Title: Policy learning, capacity building and the OECD


Author: Professor Peter Carroll, Faculty of Business, University of Tasmania

Contact address: Private Bag 84, Hobart, Tasmania, Australia 7001

Peter.Carroll@utas.edu.au
Policy learning, capacity building and the OECD

Introduction

The aim of this paper is to examine the role of the OECD in relation to policy learning from the perspective of Commonwealth departments and agencies, portraying it as a valuable part of the ongoing process of capacity building. Capacity building refers to the process of developing and exercising the ability of an organisation to meet the challenges, both internal and external, that it faces in relation to the achievement of its goals. Hence, policy learning can be seen as a particular dimension of capacity building, focusing upon building capacity in regard to both policy process and policy content.

The development, maintenance and enhancement of a practical capacity for policy analysis, development and implementation requires relevant knowledge and understanding, combined with the ability to use them in an effective manner to achieve the goals of government. In addition, if that capacity is to be maintained or enhanced then gaining knowledge and understanding must be a more or less continuous process, or its value rapidly declines, especially when faced with a rapidly changing environment. Similarly, the ability to use them requires regular and rigorous practice and application if it is not to decay.

As a small, open economy in an increasingly globalised world the task of gaining and maintaining knowledge of that world and the ability to use it to develop appropriate policy becomes a more complex and challenging task for the government and its public service. It is more challenging in at least three senses: one, in the simple extent of knowledge of an increasing number of countries and markets and their interactions that needs to be absorbed; two, in the growing need to apply that knowledge in not only national but, increasingly, international contexts; three, in the need to apply that knowledge in the determination and implementation of the ever-increasing body of

This research was supported under the Australian Research Council's Discovery funding scheme, **DP0559803** Australia and the OECD: A Neglected Arena in Multi-level Governance.
international agreements, standards and codes of conduct that have been developed in
the attempt to manage the global economy and its ramifications.

The paper itself is divided into three sections. The first provides a brief overview of
the increasing international activities of the Australian government in order to
illustrate the point that such work is increasingly common, not by any means
restricted to the OECD, and that its growth has placed increasing pressure on the
capacity of government to achieve its international goals. The second provides a brief
description of the OECD for those unfamiliar with its role. The third examines the
role of the OECD in relation to policy learning and capacity building in
Commonwealth Government. Its central argument is that the OECD is clearly a
means by which the Australian Government and its public servants can and do
enhance their capacity in regard to policy. It is, however, by no means the only
international organisation that provides, directly or indirectly, such a service to its
members, others including, to name just a few examples, the IMF (1999), WTO
(Mavroidis 1992) and APEC (DFAT 1999). However, it is unique in the extent and
variety of policy areas in which it provides learning opportunities, making it attractive
to nearly all government departments and most agencies, in contrast to the more
specialised international organisations such as the IMF and the WTO. In addition, for
the most part its focus on the richer countries means that there is a greater relevance in
its advice for Australia, as a member of that fortunate group of countries facing many
broadly similar issues and policy challenges.

The paper is based upon: interviews with members of the OECD Secretariat,
including Angel Gurria its Secretary General, undertaken in 2007; over forty
interviews with senior public servants undertaken in 2006-07; an examination of the
OECD archives in Florence and Rome in 2006-07; a review of the secondary
literature. It was a condition of the interviews that the identity of the interviewee not
be disclosed.

The increasing international activities of government departments and the need
for an appropriate policy capacity
This section illustrates the growing importance of international activities for all government departments, not only those such as the Department of Foreign Affairs and Trade (DFAT) that have a specialised, international role. Most public servants, with the exception of the staff of DFAT, Defence and Immigration and Citizenship, have had relatively little specialised training, qualifications or experience in relation to international activities, though experience is rapidly increasing as the volume of international work grows. It is this relative weakness that brings with it the need for those who increasingly have responsibility for undertaking international activities to ensure they have an appropriate policy capacity in relation to those activities.

