

Meeting of the OECD Council at Ministerial Level

Paris, 6-7 May 2014



STRATEGIC ORIENTATIONS OF THE SECRETARY-GENERAL

Strategic Orientations of the Secretary-General



Executive Summary

- **My strategic orientations set out how the OECD will continue to support Member and Partner Countries in addressing the four main legacies of the global financial crisis** – low growth, high unemployment, declining trust and rising inequality – by providing timely, targeted, evidence-based advice on the design and implementation of “better policies for better lives”.
- **To effectively fulfil this role, the OECD needs to continuously upgrade its analytical framework and to better incorporate into its recommendations the inter-linkages, trade-offs and synergies that are the defining feature of the current policy landscape.** This was the main motivation behind the launching of the ‘New Approaches to Economic Challenges’ (NAEC) initiative, the initial findings of which will be presented at this year’s Ministerial Council Meeting.

Global Outlook

- **The ‘four cylinders’ of the global economy are still running at half speed, leaving the recovery weak, uneven and fragile.** Despite some recent signs of improvement in trade and investment, credit growth and activity in emerging-markets have yet to regain their pre-crisis dynamism.
- **This challenge is compounded by policymakers’ limited room for manoeuvre.** Expansionary fiscal policy has been accompanied by a surge in public debt in OECD economies, while highly supportive monetary policy is showing diminishing marginal returns and should be gradually normalised. For leaders in advanced and emerging economies alike, **productivity-enhancing structural reforms remain the best avenue for pursuing robust long-term growth.**
- **But stronger growth alone is not enough! We need growth that is balanced, inclusive and green, built on resilient national institutions and effective international co-operation.** Structural reforms must aim to increase productivity, but also to reduce inequality, improve well-being, protect the environment and to help rebuild public trust. In this regard, the OECD’s approach to – “go structural, go social, go green, go institutional, and go national” – remains as pertinent as ever.

Growth and Jobs

- **NAEC is already delivering a multi-dimensional policy analysis framework that is expected to permeate across the Organisation.** We need to build on this effort and create and preserve a ‘NAEC state of mind’, to continuously upgrade our capabilities, benefit from the insight of Members and experts, and promote further horizontality in how we approach policy analysis and how we target policy recommendations.
- **Going forward, the focus of our work will be on promoting more inclusive growth,** to foster economic activity that aims to improve both people’s material living conditions and their quality of life, while at the same time considering the distribution of well-being outcomes. Again, building on the results of NAEC, we are developing a comprehensive inclusive growth initiative that will result in an enhanced analytical framework and actionable policy recommendations.
- **We should explore policies that generate more and better quality jobs and address the needs of the most vulnerable members of society.** Efforts should centre on training, skills, labour and product market reforms, as well as on complementary policies that favour inclusiveness and promote a competitive business environment. These should take into account the impact of long-term demographic changes, notably in health, pensions and fiscal policies.

- **We will also continue to promote labour market activation strategies to reduce unemployment**, especially among young people, through our *Action Plan for Youth*. Our work on resilience will also focus on the risk of poverty and inequality in old age and the challenges faced by ageing societies.
- **The search for New Sources of Growth is essential** and we will build on the second phase of the Knowledge Based Capital (KBC) project to intensify our work around innovation, science and technology; promote a better understanding of the implications and challenges of the digital economy; deepen our work on entrepreneurship, employment and productivity dynamics; and look at the potential drivers of a ‘new industrial revolution’. We will also work with Member and Partner governments to explore optimum policy mixes and new investment opportunities as economies transition to “greener” growth models.
- **There is a need to better understand the risks of climate change and the choices to mitigate and manage its consequences**, to offer Members solid advice about the mix of policy instruments that can support a clear, long-term pathway leading to the net elimination of fossil fuels’ emissions to the atmosphere during the second half of the century in line with the agreed goal of limiting the increase in the average global temperature to 2°C. This will include exploring complementary measures to support the transition towards low-carbon economies, incentivising the necessary technological change, and addressing the distributional consequences of this economic transformation. These efforts will support discussions leading to the UN Climate Summit (New York) and the COP 20 (Lima) and COP 21 (Paris) climate conferences.

Trust and Tax Policy

- **We will support governments’ efforts to build more effective, transparent and open institutions to help restore public trust.** Starting with delivery on our commitments with respect to the Anti-Bribery Convention, we will launch a comprehensive effort to promote integrity and anti-corruption measures; collect better data on public trust; improve the effectiveness of policy formulation and implementation in areas where trust is particularly relevant (e.g. budgeting); and help governments strengthen the inclusivity, transparency and credibility of their policy-making process.
- **We plan to focus our tax work** on the distributional impact of taxation, to complete the Base Erosion and Profit Shifting (BEPS) Action Plan; to deliver the Automatic Exchange of Information (AEOI) framework; to develop effective beneficial ownership rules to help Members combat tax evasion, tax crimes and other illegal activities; and to explore the links between tax, trade and investment agreements. Through our Tax and Development Programme, we will continue to work with developing countries to enhance domestic resource mobilisation, benefitting from the OECD’s work in areas including transfer pricing, combatting tax crimes and improving the global transparency of tax information.

Trade, Investment, Development and International Co-operation

- **We will continue to support the strengthening of the multilateral trade system and the international investment regime** through our work on Global Value Chains, and by developing and expanding our Services Trade Restrictiveness Index (STRI) and Trade in Value-Added (TiVA) databases, and exploring the relationships between value-added, investment, development, innovation and jobs.

- **We will promote sustainable long-term investment**, developing together with the G20 recommendations on incentives for long-term investment financing from both governments and private sources; exploring how to ensure competitive neutrality whenever state-owned enterprises are involved; and promoting Responsible Business Conduct (RBC) and better corporate governance. We will also develop new statistics for capturing FDI, promote policy frameworks for green investment, and expand our work on financial education and financial consumer protection.
- **We will continue to support and shape the international development agenda, including efforts to support the post-2015 global development framework.** We will mainstream development across all our work, promoting greater policy coherence for development and inclusive knowledge sharing, enhancing our contribution to the global development architecture, including through Multidimensional Country Reviews and thematic Policy Dialogue Networks (e.g. Natural Resources), and working to promote better quality aid and development finance.
- **We will further strengthen our role in global policy-making** as an international standard-setter and by leveraging our work through the G8, the G20 and other international co-operation efforts. We will step up efforts to better integrate Key Partners into the OECD's work and reinforce the regional components of our work through targeted regional and country programmes.
- Ultimately, the true test of our governments, our institutions and the OECD itself is the ability to improve the daily lives of the greatest number of people, to bring about shared prosperity and widespread well-being. **Our shared aim remains 'better policies for better lives' and our work has just begun!**

1. **This note sets out my Strategic Orientations for the Organisation for Economic Co-operation and Development.** Reflecting the main challenges faced by Members and Key Partner countries, these priorities build on the outcomes of the 2013 Ministerial Council Meeting (MCM), and draw on my discussions with leaders, senior government officials, Ambassadors, and representatives from the private sector and civil society.
2. **Consistent with the OECD's goal of promoting 'better policies for better lives', my Strategic Orientations are organised firstly around the policy responses that can help governments address the legacies of the global crisis – high unemployment, rising inequality, declining trust, and low growth – and, secondly, on the OECD initiatives and projects that can help promote stronger, more balanced, more inclusive and greener growth; support greater international co-operation; strengthen the multilateral trading system and roll back protectionism; confront global challenges ranging from climate change to migration issues; and foster development.**

3. **Building on our 'Going structural, social, institutional, green, and national' approach to policy analysis,** and drawing on the lessons of the New Approaches to Economic Challenges (NAEC) initiative, the OECD will continue to upgrade its analytical framework to provide policymakers with more timely, targeted, and impactful policy advice that captures better the interconnectedness, heterogeneity and complexity of policy challenges, and focuses also on implementation issues.

I. RETHINKING POLICY SOLUTIONS AROUND STRONGER, MORE RESILIENT, AND MORE INCLUSIVE GROWTH

4. **In the aftermath of the worst financial and economic crisis in living memory, governments must address its enduring legacies,** while trying to kick-start sustainable economic growth amidst an increasingly constrained policy space marked by budgetary pressures, growing social demands, low levels of public trust, and diminished multilateral co-operation once the global economic emergency has passed.

1.1. The Global Outlook and Policy Challenges

5. **The crisis is estimated to have reduced aggregate OECD-wide potential output by 3%.** Global demand remains relatively weak while key drivers of economic activity have yet to recover their pre-crisis levels: credit growth remains subdued as a result of deep and widespread deleveraging and investment continues to grow below trend. This in turn has a knock-on effect on trade, which shows a muted trend, despite some recent improvement. Slower factor accumulation, weaker commodity prices and subdued demand from developed countries have resulted in a general slowdown in growth in many emerging markets.

6. **The OECD's 'going structural' approach is particularly relevant at this time, as the crisis and ensuing recession have limited governments' room for manoeuvre on fiscal and monetary policies.** There is an urgent need for further reforms aimed at lifting potential growth, raising labour utilisation, regaining price competitiveness and restoring fiscal sustainability. The Organisation is well placed to help governments design, implement and assess comprehensive reform programmes for jobs and growth. Through our *Going for Growth*, *Better Policies*, and *Getting It Right* series, and the *OECD Economic Surveys*, we can help Member governments tackle unemployment, combat social exclusion, enhance product-market competition, improve innovation efforts, reinforce the quality of education, and in general undertake structural reforms that are essential for economic prosperity and well-being. Indeed, the OECD's expertise on structural policy reforms constitutes one the Organisation's comparative advantages, and represents a major contribution to the G20 Mutual Assessment Process.

