



**GENERAL SECRETARIAT
PARTNERSHIP FOR DEMOCRATIC GOVERNANCE STEERING GROUP**

**SG/PDG(2010)4/REV1
For Official Use**

DRAFT PROGRAMME OF WORK AND BUDGET FOR 2011-2012

Note by the Secretariat

The purpose of this document is to submit draft budget proposals for the consideration of the Steering Group members at their meeting on 4 June 2010 (item 3.)

The present document has been revised to take into account comments submitted in writing by delegations ahead of the Steering Group meeting.

Mr. Jerzy POMIANOWSKI; jerzy.pomianowski@oecd.org; +33 (0)1 45 24 90 81

JT03284758

TABLE OF CONTENTS

I.	Introduction.....	3
II.	Current and future challenges in fulfilling the PDG initial three-year mandate.....	3
III.	Proposed output results	4
IV.	Horizontal OECD Work.....	7
V.	Resources.....	7
	ANNEX 1: PROGRAM WORK AND BUDGET FOR JANUARY-JUNE 2011 <i>Including No-Cost Extension from 6 February until 30 June 2011</i>	9
	ANNEX 2: BUDGET 2011 - 2012.....	10

I. Introduction

1. This note sets out a proposal for the 2011-2012 Programme of Work and Budget (PWB) of the Partnership for Democratic Governance Advisory Unit (PDG AU). The Advisory Unit will finalize its PWB submission in June 2010 for subsequent review by the OECD Budget Committee in July. The OECD Council ultimately holds responsibility for making the final decision on the PWB based on a proposal by the Secretary-General. The Council will make its decision on the OECD's PWB for 2011-2012 before the end of December 2010.

2. This note reflects recent PDG work. It is also based on the Steering Group's May 2010 approval of the proposal for a no-cost extension of the PDG through 30 June 2011 and on the assumption that Council will approve the extension of the Memorandum of Understanding (MOU) for the PDG AU from 6 February to 30 June 2011. The note therefore takes into account the Steering Group's wish to enable the PDG to fulfil its initial three-year mandate, i.e. to permit a deepening of the Advisory Unit's analytical work, the development of innovative monitoring tools and the dissemination of PDG work.

3. The note presents current and future challenges in the fulfillment of the PDG's initial three-year mandate. It also suggests the main outputs and priorities to assist Steering Group members in meeting these challenges in 2011 and the issue of resources.

II. Current and future challenges in fulfilling the PDG initial three-year mandate

4. State fragility has increasingly become a major global concern. Governance fragility impedes economic and social development, jeopardizes stability of political systems, and impacts the security of the international community. It impedes efforts to reduce poverty, robs people of their dreams by failing to provide access to key public services, stymies economic growth and foreign investment, and saps energies from innovation and entrepreneurial and technological advancement strategies.

5. The PDG has been regarded by its founders as one of the most promising international initiatives in global efforts to address state weakness. Since its launching in late 2007, the PDG has been seen by its member countries and international organizations and partners as a promising tool to make headway against fragile situations.

6. In the past 15 months, new countries and international organizations have joined the Steering Group as members or observers – the African Development Bank, Italy, Japan - and regional partnerships in Africa and Central America and the Caribbean have allowed to both bring the PDG new perspectives and expertise and to share the PDG's growing experience and expertise. In being active at country level, and through its knowledge and development work, the Steering Group, serviced by the Advisory Unit, has developed sustainable co-operation with OECD non-members, international organizations, civil society organizations and the private sector.

1. A new phase in addressing state fragility

7. The beginning of the implementation of PDG field initiatives in May 2010 and an innovative, focused monitoring and evaluation of these initiatives are expected to raise the Steering Group's profile in the global effort to address state fragility. The implementation of field initiatives strengthens the PDG framework. In addition, their implementation will be immediately monitored through mid-term reviews and final evaluations, which will be centered on lessons-learned. These new and significant developments in Steering Group efforts come as the international community – the EU, the new US administration, the World Bank and regional development banks- has demonstrated a greater commitment to respond to fragility.

2. *Challenges*

8. The PDG has many challenges ahead. It needs to continue to strengthen its substantive work, consolidate its country specific work, which has reached the initial stage of implementation, and bring back to PDG members and the broader international lessons learned from the implementation of field projects. These are the conditions for the PDG Steering Group and its Advisory Unit to fulfil the PDG's initial mandate.

a) *Need to consolidate country-specific work*

9. While acknowledging progress, Steering Group members recognized in November 2009 that implementation of PDG field projects still requires serious efforts [SG/PDG(2009)6]. They therefore decided to allocate a portion of funds which were available to the Advisory Unit to the three pilot projects in Georgia, Guatemala, and Liberia to enable the Steering Group to identify cross-cutting lessons from the implementation of the projects. One month later, at their meeting in December 2009, Steering Group members reaffirmed a shared "strong support for pilot projects and implementation of field activities on the ground" [SG/PDG/M(2009)4/REV1].

