

# **Assessment of The Role of the Organization for Economic Co-Operation and Development (OECD) In Global Governance: Developing Country's Perspectives**

## **ABSTRACT**

*In the world of today, both the developed, developing and under developed countries have realised that they cannot achieve much on their own and hence the need for partnership or collaboration with other countries to achieve set goals. The Organization for Economic Co-operation and Development (OECD) is an intergovernmental economic organization in which member countries discuss and develop key policy recommendations that often serve as the basis for international standards and practice. The paper will assess the role of the organisation and its impact on global governance. The research is doctrinal and made use of primary and secondary sources of materials, such as journals, books, and internet materials etcetera to x-ray the organization's history and development from inception, its roles and powers. The paper also considered the challenges faced by the organization in the discharge of its functions, as well as examined how the organisations' global governance affects the economy of countries, and drew lessons that can positively impact the economy of countries. The paper concludes with some recommendations.*

**Keywords: OECD, Global governance, Economy, Developing countries.**

## **1. INTRODUCTION**

The Organisation for Economic Co-operation and Development (OECD) was established in 1961 with its Headquarters in Paris, France. As of 2023, its membership comprises of 38 countries,<sup>1</sup> having joined the OECD as a sign of their commitment to the market economy and personal democracy. The OECD Secretariat carries out the work of OECD. It is led by the Secretary-General- Mathias Cormann, (appointed on 1st June 2021 for a five-year term) with approximately 3,300 Secretariat staff.<sup>2</sup> The organization was founded to boost world trade and economic progress. The mission of OECD is to promote policies that will improve the economic and social well-being of

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people around the world. During its 60<sup>th</sup> anniversary, the OECD shared her vision for the next decade thus:<sup>3</sup>

*This year, we the Members, with the European Union fully participating, celebrate the 60th anniversary of the foundation of the OECD. We form a like-minded community, committed to the preservation of individual liberty, the values of democracy, the rule of law and the defence of human rights. We believe in open and transparent market economy principles. Guided by our Convention, we will pursue sustainable economic growth and employment, while protecting our planet. Our shared endeavour is to end poverty, to tackle inequalities and to leave no one behind. We want to improve the lives and prospects of everyone, inside and outside the OECD. As a global pathfinder, the OECD will therefore continue to develop evidence-based analysis that helps generate innovative policies and standards to build stronger, more sustainable and more inclusive economies, inspiring trust and confidence for resilient, responsive and healthy societies.*

The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. The organization work with governments to understand what drives economic, social and environmental change. They measure productivity and global flows of trade and investment. They also analyse and compare data to predict future trends. Among their mission also is to set international standards on a wide range of issues, from agriculture and tax to the safety of chemicals, etcetera.<sup>4</sup>

The organization also look at issues that directly affect everyone's daily life, like how much people pay in taxes and social security, and how much leisure time

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they can take. They compare how different countries' school systems are readying their young people for modern life, and how different countries' pension systems will look after their citizens in old age.

Drawing on facts and real-life experience, the organization recommend policies designed to improve the quality of people's lives. They work with business, through the Business and Industry Advisory Committee of the OECD, and with labour, through the Trade Union Advisory Committee. The organization has active contacts as well with other civil society organisations. In conjunction with other international organisations such as the WTO, the OECD aids trade among member states and developing economies, and publishes statistical reports and findings on trade performance and development indicators.<sup>5</sup> The common thread of their work is a shared commitment to market economies backed by democratic institutions and focused on the wellbeing of all citizens. During its 50<sup>th</sup> anniversary in 2011, the focus of the OECD in helping governments was categorized into five main areas,<sup>6</sup> such as;

- (i) A need to restore confidence in markets and the institutions and companies that make them function. That will require improved regulation and effective governance at all levels of political and business life.
- (ii) Re-establishment of healthy public finances as a basis for future sustainable economic growth. In parallel, the organization is looking for ways to foster and support new sources of growth through innovation, environmentally friendly 'green growth' strategies and the development of emerging economies.
- (iii) A way to foster new sources of growth and innovation.

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<sup>5</sup> OECD/World Trade Organization, "Aid, Trade and development Indicators for Nigeria", in Aid for Trade at a Glance 2019: Economic Diversification and Empowerment, 2019, OECD Publishing, Paris. DOI: <https://doi.org/10.1787/a35c6fda-en>

(iv) To underpin innovation and growth. The Organization ensures that people of all ages can develop the skills to work productively and satisfyingly in the jobs of tomorrow.

