



CENTRE FOR CO-OPERATION WITH NON-MEMBERS

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INTRODUCTION¹

The CCNM's mandate

This document provides a comprehensive overview of the programme of activities for 2003-2004 planned by the OECD Centre for Co-operation with Non-Members (CCNM). It was brought up to date at the start of 2004. The CCNM was established in 1998, in recognition that non-member activities had become an integral part of the OECD's core work. Operating under the overall guidance of the Committee on Co-operation with Non-Members (CCN, a subsidiary body of the OECD Council), it promotes and co-ordinates the OECD's policy dialogue and co-operation with non-OECD members. Its mandate is to:

- Offer vehicles to members and non-members for a dialogue on institutional and policy options and best practice, based on comparative data and shared analysis;
- Emulate OECD work with members by fostering consensus on mutual policy reforms aimed at promoting the development of market economies and democratic institutions;
- Monitor economic and policy developments in non-members and their impact on members;
- Improve the understanding of the impact of member country policies on the development of non-members;
- Promote the adherence of non-members to OECD standards and instruments;
- Co-ordinate non-member participation in OECD Committees; and
- Promote partnerships with other international organisations.

Besides direction and co-ordination, most activities in this work programme are carried out by the OECD's specialised Directorates. The CCNM reports to the Council, via the CCN, on all activities with non-members, including those not funded through its budget (such as the high-level meetings on steel).

The CCNM is one of the four "development units" within the OECD; the others are the Development Co-operation Directorate (DCD), the Development Centre and the Sahel and West-Africa Club. Recently, the OECD Council created a new architecture, which has brought these four units into a single "cluster" in order to contribute to the development of non-member economies. All OECD's major events with non-

1. This document is intended as an information tool. The descriptions contained herein are provisional and do not represent a definitive statement of work to be undertaken. The implementation of a number of activities, or the issuance of certain publications, will depend on funding by voluntary contributions or grants that have not yet been offered. Updated information will be made available on the Websites mentioned in this publication.

members (“outreach”) are to be brought within the CCNM framework. Information on the work programme of the other three development units is presented in this publication.

The creation of this cluster is part of a comprehensive overhaul of the OECD’s programme of work, which is now organised by output groups, each representing a strategic objective. Each of these output groups is divided into output areas, most of which contain elements of outreach to non-members under the CCNM work programme. The description of each of the activities in this publication is accompanied by an indication of the output area under which it falls. A complete list of the output groups and areas is presented in box 2.

The CCNM’s global, regional and country programmes

The CCNM’s programme architecture consists of two pillars (see box 1).

Pillar I, the OECD Global Forums, is a set of specialised dialogue initiatives and networks characterised by global participation and flexibility to cope with evolving circumstances. The Global Forums address issues that defy solution in individual countries or regions and where the relevance of OECD work is dependent on or can be enhanced by interaction and policy dialogue with a wide range of relevant non-member actors from various regions of the world. This makes the Forums suitable vehicles for addressing broad policy issues. Many Forum meetings are major events, attracting large numbers of participants from different regional and cultural backgrounds.

Pillar II, the regional and country programmes are a necessary complement, attracting smaller and more homogeneous constituencies. This permits a sharper focus on region-specific issues and the monitoring and implementation of the principles dealt with by the Forums. Work in this Pillar is consolidated into three areas: *i*) Europe and Central Asia, *ii*) Asia and *iii*) Latin America. Each geographic area consists of a regional programme, and, in certain cases, sub-regional (such as the Baltic Regional Programme and the South Eastern Europe Regional Programme), as well as one country programme for each region (Russia, China and Brazil). In addition, exploratory work is undertaken in other regions, particularly in the context of the New Partnership for African Development (NEPAD).

Evolution of the CCNM Programme

Contributing to global development is a key objective of the OECD. Its founding Convention calls upon the OECD to promote policies

“designed to contribute to sound economic expansion in member as well as non-member countries in the process of economic development.” (Article 1b)

Increased interdependence has made this objective even more vital for achieving poverty reduction and sustainable development globally. The principles and values that the OECD promotes – commitments to democracy, market-based economies and open, rule-based, and non-discriminatory trading and financial systems, supported by good governance – are essential to achieving our ultimate goal of the economic and social well-being of all people, in a way that respects diversity and cultural identity.

OECD’s strengths include a multidisciplinary capacity for analysis and policy dialogue, its sharing of best practices and monitoring of its members through peer review, and extensive policy dialogue and capacity building with non-member economies, international organisations and other stakeholders.

Until the mid-1990s, the OECD’s outreach to non-members overwhelmingly addressed the formerly centrally planned economies of Central and Eastern Europe. Besides this, it pursued a policy dialogue with

selected Asian and (since 1993) Latin American non-members. Since the CCNM was established, thematic work (Global Forums) and work in regions other than Central and Eastern Europe has rapidly increased and has become more important in terms of number of activities and volume of resources allotted to it.

Furthermore, many non-members have associated with OECD Committees and instruments in various fields, such as investment, taxation, competition and the combat of corruption. The number of observerships in OECD Committees grew from 57 at the end of 1998 to 95 at the end of 2003². As non-members emulate members, thus becoming more important players in OECD areas of work, both groups are increasingly sharing an interest in these activities and commitments.

Finally, activities have evolved from specific assistance to transition economies to more general policy dialogue. Nevertheless, there is only a fine line between the two kinds of activities: regional and country programmes to assist non-members in implementing OECD standards, guidelines and principles; this is a learning process.

Compared with 2002, the work programme for 2003-2004 is seeing some further shift away from the European programmes, as well as the Global Forums, towards Latin America, Asia and NEPAD. During the May 2002 meeting of the OECD Council at Ministerial level, OECD and NEPAD Ministers agreed to conduct further dialogue to consider the scope for OECD-NEPAD co-operation, building on existing OECD programmes.

2. These figures exclude the 23 observerships of the Slovak Republic in 1998, as this country has since become a member.

Box 1. The Architecture of the CCNM Programme of Work

Pillar I. OECD Global Forums

- A. Sustainable Development
- B. The Knowledge Economy
 - 1. Common Elements
 - 2. The Digital Economy and Electronic Commerce
 - 3. Biotechnology
- C. Governance
- D. Taxation
- E. Trade
- F. International Investment
- G. Agriculture
- H. Competition

Pillar II. Regional and Country Programmes

- A. ***Europe and Central Asia***
 - 1. Common Programme for Transition Economies of Europe and Central Asia
 - 2. Baltic Regional Programme
 - 3. South Eastern Europe (SEE) Regional Programme
 - 4. Russia Programme
- B. ***Asia***
 - 1. Asia Regional Programme
 - 2. China Programme
- C. ***Latin America***
 - 1. Latin America Regional Programme
 - 2. Brazil Programme
- D. ***Exploratory work in other regions***
 - 1. NEPAD
 - 2. Other regions

The CCNM Programme of Work also includes Partnerships with other International Organisations and non-member participation in OECD bodies and instruments.

Box 2. OECD Output Structure as of 2003

Output areas marked by an asterisk () include one or more activities under the CCNM programmes*

Strategic objective 1: Promote sustainable economic growth, financial stability and structural adjustment

Output group 1.1: Economic surveillance

Output areas:

- 1.1.1 Multilateral peer review of economic policies*
- 1.1.2 Country reviews of economic policies*
- 1.1.3 Cross-country structural policy analysis*

Output group 1.2: Industrial and sectoral policies

Output areas:

- 1.2.1 Industry and enterprise*
- 1.2.2 Maritime transport*
- 1.2.3 Shipbuilding*
- 1.2.4 Tourism*
- 1.2.5 Steel*

Output group 1.3: Science and technology policies

Output areas:

- 1.3.1 Digital economy*
- 1.3.2 Science and innovation policies*
- 1.3.3 Biotechnology*

Strategic objective 2: Provide employment opportunities for all, improve human capital and social cohesion and promote a sustainable development

Output group 2.1: Human and social capital

Output areas:

- 2.1.1 Lifelong learning policies*
- 2.1.2 Education reviews and outlook*
- 2.1.3 Educational research and innovation*
- 2.1.4 Skill formation of the adult workforce
- 2.1.5 Healthcare performance
- 2.1.5H Horizontal project on health

Output group 2.2: Employment policies and social cohesion

Output areas:

- 2.2.1 Employment Outlook, reviews and labour market policies*
- 2.2.2 Migration policies*
- 2.2.3 Welfare and social inclusion

Output group 2.3: Science and technology policies

Output areas:

- 2.3.1 Environment peer reviews, indicators and outlooks*
- 2.3.2 Ecosystem integrity*
- 2.3.3 Environment, health and safety and social linkages*
- 2.3.4 Sustainable development: decoupling environmental pressures from economic growth*
- 2.3.4H Horizontal project on sustainable development

Box 2. OECD Output Structure as of 2003 (cont'd.)

Output areas marked by an asterisk () include one or more activities under the CCNM programmes*

Strategic objective 3: Contribute to shaping globalisation for the benefit of all through the expansion of trade and investment

Output group 3.1: International trade

Output areas:

- 3.1.1 Advocacy of freer trade*
- 3.1.2 Stakeholder bridge building
- 3.1.3 Facilitation of WTO negotiations
- 3.1.4 Arrangement on export credits*

Output group 3.2: Agriculture

Output areas:

- 3.2.1 Agricultural policy reform*
- 3.2.2 Agriculture and trade*
- 3.2.3 Agriculture and fisheries sustainability*

Output group 3.3: International taxation

Output areas:

- 3.3.1 Tax policies and international standards*
- 3.3.2 International tax co-operation*

Strategic objective 4: Enhance public and private sector governance

Output group 4.1: Business climate

Output areas:

- 4.1.1 Foreign direct investment and multinational enterprises*
- 4.1.2 Anti-corruption*
- 4.1.3 Corporate governance*

Output group 4.2: Competition and market efficiency

Output areas:

- 4.2.1 Competition*
- 4.2.2 Financial regulation and market efficiency*
- 4.2.3 Regulatory reform*
- 4.2.3H Horizontal project on regulatory reform

Output group 4.3: Effective and efficient government

Output areas:

- 4.3.1 Public governance *
- 4.3.2 Modernising government*
- 4.3.3 Tax administration*
- 4.3.4 Territorial development policies*

Box 2. OECD Output Structure as of 2003 (cont'd.)

Output areas marked by an asterisk () include one or more activities under the CCNM programmes*

Strategic objective 5: Contribute to the development of non-member economies

Output group 5.1: Development

Output areas:

- 5.1.1 Development and co-operation strategies*
- 5.1.2 Peer reviews and aid effectiveness
- 5.1.3 Policy coherence

Output group 5.2: Outreach

Output areas:

- 5.2.1 Co-operation strategies with non-members (strategy and co-ordination)*

Strategic objective 6: Efficient and effective corporate management.

