



2010

Secretary-General's Report to Ministers



ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

**Secretary-General's
Report to Ministers
2010**

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The OECD at a glance

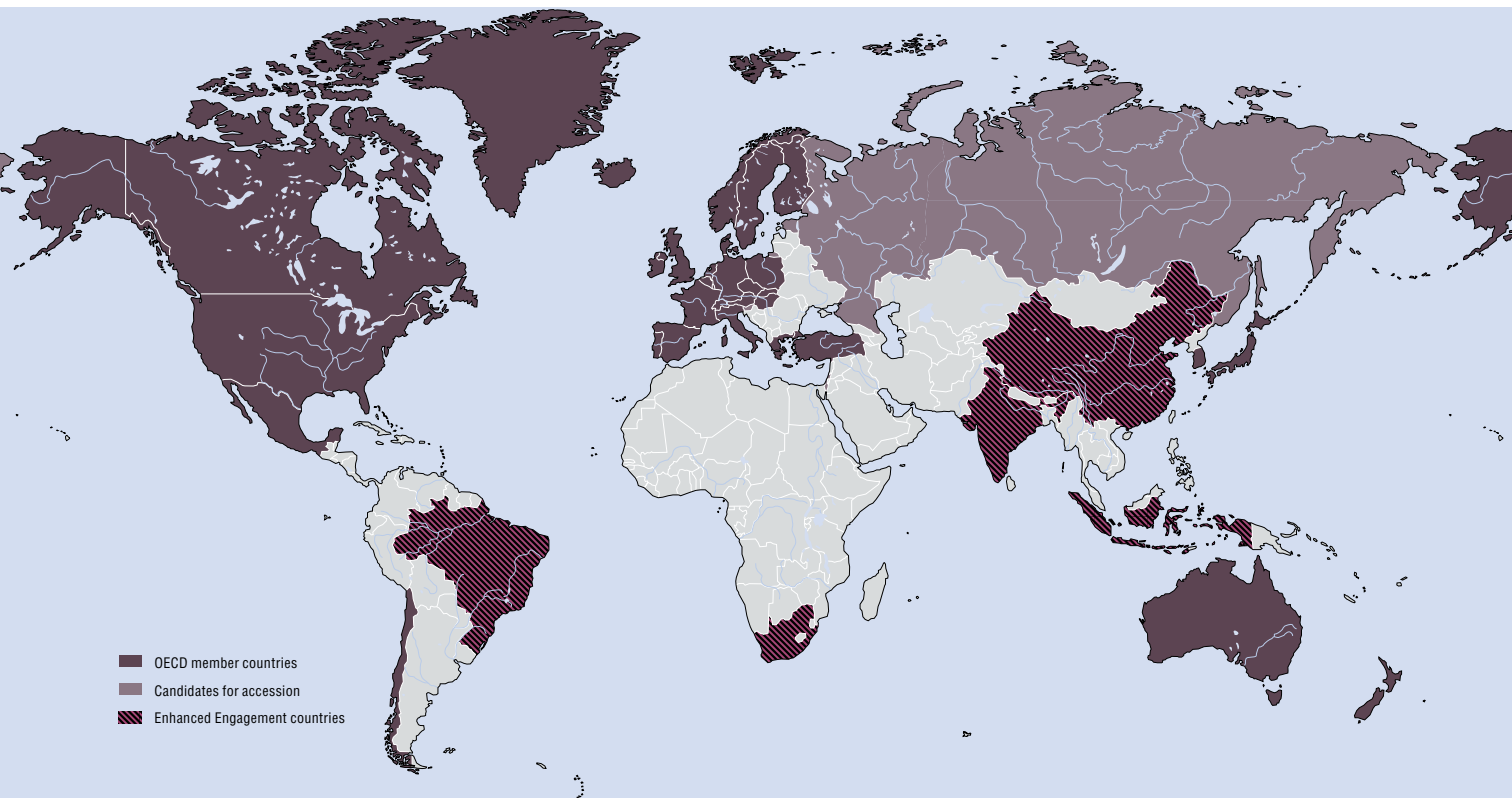
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webmaster@oecd.org

The OECD, which traces its roots to the Marshall Plan, groups 31 member countries committed to democracy and the market economy. It provides a forum in which governments can compare and exchange policy experiences, identify good practices and promote decisions and recommendations. Dialogue, consensus, peer review and pressure are at the very heart of the OECD. The OECD has been dedicated to supporting policy makers face diverse challenges, by providing fresh insights and pertinent advice on short-term actions while spurring long-term growth.

The Organisation's mission is essentially to work for a stronger, cleaner, fairer world economy. It helps governments and society reap the full benefits of globalisation while tackling the accompanying economic, social and governance challenges. The Organisation places high priority on deciphering emerging issues and identifying policies to help policy makers.

OECD share of world GNI (current USD): 69.4%
OECD share of world trade: 60.4%
OECD share of world population: 18%
OECD GDP growth in 2008: -3.4%

OECD share of bilateral world official development assistance: 95.8%
OECD contribution to world CO₂ emissions: 44.9%
OECD share of total primary energy supply: 45.7%
OECD share of world electricity consumption: 56.2%



In addition to the analysis and advice it provides on a vast range of economic issues, the OECD is one of the world's largest and most reliable sources of comparable statistical, economic and social data. OECD databases span areas as diverse as national accounts, economic indicators, trade, employment, migration, education, energy and health.

The OECD produces internationally agreed instruments, decisions and recommendations to promote rules of the game in many areas such as combating bribery in international business transactions, information and communications policy, taxation and the environment. Non-members are invited to subscribe to these agreements and treaties. The Organisation maintains active relationships with business, labour, civil society and parliamentarians. These stakeholders benefit from and make valuable contributions to the work of the OECD. The Organisation also shares expertise and exchanges views with more than 100 other economies.

Chile became a member country in May 2010. Estonia, Israel and Slovenia will be invited to join at the 2010 Ministerial Council Meeting. Russia is holding membership talks with the Organisation. Brazil, the People's Republic of China, India, Indonesia and South Africa participate in OECD activities through the Enhanced Engagement programme. This programme is a fundamental proposal by the OECD member countries to forge a more structured and coherent partnership, based on mutual interest, with these five major economies. ■

OECD member countries: Ambassadors and year of accession

www.oecd.org/membercountries

www.oecd.org/infobycountry

Australia	His Excellency Mr. Christopher Langman	1971	Korea	Mr. Song-Jon OHM (<i>Ad Interim</i>)	1996
Austria	His Excellency Mr. Wolfgang Petritsch	1961	Luxembourg	His Excellency Mr. Georges Santer	1961
Belgium	His Excellency Mr. Chris Hoornaert	1961	Mexico	His Excellency Mr. Agustín García López Loaeza	1994
Canada	His Excellency Mr. Paul-Henri Lapointe	1961	Netherlands	His Excellency Mr. Edmond H. Wellenstein	1961
Chile	Mr. Patricio Utreras (<i>Acting representative</i>)	2010	New Zealand	Her Excellency Ms. Sarah Dennis	1973
Czech Republic	His Excellency Mr. Karel Dyba	1995	Norway	His Excellency Mr. Harald Neple	1961
Denmark	His Excellency Mr. Poul Erik Dam Kristensen	1961	Poland	His Excellency Mr. Jan Woroniecki	1996
Finland	His Excellency Mr. Antti Kuosmanen	1969	Portugal	His Excellency Mr. Eduardo Ferro Rodrigues	1961
France	His Excellency Mr. Roger Karoutchi	1961	Slovak Republic	His Excellency Mr. Ivan Šramko	2000
Germany	His Excellency Mr. Johannes Westerhoff	1961	Spain	Her Excellency Ms. Cristina Narbona Ruiz	1961
Greece	His Excellency Mr. Nikolaos Tatsos	1961	Sweden	His Excellency Mr. Mats Ringborg	1961
Hungary	His Excellency Mr. Péter Gottfried	1996	Switzerland	His Excellency Mr. Eric Martin	1961
Iceland	His Excellency Mr. Thórir Ibsen	1961	Turkey	His Excellency Mr. Ahmet Erozan	1961
Ireland	His Excellency Mr. Paul Murray	1961	United Kingdom	His Excellency Mr. Dominic Martin	1961
Italy	His Excellency Mr. Antonio Armellini	1962	United States	Her Excellency Ms. Karen Kornbluh	1961
Japan	His Excellency Mr. Norio Hattori	1964	European Commission	Her Excellency Mrs. Laurence Argimon-Pistre	

Candidates for accession

www.oecd.org/accession

Estonia
Israel
Russian Federation
Slovenia

Enhanced Engagement countries

www.oecd.org/enhancedengagement

Brazil
China
India
Indonesia
South Africa



OECD Secretary-General, Angel Gurría

Secretary General's Report

Laying the Foundations for a Stronger, Cleaner, Fairer World Economy

Our 50th Anniversary celebration, starting later this year and going into most of 2011, is an ideal opportunity to reflect on the progress we have made and the direction we must take. As we see signs of recovery from the worst economic crisis in our lifetime, this is also a good time to help lay down the foundations for a stronger, cleaner and fairer world economy.

It is in this context that I want to share with you my vision of our main accomplishments since the last MCM, the main emerging challenges and our strategy to move ahead.

My overarching goal in the past four years has been the “pursuit of relevance” for the Organisation. Beyond reinforcing our longstanding reputation for credible and sound policy advice, this means a consistent focus on our impact in an evolving global architecture.

Main achievements since the 2009 Ministerial Council Meeting

In this past year, we have responded to the evolving situation brought on by the crisis by: (i) refocusing our substantive work to address emerging challenges; (ii) improving our global outreach; and (iii) strengthening our internal functioning and management.

Refocusing our substantive work to address emerging challenges:

The Organisation has stepped-up its work to address major global challenges and to be better connected to the policy agendas of our member countries. Countries count on our advice and we have proven that we are a flexible institution that responds to unforeseen demands in a timely and competent fashion.

Highlights of our work since the 2009 Ministerial Council Meeting include our analysis and contributions in the face of the crisis. The *OECD Strategic Response to the Financial and Economic Crisis* is a comprehensive and horizontal effort and has been, since 2008, the backbone of our work to help member and partner countries confront the impact of the economic downturn. Its substantive recommendations covered a wide range of policy tools from monetary, financial and fiscal policies to bank regulation, trade and financing of small and medium-size

enterprises. Our response also included policy advice regarding the human and social impact of the crisis - such as the organisation of a timely Labour and Employment Ministerial Meeting last September - that addressed the impact of the crisis on the most vulnerable people.

We made relevant contributions to the global governance architecture, and particularly to the G8 and G20 processes. Thus our member countries can participate in, and may influence, decisions taken at the global level to address the crisis. Although there is still much to be done to consolidate our presence as a full partner, the OECD has become a prominent player in these relevant policy fora. Following our active participation at the G8 Summits of Heiligendamm, Toyako and L'Aquila, our Organisation played a pivotal role in developing the "Whole-of-Government Instrument", the "Accountability" exercise and the "Global Standard on Propriety, Integrity and Transparency". The OECD was

also requested to work and is delivering in various other areas including investment, food security and taxation. In the run-up to the Muskoka Summit in Canada later this year, the Organisation is contributing to the development of the methodology and statistical means to monitor G8 commitments on development, and is actively participating in the "Mother and Child Health Initiative" and other development-related projects.

In 2009, the OECD was invited for the first time to participate in the G20 Summit by U.S. President Barack Obama and to appoint an OECD Sherpa to participate in the preparations. In Pittsburgh, the OECD was requested to work on a broad range of issues including fossil fuels, employment and social policies, anti-corruption and development. We were asked to continue to monitor developments on investment and to provide analysis on employment issues. The conclusions of our OECD Labour and Employment Ministerial Meeting provided valuable input for the first G20 Ministerial on Labour, which took place in Washington, D.C. in April this year, where the OECD played a useful and active role.

As the focus of policy makers shifts from crisis management to more structural issues in order to sustain recovery, we believe that the OECD will have a greater role to play. We have been invited to participate in the G20 Finance Ministers meetings and are working closely with the Canadian and Korean G20 Chairs. We are also working with the Financial Stability Board on financial regulation and information exchanges, and are supporting the Framework for Strong, Sustainable and Balanced Growth.

Another highlight of this past year includes our further work on climate change. Under our 2007 mandate, we were ready and able to support worldwide efforts to phase out fossil fuel subsidies. It also allowed the OECD to work closely with the Danish Chair of the United Nations Climate Change Conference and to provide analytical support prior to COP15. We will continue to do so in the run-up to COP16 in Mexico, thanks to our expertise in areas such as economic



Angel Gurría, OECD Secretary-General, and Barack Obama, US President, attended the G20 Summit in Pittsburgh, Pennsylvania.

modelling, financing climate change action, defining and measuring fossil fuel subsidies and promoting greener jobs. We will continue to provide least-cost policy options to our member countries so that they may address the challenge of climate change.

As part of the efforts to identify new engines for growth after the crisis, and in the context of the climate change challenge, a major highlight of 2009 was the mandate to develop the *OECD Strategy on Green Growth*, promoted by the 2009 Korean MCM Chair. This will help advance an agenda for strong growth with due care for the environment. Besides contributing to our global agenda, the *OECD Strategy on Green Growth* provides the additional benefit of strengthening our capacity to deliver on horizontal projects, as it involves experts from different parts of the Organisation.

We are also delivering on our mandate to develop an Innovation Strategy. Although it was started prior to the crisis, the *OECD Innovation Strategy* has become a crucial component of our Strategic Response and is an important contribution to put the world economy back on a sustainable growth path.

The crisis has highlighted the need for a comprehensive view of policy challenges. In addition to the Strategic Response, both the Innovation and the Green Growth strategies have demanded a further strengthening of our horizontal work within the OECD. Horizontal approaches significantly enhance the productivity of OECD work as they benefit from the wide range of expertise across directorates and committees. Such multi-disciplinary approaches will be extremely valuable in shaping future work.

Given our long-standing and pioneering work on this issue, we were able to contribute to the Commission on Measuring Economic Performance and Social Progress, convened by French President Nicolas Sarkozy.

In parallel to our work on these global challenges, we have also provided timely support to our member countries in their domestic policy agendas. The proof of our relevance is the impact and influence we can have in policy making. Since the last Ministerial meeting, many leaders have come to the OECD to discuss policy options in their countries. In 2009, a total of 46 Ministers (excluding Ministerial gatherings) and hundreds of high-level officials visited the OECD. We were honoured to have hosted Hungary's Prime Minister György Gordon Bajnai, French President Nicolas Sarkozy and French Prime Minister François Fillon. Mr. Sarkozy and Mr. Fillon visited the OECD within the context of the International Conference on Access to Civil Nuclear Energy on 8-9 March, following a well-received initiative by the NEA. On that occasion, Mr. Sarkozy dedicated the new OECD Conference Centre to "the co-operation and solidarity between nations for a stronger, cleaner, fairer world economy".



Angel Gurría, OECD Secretary-General, meets with Ms. Joan Ruddock, UK Minister for Climate Change while she signs the Livre d'Or at OECD headquarters, Paris.

In order to be better connected to the specific needs and demands of our members and partner countries, I undertook 43 visits abroad since the last MCM, meeting 42 Heads of State and Government and 118 Ministers. These trips have enabled us to further develop our advisory role, providing targeted policy recommendations to our member countries. Particularly relevant was our review of the New Growth Strategy of Japan. We are also currently renewing our recommendations to the Attali Commission in France and carrying out a thorough analysis with Spain of their high unemployment rate and the main challenges to promote its reduction. At the request of President José Manuel Barroso, we also provided extensive comments on the 2020 Agenda of the European Commission and delivered this work directly to Mr. Barroso during a visit to Brussels.

