

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMMITTEE ON FINANCIAL MARKETS**

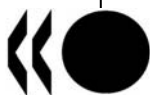
STRENGTHENING THE CMF GLOBAL RELATIONS STRATEGY

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STRENGTHENING THE CMF GLOBAL RELATIONS STRATEGY:

1) THE OECD'S COMPARATIVE ADVANTAGE VIS-À-VIS OTHER INTERNATIONAL ORGANISATIONS

Introduction

1. As a result of the In-depth Evaluation of the CMF, the Council *inter alia* recommended that “the CMF should carefully examine its Global Relations activities, including by taking into account the OECD’s comparative advantage vis-à-vis other international organisations; efforts should also be made by the Committee to diversify the funding base of its Global Relations events.”

2. With a view to supplementing the issues raised by the previous paper on the CMF’s global relations strategy [see DAF/CMF(2008)11], this paper attempts to make an assessment of work developed by other international organisations in the field of financial markets and possibly to identify projects where the CMF will be able to provide efficient and effective outputs without duplication. The following description of activities by other international organisations is based on publicly available information as well as valuable inputs from these international organisations. While the In-depth Evaluation of the CMF stated that any significant duplication had been avoided, an assessment of work developed by other international organisations would nonetheless help the CMF define a possible global relations strategy and related projects in a more highly selective manner.

IMF

3. The IMF technical assistance programme supports the development of the productive resources of member countries by helping them to effectively manage their economic policy and financial affairs. The IMF believes that technical assistance contributes to the effectiveness of the IMF’s surveillance and lending programmes, and is an important complement to these other core IMF functions. The IMF helps these countries to strengthen their capacity in both human and institutional resources, and to design appropriate macroeconomic, financial and structural policies.

4. The IMF provides technical assistance in its areas of core expertise: 1) macroeconomic policy, 2) tax policy and revenue administration, 3) expenditure management, 4) monetary policy, 5) exchange rate system, 6) financial sector sustainability and 7) macroeconomic and financial statistics. In particular, efforts in recent years to strengthen the international financial system have triggered additional demands for IMF technical assistance.

5. For example, countries have asked for help to address financial sector weaknesses identified within the framework of the joint IMF-World Bank Financial Sector Assessment Program (FSAP); adopt and adhere to international standards and codes for financial, fiscal and statistical management; implement recommendations from assessments of off-shore financial centres; and strengthen measures to combat money laundering and the financing of terrorism.

6. Technical assistance accounts for about one-fifth of the IMF's operating budget. It is financed by both internal and external resources, the latter comprising funds from bilateral and multilateral donors.

Such cooperation and resource sharing with external donors has the following benefits: it leverages the internal resources available for technical assistance, helps avoid duplication of advice from different donors, and strengthens collaboration with donors and other technical assistance providers.

BIS

7. The BIS promotes dissemination of the work undertaken by the supervisory community through seminars and workshops organised by its Financial Stability Institute (FSI). The BIS and the Basel Committee on Banking Supervision jointly created the FSI in 1999 to assist financial sector supervisors around the world in improving and strengthening their financial systems.

8. The FSI's objectives are: 1) to promote sound supervisory standards and practices globally and to support full implementation of these standards in all countries, 2) to provide supervisors with the latest information on market products, practices and techniques to help them adapt to rapid innovations in the financial sector, 3) to help supervisors develop solutions to their multiple challenges by sharing experiences in seminars, discussion forums and conferences and 4) to assist supervisors in employing the practices and tools that will allow them to meet everyday demands and tackle more ambitious goals.

9. The FSI achieves its objectives through the following main activities:

- Events for financial sector supervisors such as conferences, high level meetings, discussion forums, and seminars held in both the BIS headquarters and globally;
- FSI Connect, i.e. a web-based information and learning resource for supervisors;
- Publications such as occasional papers and a quarterly newsletter

FSF

10. The FSF (Financial Stability Forum) was first convened in April 1999, at the initiative of G7 Finance Ministers and Central Bank Governors, in order to promote international financial stability, improve the functioning of financial markets and reduce the tendency for financial shocks to propagate from country to country and thereby destabilising the world economy. The FSF's mandate is: 1) to assess vulnerabilities affecting the international financial system; 2) to identify and oversee actions needed to address these weaknesses; and 3) to improve co-ordination and information exchange among the various authorities responsible for financial stability.