Before illustrating the increased international involvement of departments, it should be noted that it is difficult to be precise about the full extent of public service involvement with international organisations, for several reasons. One, because, increasingly, its involvement is electronic, conducted by email, the internet, video conferences and the more traditional telephone, with no detailed records kept of most such involvement or its impact. Two, because the extent of international involvement varies greatly over time, determined by the fluctuating workload patterns associated with international activities. If we take the OECD as an example, the primary involvement of most public servants in relation to that organisation lies either in the use of the comparative, policy related material it develops, or, much less frequently, working as a national representative sitting on one of the OECD’s committees or working parties. The pattern of work characteristic of most of the committees varies from little or no involvement for many days or weeks at a time to, more rarely, continuous involvement for a period of several days, usually in the period leading up to, and including, the next meeting of the committee. In a small number of cases this involvement is full time, with officers based either with the national delegation to the OECD, typically for a two or three year period, or working in a specialised, international role within a home-based department, or being placed on secondment with the OECD’s Secretariat for a period ranging from a few months to one or two years. Three, because of the sheer scale of OECD operations, with over 40,000 public servants, for example, annually attending one or other of the meetings of OECD committees in Paris, making it impossible to be precise about the precise degree of involvement on any group, let alone individual public servant. As of December 2007, Australia was a member of 229 of the 272 (84%) listed OECD committees,
represented by one or more public servants or other nominated persons drawn from nearly all Commonwealth government departments (see the Appendix, tables 3 and 4 for a list of the committees in which Australia is a member).

With the above caveats in mind, an idea of the importance of international activities for public servants can be seen in the fact that, there are three Commonwealth departments and twelve agencies devoted primarily to international work, with seven of the specialised agencies, unsurprisingly, being in the Defence and DFAT portfolios, though five are in the non-internationally specialised portfolios of Attorney-General’s, Department of Agriculture, Fisheries and Forestry (DAFF), Transport and Regional Services (DOTAR), and Prime Minister and Cabinet (PMC). However, a little known fact is that there are also forty six other specialised international units within the non-internationally specialised departments, consisting of seven divisions and thirty nine branches. Indeed, only two departments, the Department of Veterans Affairs (DVA), and the Department of Human Services (DHS), have no specialised unit in regard to international work.

If we exclude those departments specialising in international activities (DFAT, Defence, Immigration and Citizenship), four of the remaining fourteen departments have a division with substantial international responsibilities (Treasury has six units with the title division, but these are similar in most respects to policy branches in other departments). The non-specialised departments and agencies range widely in terms of size, from the very small, such as the Foreign Investment Review Board, an advisory body within the Treasury portfolio with a chair and three members, assisted by a small secretariat and annual expenses of approximately $120,000, to the largest, the Australian Customs Service, with 5,450 staff and annual expenses of $1.2 billion. It was not possible to identify all possible sections with international responsibilities as they are not always identified in published documents.

Even where a department or agency has no specialised international unit, it may undertake substantial international work, frequently in the context of an international organisation. The Australian Competition and Consumer Commission (ACCC), for example, has no specialised unit responsible for its international work, yet it
participates in international forums such as the OECD, Asia–Pacific Economic Cooperation (APEC), the World Trade Organisation (WTO), the International Consumer Protection and Enforcement Network (ICPEN) and the International Competition Network (ICN) (ACCC 2007a). Also, it has a range of international agreements, including the ACCC/NZCC Cooperation protocol for mergers review, an anti-trust enforcement agreement with the USA, and fifteen other such agreements (ACCC 2007b). Similarly, the Department of Employment and Workplace Relations (DEWR), has only one small International Relations branch. Yet, one of its key priorities for 2007-8, in regard to its workplace relations policy and analysis output

…was to engage strategically with the International Labour Organisation (ILO), the Organisation for Economic Cooperation and Development (OECD) and other inter-government agencies to advance Australia's interests (DEWR 2007: 53).

In summary, while it is difficult to be precise about the full extent of Australian involvement in international organisations, the data that does exist, especially in relation to the OECD, indicates that it is a very extensive involvement. It is an involvement that has grown rapidly in the last decade, following a steady, but far slower rate of growth in the earlier, post-1945 period. It is an involvement that has imposed an increasing strain on the capacity of departments, agencies and the Commonwealth Government as a whole, given that what earlier capacity existed was resourced to deal with a smaller range of international activities and issues.

The OECD

Background

The OECD is an international organisation, based in Paris. Its aim is to promote policies designed to achieve the highest sustainable economic growth in a context of expanding world trade, while maintaining financial stability and the development of the world economy, both for itself and for non-members (OECD 1960). It has a membership of thirty states, drawn for the most part from the world’s richest nations. Its decision-making power is vested in its Council, whose membership consists of one representative per member country, plus a representative of the European Commission. The Council meets at ministerial level once a year to discuss key issues
and set priorities for OECD work. For the rest of the year it meets regularly at the level of permanent representatives (ambassadors) to the OECD and the bulk of its decisions are taken by consensus.