10. Accordingly, implementation and completion of the field-level initiatives and monitoring through an effective review mechanism constitute the way forward and the main priority for the Steering Group.

b) *Need to strengthen knowledge-development work and to provide guidance based on this work*

11. Two years after the functional start-up of the PDG AU in June 2008, the PDG knowledge-basis has significantly expanded. In line with the PDG's revised Mandate and Procedures [SG/PDG(2008)1] and Steering Group's June and December 2009 agreement on issues that will constitute the scope of PDG knowledge-development work, the Unit has produced complementary studies, analytical papers and practical tools on topical issues of rising political importance as part of Steering Group efforts to identify new engines for improved service delivery in fragile settings, including on emerging lessons from post-conflict and fragile situations in contracting out government functions and services, the use of Diasporas in government functions and services in post-conflict and fragile states and on strategies for deploying civilian capacity in early recovery. In total, within its first 24 months of existence, the Advisory Unit has completed and released six major studies and two policy and guidance notes.

12. Given the wide interest and success of PDG knowledge development work, it seems logical that the Steering Group continues to make all efforts to share this work with all stakeholders. Accordingly, dissemination of PDG knowledge-products and guidance on options for effective service delivery constitute the way forward and the second main priority for the Steering Group in the first half of 2011.

c) *Need to build new forms of collaboration among partners and beyond*

13. The PDG's ultimate goal is not only to identify problems, test options and evaluate them, propose guidance, but also to make policy changes and reform happens through partnerships and networking with all actors dedicated to the strengthening of services delivery in fragile contexts. Accordingly, building new forms of collaboration among partners and beyond constitutes the third priority for the Steering Group.

III. **Proposed output results**

14. The PDG Steering Group has a unique role in helping PDG members and partners meet current and future challenges in the fight against state weakness. By developing high knowledge products, pursuing monitoring, engaging in dialogue with business and civil society, and building strong regional

partnerships, the Steering Group is developing a unique and comprehensive expertise in addressing governance fragility.

This section provides an overview of proposed output results for inclusion in the Steering Group's PWB submission (see Annex I, which provides an overview of the main output areas for the period 1 January-30 June 2011). Output results are grouped into 3 categories that fall under the PDG's three workstreams (knowledge products and sharing of good practices; support to field-level initiatives; and collaborative solutions):

1. **Support to field-level initiatives:** Addressing state capacity gaps in selected countries
2. **Knowledge products and sharing of good practices:** Guiding on options for effective service delivery in fragile and post-conflict context
3. **Collaborative solutions:** Enhancing Partnership and building new forms of collaboration among partners and beyond

15. At the end of the work programme for the first half of 2011, a report by the Secretariat, covering the first three years of operations of the PDG, will provide an overall assessment of programme results, and complement the independent review of the Advisory Unit undertaken in 2010. This report will serve as a reference document for the expertise developed by the PDG and support future work across all three work streams.

1. Support to field-level initiatives: Addressing state capacity gaps in selected countries

16. The *PDG Core Document: Mandate and Procedures* commits Steering Group members to monitor and assess the implementation of field initiatives. The schedule of monitoring, as well as the methodology, has been considered on several occasions by Steering Group members and is expected to be finally approved at the June 2010 Steering Group meeting.

17. At the December 2009 Steering Group meeting, Steering Group members agreed in principle that the review and assessment of PDG field initiatives should be completed within the initial mandate of the PDG. The first mid-term reviews will take place in late 2010 early January 2011 and the final evaluations¹ would be conducted in June 2011. This means that the monitoring and evaluation of the three pilot field-initiatives would be completed by June 2011. On-site visits by the Secretariat to prepare the three final evaluations would likely take place between February and May 2011, i.e. by the time of the expected completion of the projects.

18. Given the wide interest in the approach followed by the PDG at field level, the review and evaluation of PDG field initiatives will also lead to the development of a comprehensive report on lessons learnt from the implementation of pilot projects. The report will include practical guidelines. In line with the overall PDG philosophy according to which the PDG is a place where good practices and lessons-learned are shared and evaluated, three assessments of the collaborative support provided by the PDG to Grenada, Haiti and Timor-Leste will also be conducted.