(Includes:)

Output group 6.2: Statistics

Output areas:

- 6.2.1 Statistics co-ordination (OECD statistical work programme)
- 6.2.2 Statistical research, collection and dissemination*

LIST OF CCNM ACTIVITIES

I. THE OECD GLOBAL FORUMS

A GLOBAL FORUM ON SUSTAINABLE DEVELOPMENT

1. Sustainable Development - Financing, Compliance and Enforcement
2. Sustainable Development - Development and Climate Change
3. Sustainable Development - Emission Permits

B GLOBAL FORUM ON THE KNOWLEDGE ECONOMY

1. COMMON ELEMENTS

1. Science and Technology Indicators
2. International Mobility
3. World Education Indicators (WEI)
4. Programme for International Student Assessment (PISA)

2. THE DIGITAL ECONOMY AND ELECTRONIC COMMERCE

1. OECD Guidelines for the Security of Information Systems and Networks
2. Digital Economy - G8 - DOT Force Follow-Up
3. Integration of Information and Communications Technologies (ICTs) into overall Official Development Assistance (ODA) strategies
4. Policy Strategies for use of ICTs
5. World Summit on the Information Society
6. Taxation of Electronic Commerce - Ottawa Taxation Framework

3. BIOTECHNOLOGY

1. Developing a Global Network of Biological Resource Centres (BRCs)
2. Safety and Risk Assessment of Genetically Modified Organisms (GMOs)

C. GLOBAL FORUM ON GOVERNANCE

1. Anti-Corruption
2. Governance - Public Sector Integrity
3. Global Corporate Governance Forum
4. Corporate Governance: Dispute Resolution
5. Financial Governance
6. Finance - Insurance against Terrorism
7. Finance - Private Pensions and Government Debt Management
8. Regulatory Reform
9. Governance - Budgeting
10. Statistics

D. GLOBAL FORUM ON TAXATION

1. Taxation
2. Taxation - Tax Partnerships

E. GLOBAL FORUM ON TRADE

1. Trade Policy in the Doha Development Agenda
2. Export Credits
3. Maritime Transport
4. Shipbuilding
5. Innovation in the Tourism Industry and Economic Growth
6. High-level Meetings on Steel Issues

F. GLOBAL FORUM ON INTERNATIONAL INVESTMENT

1. International Investment
2. Environmental Components of the OECD Guidelines for Multinational Enterprises
3. Small and Medium-Sized Enterprises (SMEs) and Entrepreneurship

G. GLOBAL FORUM ON AGRICULTURE

1. Agriculture - Agricultural Policy Reviews of Brazil, China, India and South Africa
2. Agriculture - Doha Development Agenda
3. Agriculture - Assessing the Impacts of Agricultural and Trade Policies in West Africa: A Joint Initiative by the Sahel and West Africa Club (SWAC) and AGR/NME

H. GLOBAL FORUM ON COMPETITION

1. Competition Policy

II. REGIONAL AND COUNTRY PROGRAMMES**A. EUROPE AND CENTRAL ASIA***1. COMMON PROGRAMME FOR TRANSITION ECONOMIES OF EUROPE AND CENTRAL ASIA*

1. Environmental Action Plan for Central and Eastern Europe (EAP)
2. Trade
3. Agriculture - Monitoring of Agricultural Policies in Russia and Ukraine
4. Agriculture - Ukraine
5. Investment and Private Sector Development
6. Financial Affairs
7. SIGMA Programme - EU Candidate Countries
8. Corporate Governance
9. Anti-Corruption Network for Transition Economies
10. Education
11. Statistics
12. Taxation - Joint Vienna Institute
13. Competition Policy - Joint Vienna Institute
14. Labour Market and Social Policy - Joint Vienna Institute
15. Local Economic and Employment Development (LEED) Programme

2. BALTIC REGIONAL PROGRAMME

1. Trade
2. Agriculture
3. Taxation
4. Foreign Direct Investment Policy
5. Competition
6. Insurance and Pensions Reform
7. Financial Affairs
8. Baltic Anti-Corruption Initiative
9. Labour Market and Social Policy
10. Education
11. Statistics

3. *SOUTH EASTERN EUROPE (SEE) REGIONAL PROGRAMME*

1. Investment Compact
2. Stability Pact Anti-Corruption Initiative (SPAI)
3. Education
4. Trade
5. Regulatory Reform
6. Corporate Governance
7. SIGMA Programme - Western Balkans
8. Education - Bulgaria
9. Statistics
10. Labour Market and Social Policy - Serbia and Montenegro

4. *RUSSIA PROGRAMME*

1. Economic Survey of the Russian Federation
2. Economic Monitoring of Russia
3. Regulatory Reform
4. Trade
5. Taxation
6. Investment Policy
7. Competition Policy
8. Financial Affairs
9. Public Governance - SIGMA
10. Corporate Governance
11. Anti-Corruption
12. Environment Policy
13. Education-Human Resource Development in Russia
14. Moscow Consultants
15. Innovation Policy

B. ASIA

1. *ASIA REGIONAL PROGRAMME*

1. Economic Monitoring
2. Taxation
3. International Investment
4. Competition Policy
5. Financial Affairs
6. Corporate Governance
7. Insolvency Reform
8. Anti-Corruption Initiative for Asia-Pacific
9. Public Governance
10. Knowledge Economy
11. Environmental Policy
12. Statistics

2. CHINA PROGRAMME

1. Public Governance in China
2. Public Governance of Expenditures at National and Provincial Level
3. Regulatory Reform
4. Public Governance - Reforming Agencies in China
5. Public Governance - Multi-level Governance and Territorial Development
6. Public Governance - Anti-Corruption in the Public Sector
7. Anti-Corruption Policies in the Regional Context
8. Corporate Governance
9. Taxation
10. International Investment
11. Competition Policy
12. Financial Affairs
13. Knowledge Economy
14. Environmental Policy
15. Labour Market and Social Policy
16. Financing Higher Education and Regulatory Reform
17. Statistics
18. Economic Study of China's Public Expenditure Policies
19. Agriculture - Institutional Framework for Effective Agricultural Policy in China: Current Issues and Future Challenges
20. Economic Monitoring and Analysis
21. Economic Survey of the People's Republic of China
22. Trade
23. Agriculture - Rural Finance and Credit System in China

C. LATIN AMERICA

1. LATIN AMERICA REGIONAL PROGRAMME

1. Economic Monitoring
- 2a. Project on Competitiveness and Sources of Long-term Growth in South-America
Monograph on "The International Competitiveness of Argentina, Brazil and Chile"
- 2b. Economic Survey of Chile
3. Taxation
4. International Investment, Finance and Enterprise Development (IFED)
5. Trade Policy in the Doha Development Agenda
6. Competition Policy
7. Financial Affairs: Insurance and Pensions; Capital Market Reform, including Debt Management
8. Corporate Governance
9. Public Governance: Public Budget and Expenditure System
10. Anti-Corruption and Bribery
11. Environmental Policy
12. International Migration
13. Education Policy Assessments and Network
14. Education - Youth at Risk
15. Statistics

2. *BRAZIL PROGRAMME*

1. Second Economic Survey of Brazil
2. Agriculture - Doha Development Agenda
3. Implementing Tax Reform and Improving Tax Administration
4. Competition Policy
5. Financial Affairs: Insurance and Private Pensions
6. Financial Affairs: Securities Market Reform and Public Debt Management in Brazil
7. Public Governance: Public Budget and Expenditure System
8. Trade Policy in the Doha Development Agenda

D. EXPLORATORY WORK IN OTHER REGIONS

1. *NEPAD*

1. Network on Peer Reviews
2. Policy Dialogue with NEPAD Countries on a Jointly-Identified, Limited Group of Subjects
3. Participation in Existing OECD Global Forums and Other Activities with Non-Members
4. OECD-NEPAD Dialogue on Aid Effectiveness and ODA Reform
5. Analytical Information Base for ODA Flows to Africa

2. *OTHER REGIONS*

1. Competition Policy, Southern African Development Community
2. Governance and Investment for Development in the Middle East and North Africa (MENA) Region

III. OECD PARTNERSHIPS WITH OTHER INTERNATIONAL ORGANISATIONS

IV. OTHER OECD UNITS CONTRIBUTING TO THE DEVELOPMENT OF NON-MEMBERS

A. DEVELOPMENT CO-OPERATION DIRECTORATE

B. DEVELOPMENT CENTRE

C. SAHEL AND WEST AFRICA CLUB

D. POLICY COHERENCE

ACRONYMS

OECD abbreviations

ACN	Anti-Corruption Network for Transition Economies
AGR	Directorate for Food, Agriculture and Fisheries
BACI	Baltic Anti-Corruption Initiative
CCNM	Centre for Co-operation with Non-Members (also SGE/CCNM)
CERI	Centre for Educational Research and Innovation
CTPA	Centre for Tax Policy and Administration
DAF	Directorate for Financial and Enterprise Affairs
	<ul style="list-style-type: none"> • ACD Anti-Corruption Division • CA Corporate Affairs Division • CLP Competition Law and Policy Division • CMIS Capital Movements, International Investment and Services Division • FIN Financial Affairs Division • IFED International Investment Finance and Enterprise Development • OUFSR Outreach Unit for Financial Sector Reform
DCD	Development Co-operation Directorate
DELSA	Directorate for Employment, Labour and Social Affairs (also ELS)
DEV	Development Centre
ECH	Trade Directorate
ECO	Economics Department
EDU	Education Directorate
ENV	Environment Directorate
GOV	Public Governance and Territorial Development Directorate
IEA	International Energy Agency
ITN	Information Technology and Network Services
NEA	Nuclear Energy Agency
PAC	Public Affairs and Communications
SGE	General Secretariat
SIGMA	Support for Improvement in Governance and Management
SWAC	Sahel and West Africa Club
STD	Statistics Directorate
STI	Directorate for Science, Technology and Industry
TDS	Territorial Development Service

* * * * *

BIAC	Business and Industry Advisory Committee
TUAC	Trade Union Advisory Committee

Institution abbreviations

AATA	African Association of Tax Administrators
ACCA	Association of Chartered Certified Accountants
ADB	Asian Development Bank
ADB I	Asian Development Bank Institute
AFRC	Applied Fiscal Research Centre
AICPA	American Institute of Certified Public Accountants
AIOS	Asociación Internacional de Organismos de Supervisión de Fondos de Pensiones
APEC	Asia-Pacific Economic Co-operation
ASEAN	Association of South East Asian Nations
ASSAL	Association of Superintendents of Insurance of Latin America
AusAID	Australian Agency for International Development
BAC	Business Advisory Council (of the Stability Pact)
BIS	Bank for International Settlements
BSEC	Black Sea Economic Co-operation
CAFO	Coordination of Women's Organisations and NGOs in Mali
CARICOM	Caribbean Community
CATA	Commonwealth Association of Tax Administrators
CATEP	Concerted Action on Tradable Emission Permits
CBSS	Council of Baltic Sea States
CIAT	Inter-American Centre of Tax Administrations
CIDA	Canadian International Development Agency
CILSS	Comité Permanent Inter-Etats de lutte contre la sécheresse dans le Sahel (Permanent Inter-State Committee for Drought Control in the Sahel)
CIOTA	Committee of International Organisation on Tax Administration
CIPE	Centre for International Private Enterprise
CIRC	China Insurance Regulatory Commission
CNCC	Compagnie Nationale des Commissaires aux Comptes
COMESA	Common Market for Eastern and Southern Africa
COTA	Caribbean Association of Tax Administrators
CREDAF	Centre de Rencontres et d'Etudes des Dirigeants des Administrations Fiscales
CRDF	Civilian Research and Development Foundation
CSOEC	Conseil Supérieur de l'Ordre des Experts-Comptables
DSE	German Foundation for International Development
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECOWAS	Economic Community of Western African States
EIPA	European Institute of Public Administration
ETF	European Training Foundation
EU	European Union
EUROSTAT	Statistical Office of the European Communities
EWMI	East-West Management Institute (Hungary)
FEE	La Fédération Européenne des Experts Comptables
FIAS	Foreign Investment Advisory Service
FIBV	International Federation of Stock Exchanges
FSA	Financial Services Agency (Japan)
GBDe	Global Business Dialogue on Electronic Commerce
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
IABN	Inter-Agency Network for Safety in Biotechnology
IADB	Inter-American Development Bank
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
IBRD	International Bank for Reconstruction and Development
ICC	International Chamber of Commerce
ICME	International Council on Metals and the Environment

Institution abbreviations (continued)

