MULTISTAKEHOLDER DIPLOMACY AT THE OECD

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In the same way that nothing under the sun is new, multistakeholder diplomacy was not born yesterday. For example, the International Labour Organisation was set up in 1919 with tripartite representation from governments, employers, and trade unions. Since its creation in 1961, the Organization for Economic Co-operation and Development (OECD) has had consultative relations with business and labour stakeholders.

What is new, however, is that multistakeholder diplomacy has become a dominant trend in international relations over the last decade or so. This is particularly the case for multilateral organisations like the OECD, the United Nations, World Bank, and regional development banks. To some extent, this reflects changes in society and governance at the national level with the emergence of globalising stakeholder societies.

In this paper, I would like to outline multistakeholder diplomacy at the OECD. In order to do so, I first make a few remarks about the OECD and then comment on the emergence of globalising stakeholder societies, to set the scene for my remarks on multistakeholder diplomacy at the OECD.

The OECD groups 30 member countries sharing a commitment to democratic government and the market economy (OECD, 2005). Best known for its publications and its statistics, its work covers economic and social issues from macroeconomics to trade, education, development, science, and innovation. In short, the OECD helps societies and governments manage globalisation for the benefit of all. It does this through its studies, its policy dialogue, and its policy recommendations and instruments. Of particular relevance here is that while the OECD is and remains an inter-governmental organisation, it collaborates increasingly closely with other stakeholders, notably business, labour, parliamentarians, civil society, and academia. Yet, to look for the reasons why an inter-governmental organisation like the OECD undertakes such extensive multistakeholder diplomacy, we need to look first at the changing nature of government and the changing nature of these stakeholder groups in society.
Changing Nature of Government

Human history has witnessed major evolutions in systems of governance (OECD, 2002b). Top-down, centralised, and hierarchical systems of kings, chieftains, and dictators have gradually given way to democratic systems characterised by elected representatives, separation of powers between the executive, legislative and judicial branches of government; rule of law; and independent media. Transparency, accountability, and integrity are essential elements of good governance in democracies.

Freedom House (2005) has described the 20th century as the “Democratic Century” in light of the proliferation since the mid-1970s of democratically elected governments around the world. Indeed, this is the third wave of democratic expansion in the world, following the first wave from the 1820s to the 1920s and the second, shorter, wave in the 15 years following the end of World War II. The 20th century has also seen a dramatic expansion in the number of sovereign states. According to Freedom House (2005), 119 of the world’s 192 states are electoral democracies (or 62%) – compared with 69 out of 167 (or 41%) some 15 years ago. In 1950, only 22 of the world’s 154 sovereign states and colonial units (or 14%) were electoral democracies.

As well, over the last century, the size and scope of government have expanded enormously, particularly in OECD countries (World Bank, 1997). One indicator is general government outlays in GDP, which have risen from less than 10% one hundred years ago to over 40% in the last couple of decades. At the same time, the role of the state has changed with an emerging consensus that the state should set the policy, regulatory, and institutional frameworks for an efficient market economy.

Moreover, while democracy has been expanding across the planet, the nature of democracies has been changing in response to economic globalisation and rapid technological change (particularly in response to information and communications technologies). Governments no longer have a monopoly on authority for a population within a well-defined territory (OECD, 2000).

Globalisation has led governments to realise that they cannot tackle an increasing number of issues on their own – most notably in the provision of public goods (Kaul, Grunberg, and Stern, 1999). Multilateral agreements in the areas of trade, finance, environment, and development represent ways in which governments have sought to co-operate to solve global problems. Another emerging area for international co-operation is the analysis of best practices and benchmarking of domestic policies; in these arenas countries
have much to learn from each other. Comparison with other countries can create pressures to improve national performance, while membership requirements can be a powerful motivator for reform in non-member countries seeking to join.

One indicator of such government awareness is the growing role of international organisations like the OECD. It is estimated that the number of international intergovernmental organisations has grown from less than ten at the end of World War II to almost 300 today (Armstrong, Lloyd, and Redmond, 2004). Many international organisations are also expanding their membership and missions. The OECD has expanded its membership over the last decade with the admission of Mexico, Czech Republic, Hungary, Korea, and the Slovak Republic. Some of the highest priority issues, which are yet relatively new on the OECD agenda, are topics like education and health.