7. **The global economic landscape is characterised by a number of “mega-trends”, notably shifting wealth away from advanced economies, growing middle classes in emerging economies; demographic shifts and urbanisation; migration; increasingly scarce traditional natural resources, coupled with newly exploitable resources like shale gas; climate change; innovation and technological change; all of which have significant economic, social and environmental implications. Several of these global trends are interconnected, creating new challenges, which can in turn feed into and accelerate underlying trends. This means that countries must adopt a multi-dimensional approach to economic, social and environmental challenges, taking into account trade-offs, and exploiting synergies and complementarities between policy objectives.**

8. **Over the coming year, we will more closely centre our work on structural reforms consistent with the 2014 MCM theme of promoting resilient economies and societies, and explore synergies between pro-growth and pro-resilience policies. More broadly, we will identify structural reforms that are not only conducive to long-term growth but also play a key macroeconomic stabilising role. For example, adaptable labour and product market regulations that facilitate business creation and support long-term growth by reducing the persistence of shocks and fostering a more effective resource re-allocation. Also, social protection has proven to be an effective mechanism for improving equity and supporting resilience to shocks, making it a key element in poverty reduction and inclusive growth. We will continue sharing good practices, including with developing and emerging economies, to support their objective of building comprehensive social protection systems to address multidimensional vulnerabilities.**

9. The OECD’s work will be increasingly horizontal and reflect a multidimensional approach that will help Member and Partner countries attain the highest sustainable economic growth, employment and living standards, while maintaining financial stability, and contributing to sustainable global development. We will also respond to the growing policy interconnectedness by expanding our contact beyond governments and engaging a broader range of stakeholders (i.e. parliamentarians, civil society, academics, social partners, and citizens); developing and collecting more comprehensive and meaningful comparative statistics; and helping to forge international consensus through greater use of OECD’s peer reviews and collaborative working methods.

1.2. Promoting a “NAEC State of Mind”

10. **The global economic and financial crisis was a wake-up call to review the effectiveness and adequacy of our analytical framework and policy assumptions.** In the first phase, through the New Approaches to Economic Challenges (NAEC) initiative, the OECD engaged in an organisation-wide reflection about the roots of and lessons from the crisis. Around these efforts, we have constructed an organising structure that can effectively scan for future challenges and assess relevant policy trade-offs and complementarities, including institutional and governance issues, to stimulate a process of continuous improvement of the OECD’s analytical framework.

11. **The NAEC Synthesis Report will deliver to the 2014 MCM the first results of its various projects and identify directions for taking the work forward.** These results will help deepen our understanding of the interconnectedness, heterogeneity and complexity of policy challenges; promote a more systematic approach when looking at data, including “micro data” and “big data”; and encourage the sharing of knowledge more effectively across the OECD. NAEC has evolved into an organising concept that can help us identify the most innovative, forward-looking and relevant issues across the work of Committees and facilitate the mainstreaming of new knowledge. The NAEC governance and discussion platform allows for new policy ideas to be debated and enriched by ongoing work-streams from other OECD bodies. These efforts now form part of the ‘whole-of-OECD’ approach to improve the Organisation’s analytical capabilities, and to develop a dynamic process for organising and mainstreaming new knowledge. Over the next year we will propose to extend this “NAEC approach” to other cross-cutting

issues, building on the initiative's three pillars, which focus on (i) horizon scanning, (ii) policy trade-offs and complementarities, and (iii) institutions and governance.

1.3. Inclusive Growth

12. **The OECD will also deepen its efforts to build an inclusive agenda for growth and well-being.** The crisis and its immediate aftermath have had a detrimental effect on our societies. Inequality grew faster between 2007 and 2010 than during the previous 12 years, contributing to political disaffection and anti-market sentiment. Ordinary citizens increasingly feel that they are losing out while a small percentage of the population capture most of the gains from economic growth. It is critically important for governments to ensure that the economic recovery is more broadly shared, so as to improve social cohesion and restore trust in our institutions.

13. **Reflecting its 'NAEC State of Mind', the OECD is pioneering a multi-dimensional inclusive growth framework that explores new ways of combining strong growth with a better distribution of benefits.** The framework will enhance policy makers' understanding of the adverse effects of rising inequality, and help turn inclusiveness into a driver of strong economic growth. The focus will be on promoting economic activity in a way that improves people's material living standards, while also considering the distribution of outcomes –in areas that matter for people's well-being- such as in health and education— among different social groups with a view to developing actionable policy programme. As part of this effort, we will also explore policies that generate more and better rewarded jobs and address the needs of the most vulnerable members of society. Efforts will centre on training, skills, labour and product market reforms; on complementary policies that favour inclusiveness while promoting a competitive environment; and the need for coherence between economic and environmental sustainability objectives. This work will also be relevant in the context of the OECD's work on development and will contribute to support of the post-2015 development framework.

14. **As part of our efforts to build an agenda for inclusive growth,** and building on the OECD's leadership on the field, we will also pursue our work on financial education and financial consumer protection issues to help reinforce trust in the financial systems and ensure that economic growth benefits the population at large, including vulnerable segments such as youth, women and migrants. These activities will encompass the development and expansion of international benchmarks on financial literacy for youth (through PISA financial literacy) and adults, based on methodologies endorsed by the G20. We will also work with Member and Partner countries to provide guidance on how to implement these principles.

II. THE LEGACIES OF THE CRISIS: UNEMPLOYMENT, INEQUALITY, LOSS OF TRUST AND SLOW GROWTH

15. **While the global economic outlook is improving, growth remains weaker than before the crisis and productivity has decelerated.** Unemployment remains high and vulnerable groups are in danger of becoming locked out of the labour market. The trend of increasing inequality that pre-dated the crisis has accelerated and now threatens social cohesion and economic growth: people have lost confidence in the ability of their leaders to chart a path to shared and sustainable prosperity and overall trust in public and private institutions remains notably low.

2.1. Unemployment

16. **Many developed countries remain plagued by persistent high unemployment, increasing incidences of long-term unemployment and growing concerns about structural unemployment.** The crisis has deepened inequality in labour market incomes and led to very weak growth in earned income for many households. Consistent with its "Go national" approach, the OECD will continue providing Members

and Partner countries with targeted support to tackle unemployment, including advice on structural reforms in labour markets, as well as education and training policies. There will be a particular focus on the removal of barriers to the creation of more and better jobs.

17. **The Organisation will help governments tackle weak labour market adaptability and inadequate skill development, which are the two key drivers of poor labour market outcomes for vulnerable groups** and a potential source of inequality. Through the *Employment Outlook* we will also continue to monitor labour market development, identifying key policy challenges and reviewing labour market and training policy responses, in preparation for the Labour and Employment Ministerial Meeting in 2015.

2.1.1. Youth Unemployment

18. **The OECD's Action Plan “Giving Youth a Better Start” represents a first response to address the sharp increases in youth unemployment and underemployment**, and to help governments eliminate the long-standing structural obstacles that impede a successful transition from school to the labour market, which is critical for improving well-being, fostering greater social cohesion, boosting potential growth, and limiting future social expenditures. The results of the PIAAC survey on adult skills have provided further insights into the difficulties some youth face in successfully making school-to-work transitions. We will help countries implement their *Youth Action Plans*. An initial evaluation of the progress achieved will be presented to Ministers this year and discussions will serve to scope-out a more detailed project whose results would be presented at a later MCM.

2.1.2. Inclusive Labour Markets

19. **The OECD will work with Members and Partner countries to foster more inclusive labour markets** and enhance the employment prospects for all, but particularly for under-represented groups, such as youth and older workers, people with disabilities and mental illness, women with young children, ethnic minorities and immigrants.

20. **Current demographic changes mean that migration flows will become increasingly relevant for policy-makers, as international competition for talent increases**, and access to the right mix of skills impacts growth and development prospects. Through better evaluation of migration policies, the OECD will identify the levers that can maximise the economic potential of migration while limiting adverse effects. Deepening the understanding of the determinants of successful social and economic integration, and identifying best practices in this area will remain one of the top priorities to support inclusive growth strategies. The OECD will also work on international migration issues through the wider dissemination of relevant policy recommendations, the development of migration databases, and through the improvement of policy evaluation tools of migration and integration policies

2.1.3. Education and Skills

21. **Education and skills are critical to restore long-term growth, tackle unemployment, address inequality and promote competitiveness.** The economic crisis and deteriorating social conditions have amplified the impact of skills on employment and social outcomes. High unemployment affects educational aspirations, while better skills are essential to improve both employability and the prospects for upward economic mobility. Success in converting skills into jobs and growth will depend on developing a better understanding of those skills that drive strong and sustainable economic and social outcomes. The OECD will promote a robust measurement framework through the *OECD Survey of Adult Skills* and the *PISA programme*, but our work will extend beyond measurement and rankings to support knowledge that empowers people and favours employment. For example, through *PISA for Development* we will facilitate

developing countries' use of PISA assessments for monitoring progress towards nationally-set targets. We will also continue to support efforts to help displaced workers find jobs through skills training programs.

22. Consistent with its "Going national" approach, the OECD will use its international comparative knowledge base to provide country-specific support. **We will continue to implement our Skills Strategy, engaging with Members and Partners to design and implement national skills strategies.** The *OECD Education GPS Platform and Policy Outlook* will provide country reviews with evidence about education policies and practices. The OECD will also conduct *School Resources Reviews* to help countries achieve their education objectives, and focus on the nexus of employability, skills, and economic development.

2.2. Meeting the Challenge of Inequality

23. **Income inequality was already on the rise before the crisis started, with the trend accelerating since then.** While welfare transfers have mitigated the effects on income inequality, sluggish jobs growth and budgetary pressures have contributed to increase inequalities and reduced disposable household incomes. The result is that the most vulnerable groups in society have been the most hurt. Inequality has also resulted from the increasing specialisation of skills and the resulting widening distribution of wages and salaries.

