



OECD work on

Sustainable Development





OECD, February 2011

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About the Organisation for Economic Co-operation and Development (OECD)

The OECD, which traces its roots to the Marshall Plan, groups 34 member countries committed to democratic government and the market economy. It provides a forum where governments can compare and exchange policy experiences, identify good practices and promote decisions and recommendations. Dialogue, consensus, and peer review and pressure are at the very heart of the OECD.

The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Commission takes part in the work of the OECD. Chile, Estonia, Israel and Slovenia recently became members of the Organisation and OECD membership talks continue with the Russian Federation. In addition, efforts are made to

enhance engagement of Brazil, China, India, Indonesia and South Africa in the OECD work programme.

The OECD is working for a stronger, cleaner and fairer world economy. The principle aim of the Organisation is to promote policies for sustainable economic growth and employment, a rising standard of living and trade liberalisation. By “sustainable economic growth” the OECD means growth that balances economic, social, and environmental considerations.

The OECD is one of the world’s largest and most reliable sources of comparable statistical, economic and social data. It monitors trends, collects data, analyses and forecasts economic development, and investigates evolving patterns in a broad range of public policy areas such as agriculture, development co-operation, education, employment, taxation and trade, sciences, technology, industry and innovation in addition to environment. The OECD family of organisations also includes the International Energy Agency (IEA), the Nuclear Energy Agency (NEA), and the International Transport Forum (ITF).

Foreword

Sustainable development seeks to balance the economic, environmental, and social dimensions of development in a long-term and global perspective. It implies a broad view of human welfare, a long term perspective about the consequences of today's activities, and the full involvement of civil society to reach viable solutions.

The OECD addresses a broad spectrum of sustainable development concerns across its programme of work. By providing member countries with a unique forum to share challenges, solutions and best practices, and by supporting those activities with analytical research and expertise on economic, environmental and social issues, the OECD helps provide countries with practical approaches for achieving sustainable development.

This brochure highlights key OECD work on sustainable development in recent years. It provides an overview of the range of OECD work on sustainable development across six key thematic areas: sustainable consumption and

production; climate change and sustainable development; sustainable trade and foreign investment; subsidy reform and sustainable development; education for sustainable development; and environment and health. Two key cross-cutting issues are also addressed: governance practices for sustainable development and measurement and statistics. This brochure also features highlights from the conclusions of the 2009 and 2010 Meetings of the OECD Council at Ministerial Level as well as recent special events and initiatives. The work of the Annual Meeting of Sustainable Development Experts (AMSDE), which aims to encourage the inclusion of sustainable development perspectives in the work of the OECD and share best practices in OECD member countries, is highlighted in the section "AMSDE Activity Report".

OECD Sustainable Development Programmes and Initiatives

OECD Work on Sustainable Development

Member-led Committees and Initiatives

Representatives of the 34 OECD member countries, OECD accession countries, and five key emerging economies meet in specialised Committees to advance ideas and review progress in specific policy areas, such as economics, environment, trade, science, employment, education or financial markets. There are about 200 Committees or Groups, including working groups and expert groups. Decision-making power lies with the OECD Council, which consists of one representative per member country and a representative of the European Commission.

The Annual Meeting of Sustainable Development Experts (AMSDE) aims to encourage the inclusion of sustainable development perspectives in the work of

OECD Committees, share best practices for sustainable development strategies in OECD member countries, and also engage with non-member countries. AMSDE also co-operates with other international and regional organisations to encourage synergies in promoting sustainable development.

OECD Secretariat: Key Support for Sustainable Development Work

A Secretariat of about 2 500 staff (based in Paris, France) supports the activities of OECD Committees, by carrying out research and analysis at the request of the member countries.

The Secretariat is comprised of the General Secretariat, 14 substantive Directorates and a number of Special Bodies, e.g., International Energy Agency (IEA), the Nuclear Energy Agency (NEA), International Transport Forum (ITF). Within

the Secretariat, a Sustainable Development Programme Co-ordinator is committed to supporting the work of the AMSDE and also tracks work of OECD Committees and Directorates pertaining to sustainable development. In addition, workshops are organised and publications are produced to support the sustainable development work of Committees and Directorates.

Key links:

www.oecd.org

www.oecd.org/sustainabledevelopment

2009-2010 Key Achievements and Special Initiatives

This section highlights the key achievements and special initiatives in 2009 and 2010 which reflect opportunities associated with sustainable development and activities leading to global economic recovery. Integrating sustainable development considerations into policy discussions, programmes and special initiatives is becoming more common, as it is increasingly recognised as an important step towards long-term economic stability.

OECD Ministerial Council Meetings (MCM)

2009 MCM Theme: The Road to Global Recovery

In June 2009, the OECD Ministerial Council Meeting (MCM) met with an agenda to discuss and do all that is necessary to overcome the most severe global economic crisis since the Great Depression and build a stronger, cleaner, and fairer world economy.

To preserve the benefits of an open world economy

based on market principles, Ministers stated their support of governments and international bodies already taking positive action and committed to implement reforms that will improve regulations and help prevent future financial crises. Specifically, they endorsed recovery through green growth; open markets; propriety, integrity, and transparency; and enhanced dialogue in the international arena. In particular, they acknowledged that recovery plans should address social and human dimensions of the crisis, supporting the most vulnerable and including active labour market policies, skills development, income support, effective social safety nets, pensions, education and enhanced training projects.

In June 2009, Ministers from 34 countries endorsed a mandate for the OECD to develop a Green Growth Strategy. The Interim Report of the Green Growth Strategy was delivered to the MCM 2010. The Synthesis Report of the Green Growth Strategy will be delivered to the MCM 2011.

2010 MCM Theme: From Recovery to Sustained Growth

The 2010 MCM focused on the key challenges facing governments intent on supporting a sustained recovery. Of particular importance to policy makers was ensuring a robust and “jobs rich” recovery, while cultivating new sources of growth by way of promoting innovation and green growth. Ministers also stressed the crucial role of open markets and recognised international investment as a major driver of trade flows and job creation.

Ministers welcomed the final report of the *OECD Innovation Strategy*, which highlighted innovation as a key source of long-term growth, which can provide vital contributions to higher productivity and the means to confront global and social challenges.

The *Interim Report of the Green Growth Strategy* was also welcomed by Ministers, which set out a framework for

What is GREEN GROWTH?

- *Green growth* can be seen as a way to pursue economic growth and development, while preventing environmental degradation, biodiversity loss, and unsustainable natural resource use.
- By accounting for environmental risks that could hold back social and economic progress, and improving competitive conditions in the economy, green growth policies can help spur transformational change and ensure that investing in the environment can contribute to new, more sustainable sources of growth and development.

understanding green growth and preliminary findings on a number of key issues faced by policy makers in the transition to greener growth.

Ministers also reaffirmed their shared interest in fostering sustainable and inclusive growth, their commitment to avoid all forms of protectionism and to achieving the Millennium Development Goals in 2015. Furthermore, Ministers endorsed the Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance.

Key links:

www.oecd.org/mcm2009

www.oecd.org/mcm2010

Key Elements of the Green Growth Strategy

The Green Growth Strategy aims to promote economic growth and development, while addressing four key environmental challenges: climate change, unsustainable use of natural resources, loss of biodiversity and ecosystem services, and unsustainable materials management. The Green Growth Strategy will set out the necessary policy framework to contribute to a durable recovery in the short-term, while constructing more balanced growth, consistent with resilient ecosystems, in the longer-term. The Strategy

will also address the political economy issues associated with the transition to greener growth, including in relation to employment and distributional effects. The Strategy will be flexible enough to be tailored to varied national circumstances and stages of development, thus it will be relevant for both OECD member and partner countries.

The Synthesis Report of the Green Growth Strategy, to be delivered at the 2011 Ministerial Council Meeting, will consolidate analysis and insights from across the OECD to set forth a policy framework that will be of practical use to policymakers to help guide the design of policies to support the transition to greener growth. The Synthesis Report will be accompanied by a Report on Green Growth Indicators which will help policy makers evaluate the efficiency of their policies and measure the extent to which the transition to greener growth is being achieved. In addition, several thematic reports will present more in-depth analysis of key issues and sectors, including food and agriculture and energy.

Key links:

www.oecd.org/greengrowth

Key Pillars of the 2011 Green Growth Strategy Synthesis Report



Proposed Outline for the Green Growth Strategy's Synthesis Report (2010). www.oecd.org/greengrowth

Special Initiatives and Events

Each year, the OECD implements an increasing number of horizontal programmes and projects, bringing together the interdisciplinary skills of several OECD Committees and Directorates and promoting greater policy coherence among OECD countries. These programmes also promote interactions across Ministries in member countries, and with other inter-governmental and civil society organisations. The Green Growth Strategy, presented in the previous section, is a prime example.

These programmes have similar aims in promoting synergies in analytical approaches as well as policy integration and whole-of-government decision-making. This section highlights some of the key initiatives, events and achievements of 2009-2010.

Event: Parliamentary Conference on Policy Coherence for Development and Migration

A High-Level Parliamentary Conference on Policy Coherence for Development and Migration was organised

jointly by the European Parliament, the European Commission and the OECD in Brussels, Belgium (12 February 2009).

About 300 participants from Europe, Africa, the Caribbean and the Asia-Pacific region stressed that the financial and economic crisis reinforces the urgent need for comprehensive migration policies with a global approach. There was concurrence that well-managed labour migration can be advantageous for destination countries and bring significant benefits to origin countries, thus contributing to poverty reduction. Participants called upon governments to develop coherent migration policies that take into account the development needs of both origin and receiving countries.

Event: High-level OECD Conference: ICTs, the Environment and Climate Change

On 27-28 May 2009, the Danish Ministry of Science, Technology and Innovation hosted a high-level OECD Conference on how information and communication technologies (ICTs) can improve environmental performance and mitigate climate change in all sectors of the economy. OECD Secretary-General Angel Gurría opened the

conference. Over 200 participants discussed the theme of “Green ICTs” in the context of the economic crisis, the role of innovation for green growth, and the development of “smart” urban, transport and energy systems and in tackling climate change. Outcomes were reflected in the OECD Ministerial Declaration on Green Growth, June 2009, which explicitly mentioned the role of ICTs in green growth, and they fed into discussions during a “virtual” OECD side-event at the United Nations Climate Change Conference in Copenhagen, Denmark (COP15). Webcasts are available at <http://www.oecd.org/sti/ict/green-ict>.

This Conference was followed by a Technology Foresight Forum on 29 September 2010 on “Smart ICTs and Green Growth”. Governments increasingly recognise that “Smart” ICT applications are a cornerstone of Green Growth agendas for sectors such as utilities, transport, buildings. The OECD Forum was aimed at gaining “foresight” on environmental opportunities, existing barriers and some potential risks to the wider roll-out of smart infrastructures. Sessions focused on smart technologies, smart life-styles and electric mobility.

Event: Joint DAC-EPOC High-Level Meeting

Following a first joint Ministerial meeting held in 2006, a joint meeting of the OECD Development Assistance Committee (DAC) and the Environment Policy Committee (EPOC) at the High Level was held in Paris, France (28-29 May 2009), which included the participation of a number of Ministers. At the meeting, participants reviewed OECD’s work on sustainable financing of water supply and sanitation and financing for climate change adaptation. Capacity development and governance for environmental management in the context of the Accra Agenda for Action were also discussed. Participants recognised the importance of future OECD work supporting developing countries’ to shift to a low-carbon economy in achieving both mitigation and development objectives. The participants endorsed the *Policy Statement* and the *Policy Guidance on Integrating Climate Change Adaptation into Development Co-operation*. Participants also recommended future work on low-carbon growth pathways, climate change financing and the development of guidance on Capacity Development for Environment and Natural Resource Management and Governance, which is currently being carried out by two joint Task Teams.

Special Initiative: Round Table on Sustainable Development

Established in 1998 to address issues of environment and development at the global level, the Round Table on Sustainable Development (hosted by the OECD) brings together Ministers, senior business leaders, decision-makers and other stakeholders to discuss a given subject (e.g., measuring sustainable development, eco-labelling, illegal fishing/logging, renewable energy) in order to generate policy ideas and build consensus for actions in achieving sustainable development objectives.

The Round Table seeks to highlight issues and possible solutions that members can feed into their own work programmes, and provides an informal format through which Ministers can engage with one another and key international stakeholders on cross-cutting issues on the sustainable development agenda (without the encumbrance of sticking to negotiating positions). By keeping participation limited and exclusive to the topic, following the Chatham House rule, and not allowing bureaucrats to substitute for politicians, the Round Table provides a rare opportunity for high-level attendees to engage on a direct and in-depth basis.

Three Round Table meetings were held in 2009 in relation to the UN Framework Convention on Climate Change negotiations where the following issues were discussed: sectoral approaches in a post-2012 climate agreement; competitiveness, leakage, and border tax adjustment; and comparability of climate change commitments.

In 2010, two meetings were held: one meeting on the theme of livestock, agriculture and climate policy, and another meeting on the OECD Green Growth Strategy.

Events: Roundtable on Corporate Responsibility

The OECD holds an Annual Roundtable on corporate responsibility to address emerging issues and new developments in the field and assess how they could be taken into account in the implementation of the OECD *Guidelines for Multinational Enterprises*. These Annual Roundtables are held in conjunction with the Annual Meeting of the National Contact Points, the government assigned bodies responsible for this OECD flagship instrument.

