

Unclassified

C(2006)78/REV1/FINAL



Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development

10-Feb-2011

English - Or. English

COUNCIL

Council

REVISED RESOLUTION OF THE COUNCIL

ON A NEW GOVERNANCE STRUCTURE FOR THE ORGANISATION

This revision of Chapters 3 and 4 of the Annex to the Resolution C(2006)78/FINAL was adopted by unanimity by the Council at its 1234th session on 16 December 2010 [C(2010)140 and C/M(2010)24, Item 282].

JT03296301

Document complet disponible sur OLIS dans son format d'origine
Complete document available on OLIS in its original format

C(2006)78/REV1/FINAL
Unclassified

English - Or. English

THE COUNCIL,

Having regard to the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

Having regard to the reforms undertaken and the proposals submitted since 2001, and in particular the "Julin Report" on Future Direction of the OECD: Report on OECD's Role in Global Architecture [HOD(2003)2], the "Noboru Report" on A Strategy for Enlargement and Outreach [C(2004)60], and the latest Report by the Secretary-General on Reform [C/MIN(2005)9];

Having regard to the Council conclusions of 22 April and 6 May 2004 on the OECD Reform [C/M(2004)10, Item 143 and C/M(2004)11, Item 153];

Having regard to the Council Resolution of 21 July 2005 establishing a Council Working Party on implications of future enlargement on OECD governance [C(2005)100 and C/M(2005)17, Item 214];

Having regard to the Report by the Technical Task Force on Cost Implications of Enlargement [C(2005)87] presented to Council on 21 July 2005 [C/M(2005)17, Item 218] and on 23 November 2005 [C/M(2005)22, Item 295];

Having regard to the Report by the Working Party on the Implications of Future Enlargement on OECD Governance [C/WPEG(2006)10] agreed on 21 April 2006;

DECIDES:

1. The Report by the Working Party on the Implications of Future Enlargement on OECD Governance, set out in the Annex hereto and forming an integral part of this Resolution, is adopted by unanimity.
2. The Secretary-General is invited to take the appropriate action for a full implementation of this Resolution.
3. This Resolution enters into force on 1 June 2006.*

* A number of amendments to Chapters 3 and 4 of the Annex to the Resolution C(2006)78/FINAL were unanimously adopted by Council on 16 December 2010 [C(2010)140 and C/M(2010)24, Item 282]. This revised Resolution [C(2006)78/REV1/FINAL] entered into force on 1 January 2011.

ANNEX

[as amended by the Decision of the Council of 16 December 2010 –
C(2010)140; C/M(2010)24, Item 282]

CHAPTER 1: POLITICAL BACKGROUND

1. The Council Working Party on the Implications of Future Enlargement on OECD Governance (WPEG) stemmed from the need perceived by Members to prepare the Organisation for enlargement. Enlargement itself is considered important by all of the Member countries in order to affirm the Organisation's global nature and its relevance in the architecture of international organisations.

2. A number of reports have already been prepared by eminent authors, such as the Nicholson [SG(2003)1], Julin [HOD(2003)2] and Noboru [C(2004)60] reports, and they remain fully relevant. The WPEG's objective is therefore to build on the results of past efforts and on discussions that have taken place between September and December 2005, in order to arrive at specific decisions for improving governance so that the OECD may embark upon a real policy of enlargement.

Future role and direction

3. Important discussions have taken place on the future role and direction of our Organisation. These discussions, conducted by Ambassador Gun-Britt Andersson, have made clear that there is broad agreement among our respective national perceptions of the OECD's future role.

4. Her report [C/WPEG(2005)3/REV1] is based on the intentions of the founders of the Organisation, on the Convention, on changes in the world since 1960 and on the OECD's strengths and weaknesses in the architecture of international organisations, so as to reaffirm what is essential – the future role and direction of our Organisation through such means as:

- i) advising Member countries concerning their economic and structural policies;
- ii) sharing with non-Members the good policies arising from internal deliberations;
- iii) participating in the formulation of standards and good practices at the international level;
- iv) promoting economic growth and development and helping to solve problems having a global dimension.