2.2.1. Ageing Unequally

24. **As part of the Inclusive Growth initiative, the OECD will analyse the risk of poverty and inequality in old age.** Inequality in incomes, wealth, health status and other areas of well-being which, when compounded over the lifecycle, can result in growing numbers of older people in poverty and destitution. A growing divide in the well-being of older people will not only put existing welfare systems to the test, but also compromise the effectiveness of recent reforms in labour markets, pension systems and long-term care arrangements. The OECD will prepare an *Ageing Equally Action Plan*, which will build on our extensive analysis of social protection and health systems, labour market and migration policies, and take into account intergenerational aspects, with the aim of reducing inequalities and promoting stronger and more balanced growth. We will also explore the vulnerabilities of social protection systems and assess their effectiveness. This work will also focus on gender issues, as older women are often the most vulnerable among the elderly.

2.2.2. The Well-Being Agenda

25. **The OECD has been working to identify ways to measure well-being, moving beyond GDP and exploring the areas that matter most for people's lives.** As part of the Organisation's mission to promote better policies for better lives, we launched the OECD Better Life Initiative. This well-being framework resulted in the report *How's Life?*, featuring 11 dimensions of human well-being. The framework is also used in the *Multidimensional Country Reviews* (MDCRs) to inform the analysis of economic and social development in emerging and developing economies. This analysis has shown that a given level of economic development can be consistent with widely differing levels of well-being, and hence that policy priorities need to consider issues beyond pure economic growth. Work is also underway on the alignment of the well-being framework with the Post-2015 and Sustainable Development Goals agendas. In addition, the OECD actively promotes the interactive web application, the *Better Life Index*, which builds on the framework to facilitate a dialogue with citizens on what they consider the most important determinants of well-being.

26. **In promoting inclusive growth and well-being, we will look for policies that address all types of discrimination,** whether based on gender, age, social class, disability and/or sexual orientation.

2.2.3. Reducing Inequality through High-performing Health Systems

27. **Governments face a challenge in maintaining the best possible access to quality healthcare, while at the same time reducing public spending despite continued growth in demand.** In OECD countries the scale of the challenge becomes more apparent as socio-economic inequalities, among other factors, complicates policy design and flaws in co-ordination result in poor quality and excessively expensive care. The OECD will support governments' efforts to move beyond a simple cost-cutting agenda to a more strategic understanding of how to get the best out of new technologies and improve productivity and quality of care. This work will be a major input into the Health Ministerial Meeting planned in 2016.

2.3. Rebuilding Public Trust, Fighting Corruption, and Ensuring Government Transparency

28. **For many years, maintaining trust in government and institutions has been a neglected component of public policy making.** People have been losing faith in government's ability to address what matters to them, resulting in overall low levels of trust in institutions. The crisis and the ensuing recession have accelerated this trend. Transparency, responsibility and accountability are cornerstones of public trust and a healthy business environment and responsible business conduct are good for the economy and for the society. Public trust has also been eroded by the absence of adequate and effective regulation to prevent money and influence from undermining the policy-making process. As identified by Ministers during the 2013 MCM, governments need better data on the level of public trust to support decision making and improve policy formulation and implementation in areas in which trust is particularly relevant to policy effectiveness (e.g. regulations, tax, and the budget).

29. **Consistent with its 'Going institutional' approach, the OECD will focus on improving measurements and identifying ways to restore trust in our social and governance institutions.** This will involve identifying innovative policies and instruments to reinforce the relationship between citizens and their government through greater openness and transparency. The OECD will focus its work on strengthening the measurement and empirical analysis of trust and of public service quality and developing a comprehensive approach to address the risk of undue influence by powerful groups. We will also disseminate the results from the *Observatory on Public Sector Innovation*, identify good practices that better align government objectives with resources and offer in-depth analysis of government's medium term expenditure frameworks. We will continue to support the work on open government to promote transparency, increase citizen participation in public affairs, fight corruption, and harness new technologies to strengthen governance.

30. **Corruption, and the perception of corruption, erodes trust in governments, businesses and markets.** Beginning with delivery on our existing commitments with respect to the Anti-Bribery Convention, the OECD will launch a more comprehensive effort to promote integrity and anti-corruption measures, including in support of the G20 agenda. Among other initiatives, we plan to develop a compendium of good practices on public procurement and work to close gaps in high-risk sectors (like natural resources) and the organisation of major events on issues like conflict of interest, lobbying and political finance. Building on the OECD Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance we will work on areas such as criminalising bribery, business integrity, public procurement, and whistle-blower protection. Through its CleanGovBiz initiative the OECD will continue to identify potential areas for co-operation and collective action with other international institutions and stakeholders engaged on anticorruption and integrity efforts, upgrade its Integrity Scan toolkit, and undertake country reviews.

31. **As part of the OECD Trust Strategy, the OECD will support Member countries in strengthening the rule of law and good governance,** focusing on the contribution of justice institutions to public policy performance and quality public service delivery. We will explore with Members the

possible creation of an OECD Network of Justice Institutions, to address, among others, the improvement of their functioning, the quality of access to justice, their role in contract enforcement and dispute settlement mechanisms. In reaching out to Justice Institutions, we will capitalise on the Organisation's convening power, expertise in data collection and the multi-disciplinary nature of our advice.

32. Strengthening the integrity, inclusiveness, transparency and credibility of the policy-making process must be a priority for governments seeking to build citizens' trust. Elections must be – and must be seen to be – fair and fully transparent, with no perception of ‘democracy for the highest bidder’. The OECD will launch a global policy dialogue on the key drivers of open, informed and fair policy-making, covering issues related to: (i) political finance; (ii) trust; (iii) lobbying; (iv) the revolving door; (v) openness and inclusion; (vi) illicit financial flows and political finance; (vii) local governance and political finance; (viii) politics and public service. These efforts will form part of, and will complement, the *OECD Trust Strategy*.

2.3.1. Tax Policy

33. The perception that multinational companies do not pay their fair share of tax in any jurisdiction undermines the legitimacy of our tax systems, further complicating the political economy of fiscal consolidation. It also undermines the efforts of developing countries to mobilise domestic resources for development, and reduce their dependency on aid. To tackle this phenomenon, the OECD has mobilised political momentum at a global level to restore integrity to the international tax system through its Base Erosion and Profit Shifting (BEPS) initiative. We will continue working with Member and Partner countries to successfully deliver the BEPS Action Plan.

34. The 2013 MCM called on all jurisdictions to move towards Automatic Exchange of Information (AEOI). The OECD has developed a standard, consisting of a Model Competent Authority Agreement and a Common Standard on Reporting and Due Diligence for the automatic exchange of financial account information, and will begin working on the technical modalities for its application and operation to enable all jurisdictions, including developing countries, to meet this objective. Going forward, we will continue to produce tax statistics and cross-country analysis and offer sound tax policy advice to Member and Partner countries, including on the economic impact of VAT policies, and build on the AEOI progress to support international co-operation efforts in fighting tax crimes and financial wrongdoings and analyse beneficial ownership issues.

2.3.2. Regulatory Policy

35. Regulatory reform is a key pillar of the OECD's work to improve governance and the functioning of markets. Consistent with its “go institutional, go structural” approach the OECD will lead the way in scrutinising policies that impose unnecessary burdens –fiscal or administrative— and hinder economic growth or create additional budgetary pressures. We will develop tools for governments to identify value for money policies that are supportive of economic growth, contribute to social priorities and protect the environment. New work will be aimed at identifying best practices in *ex-ante* policy evaluation and focus on cost-benefit analysis.

36. The Organisation will also work closely with governments to improve regulatory frameworks, to push for reform in challenging policy environments, and to better assess the benefits of reform. We will support a dynamic market analysis of the impacts of regulatory policies and promote a multi-disciplinary approach that considers the political economy aspects of future reforms.

2.4. Avoiding the ‘Low-Growth Trap’

37. **The global economy remains sluggish, heightening concerns that there has been a structural downshift in growth rates compared with pre-crisis levels.** These concerns, already prevalent among advanced OECD countries for some time, now encompass emerging-market economies. A return to growth is an indispensable condition for increased employment and further wealth creation.

2.4.1. New Sources of Growth

38. **The OECD will identify and promote a better understanding of the new sources of growth in the 21st Century.** Responding to changing patterns of production, employment, and entrepreneurship, the Organisation will seek to understand the future of manufacturing and identify the potential drivers of a ‘new industrial revolution’. Also, building on the second-phase of the Knowledge Based Capital (KBC) project, the Organisation will intensify its work on science, technology and innovation, to reinforce the evidence on the economic value of intellectual assets. The continued rise of the internet economy represents another opportunity for the OECD to leverage its comparative advantage on privacy and security issues to promote a global framework for dynamic e-commerce which incorporates appropriate safeguards and ensures the free movement of data across borders without diminishing the protection of personal data. We will also work to foster entrepreneurship and productivity growth, and promote the upgrading of firms in GVCs. We will seek to strengthen the functioning of the labour, product and financial markets, so resources can flow to innovative firms. We will also analyse young businesses and their contribution to net job creation. More broadly, we will explore policies that enable firms to experiment with new ideas and business models that facilitate their growth, including by reducing barriers to entry, supporting their expansion, and allowing for an orderly cessation of activities.

39. **KBC and Information and Communication Technologies (ICT) are important sources of growth that can have strong spill-over benefits across the economy.** To make the most of them the OECD will advise countries on policy packages to foster investment in basic research, facilitate organisational change, and strengthen intellectual property rights. We will also analyse the role of the Internet for boosting economic growth, trade, investment and in addressing societal challenges, and promote effective internet governance that fosters trust, transparency and promotes the participation of business, consumers and governments in digital activities. Another important focus of the Organisation’s work will be on the impact of science, technology and innovation on economic growth and social welfare. Our work on converging technologies will also inform the Science and Technology Ministerial Meeting planned in Korea in 2015.

