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Panel discussion report 20 years of Poland's OECD membership in context of the developments in Eastern Europe

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Anna Visvizi

Panel discussion report 20 years of Poland's OECD membership in context of developments in Eastern Europe

Title of the panel discussion:

20 years of Poland's OECD membership in context of developments in Eastern Europe

Organized by:

- The Institute of East-Central Europe (IESW), Lublin, Poland
- The Ministry of Foreign Affairs of the Republic of Poland, Economic Cooperation Department

Date:

September 30, 2016

Venue:

Lublin, Eastern Europe Initiatives Congress 2016

Panel members:

- Mr. Maciej Fałkowski – Deputy Director, Department of Economic Cooperation, Ministry of Foreign Affairs, Republic of Poland
- Prof. Katarzyna Żukrowska – Director of the Institute of International Affairs, Head of the International Security Department, Warsaw School of Economics
- Mr. Vasyl Myroshnychenko – Professional Government Initiative, Co-Founder: Ukraine Crisis Media Center, Kiev, Ukraine

Moderated by: Dr. Anna Visvizi – Institute of East-Central Europe (IESW)

Regardless of its central role in the process of designing regulatory frameworks fundamental for creating conditions conducive to sustainable socio-economic growth and development, the influence of the OECD on these processes remains largely unknown to the broader public and only rarely becomes a subject of media interests. Similarly, the role of the OECD as a forum of cooperation that offers the opportunity for its member states to reach out to non-members and support their efforts at structural reforms and, more generally, modernization, remains rarely discussed. The objective of this panel discussion was to address these issues in greater detail and in this way to raise interest in the OECD and its influence on its member states and beyond. The 20th anniversary of Poland's membership in the OECD represented an excellent opportunity to do so.

Following the Moderator's primer on the rationale behind the panel discussion, the distinguished panel members made their opening remarks; a discussion followed.

The opening remarks are featured beneath.

Mr. Maciej Fałkowski – Deputy Director, Department of Economic Cooperation, Ministry of Foreign Affairs, Republic of Poland

Although the OECD was established more than half a century ago, it maintains its ability to respond to a variety of new challenges of today and a continuously valid perspective on socio-economic developments in the world. The OECD's approach to contemporary socio-economic phenomena and processes remains professional, unbiased and interdisciplinary. The policy recommendations that the OECD produces point to one of the possible directions of policy formulation and implementation. Those recommendations build on positive and negative experiences of the OECD member states and are supported by academic insights and thorough empirical analysis. As an OECD member, Poland is welcomed to draw from these policy recommendations and the entire pool of knowledge and expertise that the OECD has accumulated since its establishment. Economic diagnoses and sectoral reviews serve as excellent benchmarks to identify the economic status quo. Professionalism and integrity render the OECD a truly trustworthy partner. These features make the OECD also a very difficult partner because there is no cheap flattery in the OECD's accounts

of reality. The OECD diagnoses and evaluates all OECD member states in the same manner, i.e. objectively and in a methodologically incontestable manner. By so doing the OECD highlights that economy consists of a set of correlations and interdependencies that go beyond the sphere of production, sale, and exports. It is therefore necessary that in the process of identifying economic policy choices one takes into account the broader context in which they are implemented as well as the potential implications of their implementation. These choices should be based on a careful estimation of synergies that might be created among diverse fields of socio-economic systems in view of creating the foundations for citizens' well-being and sustainable growth and development.

**Prof. Katarzyna Żukrowska – Director of the Institute
of International Affairs, Head of the International Security Department,
Warsaw School of Economics**

Membership in the OECD signifies a status of a developed and rich country. At the time of Poland joining the OECD in 1996 that status was even more pronounced than it is today, because today – as a result of the Uruguay Round, the World Trade Organization also deals with the liberalization of capital flows. Nevertheless, the scope of liberalization in the framework of the OECD remains broader and deeper than in the WTO. This is due to the fact that it includes not only long-term transfers but also mid- and short-term transfers of capital. It also requires from the member states that enabling regulatory frameworks be introduced at respective national levels, including exchange rate policy and regime. Poland's membership in the OECD (since 22nd November 1996) prepared Poland to join the internal market, including the free movement of goods, services, capital, and labour/people. As a result, following the acquisition of the EU membership, Poland did not need transitional periods with regard to regulations concerning capital flows, as it was the case in Greece, Spain and Portugal following the adoption of the Single European Act. Membership in the OECD serves also as a warranty for investors that a given country fulfils certain criteria that protect investors from a possible loss of invested capital. Overall, the OECD helps towards an increase in capital inflow. This in turn, reinforces structural changes, adds pace to growth rates, and contributes to the creation of new employment.

Nevertheless, it is not the only dimension of the OECD's influence on its member states. That is, every two years, the OECD publishes thematic surveys, i.e. Economic Surveys, that assess the state of a given economy, evaluate their direction of changes implemented by the authorities and suggests how to shape relevant policies. Importantly, these surveys, comparative in nature, offer an insight into positive and negative examples of policies implemented elsewhere. It is possible to assess their sources. Poland represents a very good case highlighting that since the acquisition of membership in the OECD it has recorded the highest average dynamics economic growth (year to year) among the EU member states and was second among the OECD member states, right after Turkey.

**Mr. Vasyl Myroshnychenko, Professional Government Initiative,
Co-Founder: Ukraine Crisis Media Centre, Kiev, Ukraine**

In the spring of 2014, following the Revolution of Dignity and the ousting of the kleptocratic regime of Victor Yanukovych, the OECD decided to expand its cooperation with Ukraine and provide assistance in dealing with the key public policy challenges. According to the memorandum of understanding signed later that year it was agreed that the OECD would assist the authorities in reforms aimed at tackling corruption, strengthening the tax collection system and improving Ukraine's competitiveness.

One of the highlights of the OECD's work in Ukraine during the past two years was its assistance in establishing the National Anti-Corruption Bureau (NABU). The work was coordinated with a number of other international donors. The NABU is a new body in Ukrainian law enforcement and its purpose is to eradicate corruption at the government level. Although the NABU is often constrained by the impediments created by other law enforcement agencies and a strong resistance of the corrupt system, it has demonstrated a moderate track record during the past year of operation.

The OECD worked closely with the EBRD on setting up the Council of the Business Ombudsman, a pre-court dispute settlement mechanism catering to business. A one-year assessment of its operation shows impressive results in serving small and medium-sized enterprises in Ukraine, which could file their complaints against various government agencies including the State Fiscal Service, National Police,

State Security Service, local government etc. Based on the complaints, the office of the Business Ombudsman would conduct its own investigation and then submit a recommendation to the government agency concerned. 80% of recommendations have received positive response. Office of the Business Ombudsman plays a crucial role in promoting better investment and business environment.

It is worth noting another OECD-EU SIGMA project in Ukraine related to the reform of the Civil Service. In the framework of the project, a new Civil Service Law was drafted and later approved by the Ukrainian Parliament. The implementation of the reform will have a significant positive impact on better governance and more efficient public service in Ukraine.