

## Chapter 3. The framework for policy action on inclusive growth

### Key dynamics for policy action on inclusive growth

At the 2017 OECD Ministerial Council Meeting, Ministers of OECD Member countries stated that growth should be strong, sustainable, balanced and inclusive. Ministers asked the OECD to work through its committees and relevant bodies on the development of a Framework for Policy Action on Inclusive Growth for the 2018 Ministerial Council Meeting, and to document inequalities of income and opportunities through a comprehensive evidence-based analysis [C/MIN(2017)9/FINAL].

The OECD Framework for Policy Action on Inclusive Growth aims to help governments sustain and better share the benefits from economic growth. Supported by a dashboard of indicators to monitor trends on growth and inclusiveness, the Framework identifies possible policy responses that can improve outcomes in terms of inclusive growth. It builds on a range of OECD strategies and projects, including the Jobs Strategy, Skills Strategy, Innovation Strategy, Going for Growth Strategy, Going Digital project and Green Growth Strategy, among others, and is extensively supported by the analysis set out in Part II of the present report.

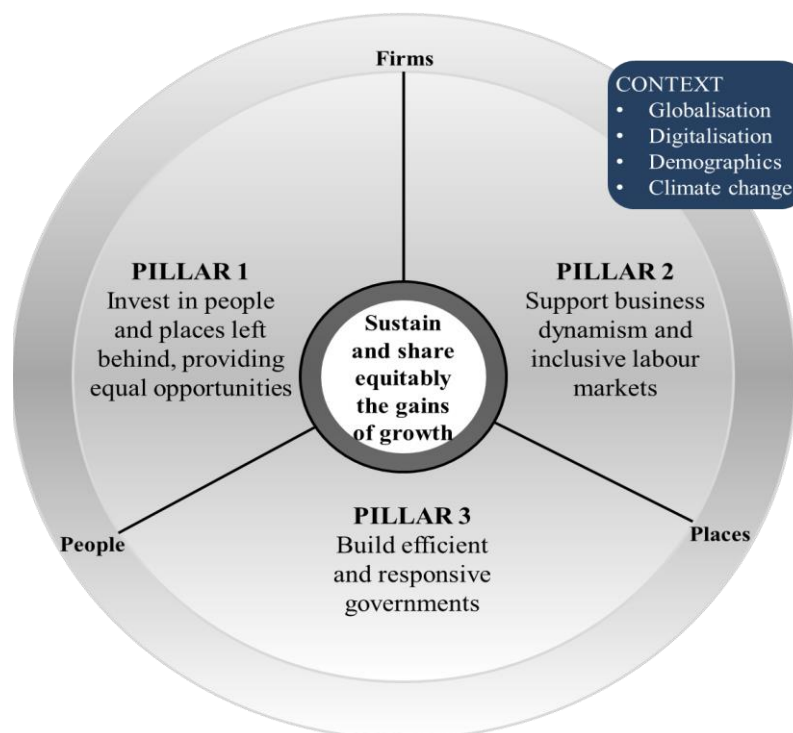
The framework is not prescriptive and does not propose a “one-size-fits-all” approach. The value of specific policy options will be context-driven and may change with countries’ circumstances and priorities. The framework is meant to help countries assess their policy settings against their ability to promote equality of opportunities and deploy the OECD *Productivity-Inclusiveness Nexus* (OECD, 2017i). It can help governments consider *ex-ante* equity issues in their policy design. Policies for growth and inclusiveness may need to be constructed through an appropriate governance system that takes into account the level of complementarity between policy instruments at a granular level, as opposed to an aggregate level that may mask those complementarities.

The Framework highlights three key dynamics that policies can help to catalyse. Figure 3.1 illustrates the main building blocks of policy action to *sustain and more equitably share the gains of economic growth* by:

1. ***Investing in people and places that have been left behind*** through (i) targeted quality childcare, early education and life-long acquisition of skills; (ii) effective access to quality healthcare services, education, justice, housing and infrastructures; and (iii) optimal natural resource management for sustainable growth.
2. ***Supporting business dynamism and inclusive labour markets*** through (i) broad-based innovation, fast and deep technology diffusion; (ii) strong competition and vibrant entrepreneurship; (iii) access to good quality jobs, especially for women and under-represented groups; and (iv) resilience and adaptation to the future of work.
3. ***Building efficient and responsive governments*** through (i) aligned policy packages across the whole of government; (ii) integration of equity aspects upfront in the design of policy; and (iii) inclusive policy-making, integrity, accountability and international coordination.

**Figure 3.1 The Framework for Policy Action on Inclusive Growth**

With the aim to achieve growth that benefits all, and that allows for people, regions and business to fulfil their potential, the framework would look like:



Source: OECD Secretariat.

### ***Investing in people and places left behind, providing equal opportunities***

By locking in opportunity, privilege and exclusion, inequalities may undermine intergenerational mobility. Disadvantages in places of origin, early education, health and the labour market often compound each other throughout the life cycle. The key dynamics for governments and the private sector to sustain are:

- ***Promoting life-long learning and acquisition of skills.*** High-quality initial education and training systems could be implemented from early childhood through to schooling age and beyond. Priority could be given to enhancing access to good-quality early education and childcare, especially for disadvantaged families. Vocational and tertiary education policies could focus on fostering youth skills and competencies, including through well-designed apprenticeship programs. More attention could be given to ensuring effective access and swift completion of tertiary education by the worst-off. To be effective, government, business and workers would need to agree on new ways to promote and finance skills development throughout workers' careers. Life-long learning policies could focus on continuous reskilling and adaptation to rapid technological change. This could be complemented with well-designed social welfare programs that encourage work, while protecting individuals and families from unanticipated risks. Social protection systems may need to adapt to the individualisation and diversification of

work in the future. But all too often, skills policies stop there, and may not help workers, companies and economies to adapt to changes in production processes.

- **Increasing social mobility.** Increasing social mobility implies levelling the playing field for individuals, starting in childhood and continuing throughout the lifecycle by lowering barriers to labour mobility and reducing discrimination. This may require action in a range of areas: giving all children equal opportunities through health, education and family policies; giving youth the right start in the labour market; ensuring access to lifelong learning, especially for the least skilled; promoting career mobility; helping people back to work when needed; support through the tax and benefit system; and reducing spatial segregation, improving housing support and transport.
- **Improving health and enhancing access to affordable housing.** More efforts may be needed to weaken the link between socio-economic background and health, education and employment outcomes. This may require focusing on ex-ante interventions such as prevention campaigns and ex-post interventions such as ensuring that vulnerable individuals can access healthcare and receive health insurance that meets their needs, or have access to unemployment insurance. This may imply expanding health spending allocated to prevention targeted at key risk factors (e.g. health, pollution, accidents, and crime) and population groups, especially children. It could furthermore require housing and land use policies to improve access to affordable housing and broader economic development in distressed regions through the promotion of network infrastructure.
- **Promoting regional catch-up.** In the context of growing regional disparities, policies could focus on productivity-enhancing reforms so that lagging regions can attract and maintain investment. An integrated and predictable approach to investment policy-making may be needed to leverage and effectively manage physical capital, knowledge-based capital and natural capital through efficient allocation between regions. Investment in sustainable transport systems, affordable housing, clean energy networks and modern ICT networks would be key to support regional catch-up.
- **Investing in communities' well-being and social capital.** High-quality local administration, in line with the national inclusive growth agenda, is needed to encourage action by local communities and create common purpose within communities. This may include, for instance, fostering better connections between people and increasing their sense of civic engagement; as well as equal access to key public services and amenities such as health, education, nutrition, utility services (e.g. water, energy and transport) and access to nature and green areas.

### ***Supporting business dynamism and inclusive labour markets***

Governments and businesses need to look at the issue of how to trigger a growth process from a broader perspective. The OECD *Productivity-Inclusiveness Nexus* (OECD, 2017i) shows that a good place to start would be by creating the necessary pre-conditions for workers, entrepreneurs and firms to be productive and innovative in the workplace and in markets, as well as putting strong incentives in place to maintain momentum. This may require workers' real wages to keep up with rising productivity; and that corporate governance models be reassessed in light of new approaches including incorporation types and employee ownership, new business models and vibrant social dialogue; as well as the

integration of a long-term perspective in the design of incentives and compensation for shareholders and executives.

