OECD, Full Form, Countries, Objectives, Structure, Functions

August 7, 2026 • vajiramandravi.com

OECD (Organisation for Economic Co-operation and Development) is a leading intergovernmental organisation that works to build better economic and social policies for people around the world. Often referred to as a "think tank for developed economies", the OECD provides policy recommendations, statistical data, and international standards across diverse sectors.

OECD functions by conducting economic assessments, publishing global reports and indices, setting international policy standards, and promoting trade and investment. However, it faces challenges, including limited representation of developing countries, non-binding policy recommendations, and geopolitical divisions.

OECD About

The OECD is an international organisation that creates evidence-based standards and policy recommendations to assist governments in developing better economic, social, and environmental policies. It serves as a global policy forum and knowledge hub, aggregating data, analysis, and best practices from member and partner countries. It was established on 30 September 1961 through the Convention on the OECD, signed in Paris, France.

OECD Full Form

The full form of OECD is the **Organisation for Economic Co-operation and Development**. In French, it is known as the Organisation de coopération et de développement économiques (OCDE), and the organisation follows British spelling conventions in official usage, including the hyphenated "co-operation".

OECD Head Office

The headquarters of the OECD is located at the Château de la Muette, Paris, France. It serves as the central hub for the OECD's policy research, meetings, committee work, and coordination among its member countries.

OECD History

The origins of the OECD trace back to the Organisation for European Economic Co-operation (OEEC), established after **World War II** to administer American and Canadian aid under the Marshall Plan for European reconstruction.

- **OECD Establishment:** The OECD was established through a convention signed at the Château de la Muette in Paris on 14 December 1960. The agreement transformed the OEEC into the OECD and became effective on 30 September 1961.
- **Expansion Beyond Europe:** Membership expanded to include major non-European economies such as the United States, Canada, Japan, Australia, South Korea, Mexico, and Chile, transforming the OECD into a global policy forum.
- **Policy Diversification:** Over time, the OECD broadened its focus from economic cooperation to areas such as education, taxation, digital economy, climate change, governance, innovation, and sustainable development.

OECD Objectives

The primary purpose of the OECD is to strengthen the global economy and promote international trade. It allows governments from different countries to collaborate to solve common problems.

- **Promote Sustainable Economic Growth:** Foster stable, inclusive, and long-term economic development among member and partner countries.
- **Improve Living Standards:** Enhance employment, income levels, education, healthcare, and overall quality of life.
- **Support International Trade & Investment:** Encourage open, rules-based trade and facilitate cross-border investment to boost global prosperity.
- **Develop Better Public Policies:** Provide evidence-based policy recommendations through research, data analysis, and peer reviews.
- **Promote Financial Stability:** Strengthen macroeconomic stability, fiscal sustainability, and resilient financial systems.

OECD Structure

The OECD has a consensus-based institutional structure comprising the Council, Secretariat, committees, and specialised bodies that formulate and implement international policy recommendations.

OECD Council

The Council is the group that makes decisions for the OECD, made up of a single representative from the European Union and each member state. The Secretary-General serves as the chair and sets the organisation's strategic direction. Every year, states convene at the Ministerial Council Meeting, which is presided over by one or more members.

Substantive Committees

Over 300 substantive entities monitor policy acts, create standards, evaluate data and policy outcomes, and provide solutions. Specialists from nations, academia, business, and civil society organisations play a crucial role in establishing shared global standards in public policy, concentrating on significant policy issues ranging from trade and taxation to climate change.

OECD Secretariat

The OECD's work is carried out from its headquarters in Paris by the Secretariat, which is headed by the Secretary-General and consists of over 3,500 workers from various directorates. In close collaboration with Members, economists, scientists, and other experts collaborate with government experts to offer insights and knowledge to support evidence-based policymaking.

OECD Countries

Organisation for Economic Co-operation and Development (OECD) has 38 member countries (2026), representing advanced and emerging market economies committed to democracy, market-based principles, and international economic cooperation.

- **20 Founding Members (1961):** Austria, Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Türkiye, United Kingdom, and United States.
- **18 Subsequent Members (1964–2021):** Japan, Finland, Australia, New Zealand, Mexico, Czech Republic, Hungary, Poland, South Korea, Slovakia, Chile, Slovenia, Israel, Estonia, Latvia, Lithuania, Colombia, and Costa Rica.
- **Latest Member:** Costa Rica became the 38th OECD member in 2021, becoming the fourth Latin American member after Mexico, Chile, and Colombia.
- **Accession Candidates:** Argentina, Brazil, Bulgaria, Croatia, Indonesia, Peru, and Romania are currently in the OECD accession process.
- **Key Partners (Non-Members):** OECD maintains strategic partnerships with India, China, Brazil, Indonesia, and South Africa, facilitating policy dialogue and cooperation without granting full membership.

OECD Guidelines

OECD develops internationally recognised guidelines and standards to promote responsible business conduct, good governance, fair taxation, and sustainable economic development.

