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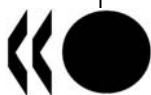
**DRAFT PROGRAMME OF WORK AND BUDGET FOR THE FINANCIAL YEAR 2010 FOR THE
PART II PROGRAMME: PROGRAMME FOR THE INTERNATIONAL ASSESSMENT OF ADULT
COMPETENCIES (PIAAC)**

(Note by the Secretary-General)

Modified text is shown in bold type in paragraphs 3, 4, 5 and 7.

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1. This note provides an update regarding the process of the approval of the Programme for the International Assessment of Adults Competencies (PIAAC) Programme of Work and Budget (PWB) for 2010. Since January, PIAAC has been operating on a Continuing Resolution basis which ends on 30 June 2010 [see C(2009)196; C(2010)60].

2. The draft PWB [COM/DELSA/EDU/PIAAC(2009)11] was agreed by the PIAAC Board of Participating Countries at its meeting of 29-30 October, 2009 [COM/DELSA/EDU/PIAAC/M(2009)2] and by the Education Policy Committee and the Employment, Labour and Social Affairs Committee, through written procedure on 13 November 2009 [COM/DELSA/EDU/PIAAC(2009)20].

3. On 17 November 2009, the Budget Committee reviewed the draft PWB for 2010 [C(2009)153, BC/M(2009)14 item 4] and approved it by written procedure on 20 November 2009 for referral to the Council. Following that decision, **Belgium** objected and **requested that Belgium's contribution be adjusted to account for the fact that only Flanders actually participates** in the PIAAC assessment [see COM/DELSA/EDU/PIAAC(2010)1 and COM/DELSA/EDU/PIAAC(2010)2].

4. **Subsequently, a derogation from the PIAAC mandate [C(2007)62/REV3, as amended by C(2009)174] was proposed, involving an ongoing adjustment to the flexible component of the PIAAC scale of contributions.** This proposal for derogation [C(2010)29] was considered by the Executive Committee on 22 March 2010 and by the Budget Committee on 23 March and on 4 May 2010.

5. The proposal for the derogation from the PIAAC mandate was not approved due to a lack of agreement at the Budget Committee concerning the proposed adjustment [see BC/M(2010)3 and BC/M(2010)5.] **In view of this, Belgium has requested that its special national situation be considered when the PIAAC mandate is renewed and the future financing of PIAAC considered. The current mandate will expire on 31 December 2011.**

6. Annex I sets out the draft PIAAC PWB for 2010. This draft PWB is the same as the draft PWB set out in C(2009)153, as approved by the Budget Committee on 17 November 2009 and the estimated scale of contributions set out herein does not provide for the adjustment mentioned in paragraph 3 above.

Proposed Action

7. In the light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

- a) noted document C(2010)91/REV1;
- b) adopted the Programme of Work and Budget 2010 for the Programme on the International Assessment of Adult Competencies (PIAAC) as set out in Annex I to C(2010)91/REV1;
- c) approved the estimates of income for the 2010 Budget of the Organisation, Part II, Fund 42 – Programme for the International Assessment of Adults Competencies – as follows:

Fund 42 Programme for the International

Assessment of Adults Competencies

Participating country contributions

4 100 000 EUR

- d) approved the appropriations for the 2010 Budget of the Organisation, Part II, Fund 42 – Programme for the International Assessment of Adults Competencies – as follows:

Fund 42 Programme for the International

Assessment of Adults Competencies 4 100 000 EUR

- e) **agreed that Belgium's situation should be considered during the process of renewal of the mandate and financing of the PIAAC programme.**

ANNEX I: DRAFT PIAAC 2010 PWB

NAME OF PROGRAMME: PROGRAMME FOR THE INTERNATIONAL ASSESSMENT OF ADULT COMPETENCIES (PIAAC)