IDB	Inter-American Development Bank
IFAC	International Federation of Accountants
IFAD	International Forum on Accountancy Development
IFC	International Finance Corporation (World Bank Group)
IFPRI	International Food Policy Research Institute
IGAD	Inter-Governmental Authority on Development
IGES	Institute for Global Environmental Strategies
ILAFA	Latin American Iron and Steel Association
ILO	International Labour Organisation
IMF	International Monetary Fund
INPRS	International Network of Pensions Regulators and Supervisors
INTAS	International Association for the Promotion of Co-operation with Scientists from the New Independent States of the former Soviet Union
IOSCO	International Organisation of Securities Commissions
IOTA	Intra-European Organisation of Tax Administrations
IOM	International Organisation for Migration
IPEA	Instituto de Pesquisa Economica Aplicada
IPS	Institute of Policy Studies
IRFAA	Regional Federation of Accountants and Auditors (Eurasia)
ITU	International Telecommunication Union
JVI	Joint Vienna Institute
KFTC	Korea Fair Trade Commission
MDP	Municipal Development Partnership
MENA	Governance and Investment for Development in the Middle East and North Africa Region
MIGA	Multilateral Investment Guarantee Agency (World Bank Group)
MOFTEC	Ministry of Trade and Economic Co-operation (China)
NEPAD	New Partnership for Africa's Development
NSPAcee	Network of Institutes of Public Administration in Central and Eastern European Countries
OAS	Organisation of American States
OAU	Organisation of African Unity
OECD	Organisation for Economic Co-operation and Development
OLAF	European Anti-Fraud Office
OSCE	Organisation for Security and Co-operation in Europe
OSI	Open Society Institute
PBEC	Pacific Basin Economic Council
PECC	Pacific Economic Cooperation Council
RICYT	Red Iberoamericana de Indicadores de Ciencia y Tecnología (Ibero-American Network of Science and Technology Indicators)
ROPPA	Réseau des organisations paysannes et des producteurs agricoles. (West African Network of Farmers' Organisations and Agricultural Producers)
TACIS	Technical Assistance to the Commonwealth of Independent States
TI	Transparency International
SADC	Southern African Development Community
SGATAR	Study Group on Asian Tax Administration and Research
USAID	United States Agency for International Development
USFTC	United States Federal Trade Commission
UVICOCI	l'Union des Villes et Communes de Côte d'Ivoire. (Union of Towns and Communes of Côte d'Ivoire)
WAIPA	World Association of Investment Promotion Agencies
WCO	World Customs Organisation
WAEMU	Western African Economic and Monetary Union
WFCC	World Federation of Culture Collections
WHO	World Health Organisation
WIFO	Austrian Institute of Economic Research
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

United Nations (UN) specialised agencies and programmes

CEPAL	Comision Economica para America Latina y el Caribe
FAO	Food and Agriculture Organisation of the United Nations
UNECE	Economic Commission for Europe (UNECE)
UNECLAC	Economic Commission for Latin America and the Caribbean
UNESCAP	Economic and Social Commission for Asia and the Pacific
UNCED	United Nations Conference on Environment and Development
UNCITRAL	United Nations Commission on International Trade Law
UNCSD	Commission on Sustainable Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
	United Nations Commission for Sustainable Development
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Programme
UNEP CBD	United Nations Environment Programme Convention and Biological Diversity
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNSD	United Nations Statistics Division
UNU-WIDER	United Nations University - World Institute for Development Economics Research

WEBSITES CCNM PROGRAMMES

Main address:

www.oecd.org/ccnm
www.oecd.org/ccnm/emerging

Global Forums:

www.oecd.org/ccnm/globalforum
www.oecd.org/ccnm/sustdev
www.oecd.org/ccnm/digital
www.oecd.org/ccnm/biotech
www.oecd.org/ccnm/agriculture
www.oecd.org/ccnm/governance
www.oecd.org/ccnm/investment
www.oecd.org/ccnm/competition
www.oecd.org/ccnm/tax
www.oecd.org/ccnm/trade

Regional and Country Programmes:

www.oecd.org/ccnm/regional
www.oecd.org/ccnm/china
www.oecd.org/ccnm/asia
www.oecd.org/ccnm/transitionsconomies
www.oecd.org/ccnm/baltics
www.oecd.org/ccnm/russia
www.oecd.org/ccnm/see
www.oecd.org/ccnm/brazil
www.oecd.org/ccnm/latinamerica
www.oecd.org/ccnm/exploratory

Sahel and West Africa Club : www.oecd.org/sah

SIGMA : www.sigmaweb.org

I. THE OECD GLOBAL FORUMS

The OECD Global Forums, included in the CCNM's work programme since 2001, are the OECD's principal vehicle for policy dialogue with non-members on issues that defy solutions in individual countries or world regions. Mutually beneficial dialogue on these issues is a prerequisite for achieving progress in the search for solutions.

The following eight themes have been chosen for the Global Forums: 1) Sustainable Development; 2) Knowledge Economy, with the digital economy and biotechnology as the principal subjects; 3) Governance; 4) Taxation; 5) Trade; 6) International Investment; 7) Agriculture; 8) Competition.

Each Forum involves a medium-term, results-oriented programme with a flexible structure to cope with evolving circumstances. Their programmes of work may comprise analysis, policy dialogue, development of networks, meetings to exchange information and to advance policy development, discussion and agreements on standards for best practices or policy options.

The Forums emphasise continuity and sustained results while aiming to develop stable, active networks of policy makers among member and non-member economies. Policy dialogue on each theme is developed through informal meetings of senior policy makers supported by the analytical use of comparable data. Participation by non-member economies varies depending on the issue under discussion.

Five of the Global Forum themes cut across policy sectors, thus capitalising on the OECD's cross-sectoral expertise: Sustainable Development, the Knowledge Economy, Governance, Trade, International Investment. The 2003-2004 programme includes a number of joint events by two Global Forums, such as Trade and Competition, and International Investment with Sustainable Development, respectively.

The Forums and their dialogue initiatives are developed and executed in synergy with the regional and country programmes to ensure that they are complementary. Regional activities may interact with the Forums upstream or downstream. Upstream interaction means that issues are explored among smaller groups of countries before being raised at Global Forum level. This helps to give the Forums the right focus. Downstream interaction occurs when the implementation of principles elaborated at the Forums is discussed in a regional setting. This helps to give the Forums a real impact.

A. GLOBAL FORUM ON SUSTAINABLE DEVELOPMENT

At the 2001 meeting of the OECD Council at Ministerial level (MCM), Ministers recognised that sustainable development “is an overarching goal of OECD governments and the OECD” and expressed their commitment to “work energetically with countries outside the OECD’s membership to achieve our joint sustainable development goals”. Ministers renewed this commitment at the 2002 and 2003 MCMs. Issues to be addressed in the Global Forum have also been shaped by the outcomes of the World Summit on Sustainable Development (WSSD), held in Johannesburg, in August-September 2002.

The scope of the Global Forum on Sustainable Development is enlarging in 2003-2004. This Global Forum focuses principally on the environmental dimension of sustainable development and its linkages with economic and social policies. It builds on twelve years of co-operation with non-members in this field, and on the 2002 inaugural meeting of this Global Forum on the financing the environmental dimension of sustainable development at which participants emphasised the importance of continuing work on this topic within the Forum. While financing issues are important within the framework of international efforts to promote sustainable development, implementation is crucial as well. There are also important linkages to the Millennium Development Goals³ and to the post-Doha and Monterrey⁴ agendas, which commit to advancing economies, trade and human welfare in the 21st century.

Environmental finance, especially for water – a priority at the WSSD – will receive particular attention. The creation of markets to address issues previously dealt with in the public domain (*e.g.* biodiversity, greenhouse gas emissions) and environmental compliance and enforcement will also be addressed. It is also intended to focus attention on the environmental dimensions of the Guidelines on Multinational Enterprises and on the Doha Development Agenda in collaboration with other Global Forums, such as that on International Investment.

In addition, as a new feature in this biennium, this Forum will engage key non-members in debate on evolving policies and approaches for tackling climate change issues. The result will aim at a better understanding of mitigation commitments post-Kyoto⁵ to come into effect after 2012 and provide a solid analytical basis for a new round of negotiations under the UN Framework Convention on Climate Change (as of 2005).

In 2004, this Forum will emphasise environmental compliance and enforcement, essential for achieving environmental goals and strengthening environmental performance.

The OECD Round Table on Sustainable Development complements this Global Forum. Both address key issues on the sustainable development agenda. While the former does so through a top-down approach, which engages Ministers and major players from the non-governmental sector, the latter takes a more bottom-up approach, working with policy makers and experts in specific areas.

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3. Goals agreed at the United Nations September 2002 Millennium Summit, aimed at combating poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women.
 4. Fourth World Trade Organisation (WTO) Ministerial Conference in Doha (November 2001) and International Conference on Financing for Development in Monterrey, Mexico (March 2002).
 5. This refers to the Kyoto Protocol to the UN Framework Convention on Climate Change, which aims at reductions of greenhouse gas emissions by at least 5 per cent below 1990 levels for the period 2008-2012.

1. Sustainable Development - Financing, Compliance and Enforcement

Expected outcome: Stronger consensus on approaches for ensuring the effective and efficient use of public financial resources and other policy instruments to achieve environmental goals.

Description: The first meeting of the Global Forum on Sustainable Development in April 2002 focused on Financing the Environmental Dimension of Sustainable Development. In response to the demand for further, focused activities, the next meeting on this theme will examine public environmental expenditure management.

Ensuring the efficient and accountable use of public funds is a basic public policy challenge. It can be particularly difficult in the environmental sector where significant externalities are often involved, government responsibilities are significant, and where there are large capital and current expenditures associated with infrastructure, such as water supply and sanitation. Better use of public funds implies more efficient management of public expenditures and leveraging resources from the private sector and other sources.

A meeting will be held in December 2003 on the theme "Financing Water and Environmental Infrastructure for All". The results will be forwarded to the meeting of the UN Commission on Sustainable Development in April 2004. This meeting will assess progress in achieving the water-related objectives agreed in the Johannesburg Plan of Implementation.

In 2004, the focus will be on environmental compliance and enforcement. Promoting more effective policies in these areas is essential for achieving environmental objectives and strengthening environmental governance. A conference will be organised in co-operation with the International Network for Environmental Compliance Enforcement (INECE), focusing principally on the economic aspects of this issue.

Events: Conference on Financing Water and Environmental Infrastructure for All, in the fourth quarter of 2003.

Conference on Environmental Compliance and Enforcement, in the fourth quarter of 2004.

Publications: Rapporteur's Report from the Conference on Managing Public Environmental Expenditure.

Proceedings of Conference on Environmental Compliance and Enforcement.

Good Practices in Managing Public Environmental Expenditure (free; translation into Russian and Spanish envisaged).

- Activity No. I.A.1
- *Output area:* ENVIRONMENT, HEALTH AND SAFETY, AND SOCIAL LINKAGES
- Lead Directorate: ENV/NMC
- Other participating Directorates: DAF, DCD, GOV
- Partnerships with other International Organisations: World Bank, United Nations (Department of Economic and Social Affairs), United Nations Environment Programme (UNEP), Global Environment Facility
- Website: www.oecd.org/ccnm/sustdev and www.oecd.org/env/eap under "Environmental Finance"
- E-mail contacts: brendan.gillespie@oecd.org and grzegorz.peszko@oecd.org

2. Sustainable Development - Development and Climate Change

Expected outcome: Better understanding between developed and developing countries on ways of mutually addressing climate change policy goals (both adaptation and mitigation).

Description: An on-going OECD (ENV and DCD) project aims to mainstream climate change goals into development co-operation policies/plans. Both adaptation and mitigation policies are covered by this project, although the main focus for the moment is on adaptation. Several case studies are also underway. A joint paper on *Poverty and Climate Change: Reducing the Vulnerability of the Poor*, drafted together with multilateral development banks, the European Commission, UNDP, UNEP, and a number of member countries, was published in March 2003.

This 2004 Global Forum on Sustainable Development activity will facilitate consultation with developing country collaborators on how to interpret the results of these case studies in the context of the draft final report (being prepared for both the EPOC Working Party on Global and Structural Policies and the DAC Working Party on Development Co-operation and Environment). Over the long-term, this work will help integrate climate adaptation and mitigation policies more fully into development plans and policies in developing countries. It will also advance DAC efforts to integrate the objectives of the three Rio Conventions⁶ (on biodiversity, climate change, and desertification) into development co-operation activities.

Events: Workshop (in 2004) on development co-operation and climate change, focusing on the results of the joint ENV/DCD project, as well as case studies and their use in the draft final report.

Publications: The workshop will contribute to the final report of the ENV/DCD project, to be published in 2004.

- Activity No. I.A.2
- *Output area:* ECOSYSTEM INTEGRITY
- Lead Directorate: ENV/GSPD
- Other participating Directorates: DCD
- Partnerships with other International Organisations: World Bank
- Website: www.oecd.org/env/cc
- E-mail contact: shardul.agrawala@oecd.org

3. Sustainable Development - Emission Permits

Expected outcome: A better basis for the design and implementation of domestic and international climate response policies, with particular emphasis on the potential use of tradable permits and other project-based mechanisms to mitigate greenhouse gas emissions and to contribute to sustainable development more generally.