In recent years, many OECD governments – such as UK, Australia, Belgium, France, Italy, the Netherlands, Spain, and Sweden (and other countries such as China and Indonesia) – have transferred economic development powers to cities and regions (OECD, 2004a). This means that decisions can be more responsive to the needs and preferences of local people. Helping to ensure the availability of the right public services in the right way can strengthen democracy.

**Towards Globalising Stakeholder Societies**

Stakeholders are those who have an interest in a particular decision, either as individuals or representatives of a group (Hemmati, 2002). This includes people who influence a decision, or can influence it, as well as those affected by it. In this context, most OECD governments have well-established models of consultation with business and labour stakeholders, including models for wage determination and industrial relations issues. In addition, many OECD countries have long-standing traditions of citizen involvement in public policy making.

Recently, several driving forces have led OECD member countries to focus attention on strengthening relations with citizens (OECD, 2002a). These forces include the steady erosion of voter turnout in elections, falling membership in political parties, and declining confidence in important public institutions. Calls for greater transparency and accountability have grown, as public and media scrutiny of government action increase and standards
in public life become codified and raised. Increasingly educated, well-informed citizens want their views and knowledge taken into account in public decision-making.

These new demands are emerging against the backdrop of a fast moving, globalised world increasingly characterised by networks rather than by hierarchy. The Internet has opened new frontiers in the independent production and exchange of information, while providing a powerful tool for co-ordination among players on opposite sides of the globe. Citizens are also increasingly active politically – by direct participation, through civil society mechanisms – in policy debates that interest them (OECD, 2003a, OECD, 2002c). Their activity constitutes a broadening from representative to participatory democracy. Traditional democracy aggregates citizens by communities of neighbourhood (their electoral districts), while participatory democracy aggregates citizens in communities of interest. Thanks to modern information and communication technology, these communities of interest can be global as readily as local.

One of the predominant features of the globalisation of the world economy over the last decade or so is the dramatic rise in foreign direct investment and associated growth in importance of multinational enterprises (MNEs). International production is now carried out by over 900,000 foreign affiliates of at least 61,000 MNEs world wide (United Nations, 2004). These affiliates currently account for an estimated one-tenth of world gross domestic product and one-third of world exports, and their shares are increasing.

National governments widely accept MNEs as providers of beneficial flows of investment capital and managerial and technological expertise; as creators of high quality, well paid jobs; and as important sources of tax revenues (OECD, 2004b). MNEs thus contribute in many ways to promoting progress toward sustainable development. At the same time, public concerns remain regarding the social, economic, and environmental impacts of their activities. The organisational complexity of some MNEs, which can make it difficult to follow and discern their activities, may accentuate these concerns. Further, today’s competitive forces are intense and some enterprises may be tempted to neglect appropriate standards and principles of conduct in an attempt to gain undue competitive advantage.

At the same time, many MNEs have responded to the “corporate social responsibility” movement. They have improved their management controls and practices to achieve appropriate standards of day-to-day business conduct. The development of business tools such as codes of conduct and related management and reporting systems has been one of the major trends in in-
ternational business over the last 25 years. Enlightened businesses are now working with other actors – especially with unions and non-governmental organisations – to improve their policies and management and reporting practices in the economic, social, and environmental fields.

Of course, the debate over the effectiveness of voluntary social responsibility initiatives continues. The core responsibility of business is, after all, the conduct of business itself. However, it is increasingly accepted that responsible business is good business.

In this spirit, MNEs increase their visibility in public policy discussions, both at the national and international level, either directly or through international business associations (Muldoon, 2004). The International Chamber of Commerce, founded in 1919, has always been a major player, while the Business and Industry Advisory Committee to the OECD was founded in 1962. More recently, particularly since the Rio Earth Summit of 1992, international business associations have flourished – witness the World Business Council for Sustainable Development, World Economic Forum, the Prince of Wales International Business Leaders’ Forum, CSR Europe, Business for Social Responsibility and the Global Business Council on HIV & AIDS, to mention just a few.