STRATEGIC OBJECTIVE:	2	Provide Employment Opportunities for All, Improve Human Capital and Social Cohesion and Promote a Sustainable Environment			
OUTPUT GROUP:	2.1	Human and Social Capital			
OUTPUT AREA:	2.1.4	Skill Formation of the adult workforce			
				K EUR	
				2008	2009
				2010	
			Part II Budget	3 558	3 958
			<i>% change per year</i>	+11.2%	+0.6%
			<i>Corporate Overhead Charge paid to Part I</i>	126	122
			<i>% change per year</i>	-3.2%	-3.3%
			Total Part II Budgeted Resources	3 684	4 080*
			<i>% change per year</i>	+10.7%	+0.5%
			Total Estimate of Voluntary Contributions Planned	277	400
					350

* Amount includes contribution from New Zealand which withdrew from the programme after approval of original budget

RESPONSIBLE CLUSTER MANAGER: Deputy Secretary-General Aart De Geus**RESPONSIBLE HEAD OF PROGRAMME:** Dr Barbara Ischinger, Director for Education and Mr John Martin, Director for Employment, Labour and Social Affairs**MEMBERS:** Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Japan, Korea, Netherlands, Norway, Poland; Portugal, Slovak Republic, Spain, Sweden; United Kingdom; United States**COMMITTEE ACCOUNTABILITY:**

Programme for the International Assessment of Adult Competencies (PIAAC) Board of Participating Countries

MANDATE or SUNSET:

31-Dec-2011

Overview:

Council created the Programme for the International Assessment of Adult Competencies (PIAAC) Council for the period of 1 January 2008 to 31 December 2011. The work of PIAAC reflects and complements the priorities of the OECD as a whole, in improving living standards and promoting sustainable development and social cohesion through good governance. It contributes to fulfilling the Directorate for Education and the Directorate for Employment, Labour and Social Affairs missions of facilitating high-quality lifelong learning for all that contributes to personal development and sustainable economic growth, as well as fostering the conditions leading to more and better jobs and a more socially inclusive society. It is carried out within the framework of the Main Principles Guiding the Governance Structure of the OECD Education Bodies [EDU(2006)8/ANN3/REV1], and with due regard to the mandates of the other education bodies and the mandate of the Employment, Labour and Social Affairs Committee.

PIAAC is a multi-cycle assessment of adult skills measuring literacy and other key competencies and their utilisation in the work place. PIAAC will provide a comparative measure of broad literacy competence of the adult population in participating OECD countries. This will encompass the range of performance from mastery of the basic building blocks of literacy to the capacity to effectively manage complex information processing tasks embedded in an IT setting. Performance will be able to be analysed in relation to demographic variables, formal education, the use of skills in the workplace and elsewhere and economic and other non-economic outcomes.

The objectives of PIAAC are four-fold:

- Identify and measure differences between individuals and across countries in key competencies believed to both underlie personal success and respond to labour market requirements.
- Assess the impact of competencies on a range of economic and social outcomes.
- Assess the performance of education and training systems, workplace practices as well as labour market policies, in generating competencies at the levels required by social and economic demands.
- Help identify policy levers to reduce “deficiencies” in key competencies.

Policy Environment:

Measurement of the stock of human capital, understanding the factors that influence skill levels and the gain and loss of skills over the lifecycle, together with the possible forms of intervention to stimulate skills formation and avert skill loss are issues of major interest to governments in OECD countries.

All OECD countries are pursuing policies designed to increase the overall stock of skills in their economies, as well as to improve the efficiency by which skills are matched with demand. This includes measures to improve the capacity and effectiveness of education and training systems to meeting skills, but also measures to influence the behaviour of individuals and firms in relation to skills formation. This is being driven by concerns about competitiveness, changing demography (particularly the aging of the population) and changing patterns of demand for skills.

High quality international comparative data on the stock of fundamental skills among the adult population and the impact of differing levels of skills on outcomes will be invaluable in assessing countries' policies regarding skill formation.

