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Going forward, projects will be undertaken with Argentina, Chile, Mexico and Peru on issues involving infrastructure, global connectivity, transport regulators, urban access and mobility, and road safety in cities.

Transport is a key enabler of tourism, which is an important economic activity for the region. The OECD flagship publication ***OECD Tourism Trends and Policies 2016*** provides an in-depth analysis of tourism trends and policy developments in 50 OECD member and partner countries, including Brazil, Chile, Colombia, Costa Rica and Mexico. The 2016 edition includes thematic chapters on tourism and transport, as well as the tourism sharing economy. The next (2018) edition will focus on megatrends and sustainable tourism consumption and production.

Tourism has been identified by the Government of Mexico as one of its six priority economic sectors. The 2017 OECD ***National Tourism Policy Review of Mexico*** assesses the policies needed to support more sustainable and inclusive tourism development. The report identified three infrastructure gaps, namely airport capacity in Mexico City, terminal capacity in Cancun and connecting the road network between tourism gateways and secondary sites of interest. Discussions are ongoing to support the implementation of the roadmap set out by the review.

[www.itf-oecd.org](http://www.itf-oecd.org)  
<http://2017.itf-oecd.org>  
[www.oecd.org/cfe/tourism](http://www.oecd.org/cfe/tourism)



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## Increasing agricultural productivity and food security

**In the context of rapid population growth, climate change and growing demand for a richer diet, governments are increasingly recognising the value of greater investment in research and development to raise agricultural productivity. The OECD works with the LAC region to improve innovation, sustainability, and competitiveness, for both commercial and smallholder farmers alike.**

Co-operation between the OECD and the LAC region in this policy area has deepened and covers a range of collaborative analytical activities:

- Five LAC countries (Brazil, Chile, Colombia, Costa Rica and Mexico) are included in the OECD's annual ***Agricultural Policy Monitoring and Evaluation*** report 2017, which measures government support to agriculture for 50 countries that

account for the majority of global value-added in agriculture. The report thus provides a necessarily broad perspective on agricultural policy developments at a time when the global agriculture and food sector is facing both unprecedented challenges and exciting new opportunities. As an important region for agriculture within the global market, the participation of these LAC countries is invaluable, and the OECD is looking to add additional countries from the LAC region during the 2017-2018 biennium.

- The latest (2016) version of the annual ***OECD-FAO Agricultural Outlook*** provides supply, demand, trade and price estimates of major agricultural commodities for 41 countries, including Argentina, Brazil, Chile, Colombia, Haiti, Mexico, Paraguay, Peru, and Uruguay, as well as 12 geographical regions, including Latin America and the Caribbean. Through their



• The OECD Meeting of Agriculture Ministers that took place from 7-8 April 2016 at OECD Headquarters in Paris, France brought together Ministers of Agriculture from OECD countries and partner economies around the world, including Argentina, Colombia, Costa Rica and Peru from Latin America.

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## Increasing agricultural productivity and food security

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participation in this report, the LAC region benefits from being a part of a larger discussion, in which they can learn from the experiences of other countries and benchmark their best practices.

- Brazil, Costa Rica, and Colombia are included in the **OECD Food and Agricultural Reviews** which provide in-depth analysis of agricultural policies in each country.

Building on this existing work with the LAC region, the OECD is working to develop additional spaces for targeted policy dialogue amongst regional policy makers on these issues.

[www.oecd.org/agriculture](http://www.oecd.org/agriculture)

[www.oecd.org/agriculture/ministerial/statements](http://www.oecd.org/agriculture/ministerial/statements)

[www.oecd.org/tad/agriculture-policy-notes.htm](http://www.oecd.org/tad/agriculture-policy-notes.htm)

[www.oecd.org/tad/agricultural-policies/innovation-food-agriculture.htm](http://www.oecd.org/tad/agricultural-policies/innovation-food-agriculture.htm)





# WOMEN, YOUTH AND MIGRANTS

# Creating more and better-quality jobs

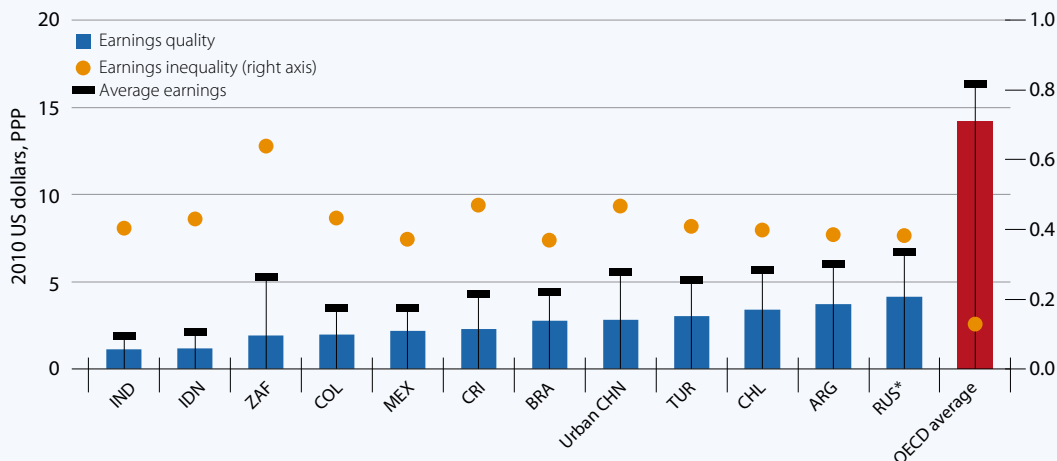
Latin America needs to create around 40 million jobs every year. The OECD is working to support the region in improving both the quantity and quality of jobs.

## JOB QUALITY

Despite improvements over the past decades, many jobs in Latin American countries are still characterised by low pay, strenuous or hazardous working conditions and long working hours, as measured by the **OECD's Job Quality Framework**, which was newly extended to include emerging economies in 2015 via extensive cross-country analysis in the **OECD Employment Outlook**. Latin America was the most represented region among the countries analysed. In the coming years, the OECD will continue to work on the measurement of job quality by extending and updating a recently developed database on the subject. The design of labour market policies to promote job quality could be further explored by means of dedicated country reviews on job quality, health and productivity.



**Earnings quality is low on average in Latin America compared to OECD countries**  
OECD job quality indicators, 2013



Note: Calculations are based on net hourly earnings and concern 2010 values, except for Brazil (2009), Chile (2009), China (2009) and India (2011). The OECD average is a simple cross-country average of earnings quality, as calculated in the OECD Employment Outlook 2014.

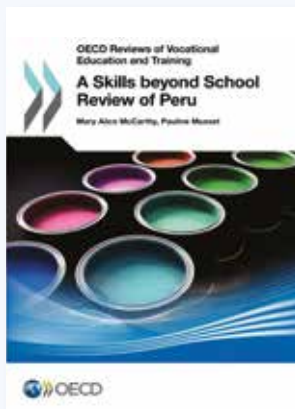
Source: OECD (2015) Employment Outlook 2015



## VOCATIONAL EDUCATION

The low level of skills in the LAC region is a crucial barrier to productivity growth, with around 50% of formal firms unable to find workers with the skills they need, compared to 36% of firms in OECD countries. Bridging the skills gap requires not only improving the overall level of skills, but also improving its pertinence to the demands of current and future labour markets. Together with traditional education, the role of technical and vocational education and training (TVET) is crucial.

**OECD tailored policy reviews on VET** have already been completed for Costa Rica, and Peru. These reports provide tailored policy advice on how to develop high-quality training programmes that facilitate student transitions along education and career pathways, teach skills that are relevant and valued by employers and offer good labour market returns to students. The OECD also offers policy advice on how to use work-based learning, an important part of effective VET programmes, to achieve better economic and social outcomes.



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*“Uruguay has adopted measures and actions that accredit it as a State that meets international standards on transparency and exchange of tax information in order to combat tax evasion and money laundering. Recently, our country became an active member of the OECD Development Centre. We made this decision not only to work on economic issues but also to advance a broader development agenda, covering the environment, technology, health, education, etc. We are confident that through these joint efforts we will succeed in promoting policies that improve the economic and social wellbeing of people around the world.”*

**Tabaré Vázquez**, *President of Uruguay*



## YOUTH

One of the most relevant assets of the LAC region is its young population. More than 10 million young people are nearing the age of 16, potentially joining the labour market and providing a new impulse to economic growth. Nonetheless, the region will need to make strong investments in human capital to ensure that this demographic transition translates into societal benefits.

In 2013, the OECD launched the [OECD Action Plan for Youth](#), which aims to help countries address key challenges that youth face in joining the labour market. [Investing in Youth Reviews](#) assess the skills and employability of young workers, the incentives employers have to hire young people, and the role that

## Creating more and better-quality jobs

public policy and legislation play. [Investing in Youth: Brazil](#) was published in 2014 and a similar review is being prepared for Peru for 2017. As part of the [OECD-EU Youth Inclusion Project](#), the OECD Development Centre has worked with the governments of Peru and El Salvador to support youth policy reform via a multi-dimensional approach, covering the areas of employment, education, health and civic participation. In [Peru](#), the project carried out an in-depth review of education policies and youth civic engagement, while in [El Salvador](#), the review focused on youth in conflict with the law and re-insertion programmes.

### COMMUNITY AND LOCAL DEVELOPMENT

Since 2010, the [OECD Local Economic and Employment Development \(LEED\) Programme](#) has organised an annual [International Summer School for Latin America](#), bringing together delegates for a peer learning process to build capacity on innovative local social and economic development practices. Since 2016 the Summer School contributes to the formal certification of “Diplomado” (similar to a Master degree) issued by EAFIT University of Medellin (Colombia), a LEED partner. Since 2015, an additional one-week capacity course, taking place in the LAC region, was developed as a means to reinforce the existing Summer School alumni community, which totals over 250 participants from 15 LAC countries.

These courses are developed within the framework of capacity development reviews, seminars, workshops and conferences carried out by the [LEED Trento Centre](#) on broad themes of expertise: quality jobs and skills, preventing exclusion, social innovation, small and medium-sized enterprises, entrepreneurship and social economy, sustainable tourism and local development.

[www.oecd.org/statistics/job-quality.htm](http://www.oecd.org/statistics/job-quality.htm)

[www.oecd.org/edu/skills-beyond-school](http://www.oecd.org/edu/skills-beyond-school)

[www.oecd.org/skills](http://www.oecd.org/skills)

[www.oecd.org/youth.htm](http://www.oecd.org/youth.htm)

[www.oecd.org/employment/leed](http://www.oecd.org/employment/leed)



# Tackling gender inequality

**Gender inequality remains a pressing issue in the LAC region, as women in the region participate in the labour force less than men, earn less than men, are less likely to advance to senior levels of private and public leadership, and continue to face high rates of violence. The OECD assists LAC countries in developing more equitable laws, policies and institutions.**

The OECD is a global leader in producing internationally comparative data on gender inequalities, and this information is particularly relevant for the LAC region, where gender gaps stubbornly persist in women's labour force participation, wages, career advancement, and representation in politics.

The **OECD Gender Initiative** monitors the progress made on gender equality in a variety of areas, including education, employment and work-life balance, entrepreneurship, corporate and public governance, financial education, health, science, taxation, and well-being. Highlights of LAC involvement in this work include:

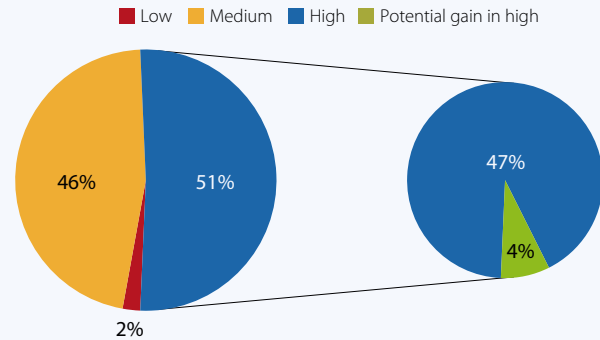
## RECOMMENDATIONS ON GENDER EQUALITY:

- The **OECD Gender Recommendation** (2013) is already adhered to by Chile, Mexico and Colombia from the LAC region.
- The **OECD Recommendation on Gender Equality in Public Life** (2015) was launched on International Women's Day in 2016 to promote a government-wide strategy for gender equality reform and "whole-of-society" approach to reducing gender stereotypes. Chile and Mexico are the current adherents from the LAC region.