¹ The precise format of the final project evaluations will be determined based on the projects' baseline assessments and mid-term reviews. The focus will be on establishing project achievements and on learning about the practical application of the PDG methodology on the specific novelties of the project approach. To this end a more targeted review might at times be a more appropriate tool than a full-fledged evaluation.

2. Knowledge products and sharing of good practices: Guiding on options for effective service delivery in fragile and post-conflict context

19. Steering Group members, in the framework of their June 2009 discussion of the Work Plan and Budget for 2009-10, stressed the importance to the PDG of communicating effectively the results of its work to constituencies concerned with state fragility and aid effectiveness in weak governance environments.

20. In line with the PDG's constitutional documents, the results of PDG analyses, implementation of field-initiatives, and measurements will be translated into practical guidelines in order to increase the relevance and impact of PDG work. Thus, as indicated above, the report on lessons learnt from the implementation of pilot projects will include practical guidelines. Similarly, to make the most of the PDG work in Grenada and Haiti, three assessments of the support provided by the PDG to these two partner countries will be conducted: an assessment of PDG support for public procurement reform in Grenada; an assessment of PDG support for service delivery in Haiti; and an assessment of Brazil-PDG project for Haiti. It is expected that relevant and useful lessons learned be derived from the support provided by the PDG to Grenada and Haiti. These three assessments and the practical guidelines derived from the implementation of pilot projects will supplement the dissemination of other PDG products such as PDG studies, policy notes and the Handbook on Contracting Out.

21. Dissemination of PDG knowledge work will continue to be achieved through publications, the PDG newsletter, participation in relevant international conferences, and the PDG on-line services: all these will continue to be the primary vehicles to present the PDG work, as well as raise the public profile and substantive visibility of the PDG [see: Sixth Meeting of the PDG Steering Group: Draft Dissemination Strategy for PDG Knowledge Products, Room Document 4].

22. In order to achieve greater awareness and influence, PDG work on contracting out will also be translated into support media. The Steering Group, at its 5th meeting in December 2009, mandated the Advisory Unit to make the messages in the Handbook more accessible to various audiences. In compliance with this decision, the output result for 2011-12 will include the delivery of a short documentary film in order to present the key themes of the Handbook in a vivid, accessible and user-friendly manner. The documentary will be added to the Handbook (both as DVD and web-based) to present three case studies as illustrations of how contracting out has been handled in post-conflict and fragile states.

3. Collaborative solutions: Enhancing Partnership - building new forms of collaboration among partners and beyond

23. To ensure greater impact of PDG work, the Advisory Unit will engage OECD members and non-members, the private sector, civil society, intergovernmental organizations and the general public to convince them that the PDG is a useful tool to make headway against fragile situations. This will primarily take the form of a plenary meeting of the PDG – which PDG members have committed to hold pursuant to the PDG Core Document: Mandate and Procedures [SG/PDG(2008)1]. Recognizing the importance of drawing on the regional experiences in government service delivery, the Plenary meeting of the PDG will serve an opportunity to take stock and identify key lessons learned from the PDG's experience as well as those of its members and other interested parties in enhancing state capacity for service delivery in fragile situations. The discussions will be informed by the PDG/OECD body of knowledge including its policy-oriented studies, field activities and collaborative projects in Georgia, Guatemala, Haiti, Liberia and Timor-leste as well as inputs from PDG members and other participants. The overall objective and expected outcome of the Plenary is to advance international understanding in this field, improve and better target domestic and international efforts to strengthen government service delivery in weak and transitional states, and to raise global awareness of PDG [See Sixth Meeting of the PDG Steering Group: Draft

Concept Note for a Plenary Meeting of the PDG – Lessons and Innovative Ways Forward to Bridge State Capacity Gaps in the Context of Fragility, Room Document 9].

24. IV. Horizontal OECD Work

25. The work of the Steering Group is aligned to support the wider goal of the OECD: to create a stronger, cleaner and fair world economy. To reach this goal, the Steering Group will continue in 2011 to realize a multi-disciplinary, cross-organization approach.

Policy Coherence for Development

26. State fragility is a direct challenge to the promotion of good governance. The negative impact of governance fragility, however, is most acutely felt by the most vulnerable. These victims of fragile states are denied vital public services, such as access to water, health, education and justice and are faced with poverty, instability and human rights abuses. The Steering Group recognizes this fact and therefore offers its expertise and knowledge to the overall OECD approach to development. The Advisory Unit already regularly liaises with the Public Governance and Territorial Development Directorate (GOV) and the Development Co-operation Directorate (DAC). It has also established a PDG Intra-Secretariat Contact Group, which links all relevant Secretariat directorates and units. APF, CCNM, CTP, DAF, DCD, the Development Centre, ELS, ENV, GOV, HAP and the Sahel Club participate in the Group, which serves the objective of optimising knowledge-sharing and identifying synergies across the OECD on cutting-edge policy issues related to technical assistance, governance, service delivery or capacity-building and sustainability issues in developing countries.