- **OECD Guidelines for Multinational Enterprises (MNE Guidelines):** Promote responsible business conduct in areas such as human rights, labour standards, environment, anti-corruption, consumer interests, and transparency.
- **OECD Principles of Corporate Governance:** Provide global standards for corporate governance, shareholder rights, board accountability, disclosure, and investor protection.
- **OECD Anti-Bribery Convention:** Establishes measures to criminalise bribery of foreign public officials in international business transactions.
- **OECD Transfer Pricing Guidelines:** Provide internationally accepted principles for determining arm's length pricing in transactions between multinational enterprises.
- **OECD Base Erosion and Profit Shifting (BEPS) Guidelines:** Help countries prevent tax avoidance by multinational corporations through coordinated international tax rules.
- **OECD Global Minimum Tax (Pillar Two):** Introduces a 15% global minimum corporate tax to reduce profit shifting and harmful tax competition.

OECD Functions

OECD promotes economic cooperation by providing policy advice, setting international standards, conducting research, and fostering collaboration among member and partner countries.

- **Policy Research & Analysis:** The OECD collects and analyses global economic and social data, monitors member and partner economies, and conducts peer reviews to assess policy performance, encourage reforms, and promote the adoption of best practices.
    - For instance, the OECD Economic Outlook, published twice a year, analyses global economic trends, growth prospects, inflation, and policy risks, helping member countries design informed fiscal, monetary, and structural reforms.
- **Develops International Standards:** OECD creates internationally recognised standards for corporate governance, taxation, artificial intelligence, anti-bribery, and ethical business practices.
- **Economic Monitoring:** It regularly evaluates the economic performance of member and partner countries through OECD Economic Surveys, providing country-specific assessments and policy recommendations on issues such as fiscal policy, productivity, labour markets, and structural reforms to promote sustainable economic growth.
- **OECD Reports and Publications:** OECD produces internationally recognised reports on education, employment, governance, innovation, and well-being.
    - **OECD Economic Outlook:** Provides a forecast for member and non-member nations.
    - **OECD Factbook:** Serves as a guidebook for economies implementing new policies.
    - **Going for Growth:** A comparison of countries based on national performance.
- **Strengthens Trade & Investment:** **FDI** Regulatory Restrictiveness Index encourages open markets, investment facilitation, and responsible business conduct.

OECD and India

Although India is not an OECD member, it is a key partner and cooperates extensively with the OECD on economic reforms, taxation, investment, digital economy, education, and sustainable development.

- **Tax Cooperation:** India supports the implementation of the 15% Global Minimum Corporate Tax and actively participates in the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS).
- **Investment & Business Reforms:** India's corporate governance, ease of doing business, and investment climate have all improved by OECD policy recommendations.
- **OECD Growth Projections for India:** According to the OECD, India's **Gross Domestic Product (GDP)** is expected to grow at 7.6% in 2025–2026, 6.1% in 2026–2027, and 6.4% in 2027–2028, making it the fastest-growing major economy in the world.
- **Challenges:** India is not a member, limiting its role in OECD decision-making, and some OECD policy prescriptions may not fully reflect the development priorities of emerging economies like India.

OECD Limitations

Despite its global influence, the OECD faces institutional, representational, and implementation challenges that limit its effectiveness in addressing contemporary global economic issues.

- **Limited Global Representation:** Known as a "rich country club", OECD is predominantly composed of developed economies, resulting in the under-representation of the Global South and limiting the diversity of perspectives in global policy formulation.
- **Non-Binding Recommendations:** The OECD Guidelines for Multinational Enterprises are strictly voluntary. Companies and countries can disregard these standards without facing direct legal consequences, rendering the National Contact Point (NCP) complaint mechanism ineffective in enforcing corporate responsibility.
- **Consensus-Based Decision Making:** The requirement for consensus among member countries can slow decision-making, delaying timely responses to rapidly evolving global economic, technological, and geopolitical challenges.
- **Competition from Other International Forums:** The OECD's relative policy dominance is diminishing as organisations like the G20, **BRICS**, and regional groups have a greater impact on global economic governance.
- **Tax and Fiscal Imperialism:** The OECD’s international tax standards (like Pillar Two reforms targeting a global minimum corporate tax) are criticised by free-market advocates for raising the cost of international investment and imposing rigid tax cartels that restrict sovereign fiscal autonomy.

OECD Way Forward

The OECD should become more representative, inclusive, and responsive to emerging global challenges while strengthening its role in promoting sustainable and rules-based economic governance.

- **Expand Membership:** Accelerate accession of emerging economies to improve the OECD's global legitimacy.
- **Promote Inclusive Growth:** Prioritise policies that reduce inequality, create quality jobs, and improve social protection.

- **Support Green Transition:** Promote sustainable finance, carbon neutrality, and climate-resilient economic policies.
- **Deepen Cooperation with Global Institutions:** Enhance collaboration with the G20, WTO, **IMF**, World Bank, and **UN** to address interconnected global economic, social, and environmental challenges.
- **Lead Digital Governance:** Develop globally accepted standards for **artificial intelligence**, digital taxation, **cybersecurity**, and data governance.