## CROSS-COUNTRY ANALYSIS AND DATA:

- **Gender Gaps in the Labour Market of Emerging Economies: the Unfinished Job:** This chapter within the **OECD Employment Outlook 2016** undertakes a cross-country analysis of gender gaps in a number of key labour market outcomes and provides international best practices to tackle them. Data is included for many LAC countries.

## Distribution of the LAC population by level of life satisfaction when eliminating discriminatory social institutions



Note: This figure presents the distribution of the LAC population by level of life satisfaction when eliminating discriminatory social institutions, indicating the potential gain.

Source: Ferrant, Kolev and Tassot (2017)



## Tackling gender inequality

- **Social Institutions and Gender Index (SIGI):** This is a unique database on social institutions accompanied by in-depth country profiles on over 160 countries spanning all global regions. SIGI captures discriminatory social institutions across five areas: discrimination within the family, son preference, secure access to land and assets, civil liberties, and physical integrity, including violence against women.

### REGIONAL REPORTS:

- The **SIGI Latin American and the Caribbean Regional Report**, provides a deep analysis of the discriminatory social institutions women face in the region and their development costs and impacts. It brings together good practices from partners in the region, such as Pro Mundo and ONU Mujeres, and was launched at a high-level side event during ECLAC's 13<sup>th</sup> Conference on Women in Montevideo, Uruguay during October 2016.
- **Gender Equality in the Pacific Alliance: Promoting Women's Economic Empowerment:** This stocktaking report was produced for the 2016 Pacific Alliance Summit. It identifies barriers to women's full participation in the labour market, as well as best practices for improving the status of women in the region.

### IN-DEPTH COUNTRY REVIEWS:

- **Building an Inclusive Mexico: Policies and Good Governance for Gender Equality:** This report evaluates barriers to female labour force participation, including women's disproportionate responsibility for unpaid work, violence against women, and inadequate childcare supports. Drawing on international best practice, it proposes concrete strategies to close gender gaps in education and labour markets and to better mainstream gender equality in governance.

Going forward, the OECD Development Centre will launch the fourth edition of the SIGI in 2018. In addition, the OECD has launched a Policy Dialogue on Women's Economic Empowerment in which two countries in the LAC region are members (Argentina, Paraguay), as well as the UN Women Office for Latin America and the Caribbean. A forthcoming report will also examine countries that currently adhere to the **OECD Gender Recommendation**.

[www.oecd.org/gender](http://www.oecd.org/gender)  
<http://genderindex.org>



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## Better understanding and harnessing migration flows

**More than 20 million people from the LAC region reside outside their country of birth. Today, LAC leaders have increasingly put international migration at the top of regional policy agendas. Flows of youth and women have gained particular attention, while intra-Latin American migration is also increasingly important. The OECD supports LAC in this policy domain through rigorous monitoring, as well as comparative projects assessing migration from a development perspective.**

The *OECD's International Migration Outlook* provides an analysis of recent developments in migration movements and policies in OECD countries. Building on this flagship publication, the OECD partners with the Organization of American States (OAS) on the *International Migration in the Americas (SICREMI)*, a publication and reporting system that monitors international migration movements in the region. It covers 22 countries through rigorous and up-to-date information on migration flows. This project also brings together LAC experts annually for policy dialogue, and allows LAC countries to have a better understanding of the migration patterns of Latin Americans to OECD countries, as well as within the region. The monitoring that takes place of the labour market outcomes of Latin American emigrants by main destination country is particularly valuable to inform public debate with sound evidence and to help to shape appropriate policy responses in terms of integration. Three regional reports have already been released (2011, 2012, 2015) and in 2016 a short update of recent trends was published in *Migration Policy Debates*. Going forward, a SICREMI regional publication will be published biennially with a short brief.



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## Better understanding and harnessing migration flows

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The OECD Development Centre also has two large-scale projects related to migration and development that have been implemented with the involvement of a number of LAC countries:

- *Interrelations between Public Policies, Migration and Development (IPPM)* is a project that empirically investigates the links between migration and public policies in ten developing countries, including the Dominican Republic, Costa Rica and Haiti. A comparative report was launched in February 2017 and specific reports for LAC countries will be released in June 2017.
- *Assessing the Economic Contribution of Labour Migration in Developing Countries (ECLM)* provides evidence-based understanding of how labour immigrants affect low- and middle-income economies. LAC countries involved in the project include Argentina, the Dominican Republic and Costa Rica. ECLM country reports for LAC will be released in October 2017.



*“The OAS and the OECD have had very successful cooperation so far. Our main joint project is the Continuous Reporting System on International Migration in the Americas (SICREMI) and its bi-annual report, which is the only information mechanism that the region has on migratory flows to and from the Americas in between official censuses. We reiterate our willingness to maintain and strengthen our co-operation within the framework of the new OECD Regional Programme for Latin America and the Caribbean.”*

**Luis Almagro**, Secretary-General of the Organization of American States



📍 **Luis Almagro**, Secretary-General of the OAS, at the launch of the 2015 SICREMI report.



# TACKLING INFORMALITY, IMPROVING SOCIAL PROTECTION AND HEALTHCARE

# Improving social protection, well-being and healthcare

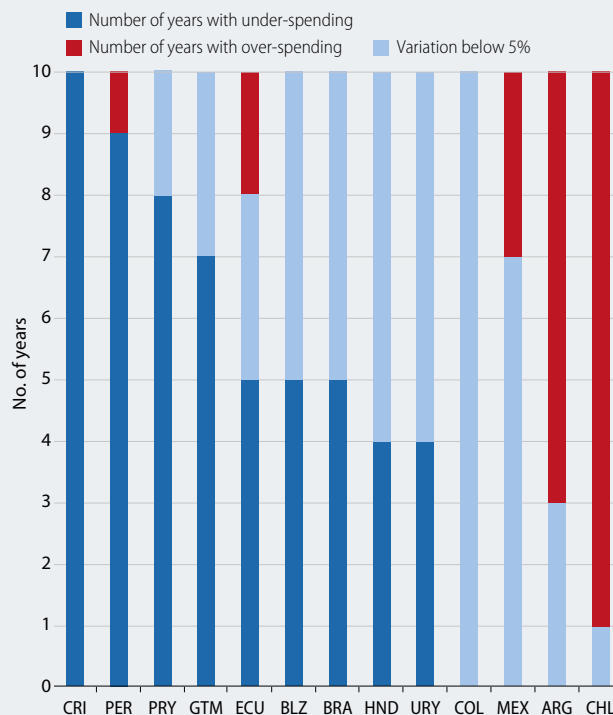
A cohesive society works towards the well-being of all its citizens, fights exclusion and marginalisation, creates a sense of belonging, promotes trust, and offers the opportunity of upward mobility. The OECD is supporting LAC countries to effectively measure well-being in the region, as well as identify policies to make health spending more sustainable, whilst continuing to make progress in expanding the quality and coverage of health care.

In 2016, the **OECD Joint Network of Health and Budget Officials on the Fiscal Sustainability of Health Systems** joined efforts with other key international partners (World Health Organization, Pan American Health Organization, the Global Fund, and the IDB) to strengthen engagement between national health and budgetary officials in the LAC region. In July, 2016 the OECD held the **First Health Systems Joint Network meeting for LAC** to discuss challenges in budgeting for health, as well as identify effective policies to ensure the financial sustainability of health systems.

This dialogue helped to identify issues that require special attention in the region, such as fragmentation in health financing, weak monitoring and reporting mechanisms for social health insurance schemes and low expenditure levels (see Figure). Improving budget planning, revenues projection, and procurement practices have been identified as key factors to increase budget execution in the following years. The Network also addresses the crucial need for effective co-operation between health ministries, finance ministries and social security institutions, which is typically insufficient.

There is great enthusiasm both from country representatives and international organisations to take this work further and explore in greater detail the policy issues already identified. In particular, the Network will start exploring performance budgeting in health. A second meeting of the Network, focused on better linking quality of care to budget and resource

**Number of years with over or under-spending in health between 2004 and 2013**



Source: OECD (2015), Survey of Budget Officials on Budgeting Practices for Health in LAC countries

allocations, is being organised for 2017, and a LAC regional edition of the OECD's flagship publication **Health at a Glance** is being prepared.

The first edition of **Pensions at a Glance: Latin America and the Caribbean**, produced jointly by the OECD, the IDB, and the World Bank, was released in late 2014. The report pays special attention to analysing both the coverage and adequacy of



Latin American pension systems, delivering both a regional perspective, as well as individual country profiles. In addition, the **2015 edition of Pensions at Glance** highlights the pension reforms undertaken by OECD and G20 countries, including Argentina, Brazil, Chile and Mexico, over the last two years. The 2015 **OECD Review of Mexico's Pension Systems** assesses the Mexican pension system according to the OECD best practices and guidelines, and draws on international experiences and examples to make recommendations on how to improve the pension system.

Effective policies to promote social progress are an area of interest for both OECD and Latin American societies. **Society at a Glance** addresses the growing demand for quantitative evidence on social well-being and its trends, including indicators on income inequality, health and social cohesion. From the LAC region, the study includes information on Argentina, Brazil, Chile and Mexico.

The **OECD Better Life Initiative** develops indicators that capture aspects of life that matter to people and that shape the quality of their lives. A core product of the initiative is the **Better Life Index**, an interactive web-based tool that invites users to create their own index based on 11 dimensions essential to well-being. In 2015, the OECD launched the **How's Life in Latin America Initiative**, in collaboration with ECLAC, to develop well-being indicators for the LAC region. The Initiative builds on the OECD Better Life Initiative, using participating countries' own expertise to develop a framework and indicators that are adapted to the realities of the LAC region. This Initiative also aims to contribute to the current debate by searching for new indicators that better reflect development processes in countries in the region, and assessing their implications in building new international co-operation tools and partnerships.



*“Argentina has begun a new stage in its development that our Government summarises in three objectives: moving towards a country with zero poverty, fighting drug trafficking and uniting Argentinians. This requires strengthening the State’s role as a promoter of sustainable development in different areas of public policy: social policies, education, employment, infrastructure, and value-added tax reform, among others. Argentina is open to international co-operation and looks forward to working closer with the OECD to achieve effective policies in our country to improve the quality of life of our people.”*

**Mauricio Macri**, President of the Argentine Republic

[www.oecd.org/health](http://www.oecd.org/health)

[www.oecd.org/pensions/pensionsataglance.htm](http://www.oecd.org/pensions/pensionsataglance.htm)

[www.oecd.org/statistics/better-life-initiative.htm](http://www.oecd.org/statistics/better-life-initiative.htm)

[www.oecd.org/dev/inclusivesocietiesanddevelopment](http://www.oecd.org/dev/inclusivesocietiesanddevelopment)

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# Tackling inequality and informality



**The emergence of a middle class in Latin America is evidence of the region's success in reducing poverty and inequality. However, many new middle-class workers in the region remain vulnerable due to high rates of informal employment. Although differences across countries in the region exist, reductions in inequality have stagnated in recent years, highlighting the need to intensify and prioritise public policies aimed at tackling inequality, redistribution and informality.**

The **OECD Centre for Opportunity and Equality (COPE)** is a platform for promoting and conducting policy-oriented research on the trends, causes and consequences of inequalities in society and the economy, and a forum to discuss how policies can best address such inequalities. COPE's work evaluates inequalities in a variety of areas, covering income, tax, gender, regions, health, well-being, education, and innovation, and has examined the status of the middle class in both OECD and emerging economies.

Strategies for tackling informality have been discussed in in-depth chapters in the country economic surveys of [Brazil](#), [Chile](#), [Colombia](#), [Costa Rica](#) and [Mexico](#), in the Multi-dimensional Country Reviews of [Peru](#) and [Uruguay](#), and will also be discussed in the 2017 Multi-Dimensional Economic Survey of [Argentina](#).