The 2009 Roundtable discussed the responsibilities of multinational companies toward consumers and the leverage that consumers can exercise on multinational enterprises to live up to the recommendations of the OECD *Guidelines*. Chapter VII of the OECD *Guidelines* outlines the expectations of the adhering government about what constitutes responsible business conduct towards consumers. The interests of corporations and consumers are closely linked as they are important actors in domestic and international markets. In recent years, they have also become more conscious of the challenges and benefits of sustainable consumption. The 2009 Roundtable was organised under the auspices of the OECD Investment Committee in co-operation with the OECD Committee on Consumer Policy, the Committee on Financial Markets and the Environment Policy Committee.

The 2010 Roundtable marked the tenth anniversary of the 2000 revision of the *Guidelines* and the launch of an update of this instrument to ensure their continued role as a leading international instrument for the promotion of responsible business conduct. The Roundtable brought together high level representatives from governments, business, labour, NGOs, international organisations, non-

adhering governments and academia. They had a productive exchange of how the update could clarify or provide further guidance on the application of the *Guidelines* to human rights, supply chains, and environment and climate change.

Project: OECD work on reform of fossil fuel subsidies

In September 2009, G20 Leaders agreed to “rationalise and phase out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption”, recognising also “the importance of providing those in need with essential energy services, including through the use of targeted cash transfers and other appropriate mechanisms”. They asked the IEA, OPEC, OECD and World Bank to provide an analysis of the scope of energy subsidies and suggestions for the implementation of this initiative.

The four International Organisations developed a joint report, which was submitted to G20 Finance Ministers and G20 Leaders in June 2010 (see: www.oecd.org/G20/fossilfuelsubsidies). The OECD and IEA input to the report included modelling-based analysis of the economic and environmental benefits of fossil fuel subsidy reform, as well as

an understanding of potential social impacts, IEA estimates of fossil fuel subsidies in 37 developing countries and OECD estimates of selected tax expenditures for fossil fuels in OECD countries. OECD provided examples of successful reform efforts based on a number of country case studies, and lessons learned from these. An OECD workshop in November 2010 was built on this work and OECD analysis of subsidies in other sectors (e.g. agriculture) to bring together experts to examine measurement of support for fossil fuels.

Event: Global Forum on Environment focused on Eco-Innovation

This Global Forum, organised by the OECD Environment Directorate took place in Paris on 4-5 November 2009. Over 160 participants registered, representing over 35 countries – including OECD and non-OECD member countries, as well as intergovernmental organisations, business and NGOs.

The Global Forum had three related objectives: take stock of what we know on policies to support eco-innovation (based on work done at the OECD and elsewhere); discuss policy challenges (e.g. how to make environment and innovation policies mutually supportive, how to induce eco-

innovation in the most effective way, and how to support the diffusion of eco-innovation, in particular to developing countries); and to contribute to the OECD Innovation Strategy. The Global Forum provided an opportunity to share experiences and explore avenues for further international co-operation on these and related issues.

The key messages emerging from the Global Forum revolved around the need to ensure that policy makers take a holistic approach to eco-innovation, which can be summarised by the following key elements: a broader perspective on eco-innovation is required (eco-innovation is not restricted to invention); the quantity of innovation is not the issue and policies should be aimed instead at delivering tangible impacts on environmental challenges; policy instruments interact over time to influence eco-innovation direction, pace and timing; consistency is not a given and should be thoroughly monitored; and technology transfer to developing countries is key, but the diffusion process could be substantially improved, building on the development of local capabilities.

Event: Committee of Agriculture at Ministerial Level

The Committee for Agriculture met at Ministerial level in February 2010, including participation by key emerging economies. This was the first Ministerial meeting since 1998. The meeting focused on the challenges and opportunities of the next two decades, in particular ensuring food security for a growing global population, responding to climate change and reducing pressure on natural resources. Agriculture has a role in contributing to greener growth in the wider context of sustainability. This will require continuing agricultural policy reform; addressing pollution, depletion of natural resources and ecosystem services associated with agriculture; further opening of markets; and encouraging innovation.

Events: Global Forum on Environment “Key Issues for the Post-2012 Climate Change Framework”

The 2010 Global Forum on Environment seminar on climate change was held on 22-23 September 2010. Over 100 delegates from 48 countries participated, representing developed and developing countries’ climate change

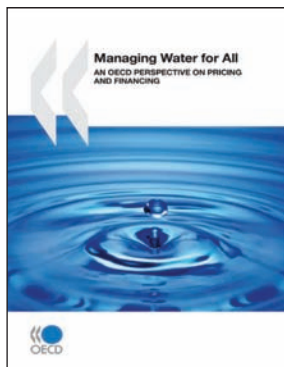
negotiators and experts, as well as representatives of the UNFCCC, and other organisations including business and research groups.

The Global Forum provided a timely opportunity to explore key issues in the climate change negotiations agenda. The issues discussed included: tracking finance flows for climate change, advancing national climate strategies and the role of Low Emission Development Strategies (LEDS), and climate-related international reporting and review or consultation. All these issues are of great importance to sustainable development and climate change in developed and developing countries.

The 2009 Global Forum on Environment seminar on climate change was held on 4-5 March 2009. It included sessions on the role, design, and operation of market mechanisms; measuring, reporting and verifying GHG mitigation action; boosting investment and clean technology for innovation; and implementing adaptation. Presentations and relevant papers from these events can be downloaded from www.oecd.org/env/cc/ccxg.

Project: Horizontal Programme on Water

A report synthesising the results of the first two years of the horizontal programme on water, *Managing Water for All: an OECD Perspective on Pricing and Financing*, was launched by the OECD Secretary-General Angel Gurría during the 5th World Water Forum held in Istanbul, Turkey (16-22 March 2009). The key message for policy makers is that realising the benefits of improved water policies requires not only more finance (to meet investment needs in both OECD and developing countries), but also more effective integrated water resources management and effective strategies that blend well-designed tariffs, taxes and transfers (e.g. official development assistance).



As a contribution to World Water Day 2010, three new reports were launched by the OECD Secretary-General Angel Gurría during an OECD Expert Meeting on Water Economics and Financing: *Pricing Water Resources and Water and Sanitation Services*, *Sustainable Management of Water Resources in Agriculture*, and *Innovative Financing Mechanisms for the Water Sector*. The first OECD Workshop on Water Information for Decision-making was organised in Zaragoza (Spain) on 4-7 May 2010.

Further areas of work include the benefits of water supply and sanitation; financing water resources management; improving coherence between water, energy and agricultural policies; and multi-level governance in the water sector. The horizontal programme involves co-operative work of the Environment Policy Committee (EPOC), the Development Assistance Committee (DAC), the Investment Committee (INV), the Territorial Development Policy Committee (TDPC), and the Committee on Agriculture (COAG).

Project: OECD Innovation Strategy

Launched following the Ministerial Mandate in May 2007, the *OECD Innovation Strategy* was delivered at the 2010 Ministerial Council Meeting. It represents an important

source of policy guidance for boosting productivity, competitiveness and growth, as well as harnessing innovation to address global challenges. The Strategy sets forth key policy principles, state of the art analysis on innovation, a compendium of indicators to guide the measurement of many dimensions of innovation, in addition to a series of thematic reports.

The Innovation Strategy promotes sustainable growth through innovation, while helping to addressing global challenges such as aging populations, climate change, food security and health pandemics.

Numerous OECD Committees contributed to this project, which was managed by the Directorate for Science, Technology and Industry (DSTI) in collaboration with other Directorates.



Event: Global Forum on Environment focused on Sustainable Materials Management

A Global Forum on Environment focusing on Sustainable Materials Management (SMM) was held on 25-27 October 2010 in Mechelen, Belgium. This meeting follows-up on previous events in 2005 (Seoul) and 2008 (Tel Aviv) that took stock of experience with the SMM concept in OECD member countries. The objective of this Global Forum was to identify concrete steps and measures to put SMM in practice, as well as the future direction of OECD work in this area.

In recent years, it has become increasingly clear that waste minimisation or management policies that only address end-of-life products and materials will not be effective in reducing the waste volumes that are ultimately associated with economic production and consumption activities. For this reason, work has more recently turned towards sustainable materials management (SMM) – an approach that addresses the management of materials throughout their life-cycle in a cost-effective manner and ensures that negative environmental impacts are reduced

and natural capital preserved. Beyond defining the concept of SMM, the work has focused on identifying the policy principles, objectives and instruments.

SMM also feeds into the broader concept of resource productivity, which has been the subject of two OECD recommendations in the past 5 years and aims at promoting robust, healthy, equitable and sustainable future growth and prosperity by improving the productivity of natural resource use at all stages of the life-cycle of these resources to avoid waste and the associated negative environmental impacts.

OECD Sustainable Development Focus Areas

This section summarises the work of the OECD according to six key thematic areas of sustainable development identified by the Annual Meeting of Sustainable Development Experts (AMSDE). These broad categories integrate the relevant work of various Committees since 2005, highlighting progress over time, but with a particular focus on work in 2009-2010.

- 1 Sustainable Consumption and Production
- 2 Climate Change and Sustainable Development
- 3 Sustainable Trade and Foreign Investment
- 4 Subsidy Reform and Sustainable Development
- 5 Education for Sustainable Development
- 6 Environment and Health

In addition to the thematic areas above, OECD's work also addresses cross-cutting issues such as governance practices for sustainable development and sustainable development measurements and statistics. These two areas complement and support the work of the thematic focus areas.

- 7 Governance for Sustainable Development
- 8 Sustainable Development Measurements and Statistics



Sustainable Consumption and Production

1

*Almost all of humankind's impacts on the environment can be traced back to the way we produce and consume goods and services. From the basics of food and shelter, to mobility, and to luxuries such as entertainment and tourism, how goods and services are produced **significantly affect resource consumption and pollution. The challenge is to decouple economic development and environmental degradation by improving the efficiency of resource use and production processes. The challenge to shift consumption patterns is primarily behavioural.***

The importance of changing consumption and production patterns was first identified as a central theme for sustainable development in Agenda 21, the UN programme launched in 1992 addressing sustainable development in the 21st century. In the same vein, the Johannesburg Plan of Implementation, adopted at the World Summit on Sustainable Development in September 2002, contains country commitments to change unsustainable patterns of consumption and production, recognising that consumer habits and lifestyles must evolve. The OECD has complemented the UN's efforts on sustainable consumption and production with several initiatives in this area.

The OECD examines policies to reduce the environmental impacts of consumption and production, addressing areas such as household consumption, public procurement, corporate environmental policies and behaviour, and technological innovation. Sustainable consumption and production involve promoting greater efficiency in the consumption of energy and resources; the minimisation of waste production; and more environmentally-sound purchasing habits.

From a production perspective, the OECD has focused in the past five years on knowledge sharing and eco-innovation. For example, the OECD has convened conferences on sustainable agriculture, resource efficiency, and sustainable manufacturing by small and medium-sized enterprises (SMEs). To encourage sustainable consumption, the OECD has focused principally on education and access to information.

OECD Contribution to the United Nations (UN) Marrakech Process

A meeting in Marrakech, Morocco in 2003 kicked-off the UN process to develop a 10-year framework of programmes to accelerate the shift towards sustainable consumption and production, which was called for in the *Johannesburg Plan of Implementation*. The global, multi-stakeholder Marrakesh Process has included regional consultations, building

regional programmes and contributing to the implementation of projects. The input received in the course of the consultation process will be discussed at the 19th session of the UN Commission on Sustainable Development (2011) and implemented thereafter.

The Marrakech Process involves various mechanisms to ensure relevant inputs are captured. For example, several OECD countries are leading task forces in areas

such as sustainable buildings and construction (Finland); co-operation with Africa (Germany); sustainable public procurement (Switzerland); sustainable lifestyles (Sweden); sustainable tourism (France); sustainable products (United Kingdom); and education for sustainable consumption (Italy). The OECD has also contributed to the Marrakech Process and will continue to do so, as well as to other sustainable consumption and production initiatives.

Environment Policy Committee (EPOC)

Some of the work conducted by EPOC in recent years of most relevance to sustainable development includes work on sustainable household consumption, green public procurement, extended producer responsibility, and environmental management in enterprises. Highlights from this work include:

- A 2004 survey of firms to explore the role of government incentives on environmental management systems and the different regimes needed for small and medium-sized enterprises. See *Environmental Policy and Corporate Behaviour* (OECD, 2007).
- A project initiated in 2005 on Household Behaviour

OF NOTE

Since its inception, the AMSDE has considered this topic as a priority issue for sustainable development.

Promoting Sustainable Consumption: Good Practices in OECD Countries was published by the OECD Horizontal Programme on Sustainable Development in 2008 as part of the OECD contribution to the UN Marrakesh Process. This publication highlighted initiatives of OECD governments to promote sustainable consumption.

Proceedings of a joint workshop of the OECD Horizontal Programme on Sustainable Development, with input from CIIE, EPOC and IEA were published in 2008 as *Measuring Sustainable Production*. This publication reviews the state-of-the-art in measuring sustainable production processes in industry.

and Environmental Policy, which provided guidance on the design of environmental policies targeted at households in five key policy areas (energy, waste, food, water and personal transport). Existing empirical evidence on the main drivers of household behaviour

in these policy areas was reviewed and the results of this work were presented at the 2006 workshop “Household Behaviour and Environmental Policy”.