A common challenge for governments and businesses consists in ensuring that the radical transformation of labour markets brought about by the emergence of the digital economy does not leave workers behind. People may need to be equipped with a wide range of skills to make the best out of digitalisation and be provided with the means to acquire relevant skills throughout their lives. The role of social partners and other stakeholders could be strengthened to ensure the creation of quality jobs and non-discrimination in the workplace, as well as to facilitate a smooth transition towards the future of work. Labour market policies and social protection systems, such as health insurance and unemployment benefits, may need to be adapted to new forms of work. Better coordination of product and labour market policies (including at the international level) can contribute to boost business dynamism and improve productivity growth, while also reducing labour market duality and easing the implementation of structural reforms. Standards may need to be enforced and further developed to promote inclusiveness at a global level. More specifically, the key dynamics for policies to catalyse are:

- ***Boosting productivity growth and business dynamism, while ensuring adaptation and diffusion of technologies across the board – in particular for small and young firms.*** This could be achieved through structural and regulatory policies that: improve the business environment and foster entrepreneurship; facilitate the reallocation of workers and capital; strengthen competition and limit wasteful granting of subsidies to firms; promote organisational change and the diffusion of technologies; strengthen trade and investment on a multilateral and non-discriminatory basis; and incentivise businesses and governments to invest in new business and governance models. Policies that spur business dynamism, innovation and the adoption of new technology need to be sensitive to firms' size and capacities, and avoid unduly strengthening the position of incumbents. International cooperation of tax policy and implementation of the OECD/G20 BEPS package is needed to level the playing field, while also promoting responsible business conduct.
- ***Achieving inclusive labour markets.*** This may require that appropriate labour market policies and employment protection be put in place to stimulate labour mobility and opportunities for placement and retention of quality jobs for all. Employment protection legislation would need to be properly designed in order to yield predictable contract termination costs and avoid creating different levels of job security across labour contracts, while protecting workers against possible abuses. Tax policies could be adapted to ensure more inclusive growth and deliver sustainable revenues; for example, by taking account of their impact on skills development and use, on savings behaviours and on business dynamism.
- ***Optimising natural resource management for sustainable growth.*** This can include policies to step up investment in low-emission technologies, smart and clean infrastructure, and the conservation and sustainable use of biodiversity and water resources; phase out environmentally harmful subsidies to consumers and producers; broaden the carbon pricing base; and engaging in structural reforms to support the reallocation of resources.

### ***Building efficient and responsive governments***

Citizens and society at large could have a stronger role to play in developing policies for economic growth. This will only happen once they feel their voice is being taken into account and their contributions are being translated into concrete improvements. Effective administrative justice can help to ensure public accountability, transparency, participation and openness. It constitutes an interface between public administration and society to protect the public interest and individuals' rights, while improving democratic accountability. Governments, and also businesses, need to be responsive to citizens, reliable in supplying services, fair in the application of laws and contract rules, and maintain a high standard of integrity. Involving under-served or excluded populations in decision-making could help to build trust between citizens, businesses and governments. Accessing government and corporate information and secure exchanges of data could be made easier through open governance initiatives.

- ***Embedding inclusiveness in policy-making.*** Coordinated action may be needed to strengthen institutional frameworks for mainstreaming and budgeting of gender and diversity, including through open government. Beyond anti-corruption measures, the policy-making process needs to be protected from undue influence to avoid the capture of public policy by narrow interest groups. Greater stakeholder engagement could contribute to strengthen policies, standards and projects in areas of broader public interest, following the Recommendation of the Council on Open Government [C(2017)140] (hereinafter the *OECD Recommendation on Open Government*).
- ***Using data and smart technologies to design citizen-centred policies.*** Providing citizens with the appropriate data, resources and information can allow them to make decisions about their own lives and professional development. Taking a citizen-driven approach can be a feature of innovative public sector governance approaches, to leverage on open and reusable data through digital means. It is important to evaluate the transaction costs and accountability of citizen-state interactions in a context marked by increasingly personalised services and the use of social media.
- ***Screening policies for inclusiveness and accountability.*** This may require more efforts to improve budget transparency and ensure sound public financial management, ex-post evaluation of regulatory policies, government reliability and the reaction capacity to adverse shocks, as well as greater responsiveness and openness to citizen input. The needs, preferences and concerns of stakeholders, including under-represented populations, would need to be reflected in the decision-making process. Further action may also be needed to better understand and integrate citizens' behaviour, demands and needs in the design and implementation of public service strategies in light of the digital transformation and open government conduct, as well as to improve public e-procurement systems (OECD, 2017o).

### Box 3.1. The OECD Inclusive Growth Initiative

The OECD mission is to help countries achieve “sustainable economic growth and employment and a rising standard of living”. Through the 1960 Convention, Members acknowledged that prosperity and strong economies are essential for attaining the purposes of the United Nations, as well as the preservation of individual liberty and the increase of general well-being. In response to rising inequalities and in the wake of the 2007-09 economic crisis, OECD Member countries have consistently recognised in their Ministerial Council Meeting Statements that sustainable economic growth, while necessary, will not be a sufficient condition for increasing standards of living unless the distributional aspects of policies are also addressed.

In 2017, Ministers asserted that growth should be strong, sustainable, balanced and inclusive. Ministers called for the OECD Secretariat to develop a policy action plan for inclusive growth and to document inequalities of income and opportunities through a comprehensive evidence-based analysis, as well as the concentration of wealth and market power [C/MIN(2017)9/FINAL]. Ministers highlighted the need for whole-of-government policy responses to inclusive growth challenges and mandated the OECD to “work through its committees and relevant bodies on the development of a Framework for Policy Action on Inclusive Growth for the 2018 Ministerial Council Meeting”.

The OECD launched the Inclusive Growth Initiative in 2012, as part of its New Approaches to Economic Challenges (NAEC) programme, to help governments address these challenges. The Inclusive Growth Framework for Policy Action builds on the data, evidence and policy insights generated by existing work-streams (see Annex 1), as well as on the most up-to-date results from OECD research going into the 2018 MCM (e.g. NAEC, OECD work on well-being, the new Jobs Strategy, and the first results of the Going Digital project). The framework aims to provide countries with broad guidance on how to design and implement integrated policy packages that can improve their performance by:

- (i) Showing clear links between the different dimensions of inclusive growth and capturing how policy influences these dimensions through key channels;
- (ii) Adopting a sufficiently flexible structure that can be adapted to country-specific challenges and circumstances; and
- (iii) Advocating a whole-of-government approach to the implementation, monitoring and evaluation of inclusive growth.

## Dashboard of inclusive growth indicators

The dashboard includes a set of core inclusive growth indicators (Table 1) guided by the Framework for Policy Action on Inclusive Growth (Figure 3.1) and the availability of internationally comparable data. These core indicators measure key dynamics of inclusive growth (outcomes or drivers), which are complemented by secondary indicators used in the annexed part (Chapters 1 to 4) to facilitate interpretation of related policy challenges (see Annex for description of indicators). The dashboard is evolutionary and could be complemented by additional indicators, to consider further issues such as the labour share

of national income, union density together with union coverage, children obesity, overweight rates, and indicators of natural resource management and carbon productivity.

All indicators are based on the internationally comparable statistics compiled by the OECD on a regular basis. The dashboard builds on and connects existing OECD frameworks that were developed to assess the multiple facets of inclusive growth; as well as emerging research on the future of work, digitalisation and open government (Box 3.1). These indicators are a subset of the statistical evidence that underpins sectoral and in-depth OECD analytical work on growth and inclusiveness. The dashboard is consistent with the work on the *Productivity-Inclusiveness Nexus*, the new OECD *Jobs Strategy*, *Going for Growth*, *Inclusive Growth in Regions*, as well as the *SDG Measurement Framework* and *Green Growth Indicators*; some of which have become a standard feature in the OECD country reviews (e.g. *Economic Surveys*, *Investment Policy Reviews*, *Environmental Performance Reviews* and *Multi-dimensional Country Reviews*). The dashboard also reflects some of the main aspects of the EU Social Scoreboard; by using similar metrics to capture labour productivity, earnings dispersion, gender labour income gap, childcare, and digital access of firms.

