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**PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE
PUBLIC GOVERNANCE COMMITTEE**

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**STRATEGY FOR DEFINING THE ROLE AND PARTICIPATION OF NON-MEMBERS IN THE
WORK OF THE PUBLIC GOVERNANCE COMMITTEE**

This strategy was approved by the Committee at its 31st session on 1st April 2005.

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I. Rationale

1. This pro-active strategy for defining the role and participation of non-members in the work of the Public Governance Committee and its subsidiary bodies is in response to the demand by the Secretary-General of the OECD, Mr. Donald Johnston, in his letter dated 9th September 2004 to all Committee Chairs, to develop such a strategy for each Committee. This demand is based on the resolution (C(2004)132/Final) adopted by Council on 8 July 2004.

2. This strategy has particular importance for Committees, as invitations to observers will have to be justified within the framework of their pro-active strategy towards non-member participation. In addition the strategy can contribute to improving the way PGC manages the participation of non-members in view of an increasing demand for outreach work both by members and non-members since the biannual work programme 2001/2002.

3. As a result, the PGC has been invited to discuss through which means it considers integrating non-members into its Committee work, both in relation to potential invitations for observership and the outreach elements of the draft programme of work 2005/2006. A first discussion took place at the October 2004 PGC meeting. Comments were given and declarations for support for outreach work were extended by a wide range of countries and the Secretariat was invited to integrate those comments into a second draft, which was circulated in early 2005 for written comments. This revised version was presented and adopted at the 31st session of the Committee on 1st April 2005.

II. Background to the demand to Committees to draft a pro-active strategy

4. The letter from the Secretary-General informed Committee Chairs that “Over the past several months the Committee on Co-operation with Non-members, under the Chairmanship of Ambassador Olivieri, has undertaken a revision of the Resolution of the Council on the participation of non-Members in the work of subsidiary bodies of the Organisation [C(96)64/REV2/FINAL]. This work resulted in the adoption by the Council during its meeting of 8th July 2004 of a new Resolution [C(2004)132/FINAL], hereinafter referred to as “the Resolution”.”

5. The Resolution reflects the evolution of the Organisation’s approach to outreach as outlined in C(2004)60. It renders the process guiding the participation of non-members in OECD Committees more transparent and progressive. In particular, the Resolution emphasises that the initiative to engage a non-member in the work of a Committee lies with the Organisation, contrary to the current practice where the Organisation has usually taken action in response to expressions of interest from non-members. Committees will have important responsibilities in this revised process.

6. The most significant innovation in the new Resolution is to ask each Committee to develop a pro-active strategy which defines the role and participation of non-members in the Committee’s work. Guidelines for the development of these strategies can be found in Annex I to the Resolution (Annex of this document). An annex to the Secretary-General’s letter provides some more operational suggestions.

7. In essence, Committees should identify the non-members whose participation would facilitate the achievement of the Committee’s mandate and the implementation of its programme of work. The Committees should then consider the best means of integrating these non-members in the Committee’s work, whether as an observer or through some other form of co-operation. The development of these strategies implies that Committees will need to reconsider the participation of all current observers.

III. Demand for outreach work on public governance

8. An increase in the demand for and the capacity of PGC to contribute to OECD outreach has become apparent throughout the range of outreach activities. The decision to make governance the unifying theme of the overall OECD China programme in 2003/2004 shows the rising importance of public governance as a key to achieving reform. The preparatory work OECD has undertaken with Middle Eastern and North African countries (MENA) responds to the demand from a number of Arab governments for the OECD and the UNDP to set up jointly a process of policy dialogue, which has resulted in the November 2004 Council agreement to set up a three-year programme from 2005 to 2007. This policy dialogue would focus on public governance issues that are seen as central to overcoming many Arab countries' huge economic and social development challenges. As a further example, Russia has been the first non-member country to be reviewed under the OECD Regulatory Reform Programme. Moreover, governance is one of the central contributions of the OECD within the framework of the New Partnership for Africa's Development (NEPAD).

9. The outreach work of the Public Governance Committee provides powerful leverage to member country work, building a mutually beneficial relationship between members and non-members. At the same time, PGC outreach activities have been developed congruently with and in support of other important regional and multilateral initiatives in the governance area. For example, the MENA initiative is undertaken in close co-operation with the Barcelona process and the new European Union Neighbourhood policies, with the European Commission participating actively in this PGC programme. In parallel, this programme has received support from the G8 as well as within the framework of the BMENA Forum for the Future. Similarly, the PGC Africa work is undertaken within the framework of NEPAD.