Various OECD flagship publications have also examined informality in LAC. **Taxing Wages in LAC** dedicated a chapter to quantifying the theoretical costs of formalisation in the region based on the taxing data for labour costs. This analysis showed that the cost of adhering to social security programmes, as a percentage of a worker's earned income, is considerably high in most countries in the region, especially for the lower and middle income deciles, and strongly correlates to high informality levels. In 2015, the OECD dedicated a chapter of the **Employment Outlook** to *Job Quality in Emerging Economies*, with a particular

emphasis on informal employment. The analysis documented the detrimental impact of informality on job quality and summarised international best practices to promote formality, including examples from several Latin American countries.



*“Latin America has changed dramatically in the last couple of decades, with more than 60 million people climbing out of poverty and a significant reduction in income inequality. Within a context of slower economic growth and in the face of rising expectations on the side of the new middle classes, the region needs to enhance the quality of its*

*institutions and public policies, striving to avoid reversals in its social gains, while at the same time diversifying its productive matrix, increasing productivity, boosting innovation and transitioning towards knowledge-based economies. Regional integration will be essential for this purpose, as well as a discussion on the different forms it is adopting. The Ibero-American General Secretariat (SEGIB) is proud to work alongside the OECD and the LAC Regional Programme in these endeavours.”*

**Rebeca Grynspan**, Ibero-American Secretary-General

The OECD will continue to keep the role of informal employment at the centre of its analyses of the LAC region. This will be a key issue for discussion at the high level meeting on social inclusion that the OECD LAC Regional Programme is organising in Paraguay at the end of 2017.

**[www.oecd.org/inclusive-growth/inequality-and-opportunity](http://www.oecd.org/inclusive-growth/inequality-and-opportunity)**



# IMPROVING TAX REVENUE COLLECTION AND EXPENDITURE EFFICIENCY

# Improving revenue collection and fiscal management

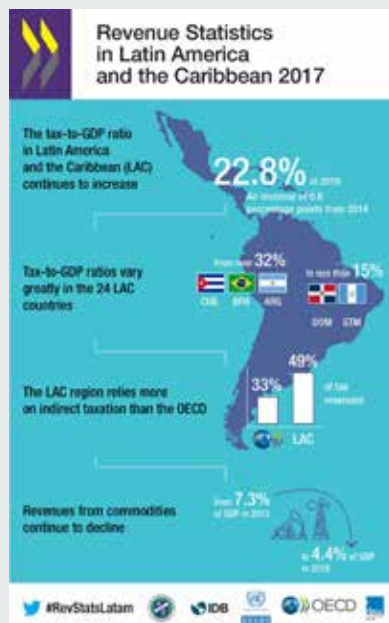


**Fiscal systems in the LAC region fail to provide sufficient resources to overcome economic and social challenges and are relatively less efficient in improving income redistribution. The OECD helps to improve taxation and public expenditure policies in LAC, in this way supporting economic growth and income redistribution in the region.**

The **LAC Fiscal Initiative** provides a forum for policy dialogue on fiscal issues where officials from LAC countries exchange ideas and best practices with experts from relevant OECD committees and other regional and international organisations, such as the Inter-American Center of Tax Administrations (CIAT), ECLAC, the IDB, the World Bank Group and the International Monetary Fund. The VI LAC Fiscal Forum, held in Buenos Aires in 2016, focused on recent and upcoming tax reforms, both in the domestic and international areas, to improve the effectiveness and fairness of tax systems in the region. The next meeting of the Forum will take place in Paraguay in late 2017.

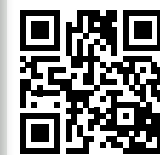
Public policymaking is effective when based on evidence and analysis. Forum discussions are underpinned by statistical and analytical works, based on data

Source: (OECD/ECLAC/CIAT/IDB, 2017) *Revenue Statistics in Latin American and Caribbean 2017*



collected through internationally comparable methodology. **Revenue Statistics in LAC**, a joint effort by CIAT, ECLAC and the OECD, provides detailed, comparable, reliable and timely tax revenue data spanning over two decades for 24 LAC countries, enabling country, cross-country and regional analyses. The content of this publication has been reinforced through the launch of **Taxing Wages in Latin American and the Caribbean**, a joint project of the OECD, IDB, and CIAT, which estimates the burden on labour due to taxes and social security contributions for 20 countries in the region. This measure provides an analysis of how the combination of taxes and cash benefits affects net household income, as well as a baseline to advance the understanding on formal and informal labour markets in the region.

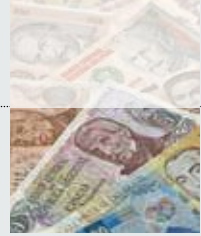
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# Enhancing tax transparency and compliance



**Tax transparency and international co-operation to tackle tax evasion and avoidance are essential to enhancing tax compliance in an increasingly borderless world. The OECD is at the forefront of efforts to improve tax co-operation between governments. LAC economies have increasingly joined these efforts, which will help them mobilise domestic resources to strengthen their national economies.**

The **Global Forum on Transparency and Exchange of Information for Tax Purposes (GFTEOI)**, along with the **Multilateral Convention on Mutual Administrative Assistance in Tax Matters**, lead global efforts to implement international tax transparency standards, reduce tax evasion and restore taxpayers' trust that the burden is being equally shared. Implementation of the OECD's new standard in the automatic exchange of information between tax authorities, known as the **Common Reporting Standard**, will further deepen this process, building tax morale and ultimately reinforcing the social compact.

Many LAC governments already actively participate in these efforts:

- 29 of the GFTEOI's 139 total members are LAC economies;
- 25 LAC jurisdictions participate in the Multilateral Convention on Mutual Administrative Assistance in Tax Matters;
- Argentina, Colombia, Mexico & Costa Rica have joined 96 other economies in committing to implement the Common Reporting Standard in 2017 or 2018.

The **OECD/G20 BEPS Project** has produced a single set of international tax rules to address tax avoidance by multinational enterprises. This protects the tax base of countries where the economic activity and value creation takes place, and offers certainty and predictability to taxpayers. Many LAC countries have contributed to develop the BEPS outcomes



Left to right: **Marcio Verdi**, Executive Secretary from CIAT; **Ubaldo Gonzalez**, Senior Advisor at the OECD Centre for Tax Policy and Administration; **Martin Ramos Chavez**, Director of SUNAT; and **Richard Llaque**, Ministry of Finance of Peru, at the meeting of the LAC Network on BEPS, hosted by SUNAT in Lima, Peru on 26 February 2015.

and many more are benefiting through their membership in the **Inclusive Framework on BEPS implementation**, which is open to all interested countries and jurisdictions.

A **LAC regional network** of tax policy and administration officials has also been set up for an ongoing and more structured dialogue process, with three meetings of the LAC Network on BEPS taking place over 2015-2016. Sixteen countries and territories from the LAC region have participated in these meetings, which provided participants with an opportunity to give feedback on the delivery and outcomes of the BEPS Project and discuss options for implementation, including the development of toolkits that meet developing countries' specific needs and possible capacity building initiatives.

[www.oecd.org/tax/transparency](http://www.oecd.org/tax/transparency)  
[www.oecd.org/tax/beps/beps-about.htm](http://www.oecd.org/tax/beps/beps-about.htm)

# Efficient public procurement and budgeting

**The OECD supports efforts towards the implementation of a new vision - to make public procurement and budgeting a strategic activity, beyond merely an administrative task.**

## **PUBLIC PROCUREMENT**

Public Procurement in the LAC region accounted for 7.7% of GDP on average in 2014 and represents more than 20% of government expenditures. Its significance calls on countries, states, cities and sectorial institutions to reform their procurement systems to achieve maximum value for taxpayers' money. In addition, there is increased emphasis on the potential of public procurement to promote wider policy objectives, including regional development, inclusive growth and increased productivity.



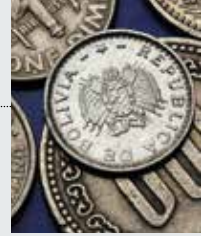
*“The OECD has been a strong, close ally of Mexico’s: the work of its researchers and policy experts has enabled us to make better decisions, based on recent studies and successful international practices.”*

**Enrique Peña Nieto**, former President of Mexico

From the definition of global public procurement standards such as the Methodology for Assessing Procurement Systems (MAPS) with the IDB and the Inter-American Network of Government Procurement, to the revamping of procurement systems in



© Delegates at the 14th Meeting of the LAC SBO, held in Punta del Este, Uruguay from 29 March – 1 April 2016.



Peru and Chile, to the assessment of specific procurement strategies with PEMEX, the Mexican oil company, and likewise with Colombia Compra Eficiente, the Central Purchasing Body, the OECD has advanced and shaped transformational reforms in public procurement in the LAC region. These reforms have taken place at central and sub-central levels, as well as in different sectors, such as infrastructure in the case of Mexico City's new international airport. Brazil, Chile, Colombia, Costa Rica and Mexico participate regularly in the Leading Practitioners on Public Procurement Meetings, which bring together procurement experts from OECD and G20 countries, as well as international organisations and the private sector, to share experiences and best practices.

Co-operating with LAC countries and institutions has resulted in an increased understanding of the impact of broader policy objectives on the outcomes delivered by public procurement systems. It has also provided tangible evidence of the impact that procurement reforms can have on an institutions' performance. Evidence on the influence of leadership in carrying out rapid reforms has been unveiled at the state level in Colombia, as well as in specific sectors in Mexico. For example, in under a year, PEMEX has totally inverted its longstanding practices of using direct awards in procurement processes rather than open competition.



*“Over the years, the OECD has been an important contributor to the policy dialogue in our region, providing relevant information and innovative concepts on public policies, which have helped our countries to better address reforms aimed at fostering sustainable growth.”*

**Luis Alberto Moreno**, President of the Inter-American Development Bank

## BUDGETING

The OECD's **Principles of Budgetary Governance** provide a concise overview of good practices across the full spectrum of budget activity, taking into account the lessons learned from the recent economic crisis. This tool gives policy makers practical guidance for designing, implementing and improving budget systems. The **Senior Budget Officials Network for Latin America (LAC SBO)** gathers budget directors and other budget officials from the region annually. The network is jointly managed with the **IDB** and held its 15th meeting in Buenos Aires in March 2017.

[www.oecd.org/gov/ethics/public-procurement.htm](http://www.oecd.org/gov/ethics/public-procurement.htm)

[www.oecd.org/governance/procurement/toolbox](http://www.oecd.org/governance/procurement/toolbox)



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# PROMOTING INTEGRITY, TRANSPARENCY AND ACCOUNTABILITY

# Enhancing integrity and combatting corruption



**Corruption and violations of integrity standards continue to plague countries all over the world, undermining trust in institutions and inclusive growth. This is also the case in the LAC region, where there is an increasing awareness that a sound governance system which prevents corruption and ensures accountability is indispensable in order to sustain the significant results achieved in advancing socio-economic development.**

In 2017, the OECD adopted the **Recommendation on Public Integrity**, which provides LAC and OECD countries with a new strategic approach to public integrity. It guides policy makers in building coherent and comprehensive public integrity systems, cultivating a culture of integrity, and enabling effective accountability.

Recent and ongoing **OECD Integrity Reviews** of Mexico (2017), Peru (2017) and Colombia (forthcoming 2017) are helping these countries leverage reforms that aim to build solid and resilient integrity systems. The **Review of Mexico's National Auditing System** and the ongoing work on integrity with some Mexican states (Coahuila, Mexico City and Nuevo Leon) are also helping to strengthen integrity and accountability practices that are the responsibility of actors at both the national and subnational levels. The approaches and lessons learned have enriched the dialogue on reform processes and implementation within governments as well as between public entities and the private sector, civil society and individuals. Going forward, in the context of the OECD LAC Regional Programme, the OECD is working to develop a policy dialogue network that will allow for the sharing of information on advances and challenges in implementing integrity policies between countries in the region.

In addition, the **OECD-Latin America Anti-Corruption Programme (LAAC)**, established in 2007, aims to promote and strengthen implementation of the OECD Anti-Bribery Convention. Through periodic events, the LAAC brings together

representatives from government agencies, non-government organisations, and the private sector to compare experiences, share best practices, and discuss challenges in the fight against bribery. Since the establishment of the LAAC, Latin American countries have made significant progress in their anti-corruption legislation, such as sweeping reforms to allow companies to be held liable for corruption. This progress is reflected in the growing number of Latin American countries in the OECD Working Group on Bribery (Argentina, Brazil, Chile, Colombia and Mexico). However, enforcement of these laws remains a challenge. Looking forward, the LAAC intends to increase enforcement by developing expertise and capacity through training and knowledge-sharing.