The dashboard is organised around four categories:

- ***Growth and ensuring equitable sharing of benefits from growth:*** These indicators help to track whether the economy is growing and living standards are increasing for different groups of population, defined in terms of income, age and region of residence.
- ***Inclusive and well-functioning markets:*** This category looks at the structure and functioning of the economy and marketplaces as the main drivers of growth and inclusiveness. This category considers product and labour markets, both from the aspect of efficiency and equity. It provides an understanding of the main economic forces underpinning people’s living standards. These indicators gauge the productivity-inclusiveness nexus at a more granular level, e.g. at gender, sectoral and geographical levels.
- ***Equal opportunities and foundations of future prosperity:*** This category looks at the distribution of selected non-economic well-being components, such as health, education, socio-emotional skills, environmental quality of life and childcare. These elements capture people’s opportunities to improve well-being and to participate in the economy and society.
- ***Governance:*** This category reflects a whole-of-the-government approach to monitoring efficiency and responsiveness of the government.

No policy strategy can be sustained if data and appropriate indicators are not available to monitor progress and identify policy targeting and prioritisation. The OECD has made significant progress advancing the measurement of inequality in cooperation with other international organisations and statistical offices; however, important gaps remain (Part II, Chapter 1). Exploring new methods and sources of (big) data can help to better capture various dimensions of inequality, e.g. data informing on behavioural aspects of consumption inequality and environmental justice and spatial segregation indicators at the local level, digitalisation-related indicators, mental health indicators, and measures of resilience and environmental risks. Going forward, it will be important to strengthen OECD’s efforts in this field.

**Table 3.1. Inclusive Growth Indicators**

Category	Core indicator
1. Growth and ensuring equitable sharing of benefits from growth	1.1 GDP per capita growth (%)
	1.2 Median income growth and level (%; USD PPP)
	1.3 S80/20 share of income (ratio)
	1.4 Bottom 40% wealth share and top 10% wealth share (% of household net wealth)
	1.5 Life expectancy (number of years)
	1.6 Mortality from outdoor air pollution (deaths per million inhabitants)
	1.7 Relative poverty rate (%)
2. Inclusive and well-functioning markets	2.1 Annual labour productivity growth and level (%; USD PPP)
	2.2 Employment-to-population ratio (%)
	2.3 Earnings dispersion (inter-decile ratio)
	2.4 Female wage gap (%)
	2.5 Involuntary part-time employment (%)
	2.6 Digital access (businesses using cloud computing services) (%)
	2.7 Share of SME loans in total business loans (%)
3. Equal opportunities and foundations of future prosperity	3.1 Variation in science performance explained by students' socio-economic status (%)
	3.2 Correlation of earnings outcomes across generations (coefficient)
	3.3 Childcare enrolment rate (children aged 0-2) (%)
	3.4 Young people neither in employment nor in education & training (18-24) (%)
	3.5 Share of adults who score below Level 1 in both literacy and numeracy (%)
	3.6 Regional life expectancy gap (% difference)
	3.7 Resilient students (%)
4. Governance	4.1 Confidence in government (%)
	4.2 Voter turnout (%)
	4.3 Female political participation (%)

*Note:* Core indicators can be complemented by secondary indicators; which for category 1 could be “Top 10% wealth share (% of total household net wealth)”, “Regional median income gap (% difference)” and “Life expectancy gap by educational attainment (number of years)”; and for category 2 “Skills mismatch (%)”, “Unemployment gap, by education (% points)”, “Average employment gap, disadvantaged people (% points)” and “Employment rate of prime age workers (%)”.

*Source:* OECD Secretariat.

Figure 3.2 illustrates some of the main OECD trends revealed by the dashboard of inclusive growth indicators, while Figures 3.A.1-A.4 (in Annex 3.A) provide further details on trends for the latest years available. GDP per capita has increased and has outpaced median income, which has fallen below average income in two-thirds of OECD countries during 2010-2015 (Figure 3.A.1). Income and wealth inequalities are large and still increasing.<sup>1</sup> The S80/20 income ratio has not improved on average between 2010 and 2014, and differences among OECD countries have deepened (Figure 3.A.1). The bottom 40% wealth share has stalled at 3% for OECD countries over 2010-2015. The top 10% owned a half and the richest 1% one fifth of the total wealth in 2014. In the context of ageing societies, inequality could further increase for the future generations. While societies benefitted from longer life expectancy (81 years) in 2014 than 2010, health conditions remain unequally distributed among the population (Chapter 1). An often-neglected issue concerns how the broader environment (e.g. exposure to air pollution) affects health. Outdoor air pollution has contributed to 411 deaths per million inhabitants in 2014, up from 386 in 2010 in OECD

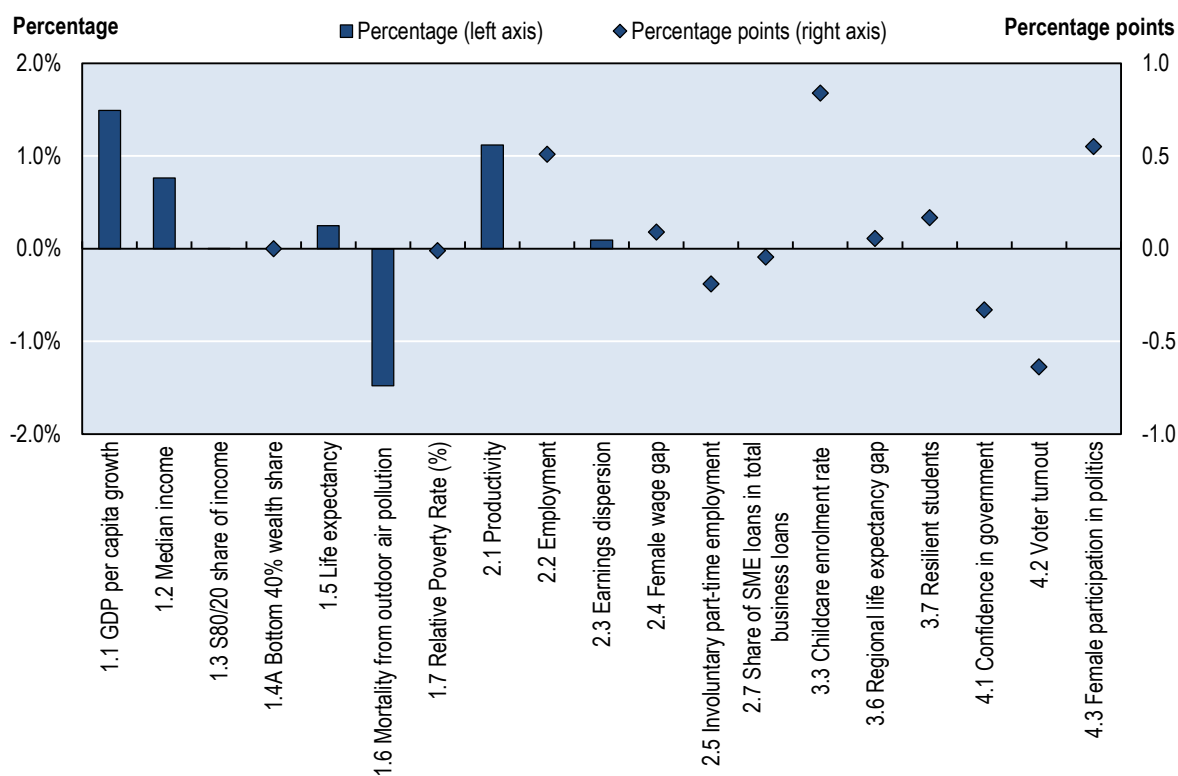


countries. About 11% of the population were poor, with income below 50% of the median income in 2014.