10. The growing demand by non-member countries has been paralleled by the rising international recognition of the PGC as a centre of excellence and reference in public management questions. This is underpinned by a range of guidelines and recommendations that can provide a policy standard both for members and non-members in this field. The 1995 Recommendations on Improving the Quality of Government Regulation (1995), complemented by the Plan for Action on Regulatory Reform (1997), have provided a body of lessons learned from OECD experience that is also accepted by non-member countries as basis for reform. Recommendations of the OECD Council on Improving Ethical Conduct in the Public Service, including Principles for Managing Ethics in the Public Service (1998), provide a framework for the promotion of public sector integrity and preventing corruption in member and non-member countries.

11. Work undertaken by GOV on ethics has been complementary to the OECD Anti-Bribery Convention and is being reinforced by the 2003 Council Recommendation on Managing Conflicts of Interest in the Public Service. Moreover, the OECD Best Practices for Budget Transparency (1999) can also serve as a reference for reform efforts in non-member countries.

IV. The notion of observership in Committees

12. There is no "general observership" in the OECD. Non-members can only become observers in individual bodies, clearly showing that the Organisation's intention has always been to associate non-members with work in a specific substantive area rather than attributing a generic status. Observers do not have the same rights and obligations as members or full participant non-members. However, their participation in the work of Committees offers the opportunity to exchange national policy experiences with peers and influence them. It also allows observers to become familiar with OECD instruments and, in some cases, to influence their content as they are crafted. At present, 15 non-members are connected with work in at least two OECD bodies. Among them, only 10 participate in a substantial number of bodies,

indicating that the Organisation has a more than cursory mutual interest in their involvement in its substantive work. Document C(2004)60 contains a further elaboration of the role of observerships to Committee within the new overall outreach strategy of the OECD.

V. PGC Framework for co-operation with non-members

13. The PGC was invited at its October 2004 meeting to engage in a discussion in order to position non-member countries in the draft framework below. As proposed in C(2004)60, the overall OECD strategy outreach is pursued as a two-way relationship between member and non-member countries, underpinning OECD's work among members. It has two functions:

- *Dissemination* - to share OECD's policy advice and good practices with non-members with a view to the diffusion and promotion of the values of the Organisation. Non-members can benefit in various ways from the body of knowledge and policy advice that PGC has developed with regard to public governance and modernisation of the state.
- *Participation* - to make OECD's products more relevant and globally acceptable through the participation of non-members both in the formation and implementation of policy advice and good practices. Non-member countries are increasingly important for implementing PGC work through cross-border influences, for example in the areas of regulatory management or public sector integrity. Moreover, there is increasing potential for PGC and its members also to benefit from innovative public governance policies in selected non-member countries.

14. At the same time, the OECD -- and, more specifically, the PGC -- cannot engage all non-members, nor all selected non-members, to the same extent, because of resource constraints. In defining a focused strategy, the relations and special programmes for non-members shall be designed in order to maximize the effectiveness of the two functions of outreach outlined above, including ensuring an appropriate diversity of views and participating countries (geographical diversity, differences in size, etc.).

15. Moreover, non-members' ability and willingness to support OECD's and PGC's policy advice and good practices and to participate in their formation and implementation is encompassed in two characteristics: i) the potential influence of the non-member country ii) the potential impact of the OECD on the non-member country. As proposed in C(2004)60, these two characteristics can be used by PGC to position countries in terms of the type of outreach that will be most suitable and mutually beneficial to them.

16. Within this context, a framework is set out below for the engagement and positioning of non-members in PGC work based on a flexible geographic geometry of interests. The framework provides a tool for obtaining a pro-active and comprehensive view on how the PGC seeks to interact with non-members. The proposed framework, which draws on the experience of other OECD Committees, contains four approaches that include options of delivery mechanisms.

- a) The first approach could be called **close bilateral engagement** or **country programme** and would apply to countries with whom the OECD, and in particular the PGC, has and/or wishes to develop a close relationship as they exercise significant influence on OECD countries' economies. Those members could also apply for observer status or have already done so, and some of them may even be in an OECD accession scenario. In the framework of the next programme of work biennium, the Committee's priorities would focus on bilateral engagements with Russia and China, with regard to the immediate strategic value and benefits of working with those two countries on governance issues for OECD members.