The core of the OECD’s work takes place in some two hundred committees, working groups and expert groups consisting of representatives of the member countries, usually, but not always, career public servants of varying levels of seniority. The committees specialise in many areas of work, for example, science, education, employment, finance, trade, agriculture and, most importantly, economics. The work of the committees is supported by members of a 2,500 strong Secretariat, organised into a number of specialised directorates and centres. It is headed by a Secretary General, currently Mr Angel Gurria, who also chairs the non-ministerial Council meetings, providing the formal link between the national delegations and the Secretariat. The Secretary General is assisted by four Deputy Secretary Generals.

The staff of the Secretariat is for the most part based in Paris and is made up a wide range of highly qualified professionals, with the largest numbers being economists, lawyers and scientists of various types, supported by a range of administrative staff. It carries out the bulk of the detailed research and evaluation activities requested by the committees, which meet, for the most part, only once or twice per annum for two or three days at a time. While not in session, the members of the committees have online access to documents and can exchange information and views, both with each other and the Secretariat support staff, through OLIS, a dedicated IT system, as well as by other normal means, notably email and telephone.

Although the working processes of the committees and directorates varies somewhat, one of their major characteristics is the well-established use of various types of peer evaluation systems. In the OECD context peer review focuses on an examination of one state’s performance or practices by other states, including economic, environmental, education, financial and governance policy. Its aim is to help the state under review to improve the quality of its performance and policy, with an emphasis on the adoption of best practices and compliance with established standards and
principles – or, to put it another way, it has as its prime focus the continuing development of its members’ capacities. In a very real sense the peer review process is a discussion among equals that does not impose its findings on the state under review. Rather, it relies for its effectiveness on the ‘peer pressure’ exerted by the states carrying out the review, and, in turn, the willingness of the state concerned to accept the implications of that pressure.

The OECD and government capacity

It is important to stress, as noted above, that one of the primary roles of the OECD is capacity building although the language of capacity building was not used by those framing its founding Convention. Rather, as indicated in the Convention, its primary aim was, and is, to promote policies designed to achieve the highest sustainable economic growth in a context of expanding world trade, while maintaining financial stability and the development of the world economy, both for itself and for non-members (OECD 1960). The sense in which the term ‘promote policies’, is used in the Convention, and as since interpreted by its members in steering the work of the OECD, makes it quite clear that its efforts are to focus on capacity building in regard to policies that relate to economic growth. This became even more evident with the establishment of a specialised unit with the OECD, the Directorate for Public Governance and Territorial Development (it has had a variety titles), with its focus on the improvement of the capacity of the governments of the member states, albeit largely in relation to the economy (see, for a more recent example, the OECD’s self-portrayal in regard to globalisation, OECD 2004). Hence, much, if not all of its work is quite explicitly designed to assist its members maintain and enhance their governing capacity, both in relation to whole of government issues and in relation to specific policies.

Thus, from the perspective of its members and, indeed, of many non-members, the OECD is, at least potentially, a capacity building resource. However, it is far more than merely a resource, as it is also a significant actor in both international and national policy networks, striving to fulfil the ever-changing mandates of its members in a context in which it competes, to varying extents, with other, usually more
specialised international and national organisations that provide similar, though not identical, services, such as the WTO, the World Bank and the IMF. The fact of competition provides not only an incentive for the OECD’s Secretariat to satisfy the tasks assigned to it by its members, but to constantly search for new work that might be of interest to them and, not unimportantly, provide continuing employment for the members of the Secretariat.

The OECD, policy learning and capacity development

This section is divided into two parts. The first summarises the perceptions of the public servants interviewed as to the value of the OECD as a source of policy learning and capacity building. The second examines the major sources of policy learning available through the OECD.

Perceptions of the value of policy learning in relation to the OECD

There is little doubt that Australia’s membership of the OECD is used by public servants to enhance their capacities in regard to the development of policy. All of those interviewed for this study for example, without exception, indicated that the major reason for their participation in OECD committees and working groups was that of policy learning, in one form or another. Further, all of those interviewed, bar one, also felt that their aim of policy learning had been achieved to varying extents, and that it was a more or less continuous process, though varying in extent and intensity over time. Similarly, the bulk of the members of the OECD’s Secretariat interviewed felt that the opportunity for policy learning in a cross-national context was the primary service the organisation offered to its members.