All this activity was part of a broader effort to upgrade our impact and improve our policy outreach. This has continued to be a cornerstone of my concerns. During 2009, I delivered 161 public speeches and our media presence increased by 64%, with more than 1000 original media mentions. We succeeded in raising the public profile and substantive visibility of the OECD through a more professional approach to public affairs and communications. We tested new tools of communication like our “At a Glance” country brochures (such as those on France, Greece, Japan, Mexico and Spain). They proved to be effective vehicles for presenting the OECD’s work in high-visibility global settings and engaging in relevant discussions and policy debates in which our expertise could provide value added. This is also reflected in the steady increase in the number and quality of events we held in the last year, including ministerial meetings on agriculture and labour. At the same time, we have continued to promote and disseminate the regular work on issues where our policy recommendations are particularly sought after, given our expertise and credibility. The timely and well-publicised release of our flagship publications, outlooks and reviews continues to be an effective recipe for relevance.

Increasing our global relevance

The OECD has strived to increase the quality and impact of its global outreach, although much remains to be done.



José Manuel Barroso, President of the European Commission, Nicolas Sarkozy, French President, and Angel Gurría, OECD Secretary-General, unveiling a plaque dedicating the OECD Conference Centre to the co-operation and solidarity between nations for a stronger, cleaner, fairer world economy.

The enlargement process launched in 2007 is opening up the OECD to new member countries. Estonia, Israel and Slovenia will soon join Chile to expand our membership to 34 countries. Hopefully, Russia will not be far behind. These new members will bring us new perspectives, and contribute to enrich our policy debate.

In 2007, our Ministerial Council Meeting also directed us to strengthen OECD co-operation with Brazil, China, India, Indonesia, South Africa and the region of Southeast Asia “through enhanced engagement programmes with a view to possible membership”. Our work with these countries has since developed into a more recurrent, organised, predictable and structured relationship which has been defined by some of our members as the single most important challenge to our future relevance.

Highlights of the past year include the *OECD Economic Surveys* on Brazil, China and South Africa (the latter to be launched in July), the Investment Review of India, the report on “Trends in South African Income Distribution and Poverty”, and the ongoing work on investment policies in Indonesia. Various seminars and roundtables have allowed a growing exchange of best practices between OECD and Enhanced Engagement countries. This includes my participation in China’s Development Forum last March, in which the OECD was given a prominent role. Besides our contacts with Enhanced Engagement leaders in G8 and G20 meetings, I also had the opportunity to visit Brazil, China and India during the past 12 months, meeting their ministers and participating in events to present our reviews on relevant policy areas in the domestic context, as well as to focus on how deeper co-operation can help us achieve a sustained recovery from the crisis.

But global reach goes beyond Enhanced Engagement and participation in the “G” groupings. As requested by our member countries, we have also boosted our co-operation with regional groupings, such as APEC, ASEAN, NEPAD or the Ibero-American Summit. For the first time this year, the OECD was invited as an observer at the latter. Thanks to the leadership of Chile, Mexico and Spain, a Latin American Initiative was also launched, aimed at strengthening our collaboration with countries in the region on investment, access to public services, innovation and fiscal policy. Our co-operation with Middle East and North Africa (MENA) and with Southeast Asia has also intensified, with increasing adherence to OECD Instruments, full participation in OECD bodies and a number of OECD meetings hosted by countries in these regions.



HE Nizar BARAKA, Morocco, chair of the MENA-OECD Investment Programme, Minister delegate to the Prime Minister in charge of Economic & General Affairs, signs the OECD Investment Declaration at the MENA-OECD Ministerial Conference in Marrakech, Morocco.

The OECD Development Centre is playing an increasingly important role in helping the Organisation strengthen its global reach, through publications such as the *Latin American Economic Outlook*, the *African Economic Outlook* and the forthcoming *South East Asian Economic Outlook*, as well as through its expanding membership. Current membership of the Centre includes 24 OECD countries plus Brazil, Colombia, Costa Rica, the Dominican Republic, Egypt, India, Indonesia, Israel, Mauritius, Morocco, Peru, Romania, South Africa, Thailand and Vietnam. Hopefully, it will expand further to bring in other major emerging players like China, as well as the OECD countries which do not yet fully participate in the Centre's activities.

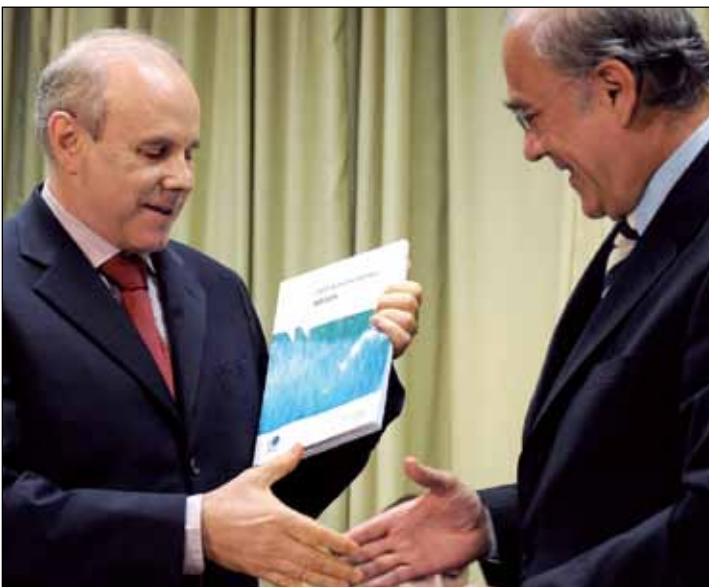
Strengthening our internal functioning and management

We have continued to implement our programme of management and administrative reforms, consolidating the important progress achieved since 2006. This is essential to increase our operational effectiveness and our capacity to deliver, making the Organisation more relevant and responsive to member countries.

Progress has included the establishment of the Working Party on Priorities that will lead to a better structured framework to discuss and define priorities in the context of the Programme of Work and Budget. Of particular relevance was the strengthening of an integrated system for finance and budgeting (BFMP) that will lead to greater accountability and more efficient management of our resources and our outputs in real time.

In addition, we have continued with the review of the performance evaluation system, the simplification of staff categories, and an updated Code of Conduct. We still need to progress on the gender and diversity issue. Altogether, these reforms provide a more complete, modern and responsive framework for our primary asset, our staff.

We have again started looking for solutions to the growing unfunded liabilities related to post-employment health care coverage. As time passes, increasing liabilities make it ever more urgent to deal with this issue. For a start, we should act swiftly to cap these unfunded liabilities, which now stand at an estimated 250 million euros and, if not addressed, are accumulating at a rate of 14-15 million euros per year.



**Brazilian Finance Minister
Guido Mantega and OECD
Secretary-General Angel Gurría
at the press conference
of the Economic Survey of Brazil 2009
in Brasilia.**

Committee of Agriculture meeting at Ministerial level

Ministers of Agriculture from OECD countries and non-member country major players in food and agricultural markets met in February 2010. This was the first time that Agriculture Ministers had met at the OECD since 1998. Their discussions were wide-ranging and forward-looking. Food security was at the centre of their preoccupations. Will the food and agriculture system be able to respond as population growth and affluence increase the demand for food, in a world where pressure on land and water is already evident and where climate change will bring additional challenges? The ministers gathering at the OECD agreed that the system would indeed respond – as it had in the past. Governments now need to ensure that the right policies and institutions are in place. This means making sure that price signals are transmitted loudly and clearly, that sufficient attention is paid to productivity-enhancing and resource-conserving innovation and research, that trade can play its role in matching supply and demand, that farmers and others are helped to manage risk, and that markets function as efficiently and transparently as possible. The full text of the Communiqué from the ministers can be consulted at:

www.oecd.org/agriculture/ministerial

Main challenges ahead

There are many challenges ahead. We need to continue to strengthen our substantive work, upgrade our global presence and increase the impact of our analysis and policy recommendations. These are the conditions to enhance our relevance in the world governance, while maintaining our high standards.

We will have to do this in an extremely difficult context. For years to come, our member countries will be facing slow growth, high levels of unemployment, huge budget deficits and record public debt. This will impact not only the priority areas we need to tackle, but will also accentuate our budget constraint.

Strengthening our substantive work

We need to maintain, consolidate and intensify the Organisation's core work by providing our member countries with high quality and evidence-based policy advice that can help them address common challenges. We will thus continue our surveys, outlooks, benchmarking and peer reviews in crucial policy areas including social policies, environment, investment, governance, agriculture, innovation, green growth, education, tax, etc. Our work to ensure an open trade and investment climate as well as fair competition is especially relevant to counter growing calls for protectionism. These are the traditional areas of OECD work and where much of its unique value added lies.

There are also key areas where our work will need to be strengthened and further developed. The OECD needs to help our countries face the financial, economic and social crisis with its labour, human and migration dimensions, as well as to recover fiscal sustainability in their transition from a policy-driven recovery to self-sustained growth. Countries will have to adopt and communicate credible medium-term strategies combining measures for fiscal consolidation and structural reforms that will boost growth. Tight budget constraints will

increase the need for careful selection of spending cuts and tax increases to protect growth-enhancing expenditures and adopt growth-friendly tax measures. As OECD work has shown, structural reforms support growth through several channels. Their impact, however, may take time to materialise. This reinforces the need for a medium-term perspective in designing and implementing policy programmes. This also requires staying power, leadership and political courage. The OECD must stand ready to support reform-minded countries in this crucial moment.

Governments need to become more effective in providing public services. That is one area on which the OECD will have to focus its efforts in the next few years. By doing so, we will help our member countries face growing inequalities resulting from the crisis and protect the most vulnerable. Supporting reforms of public administrations, improving ways to address unemployment, adapting health and pension systems to deal with the impact of ageing and improving spending efficiency will remain on top of policy makers' agendas. Our work should mirror and accommodate these needs. It thus must include work on better regulation, transparency, governance, competition, human capital (education, health, social services, labour, gender) as well as demography (migration, pensions, ageing).

Corporations also need to improve their business conduct to restore confidence in markets. Our work to update the Guidelines for Multinational Enterprises is thus very important, as well as our new peer reviews in corporate governance. Enhanced Engagement countries should be actively involved in both.

It remains essential to deepen our work on new sources of growth, primarily on innovation and green growth. Our capacity to innovate will improve our prospects for higher growth and productivity, while being instrumental in addressing the growing concerns around "scarcities", including food, energy, water, land and environment. The implementation of the *OECD Innovation Strategy* will thus be of paramount importance in this context.

In all likelihood, the OECD will continue to be called upon to help address global challenges, including in relation to the G20 agenda. This may involve common goals for development policy, the issue of capacity and governance, the importance of open and transparent investment regimes, and options to address climate change and other environmental issues in developing and emerging countries.



György Gordon Bajnai, Prime Minister of the Republic of Hungary, and Angel Gurría, OECD Secretary-General, at OECD headquarters in Paris.

The crisis has also accelerated the speed at which the global governance architecture has to be updated and revamped. To become a “natural” player in the context of this new global architecture is essential to our success. But to achieve this, we need stronger support from OECD members to make sure our recommendations are requested, acknowledged and adopted. To be successful and meaningful, OECD experts must work closely with OECD members to be relevant in national and global issues. Thereafter, the technical work by Committees and Directorates can produce the desired deliverables.

Labour Ministerial

When labour ministers met on 28-29th September, OECD unemployment had already reached a record high. They knew that policy in previous recessions had not risen to the challenge, with ill-advised interventions often having slowed the re-absorption of those who lost their jobs, and they were determined that this would not happen again.

Many countries had already put in place measures to encourage firms to retain their workers during the recession and promote job creation in the early phase of the recovery. At the same time, governments have been facing the challenge of providing adequate safety nets for the growing number of unemployed. This is combined with effective employment services so as to ensure that the most at-risk of prolonged joblessness do not lose contact with the labour market.

Another challenge has been to ensure that both new entrants and youth, who already encountered difficulties in getting a job, remain connected to the labour market to avoid the scars of long-term joblessness. Finally, ministers agreed to foster skill development and training to ensure workers are well-equipped with the appropriate skills for future jobs, including those emerging from shifts towards a knowledge-based and low-carbon economy.

We also know that governments want to leverage the comparative advantages of each international organisation. To further this goal, I proposed the creation of an **Observatory for Policy Coherence**, bringing together international organisations to improve consultation and exchange of information. By increasing co-ordination, co-operation and coherence, the Observatory would make sure that leaders will receive the best possible advice. What I have in mind is not a new institution, nor more bureaucracy, but rather a stronger, more co-ordinated way to explore synergies and improve co-operation among intergovernmental organisations in order to provide clearer and louder messages on selected issues of special relevance, a sort of cross-pollination of ideas for the benefit of our member countries.

Enhancing our global presence

Our membership is not universal. Thus, to remain relevant, we need to be global and inclusive when analysing issues and proposing solutions.

We need to continue to enhance our global presence, both through our accession and Enhanced Engagement initiatives, as well as by strengthening relationships with other countries in Southeast Asia, Africa, Latin America, MENA and Europe. This will enable us to participate

in the search for solutions for the world's economic, social and environmental challenges, while becoming a natural, reliable partner in the global governance architecture.

The economic and financial crisis has reinforced the secular trend towards a major re-balancing in favour of large emerging economies. This means adjustment challenges in OECD countries. While there are growing calls for protectionism, the OECD should continue to emphasise the need for open markets grounded in good governance, the deepening of the reform process, and the need to seize the opportunities provided by innovation and a green economy to help countries move up the global value chain.

This shift also brings a host of opportunities. Increasing flows of trade, investment, technology, ideas and people are creating and spreading wealth at a very fast pace. This, in turn, is forging a historical convergence of interests among all countries, developed and emerging, around predictable and stable rules and standards to facilitate, consolidate and govern the global economy. The OECD can play a major role in informing discussions and facilitating agreement on these rules and standards.

In fact, if the OECD is to remain the home of best practices, we need to reinforce our links with key emerging economies which bring very valuable lessons to the table, without compromising our values or diluting our standards. Working with these countries is essential to finding common responses to global challenges. This is all the more important as we face the consolidation of a new global governance architecture, in which both developed and emerging economies have an important role to play. But, clearly, our success in this endeavour depends crucially on the commitment and support of our own member countries to this concept. It also depends on the interest of and response by the Enhanced Engagement partners to our offers for further co-operation.

Much has been accomplished since the Enhanced Engagement Initiative was launched in 2007. Now, after three years, we need a "Quantum Leap" to improve the quality, depth, breadth and level of trust with our Enhanced Engagement partners. We must create what Prime Minister Gordon Brown described as a "comfort zone" with Enhanced Engagement countries, both bilaterally (MCM, ECSS, Committees) and in multilateral fora such as the G8, the G20 and the many specialised high-level and ministerial meetings in which we participate.

This "Quantum Leap" does not necessarily mean a fast track for membership, although it suggests that we need to significantly upgrade our work and integrate those countries into our analysis. It also calls for the OECD to be more proactive in support of these countries' efforts to consolidate their own development paths. We must therefore seek to develop agendas that are of joint interest and upgrade our dissemination efforts, contacts and presence in Enhanced Engagement countries, including by having OECD officials located in some capitals.

Increasing relevance and impact

Finally, in pursuing all of the above, I intend to redouble efforts to increase our impact. The "raison d'être" or, in other words, the relevance of the OECD is, to a large extent, determined by how much its analysis, recommendations and standards can influence policy-making, implementation and outcomes in member and partner countries. Therefore, the OECD's ultimate goal is not only to identify, measure and compare problems as well as propose policy solutions, but it is also about making reform happen and evaluating the outcomes. This will enhance the OECD's relevance and credibility. For the OECD to claim success, its participation must make a difference.

The question of communication and dissemination of our work and its impact on the policy debate needs to be addressed strategically to make the most out of our work, including through the design and delivery of new outputs. To this end, we might want to develop an “external visibility and communications roadmap” based on ongoing reflections on this topic within the Organisation and the Council. We also need to continue our efforts to be more systematic at rolling out and translating our reports into other languages. If we aim for greater awareness and influence, country-specific work should be translated into the local language, with due care to sharing related costs.