5. The Organisation for Economic Cooperation and Development and its Member countries have succeeded in striking a good balance between two different objectives: on the one hand, the service to Member countries, by helping them to identify the most important issues of their economic development and to define sustainable national policies and by developing advice and peer reviews on structural policies and, on the other hand, the engagement with non-Members, in particular large emerging economies, to share best practices and to promote economic development.

6. During the important discussions on the future role and direction of the OECD, all Members confirmed their commitment to the current working method of substantive committees and peer reviews, to advising governments and to reaching out to non-Members. All Members confirmed their attachment to an Organisation with a diverse membership, in a spirit of mutual respect.

7. The OECD is highly relevant to Member countries and ready to engage resolutely and positively with other participants in the world economy, both large and small.

CHAPTER 2: THE GOVERNANCE STRUCTURE OF THE OECD

I. The Convention

8. The Convention establishing the OECD remains relevant and pertinent and provides all the latitude required to adjust the Organisation's institutional mechanisms to its needs now and after enlargement.

II. The Council

9. Council is the highest body of the OECD. It has been entrusted by the Convention to be the body from which all acts of the Organisation derive. Council, at the level of Ministers as well as Permanent Representatives representing a whole-of-government view, is the appropriate forum for shaping the future direction of the Organisation, for discussing and deciding key policy issues, and for taking decisions involving obligations of Members. Council is the relevant forum for policy exchanges with the Secretary-General in his capacity as Chair.

10. As specified in the Convention, each Member country "has one vote" and the European Commission "shall take part in the work of the OECD". In Council, decisions by mutual agreement are the rule, except for special cases. Council meetings shall normally be held once a month at the level of Permanent Representatives. The Council concentrates on policy and strategic issues.

III. Meetings of Heads of Delegation

11. Informal meetings of Heads of Delegation are highly useful, especially for exchanging views without instructions, bringing views closer together, testing new projects, informally preparing sensitive decisions such as appointing the institution's senior managers (according to Article 10 of the Convention) or preparing annual Ambassadors' seminars. These meetings will remain informal and be few in number.

IV. The Secretary-General

12. In accordance with Article 10 of the Convention, the Secretary-General is responsible to the Council. He/she chairs the sessions of the Council at the level of Permanent Representatives.

13. Without prejudice of future decisions by Council, the proposed new structure of governance does not alter the current division of responsibilities between the Council and the Secretary-General.¹

14. The Secretary-General carries policy, executive and management responsibilities. He/she also represents the Organisation vis-à-vis the rest of the world and acts as its legal representative. He/she may submit proposals, including the Programme of Work and Budget, to the Council and to any other body of the Organisation. He/she is in charge of executing the Council decisions and implementing the PWB. He/she ensures that the Organisation's activities are managed within the Budget in a cost effective manner.

1. See Note C/WPEG(2006)6 by the Secretariat on "The Responsibilities of the Secretary-General" dated 14 March 2006.

15. At present, the Secretary-General meets informally with the Chairs of committees and working groups directly subsidiary to the Council. These informal meetings have no decision-making power, no summary records and no specific timetable. It belongs to the sphere of authority of the Secretary-General, as the Chair of the Council, to decide how he/she intends to exercise his mandate and how he/she wants to organise consultations.

V. Substantive committees

16. Through its committee structure the OECD's substantive policy agenda and outputs respond directly to the needs of, and are closely monitored by, senior policy officials from capitals in a way that may be unique among international organisations. It is these committees that produce the outputs of the OECD, the policy advice, guidelines, principles ("soft law") and best practices. The working methods of the committees are one of the institution's hallmarks, the source of its added value and the support it enjoys in capitals. It is therefore essential for the future of the OECD that these working methods be able to continue producing quality output after enlargement. The Noburu report covered this topic capably and at length.

17. We too must recognise, as did the Report, that each substantive committee would like to tailor its working methods to its own needs. Here, then, it is important not to want to shackle committees too tightly by imposing on them a single working method.