Description: The first 2003 Forum will bring together policy makers from OECD members and non-members with an interest in applying market-based solutions to the greenhouse gas mitigation problems. The Annex I Expert Group on the United Nations Framework Convention on Climate Change (UNFCCC) has been working for some time on the potential use of tradable permits and project-based mechanisms in a

6. The Convention on Biological Diversity, the United Nations Framework Convention on Climate Change and the United Nations Convention to Combat Desertification.

climate change context. The Environment Directorate also has a long-standing programme related to wider use of this policy instrument in environmental policy. OECD members and non-members all have an interest in the expanded use of tradable permits and other project-based mechanisms to respond to climate change, both because they represent important vectors for minimising the costs of greenhouse gas mitigation over the long-term, and because they have strong potential for contributing to other sustainable development objectives.

Events: Workshop on emissions trading and project-based mechanisms to mitigate greenhouse gas emissions to be held in Paris 17-18 March 2003.

Publications: A publication for sale is expected to emerge from the March 2003 workshop.

- Activity No. I.A.3
- *Output area:* ECOSYSTEM INTEGRITY
- Lead Directorate: ENV/GSPD
- Partnerships with other International Organisations: The CATEP (Concerted Action on Tradable Emission Permits) Network is a full partner in the initiative, and is partially funding the work. The International Energy Agency (IEA) will also contribute; World Bank
- Website: www.oecd.org/env/cc
- E-mail contact: stephen.bygrave@oecd.org and phillip.bagnoli@oecd.org

B. GLOBAL FORUM ON THE KNOWLEDGE ECONOMY

Currently, the Global Forum on Knowledge Economy has two main branches, *i*) biotechnology, and *ii*) the digital economy. Although they are bridged by a set of common elements and have links of a policy nature, in many respects these branches are distinct. Individually, each covers a broad area of work, involving many OECD Directorates. Each of them has far-reaching impacts on policy and practice in many other fields.

1. COMMON ELEMENTS

1.1 Science and Technology Indicators

Expected outcome: The adoption of international standards and benchmarking in strategic science and technology areas.

Description: OECD is the primary source for S&T indicators worldwide, for country or business use. As members and non-members have linked their economic development to science-based, high-tech industries such as microelectronics, new materials, biotechnology and software, they want to be able to benchmark non-member activity in these strategic areas to their own activities. The adoption of international statistical standards is essential for such comparisons. This activity serves the need for international standards and benchmarking by diffusing OECD developed and tested statistical methodologies in the key areas of measuring R&D, researchers, innovation, the use and development of ICT (including e-commerce) and biotechnology.

R&D statistics

Selected non-members from Central and Eastern Europe, Asia and Latin America (for example Russia and China) were introduced in OECD databases and the 2001-2002 edition of its Main Science and Technology Indicators (MSTI) publication. Progressively more countries will be added from South-East Asia, Latin America, South Africa and, at a later stage, India. Work with these non-members will be intensified, especially with China. A three-month secondment of a Chinese expert, to absorb best practices in S&T statistics & indicators – in particular Government Budget Appropriations and Outlays for R&D (GBAORD) – is foreseen, as well as a one month secondment of a Chilean expert in the field of R&D statistics.

Information and communication technologies (ICT) statistics

The dialogue with a selected group of important non-members will be continued, in the first instance to investigate their user needs and the current state of their data. This will be followed by the collection of official statistics for the information society (including e-commerce), based on OECD methodology. These data will be integrated in OECD databases and publications.

Biotechnology statistics

This work involves the dissemination of methodology for measurement of biotechnology developed by OECD. Work to identify key non-members engaged in biotechnology will be continued. This should include follow-up work to that initiated with India in 2001, new work with Israel, and possibly with Singapore and South Africa.

Events: Contribution to a patents workshop in September 2004.

Publications: Inclusion of a group of important non-members in the OECD STI Scoreboard 2003.

As a follow-up to the media attention to the inclusion of Chinese R&D data in the 2003 STI Scoreboard, a scoreboard-type working paper on indicators for the knowledge-based economy in China will be produced in the first quarter of 2004.

A report on the possibility of collecting ICT-statistics for China and the possibility of using OECD methodological guidance to develop comparable ICT indicators will be finalised and discussed at the 2004 WPIIS .

Research into the possibility of collecting biotechnology statistics for India following OECD methodology will be prepared for the 2004 *ad hoc* meeting on biotechnology statistics.

- Activity No. I.B.1.1
- *Output area:* SCIENCE AND INNOVATION POLICIES
- Lead Directorate: STI/EAS
- Partnerships with other International Organisations: co-operation with RICYT, the Ibero American Network of Science and Technology Indicators, who act as focal point for the Latin American region; co-operation with the e-ASEAN Task Force, APEC, Eurostat, UNCTAD and UN-ECLAC in the field of ICT statistics; co-operation with UNESCO on development and collection of S&T indicators for developing countries.
- Website: www.oecd.org/sti/statistical-analysis
- E-mail contacts: andrew.wyckoff@oecd.org and martin.schaaper@oecd.org

1.2 International Mobility

Expected outcome: Measurement and analysis of highly skilled labour force's mobility ("brain drain/circulation") and its impact on economic development. Helping create a database on migration of these workers from non-members to OECD member countries. Assessment of new development in migration in relation to labour market needs and of the conditions under which "brain circulation" and "brain exchange" could offer positive prospects for development of sending countries.

Description: The ability to analyse relevant "brain circulation" issues is severely limited by the lack of internationally comparable data on flows of highly skilled workers. In 2001 and 2002, feasibility studies were carried out for Russia, India and several countries in Latin America, which were followed up by actual data collection. Results from this work will be published in Working Papers. In addition, census data will be explored to extract further statistical indicators. Methodological recommendations following from these studies will serve as input into the revision of the Canberra Manual, which is the internationally recognised manual dealing with the measurement of human resources in science and technology (HRST).

In addition, a joint survey on careers of doctorate holders will be developed in collaboration with NSF and UNESCO, to be carried out in member and non-member countries.

Exploratory work will be undertaken to investigate the size and importance of outsourcing of certain service activities (*e.g.* software, call-centres, accounting) to India and China, as a contribution to the 2005 Ministerial report on services.

Furthermore, information will be collected on new developments in migration movements in relation to labour market needs, with special emphasis on Asia. This activity is part of a series of workshops for policy makers and experts organised by the Japan Institute of Labour, with the co-operation of the Japanese Ministry of Health, Labour and Welfare, the OECD, and the International Labour Organisation (ILO). The aim of this activity is to examine the current situation regarding international migration and related policies in Asian countries, and to facilitate the exchange of better practices in the management of labour migration and control of migration flows.

This activity is also part of a global project on international migration, remittances and development, which will re-examine the relationship between migration and development around three issues: return migration, remittances and the best utilisation of human capital. Assuming that enough resources could be available (through both the CPF 2004 as well as voluntary contributions) this project carried out by ELSA will concern of course some non-member countries.

Events:

Contribution to an HRST workshop in September 2004.

Annual OECD/ILO/Japan workshops in Tokyo, in February 2003 and February 2004.

International conference on migration, remittances and economic development in the latter part of 2004, bringing together cross-governments policy communities and associating international organisations such as World Bank, IMF, ILO. (if additional resources are available under the CPF 2004 and voluntary contributions).

Publications:

A report on Human Resources in Science and Technology in India and the international mobility of highly skilled workers to and from India.

A study on Human Resources in Science and Technology (HRST) and the mobility of highly skilled workers in four Latin American countries.

Proceedings of the Annual Workshop under the title *Migration and the Labour Market in Asia*, Edition 2003 and Edition 2004 (for sale).

- Activity No. I.B.1.2
- *Output area: MIGRATION POLICIES*
- Lead Directorate: STI, ELS/NEIM (for the OECD/ILO/Japan workshop)
- Partnerships with other International Organisations: Co-operation with NSF, UNESCO and RICYT, the Ibero American Network of Science and Technology Indicators, who act as focal point for the Latin American region.
- Website: www.oecd.org/sti/statistical-analysis and www.oecd.org/els/migration/policies
- E-mail contacts: andrew.wyckoff@oecd.org; martin.schaaper@oecd.org and jean-pierre.garson@oecd.org

1.3 World Education Indicators (WEI)

Expected outcome: i) Improvement of the coverage and international comparability of education indicators in non-members; ii) Development of trend education indicators in non-members; iii) Capacity building in the development and analysis of education indicators including those obtained from micro-level surveys; iv) Establishing a school-level education database.

Description: Over the past fifteen years, OECD member countries have paid increasing attention to internationally comparative policy analysis and evaluation in education, and have developed and published a broad range of international comparative indicators developed in co-operation with UNESCO and Eurostat (UOE: UNESCO, OECD, Eurostat).

Building on the UOE indicators project, in 1997 UNESCO and the OECD launched the World Education Indicators (WEI) programme, a pilot project designed to deliver a small but critical mass of policy-oriented education indicators to measure the current state of education in a selection of non-members, in an internationally valid, efficient and timely manner.

The activity is implemented through co-operation between OECD, UNESCO and country experts from Argentina, Brazil, Chile, China, Egypt, India, Indonesia, Jamaica, Jordan, Malaysia, Paraguay, Peru, the Philippines, the Russian Federation, Sri Lanka, Thailand, Tunisia, Uruguay and Zimbabwe.

These internationally comparable measures can be used to benchmark the performance and quality of education systems, and to help lay out alternatives to current educational policies.

Current work focuses on the development of trend indicators of education and a micro-level survey of primary schools and teachers. In addition, the WEI programme provides analyses of its education indicators since 1999.

Events: WEI Meeting of National Co-ordinators (Cairo, March 2003).

WEI Expert Meeting for the development of a survey of primary schools (Brasilia, December 2003).

WEI Meeting of National Co-ordinators (Bangkok, Spring 2004).

Publications: Investing in education: Investments and Returns – Analysis of the World Education Indicators, 2002 Edition, released in February 2003, for sale. Executive summaries in Arabic, French, Spanish and Russian are available free of charge from UNESCO.

Analysis of the World Education Indicators, 2004 Edition, (Title and publication date to be defined – will focus on trends in WEI countries' education systems).

- Activity No. I.B.1.3

- *Output area:* EDUCATION REVIEWS AND OUTLOOK

- Lead Directorate: EDU

Partnerships with other International Organisations: The World Education Indicators (WEI) programme is funded by a World Bank grant and operated in co-operation between the OECD and the UNESCO Institute for Statistics, with both organisations sharing responsibilities equally.

- Website: www.oecd.org/els/education/statistics

- E-mail contacts: karine.tremblay@oecd.org and andreas.schleicher@oecd.org

1.4 Programme for International Student Assessment (PISA)

Expected outcome: i) Summary of the performance results of eleven non-members (Albania, Argentina, Bulgaria, Chile, Hong Kong-China, Indonesia, Israel, FYR of Macedonia, Peru, Romania and Thailand), in reading and in mathematical and scientific literacy; ii) to examine contextual factors that influence the development of skills at home and at school; iii) to review implications for policy development (PISA 2000).

Results from PISA 2003 (December 2004): In addition to the 30 OECD member countries, 11 non-members are taking part in the second cycle of PISA, referred to as PISA 2003, (Brazil, Hong Kong-China, Indonesia, Latvia, Macao-China, Peru, the Russian Federation, Thailand, Tunisia, Uruguay and Serbia and Montenegro). For those countries that also participated in PISA 2000, the report will also examine improvements in results since 2000.

Description: The OECD launched the PISA Programme in 1997 with the objective of developing regular, reliable and policy-relevant indicators on student achievement. Specifically, it was intended to deliver four types of product: a set of basic indicators; a set of contextual indicators; trend indicators; and a knowledge base that will lend itself to further well focused policy analysis.

The programme aims to assess knowledge, skills and competencies, embedded in the context of important content domains such as reading, mathematics, and science. Rather than focusing on a narrower school curriculum, PISA takes a broader perspective, focusing on the ability of students to use their knowledge and skills within the three domains. The assessment of cross-curriculum competencies relating to the experience of young adults both within and outside school has therefore been made an integral part of the data strategy. The target population for the assessment is 15-year-olds enrolled in the education system.