- A 2006 survey of implementation levels of the 2002 OECD Council Recommendation on Improving the Environmental Performance of Public Procurement. A key finding was that green public purchasing policies are being practiced at national level in most OECD countries, but less so at sub-national levels.
- A 2006 assessment of approaches to extended producer responsibility. These approaches place responsibility for a product’s end-of-life environmental impacts on the original producer and seller of that product.
- A survey of over 10 000 households conducted in 2008 of 10 OECD countries regarding national policy effects on household behaviour in five key policy areas including energy, transport, waste and water. A conference reviewing the results was held in 2009. See *Greening Household Behaviour: The Role of Public Policy* (forthcoming in 2011). A new household survey is planned in early 2011.

OF NOTE

Tourism is considered an important area of focus for Sustainable Consumption & Production because of the cross-cutting impacts it can have on all three pillars of sustainable development. For example, tourism can have a long-term negative impact on fragile ecosystems or indigenous cultures and artefacts. It is expected that lessons from a study in sustainable tourism can be applied across many sectors.

In June 2010, a joint workshop by the AMSDE and Tourism Committee with leadership of France, explored possible approaches and methodologies for preparing a sustainable tourism sector strategy and how it relates to the national sustainable development strategy.

France has been leading the 18-country Marrakesh Process Task Force on Sustainable Tourism. The OECD is active in the Global Partnership on Sustainable Tourism created in 2010 to further pursue the work of the Task Force.

- A 2008 report, *Environmental Policy, Innovation and Patents* on the effects of environmental policy on innovation in key areas (renewable energy, motor vehicles and wastewater).
- An OECD-UNEP Conference on Resource Efficiency was held in 2008, and an OECD guide on *Measuring Material Flows and Resource Productivity* was released in 2008.
- In 2008, the OECD Council adopted a Recommendation on Resource Productivity, in which member countries agreed to take action to improve resource productivity and reduce negative environmental impacts of materials and product use, and to strengthening their capacity for analysing material flows and the associated environmental impacts.
- Analysis of trends in eco-innovation and the role of environmental policies in promoting innovation as indicated in patent activities contributed to the OECD Innovation Strategy and a “Global Forum on Environment on Eco-innovation” in 2009 (see “Special Initiatives & Events” for more information).
- Recent reports include an analysis of the development and adoption of climate change mitigation technologies, as well as an analysis of the effects of environmental policy design (e.g. predictability, flexibility, stringency) on innovation. A new publication, *The Invention and Transfer of Environmental Technologies* will be released in 2011.
- A Global Forum on Environment on Sustainable Materials Management was held in October 2010. This meeting discussed a number of policy papers and materials case studies (on aluminium, critical metals, fibres, plastics) prepared for the event and aimed to identify the direction that future work in this area should take. (See “Special Initiatives & Events” for more information).

Trade Committee

The Trade Committee has been looking at consumption and the environmental and social dimensions of internationally traded products and the activities of multinational enterprises.

- In 2006, four case studies (on fisheries, cut flowers,

cosmetics and textiles) revealed that consumers, who are driving the trend towards corporate responsibility, have serious difficulties obtaining information about the social and environmental practices of companies.

- A 2006 workshop organised by the Trade Committee and with input from the Committee on Consumer Policy (CCP) discussed the report *Informing Consumers of Corporate Social Responsibility in International Trade*.
- In 2007, a working paper was published, entitled *CSR and Trade: Informing Consumers about Social and Environmental Conditions of Globalised Production*, which assessed how consumers could best be informed about the sustainability dimensions of internationally-traded products, including the efficacy of labelling, consumer guides, and corporate reporting.

Environment Policy Committee and the Trade Committee

In 2009, the Joint Working Party on Trade and the Environment (JWPTE) commenced a new activity on addressing illegal trade in environmentally-sensitive goods. This work, which reviews the strengths and weaknesses of various

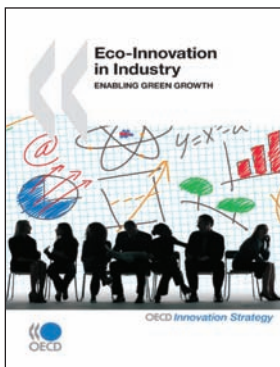
approaches to minimise such trade, will continue through 2010.

Committee on Industry, Innovation and Entrepreneurship (CIIE)

The following initiatives led by the CIIE reflect its mandate in this area to assist member countries in designing, adapting and implementing policies that can foster sustainable productivity growth and competitiveness in the changing context for industry, innovation and entrepreneurship:

- A joint workshop with the AMSDE on “Sustainable Manufacturing, Production and Competitiveness” in 2007 reviewed best practices in measuring sustainable production.
- A project on Sustainable Manufacturing and Eco-Innovation identifies approaches to promote environmentally sustainable production in manufacturing sectors.
- Work was underway to develop a Sustainable Manufacturing Toolkit for helping supply chain firms and SMEs to benchmark and improve their environmental performance.

- The second phase of the project (renamed as Project on Green Growth and Eco-Innovation) is being carried out since 2010. It includes business case studies of “radical and systemic” eco-innovations, analysis of national strategies on eco-innovation and demand-side policy instruments, and empirical analysis of Cleantech activities and related investment.
- A report from the first phase of the OECD Project on Sustainable Manufacturing and Eco-innovation, *Eco-Innovation in Industry: Enabling Green Growth* was released in 2010.



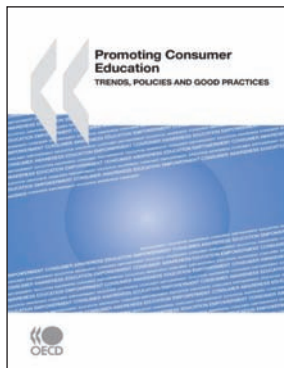
Committee for Information, Computer and Communications Policy (ICCP)

In May 2008, the ICCP's Working Party on the Information Economy, together with the Danish government, held an expert workshop on ICTs and environmental challenges. The ICCP published a survey on national policies on ICTs, the environment and climate change (“Green ICTs”); a report on measuring the links between ICTs and the environment; and a report on smart sensor networks for green growth. The ICCP also held official side events on ICTs and the environment at the United Nations Climate Change Conference in Denmark (COP 15). The ICCP produced another analytical report *Greener and Smarter* linking the Internet and ICTs with applications that can address environmental challenges in the ICT industry as well as in sectors such as energy and transport. The 2010 OECD Technology Foresight Forum discussed “Smart ICTs” for smart grids, electric mobility and efficient water management. Detailed information (including webcasts) are available at www.oecd.org/sti/ict/green-ict.

Committee on Consumer Policy (CCP)

The CCP has addressed the importance of sustainable consumption in a number of contexts in recent years.

- In 2008, the CCP organised a Conference on Consumer Education which reviewed best practices for educating students and consumers about the environmental and social impacts of their consumption patterns. Following the conference, an analytical report was published entitled *Promoting Consumer Education: Trends, Policies and Good Practices* (in 2009). The work resulted, in 2010, in the development of a series of policy recommendations on consumer education, with specific provisions relating to sustainable consumption.
- In 2009 and 2010, the CCP carried out work in the area of environmental claims. A workshop on “Enhancing the Value and Effectiveness of Environmental Claims:



Protecting and Empowering Consumers” was held in April 2010, with the aim of identifying ways that consumer agencies could work to enhance the quality and reliability of environmental claims that firms make when marketing their products. The findings and conclusions of this work will feed into the OECD Green Growth Strategy, as well as into the 2011 and 2012 work of the UN.

Fisheries Committee (COFI)

OECD provides the only international forum for the exchange of ideas and analysis on fisheries economics issues. Work is undertaken on a number of issues including on the management of natural resources in the sector, on subsidies and increasingly on aquaculture. There is a wide variety in the design and implementation of market-based mechanisms in fisheries in OECD countries; nevertheless, important lessons can be drawn for the benefit of other economic activities.

- In July 2008, the Council adopted a Recommendation in the Design and Implementation of Decommissioning Schemes in the Fishing Sector. The Council recommendation sets out best practices for the

decommission of fishing vessels with a view to reduce fishing capacity in an effective way. The uptake of the Council Recommendation in member countries fisheries policies will be reviewed in the course of 2010-2011.

- In 2010 the COFI hosted two major workshops: *Advancing the Aquaculture Agenda* (April 2010) and the *Economics of Adapting Fisheries to Climate Change* (June 2010). Proceedings from both workshops will be released by early 2011.
- The COFI is presently engaged in analysing and extracting best practices for the rebuilding of fisheries, which in many cases are characterised as over-exploited, both biologically and in economic terms. In addition, work is on-going on fisheries and aquaculture certification.

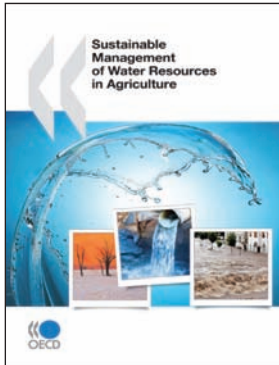
Environment Policy Committee and the Committee for Agriculture

The Joint Working Party on Agriculture and the Environment (JWPAE) has been analysing the linkages between agriculture and the environment with a view

to designing more environmentally and economically sustainable policies (see also the section “Climate Change and Sustainable Development”).

- A major activity has been the regular collection and analysis of agri-environmental indicators, the most recent publication was in 2008, entitled *Environmental Performance of Agriculture in OECD Countries Since 1990*. Currently, work is underway to update the main indicators in a shortened version *Environmental Performance of Agriculture: At a Glance*, due for completion in 2011.
- Agriculture is a heavily supported sector and a special section in the 2009 report on *Agricultural Policies in OECD Countries 2009: Monitoring and Evaluation* focused on agri-environmental policies. A review of agricultural policies in Israel was published in 2010, which included a chapter on agri-environmental policies, with particular focus on water in agriculture.
- Agriculture is the principle user of water in OECD and non-OECD countries. A major study published in 2010 on the *Sustainable Management of Water Resources in Agriculture* looked at policy experiences in OECD

countries in managing water for agriculture. Currently, a study is underway on agricultural water quality, which will focus on the role of policy.



- A major study on guidelines for cost-effective agri-environmental policies was published in 2010. A report on environmental cross compliance - whereby farmers are required to fulfil environmental obligations in return for receiving support payments - was also published in 2010.
- A study on *Agriculture and Green Growth* is currently underway, as a contribution to the OECD Green Growth Strategy Synthesis Report.

Tourism Committee

As a major contributor to national economies, tourism can contribute significantly to the transition to a greener economy. In 2010, the Tourism Committee organised, in close cooperation with AMSDE, a workshop on sustainable development and tourism (June 2010). Furthermore the Israeli Ministry of Tourism hosted a round table on industry and policy approaches fostering green growth in tourism (October 2010).

Working Party on Small and Medium-sized Enterprises and Entrepreneurship (WPSMEE)

- At WPSMEE “Bologna + 10” High Level Meeting held in November 2010 in Paris, a session was devoted to Greening Small and Medium-sized Enterprises (SMEs), where promoting sustainable manufacturing and eco-innovation in small firms was discussed. The session addressed the main barriers to sustainable manufacturing and eco-innovation for small firms, and the policies to encourage these firms in investing in eco-innovation and sustainable manufacturing.

- A paper on “SMEs and Green Growth: Promoting sustainable manufacturing and eco-innovation in small firms” was prepared for the above meeting.

Co-operative Research Programme – Biological Resource Management for Sustainable Agricultural Systems

The Co-operative Research Programme's (CRP) objective is to strengthen scientific knowledge and provide relevant scientific information and advice that will inform future policy decisions related to the sustainable use of natural resources in the areas of food, agriculture, forests and fisheries. It does this by sponsoring agricultural research scientists to conduct research projects in a different member country and by sponsoring or co-sponsoring international conferences and workshops. In the light of increasing pressures on natural resources, research is increasingly needed on sustainably improving crops yields and the quality of our food. Past conferences and fellowships on issues of sustainable agriculture include:

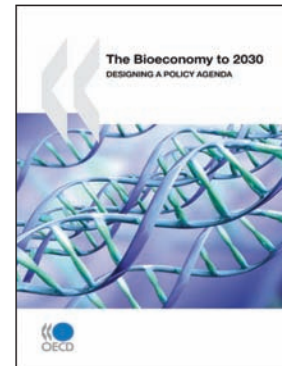
- Conferences and workshops in 2009: Challenges for Agricultural Research (Prague, Czech Republic, 2009).

2009 Fellowships: Organic matter management and sustainability of soil fertility in agricultural, shrub land, and forest soils of eastern Spain (2009); Analysing the effect of risk and uncertainty on optimal tillage and nitrogen fertiliser intensity – recommendations for sustainable crop production (2009).

- Conferences sponsored in 2010 on issues of sustainable agriculture include: 1st International Cold Chain Conference – Sustainability and the Cold Chain (Cambridge, UK, 2010); The Role of Forest Biodiversity in the Sustainable Use of Ecosystems Goods and Services in Agro-forestry, Fisheries and Forestry (Tokyo, Japan, April 2010); Decision-making and Science – the balancing of risk based decisions that influence the sustainability of agricultural production (Berlin, Germany, 2010).
- Fellowships granted in 2010 on sustainable agriculture issues include: Towards sustainable agriculture – evaluation of pesticide spray risk assessment at different scales; Eco-friendly crop rotations; Development of an international impacted agricultural areas standard for ecological services – a synthesis of science, policy and law, to result in an

international synthesis of what works (using “small indicators”) at the local level and national level to achieve environmental sustainability; Comparing domestic versus imported greenhouse tomatoes: LCA approaches for new sustainable greenhouse systems; Sustainable soil management and soil friability: Quantification of soil friability for differently managed soils using novel X-ray computer tomographic methodology; Toward sustainable agriculture: evaluation of pesticide spray risk assessment at different scales; Changes and crisis of the co-operation forms needed to manage local genetic resources (animals and plants) used in agro-food chains: a approach through the effects of scientific, technical and organisational instruments of genetic resources management.

and industrial production. The report includes technology projections to 2015 for the key biotechnologies, an analysis of current and emerging market, business and regulatory trends, and policy conclusions.