Productivity and employment-level differentials are substantial in OECD countries (Figure 3.2; Figure 3.A.2), despite productivity growth between 2010 and 2015. The OECD average gender wage gap has slightly decreased though unexplained differentials in earnings across gender remain large in some OECD countries. While labour markets have become more inclusive, women, the young, the elderly and the middle-aged men continue to participate less in the economy. The share of involuntary part-time employment has been on the rise among OECD countries<sup>2</sup>. The top 10% richest employees earned three times more than the bottom 10% in 2014. Some 47 % of total business loans were allocated to SMEs in 2016, and this share has not changed much since 2010 (Figure 3.A.2).


**Figure 3.2 Tracking progress by inclusive growth indicator**

OECD unweighted average, annualised change over 2010-15 or the latest available year



*Note:* Simple OECD averages are displayed. Indicators are adjusted as needed, so that better performance is depicted by high scores and lower performance by low scores for the following indicators: 1.3 S80/20 share of income; 1.6 Mortality from outdoor air pollution; 1.7 Relative poverty rate; 2.3 Earnings dispersion; 2.4 Female wage gap; 2.5 Involuntary part-time employment; 3.1 Variation in science performance explained by students' socio-economic status; 3.2 Correlation of earnings outcomes across generations; 3.4 Young people in NEET; 3.5 Share of adults who score below Level 1; 3.6 Regional life expectancy. The left axis refers to a 5-year annualised change measured in percentages between 2010 and 2015, or the latest year available. The right axis refers to a 5-year annualised change measured in percentage points between 2010 and 2015, or the latest year available. Annex B provides further details.

*Source:* OECD Secretariat. See Annex B for data sources.

StatLink  <http://dx.doi.org/10.1787/888933724423>

Opportunities are not equally shared among people and places in OECD countries (Figure 3.2; Figure 3.A.3). Income inequality for those born in the 1980s is higher than among their parents at the same age, which in turn was higher than for their parents: the correlation of earnings between two generations was 38% in 2014. Life expectancy rates differ among regions, although regional life expectancy gap has declined since 2010. In OECD countries, the average childcare enrolment rate was 35% in 2014, up from 28% in 2004 and 31% in 2010. As much as 13% of variation in students' science performance was due to their socio-economic status in 2015. PISA outcomes show that investing in laggard schools, for instance through highly qualified teachers and principals, can help overcome the initial disadvantage of students, especially when this investment is made in early childcare and education. The 18-24 year-olds suffering from poor health are also 4 times more likely than their peers to be not in employment, education or training (NEET). Not having completed upper secondary education more than doubles the risk of becoming NEET later. Also, there were 29% of resilient students among disadvantaged students in 2015.

Electoral turnout has declined in OECD countries, especially among the young (Figure 3.2). Female participation in public decision-making remains crucial to support equal policy outcomes. Despite some improvement in recent years, there is no gender parity in most OECD countries. About 70% cast their ballots in the election and less than 50% had confidence in the government in 2016, down from 2007 (Figure 3.A.4).

### Potential use of the framework for policy action on inclusive growth

The proposed Framework for Policy Action on Inclusive Growth is non-prescriptive and has not been used, as presented, in OECD country reviews. It has the potential to be applied in different ways. It can help countries consolidate the use of OECD data, analyses and policy recommendations from the OECD country surveillance (e.g. *OECD Economic Surveys*, *Territorial Development Reviews*, *Environmental Performance Reviews* and *Multidimensional Country Reviews*), policy research and horizontal projects (e.g. *Going Digital*, *Going for Growth*, *Employment Outlook* and *Future of Work*) and statistical work on measuring productivity, social progress and well-being (e.g. *Productivity Compendium*, *Measuring Progress towards SDGs* and *How's Life?*). Additionally, the Framework could help to identify knowledge gaps and advance OECD analysis in several areas, such as consolidating the inclusive growth and green growth streams of work, and expand the scope of work to developing and emerging economies. Finally, it could provide guidance to implement SDGs on a number of goals that are relevant from an inclusive growth perspective.

Countries are increasingly considering innovative approaches to integrate growth and inclusiveness considerations upfront in the design of policy. For example, in 2016 Japan extended the coverage of the employees' pension insurance scheme together with the company-based health insurance scheme to about 250,000 non regular workers (OECD, 2017f). Greece introduced a guaranteed minimum income scheme for the wider public, focusing on disadvantaged households, aiming to cover about 7% of the population (OECD, 2016e). The UK considered enhancing spending on public schools by nearly GBP 2.5 billion, through its Strategic School Improvement Fund, to support disadvantaged students and facilitate teacher mobility to disadvantaged schools (OECD, 2017g). Mexico enacted an electoral reform in 2014 stipulating gender parity in the nomination of candidates in federal and local congressional elections, in addition to introducing a gender perspective in its National Development Plan and implementing a specific national

programme for Equal Opportunities and Non-Discrimination against Women (OECD, 2017h). Other countries are also putting in place a number of innovative programmes that are citizen-centred or built on participatory processes (Box 3.2).

### **Box 3.2. Examples of good practices: Innovative approaches in policy-making**

Policy innovation labs and policy design labs aim to change the way governments design, implement, monitor and evaluate policies so to improve their efficacy and engagement with citizens. These labs vary in their approach, but share certain characteristics, such as (i) multi-stakeholder engagement with the public and private sector, academia, NGOs; (ii) cutting across traditional government siloes and levels of government; (iii) using multi-disciplinary methodologies such as complexity theory, behavioural economics and psychology, and agent-based modelling; (iv) putting emphasis on rapid experimentation and scaling impact, and (v) focusing on improving user experiences and outcomes by engaging citizens in the policy design and implementation process.

Prominent labs include Mindlab in Denmark, the Behavioural Insights Team and the What Works Network in the UK, and the Seoul Innovation Bureau in South Korea. Examples of innovative policy measures and approaches introduced by these labs are wide-ranging. They include Predictiv, a user-friendly digital platform for running randomised controlled trials to accelerate the policy experimentation process, launched by the Behavioural Insights Team in 2016. More than 30 trials have been conducted via the Predictiv platform to date and the results are already shaping government policy. For example, the UK Government Equalities Office and the Department for Work and Pensions are using the results of one trial to change government communications around Shared Parental Leave (OECD, 2018).

The Sharing City Agenda run by the Seoul Innovation Bureau, comprises a range of initiatives such as Tool Kit Centres that offer communities a shared space stocked with items such as tools and suitcases for residents to borrow, and Generation Sharing Household, a service that matches elderly people who have spare residential space with students in need of a place to live (ITeams, 2014). The Seoul Metropolitan Government (SMG) is trying to address these challenges with its Comprehensive Plan for 50+ Assistance (hereafter, Seoul's 50+ policy). Seoul's 50+ policy provides life training, emotional support, cultural experiences and also retraining for continued social opportunities for newly retired populations. The nucleus of the innovation is a comprehensive 50+ infrastructure planned across Seoul. This includes the establishment of the Seoul 50+ Foundation (the coordinating body), and several 50+ campuses and centres built on multi-sectoral collaboration. Nineteen 50+ centres are planned for city districts by 2020 and four centres are currently in operation. This infrastructure provides support and cultural spaces for the 50+ generation to interact among peers, drive changes and generate needs-based services for one other. It goes beyond traditional policy interventions, providing more comprehensive support and dealing with the practical and emotional side of life transitions (e.g. offering cooking classes for retired men or overall life-transitions courses for the newly joined). As of August 2017, 50+ programmes have registered over 15,000 people and other local municipalities are benchmarking 50+ campuses (OECD, 2018).