The PISA survey is repeated every three years, with the primary focus being reading literacy in 2000, shifting to mathematical literacy in 2003, scientific literacy in 2006, and back to reading in 2009. PISA provides policy makers with the opportunity to understand their own systems in the light of others, through presenting evidence on what has worked in other systems. The first results of the survey, which were published in December 2001, have contributed to the development of comparative indicators on the performance of education systems, as well as providing guidelines for policy reforms.

Events: 7 December 2004 – Release of the PISA 2003 results (tentative).

Publications: *Reading for Change – Performance and Engagement across Countries* (March 2003 in English and French), for sale.

The PISA 2003 Assessment Framework – Mathematics, Reading, Science and Problem Solving Knowledge and Skills (June 2003), for sale.

Literacy Skills for the World of Tomorrow – Further Results from PISA 2000 (July 2003, executive summary in English, French and Spanish), for sale.

Learners for Life – Student Approaches for Learning (September 2003), for sale. *Student Engagement at School – A Sense of Belonging and Participation* (September 2003), for sale. *PISA 2003 Initial Report* (December 2004, in German and Spanish – tentative), for sale.

- Activity No. I.B.1.4
- *Output area: EDUCATION REVIEWS AND OUTLOOK*
- Lead Directorate: EDU
- Partnerships with other International Organisations: The UNESCO Institute of Statistics has been involved in the implementation of PISA in 11 non-members, assisting them with capacity building through the organisation of technical workshops. The UNESCO Institute of Statistics will also be involved in assisting the OECD in preparing the report during the first half of 2003.
- Website: www.pisa.oecd.org
- E-mail contacts: claudia.tamassia@oecd.org and andreas.schleicher@oecd.org

2. THE DIGITAL ECONOMY AND ELECTRONIC COMMERCE

The mutual benefit of this branch of the Global Forum on Knowledge Economy is that it promotes an internationally coherent approach to the formulation of government policies and regulatory frameworks for the digital economy and e-commerce, which in turn contributes to growth of commerce and trade and the economic growth of OECD and non-OECD economies more broadly. The dialogue in this area aims at removing obstacles to fulfilling the potential offered by new technologies, at dealing with new issues emerging from the use of new technologies that require international coordination, and at engaging stakeholders in a wide-ranging policy debate. Ultimately, it promotes a rules-based environment, including in the fiscal area.

The OECD, through the Global Forum mechanism, contributes to the definition of a truly global policy framework for the development of ICTs and the digital economy. In 2003-2004, one of its main elements will be the Security of Information Systems and Networks, including coherent policy strategies, made ever more relevant since 11 September 2001. In the fiscal area, non-member economies are associated with the implementation of the Ottawa Ministerial Taxation Framework Conditions for Electronic Commerce, which requires a global strategy to ensure effective taxation of electronic commerce and to avoid double taxation. Events last year prompted the new activity on *Security of Information Systems and Networks Guidelines*.

The activities on the World Summit on the Information Society (WSIS) and the G8 DOT.force responds to the high pressure for the OECD from other multilateral organisations and member country policy makers to be involved in providing substantive input, which is sorely needed. The OECD provides a policy focus, which could be crucial in moving the WSIS agenda forward and on track. Interface with non-member counterparts in the WSIS and the DOT.force is an essential element for continuation of the OECD role in promoting rules-based solutions internationally. Leveraging ODA for the best use of ICT, links development co-operation with ICT, and involves considerable involvement from the development co-operation community and reaches both emerging economies and poorer countries.

2.1 OECD Guidelines for the Security of Information Systems and Networks

Expected outcome: Promotion of the implementation of the *OECD Guidelines for the Security of Information Systems and Networks: Towards a Culture of Security* (“the Guidelines”) among all participants in the information society, including those from non-member economies. The targeted outcome is a common understanding of the importance of the guideline implementation, of involving all

participants in networks in all economies, and practical measures to implement them. Finally, a network of security policy experts will be created allowing more intense co-operation in the future.

Description: After the 11 September 2001 events, international attention has focused on security for information systems in the fight against terrorism. This includes the various dimensions of computer and network security and vulnerability (e.g. critical infrastructures such as banking, energy, transportation systems and networks). Stronger information security was identified as increasingly critical for the society of today, which is highly dependent on the stability of information systems and networks. In response to this global concern, OECD governments have revised the Guidelines in order to counter cyber-terrorism, computer viruses, hacking and other threats.

The “OECD Workshop on a Culture of Security” will promote the implementation of the Guidelines by encouraging dialogue among information security policy experts in member and non-member economies. This event follows up on the “2001 Tokyo Workshop on Information Security in a Networked World,” that began the process of the review of the 1992 Guidelines, and included participants from around the world.

The security of information systems and networks is by its nature trans-border, and implementation should be promoted globally.

Events: The “OECD Workshop on a Culture of Security”, to be held at the latest in early 2004, to promote the implementation of the Guidelines by encouraging dialogue among information security policy experts in member and non-member economies.

Publications: The OECD Security Guidelines are available in English, French, Spanish, Italian, Norwegian Japanese and Finnish. Translation is currently being carried out in Hungarian, Dutch, Czech, Portuguese and Korean.

The text of the Guidelines is available for free download from the OECD website.

- Activity No. I.B.2.1
- *Output area:* **DIGITAL ECONOMY**
- Lead Directorate: STI/ICCP
- Other participating Directorates: PAC, DCD, ITN
- Partnerships with other International Organisations: United Nations; currently discussing adoption of the Principles of the OECD Security Guidelines as a resolution of the General Assembly. The co-sponsoring countries are US, Japan, Australia, Norway, Romania, and Slovakia. EU; Recently adopted e-Europe policy strategy endorsing the principles of the Guidelines and their implementation. BIAC; actively supports the Guidelines and participated in their drafting. GBDe (Global Business Dialogue on Electronic Commerce) adopted a recommendation on 29 October 2002 explicitly supporting the Guidelines. ISO is currently considering adopting principles of the Guidelines into a new standard. APEC; co-operation in implementation of the Security Guidelines is being discussed. In January 2003, the OECD and APEC will jointly organise a conference in Honolulu (also under this Forum) where security is one of the three major themes.
- Website: www.oecd.org/ict/guidelines
- E-mail contact: anne.carblanc@oecd.org

2.2 Digital Economy - G8 - DOT Force Follow-Up

Expected outcome: Non-member access to OECD (mainly Information, Computer and Communications Policy (ICCP) Committee and DAC) data, recommendations, policy statements and expert networks on ICT for development and inclusion in the global information society by participation in the meetings and activities of ePol-NET, the follow up mechanism of the G8 the Digital Opportunities Task (DOT) Force and the United Nations ICT Task Force.

Description: This activity brings the OECD's core competences in the areas of ICTs, electronic commerce, e-business and digital economy to the service of non-members by participating in on-going global initiatives whose objectives are to harness the potential of ICTs for development. These core competences are, essentially, in two areas: *i)* the policy strategies work on ICTs, electronic commerce and the Internet, and their relations with economic growth, productivity and social development conducted in the ICCP Committee; and *ii)* the network of principal donors in bilateral Official Development Assistance represented by the DAC.

The DOT Force was created by the G-8 at the 2000 Okinawa Summit with the mandate to propose a plan of action to bridge the "digital divide". The DOT Force delivered its final report in the G-8 Kananaskis summit in 2002. ePol-NET is charged with an important element of follow-up, attempts to place policy and strategy products and initiatives including those of the OECD within the reach of developing countries. ePol-NET provides inputs to several other programmes such as the e-Africa initiative under the NEPAD. The UN ICT Task Force is a global multi-stakeholder body that attempts to provide a platform and a focal point for establishing strategic direction, policy coherence and co-ordination, and advocacy in relation to the global agenda on ICT for development.

The OECD participates from the perspective of its two core competences, mentioned above, by taking an active part in meetings and activities and by feeding in the results of its work, adapted as appropriate to the development dynamic. The main thrust of the contribution is to stress the importance of a multi-stakeholder approach involving the private sector and NGOs, as well as government roles in policy coherence and in a broad-based knowledge-economy development strategy.

Events: Meetings of the UN ICT Task Force take place about twice a year, usually at the UN headquarters in New York, but sometimes backed on to other international gatherings. In 2003-2004, these will be connected to the preparatory process of the World Summit on the Information Society. ePol-NET mostly works electronically, and physical meetings will be rare but members of the network will be called on to participate in other groups.

- Activity No. I.B.2.2
- *Output area:* DIGITAL ECONOMY
- Lead Directorate: STI/ICCP
- Other participating Directorates: DCD
- Partnerships with other International Organisations: G-8 DOT Force Implementation Network (ePol-NET), United Nations and the parent bodies. Many other IGOs and NGOs are members of these networks.
- Website: www.oecd.org/sti; www.oecd.org/dac
- E-mail contact: john.dryden@oecd.org; ichiro.tambo@oecd.org

2.3 Integration of Information and Communications Technologies (ICTs) into overall Official Development Assistance (ODA) strategies

Expected outcome: Clarification of the potential of ICTs to achieve development goals; integration of ICT deployment strategy in ODA policies of donors; increasing awareness of the potential of ICTs in the ODA policy community.

Description: This activity builds upon a previous DAC Forum (March 2001) “Exploiting the Digital Opportunities for Poverty Reduction”. The 2001 event and its preparatory work demonstrated the role of the OECD in sharing experiences of the “new economy” with non-members, providing a forum to develop action plans, set benchmarks and monitor progress, and co-ordinating donor programmes with more use of ICT to reduce inefficiencies.

The main element of this activity is a major Forum “Integrating ICTs in Development Programmes, at the OECD in March 2003”, that will bring together the donor community with developing countries and partners among international governmental and non-governmental organisations.

The objectives are to promote better awareness, co-ordination and integration of ICTs in ODA strategies of bilateral and multilateral donors; improving understanding of the relation between ICTs and successful development strategies, highlight best practices and clarify the roles of stakeholders and their partnerships.

The activity will constitute part of the OECD’s contribution to the World Summit on the Information Society (Geneva 2003, Tunis 2005).

Events: Joint OECD/UN/World Bank Global Forum on the “Knowledge Economy: Integrating ICTs in Development Programmes”, Paris, 4-5 March 2003.

Possible follow up event in 2004 ahead of the second phase of the World Summit (Tunis 2005), in collaboration with the Tunisian government.

Publications: “Donor Information and Communication Technology (ICT) Strategies – Summary Matrix” as of February 2003. (Free and available at www.oecd.org/dac/ict)

Donor ICT Strategies Matrix CD-ROM, December 2003. (Free and available at www.oecd.org/dac/ict) This CD-ROM includes “Note on Donors’ Strategies and Practices” and related OECD work.

CD-ROM - Joint OECD/UN/World Bank Global Forum on the Knowledge Economy: Integrating ICT in Development Programmes. This CD-ROM includes the proceedings, materials and related documents of the Forum.

Main conclusions of the Joint OECD/UN/World Bank Global Forum on the Knowledge Economy: Integrating ICT in Development Programmes. (Two-page brief summary)

“Part IV Integrating ICT in Development Programmes” in the DAC Journal, 2003, Volume 4, No. 2.

Policy Brief “Integrating Information and Communication Technologies in Development Programmes”, November 2003.

- Activity No. I.B.2.3
- *Output area: DIGITAL ECONOMY*
- Lead Directorate: DCD

- Other participating Directorates: STI, GOV, DEV, SWAC
- Partnerships with other International Organisations: World Bank, UN Agencies, many NGOs and Foundations active in the development and “digital divide” field.
- Website: www.oecd.org/dac
- E-mail contact: ichiro.tambo@oecd.org

2.4 Policy Strategies for use of ICTs

Expected outcome: Encouraging non-members to adopt broad-based coherent policy strategies for best use of ICTs in creating a knowledge-based economy. The main elements are provided by OECD’s Growth Study and its follow-up and policy conclusions from the work of all OECD Committees dealing with ICTs. The Forum will launch policy dialogue with non-members on the increasingly important issue of information security.