Global relations activities

27. Outside compliance with the OECD Enhanced Engagement and Accession programmes as testified by Brazil's observership in the Steering Group and active participation in PDG activities, in particular in Haiti, the PDG activities at country-level, such as the pilot field initiatives and PDG local engagement in Haiti, Grenada and Timor-Leste, support an OECD-wide effort to promote economic growth, prosperity, and sustainable development.

Plenary Meeting

28. The success of the Plenary Meeting of the PDG, as explained above, will rely on OECD-wide involvement and support. Still in its beginning stages, the Initiative in 2011 will be an important element of activities in 2011 to celebrate the 3rd anniversary of the PDG.

V. Resources

29. To deliver the programme of work envisaged in this note for the first half of 2011, the Steering Group does not need additional resources: the PDG AU budget surplus will cover all financial needs over this period.

30. The Advisory Unit will remain small and flexible, while maintaining the essential critical mass of expertise and capacity needed to accomplish its work and function effectively. It will be resourced sufficiently to effectively deliver the programme of work envisaged in this note. On the basis of these parameters, it is proposed that the Advisory Unit have 5 professional staff to carry out substantive and policy work (Unit Head, Deputy Head, 2 full-time and 1 part-time Technical Advisors, including one monitoring and evaluation technical advisor recruited in May 2010). The Advisory Unit's Head will function at director level in order to have the capacity and exercise the authority needed to interact effectively with high-level policy makers in the PDG, partner organizations and senior officials from

OECD and non-OECD countries. This is consistent with the independent evaluation of the Unit, which recommends a more structured and reasoned division of labour within the Unit.

31. Technical Advisors will undertake analytical and technical work to monitor and report on progress. The Unit Head, his Deputy, and the technical advisors will continue to be assisted in carrying out their tasks by 3 administrative staff and one communication manager. This will retain the capacity for the Advisory Unit to undertake monitoring and policy analysis and dissemination activities, whilst also making an effective contribution to wider OECD work.

ANNEX 1: PROGRAM WORK AND BUDGET FOR JANUARY-JUNE 2011
Including No-Cost Extension from 6 February until 30 June 2011

Proposed PDG Intermediate Outputs for 2011-12	Activities and Products PWB 2011 (Q 1-2)	Intellectual services and missions costs	Staff and admin. costs	Output subtotal
Output 1: Support to field-level initiatives: Addressing state capacity gaps in selected countries				
<i>Supporting PDG pilot projects implementation phase in Georgia, Guatemala and Liberia</i>	<i>Final account and financial reports for PDG pilots in Georgia, Guatemala and Liberia</i>	EUR 5 000	EUR 50 000	EUR 55 000
<i>Monitoring the progress of field-level engagement and results emerging from these activities</i>	<i>Three PDG pilot project mid-term monitoring reports (Georgia, Guatemala, Liberia) Three PDG pilot project final evaluation reports (Georgia, Guatemala, Liberia) Three Collaborative Field-Level Work evaluation reports (Timor, Haiti, Grenada)</i>	EUR 25 000	EUR 110 000	EUR 135 000
Output 2: Knowledge products and sharing of good practices: Guiding on options for effective service delivery in fragile and post-conflict context				
<i>Practical guidelines for harmonised approaches at country level</i>	<i>One report on lessons learnt from the field level activities that will include practical guidelines</i>	EUR 10 000	EUR 50 000	EUR 60 000
<i>Testing and documenting new ideas for supporting improvements in service delivery and core government functions</i>	<i>Assessment report on PDG support for service delivery in Haiti Assessment report on Brazil-PDG project for Haiti Assessment report on PDG support for Public Procurement Reform in Grenada</i>	EUR 40 000	EUR 90 000	EUR 130 000
Output 3: Collaborative solutions: Enhancing Partnership - building new forms of collaboration among partners and beyond				
<i>Policy exchange and recommendations on broadening partnerships among PDG members, OECD and country representatives regarding service delivery and core government functions</i>	<i>One PDG Plenary Meeting, which will bring together all PDG stakeholders from both OECD and non-OECD countries</i>	EUR 40 000	EUR 70 000	EUR 110 000
<i>Overall assessment of programme results</i>	<i>Post PDG Evaluation Report Upgrade</i>	EUR 10 000	EUR 21 030	EUR 31 030
<i>Dissemination of case studies and best practices through conferences, meetings and published reports</i>	<i>Dissemination of PDG knowledge products, including PDG policy notes, studies, Handbook on Contracting Out outreach activities, documentary, etc.</i>	EUR 30 000	EUR 70 000	EUR 100 000
TOTAL OF ALL OUTPUTS		EUR 160 000	EUR 461 030	EUR 621 030