International Futures Programme

Bioeconomy to 2030: Designing a Policy Agenda, published by the OECD International Futures Programme in 2009, provides a prospective analysis of the role agricultural and industrial biotechnologies could play in reducing the environmental footprint of large scale intensive agriculture

Climate Change and Sustainable Development

2

The impact of climate change on our environment, our economies and our society is one of the defining issues of our era. Global climate change threatens to disrupt the well-being of society, deter economic development and alter the natural environment, making it a central policy concern of the 21st century. Governments around the world have reached consensus on the need to achieve large greenhouse gas (GHG) emissions reductions over the coming decades and to co-operate to adapt to the impacts of climate change.

The OECD is at the forefront of climate change analysis. There is broad involvement in climate change policy development and research by numerous OECD Committees.

Focus areas for the OECD include promoting environmentally and economically rational policies related to adaptation, mitigation, technology development and transfer, financing and development. Specific sectors that have received attention are transport, energy and agriculture. Developing policy instruments for addressing deforestation has also been a focus of recent work.

The economic impacts (e.g. costs and benefits) of mitigating and adapting to climate change have been of particular interest for many OECD conferences and reports.

A central challenge in responding to climate change is the integration of climate policy objectives into economic development strategies. Recent OECD work includes examining low emission development scenarios.

At the Ministerial Council Meeting in 2008, OECD Finance Ministers underlined the need for an effective post-2012 international framework on climate change, stating that countries should use a mix of policy instruments in addressing climate change, including regulations and standards, taxes, carbon-trading schemes, investment in new technologies, and sectoral approaches.

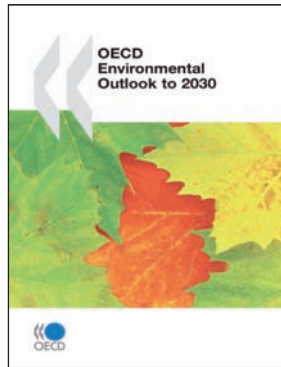
There are a number of OECD bodies that undertake work related to climate change. Given the complexity of the issue, OECD Committees take an integrated approach to managing these projects in order to ensure that the most effective and efficient approaches for mitigation and adaptation are made.

Environment Policy Committee (EPOC)

In its work on climate change, EPOC has been working in close co-operation with a number of other Committees in the recent years. Key work includes:

- Economic models and quantitative assessments of climate change mitigation scenarios, and how these

impact on the economy, play a key role in informing policy makers of costs, benefits and potential trade-offs. This analysis was reflected in joint Economic Policy Committee (EPC)-EPOC publication *The Economics of Climate Change Mitigation* (2009), the *Environmental Outlook to 2030* (2008) and several working papers.



- 2008 publication *Economic Aspects of Adaptation to Climate Change: Costs, Benefits, and Policy Instruments*, captures OECD's recent findings on economics of adaptation.
- A workshop on incentives to capture biodiversity and climate change benefits from reducing deforestation was organised jointly in March 2008 by EPOC's Working Group on the Economic Aspects of Biodiversity and the Annex I Expert Group (AIXG).
- A report *Climate Policy and Technological Innovation*

and Transfer which provides an overview of trends in the development and diffusion of climate change mitigation technologies.

- A Global Forum on Sustainable Development in 2008, organised in collaboration with the International Transport Forum, examined transport and environment integration, in the context of the global economy. Much of this meeting focused on policies and instruments for dealing with transport-based GHG emissions. Drawing on updating papers prepared for this forum, a publication *Globalisation, Transport and the Environment* was released in 2010.
- Collaboration with the Development Assistance Committee (DAC) on greater integration of climate change in development activities, resulting in a publication on *Integrating Adaptation to Climate Change into Development Co-operation* (2009) and a Policy Statement on this issue adopted by the joint High Level Meeting of EPOC and DAC in May 2009.
- Joint activities with the Committee on Scientific and Technological Policy (CSTP) on incentives for innovation to address major global challenges.

- Joint activities with the Territorial Development Policy Committee on cities and climate change including a publication on *Cities and Climate Change* (2010) and various Working Papers.
- The Chemicals Committee, in co-operation with EPOC, undertook a survey in 2009 concerning inclusion of greenhouse gas (GHG) emissions in Pollutant Release and Transfer Registers.
- A 2008 publication *Environmental Performance of Agriculture in OECD Countries since 1990*, which includes comparative data on agriculture's GHG emissions, was carried out under the auspices of the OECD Joint Working Party on Agriculture and the Environment, of the Committee for Agriculture and the EPOC.
- Work in 2009-2010 by the Joint Working Party on Agriculture and the Environment (JWPAE) focused on the role of policy in mitigating agriculture's GHG emissions and adaptation of agricultural production and management practices to climate change impacts. A workshop jointly organised by the OECD and FAO under the auspices of the Italian government was held

in June 2010 to explore these issues in developed and developing countries. An overview of the economic, technical and policy aspects, prepared by consultants, was published in 2010, under the title *Climate Change and Agriculture: Impacts, Adaptation and Mitigation*.



Economic Policy Committee and Environment Policy Committee (EPC/EPOC)

- A two-year collaboration between Working Party No. 1 (WP1) of the Economic Policy Committee (EPC) and the Working Party on Global and Structural Policies

of EPOC to model post-2012 measures to reduce greenhouse gas emissions has resulted in a series of reports. An initial report, *Climate Change Mitigation: What do we do?* was made available to Finance and Economy Ministers at the 2008 OECD Ministerial Council Meeting (MCM).

- A major publication, *The Economics of Climate Change Mitigation: Policies and Options for Global Action Beyond 2012*, was published in 2009. Against the background of a projected doubling of world greenhouse gas emissions by mid-century, this book explores feasible policies to abate emissions at least cost as well as incentives for major emitting countries to join a climate change mitigation agreement, in terms of the costs and benefits (including the co-benefits from reduced local air pollution and improved energy security) of action. A series of background Working Papers were released



exploring some of these issues in more depth.

- Based on this work and work on the economics of adaptation, a conference on the Economics of Climate Change was held in September 2009. The discussions focused on the most cost-efficient mitigation instruments to cut emissions of greenhouse gases, such as emission trading schemes or carbon taxes, as well on concerns about competitiveness and “carbon leakage”. The funding of adaptation to climate change and incentives for political support for global action was also discussed.

Climate Change Expert Group (CCXG)

The CCXG - formerly the Annex I Expert Group (AIXG) on the UN Framework Convention on Climate Change - was started in 1994 and is supported by the Secretariats of the OECD Environment Directorate and the IEA. In recent years, it has been focusing on the post-2012 climate framework, including how to design effective market mechanisms and link carbon markets; issues related to the measurement, reporting and verification (MRV) of mitigation actions, financing, and support; updating the guidance for developing National Communications on climate change;

analysis of Low Emission Development Strategies (LEDS); and reducing emissions from deforestation and forest degradation (REDD). The papers are available at: www.oecd.org/env/cc/ccxg.

OF NOTE

OECD's contribution to United Nations Commission on Sustainable Development (UNCSD) 14 & 15

Two reports were prepared under the auspices of the AMSDE for two sessions of UNCSD where energy and climate change were addressed.

In 2006, for UNCSD-14, a brochure was prepared on the theme of Climate Change, Energy and Industry. A joint OECD, IEA and NEA side event was also held at the UNCSD-14. In 2007, for the UNCSD-15, a follow-up contribution was made on the theme of Energy for Sustainable Development.

Economic and Development Review Committee (EDRC)

The EDRC has a long history of examining aspects of sustainable development in its Economic Surveys. In 2009-2010, reviews for several countries included in-depth chapters on issues related to green growth and climate change.

- In 2004, a joint EPC-EDRC report entitled *Sustainable Development in OECD Countries: Getting the Policies Right* was published, summarising the lessons learnt from the 30 country reviews on climate change, air pollution and natural resources management.
- In 2009, it discussed the European Union emissions trading system, Japan's climate change policy and Mexico's oil policy. Consistent with the 2009 Ministerial, the Committee intends to significantly step up its focus on this area in the coming two year review cycle through in-depth chapters of broad areas and briefer analyses of specific policies as needed.
- 2010 EDRC reviews with chapters on green growth or climate change included: Norway ("Climate change and fisheries policies"), Netherlands ("The transport system can contribute to better economic and environmental

outcomes?”), Korea (“Korea’s Green Growth Strategy: mitigating climate change and developing new growth engines”), US (“Implementing cost-effective policies to mitigate climate change”), Spain (“Policies towards the sustainable use of water”), Slovak Republic (“Green Growth”).

Development Assistance Committee (DAC)

The DAC has focused on tracking aid in support of the Rio Convention including the United Nations Framework Convention on Climate Change, work on integrating climate change into development co-operation, as well as work at the interface of climate change financing and aid effectiveness. In 2009 the DAC developed a policy marker to track OECD country official development assistance (ODA) in support of climate change adaptation. This complements the existing “Rio Marker” focused on climate change adaptation. The DAC has also been undertaking a range of work on climate change financing and aid effectiveness. The Network on Environment and Development Co-operation (ENVIRONET) has been co-operating with the Working Party on Aid Effectiveness to hold workshops and develop fact sheets on this theme.

Environment Policy Committee and Development Assistance Committee (EPOC/DAC)

Work undertaken by the Joint OECD Environment-Development Task Team on Integrating Climate Change into Development Co-operation, was jointly overseen by the EPOC Working Party on Global and Structural Policies (WPGSP) and the DAC Network on Environment and Development Co-operation (ENVIRONET). This work resulted in the publication, *Integrating Climate Change Adaptation into Development Co-operation: Policy Guidance*, which was endorsed at the EPOC/DAC High-Level Meeting in May 2009.

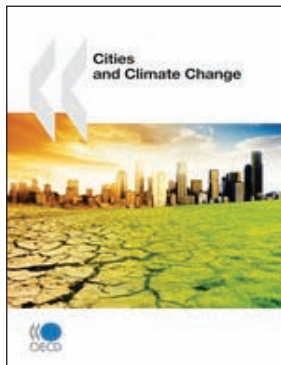


Territorial Development Policy Committee

The Territorial Development Policy Committee (TDPC) has developed a new research programme called the Comparative Study of Cities and Green Growth. The

programme features the development of environmental and economic indicators for key metropolitan regions, a benchmarking study of cities, and the identification of policy, governance and financing best practices to stimulate green growth.

A book, *Cities and Climate Change* (2010) produced by the TDPC and the WPGSP of EPOC, analyses the role that cities can play to respond efficiently and effectively to climate change. The chapters analyse: trends in urbanisation, economic growth, energy use and climate change; the economic benefits of climate action; the role of urban policies in reducing energy demand, improving resilience to climate change and complementing global climate policies; frameworks for multilevel governance of climate change including engagement with relevant stakeholders; and the contribution of cities to “green growth”, including the “greening” of fiscal policies, innovation and jobs.



Environment Policy Committee and the Trade Committee: Joint Working Party on Trade and the Environment

From 2007-2010 much of the focus of the work of the Joint Working Party on Trade and the Environment (JWPTE) has been on the policy linkages between trade and climate change.

- In 2007 through 2009, the JWPTE carried out work to identify how trade in selected climate-mitigation technologies could be facilitated. This work showed that there was great potential for such technologies to reduce the use of high-carbon energy sources in the buildings, heavy-industry and electric-power sectors. A study commenced in 2010 to look at how internationally traded services are used to help individuals, firms and governments avoid or mitigate greenhouse-gas (GHG) emissions. Another study quantifies the potential for energy-efficient goods to reduce GHG emissions and looks at ways in which energy efficiency can be promoted through trade.
- In 2009, the JWPTE explored the recent expansion of product carbon footprint schemes. This study

showed that these schemes, which started largely as simple carbon-accounting tools have been used by corporations to address “hot spots” in their supply chains, and embraced by governments as a way to influence consumer purchasing behaviour. A follow-up study, carried out in 2010, examined how these and other policies aimed at the life-cycle GHG emissions of products vary in terms of factors that determine their possible trade effects.

- In 2009-2010, the JWPTTE also examined the effects of trade liberalisation on merchandise transport, and how that in turn would affect GHG emissions. The study also discusses technological and policy options to reduce these impacts.
- The Global Forum on Trade and Climate Change, held in June 2009, addressed the above topics, as well as the importance of phasing out subsidies to fossil fuels, and the challenges faced by countries undertaking such reforms. More than 12 non-Member countries attended this outreach event.
- New work started in 2010 on the trade effects of phasing out fossil-fuel subsidies.

Environment Policy Committee and the Committee on Fiscal Affairs: The Joint Meetings of Tax and Environment Experts

- Recognising the central role of innovation in cost-effectively achieving environmental goals, the Joint Meetings of Tax and Environment Experts has prepared a publication on the innovation impacts of environmentally related taxation, also providing policy makers with advice on how



best to design and implement green taxes. Released in October 2010, *Taxation, Innovation, and the Environment* is one of the first major publications to come out under the OECD Green Growth Strategy, offering concrete insights on how tax policies can promote green growth. Against this background, the Chinese Academy of Governance will translate and publish the book in Chinese. More information is available at www.oecd.org/env/taxes/innovation.