Description: As ICTs and their application and use become more an integral part of OECD economies and societies, the need for integrated coherent policy strategies becomes more acute. The situation whereby the OECD brings together the work of its various directorates and committees reflects that of government-wide policy co-ordination in member countries.

Since the mid-1990s, the OECD has developed strategic work programme priorities in this domain, in parallel with major international meetings on such integrated policy packages as “global information infrastructure – global information society”, “electronic commerce”, “digital economy” and “knowledge-based economy”. Major conferences took place in Vancouver (1995), Turku (1997), Ottawa (Ministerial level, 1998), Paris (1999), Dubai (2001). The concepts have broadened and evolved over time, and non-member participation has increased. Currently, the three major themes are: economic growth; information security; and participation and inclusion in the information society.

The flagship element of this activity is the OECD-Asia-Pacific Economic Co-operation (APEC) Forum on Policy Strategies for the Global Digital Economy, to be held in Honolulu, Hawaii, in January 2003. It will be preceded by a special meeting with the business community and another with civil society organisations (the “Public Voice”). It will be followed by a special preparatory consultation on the forthcoming World Summit.

Depending on the outcome of the first phase of WSIS, a second Forum might be held in Tunisia, the hosts of the second phase of WSIS.

Member countries will clarify issues concerning the formulation and implementation of coherent policy strategies for the digital (knowledge-based) economy, and highlight upcoming policy issues and challenges, especially those with an international co-operation facet. Non-members will benefit from participation in global policy making processes and gain insight into how ICTs might benefit economic and social development in a secure environment, and how important co-ordination will be in the new global context. It will provide an opportunity to articulate views on the preferred directions of both phases of the WSIS.

Follow-up work will include attempts to extend key analysis of the OECD Growth Study work on ICT and Economic Growth to non-member countries in a report during 2004.

Events: OECD-APEC Forum on Policy Strategies for the Global Digital Economy, Honolulu, 14-17 January 2003.

Possible follow-up event in late 2004 or early 2005 (depending on WSIS outcomes and OECD strategic priorities).

Publications: Rapporteur's Report and Concluding Statement.

- Activity No. I.B.2.4
- *Output area:* **DIGITAL ECONOMY**
- Lead Directorate: STI/ICCP
- Other participating Directorates: DCD, Many other directorates working on ICTs
- Partnerships with other International Organisations: Honolulu Forum is conducted in co-operation with APEC
 - ITU and Executive Secretariat of the WSIS
 - UN agencies
 - Business Federations
 - Consortium of Civil Society Organisations ("the Public voice")
- Website: www.oecd.org/sti
- E-mail contact: john.dryden@oecd.org

2.5 World Summit on the Information Society

Expected outcome: Involvement of the OECD in the World Summit on the Information Society so that account is taken of the work and accumulated expertise of the OECD and its member countries. Adoption of a broad-based, multi-stakeholder approach reflecting the OECD's recommendations in the Declaration of Principles and Plan of Action of the WSIS. Implementation of OECD commitment included in Action Plan from Geneva phase of WSIS.

Description: The World Summit on the Information Society is a full-scale UN Summit. It will take place in Geneva on 10-12 December 2003, and in Tunis on 16-18 November 2005. The International Telecommunication Union (ITU) plays a central role. It involves a complex of Regional Summits and thematic conferences throughout the world, as well as a formal preparatory process to decide on the procedures, content, themes and outputs (A Declaration of Principles and a Plan of Action). Its objective is to close the gap between the haves and the have-nots in the Global Information Society.

Member countries (and others) look to the OECD to articulate a coherent policy message on their behalf to ensure balance in the content, themes and outcomes of

the Summit, thus advancing objectives beyond those of the OECD itself. The OECD's contribution will be to provide data, recommendations, statements, and proposals for approaches at the organisational and consultative level in the preparatory process. It involves participation (notably by making presentations and workshops) in meetings of the High-Level Summit Organising Committee (HLSOC), the Focal Points (concerned IGOs) and the PrepComs. It will include the preparation and participation of the OECD delegation in the Geneva phase of the Summit itself, and a series of "Summit side events", conferences and seminars linked to the Summit.

The Summit, if successful, will instil a constructive and dynamic partnership of public and private sector actors, matching aid, assistance programmes, loans and philanthropy, investment and regulatory reform with the dynamics of a competitive market and national interest. It would favour a win-win game of technology-driven economic growth and social development. The OECD can contribute significantly to this outcome. Deadlock would lead to a failure to exploit the potential of ICTs for the benefit of all, and would be detrimental to the interests of the OECD members and non-members alike.

Events:

PrepComs, Geneva, February, July, September and November 2003.

PrepComs, Geneva or Tunis, September 2004.

During 8-12 December 2003, several side events of the WSIS including

- Monitoring Information Society
- Role of Science in Information Society
- National Strategies for Information Society
- "ICTs"

WSIS, Geneva, 10-12 December 2003.

Many other preparatory, regional and thematic events will be arranged during 2003-2004. OECD participation will depend on the content and objectives of the meetings and likely impact of attendance on the achievement of the goals of this activity.

Publications:

Statistical brochure. Free.

- Activity No. I.B.2.5
- *Output area:* *DIGITAL ECONOMY*
- Lead Directorate: STI/ICCP
- Other participating Directorates: DCD
- Partnerships with other International Organisations: UN, ITU, other UN global and regional organisations, other IGOs and NGOs
- Website: www.oecd.org/sti and www.wsis.org
- E-mail contact: john.dryden@oecd.org; ichiro.tambo@oecd.org

2.6 Taxation of Electronic Commerce - Ottawa Taxation Framework

Expected outcome: To associate non-member economies with the implementation of the Ottawa Ministerial Taxation Framework Conditions for Electronic Commerce, as part of a global strategy to ensure effective taxation and to avoid double taxation of electronic commerce.

Description: In 1998, a set of Taxation Framework Conditions for Electronic Commerce was established in Ottawa in co-operation with non-member economies and the business community. Since 1998, the Technical Advisory Groups (TAGs) of the Committee of Fiscal Affairs (CFA) have worked closely with the business community and regional tax organisations to implement the Taxation Framework conditions. In June 2001, a conference on "Tax Administration in an Electronic World" brought together over 100 countries in Montreal, and established the Committee of International Organisation on Tax Administration (CIOTA). This Committee is an umbrella group composed of a number of regional and international tax organisations, and will promote co-operation between tax administrations, particularly in respect of electronic commerce.

The activity in 2003-2004 will build on the principles set out in the Taxation Framework Conditions and the impetus of the Montreal meeting. The OECD's Committee of Fiscal Affairs will seek endorsement for issuing Guidelines on the application of consumption tax principles on electronic commerce activities in 2003.

Events: The policy dialogue events in 2003 and 2004 include

- Taxation of Electronic Commerce, Ankara, January 2003;
- Taxation of Electronic Commerce and VAT, Korea, September 2003;
- Taxation of Electronic Commerce, Vienna, October 2003;
- Taxation of Electronic Commerce, Cairo, October 2003;
- Taxation of Electronic Commerce, Brasilia, November 2003;
- Taxation of Electronic Commerce, Ankara, March 2004;
- Taxation of Electronic Commerce and VAT, Korea, May 2004; and
- Taxation of Electronic Commerce, Vienna, September 2004.

Publications: Consumption Tax Guidance Series – Principles on Electronic Commerce Activities (free).

- Activity No. I.B.2.6
- *Output areas:* TAX ADMINISTRATION
- Lead Directorate: CTPA
- Partnerships with other International Organisations: Partnerships with other international organisations such as Inter-American Centre of Tax Administration (CIAT), Commonwealth Association of Tax Administrations (CATA), Intra-European Organisation of Tax Administrations (IOTA), Centre de Rencontre et d'Études des

Dirigeants des Administrations fiscales (CREDAF), United Nations (UN), International Monetary Fund (IMF) and World Bank (WB)

- Website: www.oecd.org/daf/ctpa
- E-mail contacts: david.holmes@oecd.org and michelle.gillespie@oecd.org

3. BIOTECHNOLOGY

Modern biotechnology is another important aspect of members' high priority interest in sustainable development. The meeting of the Forum on biotechnology and sustainable development in Alexandria, Egypt (2002), co-sponsored by the OECD, underscored the use of biotechnology for sustainable development and urged the Organisation to continue its co-operation with non-members. Global Forum work is co-ordinated through the CCNM and the Internal Co-ordination Group for Biotechnology (ICGB), which links several OECD Directorates, notably ENV, STI, AGR and ECH. Unique to the OECD, biotechnology work has a long history, and in their search for new policy pathways, members insist that non-members be at the table, since the future of biotechnology and related biodiversity equally concerns players from member and non-member economies. The reaction of non-members has been very positive, as the OECD is providing a role that is not duplicated in other international organisations.

The biotechnology branch of this Forum deals with two areas, each distinct and pertinent for economic and social progress worldwide. There is consensus in the biotechnology field on the importance of the first biotechnology activity on *human health and environmental safety assessment methods*. OECD members have been setting international standards in this important area, and as biosafety is important globally, members have insisted that key non-member players be included.

There is consensus too that access to well developed *biological resource centres* (BRCs), the second activity, will increasingly be at the core of successful life science research and *ex situ* biodiversity conservation. OECD's work on biological resources is recognised internationally, and a number of non-members are involved in making a reality of the OECD blueprint for a global network of BRCs. This initiative will increase the coherence of international efforts, improve capacity in members and non-members, and encourage the transfer of technology and know-how. Additional focus will be put on ensuring appropriate and safe access to health-related biotechnology research, processes and materials for use in combating infectious diseases.

3.1 Developing a Global Network of Biological Resource Centres (BRCs)

Expected outcome: Association of non-members in: developing a global network of biological resource centres (BRCs); implementing OECD recommendations on BRCs. Improved access for non-members to biological research and processes intended to combat infectious diseases.

Description: Access to well maintained and well described collections of biological techniques, material, and data is of increasing importance if countries are to realise the benefits of biotechnology, genomics, and bio-informatics without undue cost. Both the resources and the effort required are global. OECD countries have taken the lead in developing a way forward to ensure broad access, but the maximum benefit will come from wider country involvement. Improved access to biotechnological research, process, and products is particularly important if the full potential of the genomics revolution is to be realised by non-members. This need is especially acute in combating the rising tide of infectious disease. Non-members played a

significant role in identifying international research and policy needs at an OECD workshop on this subject in October 2002 in Lisbon, and their participation in taking forward appropriate action to deliver on these needs will be important in dealing with infectious disease where it does most harm.

OECD members and non-members are working together towards developing a global system of biological resource centres (BRCs) that will go a long way towards easing access to such resources in a cost-effective manner. Non-members from Asia, Africa and the Americas are already participating in this work. Agreement on an international accreditation system for recognising BRCs (repositories of biological resources and data) is expected by late 2003 or early 2004, though agreeing to the details of implementing this will take some time longer.

Events: Two plenary sessions of the BRC Task Force – including non-members (second quarter 2003, in the United States; fourth quarter 2003, in Paris). Two further plenary sessions in 2004.

Non-member representatives will also participate in technical sub-groups operating in parallel with plenary sessions. In the main, these will not meet, but will operate at a distance.

Publications: The output of the work is expected to be an agreed collection of international guidelines on access and accreditation of BRCs. These will be published beginning in 2004, in French and English (for sale).

- Activity No. I.B.3.1
- *Output area:* BIOTECHNOLOGY
- Lead Directorate: STI
- Partnerships with other International Organisations: The World Federation of Culture Collections (WFCC) participates in discussions and provides additional scientific validation to work. The WHO participates in helping to define actions to combat infectious disease where OECD contributions can add particular value.
- Website: www.oecd.org/sti/biotechnology
- E-mail contact: stibioregistration@oecd.org

3.2 Safety and Risk Assessment of Genetically Modified Organisms (GMOs)

Expected outcome: The main expected outcomes are: *i)* increased international efficiency in the safety/risk assessment of genetically modified organisms, both from the perspective of consumer health and environmental safety; and *ii)* avoiding non-tariff barriers to trade that may result from divergent safety/risk assessments.

Description: The need for this activity is based on the continuing importance of the safety assessment of products of modern biotechnology, especially those involving crop plants of importance in the agricultural sector.