ANNEX 2: BUDGET 2011 - 2012

STRATEGIC OBJECTIVE:	5	Contribute to the Development of Non-Member Economies			
OUTPUT GROUP:	5.1	Development			
OUTPUT AREA:	5.1.1	Effective States, Empowered Societies and Policy Coherence			
			2010	K EUR 2011	2012
		Base Budget	-	-	-
		<i>% change per year</i>	-	-	-
		CPF	-	-	-
		Global Relations Budget			
		<i>% change per year</i>	-	-	-
		Global Relations CPF			
		Operating Overheads	-	-	-
		<i>% change per year</i>			
		Total Part I Budgeted Resources	-	-	-
		<i>% change per year</i>	-	-	-
		% of total substantive Part I Output Areas			
		Total Estimate of Voluntary Contributions Planned	5 450	621 ²	-
		Pre-Accession Budget			

RESPONSIBLE MANAGER: Deputy Secretary-General Mario Amano

RESPONSIBLE DIRECTOR: Mr. Jerzy Pomianowski (Partnership for Democratic Governance – PDG)

COMMITTEE ACCOUNTABILITY:	MANDATE or SUNSET:
Partnership for Democratic Governance Steering Group , Chaired by Mr. Angel Gurría (OECD)	

² Including no-cost extension from 6 February until 30 June 2011.

			2011 (K EUR)				
2011 Expected Output Results in Priority Order	Accountable Committee/ Subsidiary Body/ Global Forum	Ongoing/ Time Bound (end-date)	Outputs and Products PWB 2011 (Q1-2)	Total Estimated Cost (TEC)(1)	Non-Staff	Staff	New VCs
1. Addressing state capacity gaps in selected countries	PDG	Ongoing		190	30	160	
1.1 Supporting PDG pilot projects implementation phase in Georgia, Guatemala and Liberia	PDG	Ongoing	Final account and financial reports for PDG pilots in Georgia, Guatemala and Liberia	55	5	50	
1.2 Monitoring the progress of field-level engagement and results emerging from these activities	PDG	Ongoing	Three PDG pilot project mid-term monitoring reports (Georgia, Guatemala, Liberia) Three PDG pilot project final evaluation reports (Georgia, Guatemala, Liberia) Three Collaborative Field-Level Work evaluation reports (Timor, Haiti, Grenada)	135	25	110	
2. Guiding on options for effective service delivery in fragile and post-conflict context	PDG	Ongoing		290	80	210	
2.1 Practical guidelines for harmonised approaches at country level	PDG	Ongoing	One report on lessons learnt from the field level activities that will include practical guidelines	60	10	50	
2.2 Testing and documenting new ideas for supporting improvements in service delivery and core government functions	PDG	Ongoing	Assessment report on PDG support for service delivery in Haiti Assessment report on Brazil-PDG project	130	40	90	

SG/PDG(2010)4/REV1

			for Haiti Assessment report on PDG support for Public Procurement Reform in Grenada				
2.3 Dissemination of case studies and best practices through conferences, meetings and published reports	PDG	Ongoing	Dissemination of PDG knowledge products, including PDG policy notes, studies, Handbook on Contracting Out outreach activities, documentary, etc.	100	30	70	
3. Enhancing Partnership - building new forms of collaboration among partners and beyond	PDG	Ongoing		141	50	91	
3.1 Policy exchange and recommendations on broadening partnerships among PDG members, OECD and country representatives regarding service delivery and core government functions	PDG	Ongoing	One PDG Plenary Meeting, which will bring together all PDG stakeholders from both OECD and non-OECD countries	110	40	70	
3.2 Overall assessment of programme results	PDG	Ongoing	Post PDG Evaluation Report Upgrade	31	10	21	

[1] TEC is equal to the sum of Voluntary Contributions in Hand and New Voluntary Contributions.

-- ADDITIONAL INFORMATION --

Voluntary Contributions Accepted in Previous Years and Planned for 2011:

	(K EUR)				
	2007	2008	2009	2010	2011
Previous Voluntary Contributions:	308	3,572	1,127	---	
Voluntary Contributions in Hand:					621
New Voluntary Contributions:					-