CREATION OF A GLOBAL FORUM ON FINANCE

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Background

The OECD External Relations Committee (ERC) started reviewing the framework and structure of OECD Global Forums in 2007. According to the Council, the key objective is to ensure that the Global Forums “contribute to the expected outcomes in the PWB, which includes consensus building, sometimes on broad-ranging issues, and that they are cost-effective tools to help deliver the output results necessary to achieve these outcomes”. The ERC submitted its preliminary survey to the Council (see C(2007)131/FINAL) on 17 January 2008.

On this basis and as a follow-up, the Council invited the ERC and OECD Directorates to:

1. Establish of a new list of Global Forums. Proposals to this effect should be developed by the Committees in the context of their POW for 2009-10 and be operational as of 2009.

The ERC review and its recently issued guidance (not yet available on OLIS) imply a rationalisation of Global Forums (including reforming or establishing new Global Forums), whose activities should be viable in the long term, and be more closely linked to, and fully consistent with, OECD committees’ mandates and programmes of work.

Proposal: Creation of a Global Forum on Finance

At the last meeting of the IPPC (26-27 June 2008), as part of approval of the IPPC revised Global Relations Strategy (see DAF/AS/WD(2007)18/ADD1/REV1), the Committee agreed on the principle of creating a new Global Forum dedicated to IPPC global activities. This new framework was meant to replace the current Global Forum structure where IPPC insurance and private pensions global relations activities are combined with other diverse issues under the general (and not very visible) umbrella of the Global Forum on Corporate Governance. The CMF took a similar decision, agreeing to set up a Global Forum for its own global relations activities.

There are significant synergies and co-operation developed between the CMF and IPPC. While their programme of work is presented in an integrated way in the 2009-2010 programme of work and budget of the organisation, such co-operation is also fully reflected in their respective mandates and the numerous common projects undertaken by both bodies (e.g., financial education, regulatory efficiency, financial management of large-scale disasters). It is thus now proposed that a single combined Global Forum on Finance (GFF) be created. This GFF would encompass global relations activities relating to financial, insurance and private pensions issues and would thus be headed by both the CMF and the IPPC.

The GFF mission would serve as the main forum for the development of CMF and IPPC international policy dialogue with non-Members and provide support to the elements of the CMF and IPPC mandates concerned with relationship 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 in selected areas of expertise of the CMF and the IPPC.

In doing so, the GFF would enhance the visibility of joint and specific global activities carried out by the CMF and IPPC. The GFF would 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;
- Better responding to financial, insurance and private pensions challenges associated with an ageing population and a riskier environment;
- Private pensions;
- Financial management of large-scale 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.

On this basis, the *Global Forum on Finance* could be organised on generic combined issues related to finance in general (including insurance and pensions) or on specific issues. The title of the event would reflect these specificities: there could be a “Global Forum on Finance: Private Pensions”; a “Global Forum on Finance: Debt Management”, etc.

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

2008 Council’s recommendation on GFF also states that Committees that wish to propose the establishment of a Global Forum are expected to formulate a mission statement for this Forum. The mission statement should summarise the Global Forum’s expected contributions to the work of this Committee (or these Committees). The Secretariat has elaborated a draft mission statement (presented in the attached appendix) using the template and guidance developed by the ERC.

**For action:**

Against this backdrop, IPPC Delegations are invited to:

- approve the creation of a Global Forum on Finance; and,
- discuss and possibly approve its draft mission statement contained in the Appendix of this note.
APPENDIX: GLOBAL FORUM ON FINANCE

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<th>Global Forum:</th>
<th>Global Forum on Finance (GFF)</th>
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<td>Headed by:</td>
<td>Committee on Financial Markets – CMF- and the Insurance and Private Pension Committee – IPPC</td>
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Mission Statement:
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 relationship 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.

In doing so, the GFF will enhance the visibility of global 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 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.

On this basis, the Global Forum on Finance will be organized on generic issues related to finance or on specific issues. The title of the event will reflect these specificities: there could be a “Global Forum on Finance: Private Pensions”; a “Global Forum on Finance: Debt management”, etc.

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 and the International Network on the Financial Management of Large-Scale Catastrophes and their respective Advisory Boards.

| Designated Participants: | Regular observers in the CMF and the IPPC and their Working Parties: Singapore, Hong Kong, Israel, the Russian Federation, Estonia, South Africa, Brazil, India, Chile and the Accession candidates (Estonia, Israel, Russia and Slovenia) and Enhanced Engaged countries (China, India, Indonesia and South Africa) that are not already observers. Policy experts, decisions makers as well as relevant international organisations (e.g. IMF, WB); private market participants and NGOs will also be invited when appropriate. |