OECD's work on biosafety contributes to a number of global intergovernmental activities related to biosafety, such as those of the Cartagena Protocol on Biosafety and the Codex Task Force on Foods Derived from Biotechnology – for example, OECD's consensus documents are referenced in draft Codex Guidance that is due to be finalised during 2003. In addition, there is a Memorandum of Co-operation between the OECD and the Secretariat of the Convention on Biological Diversity in respect of the exchange of information on safety assessment between OECD's

database of products of modern biotechnology and the Biosafety Clearing House, which is part of the Cartagena Protocol on Biosafety.

Building on the work of the last two years, this Global Forum will further continue to strengthen input from non-members into the work of OECD's Working Group for Harmonisation in Biotechnology and the Task Force for the Safety of Novel Foods and Feeds, especially in the drafting of consensus documents, the development of the product database and the future programme of work. This will contribute to an increasingly efficient global system of safety assessment, which will benefit all countries.

Events: Non-member economies will be invited to participate in meetings of both the Working Group (February 2003, June 2004) and the Task Force (February 2003, June 2004).

Non-member economies will also participate in a workshop during late 2003 or early 2004, which will address the future use of consensus documents, the product database and related projects.

Publications: The most important publications are the OECD's biosafety Consensus Documents that are free of charge. Some published consensus documents have been (or are being) translated into Russian. There will also be important input by non-members into the OECD's Product Database.

- Activity No. I.B.3.2
- *Output area:* ENVIRONMENT, HEALTH AND SAFETY, AND SOCIAL LINKAGES
- Lead Directorate: ENV/EHS
- Other participating Directorates: AGR, STI
- Website: www.oecd.org/biotrack see also: the Product Database: www1.oecd.org/scripts/biotech
- E-mail contact: ehscont@oecd.org

C. GLOBAL FORUM ON GOVERNANCE

Governments of OECD members and non-members alike are redefining their roles in the face of a host of new challenges. The Global Forum on Governance seeks to analyse and develop solutions to the common challenges and needs of governments, and to promote measures and practices that enhance the effectiveness of democratic institutions. The Forum is based on the understanding that inefficient and non-transparent governance structures represent a major threat to the rule of law, democracy, human rights, fairness, social justice and, in the international context, to peace. They also hinder economic development, undermine the business climate, and discourage both domestic and foreign investment.

The Global Forum on Governance is based on a number of good governance principles. First, the Forum aims to promote public sector management reforms for better transparency and accountability of public administrations. Second, the Forum endeavours to promote transparency and integrity in business operations, through anti-bribery laws, transparent conditions for investment, corporate responsibility, and internationally accepted statistical and disclosure standards. Finally, the Forum seeks to foster good corporate governance by promoting better laws, regulations and institutions, and by offering suggestions for policy reform to government regulators, stock exchanges, investors, and corporations.

To help achieve these goals, the following activities will be accorded the highest priority for the Global Forum on Governance in 2003-2004:

- To enhance the awareness of, and commitment to, improved *corporate governance*, market integrity, and sound business practice; promoting the OECD Principles of Corporate Governance as a benchmark for reform.
- To support the improvement and greater transparency of *public procurement* systems and, more generally, reducing the practice of *bribery* in international transactions;
- To improve the understanding of the role played by *financial governance* in market integrity and to encourage adherence to international standards for governance of institutional investors, in particular the OECD guidelines for pension governance.

Other activities that support the above-mentioned priorities and have proved beneficial in their own right will also continue: review and adjustment of anti-corruption in the public service, regulatory reform (in cooperation with APEC) and improvement of statistics in major non-members. Steps will be taken to promote a global dialogue on insurance against terrorism and other major risks.

1. Anti-Corruption

Expected outcome: Support for non-members' efforts to improve the transparency, integrity and efficiency of their public procurement systems, and to prevent bribery in public procurement.

Description: The corruption of public bids affects the efficiency of public spending and undermines the principles of fair competition. Building on the outcome of the conference organised in 2002 in Mexico City ("Implementing the OECD Convention Against Corruption: Working with the Private Sector"), this activity will help non-members increase the transparency, integrity and efficiency of their

public procurement systems. It will also help prevent bribery in public procurement and contribute to the implementation of the 1997 Recommendation on Combating Bribery in International Business Transactions.

The activity will compare the experience of several countries on two issues:

- How to prevent corruption in high-value contracts. Contract administration and quality control often present high risks of corruption.
- How to implement anti-corruption public procurement reforms. The focus here will not be on the definition of an ideal corruption-free procurement system, but rather on the management of change.

An international conference will bring together public procurement officials from members and non-members to discuss the results and highlight best approaches.

Events: International conference on the fight against corruption in public procurement, fourth quarter 2004.

Publications: Issues paper on the fight against corruption in public procurement (free).

Comparative analysis of countries' experience in preventing corruption in public procurement (for sale).

- Activity No. I.C.1
- *Output area:* ANTI-CORRUPTION
- Lead Directorate: DAF/AC
- Other participating Directorates: GOV, DCD, ECH
- Partnerships with other International Organisations: WTO, The World Bank, the Organisation of American States, the Inter-American Development Bank, UNDP, UNCTAD
- Website: www.oecd.org/daf/nocorruption/outreach
- E-mail contact: nicola.ehlermann-cache@oecd.org

2. Governance - Public Sector Integrity

Expected outcome: Support for the prevention of corruption by increasing transparency and accountability in public procurement procedures.

Description: Based on the governance work of the OECD (E-Government Task Force, Regulatory Reform, SIGMA activities and regional meetings in South Eastern Europe and the Forum on Open Government in Asia), it will focus on the prevention of corruption in public procurement, tendering and contracting out procedures. The special focus will be put on the implementation, key areas include:

- Lessons learned from the use of new information and communication technologies;
- How to create a supportive regulatory environment; and
- Forms of public scrutiny to support and sustain a corruption-free public procurement system.

Events: It is proposed to hold a Global Forum meeting on "The Fight against Corruption in Public Markets" in the second semester of 2004.

Publications: Contribution to the following publications:

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- Issues paper on the fight against corruption in public markets (free).
 - Comparative analysis of countries' experience in preventing corruption in public markets (for sale).
- Activity No. I.C.2
 - *Output area: PUBLIC GOVERNANCE*
 - Lead Directorate: GOV in close co-operation with DAF
 - Other participating Directorates: DCD, ECH
 - Partnerships with other International Organisations: WTO, The World Bank, the Organisation of American States, the Inter-American Development Bank, UNDP, UNCTAD
 - Website: www.oecd.org/gov/ethics ; www.oecd.org/daf/nocorruption/outreach and www.oecd.org/corruption
 - E-mail contacts: GOV: janos.bertok@oecd.org ; irene.hors@oecd.org and DAF: frederic.wehrle@oecd.org ; nicola.ehlermann-cache@oecd.org

3. Global Corporate Governance Forum

Expected outcome: *i)* Increased awareness and international consensus in favour of using the OECD Principles of Corporate Governance as a benchmark for policy dialogue and reform; and *ii)* Improved co-operation with non-members and key international organisations, such as the World Bank Group, the Financial Stability Forum and the International Monetary Fund.

Description: The Global Corporate Governance Forum was established as the result of a co-operative agreement between the World Bank and the OECD, with the aim of broadening the scope of outreach established by the regional corporate governance Round Tables.

The OECD participates actively in the work and direction of this Forum through its participation in the Global Corporate Governance Research Network, the Private Sector Advisory Group on Corporate Governance, and in the implementation of the Forum's work programme.

The Forum provides an important link between OECD member country work and outreach activities in the area of corporate governance. Participation in the Forum is also an efficient way for international organisations and bilateral donors to co-ordinate efforts and to extract synergies from their respective efforts.

Events: The Global Corporate Governance Forum meets twice a year, and in the fourth quarter 2003 it will organise a global forum bringing together participants from various regional activities. The Research Network has three major events planned for 2003, and the Private Sector Advisory Group meets regularly in relation to the Regional Corporate Governance Round Tables.

- Activity No. I.C.3
- *Output area: CORPORATE GOVERNANCE*
- Lead Directorate: DAF/CA
- Other participating Directorates: DCD
- Partnerships with other International Organisations: World Bank Group, the Global Corporate Governance Forum
- Website: www.oecd.org/daf/corporate-affairs
- E-mail contact: daniel.blume@oecd.org

4. Corporate Governance: Dispute Resolution

Expected outcome: Improved implementation and enforcement of corporate governance reforms through greater familiarity with the design and use of dispute resolution mechanisms.

Description: The Regional Corporate Governance Round Tables have emphasised the central role of effective enforcement. Participants in the Round Tables have underlined that while much has been achieved in raising awareness of the need for good corporate governance and in putting in place improved rules and procedures, real progress remains frustrated by poor enforcement, particularly dispute resolution mechanisms.

The activity provides an opportunity to advance the international policy dialogue on the role of dispute resolution in corporate governance and to develop a comparative overview of how various countries approach this role.

An exchange of experiences will help build consensus towards best practices and give individual countries insight into how their approach to dispute resolution compares regionally and globally. An exchange of experiences among jurisdictions and increased public awareness of how a country compares with others in this context can provide impetus for reform and adoption of best practices contributing to more efficient implementation and enforcement of corporate governance reforms.

Events: June 2003 – Senior experts meeting.

Second quarter 2004 – International Conference on Dispute Resolution and Corporate Governance.

Publications: 2003/2004: Comparative overviews on the use of arbitration, mediation and conciliation; on the interpretation and application of the New York Convention; and, country case studies and a synthesis of practical experiences with private dispute resolution (free).

- Activity No. I.C.4
- *Output area:* CORPORATE GOVERNANCE
- Lead Directorate: DAF/CA
- Partnerships with other International Organisations: The activity will draw upon the core partners to the Regional Corporate Governance Round Tables together with international organisations such as the World Bank, United Nations Commission on International Trade Law (UNCITRAL), International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), ADB and the International Bank for Reconstruction and Development (IBRD).
- Website: www.oecd.org/daf/corporate-affairs
- E-mail contact: robert.zafft@oecd.org

5. Financial Governance

Expected outcome: *i)* Improved understanding of the role played by financial governance in market integrity; and *ii)* encouraging the adherence of institutional investors to international standards for governance, in particular the OECD guidelines for pension governance.

Description: The integrity of financial markets depends to a significant extent on the quality of governance practices within both financial and non-financial corporations. Major

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attention is being given to further reforms of the governance of financial institutions. Matters that need to be addressed include *i*) proper risk management techniques and their disclosure, compliance and accountability, *ii*) the rights and duties of fiduciaries, *iii*) fit and proper tests, and *iv*) the non-corporate (trust or contractual) nature of most of the institutional investors. This activity will develop a policy dialogue with non-members on the best way to strengthen financial governance in the global market place and to share work and guidelines developed in this field.

Events: International Conference on Financial Governance (2004).

- Activity No. I.C.5
- *Output area:* FINANCIAL REGULATION AND MARKET EFFICIENCY
- Lead Directorate: DAF/FIN
- Partnerships with other International Organisations: IOSCO, IAIS
- Website: www.oecd.org/daf/insurance-pensions
- E-mail contact: andre.laboul@oecd.org

6. Finance - Insurance against Terrorism

Expected outcome: Policy dialogue with non-members on issues related to the definition and coverage of terrorism risks, including major risks, and to promote recommendations developed by the OECD.

Description: This activity will provide for policy dialogue with non-members on three key issues: *i*) definition of terrorism risks; *ii*) coverage of terrorism risks and the assessment of the respective role of insurance and reinsurance industry, financial markets and the government; and *iii*) coverage of mega-terrorism risk. It will allow OECD countries to share with non-members the policy analysis and recommendations on terrorism insurance issues that will be delivered to OECD Ministers in 2004.

Events: Conference on terrorism risk insurance (2003 and 2004).