(v) A need to promote inclusive growth and sustainable development.<sup>7</sup>

Kimberly Amadeo a US commentator defined The Organization for Economic Co-operation and Development, (OECD) as an association of 38 nations in Europe, North America, and the Pacific. Its members and key partners represent 80% of world trade and investment.<sup>8</sup> Its goal is to promote the economic welfare of its members, and coordinate their efforts and to aid developing countries outside of its membership. Although it was originally based in Europe, it is broadening its scope to become more global. It is working to add six of the fastest growing countries in the emerging markets as members.<sup>9</sup>

It is pertinent to note that any change in OECD countries affects the rest of the world, particularly those that constitute the seven leading industrial nations (G-7). Their experience has considerable relevance to developing, newly industrialized, and transition economies, insofar as they are affected by common economic forces, such as technological change, trade liberalization, and higher real interest rates. But to the extent that OECD experience is mediated by particular social institutions and public policies.<sup>10</sup>

The OECD is working with six other emerging market countries to become members. This process is long and complex. A country must be reviewed by up to 20 OECD Committees who make sure it conforms with OECD instruments, standards

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<sup>9</sup> Amadeo Navarro Zapata, María and José: Determinants of High-tech Exports: New Evidence from OECD Countries Journal of the Knowledge Economy, 6 January 2023

<sup>10</sup> Anthony Atkinson, "5 Equity Issues in a Globalizing World: The Experience of OECD Countries" <https://www.elibrary.imf.org/display/book/9781557757883/ch009.xml>

and benchmarks. It must be willing to reform its economy, if needed, to meet standards in the areas of corporate governance, anti-corruption, and environmental protection. It might have to go as far as to amend its legislation to conform to these standards. The countries being considered for admission are: Brazil, China, India, Indonesia, Russia and South Africa.<sup>11</sup>

The paper is divided into six (6) parts, part one (1) is the introduction, part two (2) looks at the history, development and the organisational structure of the organisation. Part three (3) discusses the role and functions of the organisation, while part four (4) looks at the OECD and global governance, and its impact in developing countries. Part five (5) considered the challenges and prospects of the organisation while the last part concludes the work with recommendations.

## **2. HISTORY, DEVELOPMENT AND ORGANISATION**

The OECD evolved from the Organisation for European Economic Cooperation(OEEC), which started in 1948, after World War II to run the Marshall Plan to reconstruct Europe.<sup>12</sup> Its goal was to help European governments recognize their economic interdependence.<sup>13</sup> In this way it was one of the roots of the European Union which dates back to the rubble of Europe after World War II. European leaders were determined to avoid the mistakes of their predecessors in the wake of World War I, they realised that the best way to ensure lasting peace was to encourage co-operation and reconstruction, rather than punish the defeated.

The Organisation for European Economic Cooperation (OEEC) therefore came into being to run the Marshall Plan for reconstruction of a continent ravaged by war. By making individual governments recognise the interdependence of their economies, it paved the way for a new era of cooperation that was to change the face

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of Europe. Encouraged by its success and the prospect of carrying its work forward on a global stage, once the Marshall Plan was complete and with the coming of Canada and the US and the signing the new OECD Convention on 14 December 1960, the Organisation for Economic Co-operation and Development (OECD) was officially born. But actually, came into full force on September 30, 1961.<sup>14</sup>

Today, thirty-eight (38) OECD member countries worldwide regularly turn to one another to identify problems, discuss and analyse them, and promote policies to solve them. The track record is striking. The US has seen its national wealth almost triple in the five decades since the OECD was created, calculated in terms of gross domestic product per head of population. Other OECD countries have seen similar, and in some cases even more spectacular, progress.

Same applies to countries that a few decades ago were still only minor players on the world stage. China, India and Brazil have emerged as new economic giants because of their working relationships and engagement with the organization. Most of the countries that formed part of the former Soviet bloc have either joined the OECD or adopted its standards and principles to achieve common goals. The organization now has close relations with Brazil, China, India, Indonesia, Russia and South Africa through their “enhanced engagement” programme (distinct from accession to membership of the OECD). Together with them, the OECD brings around its table 40 countries that account for 80% of world trade and investment, giving it a pivotal role in addressing the challenges facing the world economy.<sup>15</sup>

## **ORGANIZATION**

The OECD has three main organs: The Council, Committees, and the Secretariat. The overriding body is the Council, which has the decision-making

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power, it comprises of one representative from each member country generally at the level of Ambassador. The Council guides the Organization and direct its work, since the work agenda is set by unanimous consent by the Council. The Council meets at the ministerial level once a year to raise issues and set priorities for the Organizations for the coming year.<sup>16</sup>

The Council also determines the budget of the Organization. The budget is comprised of shared expenses, public sales of publications, assessment of all members based on the relative size of their economies and voluntary contributions. For instance, the United States appropriated about \$82.2 million in 2012 and \$83.2 million in 2014, that is to say the US contributed 21.58% of the Organizations budget. But the U S share of the budget declined to 19.53% in 2018 as a result of financing reforms.<sup>17</sup>

The Committees are comprised of representatives of all member countries. There are about 200 Committees comprised of some 40,000 senior government officials from member countries and representatives' from the private sector and Labour. They meet to review and contribute to the work that is conducted by the Secretariat. In many cases, these Committees serve as conduits for providing information on work that is being conducted by officials among member Countries on economic issues.