Asker Welfare Lab in Asker, Norway is a new concept for service delivery centred solely on the citizen, in which all relevant municipal services, together with external partners, invest together in a person’s welfare. The lab takes an investment mind-set and treats citizens as co-investors. The aim is to raise the living standards of vulnerable individuals, thereby bettering the quality of life of each person and family in the programme. Most importantly, experts have to partner with the citizens whose lives they want to change, under the motto: “No decision about me shall be taken without me”.

The Asker Welfare Lab is currently focused on three specific target groups: families with children experiencing “vulnerable living conditions”, vulnerable youth between the age of 17-25, and families with children with disabilities. The Asker Welfare Lab model was tested during the pilot phase with 20-30 citizens/families. Living conditions and quality of life were measured before and after the encounter with the Investment Team, showing improvements. The municipal employees involved, who now have greater access to resources and can make investments at an earlier stage, feel that they can effect real change. Common planning also saves time that can be invested in more effective casework. The project has been recognised as a National Learning Project in Norway and was one of three projects to receive the annual National Innovation Award from the Ministry of Local Government and Modernisation. It has also been awarded a Best Practice Certificate from the European Public Sector Awards 2017 (OECD, 2018).

Sources: I-Teams (2014), Case Study: Seoul Innovation Bureau, <http://theiteams.org/case-studies/seoul-innovation-bureau>, accessed 15-2-2018; OECD (2018), Embracing Innovation in Government. Global Trends 2018, OECD Publishing, Paris, <http://www.oecd.org/gov/innovative-government/embracing-innovation-in-government-2018.pdf>. Online sources: <http://mind-lab.dk/en>, <http://www.behaviouralinsights.co.uk/>, <https://www.gov.uk/guidance/what-works-network>, <http://english.seoul.go.kr/policy-information/key-policies/city-initiatives/4-social-innovation/>.

To capitalise on these efforts, countries could consider using the Framework for Policy Action on Inclusive Growth in specific pilot studies and processes. Following expressed interest, pilot studies of this kind could be implemented to help governments assess the synergies and trade-offs of country-specific policies, or where different forms of engagement with stakeholders could be considered to steer cooperation on the inclusive growth agenda. The dashboard of inclusive growth indicators could be adjusted to specific country circumstances and provide a basis for action to improve efficiency and engagement of governments with citizens.

## Reviewing the social contract in the context of a global economy

Stagnant median incomes, rising inequalities and reduced social mobility have led many to conclude that the social contract has ceased to function for them. The social contract is founded on the principle that life outcomes and opportunities would need to be shaped by individual choices and collective responsibility, rather than inherited circumstances. However, more analytical efforts are needed to provide granular evidence that would inform accordingly the policy design. Strong evidence can help to enhance public trust in government and to address new forms of exclusion by enabling all citizens to live productive and meaningful lives. Place-based and people-centred policies can be effectively combined to deliver targeted support for individuals throughout the life-cycle and build greater resilience in cities, regions and local communities. The notion of an “empowering state” provides a valuable opportunity for rethinking the role, mission and

means of action of the state in a perspective that goes beyond the focus on income redistribution and correcting market failures.

Enhancing trust in governments in the globalised economy also means coordinating and synchronising policy measures with other countries in a joint effort to combine competitiveness and inclusivity. Concerted action across countries can increase the economic benefits generated by well-designed fiscal plans that are aimed at growth-enhancing investment in physical and human capital – for example, smart and clean cross-border infrastructures. Conversely, tax competition provides a topical example of an area in which domestic policy choices may lead to a “race to the bottom” resulting in lower tax rates. Lack of coordination with other countries on tax can lead to inefficient double taxation of international businesses or transactions. It can also result in double non-taxation, where no tax is paid on certain kinds of international business income. A lack of transparency on tax matters creates opportunities for some taxpayers to conceal income and assets offshore, which may exacerbate income and wealth inequalities.

The global governance architecture built around a number of international institutions plays a crucial role in supporting countries’ efforts to relay high standards for protection of social, environmental and human rights. The development and promotion of common international standards and regulatory convergence can help the level playing field for trade and investment. The main instruments here include the *Policy Framework for Investment* (PFI) and the *G20 Guiding Principles for Global Investment Policymaking*; and the *OECD Guidelines for Multinational Enterprises*; and the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* (the *Anti-Bribery Convention - ABC*). The OECD is also working on other areas where multilateral cooperation can prove beneficial, including the control of illicit financial flows and cybersecurity. Cooperation with other international organisations has helped advance the global measurement agenda, for example through new datasets, such as the *OECD-WTO Trade in Value Added Database*, developed to better understand the opportunities and challenges of global value chains, on-going work to create similar frameworks to better understand the role of MNEs and FDI in these chains, including via a new database on the world’s largest MNEs; new standards on such as the *System of Environmental Economic Accounting*; and new measures of inclusiveness and interconnectedness of financial flows and stocks.

The OECD has helped advance multilateral cooperation by establishing common rules, norms and standards – both through its own initiatives and through the G20, as with the *G20/OECD Principles of Corporate Governance*. The *OECD/G20 Base Erosion and Profit Shifting* (BEPS) and the *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS* have contributed to improve confidence in the international tax system so that profits can be taxed where economic activities take place and value is created – potentially raising up to USD 240 billion in additional tax revenue per year. There has been increasing endorsement of the *OECD International VAT/GST Guidelines* (which were adopted in 2016 as an OECD Recommendation of the Council on the Application of Value Added Tax/Goods and Services Tax to the International Trade in Services and Intangibles [C(2016)120]), ensuring that the interaction of national VAT regimes facilitates rather than distorts cross-border trade and economic activity. The OECD has also pioneered the expansion of information exchange between tax administrations, notably with the introduction of the *Automatic Exchange of Financial Account Information* between tax administrations (AEOI) in 2017 and 2018 – which has helped countries raise over USD 100 billion in added revenue so far. Expanded information exchange reduces taxpayers’

ability to evade taxes by not declaring income and assets held offshore, and increases the ability of countries to levy taxes more effectively on capital income.

Going forward, multilateral cooperation on growth and inclusiveness can take different forms, for example: (i) the collection and harmonisation of data, indicators and comparable analysis of the key dimensions of inclusive growth; (ii) peer learning and the sharing of best practices drawn from countries' experiences with inclusive growth strategies; and (iii) the development of policy guidelines for promoting inclusive growth based on a common framework. The collection of a solid evidence base is particularly important as it can provide the building blocks that are necessary for developing effective country reviews and policy recommendations. At the multilateral level, one initiative in this direction could consist in mapping out where and how issues of inclusion are addressed in international agreements and standards with the aim of identifying existing gaps. A stock-taking exercise of this kind could help to inform the debate among policy-makers on what can be done to make the multilateral system more inclusive.