In the medium and longer term, bilateral engagements might be extended to a small number of other countries provided that mutual benefits are guaranteed and that the Committee's working methods would not be negatively influenced by too many participants. The PGC might consider any extension of this approach to other countries at later Committee meetings.

Co-operation based on close bilateral engagement could have the following elements:

1. Agreements providing a framework for co-operation within a country programme and setting out delivery mechanisms, including potential country reviews and capacity building. A framework of a similar kind has already been provided in the co-operation with China through a Memorandum of Understanding (MoU). Such agreements could ultimately set out sources of finance and could include co-operation with other bilateral or multilateral donors if appropriate (such as a WB/OECD Trust fund for China). Such agreements are a longer-term goal to be developed from existing country programmes.
 2. Establishment of a system of indicators and measures within the framework of a constant process of review and evaluation in order to identify whether targets have been achieved.
 3. Close involvement of the country in the work programme of the PGC, for example in the form of best practice studies that can be of benefit for members.
 4. Possible participation in the "Programme for Partners with Accession Perspective" (C(2004)60). This programme would be applied to a limited number of selected non-member countries with the agreed purpose of effectively mobilising the outreach resources/assets and monitoring progress, thus facilitating preparation for the accession process to the OECD according to Article 16 of the Convention. Not all countries in the PGC close engagement approach will aim at accession, so some will just use elements one to three. The decision to open up the Programme for Partners with Accession Perspective to a specific country rests with the Council and not the PGC.
 5. Possible application for observership. In this case the "Guidelines for Subsidiary Bodies" contained in the Resolution [C(2004)132/FINAL] would need to be applied for applicants (see Annex).
 6. Participation in Global Forum events and/or regional programmes where appropriate.
- b) The second approach is based on **regional programmes**. This regional programme approach has been applied for many years in the SIGMA programme (Balkans, and European transition and accession countries), the South-East Europe Stability Pact work on regulatory reform, the work on integrity in the Stability Pact Anti-Corruption Initiative and, more recently, in the Middle Eastern and North African Countries (MENA) Programme, the New partnership for African Development (NEPAD), and emerging activities in Asia and in South America (co-operation with the Inter-American Bank for Development). The mutual benefit of co-operation in these programmes is drawn from the importance and the significant influence of a region as a whole rather than from a single country.

One or two countries representing regions could act as an interface between the regionally organised dialogue and the PGC by becoming an observer for this Committee (for example Morocco for the MENA region; Slovenia for the European transition countries is already an observer to the PGC). The discussions at the October meeting in 2004 indicated that the Committee's priorities for regional programmes in the short and medium term include, Middle East and Northern African Countries (MENA), transition countries including South East Europe

(SEE), and the New Partnership for African Development (NEPAD), Asian Countries, as well as South America, which has been the least developed regional activity in the past. In order to extend or vary this geographic prioritisation in the longer term, the PGC might propose criteria, on the basis of which the Committee would decide whether co-operation with a region would be mutually beneficial.

Co-operation with those countries could have the following elements:

1. Regional programme agreements providing a framework for co-operation and setting out delivery mechanisms including country reviews with or without a regional peer review dimension, regional indicators and capacity building. Such agreements should set out sources of finance and would include co-operation with other bilateral or multilateral donors (such as the MENA programme, which is run jointly by UNDP and OECD, or the SIGMA programme with the EU Commission). Regional programmes might also be supported by “regional OECD centres”, such as the one proposed by Korea for Asian Countries with a view to sharing public governance know-how in this region.
 2. Establishment of a system of indicators and measures within the framework of a constant process of review and evaluation in order to identify whether targets have been achieved.
 3. Linkages with other relevant OECD work, such as links with work on investment policies within the MENA programme or the successful longstanding co-operation of GOV within the Investment Compact in South-East Europe.
 4. Possible application of “regionally representative” countries for observership. To this end the Resolution’s [C(2004)132/FINAL] “Guidelines for Subsidiary Bodies” would need to be applied.
 5. Participation in Global Fora where appropriate.
- c) The third approach would be the **flexible bilateral engagement**, which would apply to the OECD’s relations with countries where demand-driven bilateral co-operation on issues concerning public governance would be useful, but which do not justify the more resource - intensive close bilateral engagement approach of a full-fledged country programme.