Other substantive priorities to be enhanced going forward

As we consolidate our achievements and tackle policy challenges, I would like to highlight six specific areas of increased priority, where we have a comparative advantage and where our expertise can prove instrumental to global efforts: **development; green growth; skills; gender; measuring progress; anti-corruption.**

Our current work already covers many or most aspects of these issues, but they all call for a more “holistic” or integrated approach, and thus for improved horizontal co-operation between Directorates within the Organisation. An increasing number of policy challenges are multi-disciplinary in nature. We thus need to improve significantly our capacity to run horizontal projects, a significant step towards better coherence. This has management, budget and governance implications. We must draw lessons from our own successful experiences such as the Strategic Response to the Crisis, the Jobs Strategy and the Innovation Strategy.

Development: changing our perspective, our paradigm and our strategy

Many of the Gleneagles and the Millennium Development Goals seem out of reach. The global financial and economic crisis has at best stalled and more likely set back earlier progress. Our development work thus merits **a new impetus and renewed focus.**

Development has always been an integral part of the OECD's overall mission to build a stronger, cleaner and fairer world economy. Development is part of our identity, our roots, and indeed our name. The 50th anniversary is an appropriate and opportune time to give new vigour to this dimension of our work. The OECD has extensive policy experience to share and has



OECD Employment and Labour Ministerial Meeting, 29 September 2009.

established mechanisms that help countries learn from each other, on the one hand, and enhance development co-operation, on the other.

Our culture of “policy sharing” could be combined to support a broader agenda for development, which would integrate mainstream OECD policy areas such as trade, investment, environmental sustainability, good governance, social progress, taxation, gender inequality and education. This agenda could also include tools to allow us to interact better with emerging and developing countries and to incorporate their perspectives into our work.

We will work on this new strategy while continuing to be the reference institution for development assistance, monitoring commitments and aid effectiveness. We also need to go beyond measuring inputs and should focus more on measuring impact, outputs and results of development co-operation efforts. We will also continue to concentrate on the challenges of the lowest income countries and those with fragile governance.

Green growth, green jobs and our contribution to climate change

The *OECD Strategy on Green Growth* will remain a priority until its scheduled delivery at the 2011 MCM and probably beyond, as it may shape future work streams. We may want to focus on overcoming obstacles to green growth (including by eliminating environmentally harmful subsidies and reviewing taxation regimes, inefficient regulatory interventions and trade barriers), as well as on implementing new policies and regulatory frameworks to foster a shift out of inefficient and polluting consumption and production patterns.

We need to develop policy options that combine financial support and specific training for the unemployed to help their transition towards green jobs. We should also propose ways to use revenues generated by carbon taxes and emission-trading schemes to maximise their aggregate employment effect.



Arnold Schwarzenegger, Governor of California; Edward Yau, Secretary of Environment, Hong Kong; Sir Richard Branson, Chairman of Virgin Group, and Angel Gurría, OECD Secretary-General at the Mayors' Summit on Cities and Climate Change in Copenhagen.

The OECD is in a position to develop policy recommendations to facilitate international investment in low carbon goods and services, clean technologies and infrastructure, while preventing “green” policies from being used for protectionist purposes. We will continue to work on climate change negotiations, the crucial financing issues and on adaptation, while strengthening our G20 work on fossil fuels’ subsidies.

Skills and knowledge as catalysts for a new economy

Value chains are globalising and changing at a rapid pace, with increased emphasis on knowledge as a driver of value and competitiveness. New skills, competencies and qualifications will be needed, generating enormous adjustment pressures as regards labour markets. We already observe an important change in policy focus from “life-long employment” to “life-long employability”. To make this happen, “lifelong learning” will be one of the most important features in the successful economies of the future. This has great consequences, not only for our education and vocational training systems, but also for other policy domains.

It is important that we better equip ourselves at the OECD to advise countries on the role of knowledge and skills in the structural adjustment process following the crisis, the adaptability of labour markets, global competitiveness, entrepreneurship and innovation policies, and the generation of green jobs. This crucial horizontal endeavour would build naturally on our Innovation, Jobs and Green Growth strategies.

Based on the mandate of our Labour Ministerial, the OECD Skills Strategy will mobilise and develop intelligence on national supply chains from the acquisition and development of skills and competencies, through their utilisation in labour-markets and societies, more broadly. This will be crucial for all actors concerned, including individuals (workers, students, and parents), employers, education providers and government agencies.

An OECD Skills Strategy would focus on the following four pillars:

- helping governments to identify and assess essential skills and factors driving the evolution of skill demand;
- improving the match of demand and supply of skills;
- ensuring that skills are developed in effective, equitable, efficient and sustainable manners;
- building coalitions of governments, the business sector and social investors and find sustainable approaches as to who should pay for what, when, where and how much.

Gender inequalities: women’s economic empowerment in the future world economy

The crisis made it even more obvious that failing to realise the full potential of women carries a huge economic and social cost. Going forward, wasting the potential for women to contribute to economic growth and progress will no longer be an option.

Enabling women to fully participate in labour markets and contribute to economic development will promote prosperity and stability, reduce child poverty, help address the pressures of population ageing and increase productivity.

In most parts of the world today, women do not achieve their full economic potential. Policies to correct this problem would boost both economic efficiency and equity. Achieving equal gender opportunity, however, remains a huge challenge. Gender inequality has many roots, including cultural, legal and economic factors.

Thus, I intend to propose an OECD-wide initiative on the role of women in the economy. This project would identify the main barriers to gender equality in most OECD countries and other regions of the world. It will assess policies addressing these barriers. It will identify good practices and propose a toolkit of policy measures countries could adopt to reduce the gender gap, in particular in the areas of education, employment and entrepreneurship. It would benefit from the nature of our Organisation, its capacity to carry out country comparisons and develop policy advice based on peer learning and peer pressure. This could become one massive contribution to the world of the future, reaching beyond our crisis-related concerns of today.

Measuring well-being and the progress of societies

For a number of years, there has been evidence of a growing gap between the messages conveyed by macro-economic statistics such as GDP and people's perceptions about their own economic conditions. While this gap has already been evident for some time, it has been amplified by the financial and economic crises. This sentiment is damaging not only for the credibility of official statistics and public policies but for the very functioning of democracy.

More than six years of work conducted by the OECD within the context of the Global Project on "Measuring the Progress of Societies", the Report of the Commission on the Measurement of Economic Performance and Social Progress, convened by President Sarkozy, the EU recommendation on "GDP and Beyond – Measuring progress in a changing world", among other analytical work, suggest that a broad range of measures must be used alongside standard economic measures in order to gain better insight into people's well-being. The perspective of individuals and households has to be reflected to better measure people's quality of life. Indicators of sustainability are also required to assess whether well-being and progress can last over time.



Chancellor of Germany, Angela Merkel and Secretary-General, Angel Gurría, at the presentation of the OECD Review on Better Regulation in Berlin, Germany, April 2010.

Building on existing indicators, the OECD is well-placed to take a leading role in the implementation of this new measurement agenda and link it to policies. By a decision of President Sarkozy, the follow-up of the Commission will be hosted at the OECD, which is also an acknowledgement of our role in this issue. A number of our member countries consider this agenda as crucial for their future growth strategy. We will thus continue and deepen our work in this area.

An anti-corruption strategy: the OECD as the standard setter

An integrated anti-corruption strategy would enable synergies among OECD instruments, increasing their coherence and strengthening their monitoring. It would also reinforce and increase the visibility and impact of the OECD work and instruments for fighting corruption, as was the case of our work on taxes, including by involving senior policy makers in the centres of Governments.

Fighting corruption needs a comprehensive approach. The OECD, with its Anti-Bribery Convention plus a host of other tools and bodies, should strengthen its role in all the relevant aspects of corruption, focusing on immunity, prevention and elimination.

- First, on immunity: Government systems must be corruption-resistant. OECD strengths are in administrative simplification, public financial management, electronic-government, clean procurement systems, managing assistance, investment approval procedures and civil service systems.
- Second, on prevention: Our government and corporate prevention programmes deal with transparency, conflicts of interest, accountability, audit, export credit monitoring, taxation, lobbying, asset disclosure, public sector integrity, Guidelines for Multinational Enterprises and aid effectiveness.
- Third, on elimination: We're best known for the Convention against foreign bribery. We have also moved into new areas with the latest recommendations on fighting bribery under the Convention. They include new measures to prevent, detect and investigate foreign bribery such as provisions for combating small facilitation payments, protecting whistleblowers and improving communication between public officials and law enforcement authorities.

In order to make our work more visible and effective, I propose to better connect and structure the work we already do through a horizontal project including different directorates, and



Mr. François Fillon at the closing ceremony of the Conference on Access to Civil Nuclear Energy, OECD Headquarters, 9 March 2010.

senior policy makers in the centres of government. Such a strategy would aim at a policy-oriented, anti-corruption framework along the lines of the Policy Framework for Investment.

This project would support both the initiative of the Italian Chair of this year's MCM on Propriety, Transparency and Integrity and the more recent U.S.-inspired anti-corruption initiative in the realm of the G20.

If Ministers agree that these horizontal projects have merits, these projects would be discussed in the relevant committees and within the Programme of Work and Budget. Increased priority on these issues may entail finding areas for decreased priority in others, depending on the respective budgetary implications.

50th Anniversary: celebrating best practices

A major feature of next year's work will be the celebration of our 50th anniversary. This will certainly provide an occasion to communicate and showcase our achievements and contributions for a better world economy during the last half century. Most important, it is a golden opportunity to reflect on our ongoing work and future challenges, positioning the OECD as a club of best practices in the pursuit of a stronger, cleaner and fairer world economy.

The anniversary comes at a time when there is a growing realisation of the need to strengthen and deepen international co-operation. Building on the outlined premises of enhancing our coverage, strengthening our substantive work on emerging challenges and focusing on relevance and impact, we need to maximise the opportunity the 50th anniversary offers in terms of communicating our value added. Our celebration must also focus on the ongoing re-design of global governance, highlighting how our multi-disciplinary expertise, peer learning process and experience in identifying best practices can contribute to coherent, integrated approaches to address the most pressing global challenges.

A comprehensive approach to our 50th anniversary celebration, from December 2010 to September 2011, will encompass a series of substantive events and debates, both within and outside OECD headquarters. Specific events in OECD member countries, including the launch of some of our flagship publications, can bring us closer to the citizens of such countries, particularly at times when the design and/or implementation of reforms are underway.

These actions will enable us to anchor the anniversary in a substantive discussion on the present and future role of the Organisation. The 2011 MCM will undoubtedly be an important milestone for the commemorations, coinciding with the French Presidency of the G20. We are also preparing a special anniversary publication highlighting the OECD's work and role in improving the functioning of the world economy.

50 Years of OECD will involve celebrating the past, reflecting on the present and focusing on the future based on close co-operation, support and engagement of OECD member countries and a growing number from outside the OECD, including our Enhanced Engagement countries. It will also be an opportunity to go a step further in facilitating a closer, more functional relationship between the Secretariat, the Council and the Committees, as we all co-ordinate and contribute to make these celebrations a success. Together, we must use this unique milestone to define the role we want to play in the next 50 years and beyond. ■



Secretary-General's Cabinet



OECD Secretary-General since June 2006, **Angel Gurría** has reinforced the OECD's role as a 'hub' for global dialogue and debate on economic policy issues while pursuing internal modernisation and reform. Under his leadership, the OECD has expanded its membership to include Chile, Estonia, Israel and Slovenia and opened accession talks with Russia. It has also strengthened links with other major emerging economies, including Brazil, China, India, Indonesia and South Africa. The OECD is now an active participant in both the G8 and the G20.



Aart de Geus, who took up duties in March 2007, focuses on Employment, Labour, Social Affairs (including Pensions, Health and Migration), Education, Public Governance and Territorial Development. He also oversees the Making Reform Happen project, and Gender and Diversity Issues.



Mario Amano took up his functions in June 2007. Mr Amano is in charge of Environment, the Development Cluster, the Policy Coherence dossier.

Pier Carlo Padoan is Deputy Secretary-General of the OECD since June 2007. Since December 2009 he is also Chief Economist. Mr Padoan led the Strategic Response to the financial and economic crisis and the Green Growth, Measuring the Progress of Societies, and Innovation initiatives.



Richard A. Boucher took up duties in November 2009. Mr Boucher spearheads the Organisation's enhanced engagement and accession processes. He is overseeing the work on business climate, competition and market efficiency as well as science and technology policies.



Gabriela Ramos is Chief of Staff of OECD Secretary-General. Since 2006, she has been advising and supporting the Secretary-General strategic agenda to reinforce the role of the OECD as a "hub" for global dialogue and debate, while pursuing internal modernization and reform. Ms Ramos is the OECD's Sherpa to the G20.



A more global OECD

Chile became the OECD's 31st member – its first in South America – on 7 May 2010 when it deposited its instrument of accession to the OECD Convention with the French government. The accession process has proved to be a major catalyst for reforms in Chile. Chile has reacted rapidly to OECD recommendations and has acted quickly and resolutely in responding to them.

Chile's acceptance of OECD membership marks international recognition of nearly two decades of democratic reform and sound economic policies. For the OECD, Chile's membership is a major milestone in its mission to build a stronger, cleaner and fairer global economy.

"The 'Chilean way' and its expertise will enrich the OECD on key policy issues" said Secretary-General. Gurría during the Santiago ceremony. "Chile has been engaged in a continuous effort to reform its economy. This experience will be an asset for the OECD as we try to address issues such as inequality or sustainable pension systems".

With both Chile and Mexico as members, and thanks to increasingly close co-operation with Brazil, the OECD has substantially strengthened its links with Latin America.



President of Chile Michele Bachelet, on her left, Andrés Velasco, Minister of Finance of Chile and her right, OECD's Secretary-General, Angel Gurría, at the Palacio de La Moneda, Santiago de Chile.

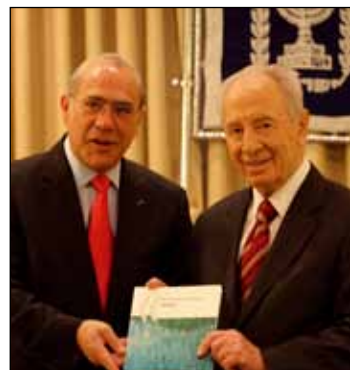
Signing of Bilateral OECD-Russia. Ms. Elvira Nabiullina, Minister of Economic Development for the Russian Federation presents “Initial Memorandum on Position of the Russian Federation in Respect of the Acts of the OECD” to Angel Gurría, Secretary-General, 25 June 2009 at OECD headquarters.



Angel Gurría, OECD Secretary-General meets Borut Pahor, Prime Minister of Slovenia, in Ljubljana on 30 June 2009.

On 16 May 2007, the Council at Ministerial level decided to open discussions with Chile (and with Estonia, Israel, the Russian Federation and Slovenia) and invited the Secretary-General to set out the terms, conditions and process for the accession of each of these countries to the OECD for subsequent consideration and adoption by Council.

Membership talks with Estonia, Israel and Slovenia progressed sufficiently well during the first half of 2010 that it was realistically expected that a Council decision on extending an invitation to all three countries could be taken by mid-May. Membership talks with Russia are ongoing: the matter is too important to be urgent. Russia is in the process of “modernising” its economy and the accession talks with the OECD will help Russia ensure that these reforms are in line with OECD standards and practice. The OECD accession process has delivered real policy changes and reform in all candidate countries. Once countries become members, this transformational process continues. ■



Bilateral meeting with Angel Gurría, OECD Secretary-General and Shimon Peres, President of the State of Israel.

Ministerial Chair's summary 2009

2009 Ministerial Council Meeting

The 2009 Ministerial Council Meeting took place in the OECD Conference Centre on 24 and 25 June. Ministers from all 30 OECD member countries as well as from accession countries (Chile, Estonia, Israel, the Russian Federation, and Slovenia), and Enhanced Engagement countries (Brazil, India, Indonesia, the People's Republic of China, and South Africa) participated and issued these conclusions.

Ministerial Conclusions

On the occasion of the 2009 OECD Ministerial Council Meeting (MCM), under the Chairmanship of the Korean Prime Minister Han Seung-soo, we, Ministers, assembled in the midst of the worst global financial, economic and social crisis since the Great Depression which is affecting economies throughout the world. We agreed to do all that is necessary to overcome the crisis and go beyond to build a stronger, cleaner, and fairer world economy.