The Secretariat is comprised of about 3,300 staff mostly economist, scientist, lawyers, political analyst, digital experts and other professionals, who are organized into directorates to support the work of the committees to deliver the work program approved by the Council. As a result, the Secretariat is organized along substantive

areas to mirror the work of the Committees, although the structure is flexible enough to handle cross-disciplinary studies.<sup>18</sup>

There are thirteen (13) directorates in the Secretariat that focus their work in such areas as employment and labour, environment and economics, trade and investment, Biotechnology, agriculture, science and technology, internet, tax and anti-bribery standards, gender, green growth, public management, globalization and development. One directorate collects data, monitors trends and analyses economic developments, while other directorates research social changes or evolving patterns in trade, environment, agriculture, technology, taxation etc. The Organization has developed a “better life initiative” through which it is attempting to assess more broadly the quality of live and policies that can enhance living conditions of people and improve general well-being.<sup>19</sup>

In addition to its headquarters in Paris, France, the OECD also has centres in Berlin, Mexico, Tokyo and Washington D.C, which are part of the organisation’s public affairs and communication team.<sup>20</sup>

### **3. ROLE AND FUNCTIONS OF THE OECD**

The OECD serves as a forum for information exchange, policy dialogue and co-ordinated action between countries on a wide range of policy issues. The organization fosters regulatory co-operation in a wide range of policy areas by providing a platform for policy makers to exchange experience and set standards through the adoption of legal instruments or policy guidance.<sup>21</sup>

The OECD uses information on various topics to help governments prosper, fight poverty and prevent financial instability. The organisation also monitors the

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economies of member and non-member states, and the secretariat collects and analyses information on different aspects of society.

**a. Peer Reviews**

This involves supervision of the performance of individual member countries by other members of the OECD. This is a core function of the organization and helps governments gain support for the implementation of difficult policies in their home countries. Peer reviews are meant to be critical, helpful and respectful, characteristics derived from the aim of the reviews of both acknowledging achievement and recommending improvements rather than encouraging any general questioning of development cooperation.<sup>22</sup> An illustration of peer review was when the UK was told to keep foreign aid at a commendable 0.7% level, this was done to ensure that the extra money is spent in the most efficient way possible.<sup>23</sup>

**b. OECD Statistics and Reporting**

The primary function of the OECD is to collect, analyse and report on economic growth data for its member countries. This gives members the knowledge to further their prosperity and fight poverty while balancing the impact of economic growth on the environment.<sup>24</sup>

The OECD continuously monitors economic data so it can update its projections. Committees within the OECD analyse the data and make policy recommendations. It's up to each member country to decide how to implement OECD recommendations. Members have used OECD recommendations to create formal "rule of the game" agreements for international cooperation.

Some examples of these agreements include prohibitions against bribery, arrangements for export credits, and the treatment of capital movements. OECD

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agreements have resulted in standards that all countries need to follow regarding the tax system and treaties and have also provided recommendations on environmental practices, cross-border co-operation on outlawing spam, and corporate governance regulations.

### **c. OECD Reports and Publications**

Most people know the OECD from its statistical reports. The most widely used is the OECD Economic Outlook, which analyses the economic prospects for the 34 members and the major non-member countries. The Outlook provides in-depth coverage of the economic policies needed for each country, as well as an overview for the total OECD area. The report is updated twice a year to stay current with the major shifting trends.

The OECD Factbook is a 300-page reference tool of major economic, social and environmental indicators of the OECD countries, as well as those applying for membership. Statistics cover population and migration patterns, production and income, pricing, labour, energy and transportation, science, technology, the environment, education, health and public finance. The OECD Economic Surveys are done for each member country every 1 1/2 - 2 years. It summarizes each country's main economic challenges and provides policy recommendations. For example, the OECD recommended that the best way for Greece to overcome its debt crisis was by implementing austerity measures that would make it more competitive.<sup>25</sup>

The Going for Growth report is a comparison of countries, based on national performance. For instance, during financial crisis, the report highlights the structural reforms each country needs to make to recover from the financial crisis. It highlights the five most important changes that should be made to best enhance long-term

growth.<sup>26</sup>Sustainable economic growth is the ultimate goal of the Organization. The OECD also extends assistance to Non-Member countries.

The issues of bribery and tax havens have been among the major concerns for members of the Organization; this has prompted certain changes in the U S laws, international flows of capital, goods and services around the world, a phenomenon referred to as globalization, has grown over the last decade and is producing significant challenges for the Organization. This is the prime mover behind exchange rates and represents the heightened growth of foreign investment and cross-border transactions.