18. Decisions of substantive committees will continue to follow current practices, unless otherwise agreed by Council.

VI. Relations between the Council and substantive committees

19. Ambassador Véronique Ingram's report to WPEG [C/WPEG/SG(2006)1/FINAL] makes several proposals to streamline the relations between Council and substantive committees. These proposals were discussed in WPEG and should serve as a base for improved relations between the two levels of governance. For example, the following lines should be implemented:

- Dialogues between the Council and each Committee Chair should be held at least once every biennium. On this occasion, Committee Chairs and the relevant Director should outline their priorities and *modus operandi* for the next 12 months, report on their performance against the PWB in respect of their achievement of expected outputs, and advise on their governance arrangements (composition and election of bureaus and their role vis-à-vis the committees). Prior to the dialogue session with Council, standardised documentation will be made available to Members of the Council by the Directorate involved, along the lines proposed by Ambassador Véronique Ingram in her report. The annual reports, transmitted by substantive Committees to the Budget Committee on their implementation of the PWB, are also a part of the dialogue between the Committees and the Council.
- The recent experience of dialogues between the Council and Chairs of substantive committees shows interesting improvements, with Heads of Delegation volunteering to prepare the detail of each dialogue with Chairs of committees. These improvements should be encouraged and further deepened.
- Chairs and members of the substantive committee bureaus should be selected by mutual agreement through a transparent and fair process, on the basis of merit and for a specified duration; their role and duties should be set out by the committees.

- The Secretary-General will submit to Council for approval, as soon as possible, a revised version of the handbook for Committee Chairs taking into account the elements referred to above.

VII. Written procedures and oral reports

20. Written procedure should be used more frequently. Such a procedure would provide for written questioning of the Delegations, seven-day deadlines for reaction, and final decision if no Member interrupts the procedure within the specified amount of time. In the case of an interruption of the procedure by a Member, the decision making procedure resumes at the stage and in the body it had reached before. Such a written procedure could be justified by urgency (since the Council would meet less often) or by the mere fact that the proposed decision has gathered broad consensus at a subordinate level.

VIII. Time and meeting management

21. Ambassador Hubert Wurth's report [C/WPEG/SG(2006)1/FINAL] underlines the needs for a strict discipline on speaking time for delegation leaders, in Council as well as in other meetings. The experience gained with the rule restricting individual interventions to three minutes is considered by Delegations to be a success

22. Meeting management rules, including those adopted in June 2004 [C(2005)83], should be continuously developed and implemented by the Council and across the Organisation.

23. The documents on which the Council and the standing committees are expected to discuss and decide will be made available at least seven days before the meeting, in both official languages of the Organisation; the Chair will wrap up the debates within the time allocated for a specific issue; the preparatory meetings of the Council will be used to announce preliminary national positions; written procedure will be used more frequently; the electronic discussion groups will be used to share positions between sessions, etc.

24. The Secretary-General is entrusted with the responsibility of implementing these rules and of disseminating them at all levels of governance.

CHAPTER 3: STRUCTURE AND DECISION-MAKING MECHANISMS

25. The governance structure for the OECD must serve the needs of the Organisation and all its Members, both at present and after enlargement. In this regard, the structure has the following objectives:

- Ensuring that Council has the time to focus on strategic direction by removing non-essential issues from its agenda;
- Improving responsiveness, flexibility, effectiveness and efficiency by delegating and by significantly expanding the use of Qualified Majority Voting (QMV).

I. Standing Committees

26. Council operates as the strategic governing body. It is assisted by its standing committees in the preparation of discussions and decisions on substantive issues. Operational issues are handled by its standing committees. The work in these bodies proceeds under the direction of Council, in accordance with the mandates and delegated authorities for each of the standing committees.

27. There are three plenary standing committees: Executive Committee (ExCo), Budget Committee (BC) and an External Relations Committee (ERC). Each of the three bodies is responsible for a cohesive group of functions and issues.

