



**REPUBLIC OF NAURU**  
**Office of the Minister for Finance**

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## **The OECD**

### **What is the 'Organisation for Economic Co-operation and Development - OECD'**

The Organisation for Economic Co-operation and Development (OECD) is a group of member countries that discuss and develop economic and social policy. OECD members are democratic countries that support free market economies. The Global Forum peer group is part of the OECD.

### **Breaking Down 'OECD'**

The OECD is variously referred to as a think tank or monitoring group. Its stated goals include:

- fostering economic development and cooperation;
- fighting poverty; and
- ensuring the environmental impact of growth.

Social development is always considered. Over the years, it has dealt with a range of issues, including raising the standard of living in member countries, contributing to the expansion of world trade and promoting economic stability.

The OECD, based in Paris, was established in 1961 to provide a forum in which governments could work together to share experiences and seek solutions on common problems. Nauru has been an active member of the OECD/Global Forum since 2009 but only recently reactivated its membership obligations in 2015.

The Organisation provides independent and evidence-based analysis to help improve the economic and social well-being of citizens in its member countries and globally. The OECD does not have executive or financial powers; it relies on persuasion and consensus, and derives its relevance to member countries from its high-quality analysis.

### **Nauru and OECD Objectives and Collaboration**

Nauru 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 Nauru, including trade, investment, agriculture, food security, energy, the environment, climate change, and development cooperation. The Organisation's focus on innovation, productivity and competitiveness for inclusive growth, and

efforts to improve the enabling environment for trade and investment, align well with Nauru's own priorities.

With the recent introduction of Nauru's first ever tax legislation, the OECD/Global Forum has become a vital source of transparency direction in regards to achieving international standards – CRS (common reporting standards) going forward. This includes the Exchange of Information (EOI) and Automatic Exchange of Information (AEOI). Nauru lodged and ratified both the Multilateral Convention (MAC) for EOI and the Convention on Mutual Administrative Assistance in Tax Matters (MCAA) for AEOI in June 2016.

Nauru has with the MAC, EOI arrangements in place with all OECD treaty partners and has formally committed to AEOI in tax matters in September 2018.

These conventions confirm Nauru's commitment to implementing the required measures that would enable our country to join the global tax community in being able to effectively exchange information for tax purposes, thus combating tax evasion, anti-money laundering, terrorism funding and promoting compliance and transparency.

In addition, Nauru achieved an "all in place" Phase 1 Global Forum review assessment in September 2016 which confirmed the quality of a jurisdiction's legal and regulatory framework for the exchange of information. A Fast Track Phase 2 review which assessed the practical implementation of the framework was undertaken in June 2017 with a provisional ranking of "largely compliant".

This ranking has allowed Nauru to achieve a standard required by the Group of 20 (G20) nations. A formal in-country review to confirm this ranking will take place in the third quarter of 2018. See link: <http://bit.ly/2uhsed5>

## **OECD Functions**

The OECD publishes economic reports, statistical databases, analyses and forecasts on the outlook for economic growth worldwide. Reports are variously global, regional or national in orientation. The group analyses and reports on the impact of social policy issues such as gender discrimination on economic growth, and makes policy recommendations designed to foster growth with sensitivity to environmental issues. The organization also seeks to eliminate bribery and other financial crime worldwide.

## **OECD and the G20**

The OECD maintains a so-called "black list" of nations that are considered uncooperative Tax Havens. It led a two-year effort with the G20 to encourage tax reform worldwide and eliminate tax avoidance by profitable corporations. The recommendations presented at the end of the project included an estimate that such avoidance costs the world's economies between US \$100 billion and US \$240 billion in tax revenue annually. The group provides consulting assistance and support to nations in central and eastern Europe that implement market-based economic reforms.

The OECD is a key contributor of information, policy advice and technical analysis to the G20. The OECD monitors the implementation of the G20 National Growth Strategies aimed at lifting the global GDP by 2 per cent by 2018. The OECD provides analysis of the gap between structural reform commitments and implementation.

The OECD's evidence-based analysis promotes the importance of trade and investment as drivers of growth. Since the Global Financial Crisis, trade and investment growth has been weak. This in part reflects structural factors, a lack of progress in liberalisation, or worse still back tracking on past liberalisation commitments. The OECD monitors trade and investment policy developments and related measures and reports on its findings. The OECD has also led key work on the implications of regional and global value chains for international trade and country policies

The OECD supports the Addis Ababa Action Agenda by promoting more and better domestic resource mobilisation (including taxation), more and better private sector investment and better targeting of development assistance to countries most in need (including small island developing states).

Information on the OECD's functions and objectives can be obtained through the [OECD website](#).