- Via round tables at their meetings, tax and environment experts have exchanged information about the renewed interest in CO₂ taxes, how they are designed and implemented. Two issues are emerging in particular: i) CO₂ taxes can be an important element in reforming energy taxation towards giving more consistent incentives to reduce carbon emissions where it has the least resource costs; ii) the interaction between CO₂ taxes and emission trading requires particular attention.

Co-operative Action Programme on Local Economic and Employment Development (LEED)

- The project “Climate Change, Employment and Local Development” identifies the impacts of climate change (including through its effect on policy and regulations) on local labour markets, with a focus on the creation of greener jobs, the transformation of existing jobs and the development of a skilled workforce to meet the needs of the greener economy. Five cities/regions are participating in this series of reviews. The first paper from the project has been finalised - *Greening*

Jobs and Skills and will contribute to the OECD Green Growth Strategy. A capacity-building seminar on “Local strategies for greening jobs and skills” was organised at the OECD LEED Trento Centre for Local Development in June 2010 in collaboration with the International Labour Organisation (ILO). A seminar on “Green growth – an opportunity for local development and employment” was held in Paris in December 2010. The debates emerging from these events will feed into the project analysis. The final report for this project will be available in 2011.

- The Project “Leveraging Training and Skills Development in SMEs” seeks to identify ways to overcome the barriers to workforce development in SMEs, chiefly in the recovery from the financial crisis and in the context of adaptation to the green growth economy. A part of the survey and analysis being undertaken in the course of this project will specifically look at the training and skills development requirements of adaptation to the challenges and opportunities of the transition to greener growth. The demands that climate change and the adaptation to a low-carbon economy are putting on current models

of skills and employment development are not well understood by governments, and even less so at the local level where national economic policy frameworks are implemented and combined with local initiatives. The final report for this project is expected in 2011.

- *Greening Jobs and Skills: Labour market implications of addressing climate change* was published in 2010.

Tourism Committee

Under its Programme of Work 2009-10, the Tourism Committee reviewed the integration of sustainability in national tourism policies. This assessment focused on the development of climate change policy, with particular attention being given to water consumption and its availability. A report on “Sustainable Tourism Development Strategies and Climate Change” is the first cross-country analysis of existing mitigation and adaptation strategies and policies, with regard to emissions from transport and infrastructure, extreme weather events, water scarcity, and, more generally, changing environmental attributes. The report also discusses the consequences of existing policy; for instance, with regard to tourism mobility, its efficiency and capacity to meet mitigation objectives and adaptation

challenges. Options for policy innovation, as well as data and information needs are outlined. The Tourism Committee will work actively on “eco-innovation in tourism services” in 2011-2012.

International Futures Programme (IFP)

The IFP has been reviewing the role of biotechnologies and space technologies in addressing climate change. A first report, *Space Technologies and Climate Change*, was published in 2008. New case studies in 2010 explored the role of space applications in global food security (e.g. satellite weather forecasts, monitoring crops with Earth observation). *Bioeconomy to 2030: Designing a Policy Agenda*, published by the IFP in 2009 provides a prospective analysis of the role agricultural and industrial biotechnologies could play in addressing climate change. The IFP has also been working on addressing gateway and corridor infrastructures (e.g., ports) as well risk management policies for issues related to climate change.

Co-operative Research Programme (CRP) – Biological Resource Management for Sustainable Agricultural Systems

Recognising that agriculture both contributes and is affected by climate change, the CRP's objective is to strengthen scientific knowledge and provide relevant scientific information and advice that will inform future policy decisions related to the sustainable use of natural resources in the areas of food, agriculture, forests and fisheries. It does this by sponsoring agricultural research scientists to conduct research projects in a different member country and by sponsoring or co-sponsoring international conferences and workshops. Research into the effects of climate change on agriculture and into practices which reduce agriculture's contribution to climate change is of great importance. The CRP has supported such research – and its being shared by the agricultural research community - by funding such conferences and research fellowships as given below:

- Conferences of interest: Forestry: a sectoral response to climate change (West Sussex, UK, 2006), Sustaining Soil Productivity in Response to Global Climate Change – science, policy and ethics (Madison,

USA, 2009); 1st International Cold Chain Conference – Sustainability and the Cold Chain (Cambridge, UK, 2010); Developing Partnerships for Sustainable Water Management and Agriculture in the Context of Climate and Global Change (W. Lafayette, USA, 2010); Diffuse Pollution and Eutrophication (Beaupré, Canada, 2010).

- Fellowships of interest: The influence of climate change on vine water use and irrigation management (2007); Assessment of the growth response of eastern Siberian taiga to climate change by ultra-high resolution stable isotope analysis (2007); Environmental and economic feasibility of tree-based intercropping systems in temperate regions (2008); Investigating how earthworms could mitigate soil methane production in manure-amended soils (2009); Evaluating the feasibility of emissions trading in agriculture – What can Europe learn from New Zealand? (2009); Genetic markers of fertility in relation to heat stress – a study on cattle fertility problems in relation to climate change and heat shock (2009); An accurate determination of greenhouse gas emissions of nitrous oxide, methane and carbon dioxide from land applied with animal manure (2009); Insect food

processing and nutrient allocation under a changing climate (2010); Adaptation of agricultural production systems in a context of climate change – designing policies to encourage best practices (2010); Using Life Cycle Assessment analysis as a tool to evaluate energy efficiency, environmental and economic sustainability of the most strategic energy supply chains in order to make better choices and more tactical investments in the future of sustainable renewable energy resources (2010). For more information, see the CRP website: www.oecd.org/agriculture/crp.

Associated Bodies

The International Energy Agency (IEA)

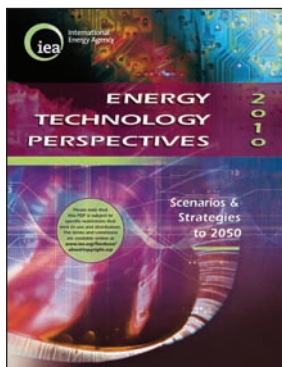
In 2007, the IEA published *Energy Security and Climate Policy: Assessing Interactions* which underlines the close link between efforts to ensure energy security and those to mitigate climate change. It also published *Climate Policy Uncertainty and Investment Risk*, which addresses the effect of policy design on investment choices based on risk-analysis.

In 2008, the IEA produced a list of 25 energy efficiency recommendations across seven sectors, highlighting cost-effective policies that can significantly enhance energy efficiency on the path to a more sustainable energy future and improved energy security. In 2009, the IEA produced a report tracking member countries' progress with implementation of the 25 recommendations, *Implementing Energy Efficiency Policies: Are IEA Member Countries on Track?*, which involved a country self-evaluation exercise and IEA review process. Building on the 25 recommendations, the first in a series of *Energy Efficiency Policy Pathways* was released in 2010, entitled *Monitoring Verification and Enforcement: Improving compliance within equipment energy efficiency programmes*. The *Policy Pathway* series will provide guidance to countries on the essential steps in implementing energy efficiency policies.

In 2009, the IEA launched "Project Transitions", examining investment challenges for creating a sustainable energy infrastructure. The first paper in this series, *The Economics of Transition in the Power Sector*, was published in 2010, examining investment needs and risk factors related to replacement of existing plants. It also published *Sectoral Approaches in Electricity: Building Bridges to a*

Safe Climate, which examines how the international climate policy framework can effectively support a transition towards low-CO₂ electricity systems in developing countries.

In 2010, IEA published the *Energy Technology Perspectives* providing technology scenarios up to 2050 and looking at how to accelerate the deployment of low-carbon technologies in major developing countries as well as how the transition to a low-carbon economy will enhance energy security and support economic development. It also published, as special excerpt of IEA *World Energy Outlook* (WEO) 2010, in co-operation with the United Nations Development Programme (UNDP) and the United Nations Industrial Development Organization (UNIDO) on: *Energy Poverty: How to make modern energy access universal*, investigating the challenges of universal access to modern energy services by 2030. The WEO 2010, like previous editions, covers extensively the question of climate change mitigation, with an evaluation of the Copenhagen pledges from an energy



perspective.

The IEA is also engaged in a number of sector-specific studies that consider the evolution of our energy systems towards a low-carbon profile, including roadmaps on various renewables technologies (e.g. solar, second-generation biofuels), nuclear, carbon capture and storage, to name a few.

The Nuclear Energy Agency (NEA)

In view of the COP 15 held in Copenhagen in December 2009, the NEA published a brochure *Nuclear Energy and Addressing Climate Change* which, based on NEA analyses and other studies (including from the IPCC and the IEA), provides information on the contribution of nuclear energy to lowering emissions of CO₂ and how nuclear energy could help meet targets of CO₂ emission reductions by 2050. The NEA participated in a side-event in the margins of the COP 15 Conference in order to expose these findings. The NEA Nuclear Development Committee has set up an Ad Hoc Expert Group on Climate Change and Nuclear Energy Build Rates whose report is expected at the beginning of 2011. A second study, due to report in 2011, will examine how carbon trading schemes impact the development of low carbon technologies.

In 2010, the NEA and the IEA published the Nuclear Energy Technology Roadmap, which examines the role nuclear power can play in achieving a 50% cut in energy-related carbon dioxide (CO₂) emissions by 2050. This roadmap proposes a target for nuclear capacity of 1 200 GW by 2050, which would then provide around 24% of global electricity (up from the present level of 370 GW which provides 14% of global electricity).

International Transport Forum (ITF)

The ITF addresses energy and environmental issues in relation to transport at its yearly high-level Ministerial Forum as well as through ongoing work in the OECD-ITF Joint Transport Research Centre. Energy and climate change was the theme at the ITF's first Ministerial meeting on "Transport and Energy: The Challenge of Climate Change" in 2008. In 2009, the Forum held its Ministerial meeting on "Transport and the Global Economy", where extensive discussions were held on transport GHG reduction trends and policies, including discussions on aviation and maritime emission reduction policies. The theme of the 2010 Ministerial meeting was "Transport and Innovation", which featured sessions on making supply chains more green

and efficient through innovative approaches to increasing efficiency and reducing environmental impact, as well as reducing the carbon-intensity and energy consumption of transport to increase sustainability. Research round table reports available from the ITF's website have addressed a number of relevant topics including analysis of policies and regulations in support of low-carbon transport technologies. The ITF also releases yearly updates of CO₂ emissions from the transport sector and regularly reassesses policy approaches to reduce CO₂ emissions from transport activity.

Africa Partnership Forum (APF) Support Unit

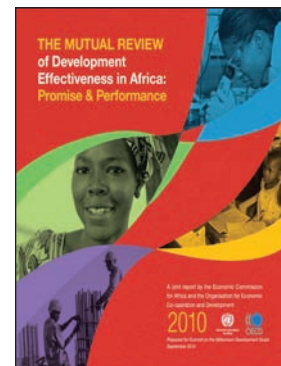
- Published *Climate Challenges to Africa: a Call for Action* in 2008, which looks at the impact of climate change in Africa.
- Worked with key African institutions including UN Economic Commission for Africa (UNECA), the New Partnership for Africa's Development Secretariat, the African Union Commission and the African Ministerial Conference on the Environment (AMCEN) along with the UNFCCC and African Climate Change negotiators

to support the first thematic APF Special Session on Climate Change, held in September 2009. The event focused on Africa's concerns and expectations in the run up to the COP15 UN Climate Change Conference held in Copenhagen in December 2009. A Joint Statement issued at the end of the meeting was transmitted to the UN High Level event in September 2009 and the G20 Summit at Pittsburgh and also informed other regional and international processes on climate change. The Support Unit co-ordinated the preparation of two background papers for the Special Session: "Enhanced Action on Technology Development" and "Transfer and Carbon Finance in Africa". Presentations and relevant papers from this event can be downloaded from

www.africanpartnershipforum.org.

- On behalf of the OECD, the APF Support Unit coordinated the preparation and launch at the UN Millennium Development Goals (MDG) Summit of the joint UNECA and OECD report 2010 *The Mutual Review of Development Effectiveness in Africa*. This joint report reviewed progress made on the main commitments on Africa's development made by Africa

and its development partners, the results achieved and the key future policy priorities, with a view to accelerating progress to achieving the MDGs in Africa. A significant part of the report covers sustainable economic growth in Africa, focusing on key sustainable development themes such as trade and diversification, agriculture and food security, infrastructure, environmental sustainability and climate change/climate finance. The report was sent by the UNECA Executive Secretary and OECD Secretary-General to Heads of State, Heads of the key international organisations promoting sustainable development in Africa such as the UN, World Bank, IMF and African Development Bank.





Sustainable Trade and Foreign Investment

3

Achieving sustainable, long-term economic development requires open markets for international investment as well as improved investment environments around the world.

The OECD supports trade and investment policy goals by promoting transparent and rules-based investment frameworks for sustainable economic development worldwide. The OECD helps countries, particularly developing countries, benefit from trade by facilitating policy dialogue and peer learning to boost and encourage expanded trade opportunities.

*Strengthening corporate and governmental responsibility for sustainable globalisation through international, regional and bilateral investment and trade agreements is **important.** The **OECD Guidelines for Multinational Enterprises** has been a key instrument for addressing the environmental and social aspects of international investment.*

A key focus in the past few years has been on understanding the implications of environmental and social provisions of regional and international investment and trade agreements.

Regarding specific trade and investment areas, the OECD has recently completed studies exploring the economic and environmental benefits of removing barriers to trade in non-hazardous recyclable materials, and has started looking at good government policies and responsible business practices to enhance the contribution of private and international investment in reducing carbon emissions.