[www.oecd.org/gov/ethics](http://www.oecd.org/gov/ethics)

[www.oecd.org/daf/anti-bribery](http://www.oecd.org/daf/anti-bribery)



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# Fostering open government

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**Many LAC countries recognise that more open and participatory governance models are needed to address the important socio-economic challenges the region is facing. In fact, some have become global open government leaders, leading the transition from an open government to an open state approach, and increasingly co-ordinating initiatives to foster transparency, accountability and citizen participation with the other branches of the state, subnational government and other key stakeholders.**

In 2013, the OECD began a stocktaking exercise of open government strategies and practices in 11 LAC countries, resulting in a report on **Open Government in Latin America**. Recognising that the region as a whole is endowed with great knowledge on open government, the report includes regional policy recommendations to support the efforts of Latin American governments to jointly tackle common challenges and to ensure that open government supports national and regional policy priorities. The OECD 2016 report on **Open Government: the Global Context and the Way Forward** also includes comprehensive data from 14 LAC countries.

The **OECD Network on Open and Innovative Government in LAC**, co-chaired by Mexico and Costa Rica, offers LAC countries the opportunity to engage in policy dialogue, knowledge transfer, and exchange of good practices with OECD countries. The Network was created in response to strong demand from LAC countries for OECD support for the implementation of their open government reform agendas.

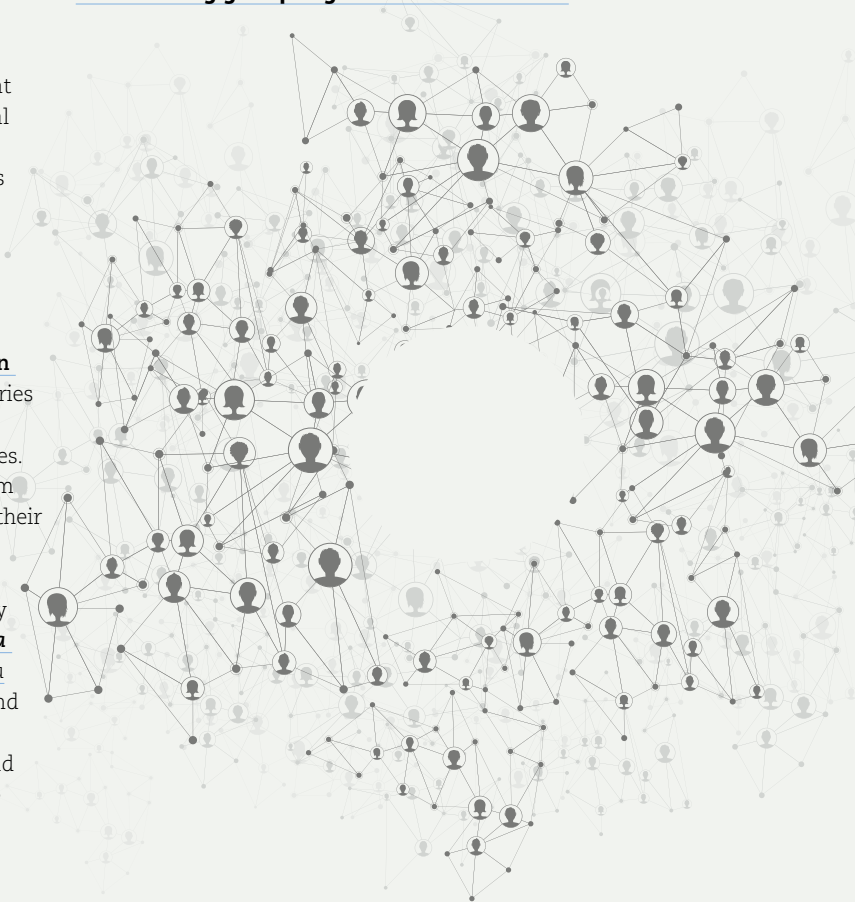
Outputs of the Network have also included in-depth country analysis, such as the **OECD Open Government Review of Costa Rica** (2016), as well as open government assessments of Peru (in the framework of its OECD Public Governance Review) and Mexico (included in the **OECD Open Data Review of Mexico**). In particular, the Open Government Review of Costa Rica and its ongoing implementation programme have supported the

pioneering move from an open government to an open state, which is now being replicated in other LAC countries and across the OECD.

Going forward, the OECD will conduct an open government assessment of Paraguay in 2017 and will work with Colombia at the local level. Several other countries have also shown interest in hosting future Network events and receiving OECD advice.

**[www.oecd.org/gov/open-government.htm](http://www.oecd.org/gov/open-government.htm)**

**[www.oecd.org/gov/open-government-reviews.htm](http://www.oecd.org/gov/open-government-reviews.htm)**





**National policy objective that LAC governments intend to achieve through open government initiatives**

Country	Main objective	Country	Main objective
Argentina	○	Mexico	x
Brazil	●	Panama	■
Chile	●	Paraguay	●
Colombia	●	Peru	●
Costa Rica	●	Dominican Republic	○
El Salvador	○	Uruguay	●
Guatemala	●	OECD35	● (30)

LAC13 ● 8 ○ 3 x 1 ■ 1

**Key**

- Improve the accountability of the public sector
- Improve the transparency of the public sector
- Improve citizen participation in policymaking
- x Other

Source: OECD (2015) Survey on Open Government and Open Data



*“The UK is a strong supporter of the objectives of the OECD Regional Programme for Latin America and the Caribbean, and in particular the focus on the interlinked challenges of increasing productivity; enhancing social inclusion; and, strengthening governance, to ensure a sustainable development path. The UK is also stepping up its own efforts to support sustainable growth in the region, including through our multi-year Prosperity Fund programme. That’s because there are substantial benefits to be had from improved regulation, governance and technical expertise for both our regional partners, and international business – including UK business. We believe that the strategic approach being taken by the OECD is complementary to our newly enhanced bilateral approach, and we look forward to working closely with the OECD to further our shared goals for the region.”*

**Christopher Sharrock**, Ambassador of the United Kingdom to the OECD



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**ENHANCING PUBLIC  
GOVERNANCE  
AND DEVELOPING  
REGIONS, CITIES  
AND RURAL AREAS**



## Improving public governance



**LAC countries are working with the OECD to identify the strengths and weaknesses of their public governance systems and propose key areas for reform to ensure effective and efficient service delivery, enhance sustainable and inclusive growth, and foster societal well-being.**

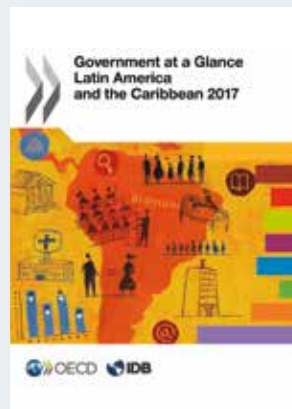
**OECD Public Governance Reviews** in the LAC region have been carried out in Colombia (2014), Costa Rica (2015) and Peru (2016), with a forthcoming review under preparation for Paraguay (2017). These reviews assess the strengths and weaknesses of a country's public sector in addressing socio-economic challenges. The reviews focus on analysing and connecting themes that contribute to building a more resilient state, such as the capacity of the centre of government to steer and operationalise a national long-term strategy, the sustainability of the budgetary framework, performance-based human resources management, policy evaluation and multi-level governance. This work has led to important, multi-year capacity-building implementation assistance supported by OECD member countries.

In 2016, the second edition of **Government at a Glance: Latin America and the Caribbean** (LAC-GaG) was released in collaboration with the IDB. The 2<sup>nd</sup> edition provides a dashboard of 45 indicators, including new ones on public finances, centres of government, regulatory governance, open government, digital government and public procurement, and a special feature on health budgeting. These help governments compare their practices across the region and with OECD countries, and to inform public debate on public sector reform policies. Data for many of these areas have been collected for the first time in the region. The LAC-GaG's contribution as a source of reliable and comparative evidence to inform policy making and reform has been widely acknowledged in the region and beyond. The next edition will be published in 2018.

[www.oecd.org/gov/publicgovernancereviews.htm](http://www.oecd.org/gov/publicgovernancereviews.htm)  
[www.oecd.org/gov/government-at-a-glance-lac.htm](http://www.oecd.org/gov/government-at-a-glance-lac.htm)



Left to right: **Juan Carlos Mathews**, Vice Minister of Industry and SMES of Peru; **Luiz De Mello**, then Deputy Director of the OECD Public Governance and Territorial Development Directorate; **Luis Felipe Céspedes**, Minister of Economy, Development and Tourism of Chile; and **Vicente Fretes**, Chief of Fiscal and Municipal Management Division at the IDB, launch the 2017 version of the LAC-GaG in Santiago, Chile during December 2016.



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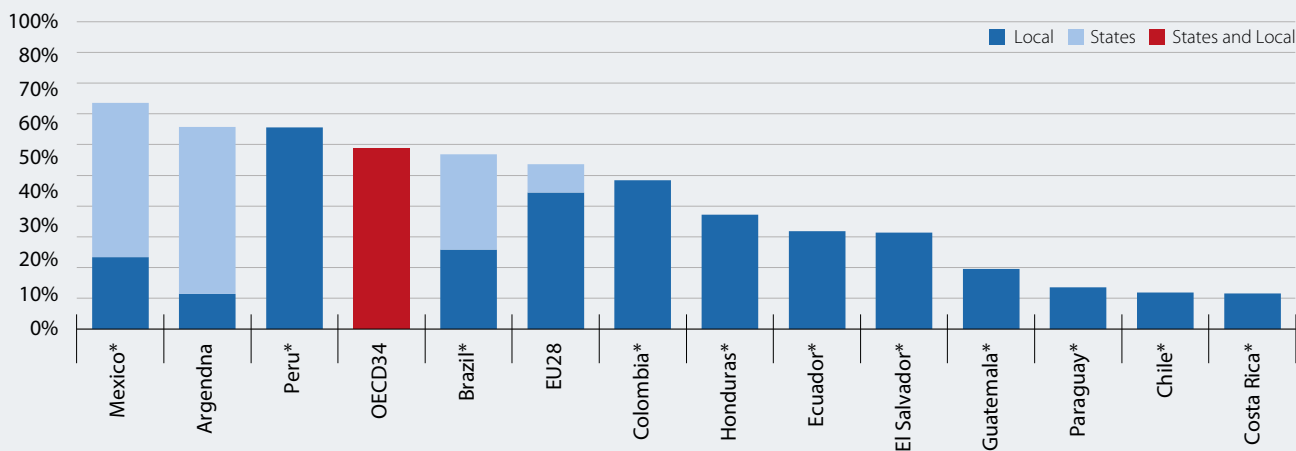
# Regional development and multi-level governance

**LAC is one of the world's most highly urbanised regions; however, there is a need to improve the quality of its urbanisation. Promoting more competitive, sustainable and inclusive cities and regions will require effective policy making at all levels of government to ensure that all regions and cities can mobilise their growth potential.**

Through the **OECD LAC Regional Programme**, the OECD is working to strengthen and expand its partnership with authorities at all levels of government in the LAC region to support them in the implementation of decentralisation reforms and strengthen national and subnational governance capacities in order to design more effective development strategies. This work builds on a number of policy reviews that have already been conducted at various levels:

**Territorial, urban and rural policy reviews** highlight the need to improve cross-sectoral planning and tackle organisational fragmentation for more efficient co-ordination across levels of government. Several of these studies have been carried out in LAC countries over 2015-17, including the **National Territorial Review of Peru** (2016) and **Urban Policy Review of Mexico: Transforming Urban Policy and Housing Finance** (2015) and sub-national reviews of **Cordoba, Argentina**; **Morelos, Mexico**; and the **Valle de Mexico**. Sections on the LAC region have also been included within a number of global reviews, including **Subnational Governments around the World: Structure and Finance** (2016). The study was jointly prepared by the OECD and United Cities and Local Government with the support of Agence Française de Developpement. **A Territorial Approach to Food Security and Nutrition** (2016) includes case studies of Colombia

**Subnational government investment as a % of public investment in OECD countries and selected Latin American countries (2013)**



Note: OECD averages are weighted.