One outcome of this global expansion of business transaction has been the increased use by multinational corporations and nations of voluntary and industry-specific Codes of Conduct. One of such Codes promoted by the OECD is the Convention on Combating Bribery of Foreign Public Officials in International Business transactions, which focuses on a set of issues, related to the bribing of public officials.<sup>27</sup>Since the coming into force of the Convention, 39 countries including the U S have passed National legislation implementing the Convention.<sup>28</sup> Delegates from the United States have also pushed to have the OECD update its landmark on counterfeiting and piracy to determine the extent and impact of these activities and to improve law enforcement efforts among OECD countries. By doing all the above mentioned, the organization helps maintain financial stability of member states,<sup>29</sup> and also achieve economic growth for nations while also providing a base for the implementation of future policies.

**The major functions of the OECD in summary includes:**

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- Provides a platform for the governments of member nations to find solutions to universal problems, organize policies (domestic as well as international) and compare policy experiences.
- Monitors economic trends relating to trade, technology, environment, taxation and agriculture. It also forecasts economic development. It also conducts in-depth analysis to collect accurate data and statistics regarding social and economic growth.
- Publishes its economic statistics and other intellectual findings both online and offline. The published data is used by government officials, students and researchers through SourceOECD and OECD Online Bookshop as well as its library.
- Offers peer reviews to member nations about their performance.
- Offers expertise and ideas to over 100 non-member countries for their economic development.

#### **4. OECD AND GLOBAL GOVERNANCE: ITS IMPACT IN DEVELOPING COUNTRIES**

The OECD has worked closely with the G20 group of nations to address economic recovery, (especially after financial crises and economic recession) global imbalances, and structural reforms. It has provided support to the G-20 on a wide range of issues, such as:

- Restoring growth and jobs: - this was achieved by supporting the G20 through work with the International Monetary Fund (IMF) in developing a framework for strong, sustainable and balanced growth.<sup>30</sup>
- Assisting the G20 countries in sharpening their social response to the crises

- Reforming the international monetary system, they have done this by providing analytical work that examines how structural reforms can promote financial integration, reduce global imbalances and limit the volatility of capital flows
- Pursuing the agenda on financial regulation – The Organization developed high level principles on financial consumer protection, this was endorsed at the Cannes 2011 Summit. It also assists the agenda of financial inclusion and small and medium-size enterprise (SMEs) financing.<sup>31</sup>
- Taxation – The OECD has worked with the G-20 to combat tax evasion through a peer review process that includes countries and a joint OECD/Council of Europe Convention on mutual administrative assistance in tax matters, which provides for automatic exchange of tax information.
- Anticorruption –The Organization is engaged in the G-20 anticorruption working group in the areas of foreign bribery, whistle-blower protection, public sector integrity and enhanced dialogue with business.
- Reinvesting in agriculture, combating price volatility and promoting food security –The Organization do that in conjunction with the Food and Agricultural Organization (FAO)of the United Nations. The OECD is involved in the follow up and has assigned staff to the Agricultural Market Information System initiative. All this iswiththe aim of enhancing agricultural productivity and making the environment conducive to promote private investment in agriculture.<sup>32</sup>
- Phasing out fossil fuel subsidies – The organization is supporting countries in implementing their commitments to the fossil and fuel subsidy initiative. The

OECD is one of the international organizations that contributed to the joint report to leaders at the June 2010 summit in Toronto and the November 2010 summit in Seoul and coordinated the International Organization report for the summit in Cannes.

- Global value chains –The OECD in conjunction with the World Trade Organization (WTO) and the United Nations Conference on trade and Development (UNCTAD) is making immense contribution to global value chains which can make for sustainable growth in both advanced and developing countries. The organization also encourages institutional investment in long-term assets, such as infrastructural and renewable energy projects, to strengthen global economy.<sup>33</sup>

Another major role the OECD plays in global governance is its working relationship with the G8. The Organization was tasked by the G8 to assist Arab countries in transition through the Deauville Partnership with Arab Countries, a Transition initiative that was adopted by the G8 countries in May 2011 at Deauville France, to provide political and economic support for reforms in Tunisia, Egypt, Libya, Morocco and Jordan.<sup>34</sup> The G8 reaffirmed their commitment to the partnership to support the democratic transition and to strengthen governance, foster economic and social inclusion, create jobs, support private sector-led growth and advance regional and global integration.