When questioned further as to what they meant by policy learning the answers of those interviewed varied, but all indicated that it entailed the acquisition of current knowledge and understanding in relation to particular policy areas, with an emphasis upon the value of the cross-cultural, comparative context provided by the OECD,
where they could learn from both their peers and a wide range of experts. Moreover, the bulk stressed that the knowledge and understanding gained for the most part had considerable, practical, policy value, capable of at least informing and, at times, leading to actual modifications to, existing national policies, processes and techniques.

The more senior of those interviewed, up to and including head of department level, also indicated that in addition to the knowledge and understanding it provided, the OECD was also a forum in which they had, on occasion, to exercise their capacity to make strategy and policy as they represented Australian interests in the development of new intergovernmental agreements and recommendations. These were not learning exercises, but the actual development of policy in an intergovernmental context that was in addition to their acquisition of policy learning for the national context, although, increasingly, the intergovernmental agreements developed also had a national impact, often requiring implementation at that level.

*Sources of policy learning and the OECD*

While the individual experience of policy learning associated with the OECD is as varied as the number of individuals involved, four basic sources of learning seem to predominate, as reported by those interviewed, with some overlap between them: statistical data, reports, particularly those in which policy recommendations are provided, peer reviews, formal and informal meetings.

**OECD data**

The OECD publishes comparative data on the economic and social performance of its members, for example the voluminous economic statistics and the PISA data on educational performance. The data is important for at least three reasons. In the first instance it provides information on important socio-economic trends at both national and global levels, trends examined carefully for their policy implications, both as to existing and future policy. While a few of the richer countries can themselves afford to collect data on a global basis, most cannot, particularly where some data, for example, that relating to economic performance, is confidential. Two, it provides useful benchmarking data against which to judge national performance, providing important clues as to the efficiency and effectiveness of national policy – for both
governments, oppositions and interest groups. Three, the OECD’s data is important because of its credibility, a characteristic that adds weight to the views of those decision makers who feel that the trends or performance it reveals requires appropriate, remedial action (while by no means uncritical of the data it provides and its impact, Sharman 2005, provides a valuable discussion of the way in which the OECD’s reputation adds to the influence of its data and reports). Those interviewed in DEST, for example, stressed the value of the PISA data and the reputation of OECD statistics for comparisons of Australian educational performance and, as with Porter and Webb noted its reputation

…the among scholars is so good that typically the statistics are used without the author feeling any need to justify them as valid measures of the phenomena in question. Similarly, OECD reports are widely used as authoritative statements of knowledge in many policy areas, again often without the author seeing any need beyond the label “OECD” to justify the authoritative character of the knowledge contained therein (Porter and Webb 2004: 7).

As Porter and Webb also point out, the collection and dissemination of data in not a mundane, boring activity, but the definition in quantitative terms of economic and social reality, definitions that can set the framework within which both understanding and policy developments come to be based. They point to the OECD’s definition of ‘producer subsidy equivalents’, for agriculture as an example. Government subsidies to agriculture take many different forms in OECD countries and, to the constant concern of those countries such as Australia that are relatively highly dependent on trade in agriculture, they result in artificially low prices for many products. Hence, following some decades of pressure from its largely non-EU members and the strongly free market orientation of the bulk of OECD economists, the OECD developed a common measure of government subsidies to agriculture, its ‘producer subsidy equivalent’, or PSE. The PSE then enabled more objective bargaining among governments in the OECD and, most importantly, within the WTO, about the real extent of subsidies in agricultural policies and their impact. In effect it changed the terms of the debate about agricultural subsidies by making it clear that many previously defined agricultural policies were, in fact, trade-distorting subsidies.
If Porter and Webb’s argument is extended, then in a very real sense the OECD’s data, when used to develop ideal-type policy models and standards, is a vital foundation for what it portrays as ‘best practice’ in policy and governance. Its members are then judged, voluntarily, against these benchmarks, sometimes blessed with the labels of laggards or leaders, in effect being socialised into the acceptance of the benchmarks as norms by which they should judge their performance, the performance of other OECD members and, importantly, those of their colleagues in Canberra. While ideal type policy models and best practice standards do not pre-determine the longer term policies developed by governments, they do play a role in shaping the constraints within which potential, alternative policies are considered.