11. The FSF seeks to give momentum to a broad-based multilateral agenda for strengthening financial systems and the stability of international financial markets. The necessary changes are enacted by the relevant national and international financial authorities. The FSF members meet as often as needed. To date, they have held bi-annual plenary meetings and teleconferences as required.

12. Although the FSF has also held regional meetings with non-member financial authorities in Latin-America, Asia-Pacific, and Central and Eastern Europe since 2001, the FSF Secretariat has been spending the bulk of its time on making recommendations to the G7 for strengthening financial systems in the wake of the recent financial turmoil.

13. It should be noted that the CMF Secretariat attends FSF meetings and reports back to the CMF on its work, which helps ensure that any duplication can be avoided.

World Bank

14. While the World Bank is best known as a financier, it explicitly states that another of its roles is to provide analysis, advice and information to its member countries so that they can deliver the lasting economic and social improvements their people need. The World Bank does this in several ways: through economic research on broad issues such as the environment, poverty, trade and globalization and through country-specific economic and sector work, where it evaluates a country's economic prospects by examining its banking systems and financial markets, as well as trade, infrastructure, poverty and social safety net issues, for example.

15. The World Bank also draws upon the resources of its “knowledge bank” to educate clients so that they can equip themselves to solve their development problems and promote economic growth. By “knowledge bank” is meant the wealth of contacts, knowledge, information and experiences the Bank has acquired over the years, country by country and project by project, in its development work. Its ultimate aim is to encourage the knowledge revolution in developing countries.

16. As mentioned before, the IMF and the World Bank launched the Financial Sector Assessment Program (FSAP) in 1999. The program helps countries identify vulnerabilities in their financial systems and determine needed reforms.

17. The World Bank is also promoting the programme on Financial and Private Sector Development jointly with the International Finance Corporation (IFC), a member of the World Bank Group. This programme is directed at local private financial institutions in member countries and focuses on three core areas: 1) Creating the institutional foundations for effective markets (examples: property rights, collateral systems, corporate governance, financial market infrastructure), 2) Promoting open and competitive markets (examples: opening up entry, access to finance for promising firms, deeper and more liquid financial markets, and exit for failing firms) and 3) Supporting social safety nets with market-based instruments (examples: financial market-based instruments and risk management techniques for pensions and insurance systems as well as low-income housing).

18. Work in the field of pension system reform has been conducted by the World Bank’s Human Development Network. In this respect the OECD has had numerous collaborative activities with the World Bank, notably the ongoing IPPC/WPPP’s project on Chinese private pensions system and a project on performance of pension funds. Joint work was also recently launched in the field of financial education.

ADB

19. To fulfill its mission and realise its vision of an Asia-Pacific region free of poverty, the ADB will follow three complementary strategic agendas, as set out in Strategy 2020, the ADB’s long-term strategic framework: inclusive growth, environmentally sustainable growth, and regional integration. In this context, it will focus on five core areas of operation, i.e. 1) Infrastructure, 2) Environment, including climate change, 3) Regional Cooperation and Integration, 4) Financial Sector Development and 5) Education.

20. The ADB assists developing member countries in the design and implementation of financial sector programs and reforms through the provision of financial and technical assistance projects for the development of banking systems, capital markets, insurance and pensions systems, and the promotion of anti money laundering efforts.

21. The ADB supports domestic capital market reform through assistance for: 1) strengthening the regulation and supervision of securities markets in accordance with international standards and practices, 2) enhancing market infrastructure, 3) improving corporate governance requirements, 4) removing policy distortions that affect the efficient allocation of domestic savings and 5) introducing new financial products

and services. The ADB also provides assistance for regional bond market development to ensure that long-term, local currency funds are available for infrastructure investments in the region.

22. The ADB's projects on insurance and pensions systems development supports the process of social security systems reforms in developing member countries through assistance for: 1) developing pension reform agendas, 2) assessing funding requirements and developing restructuring options for social security systems, 3) building the capacity of public provident and pension funds and social security administrations, 4) improving the governance framework and professional standards for pension fund managers and 5) improving regulation and supervision.