## End notes

1 Lower performance is depicted by low scores in Figure 3.2 as the indicator has been inverted.

2 Lower performance is depicted by low scores in Figure 3.2 as the indicator has been inverted.

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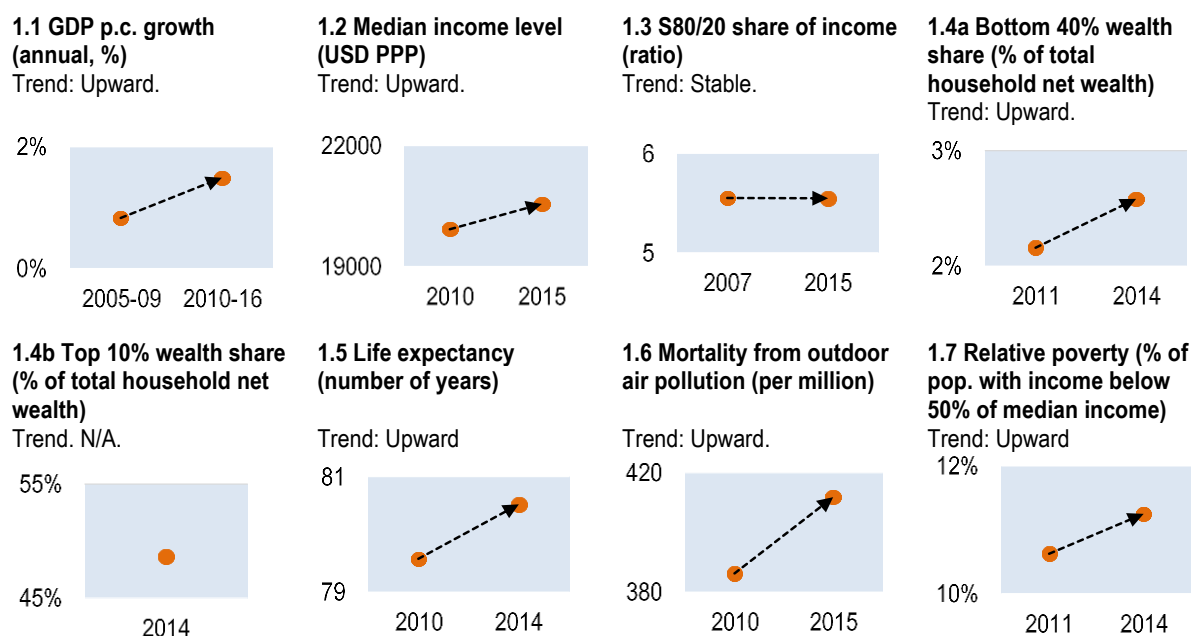


## Annex 3.A. Main results and potential policies for growth and inclusiveness

### 1. Sustaining growth and equitably sharing the benefits from growth

Indicators	Key results in OECD countries
1.1 GDP per capita growth	<ul style="list-style-type: none"> <li>GDP per capita increased by 1.5% p.a over 2010-2015.</li> </ul>
1.2 Median income growth and level	<ul style="list-style-type: none"> <li>Median income increased by 0.6% p.a over 2010-2015.</li> </ul>
1.3 S80/20 share of income	<ul style="list-style-type: none"> <li>The ratio between the top 20% and lowest 80% income earners remained stable at 5.5 in 2015 compared to 2010.</li> </ul>
1.4 Bottom 40% wealth share and top 10% wealth share	<ul style="list-style-type: none"> <li>The bottom 40% held on average less than 3% of total wealth; the top 10% owned a half and the richest 1% one fifth of the total wealth in 2014.</li> </ul>
1.5 Life Expectancy	<ul style="list-style-type: none"> <li>Life expectancy increased to 81 years in 2014.</li> </ul>
1.6 Mortality from outdoor air pollution	<ul style="list-style-type: none"> <li>Outdoor air pollution has contributed to 411 deaths per million inhabitants in 2014, up from 386 in 2010.</li> </ul>
1.7 Relative poverty rate	<ul style="list-style-type: none"> <li>About 11% of the population were poor, with income below 50% of the median income in 2014.</li> </ul>

Figure 3.A.1. OECD trends by indicator: Growth and ensuring equitable sharing of benefits from growth



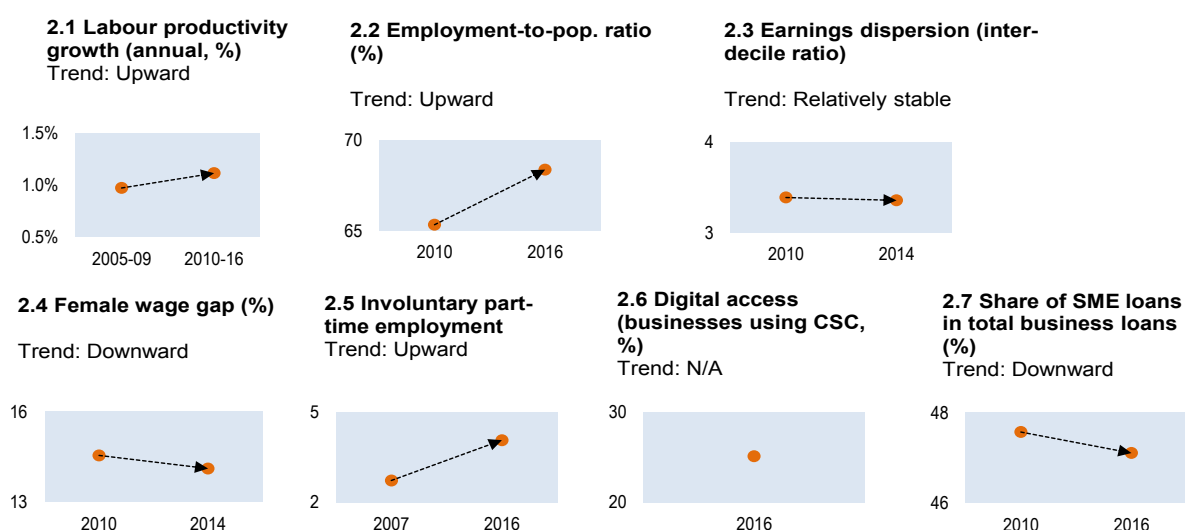
Note: OECD unweighted average is depicted by dots with trend lines, by each indicator.  
Source: OECD Secretariat.

StatLink  <http://dx.doi.org/10.1787/888933724442>

## 2. Supporting business dynamism and inclusive labour markets

Indicators	Key results in OECD countries
2.1 Annual labour productivity growth and level	<ul style="list-style-type: none"> <li>Annual labour productivity has increased on average by 1% over 2005-2016.</li> </ul>
2.2 Employment-to-population ratio	<ul style="list-style-type: none"> <li>Employment-to-population increased from 65% in 2010 to 68% in 2016.</li> </ul>
2.3 Earnings dispersion	<ul style="list-style-type: none"> <li>The top 10% of earnings were more than 3 times higher than earnings of the bottom 10% in 2014.</li> </ul>
2.4 Female wage gap	<ul style="list-style-type: none"> <li>Women earn significantly less than men, with a 15% female wage gap in 2015.</li> </ul>
2.5 Involuntary part-time employment	<ul style="list-style-type: none"> <li>Workers contract are unstable with 4% involuntary part-time labour in 2016.</li> </ul>
2.6 Digital access	<ul style="list-style-type: none"> <li>Digital opportunities are not fully seized: ¼ of companies use CCS in 2016.</li> </ul>
2.7 Share of SME loans in total business loans	<ul style="list-style-type: none"> <li>47% of total business loans are allocated to SMEs in 2016, unchanged since 2010.</li> </ul>

Figure 3.A.2. OECD trends by indicator: Inclusive and well-functioning markets



Note: OECD unweighted average is depicted by dots with trend lines, by each indicator.

Source: OECD Secretariat.

StatLink  <http://dx.doi.org/10.1787/888933724461>

### Potential policies for growth and inclusiveness

#### *Structural and regulatory policies*

- Improve the business environment and facilitate entrepreneurship.
- Facilitate reallocation of workers and capital and allow easy transitions to new jobs for workers that have been made redundant.
- Strengthen competition.
- Promote organisational change and diffusion of technologies.

- Incentivise businesses and governments to invest in new business and governance models.

### ***Labour market policies and employment protection***

- Strengthen and better coordinate social dialogue and collective bargaining.
- Adapt and design labour market institutions and social protection systems for emerging forms of work; link entitlements to individuals rather than jobs, make them portable.
- Stimulate job mobility and opportunities for placement and retention of quality jobs.
- Foster employment protection legislation with predictable contract termination costs, not to differentiate in job security across contracts and protect workers against possible abuses.
- Consider new policy approaches, such as individual accounts, universal basic income programmes, and new technological tools that enable better service delivery, administration, identification of needs, and encourage labour mobility.

### ***Taxes and transfers***

- Reinforce the redistributive capacity of the tax and benefit systems.
- Strengthen the design of tax policies to ensure inclusive growth and deliver sustainable revenues; for example through their impact on labour market participation, skills development and use, savings behaviours and business dynamism.
- Apply the OECD Guidelines for MNEs and implement the Base Erosion and Profit Shifting (BEPS) actions to level the playing field internationally.
- Shift part of the financing of social programmes to general tax revenue to raise labour market participation, reduce labour market duality and boost labour productivity and economic growth, while at the same time extending support to a larger fraction of society and atypical jobs.