The participation in the MCM of the five countries on their way to membership (Chile, Estonia, Israel, the Russian Federation and Slovenia) and the five countries in the Enhanced Engagement process (Brazil, India, Indonesia, the People's Republic of China and South Africa) is highly appreciated and significant.

We welcome OECD efforts, since the launching of its Strategic Response to the Financial and Economic Crisis in 2008, to provide policy analysis and recommendations on macroeconomic and structural issues that will help us achieve a sustainable, healthy recovery.



OECD Secretary-General, Angel Gurría, and Han Seung-soo, Prime Minister of Korea, arriving at the OECD annual Ministerial Meeting on 24 June 2009.

Road to Recovery

Years of unbalanced global growth and major failures in the financial sector and in regulation and supervision were fundamental causes of the crisis. In order to preserve the benefits of an open world economy based on market principles, we express our determination to implement reforms that will improve effective regulations and help prevent future financial crises. National governments and international bodies are already taking strong actions to this effect.

While we continue to face many challenges, and economic activity continues to contract, we welcome some initial signs of stabilisation in a number of countries. We trust that the policy responses taken to date in all of our countries will have a positive effect on growth and confidence. We are committed to continuing our collective supportive actions to ensure a balanced and sustainable recovery.

Recovery plans should serve people by addressing the social and human dimensions of the crisis, through support for the most vulnerable, including active labour market policies, skills development, income support, effective social safety nets, pensions, education and enhanced training projects. In particular, we intend to counter the risk that job losses lead to a rise in long-term unemployment and focus on the needs of youth and older workers. We have learnt from past experience that measures which reduce labour supply are counterproductive; indeed we will favour policy actions that augment labour supply in the long run. We look forward to further OECD work on labour markets and social policy including effective implementation of the Reassessed Job Strategy, to the meeting of OECD Labour and Employment Ministers in September. In this context, we note the recent approval of the ILO Global Jobs Pact.

We have introduced many emergency financial, monetary and fiscal policy measures aimed at restoring confidence in markets and to cushion the impact of the crisis on activity and employment. We reaffirm that these measures should be implemented in a timely and effective manner and should be consistent with the broad objectives to increase long-term growth potential and enhance the well-being of citizens. We discussed the need to prepare, with the support of the OECD in its areas of responsibility, appropriate strategies for unwinding the extraordinary measures taken in response to the crisis once the recovery is assured, so that the global economy moves from a policy driven recovery to self-sustained growth, contributing to a stronger, cleaner and fairer world economy. Such exit strategies may vary from country to country.

We recognise that the necessary measures to address the crisis will add a substantial public debt load in many of our countries. Just as we adjusted fiscal policies expeditiously in response to the crisis, their balance should shift to a sustainable path once our economies are sufficiently strong.



Hirofumi Nakasone, Minister of Foreign Affairs of Japan, and Angel Gurría, OECD Secretary-General.

We recognise that swiftly implementing structural reforms that enhance the flexibility and productivity of our economies, such as in product and labour markets, will be essential to address the deterioration of our public budgets and the loss in living standards caused by the crisis. We welcome the ongoing OECD analysis and advice on the links between structural reforms and growth drawing lessons from the current and past crises. We also look forward to the results of the OECD Innovation Strategy, as an important source of policy guidance for boosting productivity, competitiveness and growth, and for harnessing innovation to address global challenges.

Global prosperity and stability can only be achieved by making the world economy stronger and more equitable in opportunity, so that developing economies become more resilient and less vulnerable to economic downturns, to ultimately achieve the MDGs. It is vital that we support measures to mitigate the impacts of the current recession on the world's poor and vulnerable and that we step-up efforts to ensure developing countries are well-placed to participate in the eventual recovery of the global economy. We reaffirm our pledges and commitments on aid volume and effectiveness, policy coherence for development and development financing. In this context, we welcome the Action Plan approved by the Development Assistance Committee (DAC) High Level meeting. We encourage the OECD to continue its work with developing economies.



Ron Kirk, United States Trade Representative, at a press conference.

Green Growth

We commit to ensuring that the economic recovery and future economic growth are consistent with sustainable development. We are convinced that the current crisis can act as a catalyst for much needed policy reform, generating both environmental, employment and economic gains. It is with this in mind that OECD members, as well as Chile, Estonia, Israel and Slovenia endorsed the Green Growth Declaration. This Declaration welcomes OECD analytical contributions for an ambitious, effective, efficient and fair international agreement at the UN Climate Conference that will take place in Copenhagen at the end of this year, in accordance with the principle of common but differentiated responsibility and respective capabilities. It further welcomes the OECD work on the interface between long-term economic growth and the environment, as well as its analysis related to the economics of climate change and other environmental challenges.

Keeping Markets Open (Argentina and Hong Kong, China, endorsed this section)

We shall resist protectionism. The free flow of trade and investment is essential to ensure a return to sustainable economic growth and improved standards of living for all, particularly for

developing countries. We commit to openness, standstill, roll-back, and non-discrimination, to promote and facilitate global trade and investment, as endorsed by the 2 April 2009 London Summit. The measures for assisting industries must be transparent, temporary and WTO consistent, minimising distortion on trade and investment. We welcome the role of the OECD to continue to undertake relevant analysis and to identify policy approaches that are most effective and least distorting for trade and investment; we also urge OECD, in co-operation with the WTO, to continue promoting effective aid for trade for developing countries.

We believe that, building on progress already made, an ambitious, balanced, comprehensive conclusion of the Doha Development Agenda negotiations is urgently needed. To support trade, we will ensure the availability of export credits, in particular to emerging markets and developing countries. We welcome the role that the OECD will play, as reflected in its statement on the Global Financial Crisis and Export Credits, regarding the export credit commitments adopted by the 2 April 2009 London Summit.

All partners under the “Freedom of Investment Project” share common principles and values of relevance to investment policies. We pledge that our emergency measures to recover from the crisis will respect our international commitments to openness, non-discrimination and standstill and are consistent with our overall objective of encouraging the free flow of inward and outward investment. We welcome OECD reporting on investment measures – in co-operation with UNCTAD, WTO, and IMF – and the Freedom of Investment Project’s monitoring of our compliance with our international commitments. We welcome continued consultations to promote a shared understanding of issues of common interest in the sphere of international investment.



Jean-Louis Borloo, French Minister of State, Minister of Ecology, Energy, Sustainable Development and Territorial Planning, arriving at the OECD.

Propriety, Integrity and Transparency

We consider that a renewed commitment to responsible business conduct will help to rebuild trust and confidence in markets. We firmly commit to the principles of propriety, integrity and transparency. Thus, we agree on the need to develop a set of common standards and processes regarding the conduct of international business and finance. For this purpose, we welcome the OECD work in relation to the Lecce Framework and a Global Charter for sustainable economic activity. We call on the OECD to strengthen its work on corporate governance and financial literacy. We will continue to promote corporate social responsibility and welcome further consultation on the up-dating of the OECD Guidelines for Multinational Enterprises to increase their relevance and clarify private sector responsibilities.

Our fight against corruption and bribery remains a high priority and a shared responsibility. We encourage strong action to fight corruption in international business, including criminal laws against bribery of foreign public officials in line with the OECD Anti-Bribery Convention or the United Nations Convention Against Corruption. We shall be vigilant in ensuring that investigations and prosecutions of the bribery of foreign public officials are not influenced by considerations of national economic interest, the potential effect upon relations with another State, or the identity of the natural or legal persons involved.

We welcome the near universal endorsement of the principles of transparency and effective exchange of information on tax matters developed by the OECD. We look forward to a strengthening of the Global Forum on Transparency and Exchange of Information including the expansion of its membership. We support the establishment of a robust and comprehensive peer review process within the Global Forum and the development of a toolbox on defensive measures to ensure an effective implementation of agreed standards and instruments on a global basis.

OECD's Role in the International Arena

We welcome the action the OECD has undertaken to work more closely with emerging and developing economies, international organisations and other international fora. We welcome the progress made on the way to OECD membership by Chile, Estonia, Israel and Slovenia, and the submission of the Russian Federation's Initial Memorandum. We look forward to a further strengthening of the OECD co-operation with Brazil, India, Indonesia, the People's Republic of China and South Africa through Enhanced Engagement programmes. ■

KEY ACTIVITIES



DIRECTORATES

OECD AGENCIES AND OTHER SPECIAL ENTITIES

SOCIAL PARTNERS

Development Co-operation Directorate

www.oecd.org/dac



Jon Lomoy
Director
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“To avoid the financial crisis becoming a poverty crisis, we have worked to keep the development dimension high on the political agenda, and strengthen the resolve to keep levels of official development assistance growing in the face of recession.”

Global factors beyond aid – such as climate change, international trade, and poverty and conflict – have a huge impact on development. The Development Assistance Committee (DAC) reaches out to a wider global development community, ensuring that policies are coherent, and bringing global issues to bear on policy formation and implementation. Over the past year, the DAC helped members monitor and assess the impacts of the financial and economic crisis. The DAC Action Plan (May 2009) and the OECD Aid Pledge (November 2008) helped ensure coherence in the OECD's wider crisis response strategy. Annual reports on multilateral aid and aid predictability provided new tools to assess the coherence, shape and adequacy of international aid.

The DAC continued to set the standard for international good practice in climate change and fragile states' engagement with guidance on integrating climate change into development co-operation, and six monitoring surveys of the Principles for Good International Engagement in Fragile States. DAC work on aid for trade contributed to the second WTO-led Global Review of Aid for Trade and the 2009 Conference of the States Parties to the UN Convention against Corruption in Qatar. In 2009, the DAC formed the Global Partnership on Using Country Systems in line with the 2008 Accra Agenda for Action, and the China-DAC Study Group with the International Poverty Reduction Centre in China, to share experience and promote learning about growth and poverty reduction in China and Africa.

The OECD Development Assistance Committee (DAC) brings together donor governments and multilateral organisations to help developing countries reduce poverty and achieve the Millennium Development Goals. The Development Co-operation Directorate (DCD) acts as the Secretariat for the DAC, providing technical expertise and operational capacity. ■

Areas of focus

- Aid effectiveness: www.oecd.org/dac/effectiveness
- Aid for trade: www.oecd.org/dac/aft
- Aid statistics: www.oecd.org/dac/stats
- Conflict and fragility: www.oecd.org/dac/incaf
- Environment and development: www.oecd.org/dac/environment
- Evaluation of development programmes: www.oecd.org/dac/evaluation
- Gender equality and development: www.oecd.org/dac/gender
- Governance and development: www.oecd.org/dac/governance
- Peer Reviews of Development Assistance Committee members: www.oecd.org/dac/peerreviews
- Poverty reduction: www.oecd.org/dac/poverty
- Statistics for development: www.paris21.org
- Untied aid: www.oecd.org/dac/untiedaid

Key Publications

- *Better Aid Effectiveness: A Progress Report on Implementing the Paris Declaration*
- *Aid for Trade at a Glance 2009: Maintaining Momentum*
- DAC Peer Reviews of Ireland, Austria, Sweden, Switzerland and Italy
- *DAC Quality Standards for Development Evaluation*
- *Development Co-operation Report 2010*
- *Fragile States Principles Monitoring Survey: Global Report*
- *Integrating Climate Change Adaptation into Development Co-operation: Policy Guidance*
- *Managing Aid: Practices of DAC Member Countries*
- *OECD Report on Multilateral Aid*

Key Events

- High-Level Meeting on Environment and Development, Paris, 28-29 May 2009
- Joint OECD-IPRCC event, “Sharing Experience to Promote Learning on Development Partnership for Growth and Poverty Reduction”, Beijing, 28-29 October 2009.
- PARIS21 Consortium meeting and Dakar Declaration, Dakar, 16-18 November 2009
- Roundtable on “Taxation and Development”, co-organised by the OECD Committee on Fiscal Affairs and Development Assistance Committee, Paris, 27 January 2010
- Global Forum on Development, Paris, 29 January 2010
- High Level Event on South-South Co-operation and Capacity Development: Contributions to a More Effective Co-operation Architecture, Bogotá, 24-26 March 2010

Economics Department

www.oecd.org/eco



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Deputy Secretary-General and Chief Economist
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“The financial crisis and climate change are dramatically affecting the global economy and posing new challenges to economic analysis and policy. With its specialised knowledge and experience, the Economics Department helps disseminate good practices and provides valuable policy advice related to the conduct of economic policies and the design of economic reforms.”

In 2009 the Economics Department focused its policy advice on how member countries could overcome the global financial and economic crisis and best stimulate growth with timely, targeted and temporary measures. As the recovery came into view, policy discussions shifted to exit strategies. These include fiscal consolidation and options for addressing the long-term impact of the crisis, particularly on labour markets, public finances and economic growth. Looking forward, work will continue on providing policy advice on how a sustainable and balanced global recovery can be achieved.

The year also saw the continued strengthening of the Department's work on policy dialogue with non-member countries. The coverage of country surveys was expanded to the Accession countries, and included the publication of first Surveys of Estonia, Israel and Slovenia. The 2010 edition of *Going for Growth* featured a chapter on the Enhanced Engagement countries. Work is under way to include full country notes for these countries in the 2011 edition of *Growing for Growth*. The Department also began to work on areas related to the OECD mandates from the G20.

The Economics Department (ECO) carries out multilateral, country-specific and structural policy surveillance of OECD member countries, as well as the Accession and Enhanced Engagement countries. ■

Areas of focus

- Country economic surveys: www.oecd.org/eco/surveys
- Cross-country structural policy analysis and advice: www.oecd.org/economics/goingforgrowth
- Economic outlook: www.oecd.org/oeconomicOutlook
- Monetary and financial issues: www.oecd.org/eco/money
- Public finance: www.oecd.org/eco/public_finance

Key Publications

- *Economic Policy Reforms: Going for Growth 2010*
- *OECD Economic Outlook 2010*
- *OECD Economic Surveys* (member countries and selected non-member countries)
- *OECD Journal: Economic Studies*

Key Events

- Launch of the *Interim Economic Outlook* for major world economies, Paris, 31 March 2009
- Seminar: Growth performance and sustainability in the enhanced engagement countries, Paris, 24 September 2009
- The political economy of reform: Lessons from pensions, product markets and labour markets in ten OECD countries, 5 October 2009

Directorate for Education

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Barbara Ischinger
Director
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“Education is the ultimate antidote to the crisis. Without continuing investments in education – from preschool to high school and beyond – sustainable economic recovery in a 21st century knowledge society will elude us. By focusing our efforts on how best to foster human and social capital, we aim to help countries lever education policies to power the future.”

In 2009 the OECD demonstrated that small improvements to labour force skills can boost the future well-being of a nation. A key finding from *The High Cost of Low Educational Performance: The Long-run Economic Impact of Improving PISA Outcomes* report revealed that it is the quality of learning outcomes, not the length of schooling, which makes the difference. In addition, the first round of results from the study on Teaching and Learning Effectiveness (TALIS) shows that the quality of the learning environment is the most important factor for positive student learning and student outcomes which is amenable to policy intervention.

In 2010 the OECD will concentrate on efforts to explore how new skills can be matched to new needs in the context of the innovation challenges, how best to equip teachers for the 21st century, and how to account for the broader social impact of education. It will examine policies that contribute to social progress and sustainable economic growth by improving educational outcomes and fostering human capital and employment.