23. As an affiliate of the ADB, the Asian Development Bank Institute (ADBI) was established in 1997 to respond to two needs of developing member countries: 1) development management training and 2) exchange of ideas on policy issues. The ADBI's objectives are to: 1) broaden the reach of the ADB's training and capacity-building work, 2) address key issues not covered in the ADB's research programs, 3) offer to member government institutions services not covered by the ADB's conventional operations and 4) complement the ADB's existing research, advisory, lending, and technical assistance programmes.

24. Over the past decade, the OECD and the ADBI have jointly organised the Roundtable on Capital Market Reform in Asia, or "Tokyo Roundtable". Looking to the future, the ADBI recognises that its key aim is to become a leading centre for the creation and dissemination of information and knowledge on development in the Asia-Pacific region.

EBRD

25. Main recipients of the EBRD's technical assistance in the financial sector field are private financial institutions in Central and Eastern Europe. The EBRD does institution/capacity building activities to help private financial institutions formulate new financial facilities such as small-sized loans toward MSME (micro, small and medium-sized enterprises) and energy efficiency promotion loans.

26. The EBRD has been also implementing programmes on capacity building in areas such as risk management and corporate governance, the bulk of which is directed at local private financial institutions in Central and Eastern Europe. Recently, the EBRD has organised a conference on implications and challenges of Basel II in the EBRD region. This conference brought together representatives from EBRD countries of operations and commercial banks that have already implemented Basel II with other countries that as of yet have not implemented it.

27. In addition to technical assistance intended for private financial institutions, the EBRD as part of its mission provides technical assistance to help governments of member countries develop commercial laws and institutions that build market-based economies, create a sound investment climate, and promote economic growth. The EBRD does this through the Legal Transition Programme, in which the EBRD provides technical assistance to help governments of member countries develop legal system in the financial sector including bankruptcy laws and settlement systems.

Observations

28. While by organisational nature there is a risk of overlap among the IMF, the BIS, the FSF and the OECD in the field of financial markets, the description above suggests that any significant duplication in outreach activities has been avoided.

29. More generally, the Council report on CMF assessment (C(2007)82 and its CORR1) recognised that at the level of international organisations, the field of financial markets is highly competitive and

crowded. Against this backdrop, the Committee has largely succeeded in differentiating itself and its output results with respect to other major institutions, notably IOSCO, the Basle Committee and the FSF.

30. Also, any significant duplication in outreach activities has been avoided between the World Bank and the OECD. Close collaboration has been developed in the field of pension system reform, debt management and financial education.

31. The ADB has an emphasis in activities in the field of capital market as well as insurance and private pensions. As a regional organisation, the ADB has conducted these activities primarily by referring to best practices and experiences in Asia. In view of the globalisation of economic phenomena and financial markets, the OECD has a greater role to play as a provider of international best practices and experiences. The role of the OECD in this respect may be most efficiently fulfilled by joint projects.

32. It should be also noted that the Asian region covered by the ADB overlaps the bulk of the OECD's Enhanced Engagement countries, and so it may be argued that collaboration with the ADB as well as the ADBI in the field of financial markets needs to be further strengthened.

33. The EBRD actively provides technical assistance in the financial sector, but unlike the OECD, the main recipients are private financial institutions.

34. Lastly, given the remit of the IOSCO and the Basel Committee, the CMF has avoided work in the area of micro-prudential financial supervision,

35. These observations are consistent with the Council's recommendation that the CMF should carefully examine its Global Relations activities, including by taking into account the OECD's comparative advantage vis-à-vis other international organisations, and would support the idea, stated in the above-mentioned paper on the CMF's global relations strategy [see DAF/CMF(2008)11]; i.e.

- 1) that the CMF could better serve as a policy dialogue forum for policy makers and/or high-level supervisory officials in emerging economies by referring to the best practices and examples based not only on the Secretariat's work but also on the experience of the thirty Member countries, and also
- 2) that the CMF may organise a policy dialogue forum jointly with other international organisations, including on occasion, training seminars for high-level supervisory officials organised by other international organisations.

2) POSSIBLE FOCUS OF THE CMF GLOBAL RELATIONS ACTIVITIES

The following section suggests that the CMF focus its future work on global relations on:

- *Ongoing projects related to the Tokyo Roundtable, financial education, debt management and catastrophic risks, i.e. projects where the OECD has a clear comparative advantage,*
- *Strengthening relationship with Enhanced Engagement countries and South East Asia region and*
- *Promotion of policy messages through "Global Forum on Finance".*

A) Ongoing Projects

Tokyo Roundtable

(Historical background)

36. The Tokyo Roundtable was established in 1999 in the aftermath of the Asian financial crisis, and has provided an annual forum for high-level policy dialogue among OECD and Asian countries on topical issues of high interest from the viewpoint of capital market reform in Asia.

