**(Non)-Cooperation vis-à-vis the Organization for Economic Co-operation and Development  
Analysis of Israeli Participation in the OECD**

**Abstract**

In view of the OECD’s strategic importance, Israel invested considerable monetary and human resources to be able to join the organization in late 2010 and to maintain its membership since then. However, after three official permanent delegations to the OECD over several years, there are indications that Israel is not maximizing its potential in its relationships with the OECD. Externally, the (non-permanent) Israeli representatives present an inconsistent policy front resulting in economic, professional, and image damage to Israel and the organization. Internally, due to the absence of a mechanism to promote interministerial communication concerning Israel’s participation in the OECD, knowledge and resources appear to be mismanaged. This policy paper, presented as part of a master’s degree program in public policy at the Hebrew University, urges the Director General of the Office of the Prime Minister to establish an interministerial communication mechanism to govern the approval of visits by government representatives to meetings of OECD entities. This proposal is inexpensive, maintains intra-ministerial professional autonomy, and is unlikely to attract serious political/organizational objections.

1. **Israeli participation in the OECD: a growth locomotive for the economy or an aerial train that has run off the rails?**

In recent years, the name of the OECD has festooned innumerable government reports, public-policy studies, and foreign and Israeli news items. Whenever a comparative assessment of Israel’s economic and social situation is needed, decision-makers and policy analysts seem eager to refer to this organization’s findings and recommendations as their baseline.[[1]](#footnote-1) OECD studies are treated as a gold standard and membership in the organization is thought to confer valuable prestige. The organization’s thirty-five member states account for 63% of global GDP, 75% of global trade, 95% of aid for international development, more than 50% of energy consumption, and 18% of the world’s population.

Admittedly, the OECD is, above all, an international professional forum for discussion and coordination of economic and social policy; as such, its activity focuses on exchange of information and analytical tools. Its discussions, however, may result in operative decisions, such as a decision by the member states to adopt a certain code of conduct (e.g., pertaining to foreign investments and capital movements), to commit to multilateral covenants on cooperation (e.g., against double taxation or for exchange of information against offshore tax evaders[[2]](#footnote-2)), or to help emerging markets develop.[[3]](#footnote-3) Furthermore, OECD membership sends investors a signal about the strength of a member state’s economy and its compliance with strict international standards. This, in turn, affects the countries’ credit ratings and can encourage trade partnerships for promoting stronger competition and growth.[[4]](#footnote-4)

Unsurprising, then, Israel invested lavishly to join the “rich countries’ club” in late 2010.[[5]](#footnote-5) Each year since then, too, Israel has invested sizable sums to maintain its membership, including three official permanent missions: of the Ministry of Foreign Affairs,[[6]](#footnote-6) the Ministry of the Economy (the Economic Mission to the OECD), and the Ministry of Finance.[[7]](#footnote-7)

Although this tripartite structure is unexceptional by international standards, closer examination reveals vast differences between the Israeli mission and its counterparts. Thus, in 2015, Israel was the OECD member state posting the largest number of official (non-permanent) representatives to the organization’s discussions. The Israel Ministry of Finance’s internal data show that Israel sent 1,307 official envoys to 637 meetings of twenty-seven OECD committees in 2015, almost twice that from more important and longer-standing member states, such as Japan, Canada, and the United Kingdom. Only the organization’s founding members, the United States and Turkey, posted more.[[8]](#footnote-8)

Also worth noting is the number of committees and investigative bodies in which Israel participated. As the figure below shows, whereas the Swedish representatives attended over 200 committee meetings and the Americans and the Japanese attended about 250, the Israeli representatives lagged far behind, participating in only twenty-seven committees and investigative bodies.