### ***Data exchange, trade and competition policy enforcement***

- Enact open trade well-designed product and labour market regulations, and insolvency regimes that do not inhibit corporate restructuring and penalise entrepreneurial failure.
- Promote regulatory policies that improve the business environment for SMEs and entrepreneurship.
- Strengthen fair (cross-border) competition and promote entrepreneurship policies that provide opportunities to all to access the labour market as entrepreneurs.
- Address data access, security and use by individuals and firms.

### ***Territorial policies***

- Promote regional infrastructure policies that facilitate innovation diffusion across regions; with housing and land use policies that facilitate resource reallocation within and across regions.

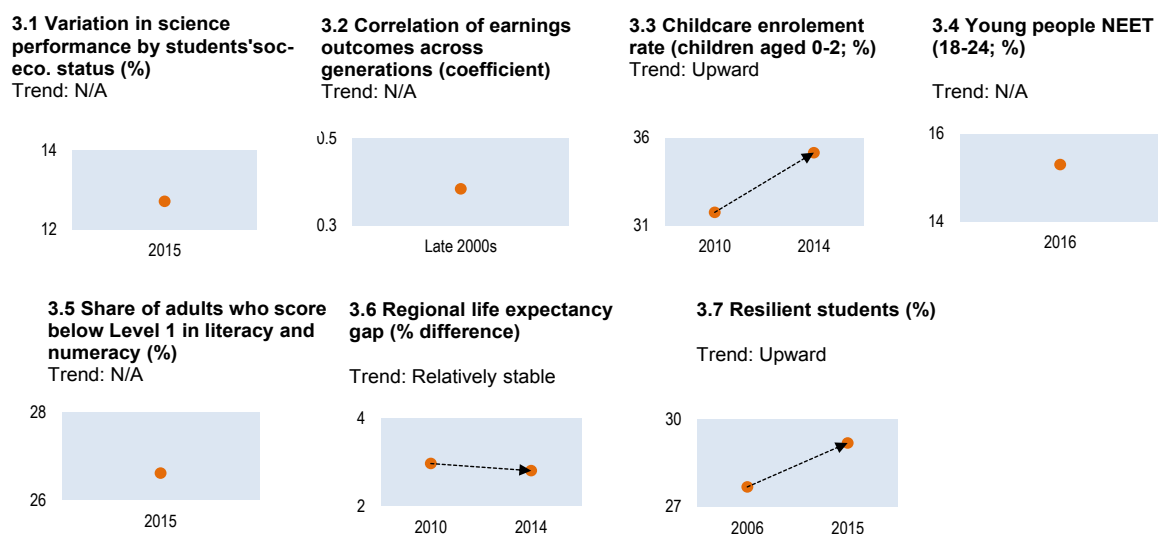
### ***Policies supporting a low-carbon and resource-efficient economy***

- Align policies beyond climate policy mechanisms to create new markets and jobs.

### 3. Investing in people and places left behind, providing equal opportunities

Indicators	Key results in OECD countries
3.1 Variation in science performance explained by students' socio-economic status	<ul style="list-style-type: none"> <li>13% of variation in students' science performance was due to their socio-economic status in 2015.</li> </ul>
3.2 Correlation of earnings outcomes across generations	<ul style="list-style-type: none"> <li>Limited intergenerational mobility: 38% of earnings explained by parent's situation in 2014.</li> </ul>
3.3 Childcare enrolment rate	<ul style="list-style-type: none"> <li>1/3 of children enrolled in childcare in 2014.</li> </ul>
3.4 Young people neither in employment nor in education & training (NEET)	<ul style="list-style-type: none"> <li>In 2016, 15% of the OECD population aged 18-24 NEET.</li> </ul>
3.5 Share of adults who score below Level 1 in both literacy and numeracy	<ul style="list-style-type: none"> <li>1/4 of adults performed badly in literacy and/ or numeracy in 2015.</li> </ul>
3.6 Regional life expectancy gap	
3.7 Resilient students	<ul style="list-style-type: none"> <li>29% of resilient students among disadvantaged students in 2015.</li> </ul>

**Figure 3.A.3. OECD trends by indicator: Equal opportunities and foundations of future prosperity**



Note: OECD unweighted average is depicted by dots with trend lines, by each indicator.

Source: OECD Secretariat.

StatLink  <http://dx.doi.org/10.1787/888933724480>

### Potential policies for growth and inclusiveness

#### *Education and skills policies*

- Develop an integrated skills system, covering vocation and tertiary education policies to improve workers' competencies (e.g. through expanded apprenticeship programs), promote increased labour force participation (e.g. by designing social welfare programs that encourage work) and provide adult education, job training and career guidance.

- Implement high-quality initial education and training systems from early childhood through school and beyond.
- Adapt social protection systems to provide high levels of non-routine cognitive skills, problem solving creativity and strong socio-emotional skills.
- Adapt social protection systems to the individualisation and diversification of work in the future.
- Improve the capacity of public authorities and other relevant stakeholders to develop and implement financial literacy and consumer protection measures; also for digitally delivered financial products and services.
- Enable access to all for the best possible start in the labour market by providing them with strong basic skills, socio-emotional skills and specific skills required by employers.
- Support girls' and women's participation in STEM (science, technology, engineering and maths) as an aspect of creating foundations for new types of work.

### *Labour market policies*

- Coordinate labour and product market policies and regulations to lower barriers to mobility of labour and reducing discrimination.
- This requires actions in range of areas: giving all children equal opportunities through health, education and family policies; giving youth a right start in the labour market; ensuring access to lifelong learning, especially for the least skilled; promoting career mobility; helping people back to work when needed; support through the tax and benefit systems; and reducing spatial segregation, improving housing support and transport.

### *Health policies*

- Develop a strategy to address the wide range of social determinants of health inequalities; expand health spending allocated to prevention targeted at key risk factors and population groups; especially for children.

### *Investment policies*

- Stimulate investment in social capital (e.g. volunteering) and incentivise private investments in public goods (social housing, educational policies that promote diversity, cultural policies).
- Invest in disadvantaged schools.
- Improve provision of reliable, safe and sustainable transportation and care services to facilitate access to good schools and reduce exposure to risks (crime, accidents, health, and pollution).
- Step up investment in low-emission technologies and smart and clean infrastructure.
- Invest in high quality local administration in line with the national inclusive growth agenda to encourage action by local communities to create a common purpose for the society (e.g. by fostering the connectedness of people and increasing the “civic sense” as well as equal access to key public services and amenities; such as health, education, nutrition, utility services (e.g. water, energy and transport) and access to nature and green areas.

### *Taxes and transfers*

- Adapt the tax system to encourage skills development and use for all types of students and workers, men and women and young and older workers; as for example, gender gaps are intrinsically linked to educational, family, tax and benefit and retirement policies.
- Break the links between socio-economic disadvantages and health status.

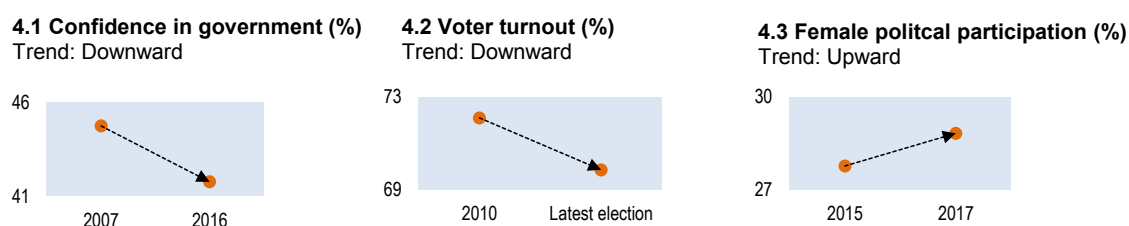
### *Territorial policies*

- Develop regional economic development policies that build economic potential in lagging regions, with regional infrastructure policies, transport, housing and land use policies that facilitate resource reallocation within and across regions.