37. The 1st Tokyo Roundtable was held jointly with the ADBI and was attended by high-level representatives of securities regulatory bodies from China; Hong Kong, China; Chinese Taipei; India; Indonesia; Malaysia; the Philippines; Singapore and Thailand. It was held in cooperation with IOSCO, the IMF, the WTO, the World Bank and the ADB. It provided high-level representatives of securities regulatory bodies in Asian countries with an important occasion to discuss future initiatives in securities regulation in the face of the Asian financial crisis.

38. Most recently, the 10th Tokyo Roundtable was held in early March 2009 jointly with the ADBI and in close cooperation with the Japanese FSA. It featured the participation of high-level representatives from finance ministries/treasuries, central banks and securities regulatory bodies from 9 non-OECD economies in Asia, including China, India, Indonesia and other South East Asian countries, 1 non-OECD country from the Middle East (UAE), as well as a number of OECD member countries, namely Australia, Canada, Germany, Japan, Korea, Mexico, Norway, Sweden, Switzerland, Turkey and the United States. It was also attended by a large number of private sector experts and high-level representatives of international organisations, such as the ADB, the BIS, the ECB, the IIF, the IMF and the World Bank.

39. The agenda for the 10th Tokyo Roundtable was developed jointly by the OECD, the Japanese FSA and the ADBI, based on the recognition that the ongoing global financial crisis and its impact on Asia should be addressed. While the first three topics on the global financial crisis, i.e. “Global Financial Crisis: Causes, Impacts, Policy Responses, Latest Developments and Trends”, “Impact of the Global Financial Crisis on Asia and the Asian Response” and “Implications of Current Market Turmoil on Stock and Bond Markets, Unregulated Entities, Products and Markets”, were prepared primarily by both the Japanese FSA and the ADBI, the OECD provided three OECD-related topics, i.e. “Financial Education and Awareness”, “Regulatory Efficiency and Effectiveness” and “Corporate Governance” with particular emphasis on their implications on the ongoing global financial crisis.

40. The discussion after excellent presentations was so lively that the degree of satisfaction expressed by the participants was, in general, very high. It is fair to say that this forum has already been well-established among authorities in the Asian region. For the OECD, this forum could continue to be a valuable opportunity to strengthen ties with the ASEAN countries including Indonesia, China and India, which are targets of the Enhanced Engagement initiative.

(The way ahead)

41. Despite the high level of satisfaction expressed by participants in the Roundtable, there are challenges ahead if this forum is to be continued. Although the structure of participants has become better balanced and more aligned with that of the CMF, with more policy-makers and central bankers participating in addition to securities regulators, further efforts will have to be made to strengthen the linkage with the CMF’s core work.

42. The roughly ten years since the creation of the Tokyo Roundtable have witnessed an expansion in the role of the IOSCO Asia Pacific Regional Committee (IOSCO/APRC) as a forum for high-level

representatives of securities regulatory bodies in Asia. This underscores the fact that the Tokyo Roundtable may be in danger of duplicating activities of IOSCO/APRC.

43. However, as is already discussed, the OECD's Enhanced Engagement warrants that its collaboration with the ADB as well as the ADBI in the field of financial markets needs to be further strengthened. In this respect the Tokyo Roundtable is seen as a most expedient vehicle to disseminate the OECD's best practices and experiences in Asia.

44. For the Tokyo Roundtable to fulfill its expected role in the CMF's future global relations strategy, the following conditions, which have been met to a large extent up until the recent 10th Tokyo Roundtable, should be further pursued and fulfilled:

- 1) Agendas should reflect the interests of CMF delegates and be drawn primarily from outcomes of the CMF's activities, including related activities such as, for instance the high-level seminar on ageing and financial markets. At the same time several items of the agendas should be provided by the local hosts, i.e. the ADBI and the Japanese FSA, as the Tokyo Roundtable is an invaluable opportunity for the OECD to be informed of recent important developments in Asia.
- 2) The Tokyo Roundtable is to be seen as a global relations vehicle of the CMF's core work. Representatives of CMF delegations should play a more important role throughout the conference. As many CMF delegates as possible should attend the conference.
- 3) In order to efficiently and effectively disseminate the CMF's best practices and experiences, participation of Asian policy makers, such as representatives of finance ministries and/or central banks, needs to be encouraged.
- 4) In view of the Tokyo Roundtable's history and its accumulated popularity among participants, however, any significant modifications on its modalities may be implemented on a step-by-step basis.

