MEETING OF THE GOVERNING BOARD
held at OECD Headquarters, Paris
on 31 October 2008

SUMMARY
[Chair: Ambassador Eric Martin (SWITZERLAND)]

At this meeting, the Board discussed the following issues:

the Development Centre’s Governance and Membership Strategy;
the membership application of Indonesia; and,
the revision to the formula for calculating the overhead charges paid by the Centre for central OECD services.

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1. The Chair of the Governing Board, Ambassador Martin, opened this meeting held on 31 October 2008 by welcoming the participants and by verifying that the proposed agenda [DEV/GB/A(2008)7] and the draft summary of the previous meeting, held on 22 September 2008 [DEV/GB/M(2008)6], met with their approval.

2. Ambassador Martin then delivered a short briefing under Item 3. He informed the Board that the Centre’s Programme of Work and Budget for 2009-10 had been approved via the written procedure with minor redrafting and had been issued under the reference DEV/GB(2008)2 REV5/FINAL. The proposed revisions to the systems of contributions [DEV/GB(2008)/REV1] had similarly been approved; amendments would be incorporated into the document submitted for Council’s approval specifying that a review of the systems would be conducted in 2013 and that the Board will decide at the end of each biennium whether any financial surplus should be carried forward to the budget for the ensuing financial period or should be redistributed to members.

3. In his briefing, the Centre’s Director, Mr. Santiso drew the Board’s attention to the launch of the Latin American Economic Outlook 2009 by the Secretary-General Mr. Gurría on 28 October at the XVIII Iberoamerican Summit in El Salvador. The host country’s President, Mr. Elias Antonio Saca, was present as were a range of senior ministers and heads of partner organisations including Ms. Alicia Bárcena (Executive Secretary, Economic Commission for Latin America and the Caribbean), Mr. Alejandro Foxley (Minister of Foreign Affairs, Chile), Mr. Enrique Iglesias (Secretary General of the Iberoamerican General Secretariat), and Ms. Soraya Rodríguez (Secretary of State for International Cooperation, Spain). This second edition of the Latin American Economic Outlook highlights how governments in the region can go beyond using fiscal policy as a mere tool for macroeconomic stabilisation and begin to maximise its potential to promote development and consolidate democratic legitimacy. In a letter to Mr. Santiso, President Bachelet of Chile had expressed the view that the previous edition of the publication, which had focussed on fiscal legitimacy, was having a considerable impact on discussions in Latin America. The XIX Iberoamerican Summit would be taking place in Lisbon in 2009; arrangements are expected to be made for the Centre to present the third edition of the Latin American Economic Outlook at one of the plenary sessions attended by heads of state.

4. With Ambassador Martin’s permission, Mr. Santiso gave the floor to Mr. Solignac Lecomte, the Centre’s coordinator for the Global Forum on Development, in order that he might brief the Board members on recent developments. Mr. Solignac Lecomte recalled that a draft new mission statement for the Forum and draft terms of reference for an Informal Steering Group have been produced as well as ideas for possible themes of the Global Forum. Initial drafts had been circulated to Board members for their comments on 3 October 2008; final comments on the revised documents [COM/DEV/DCD(2008)4 and 5] were requested before midday Friday 7 November.

5. The Forum’s Informal Steering Group will comprise the Chair of the DAC, the Chair of the Centre’s Governing Board; the Director of the Development Cooperation Directorate; the Director of the Centre; the two Co-chairs of the DAC Informal Group on Outreach; and two non-OECD members of the Centre’s Governing Board. In this latter connection, with Ambassador Martin’s permission Mr. Solignac Lecomte invited non-OECD members to indicate whether they would be interested in joining this Informal Steering Group.

Strategic issues

6. Introducing Item 4 on the Centre’s Governance and Membership Strategy, Ambassador Martin recalled that the Board had decided at its 22 September meeting that a Task Force on Enlargement and Governance should be convened with the mandate to provide recommendations to the Board on changes in governance that might facilitate an expansion in membership whilst ensuring the efficient conduct of the
Board’s business, a maximum size for the Centre’s membership under those governance arrangements and a prioritised list of countries that could be considered for membership. The Task Force had met under his chairmanship on two occasions, 29 September and 6 October. He took this opportunity to thank the representatives who had attended these meetings.

7. The Task Force had observed that Board meetings are widely perceived as inefficient in terms of results obtained and that outside of these meetings a systematic link between the Board and the Centre’s management is lacking. In order to address this deficiency, it therefore proposed the creation of an Extended Bureau, the role of which would be to support the efficient and effective conduct of Board meetings and facilitate the Board’s more continuous monitoring of the Centre’s activities and their policy impact.