40. **Consumers are the driving force of the global economy, accounting for over 60% of GDP in the OECD area.** During 2015 and 2016, we will focus our attention on areas where the international dimension of consumer policy is most pronounced and linked to new sources of growth, namely e-commerce and enhanced product safety. This work will provide governments with a better understanding of the challenges consumers face and ways in which these can be best addressed. Given the link between tourism and sustainable growth, we will continue our work on this area.

41. **New and emerging technologies in food production, including biotechnologies and nanotechnologies, hold promise for improving nutritional outcomes** and resource sustainability, while reducing waste. These technologies present both opportunities and challenges for food and environmental safety. The OECD can help governments and industry to respond to these challenges, including using technology to improve data gathering on production processes; dynamic labelling information; improving quality of food choices; and strengthening food traceability.

III. SUPPORTING THE ENGINE OF GLOBAL GROWTH

42. **The four “cylinders” of the global growth engine – trade, investment, credit, and emerging markets – are not yet running at full speed, raising the global spectre of a protracted period of low-growth.** The financial system has not yet been fully repaired and further reforms are needed to reactivate bank and capital market financing for productive investment. While some of these weaknesses reflect the economic cycle and prevailing uncertainties, stronger structural policy settings could go a long way to increase investment levels, foster trade flows, facilitate access to credit and kick-start emerging markets growth.

3.1. Strengthening the Multilateral Trading System and the International Investment Regime

43. **Multilateral co-operation, not least through the WTO, can contribute to a trade environment that is conducive to sustainable growth in value adding trade,** avoiding “beggar thy neighbour” policies and reducing unnecessary trade costs at and behind borders. In this context, continuing to resist protectionism and rolling-back trade-restrictive and distorting measures introduced to date is crucial. The success of MC9 in Bali is a concrete demonstration of the benefits of multilateralism. For instance, the full implementation of the WTO Trade Facilitation Agreement can reduce trade costs by up to 15 percent for developing countries. But much more needs to be done to re-engage multilateral trade negotiations. Going forward, trade discussions should further deliver on the Doha Development Agenda (DDA) and, at the same time, reflect the new realities of the global trade landscape, such as the development of GVCs. Growing interest in “mega-RTAs” and pluri-lateral negotiations highlights the continued interest in opening markets. However, more could be done, including through the non-negotiating environment of the G20, to recognise trade and investment openness as one element of structural policy reform necessary for strong, sustainable and balanced growth. In this regard, the level of ambition of the G20 Australian Presidency is very encouraging.

44. **OECD work on Trade in Value Added (TiVA) and Global value Chains (GVCs) is changing the way policymakers think about trade policy,** underlining the importance of trade in services, ‘behind the border’ regulations, investment policy, and competitive neutrality. Besides deepening its work on Global Value Chains and working to ensure countries at all stages of development can seize the opportunities of GVCs, the OECD will expand its Trade in Value Added (TiVA) database and examine scenarios that facilitate further service sector reforms. The OECD Initiative on Global Value Chains and Economic Transformation, bringing together policy makers from Member and Partner countries will be an important platform to advance mutual understanding and promote peer-learning.

45. **The OECD is finalising its work on identifying, collecting, cataloguing and verifying regulatory barriers to trade in services.** This database will provide comparable data on services trade policies across 17 sectors and sub-sectors, and 40 countries that include Members and Key Partners. The Services Trade Restrictiveness Index (STRI) database is being released during the 2014 MCM and cover regulations enacted, rather than the GATS or RTA commitments; all trade-related domestic regulation; source documents (law, regulation, rule, administrative decision); verified measures “peer reviewed” by all countries; updates of current measures to reflect regulatory reforms; and explanations and definitions of each measure included in the database.

46. **Investment rates in most advanced economies have not yet recovered their pre-crisis levels,** particularly for infrastructure, plant, machinery and equipment, as well as for intangible assets such as research and development, new business processes, and workforce training. In several emerging-market economies, infrastructure investment is not nearly sufficient to support high rates of industrialisation and urbanisation underway, creating bottlenecks and hampering potential growth. Going forward, higher investment rates are needed to sustain a higher trend growth rate. The OECD will also step up its work on

long-term investment –including by analysing how to unlock investment in green technology and infrastructure– and mobilising investment for development, as well as updating our Policy Framework for Investment (PFI).

47. **Building on the OECD leadership on long-term financing issues, we will work with other Organisations and the G20 in analysing and developing policy recommendations to promote government and private sources of financing**, including banks and institutional investors. We will also strengthen our co-operation with relevant stakeholders and facilitate the implementation of the G20/OECD High-Level principles for Long Term Investment Financing by Institutional Investors.

48. **Building on the OECD Treaty Database, we will shed new light on the investment treaty framework and strengthening of the international principles that underpin it.** International investment law provides rules that help improve investor confidence, promoting long-term investment and greater growth. A better understanding of evolving approaches and the objectives of countries in relation to international investment rules would benefit all economies. The final report will address investment treaty law and investor-state dispute settlement issues, and reflect shared emerging positions on transparency and arbitrator ethics.

49. **There is a need to expand our knowledge of the economics of cross-border investment.** The crisis showed that investment globalisation is not always upward trending, as flows collapsed to half their value between 2007 and 2009 and have yet to recover their pre-crisis levels. As part of this ‘economics of investment’ initiative, the OECD will work on the ‘next generation’ of foreign direct investment (FDI) data to provide governments with a more accurate picture of “real” FDI, which captures better today’s highly internationalised investment chains and better reflects domestic content of inward FDI and the foreign content of outward FDI. These measures will account for the effects of ‘artificial’ and ‘circular’ FDI, and serve to inform policy debates on competitiveness, and on GVCs and protectionism. This work will also look at how countries and firms benefit from international trade, by extending our accounting framework so as to better understand how benefits are accrued through investment flows.

3.1.1. *Enhancing the Business Climate through Increased International Co-Operation*

50. **Our 2011 update of the OECD Guidelines for Multinational Enterprises (MNEs) has closely associated this instrument to the promotion of Responsible Business Conduct (RBC).** The Guidelines have inspired national policies in the field of Corporate Social Responsibility (CSR), and served as a reference for RBC clauses in international investment agreements. The OECD will improve the governance and functional equivalence of National Contact Points to implement RBCs on a global scale, and work with Members countries to reinforce their role. As part of this work we will also promote responsible supply chain management, which is relevant to key sectors such as textiles and agriculture; further develop the guidelines for stakeholder engagement in extractive industries; promote due diligence to combat illicit production and trade of minerals; and in general boost transparency in the key extractive sectors.

51. **Responsible business conduct is an essential part of an open international investment climate and the Guidelines offer the most comprehensive set of government-backed recommendations in existence** today. In co-operation with Members, we will continue to encourage positive contributions by MNEs to sustainable development and promote respect for high standards of business conduct, and discourage conducts that neglect these principles and standards in an attempt to gain undue competitive advantage, particularly in countries where the regulatory, legal, and institutional frameworks are underdeveloped or fragile.

52. **Currently state-owned enterprises (SOEs) and other companies with significant government investment account for more than 14% of the world's 2000 largest enterprises.** SOEs are increasingly active in the global marketplace, through trade, investment and competition in third markets. In order to ensure a level playing field between privately and publicly owned businesses, the OECD will continue examining the changing role of SOEs, identifying key challenges and options for policymakers. A report will be presented at the 2014 MCM presenting further evidence on trade, investment and competitive neutrality practices.

53. **To ensure their continuing high quality, relevance and usefulness, we will conduct an in-depth review of the OECD Principles of Corporate Governance** taking into account recent developments in the corporate sector and capital markets. The reviewed Principles will provide policy makers, regulators and other rule-making bodies with a sound benchmark for establishing an effective corporate governance framework. The review is expected to last one year.

54. **Increased international co-operation in enforcing competition law can promote economic growth.** Presently, competition agencies assess cross-border cases only for their effects on the domestic market. Businesses considering a global merger must file in multiple jurisdictions, sometimes in as many as sixty places, and there are no mechanisms for governments or competition agencies to resolve differences in approach or reach common solutions. In 2014 the OECD will deliver a major piece of empirical analysis on the problems caused by this fragmented approach, with future work aimed at scoping-out possible institutional or treaty-based solutions.

3.2. Reinforcing the Financial Sector; Improving Credit Availability

55. **The OECD is revisiting the relationships between finance, growth and inequality,** and analysing their implications for economic policy, focusing on the role of finance for the economic stability of individual households and firms. Deeper financial markets, financial innovation and cross-border financial integration have traditionally been associated with greater efficiency and stronger economic growth. However, the global financial crisis has shown that these phenomena can also give rise to greater volatility in economic output and, due to the inter-linkages with the real economy, serve as a propagation mechanism for financial vulnerabilities. The OECD is currently analysing issues relating to access to finance for SMEs – particularly young firms – given the role they play as generators of employment and income. The Organisation is also conducting work in relation to banking sector reform and analysing leverage and capital adequacy ratios to identify more comprehensive measures of bank vulnerability.

3.3. Kick-Starting Emerging-Market Growth

56. **Emerging markets enjoyed a decade of strong growth prior to the crisis,** on the back of intensive factor accumulation, strong commodity prices and relatively loose monetary policy in developed economies. Further accommodative monetary policy in the aftermath of the crisis ensured that EMs remained important drivers of global growth. However, trends underpinning strong EMs growth have slowed, stopped or reversed, while the normalisation of monetary policy poses further challenges. Productivity growth has slowed and EMs are now faced with an urgent need to adopt structural reforms. The OECD is well positioned to support Key and other relevant Partners in the design and implementation of reform programmes to enhance the resilience of their economies.