**Figure 1: Participation of (non-permanent) government representatives in OECD committee meetings in 2015**

Figure above columns: no. of committee meetings

Figures in parentheses: no. of envoys

U.S. (1900)  
Turkey (1800)  
Israel (1307)  
Sweden (1,300)  
Japan (757)  
Canada (700)  
UK (700)

Source: Weighted data of the various missions, based on each permanent mission’s official Web site.[[9]](#footnote-9)

1. **Israeli activity vis-à-vis the OECD: squandered potential**

The implications of this proliferation of non-permanent government delegates to OECD meetings transcend issues of redundancy and concern about unnecessary and expensive travel at government expense. A lengthy series of interviews that I conducted with key players from various government ministries (Economy, Finance, Foreign Affairs, Education, Health, and Environmental Protection) representing Israel in OECD meetings in 2010–2016, along with a thorough review of internal government correspondence and reports, reveal a troubling picture: Israeli participation often involves a cacophony of voices expressing fragmented, incoherent, and even contradictory policies.

The external damage is threefold: first, *economic,* including potentially conflicting commitments to important economic projects or non-participation in initiatives ore reforms that could benefit Israel’s economy; second, *professional,* involving direct and indirect harm to the work of the OECD, which relies on information from member government representatives for its reports and recommendations disseminated to a broad spectrum of countries, international organizations, and research institutes, and could have its reputation and international status undermined by faulty reporting;[[10]](#footnote-10) and, finally, *image,* especially concern about a spillover effect that could harm Israel’s overall international image in diverse forums.

Within the government, the effects of suboptimal knowledge management are visible during two main stages. The first is when a specific ministry formulates the government’s position on an issue to be discussed by an OECD body before attending the meeting, resulting in a possible “broken” policy front and “surprises” during deliberations. The second involves the proceedings leading to the decision to post a government representative to the organization.

**Figure 2: Squandering the potential of Israel’s OECD participation**

Israeli OECD participation: Suboptimal fulfillment of potential

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| External effects | | |  | Internal effects | |
| Economic | Professional | Image |  | Knowledge management | Resource management |

1. **Defining the problem**

Without a mechanism encouraging inter-ministerial communication regarding government activity regarding the OECD, Israel cannot maximize the full potential of its participation in the organization.

Today, each ministry decides independently whether to post non-permanent envoys to OECD meetings without communicating with other relevant offices that may send their own representatives, or whose work overlaps with that of the relevant professional committee. The expanded steering committee established under Government Resolution 2231 to coordinate government actions regarding ongoing activity with the OECD failed to create a permanent and systematic mechanism for interministerial communication.[[11]](#footnote-11)

1. **Alternative solutions and evaluation**

Israel is not the only country wrestling with how to best fulfill the potential participation in the OECD offers. Other members states have already found three main levers of change for maximizing their activity regarding the organization: structural,[[12]](#footnote-12) educational and training,[[13]](#footnote-13) and technological.[[14]](#footnote-14)

This paper offers three proposals for better fulfilling the potential of Israel’s participation in the OECD. First, the current expanded steering committee should be restructured and replaced with an interministerial OECD forum led by the Office of the Prime Minister. Second, a technological mechanism of a digital forum requiring intra-governmental communication before government representatives can attend OECD meetings should be implemented. Third, the “Frequent Flyer” proposal establishes an intra-ministerial communication mechanism among the various governmental travel committees.

After examining the material and the technical differences among the alternatives, the complex map of the players involved, and the array of organizational forces in the policy field, the following criteria were selected for determining the optimal policy choice: effectiveness, organizational and political applicability, cost, external effects, technical applicability, and preservation of government ministries’ autonomy. The recommended policy choice was based on a weighted additive index, in which the alternatives were ranked by criteria weighted by importance as described in Table 3. Each criterion was assessed by various parameters that were also ranked according to internal weights.