28. Each standing committee has a Chair and one or two Vice-Chairs to assist her/him. They are elected yearly by mutual agreement through a transparent and fair process. Chairs are elected by the Council, Vice-chairs by their committee. Chairs and Vice-Chairs are eligible for re-election once.

29. Each standing committee decides by mutual agreement how to further organise its work, including the possibility of establishing a bureau.

30. Working groups can be created by mutual agreement by the three standing committees in order to explore specific topics. The mandates of these working groups will be decided by mutual agreement, including their composition, working methods, the scope of their activities and a specific end date. These groups will report to the standing committee that created them. Their membership can be restricted or open-ended. They will only make recommendations to their standing committee.

31. The following outlines the general mandates and overall responsibilities of the three standing committees:

- The Executive Committee (ExCo)
 - assists the Council by preparing for its decisions on reports and proposals – including draft Acts of the Organisation and agreements elaborated by the substantive committees or other such specialist bodies;
 - advises the Council on preparations and follow-up to Ministerial meetings of OECD bodies; and on committee structures, mandates and evaluation;
 - advises the Council on strategic issues and priorities, including those regarding the management and operations of the Organisation, where these fall within the competence of Council and which are not otherwise covered by other standing committees;
 - advises the Council on policy issues not covered by the mandates of the other bodies directly subordinate to the Council;
 - carries out any functions delegated to it by Council, and reports to it as appropriate.
- The Budget Committee (BC)
 - assists and advises the Council in preparing for its discussions and decisions on the budget priorities and envelope and on the biennial Programme of Work and Budget including amendments to the PWB,
 - monitors the implementation of the agreed budget, the allocation/reallocation of financial resources and reports to and advises Council on these, as appropriate;
 - assists the Council in preparing for discussions and decisions on elements of the integrated management cycle, such as the MTO and the PIR;
 - advises the Council on the management of funds and voluntary contributions, the closing of accounts of each financial year and on the Financial Regulations;
 - carries out any functions delegated to it by the Council, and reports to it as appropriate.

- The External Relations Committee (ERC)
 - assists the Council in preparing for its discussions and decisions on strategies, policies and guidelines on external relations and relations with non-Members and international organisations, including conditions of their participation in the work of the Organisation;
 - monitors the implementation of these decisions and advises the Council;
 - advises the Council on the co-ordination of activities and programmes with non-Members;
 - assists the Council in ensuring that the global relations of the Organisation are taken into account in the preparation of the PWB;
 - carries out any functions delegated to it by Council, and reports to it as appropriate.

II. Special Bodies

32. In the past, special bodies, restricted or plenary, were created by Council for a particular substantive, advisory or functional mission. Some of them have been discontinued (e.g. the Informal Group on the Site and the Committee on Public Affairs and Communications). As these special bodies' activities are more focused on specific areas, their interaction with Council, if any, is less intense than is the case between Council and standing committees. These bodies have proven their usefulness and added value.

33. Currently, these are: the Audit Committee, the Pension Budget and Reserve Funds Management Board and the Evaluation Committee.

III. Mutual agreement and qualified majority

34. Mutual agreement is the absence of objection by any Member to a draft proposal. Unanimity is the agreement of all Members to a draft proposal.

35. QMV is a mechanism that is used successfully in many international institutions to facilitate reaching agreement. The QMV formula agreed by Council in 2004 allows for decisions to be taken if supported by 60% of Member countries, unless opposed by three or more members who represent at least 25% of the Part I scale of contributions.

36. The application of QMV involves a process of several steps. The Chair will first make every effort to reach mutual agreement. If unable to reach mutual agreement, the Chair will call for a short pause for reflection and will set a final date for reaching a decision. If mutual agreement is still not achieved by that time, the Chair will call for a vote by QMV.

IV. Categories of cases

The normal cases

37. All issues will follow the normal cases procedure, except fundamental cases, special cases and delegated cases, as explained below.

38. The decisions on "normal cases" will be made by mutual agreement at the Council level, after preparation in the standing committees.

39. “A” points are those items prepared by bodies directly subsidiary to the Council and likely to be adopted without debate, mentioned in each Council session agenda. They follow the procedure as set out below.