3.3.1. *Accession and Key Partner Countries; the Role of Regional and Country Programmes*

57. **Consistent with the OECD 50th Anniversary Vision Statement we will continue to integrate Key Partner countries** (Brazil, China, Indonesia, India and South Africa) into the OECD's work and enhance our co-operation with other relevant Partner economies. In particular, we will strengthen our

engagement with China, pursuing the strategic relationship we have developed at different levels in the government and with key Chinese institutions. We will also reinforce the regional component of our work, particularly with Southeast Asia and MENA, and strengthen our initiatives with Africa, Eurasia and Latin America. During 2014 we expect to roll out County Programmes with Kazakhstan, Morocco, Peru, and Thailand, to share OECD's standards and best practices and support their reform efforts. The accession processes of Colombia and Latvia will proceed each at their own pace; the activities related to the Russian Federation accession process are postponed for the time being.

58. **At the 2014 MCM we will formally launch the OECD Southeast Asia Regional Programme**, to bring participating countries closer to OECD standards and practices and facilitate their access to OECD expertise, while promoting their adherence to its instruments. Following the high-level regional event on 25-26 March 2014 in Bali, Indonesia, we plan to select co-chairs and define the work programmes of the six Regional Policy Networks that will be created under the Programme. These efforts will be underpinned by the OECD Economic Outlook for Southeast Asia, jointly produced with the ASEAN Secretariat, and the associated platform for regional macroeconomic monitoring. In implementing the Programme, we will collaborate with and benefit from the expertise and support of other regional organisations (e.g., ERIA, APEC, ADB, and UNESCAP).

59. **The Organisation's engagement with members and observers of the Pacific Alliance (PA) has been steadily increasing:** Mexico and Chile are Members, Colombia is an Accession country, Costa Rica participates in an intensified co-operation programme, Uruguay is undergoing a MDCR and Panama has recently joined the Development Centre, bringing to nine the number of its members from the LAC region. Building on on-going co-operation with PA members and observers, a more formal link could be developed, involving the establishment of joint policy networks that focus on issues related to regional integration (e.g. investment, trade, tax, SME policy, regulatory reform). This would enable PA members and observers to become more closely aligned with OECD standards and strengthen the impact of the Organisation in the LAC region. The OECD-LAC initiative, and the analytical work and policy dialogue underpinning the Latin American Economic Outlook, could support and complement these efforts.

60. **The OECD has been working with the Middle East and North Africa (MENA) region since 2005**, through the MENA-OECD Initiative, the SIGMA programme and, more recently, the G8 Deauville Partnership. Going forward, the MENA-OECD programme could cooperate more closely with the countries from Gulf Co-operation Council (GCC) through a sub-regional initiative, encouraging longer-term trade and investment flows, and helping to generate sustainable private sector-led growth. We will continue to engage MENA countries through initiatives, like the Caserta Centre, aimed at building capacity, improving the efficiency and effectiveness of public institutions, to promote investment and good governance in the region.

61. **The OECD has longstanding relations with Sub-Saharan Africa** through the work of the Development Centre and initiatives such as the New Partnership for Africa's Development (NEPAD) and the *Club du Sahel*. The time is ripe to take this collaboration forward and encourage Sub-Saharan countries to move closer to OECD standards, *inter alia*, by exploring the possible creation of a regional programme in co-operation with sub-regional groups, including the Southern African Development Community (SADC) and the Economic Community of West African States (ECOWAS).

62. **Following the request received from and the latest exchanges with Ukrainian authorities, the OECD will strengthen its co-operation with Ukraine** to help the government address the country's pressing policy challenges, including on longstanding co-operation issues like governance, investment, competitiveness and business environment. Building on the existing Action Plan for 2013-16, we will support authorities' efforts to work closer with Committees and to enact the necessary policy reforms. Membership in the OECD Development Centre could also be explored, given Ukraine's expressed interest.

IV. ENHANCING THE GLOBAL DIMENSION OF THE OECD's WORK

63. In an increasingly interconnected global economy it is important to continue strengthening international policy co-ordination. Since the Heiligendamm summit in 2007, the OECD has been at the forefront in providing analytical support and policy advice to the G8. As the crisis unfolded, and as policymakers deal with its aftermath, the OECD has become an indispensable partner of the G20, participating at all levels in the Group. Over the past five years, the OECD has deepened its analytical contributions to the G8 and G20, working closely with the troika Presidencies to help shape their respective agendas, and providing evidence-based policy analysis to support their work. The result has been increased visibility of OECD work and greater impact on the debates and policy-making of both groups.

4.1. The OECD's Role as a Global Standard Setter

64. A critical element of the OECD's mission is to promote and disseminate norms, standards and best practices. We plan to conduct a broad review of our guidelines, instruments and codes to determine where there is a need to update, supersede or further disseminate them. Over the coming years, the OECD will further strengthen its role as an international standard-setter and will also work on developing new standards on emerging issues, like investment, corporate governance, and internet governance.

4.2. Transitioning to a Low-Carbon Future

65. The OECD can make a key contribution to better understanding the risks of climate change and identifying the policies needed to mitigate and manage these risks. Leveraging its 20 years of experience, the Organisation can offer Members solid policy advice to elaborate a mix of policy instruments that can lead to the net elimination of emissions to the atmosphere from fossil fuels during the second half of the century, in line with the internationally agreed goal of limiting the increase in global average temperature to 2°C. In collaboration with the IEA, NEA, and ITF, we will build on our work on carbon pricing, fossil fuel subsidies, tax exemptions, and regulatory and investment policy, to explore ways to align policies in support of a clear, long-term pathway to tackle climate change. We will also explore complementary measures to accelerate technological change and address the distributional consequences of the necessary economic transformation. These efforts will support climate change discussions in view of the upcoming COP meetings in Lima (2014) and Paris (2015).

66. The OECD will also continue working to mainstream 'green growth', as well as to better integrate environmental considerations into its economic projections and horizon scanning exercises. Significant efforts are already being made and include relevant chapters in the *Economic Surveys*, *Environmental Performance Reviews*, *Innovation Reviews* and *Investment Policy Reviews*, as well as the *Green Cities Programme*. The challenge is to go a step further, so that a green growth framework permeates all levels of the Organisation's work.

67. The number of urban dwellers is projected to reach 6 billion by 2050. Globally, urban areas contribute significantly to national growth goals, and serve as hubs in global trade and innovation networks: 'Getting cities right' is a big step towards addressing global social, economic and environmental challenges. We will continue developing our extensive evidence database on regional development and multi-level governance, and disseminate best practices across levels of government. In particular, we will offer policy guidance and tools in the area of public governance and investment, emphasising a 'whole-of-government' approach that addresses the roles of different levels of government in the design and implementation of critical and shared responsibilities. The Recommendation on *Effective Public*

Investment across Levels of Government, endorsed by the TDPC Ministerial meeting on 5-6 December and adopted by the Council on 12 March, will inform Minister's discussion at the 2014 MCM.

4.3. Disaster Risk Management and Financing

68. **Recognising the increasing prevalence and severity of natural and man-made disasters, we will promote the *Recommendation on the Governance of Critical Risks*, working with governments to implement comprehensive risk management and mitigation systems, and taking an “all hazards” approach to risk management.** We will work on disaster risk management and financing to help communities “bounce back” from disaster, stronger and more dynamic than before. The OECD Tohoku School project, launched following the 2011 Great East Japan earthquake, will continue to provide a powerful illustration of how innovative education and skills policies can have a transformative impact on communities as a whole.

4.4. The Strategy on Development – Shaping the Post-2015 Development Landscape

69. **We will leverage our expertise across the entire Organisation and its constituencies to support the post-2015 framework and its financing.** Aid remains a critical element for many countries, particularly least developed countries and fragile states. OECD work on development finance will reflect this, while exploring new measures of support for development that reflect the evolving development landscape.

70. **The Global Partnership for Effective Development Co-operation will provide an opportunity for an inclusive range of actors to collaborate and partner in new ways to identify how to best support the implementation of Post-2015 targets.** We will engage with the different policy communities to improve the relevance, value added and impact of major international processes, and share our policy design experience, methodologies and tools to better understand the inter-linkages between development and economic growth, environmental concerns, human well-being and poverty eradication. The OECD will also contribute to the post-2015 development discussion through its work on identifying, monitoring and mobilising financing for development, and by improving the quality of our measurement of development co-operation and the design and effectiveness of interventions. We will also continue our work on Aid for Trade.

71. **The OECD Strategy on Development has fostered a more focused, issues-based approach to policy coherence for development.** Key actors among advanced, emerging and developing economies are engaged and work also addresses common challenges, such as improving framework conditions for achieving food security and combating illicit financial flows.

72. **The Strategy recognises the importance of fostering comprehensive, multi-dimensional and inclusive approaches to development to unleash transformational change and strengthen global resilience.** Future OECD efforts will be guided by Ministers' discussions of the *Looking Ahead to Global Development Beyond 2015: Lessons Learnt from the Initial Implementation Phase of the OECD Strategy on Development* and the *2014 Report on the Implementation of the OECD Strategy on Development*, to be presented at this year's MCM.

73. **The Knowledge Sharing Alliance (KSA) is an integral part of the OECD Strategy on Development.** The KSA, created in January 2013 with the support of Korea and the German Ministry of Economic Co-operation and Development, aims to leverage the OECD's multi-disciplinary expertise and engage emerging and developing economies, working closely with bilateral and multilateral organisations that have implementation capacities on the ground.

74. **The OECD will continue to enhance inclusive knowledge sharing and an effective engagement with developing countries, leveraging on its Multi-Dimensional Country Reviews and Policy Dialogue networks.** In this respect, the Initiative on Global Value Chains and Economic Transformation and the Policy Dialogue on Natural Resource-Based Development will continue to play a crucial role in promoting exchange of good practices and peer learning among countries at different levels of development.