The Organizations role consists of taking the lead in the areas of governance and anti-corruption by setting standards and providing monitoring. In addition, the

partnership is sponsoring an OECD initiative to help transitioning countries achieve eligibility into the Open Government Partnership (OGP).<sup>35</sup>

The members of the DAC of the OECD had agreed since 1969 and revised in 1972 to offer official development assistance comprising concessional funding with a grant element of at least 25 percent, given to developing countries whose per capita income is below a regularly adjusted threshold. This funding is also available to multilateral institutions primarily for promoting welfare and economic development in the recipient country. For instance, in 2009, all countries with per capita incomes of \$11,455 or less were considered as “developing countries”.<sup>36</sup>

Furthermore, as part of its role in global governance, in April 2012, the OECD co-sponsored a conference on “Building Open, Fair and transparent Government for growth and Development”. In May of the same year, the OECD co-sponsored a conference on ways to increase private investment in the partnership countries. In that same year, the U S state department, through its office of the U S-Middle East Partnership Initiative provided \$1.5 million to the OECD to support open governance and political participation in the Middle East and North Africa.<sup>37</sup>

The Organization has also addressed the issue of tax havens in various forms since it began in 1961. It issued the 1<sup>st</sup> convention on tax havens in 1963, with the *Draft Double Taxation on Income and capital*. In 1977, the OECD issued the 1<sup>st</sup> major update of its draft with the *Model Convention and Commentaries* to reflect the experience of OECD members with bilateral treaties, the increasingly sophisticated methods of tax evasion, and the development of new and more complex international business activities and relations. In 1991, the Organization again updated its tax

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<sup>36</sup>Deborah Brautigam, “China, Africa and the International Aid Architecture”, Working Papers Series NO 107, African Development Bank, Tunis, Tunisia (2010)

convention to reflect the liberalization in capital markets and the globalization in business activities with the Model Tax Convention on Income and Capital. Tax havens have attracted increased attention from policy makers as a result of new efforts to curtail the use of tax avoidance, and efforts to track financial flows that may be diverted to illegal activities.<sup>38</sup>

Furthermore, since the start of the COVID-19 crisis, the OECD has been providing data, analysis and recommendations on a wide range of topics addressing the pandemic, including its impact on health, the economy, employment and the societies, as well as member and partner country profiles, featured on a dedicated COVID-19 digital hub.<sup>39</sup>

Thus, a globalised world requires proper risk management at both national and international levels as most governments want to know how to prevent catastrophic events whenever possible. They also want to know how they can be better prepared if these events occur. Regulations can help make economies and societies more resilient. But this requires capacity, preparation and proper assessment, as well as appropriate incentives. In most cases, it also requires international co-operation.<sup>40</sup>

The flows of OECD aid to most sectors and in the development of economic infrastructure in Africa has increased both Africa's imports from and exports to OECD countries.<sup>41</sup> It is safe to posit that the OECD does not exist merely for the benefit of members alone as it recognizes the harmonization of the global economy. More so, the OECD reaches out to over 100 developing and emerging countries. Essentially, global governance plays a vital role in achieving economic

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<sup>41</sup>Adugna Lemi, "Aid for Trade and Africa's Trade Performance: Evidence from Bilateral Trade Flows with China and OECD Countries" *Journal of African Trade* 2017 vol. 4, no 1-2, pp 37-60

growth and narrowing inequality, both directly and indirectly. More so, it is vital for a number of key outcomes at the national and subnational levels, including social cohesion, public expenditure efficiency and control of corruption, most especially governance matters for achieving sustainable and inclusive economic growth. Without global governance, there would be widespread informality in the labour market, as well as limited access to education leading to unemployment and health insurance, all of which are drivers of inequalities.<sup>42</sup>

Global governance is important throughout the policy-making cycle, not only the design, but also the implementation and evaluation of inclusive growth policies. However, pursuing inclusive growth calls for a whole-of-government approach that leverages informed decision-making and aligns vision, incentives and delivery mechanisms across the policy-making cycle.

In a number of countries, governments are aiming to align their vision with a national discussion on the outcomes that matter for people's life satisfaction. Indeed, the OECD has undertaken extensive work on measuring well-being and in designing high-quality indicators that allow the various dimensions of public performance and life-quality to be mapped and measured. These indicators comprise a comprehensive, internationally-comparable suite of outcome measures, which government can draw on as a resource in selecting its priorities, and can be used to benchmark progress in achieving these objectives over time.<sup>43</sup>

Reports have shown that OECD have been able to use wellbeing metrics in policy making. In the case of Rome, Italy, a comprehensive consultation process was

used to prioritize the dimensions of well-being that matter most to the citizens, through community surveys, a web tool, public meetings, workshops, etc.<sup>44</sup>

## **5. CHALLENGES AND PROSPECTS**

Critics contend that the OECD represents a danger to National sovereignty, they claim it is one among a number of international bodies whose powers almost exceeds the authority of national governments. But that is not the case, to influence national policies, the OECD has to persuade national actors of the solutions it provides to cope with domestic economic problems. One method by which the organization does that is through the regular country surveys issued for all member states. The organization uses the surveys as a means of pushing their agenda for policy debates and reforms in member countries.<sup>45</sup>