It is not suggested that all OECD data is perfect, nor accepted as such by public servants in governments the world over. In 2007-8, for example, the USA Government, in the shape of its Center for National Educational Statistics, became concerned with the soon to be released, latest version of PISA statistics, for two reasons: one, for the accuracy of some of the data it contained; two, because of concerns it had regarding what is saw as the OECD failure to properly separate data development and analysis from policy analysis and interpretation. In the former case the matter was resolved following discussions, as is generally the result, but the latter case highlighted a more serious problem, at least as perceived by the Center. This was the tendency to identify and highlight in PISA reports what OECD staff saw as policy weaknesses in existing, national education policies on the basis of the data generated by the surveys that underlie the PISA process (Interview 2008). However, in defending its interpretations of the PISA data trends, the OECD pointed out that such policy analysis has long been an important part of the OECD’s role, most obvious in relation to its peer review process. A member might well disagree with the analysis or the interpretation provided by OECD staff, especially where it was critical of that member’s existing policy or performance, but that did not necessarily invalidate that analysis or interpretation.

**OECD reports**

As a glance at its website soon reveals, a great deal of the voluminous output of the OECD takes what can be described as a ‘policy template’ form, in the shape of a seemingly endless stream of reports and accompanying recommendations, working
papers, committee papers and, less commonly, agreements. The bulk of the reports summarise the research work of Secretariat staff (plus, to varying extents, consultants), and members of committees (the latter often supported by staff working with their ‘home-based’, department or agency), acting on the instructions of, and guided primarily by, the ‘bureau’, of one or more committees, and which address issues of current or likely concern to the bulk of its members. The members of the committee bureaux vary, but include the chair, vice chairs and a limited number of the members of the committee in question. At present, for example, Australian public servants currently chair nine committees (3.9% of the total of which it is a member), and are vice chairs of sixteen others (6.9% of those of which it is a member). The ordinary members of the committees are usually drawn from those most interested in the issues in question and, where the issues are sensitive and the members have differing views, there will be some attempt to balance bureau membership to reflect those views.

The extent to which any one of the reports results in policy learning, an increase in policy capacity or, less commonly, an actual impact on national policies, depends upon its perceived relevance and credibility, the extent and type of involvement by the public servants involved and, to varying extents, the ability of the national representatives on the committee to both effectively communicate and persuade key decision makers in their departments and local policy networks as to the merits of the report and its recommendations. Not surprisingly, as a result the influence of OECD reports on policy development varies a great deal from member state to member state, and individual to individual, a view strongly supported by those interviewed.

An example of a report that was particularly influential was an 1982 OECD report authored by the late Peter Wilenski, then a professor at the Australian National University but on secondment to the OECD, that recommended a universal youth allowance as a means of reducing long term youth unemployment. The following year Wilenski was invited by Prime Minister Hawke to become head of the Department of Education and Youth Affairs in Hawke’s first ALP ministry and over the next few years several of the ideas espoused by Wilenski were incorporated into Australian public policy (Vickers 1995: 59-60). While the circumstances in this case were unusual and, as the head of a major government department Wilenski had both the needed access and opportunity to influence policy, making it more likely that the
views he espoused in his OECD report would achieve the Hawke Government’s agenda and, with modifications, be adopted, there is little doubt that it was the credibility of the OECD that also played an important role in gaining acceptance for his views.

Perhaps a more typical example was a 2001 OECD report reviewing Australia’s labour market policies, part of a series assessing national labour market policies in various countries, highlighting the Job Network system (OECD 2001b). While the report was very positive in regard to this novel attempt to introduce market mechanisms into job broking, it also described a number of concerns with the new system that, in part, were recognised by the Commonwealth Government, leading to changes to the system (Shergold 2002). Indeed, most of the Australian public servants interviewed noted that it was very rare for an OECD report and its recommendations to be wholly endorsed and implemented at the national level. Rather, a limited number of specific recommendations might be endorsed, or the general approach suggested by a report might inform future policy developments.