Financial education

45. Since 2003, the OECD has developed a wide and far-reaching programme on financial education and awareness, including the development of international analytical and comparative research (i.e. two publications), of international principles, guidelines and good practices, as well as the promotion of strengthened international awareness and co-operation on this issue. Building on these major achievements, the OECD has gained international leadership in the area of financial education and awareness. The financial crisis has further stressed the importance of these issues: financial education and awareness is particularly high on the agenda of policymakers both in Member and non-Member countries.

46. In addition, the OECD's extensive programme of work on financial education planned for the coming two years (including the finalisation and approval of the good practices on financial education relative to credit; methods to evaluate the efficiency of financial education programmes; methods to assess the level of financial literacy and inclusion of the public; financial education programmes at schools; role of financial institutions and intermediaries in financial education; tailored projects in the pension area and for vulnerable groups) is also particularly timely and relevant for non-Member countries.

47. In this respect, the year 2008 has been a particularly active one for financial education with many new initiatives launched involving non-Members including:

1. The setting up of the *International Network on Financial Education (INFE)*: The purpose of the Network is to bring together high-level public officials from OECD and non-OECD countries

(currently 50 countries and around 100 public bodies are represented) to discuss issues, new developments, experiences and programmes related to financial education. The Network also allows governmental experts to exchange views and experiences regarding good practices and to discuss international OECD guidelines and principles in the area of financial education and awareness before they are publicly available. The first and second meeting of the Network were held respectively in May and October 2008 (see below).

2. The establishment in March 2008 of the *International Gateway for Financial Education* (www.financial-education.org): The Gateway, which serves as an international clearinghouse for financial education programmes and issues, is also conceived as an important component of the OECD strategy to enhance awareness and accessibility of information related to financial education and awareness. The Gateway provides a comprehensive range of information on issues and research on financial education and awareness, allows for the dissemination of good practices in this area, and the collection and sharing of information on existing financial education programmes (more than 60 countries covered and over 100 programmes have been summarised). The Gateway also facilitates international co-operation on financial education by providing a secured area through which members of the Network have access to confidential documents for discussion within the group, can exchange views and share ideas.
 3. The organisation of *high-level international conferences* in order to advance global policy dialogue and cooperation on financial education: The OECD has organised a series of international events over the past few years (e.g. New Delhi 2006; Moscow 2006; Istanbul 2007). In 2008, it also hosted back to back with the first two meetings of the INFE, two far-reaching international conferences: the first one jointly organised with the US Treasury in Washington in May; the second one in co-operation with Bank Indonesia in Bali in October. In the wake of the global financial turmoil, these conferences highlighted the OECD's leadership role in nurturing global awareness on the importance of financial literacy. The Bali conference which focused more on Asian perspectives and challenges also provided the opportunity for the OECD and Bank Indonesia to develop a cooperation statement. This document manifests both parties' intention to explore avenues for further co-operation and to promote financial education and awareness in Indonesia and South Eastern Asia. The statement could lead to a memorandum of understanding in 2009.
 4. Backed by the Network, these international conferences are expected to serve as global or more regional hubs (depending on the format and localisation of the event) for discussion on financial education, awareness and inclusion, and to provide a forum for the OECD to disseminate OECD's principles and guidelines based on best practices and experiences in the area of financial education toward non-members.
48. In 2009, the following two meetings are scheduled:
- INFE meeting in spring (19-20 May) at the OECD Headquarters in Paris, which is back to back with an international symposium on financial education co-organised with the French authorities through the IEFP (*Institut la Finance pour Tous*).
 - INFE meeting and global conference in Rio de Janeiro, Brazil planned for 14-16 December. Brazilian authorities have offered to host these global meetings since financial education and awareness is one of the top priorities of Brazilian policy makers following the launch in 2008 of a national strategy on financial education. The OECD particularly welcomes Brazil's offer, as it is one of the Enhanced Engaged countries. This conference will also enable development of a programme tailored to issues and challenges related to financial education in Latin America.