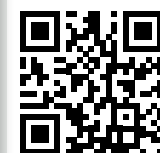
and Peru. The report was produced jointly with the United Nations Capital Development Fund and Food and Agriculture Organization of the United Nations.

The OECD's work in this area also builds on the 2014 **OECD Recommendation on Effective Public Investment Across Levels of Government**. In 2016, as part of the implementation efforts of this recommendation, the OECD conducted the first study in the LAC region on multi-level governance - **Making the Most of Public Investment in Colombia**. A forthcoming Multilevel Governance Review of Chile (2017) will explore the multi-level governance of investments and decentralisation reforms.

All of these reports provide examples of best practices in regional, urban and rural development policies for Latin American countries. They can and are being utilised to support ongoing decentralisation reforms in several Latin American countries, as well as improve the performance of cities and metropolitan areas, which appear to be performing below their potential when compared to Asian, European and North American cities.

Statistics at the sub-national level are another key component of the OECD's territorial expertise. The **OECD Metro Database** and **Metropolitan eXplorer** offer a unique set of statistics on the performance of the 281 large OECD metropolitan areas – including 36 Latin American cities. Fiscal data for over 100 countries is also available in the **Subnational Governments around the World: Structure and Finance database**. The OECD has also provided technical support to the **Latin American Network of Public Policies for Regional Development**, in collaboration with EUROsociAL and ECLAC, including the implementation of **Regional Development Scans** in Mexico and Uruguay.

[www.oecd.org/gov/regional](http://www.oecd.org/gov/regional)  
[www.oecd.org/gov/cities](http://www.oecd.org/gov/cities)



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# Improving water governance

**Access to water is a cornerstone for development and a strong engine for reducing inequalities in LAC countries. It has a significant impact on health, food and energy production, and housing. As such, water governance is instrumental for ensuring that water policies are effectively and efficiently delivered so as to secure access to water for all, and therefore contribute to economic growth, social well-being, and environmental sustainability in the region.**

Since 2012, the OECD has been active in helping LAC countries develop better water policies for better lives, through targeted policy analysis and dialogue.

As members of the **OECD Water Governance Initiative** (WGI), Mexico, Chile, Brazil, Colombia and Peru are supporting the implementation of the **OECD Principles on Water Governance**, adopted in June 2015. As part of WGI activities, these countries will be consulted on the development of water governance indicators and an upcoming database on water governance practices. This will provide both a self-assessment framework and lessons learned from international experiences that can benefit all LAC countries, basins, and cities interested to assess the performance of their water governance systems.

The 2016 report **Water Governance in Cities** (2016) already surveyed 48 cities, including 12 in the LAC region (Acapulco, Belo Horizonte, Chihuahua, Culiacan, Hermosillo, Mexico City, Queretaro, Rio de Janeiro, San Luis Potosi, Toluca, Tuxtla and Veracruz). The report finds that infrastructure backlog, inequality and affordability are among the prominent challenges in LAC cities, where water management is also threatened by urban, demographic and climate trends. It suggests policy responses to co-ordinate water across people, policies and places.

The OECD has also supported country-specific policy dialogue. Over 2014-15, the OECD and Brazil engaged in policy dialogue

on water governance to strengthen federal-state co-ordination on water policies and allocation regimes. In 2016-17, a second dialogue will discuss the governance of economic instruments to manage water and conclude with a report to be published in 2017, building on the 2015 report **Water Resources Governance in Brazil**. Over 2016-17, the OECD and Chile are partnering to improve the governance of infrastructure, including in the water sector, so that it contributes to achieve economic and social inclusion objectives in the country.

OECD and LAC countries are committed to further work together on water governance, as signalled in the outcome document of the XVII Conference of Ibero-American Water Directors. In particular, the OECD and Brazil will collaborate closely as co-coordinators of the governance theme for the 8th World Water Forum (March 2018, Brasilia).

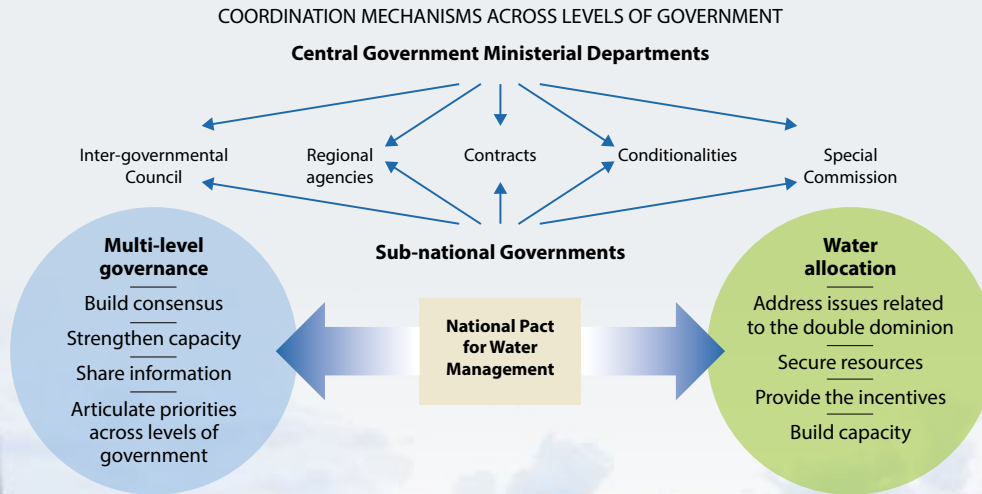
[www.oecd.org/env/watergovernanceprogramme.htm](http://www.oecd.org/env/watergovernanceprogramme.htm)



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**The National Pact for Water Management: a good practice for multi-level coordination**



Ⓔ In 2011, the National Pact for Water Management, an agreement between the Brazilian National Water Agency (ANA) and each of the 27 states, was designed as a tool to enhance integration between federal and state water resources systems, to foster convergence across states' performance and build capacities. The Pact is a powerful instrument to overcome multi-level governance gaps and to support robust water allocation systems.





# EFFECTIVE REGULATION FOR IMPROVED ECONOMIC AND GOVERNANCE OUTCOMES



## Fostering sound competition

**In the aftermath of the commodity boom, Latin American countries need strong competition frameworks to support economic growth and attract foreign investment. Laws and regulations that restrict competition can impede productivity, innovation and raise prices, harming the poorest consumers in particular.**

The [OECD/IDB Latin American and Caribbean Competition Forum \(LACCF\)](#) promotes peer to peer learning, international co-operation between competition authorities, and facilitates the dissemination of OECD standards and best practices. By working with the OECD, and through the LACCF's linkages to the OECD Competition Committee and [Global Forum on Competition](#), LAC countries contribute to the OECD's competition knowledge and the development/revision of standards and guidelines.

For over 10 years, the LACCF has brought together competition officials and experts to share best practices and exchange experiences. The Forum meets annually in a country of the region, hosted by the national competition authority. Working with the IDB, the LACCF has carried out over [14 peer reviews of LAC countries](#) providing them with roadmaps to strengthen

their competition frameworks. Using the [OECD Competition Assessment Toolkit](#), the OECD is currently engaged in several competition assessment projects with Mexico.

Beyond this policy dialogue and country-specific work, the OECD has also engaged in regional analytical work. In March 2015, the OECD completed a report on [Competition and Market Studies in Latin America](#) that takes stock of the existing legal frameworks and the experience of competition authorities in conducting market studies in six countries (Chile, Colombia, Costa Rica, Mexico, Panama and Peru) and compares them with experiences in OECD countries. Follow-up work supported each of the six countries in their implementation of the OECD findings.

Although illegal, the anti-competitive practice of bid rigging continues to cost governments and taxpayers billions of dollars every year. The OECD has worked with Colombia to review procurement legislation and practices; as well as [Brazil](#) and [Chile](#) to provide intensive training to fight bid rigging. In [Mexico](#), since 2010, the OECD has worked to improve procurement practices in the largest procurement entities, resulting in a series of manuals, recommendations and reports.



© Participants at the 2017 Meeting of the LACCF, which took place from 4-5 April, 2017 in Managua, Nicaragua.

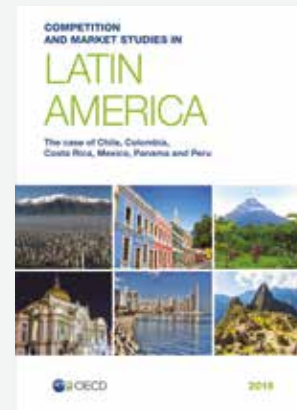


## Fostering sound competition

Merger control constitutes an essential component of an effective competition system, of which most countries in the region have some form of. Following a 2014 OECD study of Chile's merger control regime, which provided suggestions for improvement in light of OECD and international standards, Chile, in 2016, adopted a new law on merger control. Going forward, and in collaboration with regional and international partners, the OECD will focus on strengthening its regional presence to provide more capacity building on competition policy and enforcement and support to young and new competition authorities, notably by engaging them in the LACCF.

[www.oecd.org/competition](http://www.oecd.org/competition)

[www.oecd.org/competition/latinamerica](http://www.oecd.org/competition/latinamerica)



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## Ensuring regulatory efficiency

**Modern economies and societies need effective regulations that enable growth, investment and innovation, and support the pursuit of social, economic and environmental objectives. The OECD is working with many countries in the LAC region to evaluate the impact of current regulations and provide policy recommendations for how to best reform and construct regulatory frameworks.**

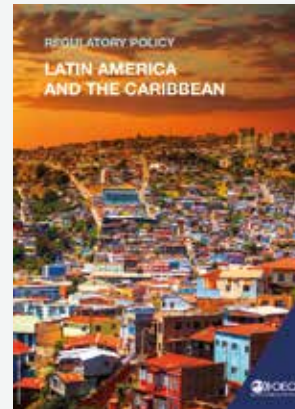
The OECD has supported [Mexico](#), [Chile](#), [Peru](#), [Costa Rica](#), and the Dominican Republic to boost the quality of their regulatory framework and thereby improve public governance and the business environment. Further country-specific work will also take place with [Costa Rica](#), to assess the state of its regulatory policy and provide recommendations for improvement, as well as [Mexico](#), to support the implementation of regulatory policy tools at central and subnational level.

In addition to this country-specific work, the OECD has promoted dialogue on regulatory policy among public policy experts from the region through the [LAC Network on Regulatory Improvement](#). The most recent (2017) meeting of the Network took place in the Spanish Co-operation Agency

(AECID)'s regional centre in Cartagena, Colombia. Building on this policy dialogue, the Network will engage with the region to produce a toolkit for implementing regulatory policy.

Work with Chile and Peru has led to pilot programmes to introduce [regulatory impact assessment \(RIA\)](#). RIA is expected to improve the quality of new regulations by ensuring that its benefits outweigh its costs, and that the views of stakeholders are taken into account in the process of rule-making. Results of work with Mexico include measuring the impact of the digital single window for formalities at state and municipal level, and identifying the main regulatory bottlenecks in the transport sector, which will lead to a package of legal reforms.

[www.oecd.org/regreform/regulatory-policy](http://www.oecd.org/regreform/regulatory-policy)



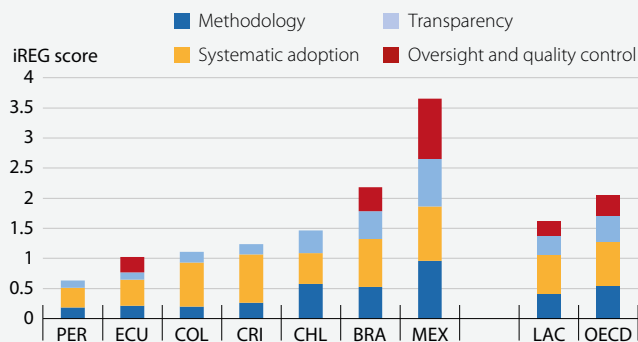
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*Note:* The figure displays the aggregate score of the composite indicator across four categories. The maximum score for each category is one, and the maximum aggregate score for the composite indicator is four. The more regulatory practices as advocated in the *2012 OECD Recommendation on Regulatory Policy and Governance* a country has implemented, the higher its indicator score.