The third approach can serve to structure co-operation with one or more countries that potentially could become the nucleus of a subsequent regional programme or close bilateral engagement/country programme. PGC has been expressing particular interest in Brazil and Chile, which are already observers. Both countries have a strategic relationship with a range of OECD countries, and dialogue with the PGC has been mutually beneficial. Both countries could also serve as leverage for the further development of a full-fledged South America regional programme.

Co-operation with those countries could have the following elements:

1. Participation in multilateral events, for example the Global Fora.
2. Focussed events and activities that are of mutual benefit and that might help to explore whether relations with the country can be developed into a country or a regional programme.

3. Evaluations and outcomes will be assessed on an event-by-event basis and through annual surveys within the ongoing programme of work system. Results will be also communicated within the framework of donor reporting.

The draft work programme for 2005/2006 contains a range of Global Fora events that can allow a platform of exchange for those who are not participating in closer bilateral relations or in special regional programmes. PGC delegates might propose countries that they would wish to take part in these events in the course of the implementation of the 2005/2006 programme of work.

- d) **Other vehicles**, such as full membership in a Committee as set out in C(2004)60, can be envisaged but appear less relevant in the context of the PGC at this stage. This position might be revised in the ongoing process of updating this pro-active outreach strategy as set out in the Secretary-General's letter.

VI. Institutional Implications

17. Relations with non-member countries and the design of the outreach programme of work are directed by the PGC in co-operation with the CCN. It is proposed to establish an Enlarged Bureau on Outreach (EBO) within the framework of the PGC in order to improve the management of relations between the increasing number of non-members co-operating with the PGC via one of the three approaches (close and flexible bilateral engagement and the regional approach),

18. The EBO's main functions would be the following:

- Participate in the preparation of the future bi-annual Programme of Work proposals to be subsequently presented to the PGC.
- Advise on the implementation of the programme of work in terms of policy content, lessons learnt and country experiences.
- Contribute to identifying sources of voluntary funding of activities.
- Evaluate the implementation of the work programme.
- Contribute to the constant adaptation and pro-active development of the overall PGC outreach strategy.
- Draw up a list of countries that would be proposed to PGC for observership in addition to the present three observer countries.
- Report to the PGC on programme design, implementation and evaluation.

19. The EBO would contribute to ensuring the efficiency and effectiveness of interaction between the PGC, non-member countries and the Secretariat, by expanding depth and breadth of relations between the Committee and non-members.

ANNEX: GUIDELINES FOR SUBSIDIARY BODIES ON THE DEVELOPMENT OF A PRO-ACTIVE STRATEGY FOR THE PARTICIPATION OF NON-MEMBERS

1. Committees shall develop, in line with their mandates, and the Organisation's overall outreach strategy, a pro-active outreach strategy for the participation of non-members in the work of the Committee and its subsidiary bodies. The strategy should consider the following elements in order to identify the non-members to be invited and the appropriate form of participation:

- a) whether non-member participation would facilitate appreciably the achievement of the mandate and the programme of work of the subsidiary body concerned;
- b) whether and in what ways association of non-members with its work would be of benefit to the Organisation including in fulfilling its mandate of contributing to the development of non-members.
- c) whether economic growth and/or the welfare of members, considered on a national, regional or global basis¹, within the substantive area covered by the subsidiary body concerned are influenced to a significant degree by the policy orientations of non-members;
- d) in relation to the substantive area covered by the mandate of the subsidiary body concerned, the degree to which non-members' institutional and policy know-how contributes significantly to OECD peer learning/influencing and rule-making processes;
- e) the appropriate number of non-member participants, focusing both on the non-members and the time period of the invitations in light of the requirements of the mandate of the subsidiary body concerned, its programme of work and its methods of work;
- f) the consequences that non-members' participation might have on the working methods, programme of work and Secretariat resources devoted to the subsidiary body concerned;
- g) in the case of full participants, the non-member has been found to be willing and able to commit to the relevant OECD acquis, as appropriate;
- h) a consideration of the full range of vehicles to engage non-members in the work of the Organisation and the subsidiary body concerned, as well as the limits and forms of the participation of non-members which appear desirable and most useful, to maximise the benefits and reduce any disadvantages.

2. Committees should review their strategy regularly in light of changes to their mandate or programme of work orientations.

¹ The impact of a non-member's policies on an individual OECD member state, or indeed on a region, should not be of itself sufficient justification for that non-member's participation in an OECD body. National or regional impact should be merely one element in the analysis which Committees go through in drawing up a strategy.