More recent evidence of the influence of the OECD’s reports as a source of information in Australian policy debates and the setting of national agendas can be seen clearly, for example, in regard to the recent criticisms of the Commonwealth Government’s regulatory impact system (RIS) and the quality of regulation made by the Taskforce on Regulation (Taskforce on Regulation 2006). Its recommendations led to several changes to the RIS, and the Taskforce used the OECD’s seven principles of regulatory design as the base from which to: one, compare the quality of Australian regulation; two, to help it estimate the cost of regulation for Australian business; three, as a source of endorsement as to the value of RIS type processes; and four, to support its case as to the need for regular reviews of regulation (Taskforce on Regulation 2006: 8, 14, 172). Similarly, in pressing for improved processes for making regulation and the elimination of unnecessary regulation, the Business Council of Australia drew heavily upon OECD data (BCA 2005: 7, 25). Finally, the Victorian Premier’s influential call for a third wave of social and economic reform, what came to be called the National Reform Agenda, also drew upon an OECD report to support his case, a report that argued that Australia needed to achieve significant
increases in productivity and participation if it was to rise to the never-ending challenge of international competition (Bracks 2005: 10, drawing upon OECD 2004).

Indeed, in a very real sense the National Reform Agenda recently launched by COAG can be seen, at least in part, as a response to the repeated, general urgings by the OECD to its members to improve the quality of their regulation, impact assessment processes and regulatory institutions if they wished to remain economically competitive (COAG 2006, OECD 2007a, 2007b: chapter 5). This is not to suggest that the OECD laid down a set of precise, prescriptive reform proposals for Australia, only that it was and is, a credible, influential source of comparative advice in relation to the development of strategies for microeconomic and regulatory reform, a source to which governments, opposition parties and major business groups turn to for ideas and data, particularly data that indicates Australia’s comparative performance and that can be used to bolster the arguments being advanced.

**OECD peer reviews, policy cooperation and convergence**

The information provided in the context of the OECD’s peer reviews, while normally published in report form, deserve particular mention for they are, quiet explicitly, critical assessments of a government’s existing policies and, on occasion, of the degree of its compliance with OECD agreements, standards, recommendations or codes of behaviour. Hence, they are directly and immediately relevant in the national policy context, although the objectives of reviews varies somewhat, even within the OECD, with the aims of policy advice, policy coordination and cooperation, information gathering and dissemination, being perhaps the most common. As the objectives vary, so can their role in relation to policy learning and the development of policy capacity.

In regard to the peer reviews whose major objective is to provide policy advice the role is clear, to provide comments and proposals in relation to the policy being reviewed so that, if accepted, in whole or modified form, they automatically gain a place on the national agenda and, on occasion, will result in modifications to existing policy, hopefully enhancing the content of policy. The Development Assistance Committee’s peer reviews have been, for example, on the basis of a survey of member attitudes, almost unanimously considered to be highly important and
On balance, most Members (sixteen) are satisfied with the peer reviews, and the same number declared that the reviews had a high or some impact on their aid policies and practices (OECD 2002: 3).

Most OECD peer reviews also have a second objective, that of encouraging policy coordination, cooperation and, sometimes, policy convergence among its members, usually based on a set of policy or administrative guidelines or standards agreed to by members and, less commonly, formal, intergovernmental agreements (see, for example, OECD 2002: 4). The reviews of members’ regulatory reform activities and performance undertaken since the mid 1990s, for example, made seven recommendations for regulatory reform to which all members were encouraged to align themselves and which were used, in part, as criteria for future regulatory reform peer reviews (OECD 1997). This ability to persuade its members to cooperate in policy development and, at times, in the increasing convergence of their policies should not be regarded as the result of a scheming Secretariat surreptitiously imposing its views upon unsuspecting members. Rather, it is a logical consequence of collegial action by the richer nations to resolve their sometimes conflicting policy interests, address common issues such as global climate change, and establish agreed, intergovernmental principles and codes of behaviour for a surprisingly wide range of issues. Peer reviews are not alone in this regard, for many of the other reports the OECD generates also encourage such activities, but they are more direct and pointed in their impact, actively assessing the extent to which individual members comply with agreed principles, codes and policies.

A third common objective of peer reviews, the narrowly focused information gathering and dissemination necessary for the later analysis and review process, is relevant to national policy capacity from at least three perspectives. The first is that of the government of the country concerned, whose policy is the subject of the review; the second is that of the countries whose representatives are acting as the external assessors for the review, supported by the Secretariat; the third is that of the more general publics and interested non-governmental groups in the country concerned. In all three cases the information gathered has the potential for use in the relevant national contexts, helping to enrich understanding in policy debates by providing a body of policy-relevant information that is already structured around the types of key questions likely to be addressed by participants in those debates. In other words it provides essential material for policy review and development, enhancing policy capacity.

