

OECD Chief Says Accession Is a Learning Process

By [Irina Filatova](#)

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Angel Gurría, Secretary-General of the OECD

Accession to the Organization for Economic Cooperation and Development provides a good chance for Russia's decision-makers to identify weaknesses in social and economic policy and respond with adequate reforms, the organization's secretary general said.

Jose Angel Gurría, who spoke at the Gaidar economic forum on Friday, said work on Russia's accession to the OECD is in full swing, but the country is facing enormous challenges, which require a multifaceted approach by the government.

To improve quality of life and facilitate accession, the country has to address four key problem areas, Gurría said. Addressing those challenges should involve economic diversification, more attention to social and environmental issues and improvements in public administration, he added.

To diversify its economy, which remains heavily dependent on natural resources, Russia needs to ensure faster manufacturing growth and reduce state participation in the economy, Gurria said.

Addressing social issues primarily involves targeting poverty. The number of poor people stands at 17 percent of Russia's population, Gurria said, adding that the figure is significantly higher than the average of 10 percent for OECD members.

He also recommended that officials focus on reducing income inequality and inequality between regions and that they increase budget spending on health care.

Gurria said improving the ecological situation is also critical for Russia, which remains the world's third-largest emitter of greenhouse gases.

Increasing investment in energy efficiency should be a priority for the government, given that only 0.2 percent of the federal budget is spent to benefit the environment, he said. Gurria proposed that the government install more household utility meters to improve energy efficiency.

The final block of necessary reforms highlighted by Gurria involve serious changes to public institutions and improvements in the business environment.

Despite big opportunities for growth provided by the Russian market, "doing business in Russia is difficult and risky," he said, citing problems like a lack of transparency, corruption and weak rule of law.

He pointed out that the OECD's assistance in identifying those challenges and proceeding with the necessary reforms is one of the major benefits from Russia's accession to the organization, which is often called a club of rich countries.

Paving the way to the OECD is a good chance for the country's officials to learn from the experience of the member countries in proceeding with reforms, the secretary-general said.

"We're not telling Russians what to do with Russia," Gurria said. The OECD's goal is to show "what the Mexicans, the Turks, the Italians, the Americans ... do" to address challenges like those facing Russia. Based on such examples, he said, Russian authorities can decide how to proceed with the reforms.

"Accession to the OECD should be a strong catalyst to Russia's modernization agenda," Gurria said.

Prime Minister Dmitry Medvedev repeatedly pointed out last week that accession to the OECD is a major goal in terms of Russia's integration into the global economy, after the country made it into the World Trade Organization following 18 years of effort.

"This is a key priority for us, and based on that we make internal decisions and adjust our legislation," he told Gurria when the two met on Thursday.

Medvedev said Russia is very interested in joining the OECD as soon as possible, although the government understands that there are some "technical obstacles" on that way.

Russia has progressed in meeting the OECD requirements in two fields, Gurría said at the meeting, according to a transcript on the government website.

He did not specify what those fields are, saying only that he is waiting for two of the organization's committees to send him the positive results of reviews.

Nevertheless, it remained unclear when Russia could become a full-fledged OECD member. The outcome depends largely on how quickly the country can implement the necessary reforms to meet the standards of the organization, OECD chief spokesman Anthony Gooch said in an interview on the sidelines of the Gaidar forum.

For a country to join the OECD, whose major goal is to help governments improve social and economic policies, a consensus decision by all the 34 member states is needed. This decision is based on the conclusions of the organization's commissions, which scrutinize the candidate country to figure out what reforms it needs to carry out.

In one effort to help Russian authorities improve quality of life in the country, the OECD launched a Russian-language version of its Better Life Index, an interactive tool designed to compare the level of well-being of residents of different countries.

Gooch said the organization is working closely with Russian officials to keep them informed of the results of the initiative.

The index began in May 2011 and has been available in English and French. It was used initially to assess only the 34 OECD members. Russia and Brazil, which is also not yet a member, joined the pool last year.

The index for each country is compiled annually based on figures provided by national statistical services and consists of 11 elements related to quality of life: housing, income, jobs, community, education, environment, civic engagement, health, life satisfaction, safety and work-life balance.

The average rating of quality of life in Russia stands at about 4.7, according to the ranking on the Better Life Index website.

This is low in comparison with most of the OECD member states. Australia earned a score of 8, the highest in the ranking. Russia placed between Brazil and Estonia.

Among the 11 components of the index, Russians appeared to be most satisfied with their work-life balance, which earned a score of 7.8 out of 10. This aspect was closely followed by the quality of housing and safety with scores of 7.1 and 6.7, respectively.

At the same time, Russians are not happy about their health, with this characteristic earning a meager score of 0.1.

The level of life satisfaction, which is defined as the degree of positive emotions like feelings of relaxation, accomplishment or enjoyment every day, also remains low, at 1.2.

In general, Russians are less satisfied with their lives than their counterparts in other member countries. The OECD average is 72 percent, according to the Better Life Index website. Only 59

percent of Russian citizens said they are satisfied with their lives, the website says.

Contact the author at Irina.filatova@imedia.ru

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6