Secondly, others view the OECD as an economic cartel dominated by the United States and serving mainly the economic and political interest of the United States of America.<sup>46</sup> These groups also argue that the OECD is pursuing free trade and open market at the expense of the poorest and least developed countries; that the pursuit of free market economies further worsens the disparity of income between the richest and the poorest countries; and that the OECD is promoting the expansion of multinational corporations at the expense of National government and National interests.<sup>47</sup> On the Contrary, the OECD provides unique value to the United States. The Organisations member states control considerable portions of the world's economy, and their decisions in the OECD, have the ability to exert substantial influence in the shaping of global economic and trade policy. The United States

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benefits from the OECD deliberations and agreements in various fields, including technology, exports and tax policy. Through OECD participation, the United States can work with its allies to promote consensus on global governance norms and standards regarding trade and anti-corruption measures.<sup>48</sup>

Developing an effective enabling network, strengthening solid accountability mechanisms and safeguarding public interest represent some serious challenges for the OECD. Also, the productivity impact of the OECD Restated Job Strategy which seeks to formulate pro-employment policies to improve labour market outcomes still remains unclear. Other challenges include:

- Improve data collection methods.
- Reduce costs to improve prevailing environmental conditions.
- Rebalance global economic growth.

There is also the challenge of economic integration of the non-OECD countries like Brazil, China, Russia and India which represents nearly one fourth of the world's GDP. A major concern is the Ukraine war which has caused a deeply distressing humanitarian disaster and thrown the global economic recovery into doubt. The major influence of Russia and Ukraine on the global economy comes from their role as important suppliers in a number of commodity markets, including oil and gas, wheat, corn, fertilisers, and a range of metals and minerals were on the high side. The war reinforces the need for all countries to strengthen energy and food security. Amidst this War, the OECD stands in strong solidarity with the Ukrainian people, thereby leveraging on the existing cooperation from relevant international partners such as the UN,<sup>49</sup> multilateral banks such as the EIB and the EBRD and international

economic organisations such as the IMF and the World Bank Group, to support Ukraine's reconstruction and recovery effort at post-war.

On 7 June 2023, OECD and the Government of Ukraine launched a four-year Country Programme to support Ukraine's agenda for reform, recovery and reconstruction. Since February 2022, the OECD has broadened, deepened and strengthened its engagement and co-operation with Ukraine – now a prospective OECD member. Despite restrictions imposed by Russia's full-scale invasion of Ukraine, the OECD has continued to support Ukraine on several targeted policy areas,<sup>50</sup> such as:

- Strengthening subnational capacities and decentralization reform.
- Reviewing competition in the Ukrainian electricity sector.
- Improving the learning outcomes and well-being of Ukrainian students and teachers.
- Supporting the reception and integration of Ukrainian refugees.
- Alignment of reform efforts with OECD tax standards.

It is worthy to note that the prospects for the OECD focus is on restoring economic growth across the globe including third world countries. Its guiding philosophy is that economic progress spreads only in places where open markets prevail for technology, capital and human resources.<sup>51</sup>

#### **A consideration of a members' participation in the OECD; The case of Australia**

Australia joined the OECD in 1971, although initial links were established through membership of the OECD's Development Assistance Committee (DAC) in 1966. Australia decided to become a full member because it recognised the

importance of exchanging views and exerting influence in an organisation which had established itself as the paramount western, economic consultative forum.<sup>52</sup>

Today, Australia continues to place high value on the OECD's evidence-based cross-country economic and social policy analysis and advice. The Organisation is an important source of detailed analysis on a wide range of issues of interest to Australia, including trade, agriculture, the environment, climate change, and global food security. Australia is actively involved in the OECD's extensive work programs on core economic policy issues, statistics, labour market issues, digital and cyberspace, governance, education, health, migration and energy.

Australia is closely involved in the OECD's work on promoting structural reform to support long-term growth and wealth creation. An important lesson learnt from the Global Financial Crisis was the need for unilateral economic reform to encourage the development of more flexible and adaptable economies. To achieve this, policies must be complementary and supported by regional and global coordinated initiatives to maximise competition.

Another lesson is the importance of trade liberalisation as a non-budget stimulus and long-term generator of jobs. Australia also with the OECD do emphasis the role of science, innovation and technology in contributing to a productive, competitive, low carbon economy, and the importance of market mechanisms in achieving least-cost transition. Australia supports the Organisation's increasing engagement with emerging and developing countries under its enhanced engagement program as they believe it reflects the reality of the 21<sup>st</sup> Century, where global economic influence is no longer dominated by Western Nations.<sup>53</sup>

## **6. CONCLUSION**

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Flowing from the above discussion, one can state that the OECD is the creation of its member states, therefore it reflects the interest and views of its members and is independent of any other international organization. Free trade and open markets have proven to be the best route to economic development and to higher national incomes. The organization has committed itself to make the benefits of free trade and open market more accessible to developing economies. Members countries promote better understanding of the economic and social problems of developing countries.

