STRATEGY FOR OECD STATEMENT ON GOVERNANCE

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For further information, please contact Edwin Lau, Tel (33-1) 45 24 80 36; E-mail: edwin.lau@oecd.org
STRATEGY FOR OECD STATEMENT ON GOVERNANCE

1. Last year, the Secretary-General issued a draft statement [C(2000)111Annex1] to provide a framework for the outreach work of OECD on governance. The purpose was to:
   - bring together the range of governance work at OECD within a common approach;
   - serve as a guide in the coming years; and
   - ensure that a governance perspective was properly integrated into all relevant activities.

2. The statement was complemented by a broad definition of governance offered in the Ministerial Communiqué:

   “Governance establishes the conditions whereby individuals singly and collectively seek to meet their aspirations in society”.

3. Other definitions are, of course, possible. The difficulty is finding an expression which is sufficiently general to encompass the full range of activities to which it might apply - in the private as well as public sectors - but is sufficiently precise to communicate what it is that constitutes the nature of governance and its relevance to particular areas of activity. The difficulty is lessened if the concept of governance is placed in context, e.g.:

   “Corporate governance is the system by which business operations are directed and controlled”.

4. There is, in contrast, no readily available general definition of what governance implies for the public sector - or Government. Partly this is to do with the varied nature of the public sector, many elements of which have similar characteristics to private corporations. But it is also related to the fact that governance, in relation to government, clearly is not about control. Governance in that respect is more to do with the framework of formal and informal rules and conventions which determine or influence the way in which government is conducted and behaves in relation to external actors such as parliaments, citizens and civil society.

5. This inherent difficulty of finding a common concept to cover all aspects of governance and its potential application meant that a number of compromises had to be made to reflect the variety of views expressed by Committees and Directorates during the consultation process leading to the Secretary-General’s Statement and the Ministerial Communiqué. Thus, it was thought at the time that the Statement should be regarded as a “living” document, capable of improvement and susceptible to change as new circumstances and conditions arose.

6. Before the next Ministerial meeting, it is useful to try to establish how far the Statement has played a positive role in guiding and integrating OECD work, and how far it is possible to improve or update it in the light of experience and subsequent developments. PUMA has therefore invited Directorates to offer their comments and views, where practicable, in conjunction with their relevant Committees.
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7. We would also welcome the Committee’s views on the statement and more particularly:

- How widely should we seek to draw the boundaries of governance in the public sector? Should it, for example, include the idea of efficiency as well as effective policy-making and such elements as transparency and accountability?

- Are there differences between the application of governance principles at different levels of government, national, sub-national, regional and local?

- Is there a coherent body of principles which are shared by all governments of OECD Member countries and would it be possible to draw upon these to increase understanding among both Member and non-member countries of the nature of governance and its application?

- How useful would it be to explore how far there exists such an understanding and how it might be expressed?

8. The Annex suggests one way in which this approach might be taken forward. There is no commitment to produce such a Declaration and we do not have it in mind to ask Ministers to endorse the project until we have established that such an outcome is feasible and useful. The proposal is therefore for an exploratory discussion and not, at this stage, a full expert group. However, the provisional views of the Committee would be welcome on this or other ways in which the concept of public governance can be developed further as well as any comments which it might wish to offer on the Statement.
ANNEX

The scope of PUMA’s role

9. Because of the nature of its mission and the expertise gained in its previous work on the various aspects of public management, PUMA is an obvious choice as key OECD actor for governance issues, particularly in the public sector. When the OECD Council renewed PUMA’s mandate, it instructed PUMA to identify and help address the emerging forces and trends which constitute strategic governance challenges [C(99)175]. Trust in government and in good public governance is a key aspect of the OECD’s initiatives [C(99)175 Annex II] aimed at:

− Developing capacities for more coherent and globalised policies;
− Delivering on policy commitments in a changing world;
− Institutionalising transparency, honesty and accountability into government; and
− Intervening effectively into society and markets to achieve public policies and promote competition as well as social cohesion.

10. These objectives not only bring out the key role of governance for the directions to be taken by the PUMA mandate, but also show the necessary complementarity between PUMA’s work and a number of key OECD objectives. In this regard, PUMA has a special role to play in developing a coherent framework and greater complementarity between its own work and that being done by other committees also concerned by governance issues, so that the challenges and new developments in this field can be addressed satisfactorily.

The strategy proposed: towards a governance statement

11. Should the OECD confine itself to proposing its own definition of governance? We do not believe that it should. Apart from the drawbacks already mentioned (and in particular the restrictive nature of any definition), this type of approach might well prove to be of limited interest, given the many definitions already proposed by other bodies. What the OECD most needs is a coherent framework for action and a clear objective in the field of public governance. The Organisation has already formulated principles in the field of corporate governance, but the work on the public aspects of governance still lacks the co-ordination that would enable it to reach its target audience.

12. Consequently, the objective would not be to propose a new definition of governance, but rather to define the scope of public governance within the OECD by means of a statement on governance that would provide the Organisation with a frame of reference for its future action. Given PUMA’s special role described above, the PUMA Committee is the most appropriate body to oversee this process.

13. The statement might comprise the following:

− A definition of the scope of public governance;
− The aspirations around which a consensus might be reached within the Organisation;
A list of the preconditions to governance and the principles on which it is based;

Concrete objectives for the OECD, linked to recent or ongoing initiatives, that would make it possible to pool energies and provide the basis for horizontal co-operation.

14. The process of preparing the statement might be as follows:

Phase 1: Preparation of an initial project by the end of June, either by the Secretariat or by a reference group composed of Committee members wishing to participate, assisted by the Secretariat.

Phase 2: Submission of an initial project to the main OECD Directorates working on various aspects of public governance, for their opinion. One possibility would be to consult certain committees having a strategic interest in governance (such as DAC, EPOC, etc.).

Phase 3: Approval of the statement by the PUMA Committee at the October 2001 session, which would then be forwarded to the relevant committees at their Autumn session.

Phase 4: Release of the statement at the meeting of the Council at Ministerial level in 2002.