## 4. Building efficient and responsive governments

Indicators	Key results in OECD countries
4.1 Confidence in government	<ul style="list-style-type: none"> <li>• Less than 50% trusted the government in 2016.</li> </ul>
4.2 Voter turnout	<ul style="list-style-type: none"> <li>• About 70% cast their ballots in the latest election.</li> </ul>
4.3 Female participation in politics	<ul style="list-style-type: none"> <li>• No gender parity in politics and institutions, below one third in total in 2017.</li> </ul>

**Figure 3.A.4. OECD trends by indicator: Governance**



Note: OECD unweighted average is depicted by dots with trend lines, by each indicator.

Source: OECD Secretariat.

StatLink  <http://dx.doi.org/10.1787/888933724499>

## Potential policies for growth and inclusiveness

- Coordinate and align action to strengthen institutional frameworks for diversity and gender mainstreaming and budgeting.
- Ensure that public policy-making is protected from undue influence, where a public decision is captured by a narrow interest group to reflect its own interest.
- Strengthen stakeholder engagement to implement policies, standards and projects that are closer to the broader public interest.
- Improve budget transparency, government reliability and the capacity of reaction to adverse events as well as responsiveness and openness to citizen input.

- Provide citizens with the data, resources and information to allow them to make informed decisions about their own lives, professional development and public participation.
- Consider a citizen-driven approach to make data more open and useful for collaboration with and among citizens in light of their rights and obligations.
- Evaluate the transaction costs and accountability of citizen-state interactions in the advent of increasingly personalised services and use of social media.
- Map, understand and integrate citizens' behaviour, demands and needs in the design and delivery of public service strategies in light of digitalisation and open government principles; improve public procurement systems (including e-procurement).
- Empower the role of state to promote cultural aspects of education beyond the classrooms and support active participation of citizens, while enabling youth engagement strategies.

## Annex 3.B. Definition of indicators by inclusive growth dashboard categories

### Growth and ensuring equitable sharing of benefits from growth

Data sources used are: Income Distribution and Poverty Database; OECD Wealth Distribution Database; OECD Regional Well-Being Database; OECD Health Status Database; OECD Productivity Database; OECD Green Growth Indicators. The analysis is informed by the following but non-exhaustive OECD policy work: policy recommendations from the OECD Jobs Strategy; OECD Job Quality; OECD Skills; OECD Regional Development Policy. The indicators are:

- GDP per capita growth is a measure of a country's economic output that accounts for its number of people. It divides the country's gross domestic product by its total population, available for all OECD countries until 2016.
- Median income refers to the real median household disposable income in dollars PPP, available until 2014 for all OECD countries.
- Income gap refers to the ratio of the top and bottom quintile household income share, available until 2014 for 17 OECD countries.
- The bottom 40% and the top 10% wealth shares capture inequality at the bottom and the top of the wealth distribution. Wealth gap refers to the wealth share of the bottom 40% of the population, available until 2014 for 18 OECD countries. Household net wealth includes financial and non-financial assets and liabilities.
- Life expectancy at birth captures the overall health outcomes and represents one of the core indicators of the human capital and citizens preferences. Life expectancy refers to the life expectancy at birth, available until 2015 for all OECD countries.
- The mortality from outdoor air pollution measures the number of deaths per million inhabitants associated with people's exposure to air pollution (i.e. PM<sub>2.5</sub>), available until 2015 for all OECD countries.
- Poverty rate corresponds to the share of households with equivalised disposable income after taxes and transfers below 50% of the median disposable income. Available until 2014 for 34 OECD countries.

### Inclusive and well-functioning markets

Data sources used are: OECD Productivity Statistics; OECD Labour Force Statistics database; OECD Employment Database (with EU-SILC and national statistical sources); OECD Education at a Glance; OECD Financing Entrepreneurs and SMEs 2018. The analysis is informed by the following but non-exhaustive OECD standards and policy work: OECD Productivity-Inclusiveness Nexus; OECD Innovation Strategy; OECD Going for Growth; OECD Going Digital; OECD Tax Policies for Inclusive Growth; BEPS; OECD Guidelines for MNEs, including Responsible Business Conduct; OECD Policy Framework for Investment; OECD Base Erosion and Profit Shifting; OECD Policy Guidance on Circular Economy; OECD Green Growth Strategy. The indicators are:

- Labour productivity refers to the productivity level at USD constant PPP 2010, available until 2015 for all OECD countries;



- Employment-to-population ratio provides information on the ability of an economy to create jobs, available until 2015 for all OECD countries.
- Earnings dispersion refers to the ratio of the earnings top and bottom deciles, available until 2014 for all OECD countries.
- Female wage gap refers to the difference between male and female median wages, available until 2014 for 32 OECD countries.
- Involuntary part-time employment refers to part-time workers who could not find full-time work, for persons aged 15 and over in percentage of total employment, available until 2016 for 31 OECD countries.
- Companies' digital access is proxied by the share of companies using cloud computing services.
- The share of SME loans refers to the share of total business loans allocated to SMEs.

### Opportunities and foundations of future prosperity

Data sources used are: OECD PISA; GSOEP (complemented by national statistical sources); OECD Dataset on Transition from School to Work; OECD PIAAC; OECD Regional Well-Being. The analysis is informed by the following but non-exhaustive OECD standards and policy work: OECD Skills Strategy; OECD Education; OECD Health. The indicators are:

- Student performance and status refers to the percentage of variation in science performance explained by students' socio-economic status, available until 2015 for 28 OECD countries.
- Earnings persistence refers to inter-generational earnings elasticities in the late 2000s.
- Child care enrolment refers to child care enrolment rate (children aged 0-2), available until 2014 for 33 OECD countries.
- Inactive young refers to the share of young (NEET) aged 18 to 24 years old neither in employment nor in education and training, available until 2016 for 32 OECD countries.
- The share of adults who score below Level 1 in both literacy and numeracy, available until 2015 for 28 OECD countries.
- Regional life expectancy gap refers to the regional life expectancy gap between the top and bottom 10% regions by population, available until 2015 for 29 OECD countries.
- Resilient students refers to the share of student in the bottom quarter of the PISA index of economic, social and cultural status (ESCS) in the country/economy of assessment that performs in the top quarter of students among all countries/economies, after accounting for socio-economic status. Available in 2006 and 2015.

## Governance

Data sources used are: OECD Regulatory Policy Committee; Institute for Democracy and electoral assistance (IDea) Global Database of Quotas for Women: Inter - Parliamentary Union and Un Women’s “Women in Politics” database; OECD calculations based on voter turnout data from the International Institute for Democracy and Electoral Assistance (IDEA). The analysis is informed by the following but non-exhaustive OECD standards and policy work: OECD Open Government Initiative; OECD Digital Government Toolkit; OECD Recommendation of the Council on Public Integrity [C(2017)5]; OECD Recommendation of the Council on Public Procurement [C(2015)2]; OECD Automatic Exchange of Information; OECD Recommendation of the Council on the Governance of Critical Risks [C/MIN(2014)8/FINAL]; OECD Recommendation on Gender Equality in Public Life [C(2015)164].<sup>3</sup> The indicators are:

- The level of confidence over the government, available until 2016 for all OECD countries.
- Voter turnout refers to the last election turnout rate, available until 2014.
- Gender participation refers to the share of women parliamentarians and legislated gender quota, available until 2017 for all OECD countries.

## End notes

<sup>3</sup> In the tax area, there are two OECD recommendations currently in force: Recommendation of the Council on the Use of the OECD Model Memorandum of Understanding on Automatic Exchange of Information for Tax Purposes [C(2001)28/FINAL] and Recommendation of the Council on the Standard for Automatic Exchange of Financial Account Information in Tax Matters [C(2014)81/FINAL] as well as Declaration on Automatic Exchange of Information in Tax Matters. There is also the Convention on Mutual Administrative Assistance in Tax Matters (MAAC) negotiated at and administered by the OECD; as well as the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (MCAA CRS) and the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (MCAA CbC).



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