The OECD's Directorate for Education leads the Organisation's work to help member and non-member countries achieve high-quality learning for all contributing to personal development, sustainable economic growth and social cohesion. The Education Policy Committee exercises strategic guidance and oversight of OECD work on education. The Directorate for Education provides statistics, analysis and policy advice to countries on a wide range of education topics. ■

Areas of focus

- Educational facilities and infrastructure: www.oecd.org/edu/facilities
- Education indicators: www.oecd.org/edu/eag2009
- Education of migrants: www.oecd.org/edu/migration
- Educationtoday collaborative platform: <https://community.oecd.org/community/educationtoday>
- Equity in education: www.oecd.org/edu/equity
- Evaluation and Assessment Frameworks for improving school outcomes: www.oecd.org/edu/evaluationpolicy
- Feasibility Study for the International Assessment of Higher Education Learning Outcomes (AHELO): www.oecd.org/edu/ahelo
- Higher education: www.oecd.org/edu/higher
- Innovation in education: www.oecd.org/edu/ceri
- Programme for International Student Assessment (PISA): www.pisa.oecd.org
- Programme for the International Assessment of Adult Competencies (PIAAC): www.oecd.org/piaac
- Teaching and learning effectiveness: www.oecd.org/edu/talis
- Vocational Education and Training: www.oecd.org/edu/learningforjobs

Key Publications

- *Closing the Gap for Immigrant Students: Policies, Practice and Performance*
- *Creating Effective Teaching and Learning Environments: First Results from TALIS*
- *Education at a Glance 2009: OECD Indicators*
- *Higher Education to 2030, Volume 2: Globalisation*
- *PISA 2009 Assessment Framework: Key Competencies in Reading, Mathematics and Science*
- *PISA Green at Fifteen?: How 15-Year-Olds Perform in Environmental Science and Geoscience in PISA 2006*
- *Recognising Non-formal and Informal Learning: Outcomes, Policies and Practices*

Key Events

- Informal Meeting of OECD Ministers of Education: Improving Equity in Education, Oslo, 9-10 June 2009
- International Conference on Higher Education at a Time of Crisis: Challenges and Opportunities, Copenhagen, 29-30 June 2009
- International Conference on New Millennium Learners, Brussels, 21-23 September 2009
- Higher Education Spaces and Places: For Learning, Innovation and Knowledge Exchange, Riga, 6-8 December 2009
- Institutional Management in Higher Education (IMHE) General Conference: Higher Education in a World Changed Utterly: Doing More with Less, Paris, 13-15 September 2010
- Learning for Jobs: International Conference on Vocational Education and Training, Leipzig, Germany, 28 September 2010.
- Education Policy Committee meeting at Ministerial level: Investing in Human and Social Capital: new challenges, Paris, 4-5 November 2010

Directorate for Employment, Labour and Social Affairs

www.oecd.org/employment

www.oecd.org/social

www.oecd.org/health

www.oecd.org/migration



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“Workers and low-income households have had to weather the storm of the jobs crisis this year. By and large, countries have avoided making the mistakes that they made in previous recessions of cutting labour supply, and have striven to protect incomes and introduce effective measures to promote a job-rich recovery. But the real challenges lie ahead: population ageing poses enormous challenges to social, labour, health and migration policies, and dealing with these cannot be deferred for long.”

In 2009, the OECD worked closely with countries to find better ways to deal with the impact of the crisis on people's jobs and incomes. The meeting of Labour Ministers agreed on the importance of access to adequate and effective safety-nets to minimise the risk of poverty to go hand-in-hand with increased resources for active labour market policies, with a particular focus on those most at risk of long-term unemployment.

The jobs crisis also cast a long shadow over the first-ever high-level policy forum on migration. Ministers agreed that they needed to manage labour migration better in order to support economic growth in the host countries and promote development in source countries, while improving the effectiveness of integration policies.

Reconciling the continuing short-term pressures arising from the crisis with longer-term challenges will be the main theme of OECD work in the coming years. In 2010 Health Ministers will be discussing reform priorities in the aftermath of the crisis.

Promoting social mobility through better policies for children and youth was another focus of our work in 2009. The successful series of OECD reviews of youth employment was largely completed, and groundbreaking work on social policies for children was published in 2009. The task of ensuring that we have 'New Skills for New Jobs' will play an increasingly important role in our work during 2010, contributing both to the G20 process and the debate over 'Green Jobs'.

The OECD's Directorate for Employment, Labour and Social Affairs leads the Organisation's work on employment, social policies, international migration and health. ■

Areas of focus

- Active labour market policies: www.oecd.org/els/employment/alm
- Employment and labour markets: www.oecd.org/employment/outlook
- Family Policies: www.oecd.org/els/social/family/
- Improving the performance of health systems: www.oecd.org/els/health/policy
- Measuring health and health spending: www.oecd.org/els/health/data
- Migration policies: www.oecd.org/els/migration
- OECD health care quality indicators: www.oecd.org/health/hcqi
- Pension systems reforms: www.oecd.org/els/social/pensions/
- Sickness and disability benefits: www.oecd.org/els/disability
- Social indicators: www.oecd.org/els/social/indicators
- Social protection systems: www.oecd.org/els/social
- System of health accounts: www.oecd.org/health/sha
- Youth and the labour market: www.oecd.org/employment/youth

Key Publications

- *Doing Better for Children*
- *Health at a Glance 2009*
- *International Migration Outlook 2009*
- *OECD Employment Outlook 2009*
- *Pensions at a Glance 2009*
- *Society at a Glance: OECD Social Indicators 2009*

Key Events

- High-level Forum on Sickness, Disability and Work: Addressing Policy Challenges in OECD countries, Stockholm, 14-15 May 2009
- OECD High-Level Policy Forum on Migration, Paris, 29-30 June 2009
- OECD Labour and Employment Ministerial Meeting: Tackling the Jobs Crisis: the Labour Market and Social Policy Response, Paris, 28-29 September 2009
- OECD Health Ministerial Meeting on 'Health system priorities in the aftermath of the crisis', Paris, 7-8 October 2010

Centre for Entrepreneurship, SMEs, and Local Development

www.oecd.org/cfe



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“SMEs and entrepreneurship are a major potential source of new jobs in the recovery. Unfortunately, job creation is being hindered by institutional barriers, by difficulties in accessing finance and by poor innovation capabilities. Policy must overcome these problems to counter the risk of high and persistent unemployment. New policy approaches are needed on issues ranging from training for business creation and skills upgrading to better integration of entrepreneurial education in higher education.”

Access to finance remains one of the principal challenges for entrepreneurs and SMEs. In 2010 OECD will continue to assess the issues and policies in the aftermath of the global crisis. A pilot OECD Scoreboard on SME and entrepreneurship financing data and policies has been launched to help OECD member and non-member countries monitor and report on and discuss SME and entrepreneurship financing trends on a regular basis.

In 2009 the OECD provided policy recommendations and best practices around five key areas to help create jobs that last: i) building a skilled and adaptable labour force; ii) better utilising skills; iii) supporting employment progression and careers definition; iv) fostering and anticipating new areas and growth; and v) putting in place good local governance at a time of public deficits.

Over the past year, the OECD also continued to assess the major challenges facing the tourism industry. In particular work on how to enhance skills development in tourism and how to address skills shortages was undertaken. Tourism performance remains a priority, with on-going analytical work on measurement and evaluation of tourism policies.

The Centre for Entrepreneurship, SMEs, and Local Development (CFE) helps member countries design and implement effective policies on local employment and economic development, SMEs, entrepreneurship as well as tourism issues, and produces regular peer reviews at both the local and national levels. It provides a key contribution to the OECD's horizontal priorities on job creation, innovation and green growth. In developing its strategies, the CFE also draws on the expertise of its extensive network of international experts and carries out regular consultations with civil society. ■

Areas of focus

- Better Financing for SMEs and Entrepreneurs: www.oecd.org/cfe/sme
- Community capacity-building: www.oecd.org/cfe/leed
- Country reviews on SMEs and entrepreneurship issues and policies: www.oecd.org/cfe/sme
- Entrepreneurship and innovation reviews: www.oecd.org/cfe/leed
- Globalisation, Entrepreneurship and SMEs: www.oecd.org/cfe/sme
- Leveraging training and skills development in SMEs: www.oecd.org/cfe/leed
- Skills for competitiveness: www.oecd.org/cfe/leed
- SMEs, Innovation and Intellectual Assets: www.oecd.org/cfe/sme
- Skills for entrepreneurship: www.oecd.org/cfe/leed
- Sustainable development and tourism: www.oecd.org/cfe/tourism
- Tourism trends and policies: www.oecd.org/cfe/tourism

Key Publications

- *Community Capacity Building: Creating a Better Future Together*
- *Designing Local Skills Strategies*
- *OECD Tourism Trends and Policies 2010*
- *Organising Local Economic Development: The Role of Development Agencies and Companies*
- *SMEs, Entrepreneurship and Innovation* (forthcoming)
- *SMEs and Entrepreneurship Issues and Policies in Poland* (forthcoming)

Key Events

- Skills, Employment and Local Development in the Post-Crisis Context, Tokyo, September 2010
- High-Level Round Table on Tourism, Jerusalem, October 2010
- “Bologna+10” High-Level Meeting of the OECD Working Party on SMEs and Entrepreneurship, Paris, November 2010

Environment Directorate

www.oecd.org/environment



Simon Upton

Director

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“Not so long ago, ambitious environmental policies were believed to be affordable only when economies were growing strongly. Times have changed. Recovery from this global recession is being staked, in part, on the opportunity for ‘green growth’. Our work on policies to promote environmentally sustainable growth and to capture the economic opportunities offered by sustainable use of water, biodiversity and other natural resources is ever more relevant for all stakeholders now.”

In May 2009 the Joint High-Level Meeting of the Development Assistance Committee and the Environment Policy Committee led to the adoption of the Policy Guidance on Integrating Climate Change Adaptation into Development Co-operation. Following up on the request by ministers at the Ministerial Council Meeting in June 2009, the OECD embarked on a major horizontal initiative to develop a Green Growth Strategy. The results of the OECD work on the economics of climate change were presented at the Conference on the Economics of Climate Change in September 2009, and at the UN Climate Conference in Copenhagen. Findings on the impacts of fossil fuel subsidy removal on emissions contributed to the G20 discussions, leading to a new mandate for the OECD and the IEA to carry out further work on fossil fuel subsidies. In 2010, the international year of biodiversity, OECD work on the economic aspects of biodiversity will contribute to the 10th Conference of Parties of the Convention on Biological Diversity in Nagoya, Japan in October.

The Environment Directorate helps countries design and implement efficient and effective policies to address environmental problems and manage natural resources in a sustainable way. It examines the linkages between the environment and economic, sectoral, or social concerns, in areas such as: climate change; biodiversity; water; waste; environmental taxes; safety of chemicals, nanomaterials and genetically modified crops; agriculture; transport; trade; investment; and development. ■

Areas of focus

- Biodiversity: www.oecd.org/env/biodiversity
- Climate change: www.oecd.org/env/cc
- Eco-innovation: www.oecd.org/environment/innovation
- Environmental country reviews: www.oecd.org/env/countryreviews
- Environmental data and indicators: www.oecd.org/env/indicators
- Environmental taxes, tradable permits: www.oecd.org/env/taxes
- Safety of chemicals, nanomaterials and genetically modified crops: www.oecd.org/ehs
- Sustainable transport: www.oecd.org/env/transport
- Waste: www.oecd.org/env/waste
- Water: www.oecd.org/water

Key publications

- *Climate Change, Multi-Level Governance and Cities* (forthcoming)
- *Economics of Climate Change Mitigation: Policies and Options for Global Action Beyond 2012*
- *Ensuring Environmental Compliance: Trends and Good Practices*
- *Environmental Performance Reviews: Finland (2009); Greece, Ireland, Luxembourg, Japan*
- *Globalisation, Transport and Environment*
- *Guidance Manual for the Control of Transboundary Movements of Recoverable Wastes*
- *Household Behaviour and Environmental Policy: Synthesis Report* (forthcoming)
- *Integrating Climate Change Adaptation into Development Co-operation: Policy Guidance*
- *Invention and Transfer of Environmental Technologies* (forthcoming)

Key events

- Joint High-Level Meeting of the OECD Development Assistance Committee and the Environment Policy Committee, Paris, 28-29 May 2009
- Conference on Household Behaviour and Environmental Policy, Paris, 3-4 June 2009
- Conference on Potential Environmental Benefits of Nanotechnology: Fostering Safe Innovation-Led Growth, Paris, 15-17 July 2009
- Conference on the Economics of Climate Change, Paris, 18 September 2009
- Global Forum on Environment: Eco-Innovation, Paris, 4-5 November 2009
- Workshop on Global Carbon Markets, Paris, 19-20 April 2010
- Global Forum on Environment, and Climate Change Expert Group seminar with developing countries, Paris, 21-23 April 2010
- Global Forum on Environment: Sustainable Materials Management, Mechelen, Belgium, 25-27 October 2010

Directorate for Financial and Enterprise Affairs

www.oecd.org/daf



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“The OECD works hard to ensure that markets are open and efficient – not for their own sake, but because we believe that well-functioning, fair markets are the best way to offer economic opportunity and prosperity to consumers, workers, savers, investors, entrepreneurs – just about everyone. We share knowledge and experience with many developing and emerging economies who count on building and participating in markets to achieve development for their people.”

In 2009, the OECD helped governments maintain their commitments to open, fair markets and identify the weaknesses that led to the crisis. The OECD and partner countries monitor crisis-related measures to ensure that they do not impede the international investment needed to restore growth. Working together, they adopted new disciplines on how governments may review potential national security implications of incoming investments while keeping markets as open as possible.

The OECD agreed on a new peer review process to improve implementation of the Corporate Governance Principles and address corporate governance failures, including board oversight of compensation and risk management, board composition and practices, and the role of investors. The new Recommendation on Further Combating Bribery of Foreign Public Officials and Good Practice Guidance on how companies should comply with anti-corruption laws strengthens commitments to fight corruption. In the financial sector, new recommendations on bank structure, bank guarantee schemes, and pension systems regulation resulted in a “Policy Framework for Effective and Efficient Financial Regulation” and a revised “Core Principles of Occupational Pension Regulation”. The OECD actively promoted more effective competition, a source of growth and productivity.

Through multilateral dialogue, benchmarking and capacity building, the OECD helped emerging and developing economies improve their policy environments for investment. Morocco benefited from a comprehensive peer review and adhered to the OECD’s Declaration on International Investment and Multinational Enterprises. China launched its first corporate governance self-assessment focussing on listed companies.

The Directorate for Financial and Enterprise Affairs helps governments improve domestic and global policies that affect business and markets. It works in the fields of anti-corruption, corporate governance, competition law and policy, investment, financial markets, insurance, private pensions, and private sector development. ■

Areas of focus

- Freedom of Investment Process: www.oecd.org/daf/investment/foi
- OECD Guidelines for Multinational Enterprises: www.oecd.org/daf/investment/guidelines
- The Initiative to Raise Global Awareness of Foreign Bribery: www.oecd.org/corruption/initiative
- Corporate Governance and the Financial Crisis: www.oecd.org/daf/corporateaffairs
- Financial markets: www.oecd.org/daf/fin
- Insurance: www.oecd.org/daf/insurance
- Private pensions : www.oecd.org/daf/pensions
- Financial education : www.financial-education.org
- Competition and financial markets: www.oecd.org/competition/roundtables
- Private sector development: www.oecd.org/daf/psd

Key publications

- *The Financial Crisis: Reform and Exit Strategies*
- *OECD Investment Policy Reviews: India*
- G20 Trade and Investment Measures – OECD, WTO and UNCTAD Report
- Country Reports on the Implementation of the OECD Anti-Bribery Convention
- Corporate Governance and the Financial Crisis: Key Findings and Main Messages
- *Private Pensions Outlook 2008*
- 2009 Guidelines for Fighting Bid Rigging in Public Procurement
- Competitiveness Outlook for Central Asia and for Eastern Europe and South Caucasus

Key Events

- Global Forum on Competition, Paris, 19 – 20 February 2009
- Roundtable on Capital Market Reform in Asia, Tokyo, 2-3 March 2009
- Asian Corporate Governance Roundtable, Manila, 9 – 10 September, 2009
- OECD/IOPS Global Forum on Private Pensions in Latin America, Rio de Janeiro, 14-15 October 2009
- OECD Global Forum on Public Debt Management and OECD Forum on African Public Debt Management, Paris, 25-27 November 2009
- MENA-OECD Ministerial Conference Marrakech, 22-23 November 2009
- Global Forum on International Investment, Paris, 7-8 December 2009
- Roundtable on Foreign Bribery: Who Pays the Price?, Paris, 9 December 2009

Advisory Unit to the Secretary-General's International Futures Programme

www.oecd.org/futures



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“Strategic foresight helps governments think systematically about the future. It has become an important tool for exploring and designing policies that fundamentally require a long-term vision, such as climate change, energy, migration, demography, and transport infrastructure investment. Such issues figure ever more prominently on the international policy agenda, and as they continue to grow in importance, so too does the need to strengthen governments’ capacity to think ahead strategically and map out possible policy directions. Helping member governments do just that in an international environment is the core of our work.”