*Source:* OECD Indicators of Regulatory Policy and Governance (iREG) for Latin America 2016; OECD iREG 2015, [www.oecd.org/gov/regulatory-policy/indicators-regulatory-policyand-governance.htm](http://www.oecd.org/gov/regulatory-policy/indicators-regulatory-policyand-governance.htm).

### Stakeholder engagement in LAC in developing subordinate regulations



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# Raising the bar on corporate governance of private and state-owned enterprises

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**Effective corporate governance policies seek to ensure that corporations contribute to economic development and social progress, thus leading to inclusive growth and the reduction of inequality. In the context of limited public resources, proper governance of state-owned enterprises (SOEs) is a fundamental priority to ensure value for money for citizens' contributions.**

Since 2000, the OECD has promoted the implementation of the [G20/OECD Principles of Corporate Governance](#) and other corporate governance best practices through the [Latin American Corporate Governance Roundtable](#) and related networks. All Latin American countries with active capital markets have implemented corporate governance reforms and established corporate governance codes that take into account the G20/OECD Principles. The Roundtable has established several task forces which have issued recommendations and progress reports, including [Corporate Governance of Company Groups in Latin America](#) (2015). A 2016 Roundtable report on [Strengthening Corporate Governance Codes in Latin](#)

[America](#), issued following discussion at the 2016 Roundtable meeting held in Costa Rica, highlights the dynamic evolution of corporate governance codes and the challenges for their effective use in the region. A new Task Force report on disclosure of corporate governance practices within company groups will be issued in 2017.

The [Latin American Companies Circle](#), initiated by the Roundtable in 2005, is now run by the [International Finance Corporation \(IFC\)](#), with the OECD as a supporting institution. It gathers 15 leading companies from Argentina, Brazil, Colombia, Costa Rica, Mexico and Peru, and developed the [Practical Guide to Corporate Governance: Experiences from the Latin American Companies Circle](#).

The [Latin American Network on Corporate Governance of State-Owned Enterprises \(SOEs\)](#) was established in 2011. Its objective is to enhance the governance of SOEs in the region through an exchange of experience and knowledge concerning SOE governance policies, practices and reforms using the [OECD Guidelines on Corporate Governance of State-Owned Enterprises](#). The Network's next meeting will take place in the second half of 2017.

[www.oecd.org/daf/ca](http://www.oecd.org/daf/ca)



© 2016 Meeting of the Latin American Network on Corporate Governance Roundtable, 8-9 September 2015, San José, Costa Rica.



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# ENVIRONMENT AND SUSTAINABILITY

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## Promoting green growth

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**Green growth is about fostering economic development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies. Investing in green growth is a good opportunity for LAC as it seeks to foster alternative, internal sources of growth that can lead to the creation of new jobs and investment opportunities while securing a sustainable future.**

Colombia, Costa Rica and Peru have joined Chile and Mexico and other OECD members in adhering to the **OECD Green Growth Declaration**, which encourages domestic policy reforms that promote environmentally and socially sustainable economic growth.

In support of the **OECD's Green Growth Strategy**, launched in 2011, the OECD, United Nations Industrial Development Organization (UNIDO), and CAF produced a pilot study on **Monitoring Green Growth in the Latin American and Caribbean Region: Progress and Challenges** to support LAC countries in developing indicators and monitoring green growth in the region. Further co-operation between the OECD and other international and regional organisations has led to the inclusion of some non-member LAC countries in the OECD's Green Growth Indicator database.

Furthermore, several LAC countries, including Colombia, Costa Rica, Ecuador, Guatemala, Mexico, Paraguay and Peru, have adapted the OECD Green Growth Indicators to their national contexts. Bolivia, Brazil, Chile, Colombia, Mexico and Peru also take an active part in the **OECD Policy Dialogue on Natural Resource-based Development**, an intergovernmental platform for peer learning and knowledge sharing between OECD and non-OECD producing countries as well as extractive industries, civil society organisations and think tanks.



*“The OECD Programme for Latin America and the Caribbean represents a valuable tool for building a long-term vision of the region’s development, through a joint effort between governments, international organisations and other actors, aimed at promoting a reform agenda that will allow for both the strengthening of competitiveness and the equality of opportunities in our countries.”*

**Dr Luis Carranza**, President of the Development Bank of Latin America

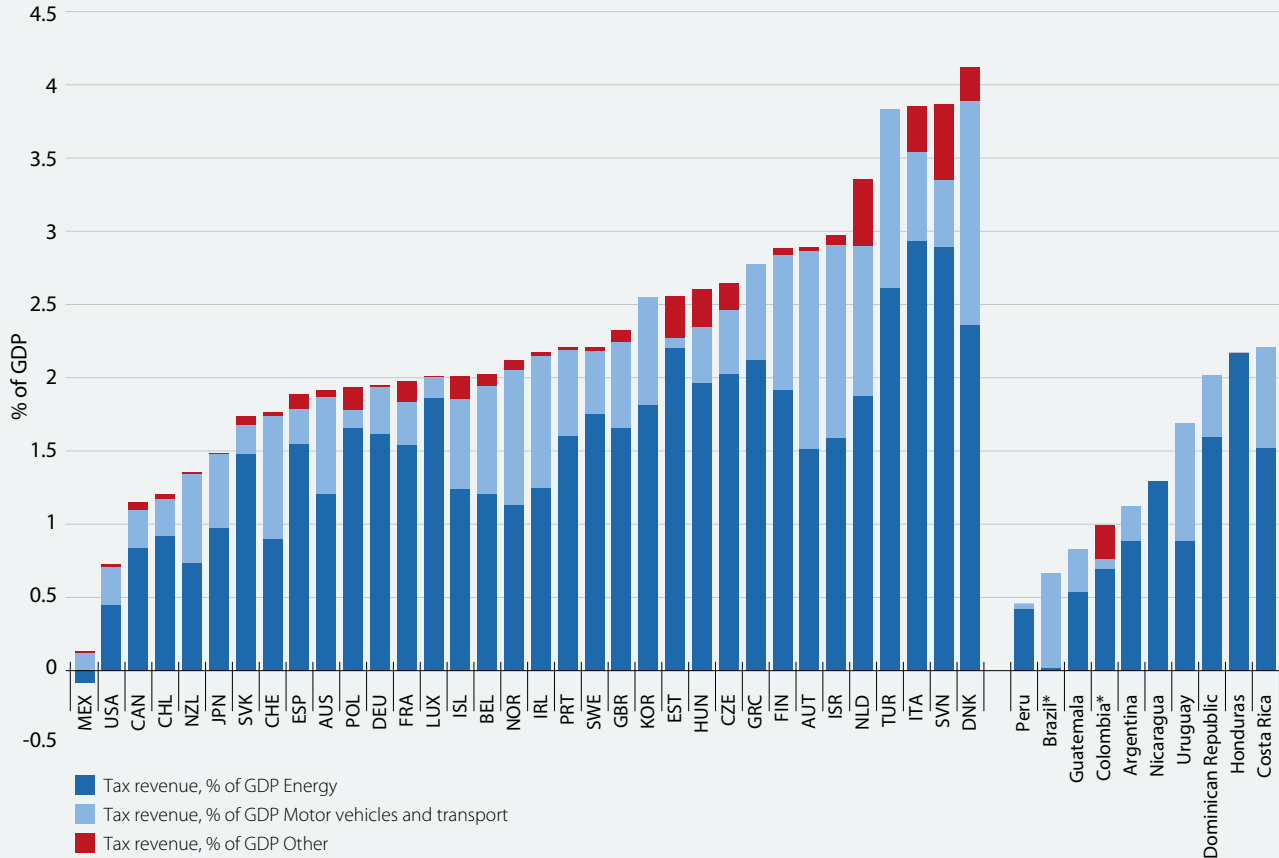
Going forward, the OECD will continue to develop its Green Growth Indicators and mainstream green growth principles into its regular Economic Surveys, Environmental Performance Reviews, Innovation Reviews and Territorial Reviews. As the OECD co-operates more closely with LAC countries and expands their participation in these peer-review assessments, LAC countries will continue to learn from the challenges and policy solutions implemented in OECD and other partner countries to promote green growth.

**[www.oecd.org/greengrowth](http://www.oecd.org/greengrowth)**

**[www.oecd.org/dev/natural-resources.htm](http://www.oecd.org/dev/natural-resources.htm)**



**Environmentally related tax revenue as % of GDP in OECD and selected LAC countries (2014)**



Note: \* indicates data from 2013.

Source: OECD (2016), "Environmental policy instruments", OECD Environment Statistics (database); OECD (forthcoming 2017) *Green Growth Indicators 2017*

Shifting the tax burden in favour of environmentally related taxes can provide incentives for improving economic efficiency, investing in greener growth and shifting away from environmentally harmful consumption and production patterns. Environmentally related taxes in some LAC countries, like Costa Rica, Honduras and the Dominican Republic, account for a larger share of those countries' GDP than those implemented in many OECD countries.

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## Towards a cleaner and healthier environment

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**The environmental risks faced by emerging and developing countries today call for a fundamental shift in approaches to growth and development. By integrating environmental considerations into economic and development planning, green growth can help LAC economies to secure a stronger and more sustainable future.**

*Environmental Performance Reviews (EPRs)* seek to improve the environmental performance of OECD member and partner countries by assessing their progress against national policy objectives and international commitments, and providing targeted policy recommendations. From the LAC region, the OECD has most recently reviewed [Brazil \(2015\)](#), [Chile \(2016\)](#) and [Peru \(2016\)](#), in co-operation with ECLAC. EPR recommendations often assist governments to improve their policy development and implementation. For example, discussions of Chile's planned tax on emissions from large stationary sources in its 2016 EPR led to modifications in the final design of the tax.

Work on mainstreaming biodiversity and development, at national and sector level (e.g. in agriculture, fisheries, and forestry), examines insights and lessons from selected countries, including Bolivia, Brazil, Colombia, Mexico and Peru from the LAC region. The 2016 report [\*Biodiversity Offsets: Effective Design and Implementation\*](#), includes a chapter on the Mexican Environmental Compensation Scheme for Land Use Change in Forested Areas. The OECD's Development Assistance Committee (DAC) tracks official development finance targeting the objectives of the Rio Conventions on climate, biodiversity and desertification. As part of this, in 2016 the OECD launched a brochure on biodiversity-related development assistance in Peru. Two case studies of LAC countries are forthcoming: "Mainstreaming Biodiversity and Development in Peru" highlights good practices and remaining challenges to foster biodiversity mainstreaming in Peru, while "Climate Change Adaptation and Financial Protection: Colombia" looks at the role of development co-operation in supporting the integration of adaptation policy and disaster risk management in Colombia.



*“As a country of the Americas, Canada places great value in building and strengthening its relationships with our neighbours in Latin America and the Caribbean (LAC). By collaborating with our LAC partners on such matters as climate change, improving security, promoting good governance and fostering inclusive economic growth, Canada aims to support*

*a more prosperous, democratic and secure region. Through the OECD LAC Regional Programme, participating countries will be able to share best practices to strengthen democratic institutions, increase productivity, promote clean energy, and develop inclusive economic opportunities. Canada looks forward to working with the OECD and LAC countries in advancing our shared economic, social and governance objectives for the region.”*

**Michelle d'Auray**, Ambassador of Canada to the OECD

The **OECD Database on Policy Instruments for the Environment (PINE)** includes qualitative and quantitative information on environmentally related taxes and other policy instruments for environmental and natural resource management in 14 LAC countries. Country contributions to this database are also relevant to monitoring progress towards Aichi Biodiversity Target 3 on incentives under the Convention on Biological Diversity.