V. DELIVERING THE OECD's CORPORATE PRODUCTS EFFICIENTLY AND EFFECTIVELY

75. Cognisant of Members' prevailing challenging budgetary situation, the OECD has launched a corporate effort to continue delivering high quality outputs, while doing more with the resources provided and working smarter to provide even better value for money for Members. The Value for Money (V4M) project involves a comprehensive stock-taking of costs and processes, aiming to improve production processes and efficiencies. It will encourage innovative ideas and promote the sharing of good practices linked to efficiency gains and embed a culture of cost consciousness within the Organisation. Linked to this, we will continue to develop new and improved ways to share information and create knowledge and so facilitate working collectively across the Organisation.

5.1. Horizontality in the Programme of Work

76. Analysing issues in a 'horizontal' and cross-cutting way is increasingly the approach followed by the OECD, driven by the need to address the increasing complexity, multi-dimensionality and interconnectedness of the policy challenges faced by Members and Partners. This approach also draws on the expertise of Directorates, as well as on the accumulated experience of the Organisation and of Member and Partner countries, across a wide spectrum of policy areas. The OECD has been working for some time on policies related to climate-change, long-term investment, new sources of growth, inequality and demographic shifts. I believe the time is right to raise the profile of this work and emphasise the collaboration among different parts of the Organisation. Therefore, we will look to raise the visibility and better connect efforts around three initiatives: i) transformation to a low-carbon economy; ii) promoting long-term investments; and iii) ageing unequally. The OECD will also continue to work on other cross-cutting issues (e.g., innovation, green growth, skills), capitalising on its ability to address interlinked policy challenges. Horizontality will gradually become the norm in delivering our programme of work.

5.2. Expanding the OECD's Strategic Foresight

77. **We will reinforce the Organisation's forecasting and strategic foresight capacity**, developing a "horizon scanning network" to offer Members and Partners a better understanding of potential threats and opportunities. This work will also leverage on the OECD Perspectives on Global Development, which pioneered the analysis of Shifting Wealth and the interactions between OECD, emerging and developing economies. We will also review our forecasting processes to develop our capacities for scenario analysis and provide real time crisis management and advice. As part of these efforts, the OECD could establish a surveillance mechanism to analyse the vulnerabilities and resilience of economies against shocks, including by developing early warning indicators, in co-ordination with other international efforts and building on the OECD's country review process. The Organisation could also explore re-launching the International Future Programme (IFP) with a view to promoting a better understanding of large systems changes, transformation, and transition management, through multi-stakeholder dialogues that help us scale our knowledge and capacities.

5.3. Leveraging the OECD's *Leaders' Programme* and Sharpening Communications

78. **We will continue to develop high-impact platforms for delivering timely, targeted policy advice to the highest-level officials,** the *Leaders' Programme* and *Better Policies Series* will be instrumental in this regard. Through the Leader's Programme, we will consolidate the OECD as the nexus where Leaders can obtain real-time, targeted and comprehensive policy analysis and offer a place to convey important messages to the international community. We will also expand our *Better Policies Series* to develop new ways to present our work in a more targeted and timely way. In tandem, we will explore how to bring together our collective knowledge through a virtual 'OECD Institute' portal.

79. **The OECD relies on the dissemination of its work to ensure that its analysis and findings have a broad impact on policymakers, policy-shapers, and society at large,** making its communication strategy a critical element to maximise its capacity to influence the public debate and shape policy challenges. Our communication work will rely on careful planning, while at the same time preparing for the unforeseen. Over the coming years a number of major events will contribute to shaping the headlines. In some cases, these events will offer opportunities for the OECD to capitalise on media attention; in others, they will require redoubling our efforts to ensure the coverage and visibility of the Organisation's outputs. Among the events that the OECD will take into account for its communication planning will be the elections in 11 OECD and Key Partner countries (and the European Parliament); the G20 presidencies of Australia and Turkey; China chairing APEC; Myanmar chairing ASEAN, the UN SG Leaders' Summit on Climate Change, the World Economic Forum in Davos, and the Forum of the Americas; as well as a host of other events that will impact the global media attention. The OECD's Global Parliamentary Network will continue to be a core pillar of the OECD's dissemination work. This will be further strengthened in the coming years, to become increasingly targeted along both thematic and national lines.

80. **In deploying its communications strategy the OECD will aim for: global reach,** reflecting the growing diversity of its membership and increasing interaction with Partner countries; **competitive** unbiased and authoritative analysis and data; **technology-savvy**, offering increasingly efficient and effective ways to engage with all the OECD's audiences; **open and accessible**, offering publicly available analytical content free of charge; and **coherent & efficient**, ensuring the maximum possible impact in the dissemination of its content.

81. **In pursuing these objectives we will build on our collective expertise and working methods,** while improving the relevance, effectiveness and efficiencies of our Committees' work. We will also continue to support Members efforts to reach a successful conclusion of the OECD's governance review.

82. My Strategic Orientations aim to support Member and Partner governments' ability to improve the daily lives of the greatest number of people, and to bring about shared prosperity and well-being, consistent with our goal of promoting 'better policies for better lives'. **Our work has just begun!**

ANNEX

SECRETARY-GENERAL'S ACTIVITY IN 2013

Overview

During 2013, the OECD Secretary-General continued his very intense programme of stakeholder engagement, both in Paris and abroad, in order to advance the relevance and visibility of the Organisation. The principal focus of the Secretary-General in 2013 was on providing timely and targeted policy advice and support to Member and Partner countries in their efforts to confront the enduring social and economic legacies of the global financial crisis and ensuing recession.

The Secretary-General carried out 49 trips abroad in 2013 to promote the work of the Organisation. This included his participation in the main international summits that took place throughout the year, particularly the G20, where the OECD contributed very actively. In the course of 2013, the Secretary-General held 40 meetings with Heads of State and Government, 16 meetings with Heads of international organisations and 238 meetings with Ministers, not to mention his numerous informal interactions with Leaders by phone and in the margins of the international fora he attended. He also met with top representatives from other branches of government, the business community, unions and civil society, totalling close to 1,000 bilateral meetings over the course of the year.

While carrying out his regular management and strategic duties, activities undertaken by the Secretary-General in Paris during 2013 also increased, both quantitatively and qualitatively. The *Leaders' Programme* has continued its development, with 14 Heads of State or Government visiting in 2013, firmly establishing the OECD as a “go-to-place” for them while in France. In addition to the Secretary-General's bilateral engagement, the wider OECD community – the Secretariat and delegations – have also benefitted from these visits through a programme of public lectures, addresses to members of the OECD Council and interactive policy seminars.

The Organisation's media presence and coverage has also remained consistently high following the peak reached during the 50th Anniversary in 2011, which was an exceptional year in terms of visibility. In 2013, the Secretary-General was quoted in over 1,100 articles and author of 19, up sharply from only 6 articles authored in 2012. He launched 40 outlooks and flagship publications (up from 29 in 2012) and gave 259 speeches (up from 220 in 2012 and marking a steady year-on-year increase from only 84 in 2007).

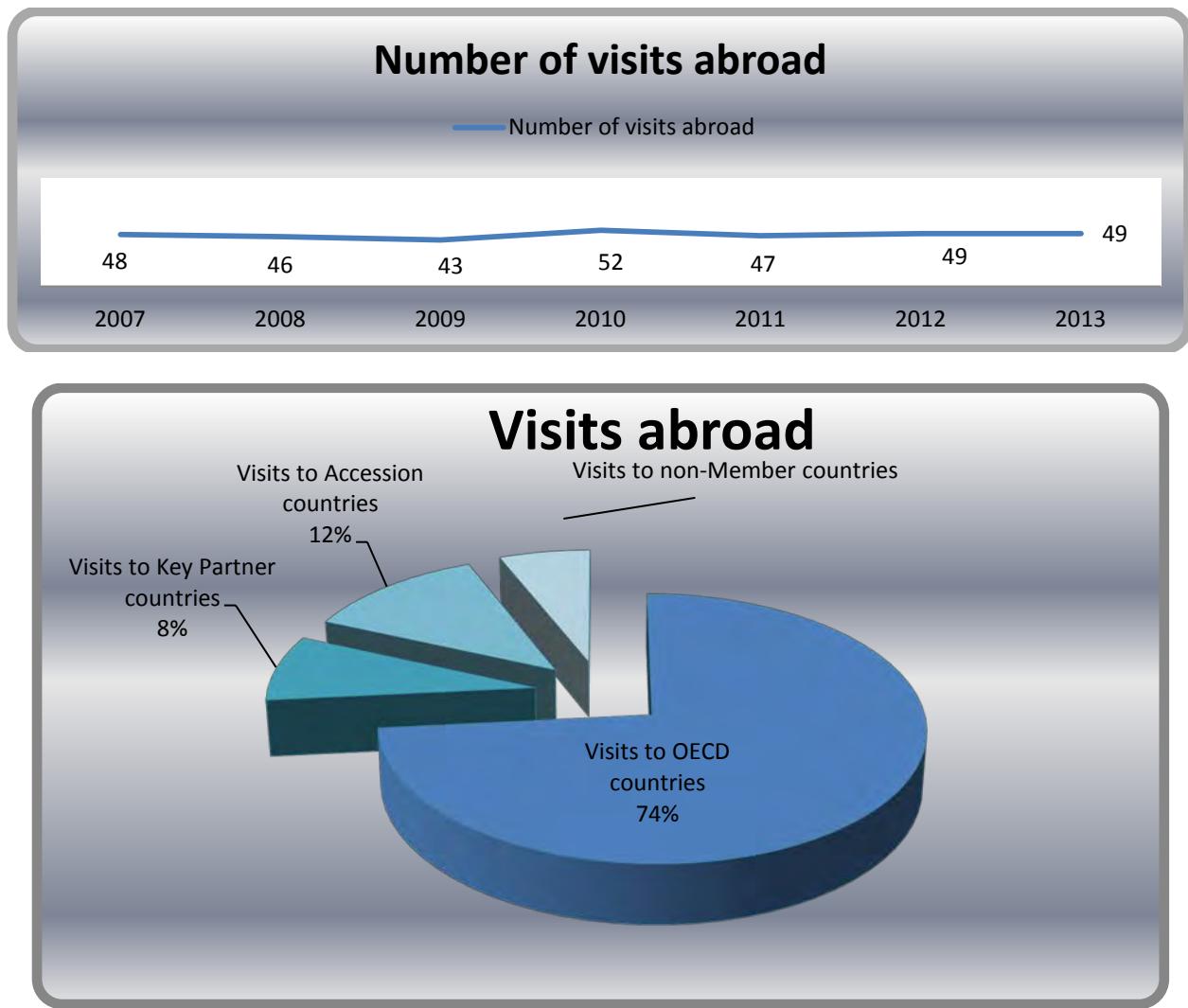
The Organisation's visibility took a number of significant steps forward again in 2013. Total dissemination of OECD content increased by more than 38 % to 16.6m instances across all publishing platforms (iLibrary, google books, etc.). Visits to the OECD website reached 16.4 million for all of 2013, the final four months of the year registering a 23% increase in traffic compared to the same period in 2012. The Organisation's presence in social media channels also increased considerably through twitter, YouTube and Facebook, as well as Sina Weibo, the largest social media platform in China.