The information gathered is narrowly focused in the sense that the primary aim is to gather information relevant to the specific policy in question in the particular, national context,
supplemented by comparative information as to the experience of similar policies in other members’ states. The extent of original, comparative research undertaken is usually far less than that undertaken in non-peer review, research reports, although it might be informed by the latter type of reports, if they are available.

It should be noted that the information gathered springs, in large part, from the country under examination, as the core document is a detailed background report normally prepared by a group of public servants from the country being examined, although based on a standard, OECD prescribed format. This represented a change in OECD policy from the original peer review process, where the background report was prepared by members of the Secretariat, although, even then they were prepared largely on the basis of documents provided by the country concerned (see, for example, Aubert 2001: 385-5). While the background report is then subject to a detailed examination by members of the Secretariat and two or three examiners drawn from the committee in question, the extent to which it actually represents an objective, accurate picture of policy performance is as questionable as the sources it is drawn from. However, both the OECD Secretariat and other committee members are well aware of this issue and, at least to an extent, its more negative ramifications are limited by: one, a field visit by members of the Secretariat in which they meet with key policy actors both within government and, importantly, within the larger community; two, the preparation of a detailed report by the Secretariat, sometimes including external experts; three, a detailed discussion of the report with the country being reviewed in order to ensure that it does not unreasonably raise major administrative or political problems for the government concerned; four, a special session of the committee in which a wide range of questions are addressed to the national representatives, including recommendations for their consideration. Finally, a review report is made public, although, again, this document is very carefully edited so as to avoid inaccuracies.

**Formal and informal meetings: establishing, maintaining and extending personal networks**

Policy learning is also gained in formal and informal meetings, ranging from a formal OECD committee or working party, to an informal group meeting, one-on-one meetings, or, increasingly, in one of the several large policy forums (‘global forums’, in OECD parlance), organised each year by the OECD. In essence, the meetings can be regarded as more or less formally organised exchange networks in which the form of policy learning gained is, hopefully, an enhanced ability to gain entry to, organise and benefit from interaction with peers working in similar areas in other countries, rather than policy specific knowledge of the type gained from reports and peer
reviews. As indicated by those interviewed, membership of such networks tended to persist over time and to interlink with a range of similar networks in other international organisations notably the IMF, the EU, the World Bank and the WTO, often with the same set of national representatives meeting on a regular basis in differing international organisations, notably Treasury officials.

There is considerable value in membership of such networks, especially for smaller countries such as Australia. It enables public servants to gain advance knowledge of developing international issues, or national issues in the larger states like the USA that are likely to impact on Australian interests, in effect helping to establish which issues should gain entry to Australian agendas, with what priority. If, for example, the USA seems to be considering a change in its stance regarding multilateral agreements on investment, it is often within the established exchange networks that the possible change is first identified by other states and discussed. Similarly, it enables member countries to test out the likely reactions of the other members to possible changes in their national policies and practices before they are fully developed or implemented, in a relatively private fashion. Importantly, it can lead to a withdrawal or modification of planned changes with little embarrassment to any party. At a more modest level, several of those interviewed were able to provide examples of bilateral or multilateral projects conducted outside of the OECD framework, that had their origins in discussions in one or more OECD networks.

**Discussion and conclusion**

As demonstrated above, the OECD is clearly an organisational focus for policy learning that enhances policy capacity. It is, as noted, not the only international organisation that provides, directly or indirectly, such a service to its members. However, the fact that a number of international organisations provide such services in relation to policy capacity is both a blessing and, at least for some departments and their staff, somewhat of a curse. It is blessing in two senses: one, in that the international agencies are forced, to varying extents, to compete with each other in the provision of their services, hopefully resulting in at least the maintenance of reasonably high standards for fear of loss of custom; two, where the same issues are examined in more than one international organisation member countries thus have the
benefit of two sources of advice and assistance. It is a curse in that to gain maximum benefit the departments involved have to participate, if with varying degrees of enthusiasm, in the deliberations of two or more international organisations, a relatively expensive and time-consuming business, often placing considerable pressure on the public servants who have to attend meetings in different international locations and scrutinise a wide range of documents. It caused, for example, difficulties in managing Treasury’s then International Economic Division when SES officers at its head were required, increasingly, to be abroad for longer periods of time, leading first to a merger of two divisions and their associated branches, and later, unusually, the creation of an ‘Alternative Executive Director’, position (Treasury 1998: 93, 2005: 5). The increase in international workload also led, secondly, to the two new units in Treasury’s Macroeconomic Group (Treasury 2004: 5, 2005: 8).