At OECD, strategic foresight serves numerous communities within government – for example policy planning, strategy, intelligence, horizon scanning, research – who have responsibility to develop long-term views for their governments on key issues affecting competitiveness, national security, the environment, citizen well-being, and so on. In 2009 our work concentrated on two fundamental questions:

First, what are the risks and opportunities confronting sustained economic and social development in OECD countries? Here, work has focused on meeting the world’s growing infrastructure investment needs; coordinating the management of risk assessment, prevention and mitigation measures associated with catastrophic events such as natural disasters, pandemics and failure of critical information infrastructures; and finally, exploring forthcoming changes in the social domain, such as the future of migration and changing household structures.

Second, which relatively new economic sectors have significant potential in terms of their contribution to economic growth and innovation? Here, attention has turned to the themes of the emerging bioeconomy, i.e. the future implications of biotechnology-related developments in health, agriculture and industry for economy and society, and improving the statistical basis and economic analysis of the space sector, and exploring space technology’s potential contribution to monitoring climate change and sustainable marine resources.

The International Futures Programme (IFP) is the OECD’s strategic foresight group which provides long-term thinking and horizon scanning for the OECD since 1990. It explores emerging policy issues for the Organisation and its member countries and tests new topics as well as fresh perspectives on cross-cutting themes. ■

Areas of focus

- Biotechnology: www.oecd.org/futures/bioeconomy
- Future migration: www.oecd.org/futures/migration
- Global infrastructures: www.oecd.org/futures/infrastructure
- Risk management: www.oecd.org/futures/risk
- Space: www.oecd.org/futures/space

Key publications

- *The Bioeconomy to 2030: Designing a Policy Agenda*
- *The Future of International Migration to OECD Countries*
- *OECD Reviews of Risk Management Policies: Italy*
- *OECD Reviews of Risk Management Policies: France* (forthcoming)
- *OECD Reviews of Risk Management Policies: Japan: Large-scale Floods and Earthquakes*
- *Space Technologies and Climate Change: Implications for water management, marine resources and maritime transport*

Key events

- OECD Forum on Space Economics, Paris, 12 June 2009
- Risk Management Policies in Selected OECD Countries, Paris, 8 July 2009
- Future Global Shocks, Expert Meetings, Paris, 15 May and 26 October 2009
- Transcontinental Infrastructure Needs 2030, Paris, 19 November 2009
- Flood Risk Management in the Loire River Basin, Orléans, France, 11 February 2010
- Government Foresight Professionals' Network Meeting, Paris, 1 March 2010

Public Governance and Territorial Development

www.oecd.org/gov



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“The recent financial, economic and social crisis and its aftermath increase the pressure on government at all levels to do better with less. As countries search for a new growth model, the need for an agile, well-performing, innovative, and open and transparent public sector is greater than ever. We support building sound regulatory regimes, promoting regional innovation and development, enabling evidence-based policy making, and adapting public policies and institutions for stronger, cleaner and fairer economies”

In 2009 the OECD launched Government at a Glance, a unique tool for comparing government activity across OECD countries. It also developed the first internationally approved principles for transparency and accountability in lobbying, helping to promote open government and a level playing field. To assist countries seeking to restore fiscal sustainability, the OECD supported international policy dialogue on how to achieve fiscal sustainability and promote long-term growth and offered lessons for preparing exit strategies. A 2009 ministerial meeting provided impetus for work on regional development, including regional innovation (the regional dimension of the OECD's Innovation Strategy), multi-level governance and water management, as well as cities and climate change (contributing to the OECD's Green Growth strategy). SIGMA, a joint OECD-EU initiative, principally financed by the EU, continued to provide technical assistance for public administration reform in EU candidate, potential candidate and Neighbourhood countries.

In 2010, public governance work will focus on quality public services within tighter budgets, and public sectors that are more strategic, open and responsive to emerging challenges. Work on regulatory policy will help countries adopt cutting-edge management tools, including e-rule making, web 2.0 and reducing red tape. Regional innovation strategies, improving multi-level governance and the determinants of regional development and growth remain high on the agenda, with an additional emphasis on cities for the climate change agenda.

The OECD's Public Governance and Territorial Development Directorate's unique emphasis on institutional design and policy implementation supports mutual learning and diffusion of best practice in different societal and market conditions. The goal is to help countries build better government systems and implement policies at both the national and regional level that lead to sustainable economic and social development. ■

Areas of focus

- Budgeting and public expenditures: www.oecd.org/gov/budget
- E-government: www.oecd.org/gov/egov
- Indicators of government activity: www.oecd.org/gov/indicators
- Promoting integrity in the public sector: www.oecd.org/gov/ethics
- Public employment and management: www.oecd.org/gov/hrm
- Public Governance Reform in the Middle East and North Africa: www.oecd.org/mena/governance
- Regional statistics and indicators: www.oecd.org/gov/regional/statisticsindicators
- Regional, urban and rural development: www.oecd.org/gov/regional
- Regulatory policy: www.oecd.org/regreform
- Sigma: www.oecd.org/gov/sigma

Key Publications

- *Government at a Glance*
- *OECD e-Government Studies: Rethinking e-government services*
- *OECD Journal on Budgeting*
- *OECD Public Governance Reviews*
- *OECD Regional Outlook* (forthcoming)
- *OECD Regions at a Glance*
- *OECD Reviews of Regulatory Reform*
- *OECD Territorial Reviews*
- *Post-Public Employment: Good practices for preventing conflict of interest*
- *Regions Matter: Economic Recovery, Innovation and Sustainable Growth*

Key Events

- “L’Aquila Earthquake: Re-launching the Economy”, workshop, Rome, 3 July 2009
- “Innovation and Green Growth: The Regional Dimension”, Symposium, Paris, 2 December 2009
- “Managing the Crisis: From Recovery Policies to Long-Term Reforms”, meeting of Senior Officials from Centres of Government, Paris, 30 September-1 October 2009
- Symposium of the Regulatory Policy Committee, Paris, 6 November 2009
- “Beyond the crisis: business and citizens at the centre of policy responses”, MENA-OECD Ministerial Conference and Governance Forum, Marrakech, Morocco, 22-23 November 2009
- “Strengthening Competitiveness in Mexico”, OECD Regulatory Reform Forum, Mexico, 12-13 January 2010
- 2nd annual meeting of OECD parliamentary budget officials, Berne, 11-12 February 2010
- Workshop on e-government indicators, Paris, 29-30 March 2010
- “Cities and Green Growth”, 3rd annual Urban Roundtable of Mayors and Ministers, Paris, 25 May 2010

Directorate for Science, Technology and Industry

www.oecd.org/sti



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“Innovation is a must for countries to advance on the path to sustainable growth and to address the major global and social challenges of our time. Now is no time for a u-turn on investments in innovation – governments must continue to nurture the key sources of long-term growth, or risk short-term gain for long-term pain. It’s not just about spending more – it’s about getting more bang for each tax dollar through policies that strengthen the links between the elements in the system of innovation and creative use of markets to “pull” on innovation. By implementing the OECD Innovation Strategy, governments can deliver more effective policies for innovation, and ensure that innovation makes life better for people around the world.”

This was a banner year for advancing the development of the OECD Innovation Strategy. In 2009 important new analysis and statistics were developed to examine innovation in its many forms, and identify policies to help empower people to innovate; unleash innovation in firms; create and apply knowledge; apply innovation to important global challenges; and improve the governance of policies for innovation.

The Innovation Strategy is being launched in 2010 at the OECD’s annual Ministerial Council Meeting and will be rolled out in countries around the globe. Further work is underway to monitor developments in innovation processes through better collection and use of data and statistics, and to support governments in the implementation of the Strategy through the development of a handbook for innovation policy. New analysis will consider how to benefit from “intangible assets” such as R&D, software, databases, patents, and organisational know-how, through the expansion of markets and networks for knowledge. The OECD is also working to bring forward agreed principles to underpin the governance of multilateral co-operation on science, technology and innovation to address global challenges.

The OECD Directorate for Science, Technology and Industry leads the Organisation’s work on knowledge-based sources of economic and social growth and, more specifically, on the translation of science, technology and knowledge into innovation. ■

Areas of focus

- Biotechnology policies: www.oecd.org/sti/biotechnology
- Consumer policy: www.oecd.org/sti/consumer-policy
- Industry issues: www.oecd.org/sti/industry-issues
- Information, computer and communications policy: www.oecd.org/sti/ict
- The OECD Innovation Strategy: www.oecd.org/innovation/strategy
- Science and technology policy: www.oecd.org/sti/stpolicy

Key Publications

- Consumer Policy Toolkit
- *Innovation to Strengthen Growth and Address Global and Social Challenges* (forthcoming)
- *Measuring and Monitoring Innovation* (forthcoming)
- OECD Communications Outlook
- OECD Science, Technology and Industry Scoreboard

Key events

- Workshop on Fostering Innovation to address Social Challenges, Paris, 25-26 May 2009
- NESTI Joint Conference with COINVEST on “Measuring Intangible Investment”, Paris, 2 June 2009
- NESTI Expert meeting on GBOARD “Indicators of R&D Public Funding”, Paris, 2 June 2009
- Workshop on Policies for Demand-led Innovation, Paris, 14-15 September 2009
- Workshop on Transforming Innovation to Address Social Challenges, Paris, 9-10 November 2009
- New Models of Innovation for Economic Growth and Sustainability, Paris, 12-13 November 2009
- Conference on Empowering E-Consumers: Strengthening Consumer Protection in the Internet Economy, Washington, DC, 8-10 December 2009

Statistics Directorate

www.oecd.org/std



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“The OECD has long been known as a reliable and relevant source of internationally comparable data. But OECD statisticians have also led the way towards thinking about new indicators and measures that speak more directly to people than broad macroeconomic averages alone. Our goal is to develop superior measures of societal progress that can help design better policies for better outcomes.”

The year 2009 saw the world-wide adoption of a new standard for the System of National Accounts. The OECD was one of the lead agencies in the development of this new standard, designed to better reflect the measurement requirements of modern economies. In 2009 the OECD also contributed to manuals on the measurement of capital, intellectual property products and foreign trade, and reviewed the statistical systems of accession countries Chile, Estonia, Israel and Slovenia.

In October 2009 the Third OECD World Forum on Statistics, Knowledge and Policy took place in Busan, Korea to discuss improved measures for charting progress of our societies. The Forum was very successful among high-level policy makers, NGOs, analysts and statisticians and will give rise to a number of OECD follow-up activities.

In 2010, we will further involve large emerging economies (Brazil, China, India, Indonesia, South Africa) in our statistical work. We also aim to increase the timelines of financial and national accounts datasets and help develop innovation and green growth indicators. Other goals include strengthening our statistical capacities in terms of microdata for businesses and households, developing a new dataset enabling a better international comparison of health services, and developing innovative tools for data storage and dissemination.

The OECD Statistics Directorate (STD) collects and analyses economic and social statistics from member and non-member countries and makes them internationally comparable. STD is responsible for the co-ordination of all OECD statistical activities and the development of the OECD statistical information system. It promotes the dissemination of key OECD statistics through tools such as the OECD Factbook, dynamic graphics and innovative web-based tools. ■

Areas of focus

- Business statistics and entrepreneurship indicators: www.oecd.org/std/entrepreneurship
- Composite leading indicators and business tendency surveys: www.oecd.org/std/cli-ts
- Financial statistics: www.oecd.org/statistics/finance
- Measuring the progress of societies: www.oecd.org/progress
- National accounts: www.oecd.org/statistics/nationalaccounts
- Prices and purchasing power parities: www.oecd.org/statistics/prices-ppp
- Productivity and competitiveness indicators: www.oecd.org/statistics/productivity
- Trade and globalisation indicators: www.oecd.org/statistics/trade; www.oecd.org/statistics/globalisation
- Wikiprogress (www.wikiprogress.org)

Key Publications

- Measuring Entrepreneurship
- *National Accounts at a Glance*
- OECD Factbook

Key Events

- Workshop on Measuring Subjective Well-being: an opportunity for NSOs?, Florence, 23-24 July 2009
- Third World Forum on “Statistics, Knowledge and Policy”, Busan, Korea, 27-30 October 2009
- Workshop on National Accounts, Haikou, China, 30 November – 4 December 2009
- Workshop on Securitisation Statistics, Madrid, May 2010
- Latin American Conference on Measuring and Fostering the Progress of Societies, Mexico City, October 2010

Centre for Tax Policy and Administration

www.oecd.org/tax



Jeffrey Owens
Director
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“More was achieved in the battle against tax evasion over the last 12 months than in the previous 10 years. We will now apply this same effort to the area of tax and development. By strengthening tax systems, we will help developing countries generate the funding they need to secure a stable fiscal environment, invest in infrastructure and ensure that the costs and benefits of development are fairly shared.”

In 2009 the OECD made serious headway in its decade-long effort to end tax evasion and improve transparency and co-operation on tax matters, leading to the signing of over 300 bilateral agreements on exchange of information for tax purposes. Transfer pricing work was also high on the agenda. The September conference “Transfer Pricing and Treaties in a Changing World” brought together almost 700 transfer pricing and treaty experts from over 100 countries to discuss international tax issues.

In 2010 updates to both the OECD Model Tax Convention and Transfer Pricing Guidelines will be published to respond to the changing business environment. Work on tax evasion and aggressive tax planning will focus on improving information sharing and the policy and administrative tools available to governments to address these problems. In response to the financial crisis, the OECD is analysing long-term tax issues to ensure sustainable revenues and how tax policy can support financial stability and stronger growth and employment in the medium-term in a fair and equitable manner.

The OECD's Centre for Tax Policy and Administration (CTPA) leads the Organisation's work on taxation, covering international and domestic tax issues, direct and indirect taxes, tax policy and tax administration. ■

Areas of focus

- Consumption tax: www.oecd.org/ctp/ct
- Exchange of information: www.oecd.org/ctp/eoi
- Global Forum on Transparency and Exchange of Information for Tax Purposes: www.oecd.org/tax/transparency
- Harmful tax practices: www.oecd.org/ctp/http
- OECD Tax Database: www.oecd.org/ctp/taxdatabase
- Partnerships with non-OECD economies: www.oecd.org/tax/globalrelations
- Tax administration: www.oecd.org/ctp/ta
- Tax policy analysis: www.oecd.org/ctp/tpa
- Tax treaties: www.oecd.org/ctp/tt
- Tax treatment of bribes: www.oecd.org/ctp/ttb
- Transfer pricing: www.oecd.org/ctp/tp
- Transparency and Exchange of Information for Tax Purposes: www.oecd.org/tax/transparency

Key Publications

- *Building Transparent Tax Compliance by Banks*
- *Engaging With High Net Worth Individuals on Tax Compliance*
- *Revenue Statistics 1965-2008*
- *Tax Co-operation 2009: Towards a Level Playing Field*
- *OECD Tax Policy Studies: Taxation of SMEs: Key Issues and Policy Considerations*
- *Taxing Wages 2008/2009 (2010)*

Key Events

- Fifth OECD Forum on Tax Administration, Paris, 28-29 May 2009
- Global Forum on Transparency and Exchange of Information, Los Cabos, 1-2 September 2009
- Value Added Taxes: Looking Back, Looking Forward, Lucerne, 9-10 September 2009
- Global Forum on Tax Treaties and Transfer Pricing: Transfer Pricing and Treaties in a Changing World, Paris, 21-22 September 2009
- ITDO 3rd Global Conference on Financial Institutions and Instruments – Tax Challenges and Solutions, Beijing, 26-28 October 2009
- Global Forum on Development, Paris, 28 January 2010.

Trade and Agriculture Directorate

www.oecd.org/tad



Ken Ash
Director
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“The multilateral trading system was severely tested in 2009, but governments generally resisted protectionist pressures. Such pressures will persist in an environment where tight budgets and rising joblessness may prevail for some time. The timid economic recovery also adds to concerns about global food security, in particular for low income households in less developed countries. Now governments need not just to resist protectionism but to open markets further, in order to allow trade to contribute more to global economic growth, development and employment.”

