

# **Transforming the OECD Impact, Inclusiveness and Relevance**

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## **Secretary-General Gurría's Major Achievements**

### **HIGHLIGHTS**

#### **Secretary-General Gurría has led a major transformation of the OECD.**

Since his election in 2006, SG Gurría has achieved a visible, widely acknowledged increase in the Organisation's IMPACT, INCLUSIVENESS AND RELEVANCE.

- Making the Organisation more useful to its Members, by supporting them in a more timely and effective way;
- Connecting the Organisation's work to the improvement of the well-being of our citizens;
- Developing our high quality standards further, by making them more inclusive, more global, and by upgrading and updating them.

SG Gurría has delivered in a difficult context: in what he dubbed as “the greatest economic crisis of our lifetime” and a stalemate in many fora for major international negotiations (i.e. trade, climate change).

His work and leadership, with the strong support and guidance from Members, have increased the value and the presence of the OECD in many fields, turning it into a “top of mind” international organisation to build more productive, competitive and fair economies.

#### **Supporting Member countries to advance their reform agendas**

In recent years, the OECD has evolved from a relatively low key outfit into one of the most dynamic, high-impact and forward-looking international organisations, where leaders come to:

- Discuss policy solutions to current and future domestic and international challenges, and seek policy advice to design, promote and implement structural reforms based on international best practices and evidence-based monitoring;
- Compare themselves to the best performers in the OECD in many public policy fields.

The OECD leadership leveraged the unique role and highly specialised work of the OECD's Committees through the “*Better Policies Brochures*”, and the “*Getting it Right Series*”, with

concrete and focused policy advice to Leaders and Ministers to advance structural reforms for growth, jobs and broader well-being. The Secretary-General also took it upon himself to promote and personally roll out major publications and flagships of the Organisation, usually in the company of high level representatives of Member and Partner countries, thus multiplying their impact.

These efforts have allowed the OECD to contribute to major reform breakthroughs. A few examples:

- ✓ The recent labour reforms in Spain and Italy;
- ✓ The tax reform in Japan;
- ✓ The labour, telecommunications, competition, education, financial, fiscal and energy reforms in Mexico;
- ✓ The modernisation and reform of the competition laws, the regulatory framework and the public administration in Greece;
- ✓ The banking sector reforms in the UK and in Australia;
- ✓ The establishment of National Education Standards in the US based on the work of PISA;
- ✓ The competitiveness, the innovation, the regional and regulatory reform agendas in France.

### **Building a stronger, cleaner and fairer world economy**

In an effort to break the “silos”, a multidisciplinary approach was promoted, in order to:

- Achieve stronger, cleaner and fairer growth to build more resilient, inclusive and sustainable economies;
- Tackle long-term and cross-cutting challenges like ageing, rising inequalities, climate change, migration and water.

SG Gurría launched the “Go Structural”, “Go Social”, “Go Green” and “Go Institutional” campaigns, and in close cooperation with the countries that have Chaired the meeting of the Council at Ministerial level, he oversaw the development of key initiatives like:

- The Innovation Strategy;
- The Strategy on Development;
- The New Approaches to Economic Challenges (“NAEC”);
- The Inclusive Growth Initiative;
- The Green Growth Strategy;
- The Gender Initiative;
- The Better Life Initiative.

## **Keeping the OECD at the cutting edge of policy knowledge**

SG Gurría also focused on keeping the Organisation at the forefront of cross-cutting issues in the international policy agenda, promoting path-breaking contributions, like the work on:

- Global Value Chains; Trade in Value Added; Knowledge Based Capital; and Services Trade Restrictiveness.
- The Internet Economy: developing a set of Principles for Internet Policy-making to ensure that the Internet provides a free, open, decentralised platform for communication, collaboration, innovation, creativity, productivity improvement and economic growth. This is particularly important for countries where a high share of the value added in the business sector can be attributed to Internet-related activities, one of the few sectors that kept thriving during the crisis. In the US, for example, this contribution is as high as 13%.

Under his mandate, he brought the issue of rising inequality to the forefront of OECD discussions and mainstreamed it throughout the Organisation.