**Table 3. Detailed matrix of alternatives**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Criterion** | **Internal distribution** | | | | | | **Total weight** |
| **Effectiveness** |  | | |  | | | **30%** |
| **Externally** **(20%)** | | | **Internally** **(10%)** | | |
| **Professional**— 5% | | | **Knowledge mgmt.**—5% | | |
| **Economic—**5% | | | **Resource mgmt.**—5% | | |
| **Intl. image** (10%) | | |  | | |
| —in OECD (5%) | | |
| —in the intl. economic scene, including other intl. orgs. | | |
| **Organizational / political applicability (intra-governmental)** | PM’s Office: 40% | Finance 20% | Economy 15% | | Foreign 10% | Other govt. 15% | **25%** |
| **Financial cost** | **Establishing the mechanism** (short-term)—10% | | | **Maintaining the mechanism** (long-term: ongoing annual cost)—10% | | |
| **External effects** | **Enhancing interministerial cooperation** (3.33%) | | | | | | **10%** |
| **Professionalization** (3.33%) | | | | | |
| **Transparency** (3.33%) | | | | | |
| **Technical applicability** | **Complexity of implementation** (5%) | | | | | | **10%** |
| **Time frame for implementation** (5%) | | | | | |  |
| **Maintaining ministries’ professional autonomy** |  | | | | | | **5%** |
| **Weighting** |  | | | | | | **100%** |

The ranking was made on a 1–5 scale. Each criterion received a weighted score. The policy receiving the highest weighted tally of criteria in its additive score was the “Frequent Flyer.”

**Table 4: Weighting the alternatives**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Criterion** | **Weight** | **Frequent Flyer** | **Digital Forum** | **OECD Forum** |
| **Effectiveness** | 30% | 3.5 | **4.5** | 3.983 |
| **Organizational / political applicability** | 25% | **4.87** | 3.8 | 3.85 |
| **Financial cost** | 20% | 3.667 | 1.333 | **4.667** |
| **External effects** | 10% | 4 | **4.333** | 3 |
| **Technical applicability** | 10% | 4 | 2 | **4.5** |
| **Maintaining autonomy** | 5% | **5** | 4 | 2 |
| **Weighting** | **100%** | **4.05** | **3.399** | **3.67** |

1. **The recommended policy: the “Frequent Flyer”**

Today, every trip by a (non-permanent) government representative to the OECD is approved by a ministerial travel committee staffed by various professionals, an accountant from the Ministry of Finance, and human resources officials. Before meeting, the committee receives a digital application form.

The recommended “Frequent Flyer” alternative establishes a mechanism for communication among the various governmental travel committees that has been blocked until now. When such a committee reviews a request to visit the OECD, it will have to determine whether other such ministerial committees have received similar requests. If yes, the application need not be rejected, but this fact must be included among the committee’s considerations and appear explicitly in its decision.

The travel committee should publish the names of the representatives, committees, and dates of meetings that are approved for the coming month on a monthly basis, on a dedicated Web site, thus making it possible to manage information both retrospectively and going forward. Thus, applicants will know who is scheduled to visit the OECD approximately one month before the meeting, information they lack today. In addition, applicants whose requests are rejected will be able to contact the representatives who are going and provide them with information or messages important for their ministries.

Furthermore, to encourage intra-ministerial communication, the following clause should be added to the application form:

Are representatives of other government ministries penciled in to take part in the discussion (either as finally approved or as under review for approval)? If the answer is yes, why should your trip be approved as well?

Rather than derogating from the travel committee’s responsibilities, adding such a clause will encourage government representatives to communicate with each other. Thus, the policy recommendation will directly involve the main targets of the policy—the government’s non-permanent envoys to the OECD—rather than go above their heads. Furthermore, the proposed policy will revamp the way the travel committee operates when making a governmental decision, mandating a multisystemic perspective transcending narrow ministerial boundaries.

The proposed policy also innovates by enhancing transparency in three main areas: among the various government travel committees, which thus far have been oblivious to each other’s activities; among the applicants, who will know in advance about other government envoys slated to participate in the relevant discussion; and between the government sector and the public at large, which will be apprised of whom the state is posting to OECD meetings on a monthly basis, be able to keep track of previous travel, and know whom to contact about concrete issues.