The OECD system for Mutual Acceptance of Data for the assessment of chemical safety minimises non-tariff barriers to trade, significantly reducing costs for governments and industry, and ensuring human and environmental safety. Numerous guidelines for testing chemicals were updated or created under this program in 2009-2010.

Investment Committee

One area of work at the OECD on this topic has evolved around the OECD *Guidelines for Multinational Enterprises* which state that “multinational enterprises have the opportunity to implement best practice policies for sustainable development that seek to ensure coherence between social, economic and environmental objectives”. The following summarises progress made in this area in the recent years:

- Along with the Employment, Labour and Social Affairs Committee (ELSAC) and the International Labour Organisation, the Investment Committee organised the 2008 Annual Roundtable on Corporate Responsibility: Promoting Responsible Business Conduct in a Globalising Economy, to improve implementation of the *Guidelines* in the area of employment and industrial relations.

- Environmentally Responsible Corporate Conduct was included in the 2008 Investment Policy Review of China.
- The 2008 Global Forum on International Investment Best Practices for Promoting Investment for Development, organised in close co-operation with UNCTAD, included a session on the social and environmental dimensions of international investment agreements. The environmental and social components of the *Policy Framework for Investment* (PFI) were also reviewed at the Global Forum.
- The effects of foreign investment on working conditions in host countries and the need for government incentives to promote responsible business conduct were reviewed in an OECD Policy Brief: *The Social Impact of Foreign Direct Investment*.
- In 2009 the Roundtable on Corporate Social Responsibility focused on links between consumers and corporate responsibility.
- In 2009 the conditions for private sector participation to sustainable development of water infrastructure were reviewed in the OECD *Checklist for Public*

Action. Subsequently, collaborations were developed with Russia, Egypt, Lebanon and Mexico to develop country reviews based on the *Checklist*.

- The 2010 the Roundtable on Corporate Responsibility was the opportunity to launch the update of the *Guidelines for Multinational Enterprises* and focused more specifically on three areas of sustainability: supply chains, human rights and climate change.

Environment Policy Committee (EPOC) and the Investment Committee

- In 2004, the Investment Committee and EPOC reviewed the environmental components of the *Guidelines for Multinational Enterprises*, which strengthened their ability to address issues of corporate environmental performance.
- *International Investment Law: Understanding Concepts and Tracking Innovations* (2008), a follow-up to the 2005 publication of the Investment Committee, contained results of a survey on environmental, labour, human rights and anti-corruption issues in investment treaties.

- A new strand of work is focusing on investment and climate change, looking at good government policies and responsible business practices to enhance the contribution of private sector investment towards reducing carbon emissions. In 2009, a first analysis was undertaken to review responsible business practices and initiatives to reduce emissions in OECD and non-OECD countries, building on the OECD *Guidelines for Multinational Enterprises*. This was released in November 2010 in the publication *Transition to a Low-Carbon Economy: Public Goals and Corporate Practices*.
- In 2011 and 2012, the Investment Committee will continue to work with EPOC on issues of innovative financing for climate change and defining and measuring “green” foreign direct investment (FDI). The Freedom of Investment forum will look into green protectionism.
- Further work will involve examining the government policies that can contribute to mobilising private sector investments and capital in support of green growth, building on OECD’s understandings of good investment and environment practices. This will build on the OECD *Policy Framework for Investment* and on a number of country case studies.



Environment Policy Committee (EPOC) and the Trade Committee

The Trade Committee and EPOC promote sustainable trade as part of the ongoing work of the Joint Working Party on Trade and Environment (JWPTE). In 2007, 2009 and 2010, the JWPTE held regional workshops to examine implications and impacts of environmental provisions in regional trade agreements. A publication was issued in 2007 on this topic

entitled, *Environment and Regional Trade Agreements*. In 2009, work continued on environmental provisions in regional trade agreements and their implementation and a workshop was held in June 2010.

Environment Policy Committee (EPOC) and the Chemicals Committee

- The OECD system for Mutual Acceptance of Data (MAD) for the assessment of chemical safety minimises non-tariff barriers to trade, saving governments and industry at least EUR 150 million annually. The Chemicals Committee develops new and updated Test Guidelines and guidance documents on Good Laboratory Practice principles and compliance monitoring to support the Council Acts on the Mutual Acceptance of Data, to which non-members can also adhere.
- Early 2010, Singapore was the fourth non-OECD country to adhere to the MAD system (after South Africa, Slovenia and Israel). Several other countries are expected to soon join the MAD system. The Chemicals Committee, continues its efforts to help

India, Argentina, Brazil, Malaysia and Thailand, currently provisional adherents to MAD, to become full adherents. Twenty-five new or updated guidelines for the testing of chemicals, developed to support the MAD system, were adopted by Council in 2009 and 2010. A new report on savings to governments and industry resulting from the OECD work on chemicals and pesticides, in particular the MAD, was published in 2010. It showed that the savings have more than doubled since 1998.

Policy Coherence for Development:

The on-going “DevGoals” project responds to a Council mandate from May 2009 in which the Council invited the Secretary-General to set strategic development goals for the OECD. It is proposed to develop a framework for the whole of OECD action for development, which would reflect the new, inclusive and horizontal approach to development - beyond aid. In order to prepare this framework, the co-chairs of the informal Working Group for the DevGoals organised hearings with relevant committees in 2009-2010 to assess the development dimension across the OECD. One of the four horizontal pilot initiatives identified within the DevGoals

framework in 2010 concerns the “Development and international diffusion of green technologies”. (The others concern investment in infrastructure; tax and development; and food security.)

Working Party on Export Credits and Credit Guarantees

The Working Party on Export Credits and Credit Guarantees has been monitoring the environmental aspects of Officially Supported Export Credits in line with a 2007 OECD Council recommendation.



Subsidy Reform and Sustainable Development

4

Government subsidies are among the most pervasive and powerful public policy instruments. Different types of support, including subsidies, tax breaks or other preferential treatment, often introduce economic, environmental and social distortions with unintended consequences at both national and international levels. **Unsustainable subsidies are pervasive in the agriculture, transport and energy sectors in many OECD countries. They are costly for governments and can have harmful environmental and social effects. Eliminating these subsidies requires comprehensive approaches supported by political leadership, transparency in their potential effects, long-term consistency and transition support.**

The work of the OECD on this topic has been inter-disciplinary, involving Directorates and Committees concerned with trade, industry, agriculture, fisheries, energy, investment, transport and environment. It will continue to be an important area of work, for example, in response to a call from the G20 Leaders at the 2009 G20 Summit in Pittsburgh that asked the OECD and IEA, along with the World Bank and OPEC, to continue work on reform of fossil fuel subsidies, as their reduction or removal can play a role in promoting energy security and mitigating climate change. **The OECD has also been working on analysis of the impacts of biofuel production subsidies.**

Several OECD Committees (Agriculture, Fisheries, Steel, and Shipbuilding) conduct regular monitoring to track trends in government support in their sectors and are increasingly taking into account the environmental and social as well as economic impacts.

- The OECD launched new work on fossil-fuel subsidies in response to requests from G20 Leaders in September 2009 and G20 Finance Ministers in November 2009. The three main areas of OECD work focused on:
 - a) developing methods to estimate fossil-fuel subsidies and to provide preliminary estimates of tax expenditures and other subsidies;
 - b) undertaking further modeling-based analysis of the economic, trade, sectoral, and GHG impacts of various scenarios of phasing-out fossil fuel subsidies; and
 - c) providing advice and recommendations on the phase-out of fossil fuel subsidies, based on lessons learned from country case studies.

This work contributed to a joint report by the four organisations tasked by the G20 on this issue (IEA, OPEC, OECD and World Bank), submitted to G20 Finance Ministers in advance of their meeting in June 2010 (Korea) and to the G20 Leaders Summit in June 2010 (Canada). In addition, the OECD created a dedicated web site on fossil fuel subsidies (www.oecd.org/g20/fossilfuelsubsidies), and produced reports documenting the modelling methodology and proposing a framework for estimating and aggregating subsidies to fossil fuels. The OECD organised an expert workshop on estimation methods for fossil fuels in Paris in November 2010.

Other recent work includes:

- Biofuel subsidies were the subject of the September 2007 meeting of the Round Table on Sustainable Development; a special analysis in 2008 by the Trade and Agriculture Directorate; a follow-up study was released in 2010 on the implications for agriculture of bioheat, biopower and biogas developments while the annual agricultural outlook report provides a detailed review of biofuel market and policy developments. A special side event during the COP of the Convention

on Biological Diversity in June 2008 was organised by the Development Co-operation Directorate.

- In 2008, the Environment Policy Committee (EPOC) published the results of its work, *Environmentally Harmful Subsidies in the Transport Sector*, which recommended policy approaches for eliminating perverse supports to transport.
- A 2008 *Economic Assessment of Biofuel Support Policies* included IEA life-cycle analyses of feed stocks for biofuels, focusing on greenhouse gas impacts. The assessment concluded that OECD government subsidies to biofuels are costly, have a limited impact on reducing greenhouse gases and improving energy security, and have contributed to increases in world crop prices.
- Environmental cross-compliance in agriculture (where support depends on farmers using certain environmental practices) was the subject of a background report published in 2010.

OF NOTE

The proceedings of the AMSDE Workshop on *Subsidy Reform and Sustainable Development: Economic, Environmental and Social Aspects* were published in 2006, which contributed to the integrated assessment of the costs and benefits of subsidy reform.

Another 2006 publication, *Subsidy Reform and Sustainable Development: Political Economy Aspects*, examined how to overcome political obstacles to reforming harmful subsidies in countries and sectors. A 2006 workshop focused on the need for whole-of-government decision-making, appropriate timing and phasing of reforms, transparency in costs and benefits to various parties, inclusion of stakeholders, and transition aids. The workshop participants concluded that governance structures which assist in promoting sustainable development are central to promoting reforms.

These publications built on earlier work of the OECD on subsidy reform, including: *Environmentally Harmful Subsidies: Policy Issues and Challenges* (2003); *Environmentally Harmful Subsidies: Challenges for Reform* (2005).

Joint Analysis by the OECD and IEA

Joint analysis by the OECD and IEA in 2009 showed that removing fossil-fuel subsidies could reduce global GHG emissions by 10% by 2050 compared with business-as-usual, and by as much as 30% in some countries, while improving economic efficiency in these economies. The finding was cited in the G20 Leaders' statement in Pittsburgh (September 2009) and the analysis was widely disseminated at the UNFCCC COP15 in Copenhagen (December 2009).



Education for Sustainable Development

5

*Sustainable development and social cohesion depend on people's competencies **and their understanding. Competencies include subject matter knowledge, skills, attitudes and values.** In essence, we have to learn how to live sustainably.*

*Already in 1992, **Agenda 21** underlined that "education is critical for promoting sustainable development and improving the capacity of people to address environment and development issues". Pursuing this priority, the role of the education system in **contributing to environmental awareness and social values is the theme of UNESCO's Decade of Education for Sustainable Development (2005-2014).***

For many years the OECD has been working on developing knowledge and competencies of sustainable development in curricula that incorporate both broad and specific subject matter. Over the past five years in particular, the OECD has focused on assessing how much students know about the environment, understanding how education affects behaviour and what it takes to create the right learning environments.

Education Policy Committee

The OECD Education Policy Committee oversees the overall direction of work on education for sustainable development at the OECD. The work continues to look at sustainable school facilities, innovative learning environments, the role of higher education in sustainable development, impact and understanding of environmental concerns on students and improving social outcomes through education. Work undertaken by various units feeds into the Committee's Programme of Work:

- **The OECD Centre for Effective Learning Environments (CELE)** focuses on the physical learning environment and is exploring approaches for developing sustainable educational facilities, costs/benefits of sustainable education facilities and infrastructure and how facilities support the activities of teaching and learning. Continued investment in the application of green building technologies, and broader sustainable strategies to education facilities is important. Education facilities are a major contributor to carbon emissions and provide an opportunity for governments to demonstrate to the wider community by example workable sustainable development

strategies. Key recent events include:

- An International Symposium on “Usability and Sustainability of Learning Environments” in May 2010, Manchester, UK, organised jointly by CELE and the International Council for Research and Innovation in Building Construction.
- An International Conference on "Sustainable School Buildings: From Concept to Reality" in October 2009, Ljubljana, Slovenia, co-organised by CELE and the Ministry of Education and Sport, Slovenia. For more information, see: www.oecd.org/edu/facilities/sustainableschools.
- **The Programme on Institutional Management in Higher Education (IMHE):** The IMHE is conducting a project on Higher Education in Regional and City Development. Environmental sustainability will be one focus of the final report. For more information see: www.oecd.org/edu/imhe/regionaldevelopment.
 - *Higher Education for Sustainable Development* (2010) reports on an international action research project on how higher education institutions are approaching sustainable development. For more

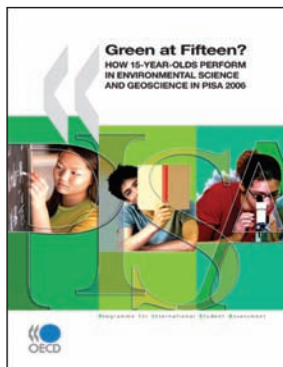
information, see: www.oecd.org/edu/facilities/highereducation.

- **The Centre for Educational Research and Innovation (CERI):** The “Innovative Learning Environments” project explores the characteristics and effectiveness of various kinds of new learning environments as well as their contribution to sustainable development. CERI has also been carrying out work on social outcomes, including:
 - The publication *Improving Health and Social Cohesion through Education* (2010) finds that education has the potential to promote health as well as civic and social engagement.