The second half of the 19th century saw the foundation of the trade union movement, whose fundamental concerns have always been to protect workers’ rights, to secure the right of workers to form and join independent trade unions, and to bargain collectively with their employer (ICFTU, 2004). However, the globalisation and rapid technological changes that have affected the workplace have also affected trade unions at the national level. Thus, the international trade movement has emerged dramatically from its humble origins in 1889 when the International Federation of Boot and Shoe Operatives, the International Federation of Tobacco Workers, and the International Typographical Secretariat were created.

The main objectives of the international trade union movement are the defence and promotion of trade union rights and labour standards, as well as the building of an international framework for economic and social justice. A social dimension to the rules of the global economy is crucial as social equality within and between nations is increasing. Accordingly, international trade union organisations such as the International Confederation of Free Trade Unions, the International Trade Secretariats, and the Trade Union Advisory Committee to the OECD are increasingly active regarding:
• cases of perceived violation at the workplace of workers’ fundamental rights, most notably at export processing zones where union rights are suspended or severely restricted;
• integration of basic labour rights in strategies for sustainable development and poverty reduction;
• integration of core labour standards (freedom of association, right of collective bargaining, ban on discrimination at the work place, abolition of child labour, and ban on bonded labour) into the procedures and mechanisms of the World Trade Organization (WTO);
• social consequences of financial crises and, in particular, the structural adjustment programmes of the World Bank and the International Monetary Fund.

Civil society organisations (CSOs) were born when the first cave man formed a hunting club with his neighbour. **CSOs include a wide of array of organisations: community groups, non-governmental organisations (NGOs), indigenous groups, charitable organisations, faith-based organisations, professional associations, and foundations.** The 20th century saw the creation of a large number of CSOs in response to war and related humanitarian crises – CSOs such as Save the Children, Oxfam, CARE, World Vision, and Médecins Sans Frontières. From the 1960s, many NGOs turned their attention to disasters and humanitarian crises in developing countries.

The universe of CSOs is vast and heterogeneous, and includes:
• small, close-knit village organisations in developing countries;
• humanitarian and emergency relief organisations, sometimes financed by governments;
• “watchdogs” and independent monitors of government activities;
• actors in development projects – a growing amount of official development assistance is now directed to CSOs for project implementation in developing countries;
• environmental and human rights activism;
• policy analysts and lobbyists;
• global communities of interest.

Since the 1980s, a remarkable number of CSOs (particularly NGOs) have arisen, and their influence has waxed. One indicator is the number of NGOs with consultative status with the United Nations Economic and Social Council (ECOSOC) – this figure has grown from 4 in 1946 to 900 in 1990 and to over
2200 in 2002. The enormous increase in CSOs started at the time of their participation in the 1992 Rio Earth Summit, and continued at the UN conferences on Human Rights, Population, Social Development, Women, Human Settlements, and the Food Summit. *Agenda 21* (United Nations, 2005) is the first UN document to address extensively the role of different stakeholders in the implementation of a global agreement (Josselin and Wallace, 2001).

The rise of the anti-globalisation movement in the 1990s saw the emergence of different CSOs and a different style of CSO. They were more forceful, demanded to sit at the table with governments, and took on different issues. The OECD experience with the unsuccessful negotiations on a Multilateral Agreement on Investment and the WTO Seattle Ministerial were important turning points. We also saw the emergence of broad, diverse alliances of groups that sometimes had little in common except for the desire to contest government and multinational business.

Notwithstanding the diversity of the CSO universe, it is worth noting that some opinion polls suggest that public opinion often trusts CSOs more than government. Even so, many CSOs (including NGOs) receive funding from business, government, and the European Commission, which belie their non-governmental status (CSO budgets keep growing strongly, in sharp contrast to official development assistance). Governments and CSOs are increasingly working in partnership in many policy areas. Both government and business are increasingly inviting CSOs to contribute to national and international policy debates.