The salient advantages of the proposed policy recommendation are its organizational/political sophistication and its maintenance of the ministries’ professional autonomy. It is also highly effective and relatively inexpensive to apply. Conversely, its potential drawbacks involve the effective realization of internal information management. Even so, examination of this recommendation under various scenarios by means of sensitivity analyses shows that it still outperforms the alternatives. It can thus play an important role in improving the effectiveness of Israel’s OECD participation.

1. For example, see statement by the Government Secretary on May 22, 2016, concerning the natural-gas roadmap, Web site of the Prime Minister’s Office, retrieved on September 26, 2016: <http://www.pmo.gov.il/MediaCenter/SecretaryAnnouncements/Pages/govmes220516.aspx> [↑](#footnote-ref-1)
2. Besok, M., “Israel joins the OECD international covenant for war on tax evaders,” *TheMarker,* <http://www.themarker.com/news/1.3060186> (retrieved September 6, 2016); the OECD covenant against bribery of foreign public servants: see Council of Certified Public Accountants web site, <http://www.justice.gov.il/Units/MoezetRoeiHasbon/Pages/AmanaOECD.aspx> (retrieved September 16, 2016). [↑](#footnote-ref-2)
3. Shapira, A., Even, E., Haymin-Reish, N., and Rangwirtz, Y, “Israel joins the OECD,” Israel Democracy Institute (retrieved September 19, 2016); Besok, M., “After 15 years of effort: Israel is admitted to the OECD; Steinitz: “A badge of honor for the Israeli economy” (Heb.), <http://www.themarker.com/misc/1.576231>(retrieved September 26, 2016); Klein, Z., “Netanyahu: Israel’s joining the OECD is of strategic importance,” *Globes,* <http://www.globes.co.il/news/article.aspx?did=844744> (retrieved September 25, 2016). [↑](#footnote-ref-3)
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5. Government Resolution 2231, “Israel’s Joining the OECD (Organization for Economic Co-operation and Development) and Ratification of Agreements between Israel and the OECD,” August 22, 2010, <http://www.pmo.gov.il/Secretary/GovDecisions/2010/Pages/des2231.aspx> (retrieved September 25, 2015). [↑](#footnote-ref-5)
6. Government Resolution 1925, “Appointment of Israel Ambassador to the OECD and UNESCO and Determining Carmel Shama-Hacohen’s Term of Service” (Heb.), <http://www.pmo.gov.il/Secretary/GovDecisions/2014/Pages/des1925.aspx> (retrieved September 15, 2016). [↑](#footnote-ref-6)
7. Besok, M., “Ilan Sosnitsky is named economic envoy and deputy head of Israel mission to the OECD,” *TheMarker*, <http://www.themarker.com/career/1.1848661> (retrieved September 15, 2016). [↑](#footnote-ref-7)
8. Organization for Economic Co-operation and Development (OECD) and Turkey, OECD official website (September 26, 2016): <http://www.oecd.dt.mfa.gov.tr/images/TemsilcilikOzel/frqd4xyo3pags3ruhkwu34nbTurkey%20brochure_ENG_visa4.pdf> ; United States Department of State and the Broadcasting Board of Governors Office of Inspector General, “Inspection of the U.S. Mission to the Organization for Economic Cooperation and Development,”Report Number ISP-I-12-27 (May 2012)<https://oig.state.gov/system/files/191914.pdf>(September 24, 2016); United States Department of State and the Broadcasting Board of Governors Office of Inspector General, “Report of Inspection the U.S. Mission to the Organization for Economic Cooperation and Development,”Report Number ISP-I-0-09 (Feb 2005), <https://oig.state.gov/system/files/125616.pdf> (September 24, 2016). [↑](#footnote-ref-8)
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