49. In addition, in the context of its co-operation with the World Bank on a project on financial literacy, the OECD could also contribute to a workshop on methodology to evaluate financial education programmes to be held in the 2nd week of June in Washington.

50. In 2010, two global conferences and back-to-back INFE meetings are planned in:

- Lebanon, co-organised with the its Central Bank focusing on MENA issues (date and exact venue to be determined)
- OECD Headquarters in Paris (date to be determined)

51. In addition, regional and country events could also be organised including:

- 1st roundtable on financial education and awareness in South East Asia to be held in Indonesia (date and exact venue to be determined)
- Workshop on financial education and awareness in India (date and exact venue to be determined)
- Possible follow-up workshop to be co-organised with the World Bank

52. In 2011, two conferences and back-to-back INFE meetings are planned in:

- South Africa co-organised with Financial Service Board (date and exact venue to be determined)
- OECD Headquarters in Paris (date to be determined)

53. In addition, regional and country events could also be organised including:

- 2nd roundtable on financial education and awareness in South East Asia (date and venue to be determined)
- Possible country/regional targeted workshop on financial education and awareness (date and venue to be determined)
- Possible follow-up workshop to be co-organised with the World Bank

Public debt management

54. Under the aegis of the CMF's WPDM, two Global Forums have been set established, i.e. the Annual Global Forum on Public Debt Management and the Annual OECD/World Bank/IMF Global Bond Market Forum. Both of the Global Forums are roundtable meetings where public debt managers from the OECD area (as well as debt market regulators, central bankers, other financial policy makers and -- on occasion-- also private sector participants) discuss in an in-depth fashion OECD practices, experiences, and policies in the field of government debt management and the development of government and corporate securities markets with their counterparts from non-OECD countries.

55. Often the two Global Forums serve as opportunities for follow-up discussions of topics that have been discussed by the OECD Working Party on Debt Management by extending and deepening the earlier or initial policy dialogue. The two Global Forums typically address two or three topics per meeting. For this reason, there is an opportunity for in-depth discussions that go sometimes further in terms of technical

details than at the annual WPDM. In this sense, they function increasingly as complementary discussion fora to the annual meeting of the WPDM.

56. The relevance of the Global Forums has increased over the years as debt managers from emerging market countries increasingly face challenges similar to those of their counterparts from advanced markets, owing to pressures from global finance and the related need to implement OECD leading practices in this policy area. Emerging markets have also become more important players, with OECD governments, investors, and financial intermediaries standing to benefit from emerging market countries making further progress in implementing leading OECD practices. Since debt managers from emerging market countries increasingly face challenges similar to those of their counterparts from advanced markets, the outreach strategy of the WPDM will seek to organise most of the policy dialogue with debt managers from emerging debt markets via the two Global Forums. Regional (such as the African Forum) and country perspectives (such as the OECD-China Forum) are therefore directly linked to these two Global Forums.

Financial management of large-scale catastrophes

57. The OECD's project on financial management of large-scale catastrophes has been promoted under the aegis of both the CMF and the IPPC. In 2006 the OECD established the *International Network on the Financial Management of Large-Scale Catastrophes*, which continues to promote the exchange of information and experiences among policymakers, industry, and academia in OECD and non-member countries.

58. The Network benefits from the guidance and intellectual leadership of the *High-Level Advisory Board*, which is composed of experts from governments, the private sector and academia. The Board plays a leading role in identifying major policy issues related to the financial management of large-scale catastrophes. It also performs advisory functions to the OECD Secretary-General and to the CMF and IPPC in drafting guidelines, good practices, recommendations and principles.

59. The first plenary conference under the auspices of the Network was held in Hyderabad, India in February 2007. At the conference the importance of providing a general policy framework as well as region/country-specific research was emphasised. As a global discussion hub of financial management of large-scale catastrophes, the OECD will seek the organisation of a second plenary conference in fall 2009, preferably in Thailand, Indonesia or other countries in South East Asia.

60. The recent conference in Beijing in September 2008, which focused on issues in China, brought about an active policy dialogue among the participants, notably the Board members and the Chinese government high-level representatives. At the conference, the OECD, the UN/ISDR and relevant Chinese authorities agreed to set up a working group and possibly to schedule a follow-up meeting in which potential features of a sound financial management strategy for China, based on OECD experiences, lessons learned and international good practices, will be sought.