The importance of this organization to the economic growth and development of member states and developing countries cannot be over emphasized. Despite the competition faced from other organisations, the organisation remains a powerful driver in increasing economic efficiency and improving living standards in Europe and across the globe.

It is recommended that the organisation should consider expanding to have a better member state diversity, the organisation could benefit from a more robust non-European engagement with other member countries. A case at hand is that of Argentina, whose president has announced his country's intention to ascend to the OECD in 2016, and also drew an action plan in 2017. Since then, Argentina has been closely cooperating with the OECD. Despite these efforts, the organisation is yet to extend the invitation for the formal ascension process to Argentina.

Furthermore, it is also recommended that there should be better synergy between the organisation and the governments of non-OECD countries especially developing countries or their representatives, to identify the areas of collaboration, to enable the effective implementation of OECD Standards and recommendations in these countries. This will promote responsible business conduct across the globe.

Lastly, there should be better awareness among stakeholders in developing countries about the activities, standards and recommendations of the organisation. Representatives of tax authorities, Civil Society Organisations, trade unions, etcetera should be abreast of developments in the organisation, so as to draw lessons or where circumstances permit adapt some of the policies of the organisation and apply it in their local jurisdictions.

#### References :

<sup>1</sup> The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. <<https://www.oecd.org/about/>> accessed 18 Sept 2023.

<sup>2</sup> <<http://www.oecd.org/about/>> Accessed 27 may 2023.

<sup>3</sup> Meeting of the OECD Council at Ministerial Level Paris, 5-6 October 2021- Trust in Global Cooperation - The Vision for the OECD For the Next Decade  
[https://www.oecd.org/mcm/MCM\\_2021\\_Part\\_2\\_%5BC-MIN\\_2021\\_16-FINAL.en%5D.pdf](https://www.oecd.org/mcm/MCM_2021_Part_2_%5BC-MIN_2021_16-FINAL.en%5D.pdf) accessed 18sept 2023

<sup>4</sup> [https://knowledge4policy.ec.europa.eu/organisation/oecd-organisation-economic-co-operation-development\\_en](https://knowledge4policy.ec.europa.eu/organisation/oecd-organisation-economic-co-operation-development_en) accessed 12 sept 2023.

<sup>5</sup> Richard Eccleston, “The OECD and Global Economic Governance” Australian Journal of International Affairs [2011], vol. 65, no 2, p 243-255.

<sup>6</sup> Ibid.

<sup>7</sup> <https://www.oecd.org/about/47747755.pdf> accessed 18sept 2023

<sup>8</sup> n 1

<sup>9</sup> Amadeo Navarro Zapata, María and José: Determinants of High-tech Exports: New Evidence from OECD Countries Journal of the Knowledge Economy, 6 January 2023

<sup>10</sup>Anthony Atkinson, "5 Equity Issues in a Globalizing World: The Experience of OECD Countries" <https://www.elibrary.imf.org/display/book/9781557757883/ch009.xml> accessed 25 Nov 2023

<sup>11</sup> n 2

<sup>12</sup>EU Delegation to the OECD and UNESCO 2021 [https://www.eeas.europa.eu/paris-oecd-unesco/relations-oecd-and-unesco\\_en?s=64](https://www.eeas.europa.eu/paris-oecd-unesco/relations-oecd-and-unesco_en?s=64) accessed 4 October 2023

<sup>13</sup>Daniel F. Runde, Shannon McKeown and Thelma Askey, "The OECD Faces a Decision Point in 2021", Center for Strategic and International Studies (CSIS) (2020) P 1.

<sup>14</sup>See <http://www.oecd.org/history/> accessed on 27 may 2023

<sup>15</sup> Ibid.

<sup>16</sup> James K. Jackson, "The Organization for Economic Cooperation and Development" Congressional Research Service Report 2013, 7-5700

<sup>17</sup> Function 105 & other international programs, fiscal year 2014, Executive budget Summary, Department of State, p. 46. Available at <http://www.state.gov/documents/organization/207305.pdf> accessed 15 June 2023

<sup>18</sup>James K. Jackson, The Organization for Economic Cooperation and Development; Congressional Research Service Report 2013 7-5700

<sup>19</sup> ibid

<sup>20</sup><https://www.oecd.org/about/structure/> accessed 1 October 2023

<sup>21</sup>OECD, 'The Role of the OECD in International Regulatory Co-operation and International Organizations: The Cases of the OECD and the IMO, OECD Publishing, Paris 2014 p 45-84 [https://www.oecd-ibrary.org/governance/international-regulatory-co-operation-and-international-organisations/the-role-of-the-organisation-for-economic-co-operation-and-development\\_9789264225756-6-en](https://www.oecd-ibrary.org/governance/international-regulatory-co-operation-and-international-organisations/the-role-of-the-organisation-for-economic-co-operation-and-development_9789264225756-6-en) accessed 2 October 2023