- In 2008, the OECD launched “Growing Unequal?”, then followed up in 2011 with “Divided We Stand” and will soon present the third related delivery, dealing with the causes of inequality and the policy proposals to address it.
- This forms part of an OECD agenda for inclusive growth to help Member and Partner countries address the growing challenge of inequality.
- With US support and leadership, the OECD launched the Strategy for Women’s Economic Empowerment.

He also placed great emphasis in keeping the OECD’s work connected to the megatrends that are shaping our future, as well as to “new thinking” and different points of view from experts and sources of knowledge beyond the OECD, through programmes like:

- ✓ NAEC
- ✓ Strategic Foresight
- ✓ The Coffees with the Secretary General.

## **Increasing the impact of the Organisation’s international standards**

SG Gurría reinforced the OECD’s role as a World-class standard setter in fields like anti-corruption; investment; responsible business conduct; corporate governance; and free movement of capital and goods.

- The work in Competitive Neutrality has been strengthened to ensure that state-owned and private businesses compete on a level playing field;
- The OECD Principles of Corporate Governance were reviewed and strengthened in 2014 to ensure high levels of transparency, accountability, board oversight, respect for the rights of minority shareholders and the role of key stakeholders in corporations;

- The OECD's Guidelines for Multinational Enterprises, were updated in 2011 to ensure they remain at the forefront of the global responsible business conduct agenda;
- The OECD is also constantly taking stock and reporting to Members about policy measures that may distort international competition and hamper international investment flows.

The work on taxation is a perfect example of how OECD standards are now becoming universal.

- The first seven deliverables on the G20/OECD BEPS Action Plan, agreed upon by the 44 G20 and OECD countries, have been delivered and are already helping address:
  - ✓ Tax treaty abuse;
  - ✓ Hybrid mismatches that result in double non-taxation;
  - ✓ A common approach to the tax challenges of the digital economy;
  - ✓ Transfer pricing challenges.
- With the support of the OECD and G20 Leaders, SG Gurría successfully achieved end of bank secrecy and made the exchange of information on request a generally accepted global standard. Today, already 93 jurisdictions have committed to move beyond that by implementing, by 2017 or 2018, the Automatic Exchange of Information (AEOI) standard that the OECD has developed with OECD and G20 countries in just one year's time.
- The imminent implementation of AEOI is forcing "voluntary" disclosures by tax evaders, which have already yielded 37 billion euros of additional revenue in around 25 OECD and G20 countries in the last five years. This is 100 times the budget of the Organisation. More additional revenues will follow, as we move towards full membership.

Great emphasis has been placed on making sure that our OECD tools and standards remain relevant, upgrading or updating them on a regular basis. This is the case of the Guidelines for Multinational Enterprises; as well as the Policy Framework for Investment.

Progress in advancing other international standards including:

- ✓ To monitor and avoid trade and investment protectionism as an aftermath of the crisis, avoiding beggar thy neighbour actions that would have reproduced the outcome of previous crises.
- ✓ The Review of the Sector Understanding on Export Credits for Civil Aircraft.
- ✓ To promote transparency in due diligence in mineral extraction.

### **Advancing the transparency agenda**

SG Gurría has attributed great importance to the transparency agenda by making the OECD a major supporter of the Open Government Partnership, originally launched by President Obama and President Rousseff of Brazil.

- ✓ Advocating for more efficiency and transparency in the public sector;

- ✓ Working closely with OMB in the US and its equivalent institutions in other countries to improve budgeting processes;
- ✓ Promoting public sector integrity in major emerging economies like Brazil, as well as in OECD countries, like Italy, Mexico and Turkey.

### **Strengthening the Organisation's global outreach through the incorporation of new Members and by focusing on new geographic areas**

SG Gurría helped Members reach the necessary consensus to start the process to open up the Organisation to four new Members and to identify four additional accession countries.

- ENLARGEMENT 1: He worked to start the process of accession of Russia, Israel, Chile, Slovenia and Estonia. In 2011, four out of the five countries became Members. Russia made progress until the recent developments in Ukraine.
- ENLARGEMENT 2: On a second stage, he promoted the consensus to invite Colombia and Latvia to embark on the process of accession, while preparing the ground for a 2015 decision on Costa Rica and Lithuania.
- He also advanced the strong call by Members to rebalance the geographic focus of the Organisation with the launch of the South East Asia Regional Programme (SEARP) and other regional initiatives like the OECD/MENA programme, the Deauville Partnership, where the OECD became an implementing agency of the G7, the Latin America and Caribbean Initiative (LAC) and Country Programmes for Peru, Kazakhstan, Morocco and Thailand.