Expected Outcomes:

International, comparative statistics and indicators on the stock of adult skills in member countries, the distribution of such skills across key groups of policy interest and the relationship of skills to economic and other outcomes.

Greater understanding of the factors influencing the observed stock of skills and the dynamics of skill gain and loss over the lifecycle.

Analytical assessment of policies and practices to offer policy recommendations to specific member and non-member countries.

2010 Expected Output Results in Priority Order	Accountable Committee/ Subsidiary Body/ Global Forum	Ongoing/ Timebound (end-date)	K EUR			
			Total Estimated Cost (TEC) ¹	Part II Budget	VCs In Hand	New VCs
1. Operation of the PIAAC Programme	PIAAC BPC	On-going	4 332	3 982		350
<i>1.1 Operational preparation for field test</i>	PIAAC BPC	<i>Time Bound 2010 Q1</i>				
<i>1.2 Conduct of field test</i>	PIAAC BPC	<i>Time Bound 2010 Q2</i>				
<i>1.3 Analysis of field test outcomes</i>	PIAAC BPC	<i>Time Bound 2010 Q4</i>				

Programme and Resource Changes:

The Programme's main expenditures relate to the costs of a contractor to develop and implement the assessment and a small Secretariat team of two principal administrators and one assistant. Provision has also been made in the budget to reimburse the time spent by Part I EDU and ELS staff on the management and administration of the Programme.

End-users and Stakeholders:

End-users are Education, Labour, Employment and Social Affairs and Industry ministers, officials and administrators in OECD countries, the European Commission and Eurostat.

Stakeholders are researchers in OECD and non-member economies, employers, educationalists, World Bank and UNESCO.

¹ TEC (K EUR) is equal to the sum of the Part II funds, Voluntary Contributions in Hand and New Voluntary Contributions.

Contributions from other OECD Output Areas:

Expected Contributions:
2.1.1, 2.1.4

Co-ordination with Other International Organisations:

Name:	Planned Co-ordination:
European Centre for the Development of Vocational Teaching European Commission EUROSTAT	Joint meetings on PIAAC. Ensuring common interests are reflected in the development of this project. Collaboration on methodological issues.

Gender Mainstreaming:

The design of the PIAAC survey will allow analysis by gender.

Total Budget Appropriations:	2010
Appropriations	(K EUR)
Permanent Staff	375
Project Staff	
Missions	38
Consultants	3 456
Other Operating Costs	
<i>(Communication, Office supplies, Entertainment expenses etc.)</i>	11
Operating Overheads	32
<i>(Translation, Interpretation, Publication, Documents)</i>	
Direct Overheads	
<i>(Staff allowances, Office rent, Conference room rental, IT services, etc.)</i>	63
Capital Expenditures	6
Corporate Overheads	
<i>(Overhead charge paid to Part I)</i>	118
Total Appropriations	4 100
Financing	
Members Contributions	4 100
Total Financing	4 100

Estimate of PIAAC Assessed Contributions for 2010

	Contribution rate	Assessed Contribution (EUR)
AUSTRALIA	0.032	131358
AUSTRIA	0.024	96568
BELGIUM	0.025	103555
CANADA	0.042	172338
CHILE	0.019	79670
CZECH REPUBLIC	0.020	81144
DENMARK	0.022	92000
ESTONIA	0.018	72350
FINLAND	0.021	87209
FRANCE	0.057	234650
GERMANY	0.078	318238
HUNGARY	0.019	78510
IRELAND	0.021	85208
ITALY	0.050	206497
JAPAN	0.109	445681
KOREA	0.034	139577
NETHERLANDS	0.031	127901
NORWAY	0.024	98335
POLAND	0.023	95991
PORTUGAL	0.021	84966
SLOVAK REPUBLIC	0.018	74546
SPAIN	0.039	161469
SWEDEN	0.025	101766
UNITED KINGDOM	0.067	273538
UNITED STATES	0.160	656913
TOTAL	1.000	4 100 000