Work on trade, agriculture and fisheries in 2009 was greatly influenced by the unanticipated global economic crisis. Although trade flows collapsed, governments generally avoided the temptation of protectionist measures, while coordinated action to ensure that adequate trade finance was available worked well. Food, agriculture and fisheries proved more resilient than some other sectors, but low income consumers were hit hard, particularly in less developed countries.

The Trade Committee will strengthen its advocacy of opening markets further and continue to examine the impact of policy responses to the crisis and appropriate exit strategies, in collaboration with the WTO. Over the medium term, we place an especially high priority on developing a services trade restrictiveness index, which will greatly improve understanding of the impact of regulations on service sectors in OECD and major emerging economies. The relationships between trade and environment and trade and employment also warrant greater attention.

Despite substantial easing of prices from 2008 peaks, food security will remain a key focus. Identifying policy actions to encourage productivity and output growth and a more open trade environment are priorities, as is further exploring the impact of moving towards a “low carbon” food and agriculture sector. The role of fisheries, including aquaculture, in ensuring food security also warrants greater attention.

The Trade and Agriculture Directorate (TAD) provides support for a strong rules-based multilateral trading system and helps governments design and implement trade, agriculture and fisheries policies that achieve their goals in effective, efficient and least market-distorting ways. TAD also manages a programme to develop agricultural product standards that facilitate trade and a co-operative research programme for sustainable agricultural systems. ■

Areas of focus

- Agricultural policies: www.oecd.org/agriculture/policies
- Agricultural trade: www.oecd.org/agriculture/trade
- Environment and trade: www.oecd.org/trade/env
- Export credits: www.oecd.org/trade/xcred
- Fisheries: www.oecd.org/fisheries
- Trade and development: www.oecd.org/trade/dev
- Trade facilitation: www.oecd.org/trade/facilitation
- Services trade: www.oecd.org/trade/services
- Sustainable agriculture: www.oecd.org/agriculture/env

Key publications

- *An Appraisal of the Chilean Fisheries Sector*
- *Managing Risk in Agriculture: A Holistic Approach*
- *OECD-FAO Agricultural Outlook 2009-2018*
- *Review of Fisheries in OECD Countries: Policies and Summary Statistics 2008*
- *Strengthening Regional Fisheries Management Organisations*
- *Sustainable Management of Water Resources in Agriculture*

Key events

- Global Forum on Trade and Climate Change, Paris, 9-10 June 2009
- Global Forum on Agriculture, Paris, 29-30 June 2009
- OECD Agriculture Ministerial Meeting, Paris, 25-26 February 2010

Centre for Co-operation with Non Members

www.oecd.org/nonmembers



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“We are committed to becoming a more plural and open organisation, one that is open to different approaches and development models and where the world’s leading economies and other successful reformers with different levels of development can work together on the responses to global and national economic policy challenges. The prize, a shared understanding of the economic, social, developmental and environmental problems that face the world, is well worth pursuing.”

The OECD and non-member economies have found great value in working with each other through OECD Committee meetings, working groups, projects and various other platforms of co-operation. This involvement has intensified and deepened since 2007, when the OECD launched a process of “Enhanced Engagement” with Brazil, China, India, Indonesia and South Africa, countries whose inclusion in the work of the OECD is particularly important for the fulfilment of the Organisation’s mandate. These Enhanced Engagement countries participate in a growing number of OECD meetings and projects and are the subject of country-specific work being developed in several key areas, including full-fledged peer reviews and country studies. Co operation with other non-members has also expanded, through OECD Global Forums and regional initiatives, while thirty non-members now participate in one or more OECD committees on a regular basis.

In 2010 and beyond, the OECD will continue to pursue closer engagement with key non-members, strengthening mutual confidence and fostering a greater sense of partnership. These economies will be more fully engaged as peers, contributing knowledge and experience to the OECD’s agenda, as well as drawing from it.

The Centre for Co-operation with Non-Members (CCNM) advises the Secretary-General on the OECD’s Global Relations strategy and provides guidance to OECD Directorates. It maintains continuous and extensive communication with non-members and is also their primary contact point within the OECD. ■

Areas of focus

- Africa: www.oecd.org/africa
- Brazil: www.oecd.org/brazil
- China: www.oecd.org/china
- Enhanced Engagement: www.oecd.org/nonmembers, click on “Enhanced Engagement”
- Global Forums: www.oecd.org/nonmembers, click on “Global Forums”
- India: www.oecd.org/india
- Indonesia: www.oecd.org/indonesia
- Latin America: www.oecd.org/latinamerica
- Regional Approaches: www.oecd.org/nonmembers, click on “Regional approaches”
- South Africa: www.oecd.org/southafrica

Key Publications

- OECD Brochure
 - Active in Africa
 - Active with the People’s Republic of China
 - Active in India
 - Active in Southeast Asia
 - Latin America: For a Stronger, Cleaner, Fairer World Economy
- The OECD’s Global Relations Programme 2009-10

Key Events

- Second OECD-Southeast Asia Regional Forum, “Enhancing Competitiveness through Regional Integration”, Bangkok, 27-28 April 2009
- India-OECD Symposium, “Global Economic Prospects and the Indian Economy”, New Delhi, 3 December 2009
- OECD-Indonesia Week, Jakarta, 15-19 November 2010

Public Affairs and Communications



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“The Public Affairs and Communications Directorate has furthered the Secretary General’s vision, positioning the OECD as a vital player in the international effort to end the crisis and build a stronger, cleaner and fairer world economy. By promoting compelling policy messages and harnessing the potential offered by state-of-the art communications, we have enhanced the Organisation’s relevance and influence on the global stage.”

In 2009, the OECD remained on the forefront of international efforts to overcome the global economic crisis. The Public Affairs and Communications Directorate (PAC), as the Organisation’s main interface with the wider world, bolstered these efforts by strategic orchestration of OECD public affairs and communications activities.

Through the “Stronger, Cleaner, Fairer” framework, developed in order to allow the OECD to effectively communicate its role and efforts in response to the crisis, the Organisation has been able to help governments and key public policy stakeholders address the crisis and lay the foundation for long-term growth. For the G20 meetings in London and Pittsburgh, PAC focused OECD external communications on areas critical to a recovery, “cleaning up” and restoring trust in the world economy. Progress on eradicating tax havens and bank secrecy, for example, owe much to this joint effort.

Leveraging networks and partnerships has enhanced the relationship with key public policy stakeholders such as parliamentarians, business and labour communities. By harnessing new communications methods such as news and media social networks, PAC has brought the OECD closer to millions of people around the world. Enhancing this accessibility is essential as the OECD becomes larger and more diverse. The accession of Chile, the Organisation’s first South American member, was a milestone in the Organisation’s history, reinforcing the OECD as a plural and inclusive institution that is playing an increasingly important role in the global economic architecture.

In 2010, PAC continues to make OECD knowledge and intelligence publicly available in a timely manner, contribute to the transparency and openness of the Organisation, and build both broader and deeper public support for the Organisation’s mission, vision and objectives. As the Organisation prepares to celebrate its 50th Anniversary, PAC is seizing the opportunity to consolidate the OECD’s reputation for making better policies for better lives through fact-based advice and critical thinking on pressing global issues. ■

Areas of focus

- Centres abroad: www.oecd.org/centres
- Civil society: www.oecd.org/civilsociety
- Images and videos: www.flickr.com/OECD; www.youtube.com/OECD
- Internet site: www.oecd.org
- Media relations: www.oecd.org/media
- OECD Factblog: www.oecd.org/statistics/factblog
- OECD Forum: www.oecd.org/forum2010
- OECD Insights publication series and blog: www.oecd.org/insights
- Parliamentary relations: www.oecd.org/publicaffairs/parliamentarians
- Publishing activities: www.oecd.org/publishing
- Web 2.0 activities: www.facebook.com/TheOECD; www.twitter.com/oecd

Key publications

- *OECD in Figures*
- *OECD Insights: International Trade: Free, Fair and Open?*
- *OECD Insights: Fisheries: While Stocks Last* (forthcoming)
- *OECD Observer*

Key events

- OECD Forum 2009, “The Crisis and Beyond: For a stronger, cleaner, fairer economy”, Paris, 23-24 June 2009
- OECD Forum 2010, “Road to Recovery: Innovation, Jobs & Clean Growth”, Paris, 26-27 May 2010

Executive Directorate

www.oecd.org



Patrick van Haute
Director

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“The Executive Directorate has kept up reforms at a swift pace, harnessing all its resources to make the OECD a reference in each area of management. This update of our management functions is vital if our member countries are to maintain their support for the Organisation’s development, confident that the resources they make available to us are being managed in accordance with the highest international standards.”

The Executive Directorate (EXD) continued to focus on advancing the review of human resource policies, seeking a more flexible and efficient framework for managing the OECD’s primary asset, its staff. EXD aims to set the standard for HR best practice among international organisations. EXD has also been making significant progress on budget and financial reform. A review of the procurement function was also launched in view of implementing auditors’ recommendations and modernising existing procedures.

In 2009 the Organisation completed the OECD Site Project, on time and within budget. The new OECD Conference Centre proved highly successful with a series of major events. In 2009 the opening of the new OECD Delta Annex in Boulogne and the move of 600 staff was successfully implemented. The consolidation of staff to the Delta Annex will continue in 2010.

Under the responsibility of the Executive Director, EXD manages the OECD’s assets and is responsible for the infrastructure and the delivery of the main services in the Organisation, including human resource management, budget and financial management, security, information and communications technologies, conference, language and documentation services. ■

Internal Audit



Dominique Pannier
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“Since the revision of OECD Financial Regulations in 2008, Internal Audit has played a key role in the Organisation’s new audit architecture. In co-ordination with the new external auditor (the French Cour des Comptes), it has made recommendations with the aim of improving accountability and has provided both the Secretary-General and, via the Audit Committee, member countries with assurance as to the quality of controls over OECD financial and operational management.”

Following a recommendation by Internal Audit, Directors have signed “Letters of Attestation” in respect of 2007 and 2008, a process by which they are held accountable for their budgets and so provide assurance to the Secretary-General in signing his Report of Management. The 2009 work plan of Internal Audit focused largely on human resources, notably on IT controls designed to ensure data integrity and accuracy of HR-related information systems; on Directorates’ use of new corporate reporting tools for the monitoring of their staff budgets; and, in relation to the HR Policy Review, on the first cycle of the performance appraisal process in 2008.

For 2010, Internal Audit has compiled a programme of work, approved by the Secretary-General and discussed with the Audit Committee, designed to provide independent feedback on controls in relation to: implementation of the Organisation’s Code of Conduct; ongoing independent feedback on the effectiveness of managements’ assurances as to the quality of controls over expenditure financed by their decentralised budgets; evaluation of the process for collection of ex post evaluation data from stakeholders; financial management of voluntary contributions and grants; the full audit of an autonomous administrative section; an IT project in the field of publications; the Indemnities Benefit Fund (IBF); events organised outside headquarters; and outsourced services.

Since its creation in 2003, Internal Audit has followed the Professional Standards of the Institute of Internal Auditors (The IIA) to guide the conduct of its work. These Standards require that Internal Audit “evaluate and improve the effectiveness of risk management, control and governance processes”, and also advocate the provision of advisory services to the Secretary-General and to management. ■

Directorate for Legal Affairs



Nicola Bonucci
Director
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“The role of the Directorate for Legal Affairs is not just to advise, it is also to accompany the OECD’s institutional change and help the Organisation meet its new challenges. As the membership of the Organisation expands, the Legal Directorate is a key partner to all OECD Directorates in their effort to promote and strengthen the rule of law in OECD member countries and beyond.”

In 2009 the OECD realised an important step towards achieving its goal of becoming a more open and pluralistic organisation by welcoming the accession of Chile. This success is the result of a concerted process among the various bodies of the OECD supported by the Secretariat. The Directorate for Legal Affairs played a key role in these efforts through the co-ordination of the OECD work on accession. The Directorate also actively supported the Organisation’s financial and human resources reforms by contributing to the development of new regulations and rules.

In 2010, the Directorate will focus on the final stage of the accession process for Estonia, Slovenia and Israel, and continue to assist with the accession of Russia. Moreover, the Directorate will participate in the preparation of the Ministerial Council Meeting, in particular relating to the project on Propriety, Integrity and Transparency. The Directorate will also continue to follow closely the OECD’s efforts on taxation and antibribery.

The Directorate for Legal Affairs (SGE/LEG) is responsible for providing advice on legal, institutional and procedural aspects of the Organisation’s activities, the relationship with non-members, the formulation, amendment and implementation of internal rules and regulations, and on issues relating to procurement and specific financial contributions. SGE/LEG also ensures that the privileges and immunities agreements are applied. It handles any litigation involving the Organisation. ■

OECD AGENCIES AND OTHER SPECIAL ENTITIES



Africa Partnership Forum Support Unit

The Africa Partnership Forum (APF) was established in November 2003 following the Evian G8 Summit, as a way of extending the existing dialogue between G8 countries and NEPAD to include Africa's major bilateral and multilateral development partners. In 2005 APF members agreed to establish a Support Unit – currently hosted by the OECD – to backstop ongoing monitoring and analytical work. The APF aims to strengthen partnership efforts in favour of Africa's development. It is a senior political forum for discussing and monitoring policy issues, strategies, priorities and commitments related to African development and the implementation of NEPAD programmes given the overarching objective of the Millennium Development Goals (MDGs). The APF monitors how commitments are being taken forward and tracks progress. Its members: most African countries plus NPCA and the AU, G8, OECD and other development partners, work together as equals in the forum and ensure synergies and coherence with other international fora.

At its 12th meeting held in Rome in June 2009, APF members discussed the impact of the economic crisis on Africa, peace, security and terrorism, as well as drug trafficking and piracy, climate change, and the APF's future as a dialogue forum. In preparation for the UN Climate Change Conference, held in Copenhagen in December 2009, the APF held a Special Session on Climate Change focusing on Africa's priorities in the upcoming UN negotiations. The recent APF publication, *Active in Africa*, addressed the major challenges facing Africa, the OECD's response to the changing global environment and partnership between the OECD and Africa. At its fall plenary meeting, members called for sustained political effort to implement the provisions set out in the Copenhagen Accord. They also called for a follow up on G8 and other donor commitments aimed at improving food security, turning economic recovery into sustainable growth, and restoring progress towards the MDGs. ■

For more information see: www.africapartnershipforum.org

The Partnership for Democratic Governance

The Partnership for Democratic Governance (PDG) was launched in 2007 on the initiative of several OECD countries, in conjunction with the United Nations Development Programme (UNDP) and a group of middle-income countries. Housed by the OECD and supported by UNDP, the PDG is an independent multi-lateral group of like-minded countries and organisations assisting developing country governments, states in fragile situations, post-conflict nations and emerging democracies, lacking national capacities, in strengthening their political and administrative governance institutions. It helps design initiatives and projects to effectively deliver public services and core state functions by interim personnel for a set period of time. Through international co-operation and field-level initiatives, members will be able to gain a deeper understanding of ways to provide rapid support to public authorities of fragile and post-conflict states.

In June 2009, the PDG welcomed Japan as its fifteenth member. Soon after, PDG Online was launched (www.pdg-online.org) whereby all interested parties can now comment on and participate in an ongoing intellectual debate, access information and learn more about the PDG. The second volume of the PDG Series entitled, *Contracting out Government Functions: Emerging Lessons from Post-conflict and Fragile Situations*, was published and launched during the European Development Days held in Stockholm. Italy's request to be an observer was accepted by the Steering Group, at its fifth meeting held in December 2009. The Steering Group approved several planned activities for 2010, focusing on helping fragile and post-conflict states strengthen government functions and service delivery. During this meeting, the first draft of the *PDG Handbook on Contracting Out Government Functions and Service* was presented. Final publication is scheduled for the third quarter of 2010. ■

For more information see: www.oecd.org/pdg

Development Centre

The Development Centre was created in 1962 as an interface between OECD member countries and emerging and developing economies. The Centre provides a forum in which countries can share experiences of economic and social development policies. The Development Centre contributes expert analysis to the development policy debate with the aim of helping decision makers find policy solutions to stimulate growth and improve living conditions in developing and emerging economies. Development Centre membership is open to both OECD and non-OECD countries.