- The “International Conference on Education, Social Capital and Health”, February 2010, organised jointly by the Norwegian Ministry of Education and Research and CERI, and in collaboration with the World Health Organisation (WHO) and the Health Behaviour of School-aged Children (HBSC) featured the findings of the Social Outcomes of Learning (SOL) project.
- As part of the OECD *Insights* publication series, in 2007 OECD published *Human Capital: How What You Know Shapes Your Life*, which explains parallels between knowledge, human capital and progress.
- **The Programme for International Student Assessment (PISA):** This programme monitors an internationally standardised assessment administered to 15-year-olds in schools. In its 2006 assessment of the science competencies it offered the first comprehensive and internationally comparative database of students' knowledge about the environment and environment-related issues.
 - Based on the 2006 PISA assessment, the 2009

publication *Green at Fifteen?: How 15-year-olds perform in environmental science and geoscience in PISA 2006* presents an analysis and information on the sources of students' awareness of environmental science, their attitudes towards the environment and how these attitudes interrelate with their performance in environmental science. It concludes that “education systems need to do better if they wish to draw on the potential of all sections of society in relating to environmental questions as future citizens”.



OF NOTE

A 2008 OECD Workshop on Education for Sustainable Development was organised by the Horizontal Programme on Sustainable Development in co-operation with the Education Directorate and the Directorate for Science, Technology and Industry's Consumer Policy Division. Good practices in national strategies, curricula and school practices for education for sustainable development (including education and raising awareness for Sustainable Consumption and Production) were identified and shared across organisations and nations.



Environment and Health

6

*In developing countries in particular, life expectancy can be shortened considerably **due to environmental causes. More specifically, low water quality and quantity, due to poor hygiene and sanitation facilities and limited access to water supply, are responsible for millions of deaths worldwide every year.***

To provide sound policy advice, the OECD must understand the economic impacts and overall health and sustainability of a community or nation. Often, standard measures of these criteria do not meet the requirements to appropriately determine funding or policy priorities regarding environment-related health impacts. As such, it is a sustainable development priority for the OECD to develop measures that provide better understanding of these impacts.

To better understand the numerous costs of environmental degradation, the OECD has been analysing the economic value of environment-related health care costs. Another focus area has been assessing the impacts and policy initiatives related to the presence of chemicals, including nano-materials, in the environment. The role that biotechnologies can play — especially in agriculture — in improving health outcomes has also been studied by the OECD.

*A sustainable development approach linking economic, environmental and social aspects of health care is an important area of focus for the OECD. For example, two recent OECD documents reference how reducing environmental health risks can lead to significant cost savings in terms of health care, environmental damage and human welfare. These documents are the publication *Improving Co-ordination between Environmental and Health Policies (2007)* and a *Policy Brief “Health and the Environment” (2008)*.*

Environment Policy Committee (EPOC)

- In 2006, the EPOC initiated a project concerning environmental degradation and human health. Undertaken in the context of the EPOC project on costs of inaction, it provided estimates of potential human health costs with respect to certain environmental pressures.
- Another focus area is environment-related health impacts on children. A three-year project (2006-2008) was conducted to improve the incorporation of environment-related health impacts in policy making, with a particular focus on children. *Economic Valuation of Environmental Health Risks to Children* was published in 2006 and *Valuation of Environment-Related Health Risks for Children* was published in 2010.
- The EPOC also carried out country case studies (United Kingdom, France and Canada) on the governance factors involved and the difficulties of formulating a coherent environmental health policy. The results of the study, *Improving Co-ordination between Environmental and Health Policies*, was published in 2007 and included recommendations on how to improve synergies between environment and health policies at national levels.
- The second cycle of *Environmental Performance Reviews* of countries included a chapter on the environment-health interface, with assessments of institutional co-operation on environmental health concerns, reducing health threats from air and water pollution, reducing health hazards from chemicals, and noise abatement.
- Analysis by the EPOC for the 2008 *Environmental Outlook to 2030* estimated that the costs of health care as a result of ecological damage, primarily air and water pollution, are a significant share of GDP.
- In order to help promote a broader use of cost-benefit analyses in *ex-ante* and *ex-post* policy assessments, the EPOC has carried out a meta-analysis of stated preferences based on “value of a statistical life” estimates from environmental, health or traffic risk contexts. A guidance manual for policy makers has been prepared.
- The EPOC has also prepared a *Review of Recent Policy-Relevant Findings from the Environmental Health Literature* in 2009.

Chemicals Committee

- In 2005-2008, the Chemicals Committee, together with EPOC, developed harmonised policies and instruments for managing chemicals, including pesticides and biocides, in order to minimise significant adverse effects on the environment and health. A number of documents useful for assessing the risks for the environment and health have been published, including: *OECD Guidelines for the Testing of Chemicals*, guidance documents, emission scenario documents for exposure assessment, assessment reports, criteria for classification and labelling of hazardous chemicals. This work is an important contribution to the implementation of *Agenda 21* and the “Strategic Approach to International Management of Chemicals”. It responds to the objectives agreed at the World Summit on Sustainable Development (Par. 23 of the Plan of Implementation). It is carried out in the framework of the Inter-Organization Programme for the Sound Management of Chemicals (IOMC). The Committee has also been working on the prevention of and response to chemicals accidents; the harmonisation of regulatory oversight in biotechnology; safety of novel foods and feeds; and has published several documents on these issues.
- In 2006, the Chemicals Committee started work to assess environmental and health effects of manufactured nano-materials.
- Selected databases and software providing support for capacity building were developed by the Chemicals Committee. For example, the Global Portal to Pollutant Release and Transfer Register (PRTR) Information, and the global eChemPortal providing information on environmental and health hazards of chemicals were launched in 2007. The first version of the (Q)SAR Application Toolbox, used to fill data gaps regarding the effects of chemicals on the environment and health through computer simulation, was launched in 2008.
- In 2009 and 2010, the Chemical Committee continued its work related to effects on environment and health. The work on emerging issues related to chemicals is increasing, e.g. the testing of an agreed representative set of 14 manufactured nano-materials in order to understand the types of information that may be relevant for assessing potential effects of these

materials on the environment and health; the facilitation of risk reduction regarding perfluorocarbons; and the analysis of potential effects of chemicals in products on environment and health. More information can be found: www.oecd.org/ehs.

OECD Innovation Strategy

As part of the OECD *Innovation Strategy* (2010), the Committee for Scientific and Technology Policy (CSTP) reviewed how to strengthen the contribution of innovation to health outcomes and to increase the diffusion and uptake of health technologies. Also as part of the OECD *Innovation Strategy*, the Committee for Information, Computer and Communications Policy (ICCP) explored the potential contribution of sensor networks to economic and social welfare in relation to health and elderly care, protection of the environment and transportation. The Committee examined the potential for this emerging and innovative technology to extend existing services and enable new ones as well as the related challenges with respect to information security and privacy.

Committee for Scientific and Technology Policy (CSTP) and Environment Policy Committee (EPOC)

Work on nanotechnologies assessed contributions to meeting challenges in the health, environment, energy and water areas, and included a review of the human health and environmental impacts of manufactured nano-materials. Joint work continues to be carried out on the use of biotechnology to benefit human health and environmental sustainability.

International Futures Programme

The Bioeconomy to 2030: Designing a Policy Agenda, published by the OECD International Futures Programme in 2009 provides a prospective analysis of the role biotechnologies (in agriculture, health, and industry) could play in reducing the environmental footprint of large scale intensive agriculture and industrial production and improving future health outcomes. The report includes technology projections to 2015 for the key biotechnologies, an analysis of current and emerging market, business and regulatory trends, and policy conclusions.



Governance for Sustainable Development

7

Good governance plays a crucial role in achieving the goal of sustainable development. Within the OECD, the Public Governance Committee (PGC) and the AMSDE, among others, have been addressing this issue, which underpins the sustainable development issues as highlighted in the previous “Focus Area” section.

The PGC is taking an integrated approach to its work, focusing on: innovative approaches for designing and delivering public policies; public engagement in the governance of reforms; and assessing public sector performance with a view to ensuring long term sustainability. The PGC is also analysing green procurement issues as part of its work on procurement. The broader sustainability aspects are assessed in comprehensive country reviews of public governance, with an emphasis on whole-of-government approaches to policy reforms and increasing transparency and stakeholder involvement in the reform process.

PGC earlier looked at governance of sustainable development in selected OECD countries. Other OECD country/peer reviews, such as EPOC Environmental Performance Review, have also included institutional governance dimensions of national sustainable development strategies (NSDS) in their review.

Furthermore the OECD has found that regulatory impact assessments (RIA) – a policy tool for systematically assessing the potential effects of regulatory proposals – needs to be embedded in policy-making processes to underpin the capacity of governments to ensure policy coherence through efficient and effective regulations. The Regulatory Policy Committee is currently working on incorporating environmental values into RIA, as part of the overall work of the OECD in developing the Green Growth Strategy. It aims to ensure that environmental issues are better taken into account in the analysis of the likely effects of proposed regulations.

Since its establishment, AMSDE has also addressed the governance aspects of sustainable development and the implementation of NSDS as one of its main focus areas. In 1992, governments agreed to a need for NSDS as part of *Agenda 21* signed at the UN Conference on Environment and Development. However, the 2006 publication, *Good Practices in the National Sustainable Development Strategies of OECD Countries* concluded that while most of OECD countries have developed and implemented NSDS, they also experienced difficulties in identifying synergies across economic, environmental and social dimensions and in ensuring co-ordinated decision-making processes. Thus, a joint workshop was held with the UN Department of Economic and Social Affairs (UNDESA) in 2006, which explored the effectiveness of various governance aspects of national strategies and mechanisms for monitoring their implementation. Discussions identified that good practices for NSDS include high-level political commitment, policy integration, extended timeframes, and stakeholder involvement. Its proceedings, *Institutionalising Sustainable Development*, were published in 2007.

AMSDE has also discussed progress made on NSDS implementation in OECD countries at its annual meeting.

In the 2009-2010 work programme, governance for sustainable development has continued to be a priority topic for AMSDE. In particular, AMSDE has continued to pursue work on sustainable development national and sector strategies, and held a joint workshop with the Tourism Committee on “Sustainable Development Strategies and Tourism” (June 2010).

Development Assistance Committee (DAC) and Environment Policy Committee (EPOC)

Since 2006, DAC and EPOC have had a Joint Task Team on Governance and Capacity Development for Environment and Natural Resource Management. Between 2006-2008, the Task Team focused on developing analytical work on three emerging topics:

- Making the economic case for integrating the environment into key national policies and programmes.
- Integrating environmental programmes into medium-term budgetary processes/frameworks.
- Assessing government’s capacities to manage the environment.

The outputs have been published in the OECD Environment Working Papers series.

Since early 2009, this Task Team has been working in consultation with developing countries and emerging economies to develop document on Policy Guidance on Governance and Capacity Development for Environment and Natural Resource Management. This Policy Guidance document will be published in 2011. As part of this process, an OECD workshop on Aid Effectiveness and the Environment was organised in Malawi in March 2010, in the framework of a meeting of the Poverty-Environment Partnership.



Sustainable Development Measurements and Statistics

8

While there is no single OECD activity devoted to measuring sustainable development, OECD has addressed sustainable development measurements and statistics over the years in various work streams. One prominent example is the work on decoupling economic growth from environmental degradation. OECD has also provided substantial expert input to relevant inter-agency initiatives, which are featured in this section.

OECD Task Force on Green Growth Indicators

In the context of the Green Growth Strategy, the OECD Task Force on Green Growth Indicators is developing a methodological framework and a set of indicators to measure progress towards green growth. A toolkit for diagnosis will consist of four sets of indicators: (i) the environmental efficiency of production and consumption, (ii) the natural asset base of the economy, (iii) the environmental dimension

of quality of life and (iv) policy responses and economic opportunities. The toolkit will be comprised of about 30 indicators to do justice to the various aspects of green growth and will single out a few “headline” indicators that would be representative of the main challenges associated with green growth and have the potential to raise high-level political attention.

UNECE/OECD/Eurostat Task Force on Sustainable Development Indicators

As a follow up to the 2009 report *Measuring Sustainable Development* of the Joint UNECE/OECD/Eurostat Working Group on Statistics for Sustainable Development (WGSSD), a Task Force was formed in 2009 to pursue the work on sustainable development indicators based on the capital approach. The mandate of the new Task Force asks for a refinement of the small list of indicators proposed by the WGSSD, for developments in the areas of human social

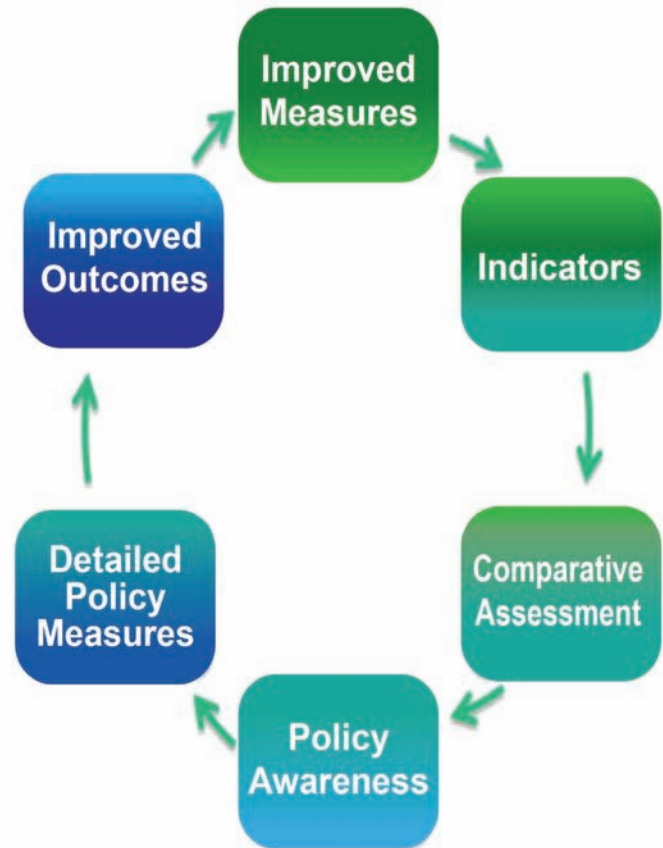
capital, and for greater emphasis on distribution.