**Multistakeholder Diplomacy at the OECD**

With this background in mind, I now turn to the issue of multistakeholder diplomacy in the OECD. Multistakeholder diplomacy aims to bring together major stakeholders in a relationship of communication, dialogue, or participation in decision-making. In his Millennium Report, the UN Secretary-General made a clear case for multistakeholder diplomacy:

> Better governance means greater participation, coupled with accountability. Therefore, the international public domain – including the United Nations – must accept the participation of the many actors whose contributions are essential to managing the path of globalisation. Depending on the issues at hand, this may include
civil society organisations, the private sector, parliamentarians, local authorities, scientific associations, educational institutions, and many others. (Annan, 2000, p. 6)

As mentioned earlier, the OECD has long practised multistakeholder diplomacy to the extent that, since its origin, it has consulted with business and labour through the Business and Industry Advisory Committee to the OECD and the Trade Union Advisory Committee and other CSOs. Further, the OECD Observer was launched in 1962 to be distributed “especially to people who are most directly concerned with the development of society, i.e., members of governments, members of parliaments, labour and management leaders, leaders of industrial and agricultural organisations, trade organisations, bankers, educational institutions, scientists and the press” (OECD, 2002d, p. 64). The OECD began publishing books in its early years and has always attracted attention from the media.

Although, until the last decade or so, the OECD has been a very discreet and oftentimes confidential and closed organisation, the following examples show different ways in which the OECD has become more open and active in multistakeholder diplomacy.

**Through Communications**

Over the last year, OECD member countries reviewed the OECD approach to communications in the context of public controversy over the implications of globalisation. They endorsed a new communications strategy for the organisation that recognises that the OECD can fulfil its role effectively only through a coherent and targeted approach to communications, based on the highest standards of transparency and public accountability. Effective communications enhances organisational ability to promote intergovernmental co-operation and assist the governments of OECD member countries in communicating policies to their constituencies.

The main objectives of OECD communications are: (1) to explain the OECD better; (2) to disseminate OECD information and policy advice effectively; (3) to develop coherent and targeted messages; (4) to strive for transparency, impartiality, and accountability. The OECD is very active in its communications activities, notably through the OECD website and other on-line information services, publications, and the media.
Through Dialogue

Following an extensive review of the OECD relations with civil society in 2000 and 2001, OECD ministers recognised the importance of growing OECD co-operative activities with CSOs, complementing the organisation’s co-operation with long-standing partners, the Business and Industry Advisory Committee and the Trade Union Advisory Committee (OECD, 2003c). The ministers stressed that this dialogue builds trust in public institutions and promotes public understanding of the benefits and challenges of global economic and social change. Over the last decade or so, multistakeholder dialogues in the areas of trade, the environment, development, co-operation, and information and communication technologies have become a feature of the work of most OECD committees.

Trade. The OECD underpins the multilateral trading system by providing analytical work and by helping to build understanding on sensitive issues, to facilitate negotiations at the WTO and to strengthen the constituency for free trade. Dialogue with civil society constitutes a significant part of these efforts. In this context, the OECD Trade Committee holds an annual informal consultation with CSOs, simultaneously with its autumn meeting. This informal consultation is a complement to the regular consultation mechanisms established at the national level in OECD member countries. Member countries and observers are encouraged to invite national CSOs, while a number of international CSOs active in important trade policy issues are also invited. To enhance transparency, a summary of Trade Committee discussions appears on the Internet following each meeting, as do official documents, once declassified. CSOs are also invited to participate on an ad hoc basis in conferences, symposia, and workshops. The 2004 consultations, which took place on 19 October, addressed business outsourcing and some aspects of the Doha Development Agenda negotiations.

Environment. A healthy environment is a prerequisite for a strong and healthy economy, and sustainable development needs both. The OECD provides a forum where countries can share their experiences and develop concrete recommendations for developing and implementing policies to address environmental problems efficiently and cost-effectively. The OECD has participated in a long tradition of CSO dialogue in environment policy, as CSOs have constituted a strong environmental lobby since the 1960s-70s. The role of CSOs has been evolving from one of primarily awareness-raising to one incorporating broader participation in policy implementation, decision-making, and monitoring activities.
Stakeholder representatives (business, labour, and CSOs) participate in a range of activities, including regular consultations, under the OECD Environmental Policy Committee (EPOC). Informed of the EPOC agenda, their views on non-confidential documents are sought. The participation of environmental NGOs is co-ordinated by the European Environmental Bureau and includes representatives of the World Wildlife Federation, World Resources Institute, Greenpeace, and Friends of the Earth. Stakeholders also participate in various conferences, workshops, expert meetings, and in some EPOC working parties and expert groups. A recent highlight in EPOC stakeholder dialogue activities was the stakeholder consultation with OECD Environment Ministers at their meeting in April 2004. Topics addressed included climate change and energy; globalisation; trade and environment; decoupling and resource efficiency; and technology innovation to address environmental challenges.

