

Economic and Development Review Committee (EDRC) – Key elements of the agreed principles and practices¹

In carrying out its mandate in practice, the EDRC has separated, although inter-related, responsibilities:

- to meet and examine the economic developments and policies of each Member country,² with the treatment of different countries to be equitable;
- to review and modify as necessary the draft Survey of each Member country and approve the final version before publication;
- to carry out multilateral surveillance and report where appropriate to other bodies of the Organisation;
- to consider reviews of non-member economies which it determines should be reviewed, although the responsibility for the publication of such reviews rests with the Secretariat.

The Secretariat prepares a draft Survey for the EDRC for each country being examined. This confidential draft is the responsibility of the Secretary General. Following the Committee discussions, the report is then finalised and the Survey is published on the responsibility of the Committee itself and as such represents the consensus of all OECD Member countries.

2. Planning of Surveys

Country examinations need to take place on a regular cycle in order to carry out proper surveillance and the maximum period between reviews should never, barring exceptional circumstances, exceed 24 months. A shorter interval should generally be aimed for.

To help prepare the draft Survey, the OECD Secretariat will visit the Member country to hold talks with senior officials, experts, and key economic players. There will normally be two missions: i) a “structural mission” fairly early on in the preparation process which endeavours to ensure that all the necessary information has been garnered and tries to ensure some common ground on the analysis of the economic problems facing the country; and ii) a “policy mission” that focuses on key policy issues and discusses the Secretariat’s initial assessment with the authorities.

For the structural mission, the Secretariat will draft a written “questionnaire” to assist the authorities in preparing for these meetings. Wherever possible, the authorities should provide written responses and relevant background material to the Secretariat before the start of the mission. The quality of the Secretariat’s draft Survey is heavily dependent on the co-operation of the authorities in submitting all the relevant information in a timely manner.

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1. The Agreed Principles and Practices of the Economic and Development Review Committee (EDRC) were first drawn up in 1998 and have since been revised on several occasions, with the latest set of revisions being agreed in December 2005. The key elements reproduced in this annex describe the operations of the review process but the full document also reviews the internal working of the Committee and provides more information on the desired structure and coverage of the Surveys.
 2. Throughout this document, references to an examined country should also be taken to refer to the examination of the euro area or the European Union.

For the policy mission, the Secretariat will provide a much shorter questionnaire focusing on the key policy issues. The Secretariat will have a set of preliminary recommendations and would normally find it useful to have a meeting at ministerial level (perhaps several), in particular to discuss how key issues can most usefully be presented.

3. Documentation and preparation for the examination

The Secretariat will prepare the draft Survey which will be made available to the country under examination at the same time as all other Member countries.

The Survey should aim to provide maximum value added to the country being examined, other Member countries and the general public, by

- promoting better understanding of the country's economic situation and key challenges;
- enriching the economic policy debate, domestically and internationally; and
- pointing towards ways of achieving better economic performance.

The Survey should address both macroeconomic and structural aspects of economic performance, although the balance between macroeconomic and structural issues may vary from country to country and from year to year, depending on the current situation and key policy challenges. The interactions between the macroeconomic and structural issues are important and should be addressed in appropriate depth especially insofar as they affect overall economic performance.

The Survey will generally follow a structure of:

- Executive summary; this will highlight the key messages and policy recommendations in the Survey.
- Assessment and Recommendations;
- Key challenges chapter which identifies, assesses and evaluates key country-specific issues and the interdependence among them in the context of overall economic performance and its resilience in the face of external and internal disturbances. The maintenance of a sound framework for fiscal and monetary policies will normally be reviewed as one such issue. Other key issues will vary across countries and time and the chapter would provide a diagnosis of these challenges with detailed analysis and recommendations taken up in subsequent chapters.
- Chapters addressing the salient challenges identified in the Key Challenges chapter (typically one challenge per chapter), focusing on the policy requirements for addressing them;

The new model is that one of the Key Challenges is to be given a more in-depth treatment than the others. Consultations between the Secretariat and the examined country will seek to identify which challenge to treat in this way. It will often be useful to focus the work on areas where OECD's economic committees have already discussed cross-country analytical papers dealing with key economic problems or where it is possible to draw on the expertise of other OECD directorates and committees.