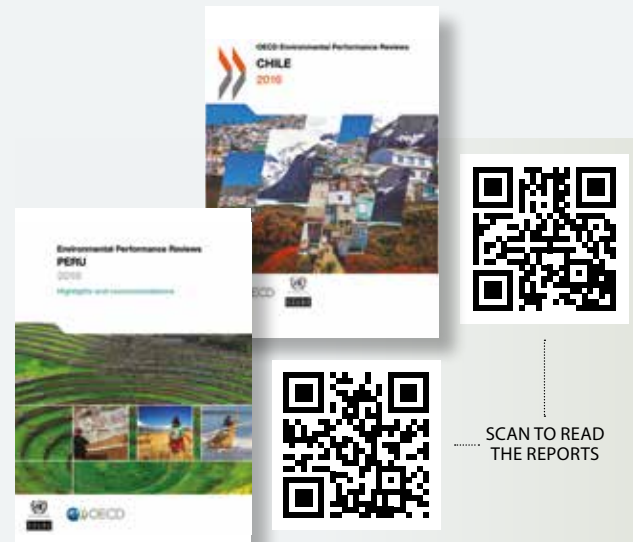
[www.oecd.org/environment/country-reviews](http://www.oecd.org/environment/country-reviews)

[www.oecd.org/env/resources/biodiversity.htm](http://www.oecd.org/env/resources/biodiversity.htm)

[www.oecd.org/environment/resources/mainstream-biodiversity](http://www.oecd.org/environment/resources/mainstream-biodiversity)

[www.oecd.org/env/policies/database](http://www.oecd.org/env/policies/database)

[www.oecd.org/dac/environment-development](http://www.oecd.org/dac/environment-development)



# Combating climate change, including through effective development co-operation



**Meeting the ambitious objectives of the Paris Agreement and 2030 Agenda will require effective development co-operation, as stressed by all 33 countries of the LAC region through the adoption of the Cartagena Declaration in March 2016. Through data, evidence-based policy analysis, and public forums with key development cooperation partners, the OECD advances development co-operation efforts to address climate change and other environmental issues in the LAC region.**

The OECD actively supports international climate change discussions in the context of the Conferences of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC). The OECD and the **International Energy Agency (IEA)** jointly host the **Climate Change Expert Group (CCXG)** of the UNFCCC, which holds regular seminars with a variety of country delegates and experts, including from LAC countries.

**The Global Partnership for Climate Finance and Development** was created to apply lessons from development co-operation to the access, management and use of climate finance. It focuses on developing national capacity and country systems to access, manage and use climate finance in partner countries effectively. Argentina, Bolivia, El Salvador, Honduras, Mexico and Peru work together alongside the OECD, the United Nations Development Programme (UNDP), and 22 other institutions and countries under the Partnership. Furthermore, Chile, Mexico and the OECD co-organised the first **LAC-DAC Dialogue on Development Co-operation** in Santiago, Chile in 2016. Discussions included achieving the sustainable development goals through triangular co-operation and other innovative mechanisms, such as joint funds or private-public partnerships.

Going forward, to account for policies adopted since COP21, in 2018 the OECD will build on its 2015 report **Climate Change Mitigation: Policies and Progress**. The OECD will also co-organise an event in June 2017 on mobilising finance for national climate action in Latin American countries, in collaboration with

the IDB, ALIDE (Latin American Association of Development Financing Institutions), BANOBRAS (Mexican Development Bank) and the Green Bank Network.

[www.oecd.org/environment/cc](http://www.oecd.org/environment/cc)  
[www.oecd.org/environment/cc/ccxg.htm](http://www.oecd.org/environment/cc/ccxg.htm)  
[www.oecd.org/dac/environment-development/climate-partnership.htm](http://www.oecd.org/dac/environment-development/climate-partnership.htm)  
[www.oecd.org/dac/stats/rioconventions.htm](http://www.oecd.org/dac/stats/rioconventions.htm)  
[www.oecd.org/dac/dac-global-relations](http://www.oecd.org/dac/dac-global-relations)



Environment Minister **Pablo Badenier** of Chile (left), Environment Minister **Greg Hunt** of Australia (center), and **Simon Upton**, Director of the OECD Environment Directorate (right), at an OECD COP21 side event.



## Strengthening chemical and biological safety



**The chemicals industry is one of the world's largest industrial sectors. As many of the same chemicals are produced in more than one country or traded across countries, the OECD supports its Members and non-members, including LAC countries, to avoid duplicated testing and share the burden of chemical assessments through the internationally accepted OECD guidelines.**

In addition to OECD Members Chile and Mexico, Argentina and Brazil are adherents to the OECD programme of **Mutual Acceptance of Data (MAD) in the Assessment of Chemicals**.

The OECD's MAD programme is a multilateral agreement that allows the results of non-clinical safety tests on chemicals and chemical products – such as industrial chemicals and pesticides – to be shared across adhering countries. Under MAD, testing must be carried out according to the **OECD Test Guidelines** and **OECD Principles of Good Laboratory Practice**. Adherence to MAD saves governments and chemical producers in participating countries EUR 150 million annually.

Brazil, Chile and Mexico take part in the **OECD Pesticides Programme** as well as in OECD work related to genetically modified crops, where Colombia and Costa Rica have also shown interest. Brazil and Argentina, as the second and third largest global producers of genetically modified crops in 2015, have also long participated in the OECD's activities related to environmental biosafety and the safety of novel foods and feeds. This engagement with the OECD helps participating governments in the LAC region to assess and reduce health and environment-related risks.

Several Latin American countries have participated in the OECD Working Group on pollutant release and transfer register (**PRTR**) to exchange information and implementation experience. A PRTR is a key tool for governments to provide the public with data regarding the amount of hazardous chemicals and pollutants released into the air, water and soil and transferred off-site for treatment or disposal.

The OECD encourages increased co-operation with LAC countries on chemical and biological safety, including adherence to instruments like MAD and participation in activities related to pesticides, PRTRs and genetically modified organisms. Currently, work is under way on the safety of genetically modified strains of the mosquito species *Aedes Aegypti*. These strains are being tested in Brazil to help control mosquito populations.

**[www.oecd.org/ehs/mad](http://www.oecd.org/ehs/mad)**

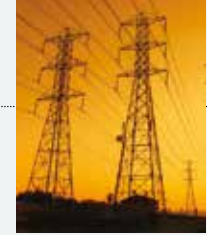
**[www.oecd.org/biotrack](http://www.oecd.org/biotrack)**

**[www.oecd.org/env/prtr](http://www.oecd.org/env/prtr)**

**[www.oecd.org/env/ehs/pesticides-biocides](http://www.oecd.org/env/ehs/pesticides-biocides)**



# Ensuring reliable and clean energy



**Promoting the production of renewable and clean sources of energy is a priority for many national, regional, and local governments. Using clean energy and participating in the green economy is also a way to guarantee energy security in a carbon-constrained economy and can help countries develop a competitive advantage in this growing economic sector.**

Energy statistics and indicators in most Latin American countries are collected and monitored by the **International Energy Agency (IEA)** to provide analysis and advice on topics such as market reform and energy technology.

The IEA's annual **World Energy Outlook** incorporates the latest data and projections of energy demand, production, trade, and investment, until 2040. The 2016 edition contains a special focus section on Mexico, analysing the long-term implications of the historic energy sector reform that is currently being implemented. The scenario analysis concludes that full implementation of the ongoing energy reform in Mexico will result in benefits of one trillion US dollars in total economic output through 2040. It also gives a comprehensive analysis of medium- and longer-term energy trends, offering energy projections with strategic insights into their meaning for energy security, the economy, and the environment.

Separately, as part of its series “Energy Policies of Non-Member Countries”, the IEA also conducted an **In-Depth Review of Mexico's Energy Policy**, which highly commends the reform effort, while pointing out that the transformation of a market based on monopoly structures into a competitive one will require constant attention by government and regulatory agencies for many years to come. The latest **Energy Balances of Non-OECD Countries** (2015), features detailed data for over 100 countries, including country specific data on Argentina, Bolivia, Brazil, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, and Uruguay.



◊ In October 2016 the IEA conducted one week of regional energy training on distributed electricity generation from renewable energy sources, organised with the support of GLZ, the Chilean Energy Ministry and UN ECLAC. The event brought together 35 energy policy decision makers from 9 Latin American countries and was successful in fostering a very productive exchange of experiences.



SCAN TO READ  
THE REPORTS

# Annexes

## PARTICIPATION IN OECD BODIES (as of May 2017)<sup>1</sup>

OECD co-operation with Latin America and the Caribbean has led to a stronger participation of countries from the LAC region as Partners in OECD bodies.

**Associates** (in some bodies referred to as **member** of the body) participate in OECD Bodies, projects or the development or revision of OECD legal instruments, for an open ended period, on near-equal footing with OECD Members. **Participants** participate in OECD Bodies for an open-ended period, except in discussions marked as confidential.

- Committee for Agriculture – Argentina,<sup>p</sup> Brazil<sup>p</sup>
- Working Party on Agricultural Policies and Markets – Argentina,<sup>p</sup> Brazil<sup>p</sup>
- Group on Commodity Markets – Argentina,<sup>p</sup> Brazil<sup>p</sup>
- Joint Working Party on Agriculture and Trade – Argentina,<sup>p</sup> Brazil,<sup>p</sup> Peru<sup>p</sup>
- Working Group on Bribery in International Business Transactions – Argentina,<sup>a</sup> Brazil,<sup>a</sup> Colombia,<sup>a</sup> Costa Rica,<sup>a</sup> Peru<sup>a</sup>
- Competition Committee and all subsidiary bodies – Brazil,<sup>p</sup> Colombia,<sup>p</sup> Costa Rica,<sup>p</sup> Peru<sup>p</sup>
- Committee on Consumer Policy and all subsidiary bodies – Colombia,<sup>p</sup> Costa Rica,<sup>p</sup> Peru<sup>p</sup>
- Working Party on Consumer Product Safety – Brazil<sup>p</sup>
- Corporate Governance Committee – Brazil<sup>p</sup>
- Working Party on State Ownership and Privatisation Practices – Brazil<sup>p</sup>
- Discussion on Principles of Corporate Governance – Brazil<sup>p</sup>
- Development Centre – Argentina,<sup>m</sup> Brazil,<sup>m</sup> Colombia,<sup>m</sup> Costa Rica,<sup>m</sup> Dominican Republic,<sup>m</sup> Panama,<sup>m</sup> Paraguay,<sup>m</sup> Peru,<sup>m</sup> Uruguay<sup>m</sup>
- Programme for International Student Assessment (PISA) Governing Board – Brazil,<sup>a</sup> Argentina,<sup>p</sup> Colombia,<sup>a</sup> Costa Rica,<sup>a</sup> Dominican Republic,<sup>p</sup> Panama,<sup>p</sup> Peru<sup>p</sup>, Trinidad and Tobago,<sup>p</sup> Uruguay,<sup>p</sup> Venezuela<sup>a</sup>
- Group of National Experts on Vocational Education and Training – Costa Rica<sup>p</sup>
- Environment Policy Committee and all subsidiary bodies – Costa Rica<sup>p</sup>
- Joint Meeting of the Chemicals Committee and the Working Party on Chemicals, Pesticides and Biotechnology – Colombia<sup>p</sup>
- Joint Meeting of the Chemicals Committee and the Working Party on Chemicals, Pesticides and Biotechnology (MAD related issues only) – Argentina,<sup>a</sup> Brazil<sup>a</sup>
- Working Group on Good Laboratory Practice – Argentina,<sup>a</sup> Brazil,<sup>a</sup> Colombia<sup>p</sup>
- Working Group of National Co-ordinators of the Test Guideline Programme – Argentina,<sup>a</sup> Brazil,<sup>a</sup> Colombia<sup>p</sup>
- Working Party on the Harmonisation of Regulatory Oversight in Biotechnology – Argentina<sup>p</sup>
- Committee on Fiscal Affairs – Argentina,<sup>a</sup> Brazil<sup>p</sup>, Colombia,<sup>p</sup> Costa Rica,<sup>p</sup> Uruguay<sup>p</sup>
- Global Forum on Transparency and Exchange of Information for Tax Purposes (Members) – Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Brazil, Colombia, Costa Rica, Dominica, El Salvador, Grenada, Guatemala, Jamaica, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago, Uruguay
- Fisheries Committee – Argentina<sup>p</sup>
- Committee on Digital Economy Policy – Argentina,<sup>p</sup> Colombia,<sup>p</sup> Costa Rica<sup>p</sup>
- Working Party on Private Pensions – Brazil<sup>p</sup>
- Investment Committee – Argentina,<sup>p</sup> Brazil<sup>p</sup>
- Investment Committee meeting in enlarged session for work related to the Declaration on International Investment and Multinational Enterprises and related Instruments – Argentina,<sup>a</sup> Brazil,<sup>a</sup> Colombia,<sup>a</sup> Costa Rica,<sup>a</sup> Peru<sup>a</sup>
- Public Governance Committee – Brazil,<sup>p</sup> Colombia<sup>p</sup>
- Regulatory Policy Committee – Peru<sup>p</sup>
- Regional Development Policy Committee – Peru<sup>p</sup>
- Committee for Scientific and Technological Policy (CSTP) – Argentina,<sup>p</sup> Brazil,<sup>p</sup> Colombia,<sup>p</sup> Costa Rica<sup>p</sup>
- Committee for Industry, Innovation and Entrepreneurship (CIIE) – Costa Rica<sup>p</sup>
- Committee on Statistics and Statistical Policy – Brazil,<sup>p</sup> Colombia,<sup>p</sup> Costa Rica<sup>p</sup>

1. For further information on the rights and obligations on Partners' rights and obligations, see the Revised Resolution of the Council on Partnerships in OECD Bodies [C(2012)100/REV1/FINAL].