Activity abroad

Of the Secretary-General's 49 visits abroad, the same as in 2012: 36 were to OECD countries, 4 to Key Partner countries, 6 to Accession countries (5 of which to the Russian Federation, mostly related to Russia's Presidency of the G20) and 3 to other non-Member countries. This means that the Secretary-General made an average of almost one trip every week.

During every visit, the Secretary-General presented relevant OECD work and was regularly received by the Leaders and key members of the government. The main purpose of this activity was to advance the OECD's advisory role in Member countries, launch relevant OECD work, increase the Organisation's profile in key partner economies and represent the Organisation at the highest political level in important international summits and conferences.

Figure 1. Secretary-General's Visits Abroad



Visits to Member countries

During 2013, the Secretary-General made 36 visits to Member countries, 74% of his total trips abroad. Throughout the year, he visited nearly two thirds of the OECD membership. The Secretary General also visited Brussels 3 times during the year, where he attended high-level meetings with the European Commission and Parliament. He visited Austria, Germany, Italy, Mexico, Switzerland, the United Kingdom and the United States on more than one occasion, and Canada, Chile, Finland, Greece, Ireland, Israel, Iceland, Japan, Korea, the Netherlands, Norway, Spain, Sweden and Turkey once.

These visits provided an opportunity to strengthen the role the OECD plays in advising Member governments on dealing with the legacies of the crisis. In some cases, the visits took place at the request of governments to help move forward their structural reform agendas. In other cases, they offered an opportunity to present economic surveys and other thematic reviews. In particular, 6 “Better Policies Series” brochures were presented by the Secretary-General in 2013, coinciding with his visits and meetings with Leaders.

Better Policies Publications in 2013

- France: *Redresser la compétitivité*, November 2013
- The People's Republic of China: Avoiding the Middle-Income Trap - Policies for Sustained and Inclusive Growth, September 2013
- Portugal: Reforming the State to Promote Growth, May 2013
- The Russian Federation : Modernising the Economy, April 2013
- Slovak Republic: Fostering an Inclusive, Job-Rich Recovery, April 2013
- Finland: Fit for the Future, February 2013

The Secretary-General also represented the OECD and presented the Organisation’s latest work at important international events hosted by Member countries, including the annual World Economic Forum in Davos, the IMF/World Bank meetings held in Washington and Tokyo, the G8 summit in Lough Erne (for which the Organisation supported the UK Presidency in all priority areas of tax, trade and transparency), the St. Petersburg International Economic Forum and World Water Week in Stockholm.

During his visits, the Secretary-General met with key Ministers of all countries, as well as with Leaders, including: Austrian Chancellor, Werner Faymann; Chilean President, Sebastian Piñera; Finnish Prime Minister, Jyrki Katainen; Greek Prime Minister, Antónis Samarás; Icelandic Prime Minister, Sigmundur Davíð Gunnlaugsson; Irish Taoiseach, Enda Kenny; Israeli Prime Minister, Benjamin Netanyahu; Italian Prime Minister, Enrico Letta; Japanese Prime Minister, Shinzo Abe; Korean President, Lee Myung-Bak; Mexican President, Enrique Peña Nieto; Turkish Prime Minister, Recep Tayyip Erdogan; Chinese Premier, Li Keqiang; Colombian President, Juan Manuel Santos; Costa Rican President, Laura Chinchilla Miranda; Lithuanian Prime Minister, Algirdas Butkevičius; Panamanian President, Ricardo Martinelli; and Russian President, Vladimir Putin.

The Secretary-General met regularly with Members of Parliament in the countries he visited, and attended the annual Parliamentary Assembly Debate of the Council of Europe in Strasbourg. He also met with representatives from the private sector, trade unions and civil society during his trips abroad. Most of his visits featured public events in which the Secretary-General had an opportunity to address broader audiences and share the OECD’s main messages with the general public. During 2013, the Secretary-General was also awarded the *Gwangwha* Medal for Diplomatic Service by Korea and the *Medalla Rectoral* by the University of Chile.

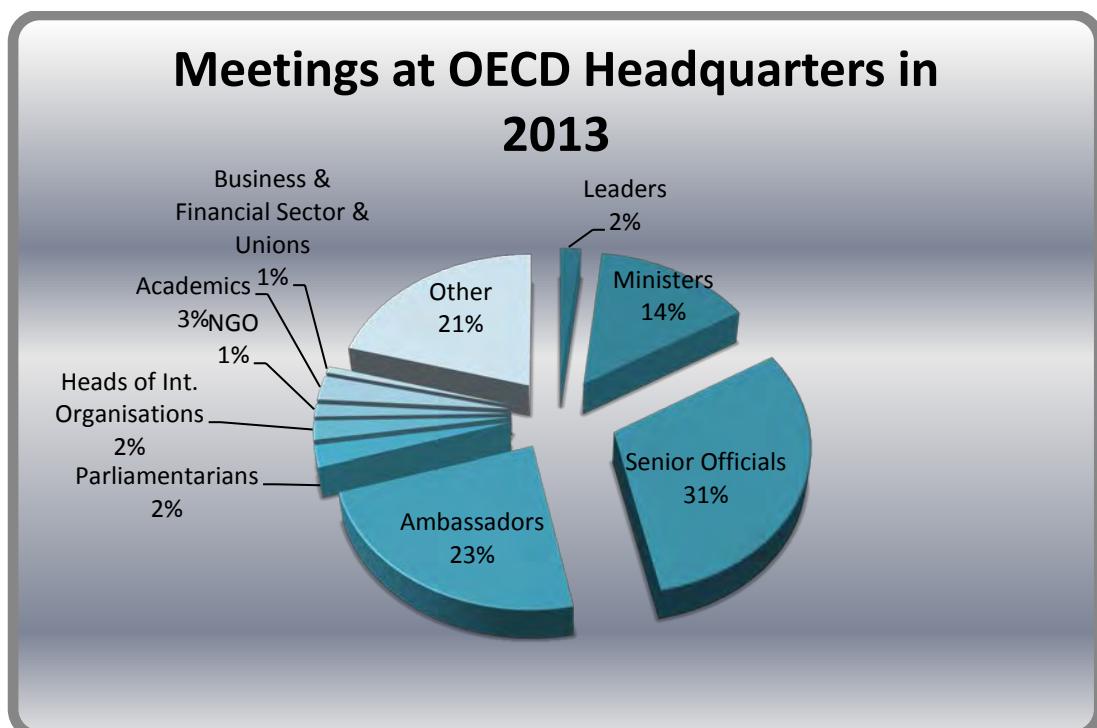
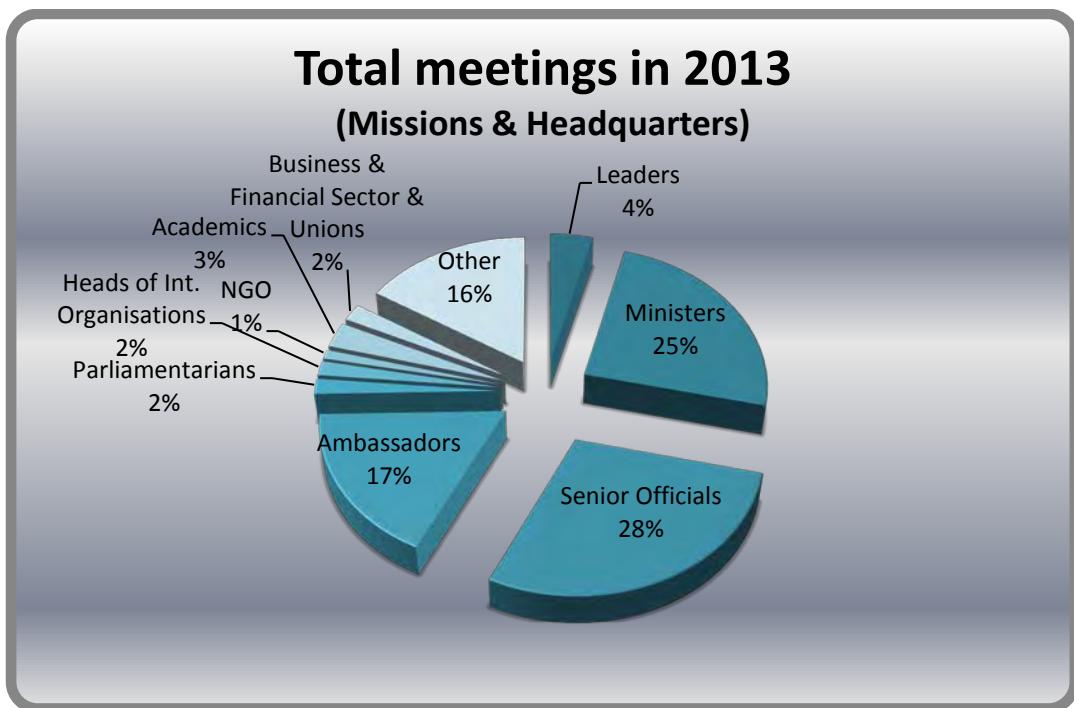
Visits to Accession and Partner countries