*Development co-operation.* OECD development work focuses on increasing aid flows and ensuring the use of this aid in the most effective manner to reduce poverty (to attain the poverty reduction targets of the Millennium Development Goals [Annan, 2000]) and to promote sustainable development in developing countries. CSOs have long been active in development and they co-operate closely with development co-operation agencies, both in funding and execution of aid programmes, and in defining aid policies and formulating public education on development. CSOs bring vast expertise to the table and help maintain support for development co-operation. Business and labour are taking more and more interest in the international development agenda.

The OECD Development Assistance Committee itself has wide-ranging interaction with CSOs for the development of policy guidelines and other analyses, as well as for peer reviews. One feature of OECD collaboration with CSOs is the organisation’s annual contribution of data to the Reality of Aid publication, which presents an NGO view of donor assistance. In sum, CSOs make an important contribution to the work of the Development Assistance Committee as they are working towards the same goals and complement each other.

The OECD Development Center has played an important role in publishing directories of NGOs active in international co-operation and in studying the role of civil society in development co-operation. A recent publication (OECD, 2003b) concludes that civil-society participation in policymaking not only enhances efficiency in implementation, but also contributes to the creation of more pluralistic and democratic political systems.
Information and communications technologies (ICTs). ICTs are an important motor for economic growth in OECD countries and can be a means to help meet development objectives for poverty reduction, education, health, and environment. Policy-making in this domain has long required dialogue between governments and business; since the mid-1990s, one strength of the OECD in this area has been to bring the voice of civil society into the debate, particularly concerning regulatory frameworks. The main areas of this involvement lie in protecting consumers in the online marketplace and in balancing the rights of the individual (as a citizen, student, worker, consumer, or member of a minority) and the interests of enterprises and governments.

The OECD dialogue in these areas reflects its involvement in issues of law enforcement in the domains of privacy protection and security of information systems and networks. The nature and the mechanisms of the involvement, and the organisations concerned, vary widely according to the subject and the type of work conducted. Involvement – and corresponding dialogue – ranges from full participation in the activities of the Committee to informal contacts between secretariats on specific projects.

Several CSOs active in the areas of privacy protection, free speech, and civil liberties have participated alongside member governments and the representatives of business in expert groups preparing OECD Guidelines. The first such experience was the negotiation of the Guidelines on Cryptography Policy (over 1996-1997) and, more recently (2001-2002), the revision of the Guidelines on the Security of Information Systems and Networks. In the aftermath of the terrorist attacks of 11 September 2001, this work was particularly sensitive and all participants strove to ensure that the updated Guidelines struck the right balance between security, economic imperatives, privacy, and the rights of citizens. As a matter of routine, Consumers International, the body representing consumer associations across the globe, participates in all substantive activities of the Committee on Consumer Policy – including the drafting of the Guidelines on Consumer Protection.

Through Participation

Although one cannot neatly draw a dividing line between “dialogue” and “participation,” some OECD multistakeholder co-operation goes beyond mere dialogue.
OECD guidelines for multinational enterprises. The OECD guidelines for multinational enterprises (OECD, 2003c) are recommendations for good corporate behaviour, addressed to MNEs by governments of countries providing most of the world’s direct investment flows and home to most MNEs – namely, the 30 OECD member countries plus eight non-member countries (Argentina, Brazil, Chile, Estonia, Israel, Latvia, Lithuania, and Slovenia). They provide voluntary principles and standards for responsible business conduct in a variety of areas including employment and industrial relations, human rights, environment, information disclosure, competition, taxation, and science and technology.