- Working Party on Financial Statistics – *Brazil,<sup>P</sup> Colombia,<sup>P</sup> Costa Rica<sup>P</sup>*
- Trade Committee – *Argentina,<sup>P</sup> Brazil<sup>P</sup>*
- Joint Working Party on Trade and the Environment – *Brazil<sup>P</sup>*
- Steel Committee – *Brazil<sup>A</sup>*

A – Associate, P – Participant, M – Member

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### ADHERENCE TO OECD LEGAL INSTRUMENTS (as of May 2017)

OECD co-operation with Latin America and the Caribbean has led to stronger adherence to OECD legal instruments by non-Members from the region.

- Decision of the Council Revising the OECD Schemes for the Varietal Certification or the Control of Seed Moving in International Trade – *Argentina, Brazil, Plurinational State of Bolivia, Uruguay*
- Convention on Combating Bribery of Foreign Public Officials in International Business Transactions – *Argentina, Brazil, Colombia, Costa Rica, Peru*
- Declaration on Better Policies to Achieve a Productive, Sustainable and Resilient Global Food System – *Argentina, Brazil, Colombia, Costa Rica, Peru*
- Ministerial Declaration - The Fight Against Foreign Bribery – Towards a New Era of Enforcement – *Argentina, Brazil, Colombia, Costa Rica, Peru*
- Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance – *Brazil, Colombia, Costa Rica, Peru*
- Recommendation of the Council Concerning Effective Action against Hard Core Cartels – *Brazil*
- Paris Declaration on Aid Effectiveness – *Argentina, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia*
- Declaration on Green Growth – *Colombia, Costa Rica, Peru*
- Decision of the Council concerning the Mutual Acceptance of Data in the Assessment of Chemicals – *Argentina, Brazil*
- Convention on Mutual Administrative Assistance in Tax matters as amended by the Protocol Amending the Convention on Mutual Administrative Assistance in Tax Matters – *Argentina, Barbados,<sup>1</sup> Belize, Brazil,<sup>1</sup> Colombia, Costa Rica, Dominican Republic,<sup>1</sup> El Salvador,<sup>1</sup> Guatemala,<sup>1</sup> Panama, Uruguay,<sup>1</sup>*
- Declaration on Automatic Exchange of Information in Tax Matters – *Argentina, Brazil, Colombia, Costa Rica*
- Declaration on Base Erosion and Profit Shifting – *Argentina, Brazil, Costa Rica*
- Multilateral Guidelines (Extract from the Annex to the Decision establishing a Steel Committee) – *Brazil*
- Arrangement on Officially Supported Export Credits - Sector Understanding on Export Credits for Civil Aircraft – *Brazil*
- Declaration for the Future of the Internet Economy (The Seoul Declaration) – *Costa Rica*
- Daejeon Declaration on Science, Technology and Innovation Policies for the Global and Digital Age – *Brazil, Colombia, Costa Rica,*
- Declaration on the Digital Economy: Innovation, Growth and Social Prosperity (Cancún Declaration) – *Argentina, Colombia, Costa Rica, Ecuador*
- Recommendation of the Council on Principles for Internet Policy Making – *Colombia, Costa Rica, Peru*
- Recommendation of the Council on Electronic Authentication – *Peru*
- Declaration on International Investment and Multinational Enterprises – *Argentina, Brazil, Colombia, Costa Rica, Peru*
- Recommendation of the Council on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas – *Argentina, Brazil, Colombia, Costa Rica, Peru*
- The Bologna Charter on SME Policies – *Argentina, Brazil*
- Istanbul Ministerial Declaration on Fostering the Growth of Innovative and Internationally Competitive SMEs – *Argentina, Brazil, Bolivarian Republic of Venezuela*
- Recommendation of the Council for Development Co-operation Actors on Managing the Risk of Corruption – *Argentina, Brazil, Colombia, Costa Rica, Peru*
- Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship – *Colombia, Costa Rica*
- Recommendation of the Council on the Governance of Critical Risks – *Colombia, Costa Rica*
- Recommendation of the Council on Digital Government Strategies – *Colombia, Costa Rica, Panama, Peru*

- Recommendation of the Council on OECD Guidelines for Managing Conflict of Interest in the Public Service – *Peru*
- Recommendation of the Council on Principles for Public Governance of Public-Private Partnerships – *Peru*
- Recommendation of the Council concerning International Co-operation on Competition Investigations and Proceedings – *Brazil, Colombia*
- Recommendation of the Council on Bribery and Officially Supported Export Credits – *Brazil, Colombia, Costa Rica, Peru*
- Recommendation of the Council on Fighting Bid Rigging in Public Procurement – *Brazil*
- Recommendation of the Council on Competition Assessment – *Brazil*
- Recommendation of the Council concerning Structural Separation in Regulated Industries – *Brazil*

1. Not yet ratified

### COUNTRY PARTICIPATION IN OECD LAC NETWORKS (as of May 2017)

- **How's Life in Latin America? Initiative** (2015) – *Plurinational State of Bolivia (Bolivia), Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Panama, Paraguay, Peru and Uruguay*
- **Latin American Anti-Corruption Programme** (2006)– *Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru (the aforementioned countries are the Latin American members of the OECD Working Group on Bribery - non-member countries are also invited to participate in the Programme's activities)*
- **OECD – IDB Latin American and Caribbean Competition Forum (LACCF)** (2003)– *Argentina, Barbados, Brazil, Bolivia, Colombia, Costa Rica, Chile, Dominican Republic, El Salvador, Ecuador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Portugal, Spain, Trinidad and Tobago, United States of America, Uruguay, Bolivarian Republic of Venezuela (Venezuela)*
- **LAC Corporate Governance Roundtable** (2000)– *Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, Panama, Peru, Venezuela*
- **LAC Network on Corporate Governance of State-Owned Enterprises** (2011)– *Argentina, Brazil, Colombia, Costa Rica, Ecuador, Panama, Paraguay, Peru, Uruguay*
- **LAC Fiscal Initiative** (2009)– *Argentina, Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela (all countries in the LAC region are invited to participate)*

- **LAC Network on Regulatory Improvement** (2015)– *Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Mexico, Peru (as well as Portugal, Spain, United Kingdom, and the United States)*
- **LAC Health Systems Network** (2016) – *Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Mexico, Panama, Paraguay, Peru, Uruguay*
- **LAC Investment Network** (2009) – *Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Panama, Paraguay, Peru, Uruguay (as well as Canada, Portugal, Spain, and the United States)*
- **LAC Network on Open and Innovative Government** (2016) – *Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Paraguay, Peru, Uruguay*
- **LAC Senior Budget Officials Network** (2003)– *Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Mexico, Paraguay, Peru, Uruguay*

### SOURCES AND NOTES

Citations for pgs. 4-5: “Snapshot: The LAC region within the global economy”

1. <http://data.worldbank.org/region/latin-america-and-caribbean>  
<http://data.worldbank.org/region/latin-america-and-caribbean>
2. Ibid.
3. CEPAL 2016, Foreign Direct Investment in Latin America and the Caribbean
4. According to the World Bank methodology:  
<https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>
5. <http://data.worldbank.org/data-catalog/GDP-ranking-table>
6. Social Panorama of Latin America 2015, Latin American and Caribbean Economic Commission (ECLAC), United Nations, Santiago, Chile.
7. <http://latintrade.com/latin-america-growing-strategic-importance>
8. <http://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?locations=ZJ>
9. <http://www.cepal.org/en/pressreleases/export-diversification-main-challenge-latin-america-and-caribbean-its-trade>
10. <http://data.worldbank.org/indicator/TX.VAL.TECH.MF.ZS?locations=ZJ>
11. <http://data.worldbank.org/indicator/TX.VAL.MMTL.ZS.UN?locations=ZJ>
12. On 25 May 2018, the OECD Council invited Colombia to become a member. The date of membership will be the date of the deposit of Colombia's instrument of accession to the OECD Convention.

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

### DIALOGUE AND DATA

**The OECD reaches out to stakeholders in the business and labour community and garners diverse perspectives in its policy dialogue through the Business and Industry Advisory Committee to the OECD and the Trade Union Advisory Committee to the OECD, as well as fostering increased participation of elected officials through the OECD Global Parliamentary Network.**

The **Trade Union Advisory Committee to the OECD (TUAC)** works closely with the International Trade Union Confederation (ITUC) and the Trade Union Confederation of the Americas to ensure that the voice of workers in non-OECD Members is heard. TUAC chapters from the LAC region include the Confederation of Mexican Workers (CTM) and the Federation of Trade Unions in Goods and Services (Mexico). The Central Única dos Trabalhadores (Brazil) is an associate member of the TUAC. These organisations contribute to the work undertaken by TUAC to prepare the positions taken in the G20, the IFIs and other forums. TUAC also closely works with the Chilean Trade Union Confederation (CUT) and Colombian trade union centres.

**Business at OECD (BIAC)** has several member and observer associations from the LAC region, including the Employers Confederation of the Mexican Republic (COPARMEX), the Confederation for Production and Commerce of Chile (CPC), the Union Industrial Argentina (UIA), the National Confederation of Industry of Brazil (CNI), the National Business Association of Colombia (ANDI) and the Costa Rican Union of Chambers and Associations of the Private Business Sector (UCCAEP). Through their involvement, the LAC business community is able to contribute its views and expertise to BIAC and OECD policy discussions across a broad range of issues.

In addition, parliamentarians from the region are becoming increasingly involved in the **OECD Global Parliamentary Network**, which aims at facilitating dialogue amongst parliamentarians on the enacting and implementation of reforms. Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico and Peru have all taken part in meetings of the Network.

**The OECD Emerging Markets Network (EmNet)** is a business-oriented platform for dialogue and analysis of economic trends, business strategies, and policy challenges. With participation from OECD experts, private-sector executives and policy makers from emerging economies, EmNet provides networking and collaboration opportunities across these sectors. Each year, EmNet holds a meeting with a focus on the LAC region, exploring and debating how companies and policy makers can best adapt their strategies to emerging market issues.

Finally, the dissemination of OECD publications and policy outreach activities are enhanced through the **OECD Mexico Centre for Latin America**, which carries out public affairs and communication activities with the Spanish-speaking community. In addition to this, a new dedicated website ([www.oecd.org/latin-america](http://www.oecd.org/latin-america)) has been created to provide regular updates on OECD-LAC activities in both English and Spanish.

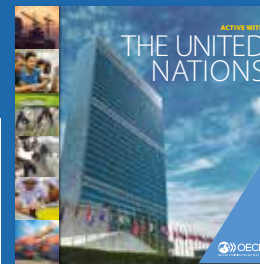
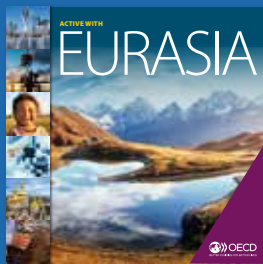
[www.oecd.org/latin-america](http://www.oecd.org/latin-america)  
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# The OECD: A Global Policy Network



**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, Lithuania, 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.



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