40. The Chairs of the standing committees will prepare draft decisions and, in most cases, will send the proposed decisions to the Council as “a” points. They should send the draft decision to the Council as an “a” point only if confident that it enjoys broad and substantial support of the Members. Once on the Council agenda as an “a” point, the draft decisions may only be reopened at the request of at least 15% of the Membership or if any Member country invokes the safeguard mechanism.

41. An “a” point sent to Council will be adopted by mutual agreement unless at least 15% of the Member countries (rounded up to the nearest unit) request the issue to be re-opened. In this case, the issue will be discussed by Council, which will either adopt a decision by mutual agreement or refer the issue back to the standing committee for further work. The requests to reopen the issue will be made by the Heads of the Delegation before the meeting of Council.

42. The safeguard mechanism: if a very important interest of a Member country is endangered by a draft decision prepared by a standing committee and sent as an “a” point to Council, the Secretary-General, upon written request of that Member, shall call for a special meeting of the Council to address the issue. At this meeting, the Member invoking its national interest will explain the problem and will be expected to suggest a solution. The Council will either adopt a decision by mutual agreement or refer the issue back to the standing committee for further work.

Fundamental cases (see list below)

43. This category contains those strategic issues that should be addressed by Council and for which decisions should be taken by mutual agreement because some of these issues are highly political in nature, because they create political or legal obligations for Members, because they require a whole-of-membership perspective or because they involve the overall stewardship of the Organisation. These cases will normally form “b” points on the Council agenda (for discussion and decision by Council) although it is possible for such cases to be presented to Council as “a” points. Decisions on these cases may be prepared by a standing committee, the Secretary-General or some other body, or may first arise in Council itself.

Special cases (see list below)

44. The Convention (Article 6.1) provides that decisions are taken by mutual agreement of all Members unless the Council unanimously agrees otherwise for special cases.

45. In 2004, the Council decided that the decision-making mechanism for special cases would be QMV, both at the level of Council and in the standing committees. Special cases can either be decided by Council or, if delegated, by standing committees.

46. All decisions taken by a standing committee in application of a delegation by Council to that standing committee will be formally recorded by the Secretary-General.

V. The Lists of Fundamental, Special, and Delegated Cases

47. Existing Council decisions which attribute decision-making authority by mutual agreement to standing and substantive committees remain unchanged unless otherwise indicated below or decided in the future by Council.

48. ***The following fundamental cases are decided by Council by mutual agreement or unanimity, and can be prepared by standing committees also by mutual agreement:***

- i. Approval of the Organisation's governance structures;
- ii. Revision of the mandates of standing committees;
- iii. Creation of special cases including the cases to be delegated (unanimity is required under Article 6 of the Convention);
- iv. Adoption and revision of the Rules of Procedure of the Organisation, including its language regime;
- v. Approval of priorities, strategic and budget orientations and policy frameworks;
- vi. Adoption and revision of Acts (Decisions, Recommendations) and Agreements under Article 5 of the Convention;
- vii. Decision on new membership (unanimity is required under Article 16 of the Convention);
- viii. Approval of policy frameworks with respect to relations with non-Members, international organisations, Parliaments and other public authorities and civil society, including academia;
- ix. Approval of new invitations and new participation of non-Members in the work of the Organisation;
- x. Adoption of the budget envelope, defined as the sum of appropriations financed from assessed contributions and other income, and special budgets;
- xi. Approval of supplementary budgets which induce an increase in the assessed contributions of current members/participants;
- xii. Approval of the principles and rules on the scales of contributions;
- xiii. Closing of annual accounts and discharge to the Secretary-General;
- xiv. Decisions on appointments, elections and designations attributed to the Council;
- xv. Decisions on the Headquarters (Article 18 of the Convention).

49. ***The following cases are delegated to the standing committees identified below and are to be decided there by mutual agreement:***

(a) Executive Committee:

- i. Decisions regarding the implementation of policy frameworks towards civil society.