Throughout the Survey, the focus should be on what the authorities can do to improve economic performance. The Survey should concentrate on those aspects of the policy and institutional framework which are most important for economic performance, even if these aspects are not on the current reform agenda of the authorities.

Policy recommendations should be sharply focused, clearly articulated and constructive and should address the key challenges to economic policy. If second-best solutions are recommended, they should be clearly identified as such.

The Survey should explicitly follow up on recommendations made by the Committee in previous years (especially on structural matters) and outline the actions taken if any, or propose any changes to the earlier recommendations that would be appropriate for the Committee to adopt. This follow-up is now typically covered in an Annex on Progress in Structural Reform.

A Questions for Discussion Note is prepared for each examination by the Secretariat in close consultation with the Chair and the two examining countries. It is designed to play a pivotal role in the examination process. It could also help to structure the interventions of the examining countries and, more generally, the whole examination as well as the Chair's summing up (see below).

4. The examination itself

The examination has several objectives:

- to assess the key economic challenges and the policies to address them so as to provide guidance to the Secretariat for redrafting the Survey to reflect the Committee's conclusions; in so doing the Committee should establish whether all important economic policy issues have been dealt with in the draft;
- to formulate recommendations on the policies concerned and follow up on recommendations made in previous Surveys;

If in the Secretariat's view, economic trouble may be looming, the Committee expects the Secretariat to be vocal in identifying prospective problems. The membership considers this responsibility to be a fundamental element of the surveillance process.

The examination will generally be structured with an opening statement from the country under review. After the opening statement the examination will normally be organised into two parts: the two part agenda should be agreed by the Chair, the examiners and the Secretariat at the time when the questions for discussion note is finalised, with some emphasis given to the in-depth chapter and a reasonable balance given to the topics covered in each session.

Following the round of comments and questions from examiners and answers to them, the discussion will be opened for other Members of the Committee to make brief observations or put additional questions, and the representatives of the country being examined will be given a chance to respond.

At the end of each part of the discussion, the Secretariat will be given an opportunity to respond to points raised during the discussion and specific questions directed at it, make any observations and propose changes in the Assessment and Recommendations (and where there are important points, to the main text as well) to take account of the discussion.

At the end of the examination, the chair will draw the main conclusions for the major policy issues and the most important changes to the draft Survey. Further discussion may then be needed for the Committee to reach a consensus. The Chair's conclusions should guide the subsequent redrafting of the Survey.

5. Approval and publication of the Survey

The day following the meeting is reserved for bilateral discussions between the examined country and the Secretariat to arrive at agreed drafting on the principal points of the Survey, in light of the discussion in the Committee as reflected in the Chair's conclusions.

Following agreement between the examined country and the Secretariat on text changes, the revised Assessment and Recommendations and all parts of the main text that have been substantially and substantively revised are circulated again to the Committee for their approval. Other Delegations are invited, at this stage, to circulate their reactions to the Committee if they consider that the revised draft does not fully reflect the centre of gravity of the Committee's deliberations.

The Survey will be made ready for publication as quickly as possible after the Committee has approved final drafting changes with initial release being in electronic and/or printed form depending on the circumstances. Member countries undertake to work with the Secretariat to resolve all outstanding details as quickly as possible and if at all possible within two weeks of the meeting itself, to facilitate the publications process.

At the time of release, Policy Briefs will be made available in both official languages of the OECD, as well as in third languages where the country in question has made arrangements for such release. The text of the Policy Brief will be the Executive Summary and the Assessment and Recommendations of the Survey. The Secretariat will make itself available for press briefings at the time of the Survey's release. In addition the Secretariat and the national authorities are encouraged to consult together on possible modalities for strengthening the visibility of the report within the country at the time of publication: for example through joint press conferences, seminars, etc.