<sup>22</sup>Ashoof Guido, "50 Years of Peer Reviews by the OECD's Development Assistance Committee: An Instrument of Quality Assurance and Mutual Learning" Briefing Paper No. 12/2013, DeutschesInstitut fur Entwicklungspolitik (DIE), Bonn (2013) p 4

<sup>23</sup>CFI Team, "OECD: An International Organization that Promotes Policy Coordination and Economic Freedom among Developed Nations" <https://corporatefinanceinstitute.com/resources/economics/oecd/> accessed 12 October 2023

<sup>24</sup><https://stats.oecd.org/> accessed 1 October 2023

<sup>25</sup><<https://www.oecd.org/greece/greece-maintain-reform-momentum-as-recovery-slows-amid-global-headwinds.htm>> accessed 1 October, 2023.

<sup>26</sup><http://useconomy.about.com/od/glossary/g/OECD.htm> accessed 29th May 2021

<sup>27</sup>Convention on combating Bribery of Foreign Public Officials in international business transactions and related documents. Organization for Economic Corporation and Development 2011

<sup>28</sup> P.L. 105-366, November 10, 1998

<sup>29</sup><http://www.economywatch.com/international-organizations/organization-of-economic-cooperation-and-development.html> accessed on 29th May 2023

<sup>30</sup> The OECD published a report on its role titled, OECD strategic response to the financial and economic crises: Contributions to the global effort, OECD Report C (2008) 191/Final, December 23 2008. A copy of the report is available at <http://www.oecd.org/dataoecd/33/57/42061463.pdf> accessed 4 May 2023

<sup>31</sup> *ibid*

<sup>32</sup> *ibid*

<sup>33</sup>James K. Jackson, The Organization for Economic Cooperation and Development; Congressional Research Service Report 2013, 7-5700

<sup>34</sup> Countries in the partnership currently include the five partnership countries (Egypt, Tunisia, Morocco and Libya) the G8, Saudi Arabia, the United Arab Emirates, Kuwait, Qatar and Turkey. The International Financial institution include the African Development bank, the Arab fund for Economic and social development, the Arab monetary fund, the European Bank for Reconstruction and development, the European Investment Bank, the Islamic development bank, the international finance corporation, the International monetary fund, the OPEC fund for international development and the World Bank, and the OECD.

<sup>35</sup>The Open Government Partnership is a diverse coalition of governments who have pledged to embrace a set of high-level open government principles, pledge country-specific commitments for putting the principles into practice and invite civil society organizations to assess their individual and collective progress.

<sup>36</sup>Deborah Brautigam, “China, Africa and the International Aid Architecture”, Working Papers Series NO 107, African Development Bank, Tunis, Tunisia (2010)

<sup>37</sup> Media note, United States Mission to the OECD, May 23, 2012

<sup>38</sup>James K. Jackson, 2013 *ibid*

<sup>39</sup>Discover the OECD-Better Policies for better lives <https://www.oecd.org/general/Key-information-about-the-OECD.pdf> accessed 18September 2023

<sup>40</sup>*ibid*

<sup>41</sup>AduugnaLemi, “Aid for Trade and Africa’s Trade Performance: Evidence from Bilateral Trade Flows with China and OECD Countries” *Journal of African Trade* 2017 vol. 4, no 1-2, pp 37-60

<sup>42</sup> OECD- Policy Shaping and Policy Making: The Governance of Inclusive Growth. <https://www.oecd.org/governance/ministerial/the-governance-of-inclusive-growth.pdf> accessed 28<sup>th</sup> September, 2023

<sup>43</sup>*Ibid*

<sup>44</sup>*Ibid*

<sup>45</sup>Klaus Armingeon and Michelle Beyeler, “The OECD and European Welfare States” (Edward Elgar 2004) p 1

<sup>46</sup>See the OECD’s Crocodile tears at <http://www.flyingfish.org.uk/articles/oecd/tears.html> accessed 12 October 2023

<sup>47</sup>James K. Jackson 2013 *The Organization for Economic Cooperation and Development*; Congressional Research Service Report 7-5700

<sup>48</sup>Daniel F Runde n11 at p 4

<sup>49</sup>n 34

<sup>50</sup><https://www.oecd.org/country/ukraine/> accessed 18September 2023

<sup>51</sup> Meeting of the OECD Council at Ministerial Level- Strategic Orientations of the Secretary General For 2023-2024 Biennial; Paris 9-10 June, 2022 <<https://www.oecd.org/mcm/2022-OECD-SG-Strategic-Orientations-EN.pdf>> accessed 18 May 2023.

<sup>52</sup><https://www.dfat.gov.au/oecd/> accessed on 29 May 2023

<sup>53</sup> *ibid*