Webmaster recommends

– Update on international climate change, energy research and productivity

Over the past few months, the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA) have released a range of reports on climate change and energy. They follow studies carried out over 2008 by McKinsey & Company, which focused on the European Commission's role in promoting higher energy productivity around the world.

OECD

www.oecd.org under Environment Directorate

Joint OECD and IEA reports for the Annex I Expert Group are:

Baron, Richard, Buchner, Barbara and Ellis, Jane 2009, *Sectoral Approaches and the Carbon Market*, IEA and OECD, June.

Kim, Joy Aeree, Corfee-Morlot, Jan and de T'Serclaes, Philippine 2009, *Linking mitigation actions with mitigation support in developing countries: a conceptual framework*, OECD and IEA, March.

Ellis, Jane and Moarif, Sara 2009, *GHG mitigation actions: MRV issues and options*, OECD and IEA, March.

Other recent OECD reports on climate change are:

Burniaux, Jean-Marc, Chateau, Jean, Dellink, Rob, Duval, Romain and Jamet, Stéphanie 2009, *The economics of climate change mitigation: how to build the necessary global action in a cost-effective manner*, OECD, June.

This paper examines the cost of a range of national, regional and global mitigation policies and the corresponding incentives for countries to participate in ambitious international mitigation actions.

Assessing environmental management capacity: towards a common reference framework, Environmental Working Paper no. 7, OECD, June.

The paper provides a synthesis of major elements and approaches of institutional assessment that may be applied to environmental management.

Furceri, Davide and Mourougane, Annabelle 2009, *The effect of financial crises on potential output: new empirical evidence from OECD countries*, OECD, May.

The aim of this paper is to assess the impact of financial crises on potential output.

McKINSEY

www.mckinsey.com

Recent McKinsey & Company reports for the European Commission are:

McKinsey & Company 2008, *Capturing the European energy productivity opportunity*, September. See www.mckinsey.com/mgi/publications/capture_europe_energy/index.asp

Europe is in a strong position to play the role of catalyst in promoting higher energy productivity around the world. As European companies bid to become market leaders in energy efficiency, it is useful that public policy is setting incentives that should act as a springboard for their efforts.

McKinsey & Company 2008, *CCS: assessing the economics*, report prepared for the European Commission, September. See http://europa.eu under Rapid – Press releases.

EDHEC short selling study

www.edhec.edu under Research Publications

Lioui, Abraham 2009, 'The undesirable effects of banning short sales', EDHEC Risk and Asset Management Research Centre, April.

This position paper is an in-depth study of the short-selling market that calls into question both the reasons for the decision to ban short selling and the prejudices that weigh on those who short.

Corporate governance best practice update

www.icgn.org/best-practice/

The International Corporate Governance Network (ICGN) is a not-for-profit body founded in 1995, which has evolved into a global membership organisation of 450 leaders in corporate governance in 45 countries, with assets under management of around US$9.5 trillion. Its mission is to raise standards of corporate governance worldwide. ICGN Policy Committees bring together expertise and perspectives across borders to develop best practice guidance that provide practical help to market participants in continually raising standards in corporate governance. In addition, the ICGN actively promotes research in corporate governance by commissioning surveys on member opinion on key issues.

The latest ICGN best practice guidance on anti-corruption practices was launched at the ICGN mid-year meeting in Amsterdam in March 2009. It provides initial guidance for investors in the form of questions to ask company representatives around anti-corruption policies and procedures, enforcement, transparency and voluntary initiatives.

The Co-convenors of the ICGN Working Group on anti-corruption practices are Karina Litvack and David Pitt-Watson.

Other earlier ICGN Best Practice Guidance statements cover:

> Non-financial business reporting (2008); Securities lending (2007); Principles of institutional shareholder responsibilities (2007); Executive remuneration guidelines (2006); Global corporate governance principles (2005); and Expensing of stock options and share-based remuneration (2003).

Global association of financial institutions

www.iif.com/

According to its mission statement, the Institute of International Finance Inc. (IIF) is the world's only global association of financial institutions. Created in 1983 in response to the international debt crisis, the IIF has evolved to meet the changing needs of the financial community. Members include most of the world's largest commercial banks and investment banks, as well as a growing number of insurance companies and investment management firms. Among the Institute's Associate members are multinational corporations, trading companies, export credit agencies and multilateral agencies.