B) Strengthening Relationship with Enhanced Engagement Countries and South East Asia

61. The OECD Council Meeting at Ministerial level adopted in May 2007 a Resolution on Enlargement and Enhanced Engagement [C/MIN(2007)4/FINAL]. In this text, OECD Ministers decided to offer enhanced engagement to Brazil, China, India, Indonesia and South Africa (EE Countries) with a view to possible future membership. The Resolution also encourages a strengthening of OECD engagement with other selected countries and regions and stresses that priority will be given to South East Asia with a view to identifying countries for possible membership. A key element is direct and active participation by these countries in the work of substantive bodies of the OECD.

62. In line with this Resolution, the CMF should:

- 1) develop further bilateral dialogues with EE Countries. Currently several projects are being developed with Brazil, Indonesia and South Africa on financial education and with China on pensions and financial management of large-scale catastrophes respectively. Missions to India and China will endeavour to strengthen the relationship in the field of financial education. More generally, the CMF and IPPC would be expected to develop further projects on private pensions, financial education and financial management of large-scale catastrophes with all EE countries through the organisations of missions and events. The CMF should also pursue and develop the bilateral dialogue which it has initiated through CMF special sessions focusing on financial markets in each EE Country (as were already organised in the past twice with China and once with India).
- 2) develop multilateral dialogues with EE Countries, including the CMF special session to be organised at fall 2009 CMF meeting. The agenda for this CMF special session is expected to reflect current financial market developments as well as CMF work and priorities. The OECD Secretariat would prepare a discussion note to guide the exchange of views between authorities of EE Countries and CMF members. This would be followed next year by another CMF special session for multilateral dialogues with South East Asia.

C) Reorganisation of Financial Global Relations Activities under “Global Forum on Finance”

63. Within the existing OECD framework, financial and insurance and private pensions global relations activities have been categorised together with other diverse issues under the umbrella of the “global forum on governance”. The OECD External Relation Committee strategy and preliminary guidance developed in 2008 implies a review and rationalisation of OECD Global Forums in order to establish Global Forums in which activities are more closely linked to committees’ mandates and programmes of work over the long term. In this context, it has been decided to create a Global Forum on Finance (GFF), which would encompass global relations activities in the areas of finance, insurance and private pensions.

64. The GFF mission will serve as the main forum for the development of CMF and IPPC international policy dialogue with non-Members and support the elements of the CMF and IPPC mandates concerned with relationships with non-Members. These include i) *to promote efficient, open, stable and sound market-oriented financial, insurance and private pensions systems, based on high levels of transparency, confidence and integrity* ; and ii) *to encourage the implementation of best principles and practices, and provide related assistance* in non-Member countries on selected areas of expertise of the CMF and the IPPC.

65. In so doing, the GFF will enhance the visibility of global relations activities carried out by the CMF and IPPC. The GFF will focus on issues of critical importance to Members and non-Members alike, and where the contributions of non-Members will advance the discussions within the OECD and impact on OECD work, such as:

- Efficiency and effectiveness of regulation in the financial, insurance and private pensions sectors;
- Financial education and awareness, including in the risk, insurance and private pensions sectors;
- Private pensions; Better responding to financial, insurance, and private pensions challenges associated to an ageing population and a riskier environment;

- Financial management of large-scale catastrophic risks;
- Contribution of financial markets and institutions to savings and investment, to the financing of businesses and individuals and to growth;
- Liberalisation of international trade and market access in the financial, insurance, and private pensions services sector;
- Public debt management; and,
- Financial statistics, including, insurance and private pensions.

66. On this basis, the GFF will be organised on the basis of generic issues related to finance (including insurance and private pensions) or on specific issues. The title of each event will reflect these specificities: there could be a “Global Forum on Finance: Private Pensions”; a “Global Forum on Finance: Debt management”, or alternatively subtitles, etc.

67. The GFF will operate through a variety of conferences, workshops, and seminars, and international global networks of stakeholders, created around the specific topics of the GFF. For instance, this will include the *International Network on Financial Education (INFE)* and the *International Network on the Financial Management of Large-Scale Catastrophes* and their respective Advisory Boards.