First established in 1976, the guidelines were revised in 2000 in constructive dialogue with business, labour, CSO, and non-OECD stakeholders. At a very early stage, the OECD decided to involve the groups with whom consultations occurred at the time of every negotiating session. Drafts of the revised guidelines were also placed on the OECD Internet site for public comment. Implementation procedures for the guidelines explicitly provide a role for business, labour, and CSOs, all of whom may raise alleged breaches of guideline recommendations. Stakeholders now participate in Roundtables on Corporate Responsibility held in conjunction with the annual meetings of the National Contact Points for the OECD guidelines for MNEs. CSO contributions to these Roundtables are published as part of the OECD Annual Reports on the guidelines. In addition, the National Contact Points, as a group, hold consultations with CSOs simultaneously with each of their annual meetings; as well, throughout the year the OECD Investment Committee consults with them on the guidelines and on other foreign direct investment matters. Stakeholders have also begun to play an increasing role in promoting the OECD guidelines.

Fighting corruption. The private sector and civil society have frequently been ahead of governments in combating corruption. They have a personal stake in doing so. Most of the corruption in a society involves at least one of three principal actors between which exists a triangular relationship: the government, the business community, and the civil society. Corruption can take root in all three parties to the relationship. It is virtually impossible to tackle the issue of bribery and corruption effectively without the participation of all three. The OECD, therefore, has carefully worked in close collaboration with business associations, trade unions, NGOs, and the media in its anticorruption activities.

Civil society was vital in bringing about the signing by 35 countries of the OECD Convention on Combating Bribery of Foreign Public
Officials in International Business Transactions. CSOs, notably Transparency International, participate in the monitoring mechanism of the Convention. The OECD invites representatives of the private sector, trade unions, the media, and NGOs to exchange views on the structures put in place by governments to enforce the laws and rules implementing the Convention, and on their application in practice. CSOs are also an essential partner for regional outreach initiatives.

**Multistakeholder Summitry at the OECD**

Beyond day-to-day activities, the OECD has brought multistakeholder diplomacy to the highest levels by launching a multistakeholder summit in association with the annual OECD ministerial summit. The OECD Forum is a major international conference that brings together leaders from business, labour, civil society, and media to discuss the hottest issues on the international agenda with government ministers and heads of international organisations. Speakers are usually at the level of Minister or CEO. The sixth edition of the OECD Forum, *Fuelling the Future: Security, Stability and Development*, took place in Paris on 2/3 May 2005.

**Some Concluding Comments**

Multistakeholder diplomacy has become inevitable in a world of complex policy issues. At the same time, stakeholder groups, and governments themselves, are doomed to see global problems through the lens of their own specific contexts and conditions. A well-known story perfectly symbolises the situation, that of the elephant in a dark room. Everyone touches a part of the animal and everyone is right in what he or she describes, but no one grasps the animal in its whole.

Multistakeholder diplomacy provides a means, a hope for grasping the animal as a whole. It can help devise innovative solutions to critical problems. Nevertheless, it is very challenging. A number of lessons have emerged at the OECD.

*Importance of efficient organisation.* While it may seem obvious, the complexity of multistakeholder diplomacy requires paying attention to the following guiding principles: (1) start planning early; (2) demonstrate com-
mitment; (3) guarantee data protection; (4) tailor your approach to fit the groups; (5) test and adapt tools; (6) analyse the results; (7) provide feedback; (8) evaluate the process and its impacts.

*Take each other seriously.* Taking each other seriously is more challenging than meets the eye. It requires solid commitment and responses from all sides.

*Learn by exploiting the “community of practice.”* Multilateral organisations are undertaking a vast array of multistakeholder diplomatic activities. Technical experts with their own constituencies undertake many of these. Some valuable initiatives exist for sharing experiences, such as the UN Civil Society Liaison Officer Network that meets annually, in which the OECD participates. Some organisations have provided their own high-level reviews; for example, the Panel of Eminent Persons, headed by former Brazilian President Cardoso, was appointed by the UN Secretary-General to examine United Nations-Civil Society Relations. Within the OECD Secretariat, the Public Affairs Division acts as a “clearing house” for the organisation’s multistakeholder activities.

*Develop consistent practices about multistakeholder diplomacy.* Both within and between different international organisations, multistakeholder activities vary greatly. Common learning could be the basis for developing consistent practices in multistakeholder diplomacy. This could help stakeholders to understand what is expected of them, what they are being invited to do, and how reliable that role will be. The aim should be to generate commitment and forge partnerships, because the ultimate goal is to find the best solutions to the many challenges, risks, and problems that arise in the globalising world economy.

**References**