The country the Secretary-General visited the most was the Russian Federation, given the Russian Presidency of the G20. In 2013, the OECD strengthened its ties with the G20 further, having participated actively in concrete deliverables preparatory activities organised by the Presidency. The Secretary-General was invited to participate in all high-level G20 meetings, including the four meetings of Finance Ministers

and Central Bank Governors, a joint G20 meeting of the Finance and Labour Ministers, the B20 Summit, and the G20 St Petersburg Summit held on 5-6 September 2013. During 2013, the Secretary-General also made 4 trips to Key Partner countries: People's Republic of China (twice), Brazil and South Africa. To support the Secretary-General's activities, the Deputy Secretaries-General also visited Russia and the Key Partner countries on a number of occasions. During his visits, the Secretary-General presented specific work carried out by the OECD on these economies, including economic surveys, regulatory reviews and Better Policies brochures. As well as his annual participation at the China Development Forum from 22-26 March, the Secretary-General returned to China from 4-6 June to launch the OECD-FAO Outlook for 2013. He also visited Colombia, Costa Rica, Lithuania and Panama.

Activity in Paris

Figure 2. Secretary-General's Bilateral Meetings



Leaders and high-level visitors at the OECD

During 2013, the Secretary-General continued to consolidate the OECD's position as the “go-to-place” for Leaders and relevant stakeholders while in Paris, 14 Leaders visiting in 2013. These visits now span the full year, not only during OECD Week, which in 2013 featured both the Prime Minister, Jens Stoltenberg and Crown Prince Haakon of Norway, the MCM Chair, as well as 5 Deputy Prime Ministers and 65 Ministers, Deputy Ministers, and State Secretaries from OECD Member and Partner countries. Other Leaders' welcomed to the OECD in 2013 included French President, François Hollande; Icelandic President, Ólafur Ragnar Grímsson; Israeli President, Shimon Peres; Slovakian Prime Minister, Robert Fico; Portuguese Prime Minister, Pedro Passos Coelho; Andorran Prime Minister, Antoni Martí; Costa Rican President, Laura Chinchilla; Ivoirian Prime Minister, Daniel Kablan Duncan; Kazakhstani Prime Minister, Serik Akmetov; Latvian Prime Minister, Valdis Dombrovskis; Lithuanian Prime Minister, Dalia Grybauskaitė; and Russian First Deputy Prime Minister Igor Shuvalov.

Regular meetings at the OECD

A great part of the Secretary-General's activities during 2013 was devoted to the regular exercise of his management and strategic direction duties within the Secretariat, as well as his chairing of the OECD Council and interaction with delegations. During the course of the year, the Secretary-General held 168 bilateral meetings with OECD Ambassadors. He chaired 18 sessions of the OECD Council, 4 meetings of OECD Heads of Delegation, 5 meetings of the MCM Bureau and 10 meetings with Ambassadors Chairs of Standing Committees. The Secretary-General also delivered keynote remarks and participated in the most important events hosted at the OECD, including various conferences, global fora and high-level committee meetings.

Communication and visibility

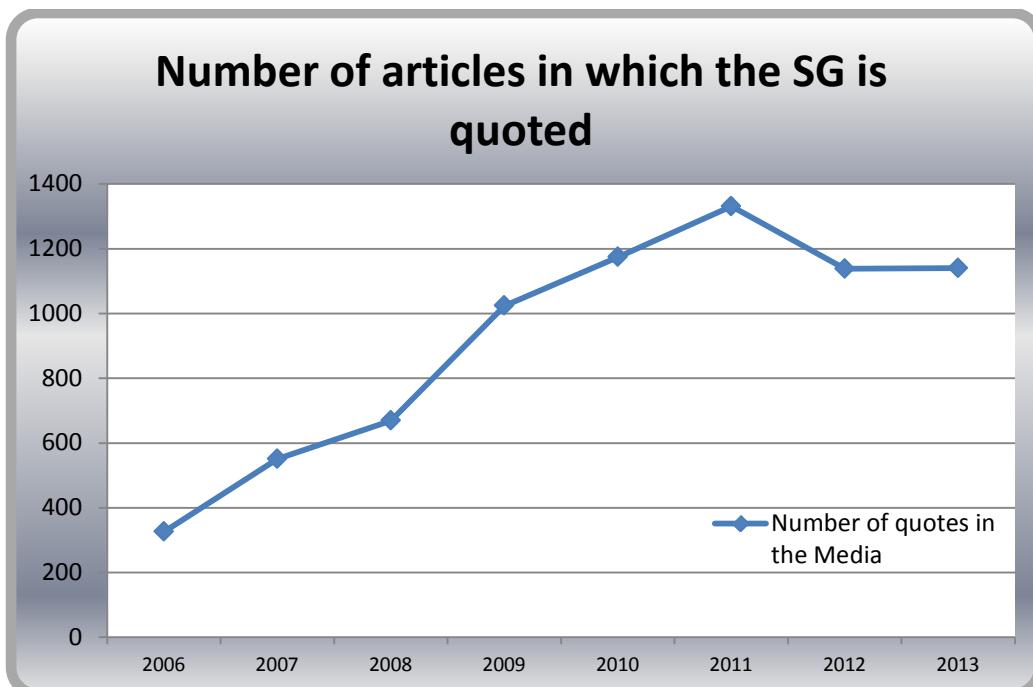
The OECD continued to expand its traditional and social media presence during 2013, with the timing and nature of press events and publication launches frequently timed to complement major international events, capitalising on the worldwide media attention. Launching the Interim Economic Assessment just ahead of the G20 Leaders' Summit, for instance, resulted in a 44% rise in coverage compared with the previous autumn's assessment. The Secretary-General was at the forefront of these enhanced outreach efforts. During 2013, the Secretary-General delivered 259 speeches, authored 19 articles or op-eds, and presented 40 OECD outlooks and flagship publications. The Secretary-General was quoted in over 1,100 articles and gave 129 in-depth interviews throughout the course of the year. He gave 48 interviews for the audio-visual media (radio, TV, satellite feeds, webcasts, live coverage) from the OECD studios and 81 interviews with national media while on mission, of which 45 audio-visual and 36 with newspapers or news agencies. He also did a large number of *ad hoc* interviews.

The Organisation published a total of 517 titles during 2013, 377 of which were reports and 138 statistical compilations. The number of press releases increased to 245, compared with 226 in 2012. Around 50 press conferences were organised in Paris and abroad, mainly designed to launch OECD publications and reports. Overall media coverage for selected flagship publication launches grew on average 81% compared with 2012, the Migration Outlook and Health at a Glance registering particularly marked increases. Besides such flagship publications, the Secretary-General also presented the economic surveys of many Member countries in their respective capitals, including Austria, Chile, Greece, Ireland, Israel, Italy, Japan, Switzerland and the UK, as well as in Key Partners Brazil and China.

Dissemination of OECD content continued to grow in 2013, with 16.6 million users accessing OECD content through all publishing platforms compared to 12 million in 2012. The number of institutions

accessing the OECD iLibrary now exceeds 6,000 from 139 countries. OECD.org received 16.4 million visits* and 51 million page views in 2013. There were 3 significant peaks during the year: OECD Week in May, the launch of PIAAC (Skills Outlook) in October, and the launch of PISA Results in December. During the last 4 months of 2013 there was a 23% increase over 2012, mainly due to the launch of PISA. On the PISA study launch day, there were a record 612,000 visits to OECD.org (10 times the average) and more than 2 million page views. The OECD also continued to work on the implementation of the Accessible, Open, Free publishing reform (Delta Programme), with a view to launching the OECD Data Portal in June 2014.

Figure 3. Presence in Traditional Media



The Better Life Index expanded its reach through the new Russian and Spanish language versions. The BLI site has also been made accessible to mobile devices. Increased reach and accessibility brought 1.7 million visits last year, increasing traffic by 134% from 2012.

The OECD's reach and influence on social media also grew, with a 150% increase of OECD Corporate Twitter followers, and an increase in the number of key opinion formers spreading OECD content on social media platforms: 'Likes' on the OECD's Facebook accounts increased by 50% over the course of 2013, from 81,000 to 122,000. The OECD's Twitter accounts together reached 355,000 followers by end 2013, up from 272,000 in 2012. The corporate Twitter account also ranks fairly high in terms of number of followers (135,000 at end 2013): we are 37th highest in Paris, 196th in France and rank 11,607th of all Twitter accounts in the world. In terms of international organisations, we have been rated in the top 20 out of 100 for number of followers. In May 2013, the OECD began piloting its presence on Sina Weibo, the largest social media platform in China. The OECD's Weibo account was boosted by our collaboration with Xinhua and the Development Centre during the Africa Economic Forum in October. In July 2013, the OECD started posting on LinkedIn, and had gained 29,500 followers already by end 2013.

* This number includes an estimate for the traffic on OECD.org for the period of January to May 2013.

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.

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