A recent focus of the Development Centre's work has been examining the impacts of the global economic crisis on developing and emerging economies. Both the *Latin American Economic Outlook 2010* and the *African Economic Outlook 2009* provided analyses of the effects of the crisis on the respective regions while giving particular attention to relevant issues for each region. Working papers, policy briefs, studies and reports addressed topical issues for developing and emerging economies. Expert meetings, seminars and workshops explored such topics as new players in the regions, economic challenges, and public resource mobilisation. At the International Economic Forum on Africa, ICT and the crisis took centre stage, and at the II International Economic Forum – Latin America and the Caribbean 2010, the focus was on finding long-term solutions to the regions development challenges. In November, the Development Centre welcomed the Dominican Republic as its 39th member. ■

For more information see: www.oecd.org/dev

International Energy Agency

The International Energy Agency (IEA) is an intergovernmental organisation which acts as energy policy advisor to 28 member countries in their effort to ensure reliable, affordable and clean energy for their citizens. Founded during the oil crisis of 1973-74, the IEA's initial role was to co-ordinate measures in times of oil supply emergencies. As energy markets have changed, so has the IEA. Its mandate has broadened to include developing energy policies that promote security of supply, economic development and environmental protection. Current work focuses on climate change policies, market reform, energy technology collaboration and outreach to the rest of the world, especially major consumers and producers of energy like China, India, Russia and the OPEC countries. The IEA conducts a broad programme of energy research, data compilation, publications, public dissemination of the latest energy policy analysis and recommendations on good practices.

With climate change and biofuels at the top of political agendas, the IEA has produced several publications addressing such topics as renewable energy, energy efficiency, and climate change, among others. In the run up to the 2009 United Nations Climate Change Conference held in Copenhagen, the IEA released the 2009 World Energy Outlook at the Bangkok UNFCCC, providing updated projections which incorporate the global financial crisis and the drop in oil prices. Keeping a close eye on the oil market, the IEA issued some strong warnings regarding investment and oil and its impact on the fragile economic recovery underway. The IEA's monthly Oil Market Report, available online, provides access to information on supply, demand, stocks, prices and refinery activity. ■

For more information see: www.iea.org

Financial Action Task Force

The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering and terrorist financing. It was established in 1989 at the Paris G7 Summit to address these mounting concerns. Recommendations issued by the FATF define criminal justice and regulatory measures to counter money laundering and terrorist financing as well as international co-operation and preventative measures to be implemented by financial institutions and others such as casinos, real estate dealers, lawyers and accountants. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard. Its mandate includes refining these global standards, monitoring their implementation by countries, expanding their geographic reach and implementation, identifying money laundering and terrorist financing threats and engaging with relevant stakeholders.

In June 2009, Mr. Paul Vlaanderen from the Netherlands took up his duties as president and in October 2009, Korea joined the Task Force as a new member. The FATF is calling for greater transparency in order for aspects of the FATF standards to be effective. Pursuant to relevant United Nations Security Council Resolutions, and in accordance with FATF standards, the FATF issued best practices to help countries implement measures to immediately freeze terrorist-related funds and other assets. ■

For more information see: www.fatf-gafi.org

The Heiligendamm Dialogue Process

The Heiligendamm Dialogue Process (HDP) was established by G8 leaders together with leaders from the G5 countries (Brazil, China, India, Mexico, and South Africa) and the President of the European Commission, at the Heiligendamm Summit in June 2007. In doing this, leaders recognised the interdependence of their economies and the importance of an active exchange on the framework conditions of a globalised and competitive world economy. The aim of this topic-driven political dialogue was to build trust and confidence among the dialogue partners as well as develop a common understanding of global issues. In 2007, partner countries asked that the OECD provide such a platform and agreed to organise this dialogue in a structured manner over a two-year period. At the G8 Summit in Italy, it was agreed to continue this process under the name the Heiligendamm L'Aquila Process (HAP). In July 2009, the OECD Council agreed to extend the mandate of the HAP Support Unit until the French Summit in 2011.

In July 2009 the HAP Support Unit submitted to the G8 Summit the Concluding Report of the Heiligendamm Process. Dialogue partners reached mutual confidence and understanding with a view towards tangible results in development and investment, including responsible business conduct and corporate social responsibility; innovation; and energy. G8 and G5 partners reaffirmed their determination to work together to push the global agenda forward and identify solutions to major challenges. Countries adhering to the HAP are committed to contributing to improving global governance and jointly shaping the future. ■

For more information see: www.oecd.org/hap

Nuclear Energy Agency

The Nuclear Energy Agency (NEA) is a specialised agency within the OECD. Through international co-operation, it helps its member countries maintain and further develop the scientific, technological and legal bases required for a safe, environmentally-friendly and economical use of nuclear energy for peaceful purposes. Its 28 member countries account for approximately 85% of the world's installed nuclear capacity.

In 2009, the renewed interest in nuclear energy continued to grow and the following highlights in the NEA activities can be underlined:

First, in the face of potential disruptions to the supply of medical radioisotopes, the NEA was successful in bringing together over 80 experts from 16 countries on very short notice to address the challenges of supply reliability.

The Agency also contributed to the success of the International Ministerial Conference on Nuclear Energy in the 21st Century in Beijing where the OECD Secretary-General, Mr. Angel Gurría, delivered a keynote speech at the opening session, stressing in particular the contribution of nuclear energy to the security of energy supply and to the abatement of CO₂ emissions.

Finally, the NEA, which is in charge of the Technical Secretariat of the Multinational Design Evaluation Programme (MDEP), organised the first MDEP conference in order to share the outcomes of this project among a wider audience. The MDEP is a unique 10-country initiative aimed at enhancing co-operation on safety design reviews of new reactors. ■

For more information see: www.nea.fr

The Sahel and West Africa Club

The Sahel and West Africa Club (SWAC) was founded by OECD member countries and their West African partners in 1976 as the “Club du Sahel”, to raise international support and awareness of the devastating drought in the Sahel region. The SWAC expanded in 2001 to include 18 West African countries. Along with governments, regional institutions, civil society and the private sector, the SWAC promotes the development and implementation of action-oriented policies and investments, taking into account the complementarities between the local, national and regional levels. The SWAC supports West African development initiatives through its in-depth and innovative economic policy analyses. The SWAC also facilitates exchanges and policy dialogues between regional actors and OECD member countries that lead to tangible actions on the ground.

Focusing on the realities impacting West Africa and the Sahel region, the SWAC continues to address issues surrounding food insecurity, regional security implications of climate change; child labour prevention and the promotion of human rights; land investment and tenure policies; investment frameworks; and cross-border co-operation. Along with its partners, the SWAC has developed a prospective vision of West Africa which focuses on identifying and promoting the dynamics and drivers of change. Today, the SWAC's mission is to help identify and address strategic questions related to medium- and long-term development in West Africa. ■

For more information see: www.westafricaclub.org

The International Transport Forum

The International Transport Forum (ITF) is an inter-governmental organisation that provides a global platform and meeting place for transport ministers, industry, academia and civil society. Its yearly Leipzig meeting provides Ministers of Transport with an opportunity to discuss topics of global, strategic importance related to all modes of transport, and includes the participation of leading non-government actors. The aim of the Forum is to bring high-profile, international attention to the essential role played by transport in the economy and society, while facilitating the integration of transport and logistics into key policy-making processes. A Transport Management Board guides the work of the Forum. The Presidency of each Forum forms a small task force to help plan the annual conference. The ITF is administratively attached to the OECD.

The May International Transport Forum brought together more than 800 delegates to discuss the impacts of the economic crisis on transport and the sector's role in recovery. Technological solutions and close international co-operation were cited as key to helping transport boost the economic recovery process. The Forum concluded that while many stimulus packages have transport components, projects with short lead times were needed to help create jobs quickly. The ITF observed that transport markets should be open to international competition and deregulation could be a further stimulus to the economy. The ITF could play a central role in dealing with global competition and regulation issues. As climate change remains a continuous challenge, incentives are needed for technological advance and economic instruments to motivate operators, industry and consumers to reduce emissions. ■

For more information see: www.internationaltransportforum.org

Business and Industry Advisory Committee (BIAC)

Over the past year, BIAC's overarching priority has been to work with the OECD to ensure sustainable economic recovery and job creation. In this context, BIAC, for the first time, directly addressed Ministers at the 2009 OECD Ministerial Council Meeting (MCM). The Green Growth Strategy, launched following the 2009 MCM, remains a major priority for BIAC and led to lively discussion at BIAC's annual consultation with OECD Ambassadors in November 2009.

As high unemployment persists, creating the right conditions that will facilitate entrepreneurship and job creation remains a crucial issue for BIAC. BIAC places great importance on reinvigorating trade and investment, fostering innovation-led growth and the OECD Innovation Strategy, strengthening education and skills, and promoting good governance, while building the right frameworks for tax and competition. BIAC also considers the potential update of the OECD MNE Guidelines an important priority.

BIAC looks forward to fully participating in the 2010 MCM, which will represent the first occasion in which OECD business leaders will participate alongside OECD Ministers in the various sessions of the MCM.

The Business and Industry Advisory Committee to the OECD, officially recognised by the OECD Council since its founding in 1962, is the independent international business organisation devoted to advising OECD activities. 2400 representatives from BIAC's 36 national member organisations and from 11 national observer organisations, as well as from 23 international sector-specific business organisations, participate in BIAC's 37 policy groups to provide active business input to OECD activities. ■

For more information see: www.biac.org

The Trade Union Advisory Committee (TUAC)

The Trade Union Advisory Committee to the OECD (TUAC) is the interface of the Organisation with organised labour. TUAC has 56 affiliated trade union centres in OECD countries, representing more than 60 million workers.

Over the past year, TUAC has focused on the response to the economic crisis, stressing, in the short-term, the need for anti-crisis policies that stimulate growth together with stronger regulation of the financial sector. In the medium-term, it calls for a paradigm shift in the underlying economic model so as to deliver a stronger global economy that distributes income more fairly. TUAC has co-ordinated trade union input to the G20 and G8 Summits as well as employment conferences, working with the International Trade Union Confederation (ITUC), and union partners in non-OECD countries.

TUAC has also stepped up work, alongside Global Union partners, to ensure that global markets are balanced by effective rules governing multinationals. The OECD Guidelines for Multinational Enterprises have considerable potential as a tool for protecting workers' rights and building sustainable development. Given the forthcoming update of the Guidelines, TUAC has been drawing lessons from the past so as to improve performance in the future. ■

The TUAC officers are:

President: **John Sweeney** President Emeritus, AFL-CIO, United States; Vice Presidents: **Luc Cortebeek**, President CSC, Belgium; **Marie-Louise Knuppert**, National Secretary LO-Denmark; **Nobuaki Koga**, President RENGO, Japan; General Secretary: **John Evans**.

For more information see: www.tuac.org

PRACTICAL INFORMATION



ORGANISATION CHART

INSIDE THE OECD

BUDGET AND FINANCE

Organisation chart

www.oecd.org/organisationchart

GENERAL SECRETARIAT

SECRETARY-GENERAL
Angel Gurría

DEPUTY SECRETARIES-GENERAL
Aart de Geus
Pier Carlo Padoan
Mario Amano
Richard A. Boucher

Office of the Secretary-General
Advisory Unit on Multidisciplinary Issues
Centre for Co-operation with Non-Members
Council and Executive Committee Secretariat
Directorate for Legal Affairs
Internal Audit

SPECIAL BODIES

Africa Partnership Forum	Development Centre	Financial Action Task Force	Global Project "Measuring the Progress of Societies"	Heiligendamm L'Aquila Process
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January 2010

DIRECTORATES

Development Co-operation Directorate	Economics Department	Directorate for Education	Directorate for Employment, Labour and Social Affairs	Centre for Entrepreneurship, SMEs and Local Development
Environment Directorate	Executive Directorate	Directorate for Financial and Enterprise Affairs	Public Affairs and Communications Directorate	Public Governance and Territorial Development Directorate
Directorate for Science, Technology and Industry	Statistics Directorate	Centre for Tax Policy and Administration	Trade and Agriculture Directorate	
International Energy Agency	International Transport Forum	Nuclear Energy Agency	Partnership for Democratic Governance Advisory Unit	Sahel and West Africa Club

Inside the OECD

Review of human resource policies

The human resource policies review should provide a more flexible and efficient framework for the Organisation to manage its primary asset – the staff, setting the standard for HR best practice in international organisations. In 2009, a global review of the recruitment function was launched in order to help manage talent more effectively. A new performance evaluation system was put in place. A revised employment framework (including simplified staff categories and a clearer contracts policy) was proposed. Also, a leadership programme for managers was implemented to strengthen management competencies.

Budget and financial reform

The Financial Instructions were updated to be consistent with a results-based management framework. The Budget and Financial Management Programme has aligned financial and accounting processes and systems with the output-based framework. These changes permitted better analysis and reporting of budget implementation and created a single coherent system of budget planning and management across the OECD. The reforms provided the means to manage resources following the decentralisation of staff budgets to operating areas. A review of the procurement function was also launched in view of implementing auditors' recommendations and modernising existing procedures.

Rationalising of OECD's estate

In 2009, the Organisation completed the OECD Site Project, on time and within the budget. The new Conference Centre proved highly successful with a series of major events. In 2009 the opening of the new OECD Delta Annex in Boulogne and the move of 600 staff was successfully implemented. Staff moves into Delta continue in 2010.

OECD War on Hunger Group

For over 45 years, the OECD War on Hunger Group has helped OECD staff to fund small-scale development projects in developing countries. In 2009, the Group approved 11 projects, for a total of EUR 52 000. Five projects were located in Asia, four in South America, and two in Africa.

Joining the OECD

The OECD's mission is to improve public policy-making and enhanced international co-operation in a wide range of disciplines dealing with the functioning of economies, societies and their core institutions. Joining the OECD Secretariat means working with 2 000 colleagues in collaboration with more than 30 000 senior national policy makers who each year participate in OECD technical and policy meetings. It is a highly stimulating multicultural team environment. ■

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Budget and finance

www.oecd.org/budget
financeservice@oecd.org

The Organisation applies results-based management to its planning, budgeting and financial management processes, identifying the policy impacts member governments are seeking; deploying resources to achieve these outcomes through the work programme; and evaluating performance after the fact. The OECD budget and the content of its work programme are established every two years by the OECD's governing body (the Council), based on recommendations from the Secretary-General. The budget for 2010 is EUR 328 million.

The OECD's financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) – and audited by external auditors, selected from among OECD member country audit institutions. The Organisation's statements of financial position, financial performance and cash flow are available on the OECD website.

Members' assessed contributions, 2010.

All the Organisation's member countries fund the budget for Part I programmes, accounting for about 50% of the consolidated budget. Their contributions are based on both a proportion that is shared equally and a scale proportional to the relative size of their economies. Part II budgets include programmes of interest to a more limited number of members or relating to special sectors of activity not covered by Part I. Part II programmes are funded according to a scale of contributions or other agreements among the participating countries. ■

Members' percentage shares of Part I budget contributions, 2010

Member	% contribution	Member	% contribution
Australia	2.346	Luxembourg	0.211
Austria	1.138	Mexico	2.563
Belgium	1.413	Netherlands	2.152
Canada	3.841	New Zealand	0.418
Czech Republic	0.560	Norway	1.247
Denmark	0.958	Poland	1.105
Finland	0.789	Portugal	0.667
France	6.973	Slovak Republic	0.268
Germany	9.292	Spain	3.858
Greece	0.927	Sweden	1.327
Hungary	0.425	Switzerland	1.482
Iceland	0.140	Turkey	1.062
Ireland	0.691	United Kingdom	7.328
Italy	5.559	United States	24.975
Japan	13.651		
Korea	2.634	Total	100.000

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