It is clear that the OECD also plays an important role in relation to the agenda setting dimension of policy. Indeed, it is possible to conceive of several agendas operating at the Commonwealth level that may be affected by the OECD: first, the Government’s ‘whole of government’, agenda, usually most visible and explicit after the election which brings it to office, as it is faced with the realities of government; second, a number of other, more specialised agendas, loosely corresponding to the policy networks within which departments and agencies are located, such as agriculture or trade and, increasingly, linked to international networks involving one or more international organisations.

It is also more accurate to conceive of the impact of the OECD in relation to policy learning and capacity by viewing it, not as a consolidated entity, an undifferentiated organisational billiard ball, but as a series of loosely linked policy networks, focused around the OECD committees, their sub-committees and associated directorates and the linkages to departments and agencies at the national level. As with the notion of not one, but a number of national agendas, this differentiated conception of the OECD suggests that one should not generalise about the influence of the OECD as a whole, but limit generalisations to the committee network concerned. Hence, from this perspective, the OECD has, at any one time, a varying impact on policy learning and capacity, depending on which network is examined. Further, of course, the impact of any one network will vary over time and from country to country.
One very obvious issue associated with the above notion of multiple agendas and networks is whether or not that fact is taken fully and effectively into consideration at the strategic level by DFAT and, ultimately, Cabinet decision makers, especially when it comes to determining policy directions and coordination across government to achieve the desired directions. The interviews undertaken suggest that:

- Staff within DFAT and Treasury charged with interdepartmental, ‘joined up’, government, and those within other departments are aware that there is a significant coordination issue posed by international activities, multiple agendas and policy developments.

- In the shape of regular, but infrequent, interdepartmental committee meetings chaired by DFAT or Treasury, there is an attempt to ensure that the implications of the differing issues, agendas and potential policy developments being undertaken in multiple locations within government are identified and appropriately dealt with. However, interviewees also noted that, in practice, far more coordination was achieved by more or less continuous and less formal exchanges between staff in differing departments and agencies.

- There was little systematic knowledge as to how well the formal and informal processes of policy coordination and direction in relation to multiple agendas and their impact on policy development was performing. Two views predominated among those interviewed who expressed an awareness of the issue: one, that the sheer complexity of the task made it impossible to achieve effective coordination and direction at a whole of government level; two, that it was achieved in relation to a limited number of more important issues, such as trade, where public servants in the trade side of DFAT and Treasury worked very closely with colleagues involved with trade in other departments, for example DAFF, pointing to the close cooperation achieved in recent years in relation to free trade agreements with a number of Asian countries.

In conclusion, it can be said that the OECD plays an important but variable role in relation to policy capacity. It is important because of the extent of involvement across a very wide range of policy areas in which it engages with government departments.
and agencies and, thus, the extent of policy learning that occurs and the influence that might have on policy development. As economies become increasingly interdependent, along with their environmental and social impacts, leading to pressures for greater intergovernmental cooperation and coordination, the extent of this engagement is likely to grow, rather than decline.

In addition to building capacity by policy learning, the OECD is an arena in which public servants exercise both their strategic and tactical capacities to bargain and negotiate in the national interest at a variety of levels. The more junior are involved, in line with their more limited capacities and experience, with relative minor issues at the working party or subcommittee level. The more senior, up to the level of heads of department, are engaged with more significant issues in the major committees or Council, leading to binding and voluntary agreements that commit Australian governments to their implementation. When combined with similar, if more specialised policy learning, bargaining and negotiation activities in the many international organisations of which Australia is a member, it seems likely that they enhance the capacity of the Australian Government to a significant extent.

References


Interview, 2008. A large number of interviews with public servants in Canberra, Paris, London and Washington DC were conducted for the study. It was a condition of the interviews that those interviewed remained anonymous.


_____, 1997a. ‘IMPROVING POLICY CAPACITIES FOR THE LONG TERM
MEETING OF SENIOR OFFICIALS FROM CENTRES OF GOVERNMENT ON IMPROVING POLICY CAPACITIES FOR THE LONG TERM’, Dublin, 22-23 September, Paris, OECD.


______, 2007a. ‘OECD warns against reform complacency as new report highlights priorities for action’, as at 6 January 2008, at http://www.oecd.org/document/45/0,3343,en_2649_34141_38086509_1_1_1_1,00.htm