Particularly promising is the window of opportunity that has been opened in our relationship with China, which is now participating in many areas of the OECD's work, supporting the participation of the OECD in multilateral fora like APEC, requesting support from the OECD for the G20 Presidency in 2016 and asking for policy advice in areas like inclusive growth, urbanisation and China's insertion in the world economy. China is also adhering to OECD's work and instruments, and this is contributing to levelling the playing field. In a meaningful breakthrough, only a few days ago, a Memorandum of Understanding (MoU) was signed by SG Gurría and the Minister of Commerce, Gao Hucheng, to strengthen the cooperation going forward.

### **Turning the OECD into a pillar of global governance**

The OECD has become a pillar in the architecture of global governance through its involvement and contributions to the G20; G7; Deauville Partnership; APEC; Pacific Alliance and other global or regional fora.

- Following the invitation by President Obama to SG Gurría to the Pittsburgh G20 Summit and working hand in hand with the OECD Members that have held the G20 Presidencies, the OECD has become a useful and regular partner to G20 Presidencies, providing evidence-based analysis and advice to advance important policy agendas.
- This helped to build the G20 Framework for Strong Sustainable and Balanced Growth and develop work on issues like: international tax system; youth unemployment; gender; cross-

border corruption; agriculture; Global Value Chains; fossil fuel subsidies; whistleblowing; investment; among others.

- Following the Arab Spring, the OECD became an implementing partner for the G7 Deauville Partnership and is actively engaged with all the countries involved (Egypt, Jordan, Libya, Morocco, Tunisia and Yemen).

### **Strengthening cooperation with other International Organisations and regional processes**

The collaboration with other International Organisations has become strategic to produce synergies and avoid overlapping (IMF, World Bank Group, WTO, FSB, Regional Development Banks, and UN agencies like UNDP, FAO, WHO, ILO, UNESCO, UNEP, UNFCCC and many others.) This includes much closer coordination with the institutions located within the OECD like the IEA, the NEA and the ITF.

The OECD has also played a supportive role to help other Organisations advance in their negotiating tasks. Of particular importance is the analytical support on the trade facilitation agenda that helped to achieve the Bali agreement. It also played a key role in producing relevant evidence for the advancement of climate change discussions.

Cooperation with the European Union in many fields has been mutually beneficial and has created multiple synergies.

This cooperation has proven especially useful to better serve G7 and G20 agendas.

### **Improving the OECD internal management and decision-making process and providing value for money**

Great emphasis has been placed on increasing the efficiency and the value for money for Members as well as designing an appropriate governance and financial sustainability of the OECD.

- SG Gurría supported and helped advance a financial reform at the OECD to re-balance the share of contributions among Member countries. This was also achieved for the Nuclear Energy Agency.
- In his first “value for money” Report, released this year, he launched a new culture to make the most of OECD Members’ resources; introduced a new employment framework and has been leading the uphill battle to make sure that the Organisation continues to be competitive to hire the best talent.
- He has also supported a modernisation of the Organisation’s decision-making system, that, while maintaining the consensus principle, delivered an improved use of qualified majority voting.
- And he engaged intensely to address the only remaining large financial deficit of the Organisation: post-employment healthcare liabilities (PEHL) with a deficit of more than

300 million euros in present value, which will be covered by reductions in the expatriation allowances of new hires.

- ✓ Indeed, in 2011, SG Gurría proposed a major reform that allowed for the annual reduction of this element of the staff costs to be dedicated fully to the financing of PEHL, while maintaining Members' contributions at their current level.
- ✓ Over the years, he also negotiated with the Staff Association several deferrals of the entry into force of wage adjustments worth 80 million euros to accommodate budget pressures without calling on increased Members' contributions.
- ✓ The "MAD" network, which provides cross-validation of Members' certification of chemicals and is run by a small number of experts, saves Members around 150 million euros per year, almost as much as the Part I budget resources.
- ✓ In a nutshell, for its Members, the OECD is the most productive IGO in cost-benefit terms, while actively and effectively promoting and disseminating the best practices in public policies which were the reason for its creation.