(b) External Relations Committee:

- i. Decisions regarding the implementation of policy frameworks on relations with non-Members;
- ii. Decisions regarding the implementation of policy frameworks on relations with International Organisations.

50. ***The following special cases are decided by QMV by Council:***

- i. Creation, continuation and abolition of substantive committees and programmes, including revision of their mandates;

- ii. Adoption and revision of Staff Regulations and Rules;
- iii. Adoption and revision of Financial Regulations and related rules;
- iv. Decisions implementing the Financial Regulations and related rules (attributed to Council therein), including those concerning modifications to the Programme of Work or to the allocation of resources and the carry forwards of resources;
- v. The Organisation's Programme of Work and Budget, within a consensus-agreed budget envelope, and any related decisions which allocate resources down to the Output Area level, with decisions prepared in the Budget committee and taken at Council, both bodies acting on the qualified majority voting basis, if required;²
- vi. MTO and PIR methodology;
- vii. Decisions regarding the Evaluation Committee's recommendations to substantive committees;
- viii. Decisions regarding the monitoring of the implementation by substantive committees of the Evaluation Committee's recommendations;
- ix. Decisions regarding the follow-up to reports on the implementation of Acts;
- x. Decisions to hold sectoral ministerial meetings and decisions regarding their themes and dates.³

51. *The following special cases are delegated to standing committees identified below, and are decided there by QMV:*

(a) Executive Committee:

- i. Decisions implementing CCR recommendations (except methodology and use of the affordability clause);
- ii. Decisions regarding the implementation of policy frameworks related to communications and publishing;
- iii. Decisions regarding the implementation of policy frameworks related to patronage and sponsorship and OECD centres;
- iv. Decisions concerning continuation of subsidiary bodies of substantive committees under Article 21 of the Rules of Procedure.

(b) Budget Committee:

- i. Annual approval of the scales of contributions;
- ii. Decisions on the implementation of the Programme of Work and Budget;

2. Cf. the Council decision of 22 April 2004 [C/M(2004)10, Item 143].

3. As well as locations of ministerial meetings other than those of the bodies of the Organisation.

- iii. Decisions implementing the Financial Regulations and related rules (attributed to the Budget Committee therein), including those concerning modifications to the Programme of Work, the reallocation of resources, commitments in a future financial period, commitments in the current financial period for expenditure to be made after the end of that period and the approval of grants and voluntary contributions;
- iv. Approval of supplementary budgets which do not induce increases in the assessed contributions of current members/participants;
- v. Decisions on the management of the Pension Budget and Reserve Fund.

(c) External Relations Committee:

- i. Decisions on non-Members' fees, after consultation with the Budget Committee;⁴
- ii. Decisions on evaluation and renewal of regular observers.

VI. Interpretation regarding classification

52. Any problem of interpretation on the classification of a specific issue into one of the categories will be prepared by the Executive Committee and decided by Council as a normal case.

VII. Cloture of debates

53. Chairs will decide on the cloture of debates and will implement the decision-making mechanism, whether mutual agreement or qualified majority, as soon as she/he feels that all arguments have been examined and discussed. It is the prerogative of the Chair to take such a decision. Members may invite the Chair to proceed with the cloture of debates.

CHAPTER 4: REVISION AND IMPLEMENTATION

Revision Clause

54. An assessment of the governance system will be conducted no later than four years after entry into force of the revised Resolution or before, if Council so decides. In the meantime, and if necessary, moving a specific issue from the delegated to the non-delegated list, from the special cases to the delegated special cases lists or removing an issue from the special cases list will be done by QMV by Council. Moving a fundamental case (paragraph 48) or a delegated case to be decided by mutual agreement (paragraph 49) to another category will require mutual agreement. The creation of new special cases will require unanimity according to Article 6.1 of the Convention.

Implementation

55. This revised Resolution will enter into force on 1 January 2011.

4. Consultation would concern the level of fees. If, after the consultation with the Budget Committee, views differ, the ERC should advise the BC accordingly and provide it with another opportunity to offer its views before taking the final decision.