The IIF strives to encourage continuing professional excellence in its research, and to maintain extensive relationships with policy makers and regulators, to support the financial industry 'in prudently managing risks, including sovereign risk; in developing best practices and standards; and in advocating regulatory, financial, and economic policies that are in the broad interest of our members and foster global financial stability'.

Areas of research include: emerging markets; global and capital markets; emerging markets policy; regulatory affairs; with various country and periodic reports.

A number of recent Special Briefings are especially relevant for the current financial and economic situation, including the following:

> *Special Briefing: Challenges for Europe's banks: gauging the risks, May, 2009.*

The close links between Western European and Central, Eastern and South-Eastern European (CESE) banks have long been beneficial for both sides, with profitable expansion opportunities for Western European banking groups and access to reliable funding on favourable terms as well as knowledge and technology transfer for CESE banks. However, the need for many Western European banks to deleverage and raise capital in a difficult environment has significant implications for CESE banks.

> *Special Briefing: US bank stress test, May, 2009.*

The results of the Supervisory Capital Assessment Program – the stress test of the 19 largest US bank holding companies – were released on 7 May. Nine of the banks were found to have adequate capital buffers to withstand a stressed macroeconomic environment, while the remaining 10 will need to raise, in aggregate, US$75 billion in additional capital by November 2009.

Other press releases of interest are as follows:

> *IIF and the Global Association of Risk Professionals jointly launch special programs on risk governance for boards of directors, April, 2009.*

The Institute of International Finance and the Global Association of Risk Professionals (GARP) are leveraging their respective strengths to jointly launch a program on 'Risk Governance for Boards of Directors in the Financial Industry'. Strengthening the board's role in the understanding of risk governance is an essential element in efforts to draw lessons from the financial crisis and implement reforms.

> *Financial services firms move to implement compensation reforms, March, 2009.*

Financial services firms are moving forward with far-reaching changes in their approaches to employee compensation. Firms are proceeding with reforms that are both in line with both the principles published by the IIF in July 2008 and the Financial Stability Forum principles, which 'aim to ensure effective governance of compensation, alignment of compensation with prudent risk taking, and effective supervisory oversight and stakeholder engagement in compensation'.

Update on microfinance and financial literacy programs

www.nab.com.au under About us Community

National Australia Bank (NAB) and Good Shepherd Youth & Family Service recently launched a new matched savings program called the AddsUp Savings Plan. An extension of NAB's existing microfinance program, AddsUp is the next step for people who are living on low incomes and keen to develop financial skills around saving.

Under AddsUp, people who have already accessed and repaid either a no interest loan (NILS®) or low interest loan (StepUP) available through NAB and Good Shepherd, can begin to contribute to a matched savings plan. NAB provides an incentive for people to save $300 in their AddsUp Savings Plan, which is provided via NAB's fee-free Concession Card Account. Once this goal is reached, the account holder becomes eligible to have their savings matched, dollar for dollar, by NAB.

Finance First financial skills assessment

www.makingcents.com.au

The Financial Skills Assessment is a free online tool that measures the financial literacy of Australian children aged between 10 and 12 against levels of achievement that are consistent with Australia's national financial literacy framework. Developed in partnership with the NSW Department of Education and Training with input from State, Territory and cross-sector education representatives, it is an initiative of Finance First — a partnership of YWCA and Citi Australia. The Financial Skills Assessment has been designed as an extension to the teaching resources for primary schools under the MakingCents program.

A team of leading educators including Associate Professor Christine Halse of the Centre for Educational Research, University of Western Sydney (UWS), recently conducted a thorough evaluation of the MakingCents program, including interviews with parents and teaching staff. The results of this review were overwhelmingly positive with the provision of outstanding teaching resources receiving noteworthy praise.

Results of a study released in March 2009 indicated that over 90% of upper primary school students understood the importance of saving and were able to identify why people save, how to reduce spending to increase savings and savings strategies. Also, 88% of students understand the importance of security when it comes to PINs for ATMs and for internet banking.

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