The OECD contributes to this work mainly through a project on the measurement of human capital based on the life-time income approach. The first results from this OECD project were presented to the OECD Committee on Statistics in mid-2010 and a report is expected by mid-2011. The OECD project on human capital will be pursued further in 2011 and 2012.

The draft report from the Task Force is expected to be presented to the Bureau of the Conference of European Statisticians in November 2011, and to be completed by June 2012.

Commission on the Measurement of Economic Performance and Social Progress (Stiglitz Commission)

OECD participated in the Commission established in 2008 by French President Nicolas Sarkozy. The Commission's 2009 report emphasized the need to shift emphasis from measuring economic production to measuring people's well-being. Broader measurement systems would contribute to an enhanced and more comprehensive view



of living conditions. For example, including the costs of environmental degradation into a broader measure of GDP better recognises the social costs of pollution and helps to avoid the debate viewing economic growth and environmental protection as conflicting goals.

Recommendations in the report were welcomed by political leaders and the OECD will take a leading role in their implementation at the international level. This work also links to the September 2009 European Commission Communication “GDP and Beyond”.

Key links:

www.stiglitz-sen-fitoussi.fr/en/index.htm

www.beyond-gdp.eu

The Global Project on Measuring Progress of Society

The Global Project on Measuring Progress, established in 2007, aims to broaden the benchmarks used to assess progress, complementing GDP with other measures of well-being, quality of life, and the state of the natural environment. OECD hosts this network-led initiative, undertaken in collaboration with other international and regional partners. The initiative seeks to become the world wide reference

point for the measurement and assessment of progress in societies. In the context of the Global Project, the 3rd OECD World Forum on Statistics, Knowledge and Policies was held in Busan, Korea in 2009. At the Forum, the OECD presented a roadmap which highlights OECD's policy, strategy and commitments to measure and foster well-being and progress. The Global Project also contributed to the revision of Bellagio STAMP (SusTainability Assessment and Measurement Principles), which helps measure and assess sustainable development processes.

AMSDE Activity Report

AMSDE Contributions 2004-2010

Since its formation, the AMSDE has met annually and has made reports to the OECD Council on priority areas for the OECD sustainable development work. Recommended priority areas have included political economy of subsidy reform, sustainable development statistics, sustainable consumption and production, education for sustainable development, corporate social responsibility, and environment and health.

The AMSDE has also carried out cross-cutting work on national sustainable development strategies and sustainability assessment methodologies. Highlights from this work are presented in the previous section “OECD Sustainable Development Focus Areas”.

The following section highlights the work carried out by the AMSDE in 2009 and 2010.

AMSDE Contributions to the Green Growth Strategy

As part of the OECD-wide effort to develop the Green Growth Strategy, the AMSDE made two key contributions from the perspective of sustainable development. In 2010, AMSDE conducted a sustainability impact assessment (SIA) quick screening using the Interim Report of the Green Growth Strategy as the primary basis. The screening aimed to generally assess whether the Interim Report of the Green Growth Strategy takes into consideration sustainable development challenges in respect to all three dimensions of sustainability: economic, environmental, and social across the short and the long-term. It identified potential synergies, conflicts of interest, and trade-offs related to sustainable development issues. The screening helped draw out a set of recommendations for consideration in the ongoing development of the Green Growth Strategy.

AMSDE also contributed to the ongoing OECD work to develop green growth indicators to support the eventual implementation and monitoring of green growth policies.

Specifically, at the 2010 AMSDE, delegates discussed how a set of indicators to monitor policies, measures and instruments which promote green growth could be identified. This discussion was based on the significant national and international experience accumulated thus far in the course of ongoing work on sustainable development indicators.

OECD Contributions to the United Nations Commission on Sustainable Development

The AMSDE has co-ordinated contributions to the UN Commission on Sustainable Development (UNCSD) in recent years with a focus on topics such as energy, climate change, agriculture and transport.

The 17th session of the UNCSD (May 2009), which focused on agriculture, was attended by the AMSDE Chair as well as members of the OECD Secretariat with sustainable development mandates. An official side event, organised with contributions from the Trade and Agriculture Directorate, was held on the topic of “Sustainable Food Security: Policy Priorities and Perspectives”. Participants at the side-event generally agreed that the agricultural sector needs to respond to the challenge of providing food to the rapidly growing global population while meeting

environmental standards (e.g. reducing greenhouse gases). From the developing country perspective, the social dimension poses a key challenge, in that a shift to larger scale farm operations in the pursuit of food security often results in the displacement of small scale farmers, along with the associated social challenges.

During the 18th session of the UNCSD (May 2010), the OECD hosted an official side event on the topic of “Globalisation and Sustainable Transport”. This side event was based on the OECD publication, *Globalisation, Transport and the Environment* (2010) and organised together with contributions from the Environment Directorate. The session highlighted recent findings on the impact of globalisation on the transportation sector, the consequences for the environment, and some of the policy instruments that can be used to limit any negative impacts. Participants voiced that there is a continuous challenge in ensuring reduction of environmental impacts against the anticipated increase in transportation demands in the coming decades, and that the OECD is expected to provide guidance in this regard so that the most cost-effective approaches can be taken to achieve this goal. In addition, a brief highlighting OECD’s work on sustainable materials and waste management was produced, with contributions from the Environment Directorate and NEA.

Sustainability Impact Assessment (SIA)

The 2010 publication *Guidance on Sustainability Impact Assessment* represents the culmination of an AMSDE effort initiated in 2007. SIA is both a methodological soft policy instrument and a process for an *ex-ante*, integrated assessment of the likely effects in the economic, social and environmental dimensions of policies, strategies, plans and programmes. The main purpose of an SIA is to develop integrated policies, which take full account of the three dimensions of sustainability, including cross-cutting, intangible and long-term considerations. The *Guidance on Sustainability Impact Assessment* aims to better inform policy makers about the basic elements and processes that comprise SIA and increase awareness of the potential for developing more sustainable policies, strategies and action plans. In 2009, an exercise was carried out to apply the SIA framework to the Interim Report of the Innovation Strategy as part of the AMSDE's work in developing this *Guidance* document. While this was not intended to be an in-depth analysis, the



screening exercise revealed that the Innovation Strategy would likely have impacts on most criteria across all sustainable development dimensions.

AMSDE has also explored the potential for developing a tool to assess impacts on sustainability in the context of the OECD, which was one of the discussion topics at the 2010 AMSDE. In addition, the AMSDE is engaged in discussion regarding options to promote capacity building for SIA in member countries.

Country and Peer Reviews

The OECD undertakes a wide range of monitoring and surveillance activities of its member countries. These activities include member surveys, country peer reviews and member compliance reporting on OECD conventions. They provide valuable information regarding the social, environmental, economic and institutional governance practices of member countries. Ultimately, this information helps OECD provide assistance and advice to member countries on policy development, meeting established or expected global standards, and identifying and sharing best practices. The integration of sustainable development perspectives in OECD country reviews has been a recurring

focus of AMSDE's work since its inception. Sessions have been organised at its annual meetings to exchange views with the Chairs of relevant Committees (e.g. EPOC, EDRC and DAC). In 2009, an inventory and assessment of 48 reviews were undertaken for the 2009 AMSDE to better understand the extent to which sustainable development perspectives were addressed.

This work revealed that OECD reviews touch on all three pillars of sustainable development, as well as institutional governance practices. Non-OECD countries, especially the Accession and Enhanced Engagement countries are well represented in some of these reviews. Generally, the assessment indicated an uneven degree of integration of the various dimensions of sustainable development, with a rather high degree of integration of considerations from the economic pillar. The 2009 AMSDE discussed a few general and several specific recommendations to further integrate the three pillars of sustainable development into OECD country reviews. The findings of this work will be published in the forthcoming report *Assessment of OECD Country/Peer Reviews from a Sustainable Development Perspective*.

Key links:

www.oecd.org/sustainabledevelopment

Advancing Eco-Innovation

Side Event during the 2009 OECD Forum

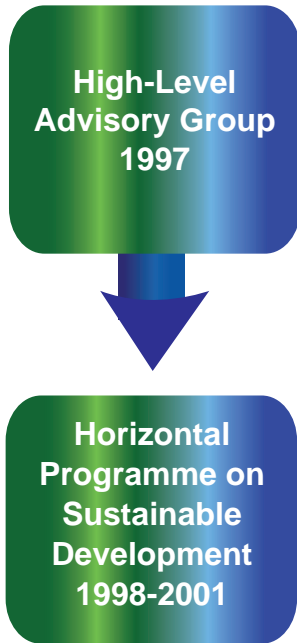
The AMSDE hosted a side event during the OECD Forum in June 2009 to review the roles that education and employment can play in advancing eco-innovation.

Key observations from the session included:

- While a shift to a green economy is welcome, the definition of green jobs/growth may vary when considering short-versus long-term goals.
- Preparing for long-term transition will have an impact on the social pillar of sustainable development in areas such as education, skills development, and employment.
- The importance of engaging OECD non-member countries in discussions regarding the Innovation Strategy and Green Growth Strategy.
- The OECD can use existing instruments and tools, such as country reviews, to raise awareness of the broad impacts of sustainable development and to help stimulate a shift in behaviours and perspectives that will support sustainable progress.

The Directorate for Science, Technology and Industry, the Directorate for Education and the Directorate for Employment, Labour and Social Affairs, contributed presentations to this event. Representatives from the Business and Industry Advisory Committee, the Trade Union Advisory Committee and non-governmental organisations (Northern Alliance for Sustainability) also provided expert comments.

Evolution of the OECD Sustainable Development Mandate



High-Level Advisory Group (1997): Convened by the Secretary-General, the High-Level Advisory Group on the Environment recommended that “sustainable development not be seen as one among many important items on the OECD agenda. Instead it should become a way of ordering and approaching all other issues.” The Group also recommended that the Secretary-General chair a Management Committee on Sustainable Development including all directors and heads of agencies.

Horizontal Programme on Sustainable Development (1998-2001): This three-year programme, mandated by Ministers in May 1998, sought to apply a sustainable development framework to a range of OECD work, including governance, trade and investment, technology, climate change, and sectors including energy, transport and agriculture. Staff was seconded from OECD Directorates to a central analytical unit in the General Secretariat. This programme culminated in a joint meeting of OECD Economic and Environment Ministers, who issued an MCM Communiqué saying “Sustainable development is an overarching goal of OECD governments and the OECD” and that the OECD should “provide guidance for achieving improved economic, environmental and social policy coherence and integration.”



Ad Hoc Group on Sustainable Development (2001-2004): Based on the 2001 MCM mandate, an Ad Hoc Group on Sustainable Development was established and was chaired on a rotating basis by the Chairs of the EPC, EDRC, EPOC and ELSAC. The Ad Hoc Group was tasked with 1) developing agreed sustainable development indicators, 2) recommending ways to reform harmful subsidies and use economic instruments, 3) analysing social aspects, and 4) providing guidance for improved policy integration. Work on harmful subsidies at the sectoral level (agriculture, industry) was done by a coordinating group from different Directorates. The EDRC conducted peer reviews based on topics selected by countries from an agreed list, e.g. reducing greenhouse gases, improving living standards in developing countries, and ensuring sustainable retirement incomes. However, this peer review approach was considered too narrow and was discontinued.

Annual Meeting of Sustainable Development Experts (2004-2010): In 2004, the Ad Hoc Group recommended “establishing an Annual Meeting of Sustainable Development Experts (AMSDE), initially for a two year period, to report to the Council, making recommendations for future areas for prioritisation, mainstreaming, and improved co-ordination among OECD subsidiary bodies.” Since its inception in 2004, the mandate of the AMSDE and its activities has largely remained consistent: holding an annual meeting in the third quarter of each calendar year; preparing an annual report of the OECD’s work on sustainable development; providing an annual contribution to the United Nations Commission on Sustainable Development; hosting workshops and publishing reports on issues such as governance, measurement and environmentally harmful subsidies.



Acronyms

AIXG	Annex I Expert Group on the UNFCCC	ELSAC	Employment, Labour and Social Affairs Committee
AMSDE	Annual Meeting of Sustainable Development Experts	EPC	Economic Policy Committee
CCP	Committee on Consumer Policy	EPOC	Environment Policy Committee
CCXG	Climate Change Expert Group	IEA	International Energy Agency
CERI	Centre for Educational Research and Innovation	ITF	International Transport Forum
CIIE	Committee on Industry, Innovation and Entrepreneurship	NEA	Nuclear Energy Agency
CSTP	Committee for Scientific and Technological Policy	NGO	Non-governmental organisation
DAC	Development Assistance Committee	PGC	Public Governance Committee
EDRC	Economic and Development Review Committee		

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PRINTED IN FRANCE