8. Effectively fulfilling this role would require that the Extended Bureau reflect closely the range of interests of the full Board. For this reason, it was recommended that it should comprise equal numbers of OECD and non-OECD members. Securing an adequately balanced and representative sample of the Board’s membership could be obtained by drawing the members from sub-groups defined by assessed contribution levels. In addition to the Chair, it was recommended that the Extended Bureau should comprise either six or eight members (3 or 4 OECD and 3 or 4 non-OECD) and that the Chair should be permitted to invite additional member countries to participate on an ad hoc basis, for example when a topic under discussion would benefit substantially from their direct participation.

9. Finally, the Task Force recommended that the Board should review during the second semester of 2010 the success of this amendment to its governance structure in order that any further changes or a return to the status quo ante might be smoothly effected at the beginning of 2011.

10. A number of clarifications were called for, in particular that the creation of an Extended Bureau is indeed consistent with the Organisation’s Rules of Procedure and that it would not have the authority to take decisions on the Board’s behalf. Satisfied with these assurances, the Board agreed that an Extended Bureau should come into operation at the beginning of 2009.

11. In conformity with rule 15d of the Organisation’s Rules of Procedure, the Extended Bureau members, including the Chair of the Governing Board, would be designated by mutual agreement through a transparent and fair process at the final Board meeting of the year (which is also the next), scheduled for 8 December. It was agreed that in addition to the Chair, four places would be available for OECD members and four places for non-OECD members: one candidate designated from each of six sub-sets (defined on the basis of assessed contribution levels, three OECD and three non-OECD) and one additional OECD and one additional non-OECD member designated without reference to sub-sets. It was accepted that in view of human resource availability constraints, the Extended Bureau might not have all its available places occupied.

12. The broad objectives for the Extended Bureau would be further clarified at the 8 December meeting. Its first task would be to draft for the Board’s review details of the ways in which it proposes to pursue these broad objectives; this would be submitted for the Board’s approval at the first meeting of 2009, scheduled for 16 February.

13. Regarding the membership aspect of this Item, the Task Force had expressed the view that notwithstanding the growing interest among countries in joining the Centre there is no immediate risk of the Centre and its Governing Board surpassing their absorptive capacity, especially in light of the Board’s acceptance of its recommendation to establish an Extended Bureau. It recommended that the Board should review the situation in 18 months time or when membership has risen to 45: a total membership at this level should be regarded as the trigger point for a further review of the Centre’s governance structure.
deciding on whether to admit new members, the Task Force proposed that the following criteria be adopted: (i) Membership balance (representation of regions and of advancement of economic development); (ii) Intellectual input (priority should be given to countries with particularly interesting development experience), and (iii) Fulfilment of a period of provisional membership (two years) during which substantive and constructive involvement would be demonstrated (presence at meetings, level of presence, active participation in discussions).

14. Beyond agreeing that a period of ‘provisional membership’ should not be introduced for new members, the Board decided to postpone any decision until the next meeting. Concern was expressed that the strategy adopted by the Board in November 2007, whereby countries were to be invited to join in a series of successive prioritised waves, had been breached more than it had been followed. The Secretariat was requested to supplement the Task Force’s proposals with a further paper on the prioritisation of potential members.

15. Turning to the membership application to be addressed under this Item, that of Indonesia, whose Minister of Finance, Mrs. Sri Mulyani Indrawati, had written to the Secretary-General on 16 September 2008, Ambassador Martin recalled that this country had been identified by the Board in November 2007 as one of the countries to be actively encouraged to submit an application as part of a first wave of new members [see DEV/GB/M(2007)7 §8]. A decision at this meeting to recommend to the External Relations Committee and thereby to Council that this application should be approved would be a pure reaffirmation of that November 2007 decision. Indonesia’s application was met with enthusiasm; the Board endorsed the draft positive recommendation prepared by the Secretariat.

Management Issues

16. Under Item 5, on OECD overhead charges, Mr. Santiso briefed the Board on the review currently underway by an Informal Task Force of the Budget Committee of the change implemented in 2007 to the method used to calculate the charges paid by Part II programmes (such as the Development Centre) for centrally provided services and set out the measures being taken by the Centre’s management to address the likely increase in the annual payments by the Centre under this heading. These measures notably include the exploration of ways of making more efficient use of directly-billed services (both from the OECD and from external service providers).