- Activity No. I.C.6
- *Output area:* FINANCIAL REGULATION AND MARKET EFFICIENCY
- Lead Directorate: DAF/FIN
- Website: www.oecd.org/daf/insurance-pensions
- E-mail contact: cecile.vignial@oecd.org

7. Finance - Private Pensions and Government Debt Management

Expected outcome: *i*) Promotion of the worldwide development of standards in private pensions through the International Network of Pensions Regulators and Supervisors (INPRS). *ii*) Promotion of the development of international best practices for debt management, through a multilateral debt management network for assistance to non-OECD countries, based in Rome.

Description: The activity will support the work conducted by the OECD and the International Network of Pensions Regulators and Supervisors (INPRS) in development of international standards for private pensions regulation. This unique work, which is supported by OECD Ministers, will build on “the 15 principles for the regulation of private pensions”. The assessment of the implementation of the principles will be

conducted worldwide by the World Bank and the International Monetary Fund. A global plenary meeting of OECD and INPRS countries (more than 65 members and non-members) will be held annually.

The work on debt management will be conducted through the multilateral debt management network and through joint OECD/World Bank Conferences, which will focus on policy issues related to both public and private fixed-income securities. This forum brings together debt managers and other officials responsible for fixed-income securities markets from all over the world.

- Events:* Annual International Conference on Private Pensions (2004).
 OECD/World Bank Annual Conference on Fixed-Income Securities (2003 and 2004).
 Meeting of the Multilateral Debt Management Network (2003 and 2004).
- Activity No. I.C.7
 - *Output area:* FINANCIAL REGULATION AND MARKET EFFICIENCY
 - Lead Directorate: DAF/FIN
 - Partnerships with other International Organisations: Association of Superintendents of Insurance of Latin America (ASSAL), Asociación Internacional de Organismos de Supervisión de Fondos de Pensiones (AIOS), World Bank, IMF
 - Website: www.oecd.org/daf/insurance-pensions
 - E-mail contacts: andre.laboul@oecd.org (Pensions) and hans.blommestein@oecd.org (Debt Management)

8. Regulatory Reform

Expected outcome: Support for the implementation by APEC and OECD members of the Regulatory Reform Principles agreed respectively in Auckland in 1999 and Paris in 1997.

Building on the experience and network developed in 2001–2002, to launch a Second Phase of the Co-operative Initiative focusing on the elaboration of an integrated checklist on regulatory reform.

Description: In 2000, APEC and OECD members agreed to co-operate through a joint programme on regulatory reform. The APEC-OECD Co-operative Initiative was endorsed at the APEC Ministerial Meeting on November 2000 in Brunei Darussalam. The launching conference was held in Singapore in February 2001, and three workshops were held in Beijing, China (Sept. 2001), Merida, Mexico (April 2002), and Jeju, Korea (Oct. 2002).

In terms of output, by 2005, the joint programme will present a Regulatory Checklist for self-assessment on regulatory, competition, and market openness policies to the respective Executive Bodies of APEC and OECD. The APEC-OECD Regulatory Checklist should promote the individual and collective implementation of the APEC and the OECD principles by building domestic capacities for quality regulation.

Events: The Second Phase of the Co-operative Initiative will be implemented through a series of four events:

In 2003: Vancouver, Canada (October) on regulatory policies and Paris (December) on competition policies.

In 2004: on market openness policies (second quarter) and a final conference in Thailand in the latter half of 2004.

GLOBAL FORUM ON GOVERNANCE

Publications: The proceedings of each event are published by the OECD Secretariat and distributed to all participants. They are also posted on the OECD website.

- Activity No. I.C.8
- *Output area:* **REGULATORY REFORM**
- Lead Directorate: GOV/REG
- Other participating Directorates: DAF, ECH
- Partnerships with other International Organisations: The programme is based on partnership between APEC and OECD, where each organisation funds the programme equally. The European Union, the World Bank, Regional Development Banks (*e.g.* Asian Development Bank), BIAC (Business and Industry Advisory Committee) and TUAC (Trade Union Advisory Body Committee) participate in the events.
- Website: www.oecd.org/regreform
- E-mail contact: cesar.cordova@oecd.org

9. Governance – Budgeting

Expected outcome: Strengthening governance of public expenditure by using the OECD's established networks and policy expertise in this area to promote policy dialogue and networks of officials in budgeting and related fields with the view to build professional collegiality, support good practice, and encourage peer review.

Description: This activity under the Global Forum on Governance involves the creation of interconnected networks with participation from the four regions where OECD has an outreach interest to disseminate best-practice, promote self-review and allow for more in-depth policy discussions.

The networks of budget directors and senior officials, coming both from non-member and OECD member countries would meet annually to address major budgeting and financial management issues in a collaborative setting. The OECD Secretariat will support the meetings with comparative data, policy analysis and meeting support and will promote cross-fertilisation amongst the networks. This is further strengthened by a *common resource pool* of contacts, comparative data, and papers accessible by members in support of their bilateral budgeting and financial management development assistance work, and by the OECD Development Assistance Committee.

Events: Meetings are planned, on the assumption that funding by voluntary contributions is forthcoming, in Asia and Latin America (first quarter 2003), Africa (mid-2004), Asia (late 2004), Latin America (early 2004) and Central or Eastern Europe, (second half 2004), together with an Asia Issue Symposium (planned for late-2004) and a South Eastern Europe Issue Symposium (mid-2004).

- Activity No. I.C.9
- *Output area:* **PUBLIC GOVERNANCE**
- Lead Directorate: GOV/BMD
- Other participating Directorates: DCD
- Partnerships with other International Organisations: World Bank – general partner, IMF – consulting partner, Regional development banks – consulting partners.
- Website: www.oecd.org/gov/budget
- E-mail contact: michael.ruffner@oecd.org

10. Statistics

Expected outcome: The objective is to enhance the quality and international comparability of economic and social statistics of the six largest non-OECD economies - Brazil, China, India, Indonesia, Russia and South Africa.

Description: Several of these countries suffer from a statistical credibility gap. Their statistics are sometimes believed to give a false picture of economic and social developments for the following three reasons: *i)* they do not fully cover informal or “underground” economic activities; *ii)* they may be using unreliable methodologies; and *iii)* their publication policies are sometimes influenced by political considerations. The Statistics Directorate can help remedy this situation in two ways: by showing them how to implement international statistical recommendations and by encouraging them to adopt “quality” standards as practised by OECD member countries.

The OECD handbook on the non-observed economy identifies best practices in collecting, editing and evaluating basic economic statistics to ensure that they provide the best possible coverage of the full range of economic activities in a country. The new international manual on producer price indices (PPIs) is another example for an international standard. A workshop for senior statisticians from the six countries will be held in 2003 and in 2004. The first workshop will review recommendations of the PPI Manual and show countries how to draw up realistic plans for better price measurement. The second workshop will review progress in implementation of the OECD handbook on the non-observed economy.

The quality standards adopted by OECD member countries deal with issues such as the transparency and accessibility of statistics as well as their overall reliability and usefulness for policy purposes. A conference for senior officials from the statistical offices of the six countries will be held in Paris in 2003 to review OECD quality standards and the extent to which they are, or could be, allied in the six countries.

In addition, the Secretariat intends to invite experts from the six countries to contribute to meetings of the High Level Group on Statistics and to other expert meetings on various statistical issues

Events: Workshops in September 2003 and September 2004 on the measurement of PPIs and on the non-observed economy.

A conference on *Quality in Statistics* to be held in November 2003.

Participation of experts in meetings of the high level group on statistics in June 2003 and June 2004.

Publications: Reports on the Workshops and Conference. English only. Not for sale.

- Activity No. I.C.10
- *Output area:* STATISTICAL RESEARCH, COLLECTION AND DISSEMINATION
- Lead Directorate: STD/Prices and Co-ordination of Outreach Activities Division (POD)
- Website: www.oecd.org/std/nm-countries
- E-mail contact: paul.schreyer@oecd.org

(See also Paris21 – page 210)

D. GLOBAL FORUM ON TAXATION

The Global Forum on Taxation provides the framework for tax policy makers and administrators to discuss the challenges facing countries in dealing with the implications of globalisation on taxation. The objective of the Forum is to encourage an on-going dialogue among tax officials in OECD countries and non-OECD economies, allowing for the development of models, standards and guidelines on international tax issues in the mutual interest of all parties.

The main topics for the Global Forum on Taxation coincide with the core work of the OECD's Committee on Fiscal Affairs, namely tax treaties and transfer pricing. Additionally, there have been growing demands for dialogue in other key areas, such as electronic commerce, harmful tax practices and exchange of information. In order to carry out the work, in 2003 the Forum will organise approximately 20 policy dialogue events to be held in Paris, at the OECD multilateral tax centres, and elsewhere. A similar number of meetings are envisaged in 2004.

A major new element of the Global Forum is the development of new partnerships with other Organisations working in the tax area. In 2003, the recently launched International Tax Dialogue, which is a joint initiative between the OECD, the World Bank and the International Monetary Fund (and possibly the United Nations), will become operational. The Committee of International Organisations on Tax Administration (CIOTA) became fully operational in 2003 and it is also a key partner in this Partnership. This new initiative will permit the development of tax programmes which explicitly take into account activities being carried out by the OECD's international partners. Such co-operation will improve programme co-ordination and result in more effective delivery of policy dialogue and advice.

1. Taxation

Expected outcome: Through policy dialogue, a closer association of participating non-OECD economies with the standards, guidelines, and best practices developed by the OECD's Committee on Fiscal Affairs (CFA).

Description: The Global Forum on Taxation provides the framework for policy dialogue on the OECD Model Tax Convention (globally recognised and used as the basis for approximately 1600 bilateral treaties); the Transfer Pricing Guidelines (increasingly used as the starting point for their domestic transfer pricing legislation by non-OECD economies) and other OECD initiatives in taxation such as the Ministerial Mandates in respect of the Ottawa Framework Conditions on the Taxation of Electronic Commerce and on the Harmful Tax Practices project. In 2003 and 2004 it will hold annual meetings to update countries on key developments in the tax treaty and transfer pricing fields. These events will be held in Paris and bring together around 80 OECD members and non-members. The Forum also promotes in-depth policy dialogue from a global perspective at the OECD's multilateral tax centres in Ankara, Budapest, Chonan and Vienna. These meetings (of which 24 per year are scheduled for 2003 and 2004) relate to discussions of core OECD issues in international taxation. They are held in the tax centres, and are attended especially by participants within reasonable geographical range of the centre. Russia, China and South Africa have also been invited to all events scheduled for 2003 and 2004. These meetings benefit non-OECD participants by involving them in the dialogue on emerging tax issues which they

can apply domestically to provide a clearer framework for attracting foreign direct investment and protecting their domestic tax bases.

Events:

Activities for 2004 include

- Forum on Tax Treaties and Transfer Pricing, Paris, September 2004
- Transfer Pricing Guidelines, Chonan, 2-6 February 2004
- International Tax Avoidance and Evasion, Ankara, 23-27 February 2004
- Tax Incentives, Vienna, 1-5 March 2004
- Tax Treaties, Chonan, 8-12 March 2004
- Taxation of Electronic Commerce, Ankara, 15-19 March 2004
- Indirect Methods of Taxation (in French), Ankara, 5-9 April 2004
- A Tax Inspectors Meeting (TIM) on International Co-operation to counteract Tax Avoidance and Evasion, hosted by New Zealand in Auckland, on 21-23 April 2004. (TIMs are periodically organised by the OECD. This is the first TIM where Tax Inspectors of a number of non-members, in particular from the Asia Pacific region are invited to attend as well as their counterparts from OECD member countries.)
- Tax Modelling, Vienna, 19-23 April 2004
- Property Taxation, Ankara, 10-14 May 2004
- Taxation of Electronic Commerce, Chonan, 10-14 May 2004
- International Tax Avoidance and Evasion, Budapest, 24-28 May 2004
- Auditing Multinational Enterprises, Ankara, 31 May-4 June 2004
- Transfer Pricing Guidelines, Budapest, 7-11 June 2004
- Tax Treaties, Vienna, 14-18 June 2004
- Taxation on Financial Instruments, Ankara, 6-10 September 2004
- Taxation of Electronic Commerce, Vienna, 13-17 September 2004
- Strategies for Dealing with Cash Economy, 4-8 October 2004
- Auditing Multinational Enterprises, Chonan, 11-15 October 2004
- International Tax Avoidance and Evasion, Chonan, 1-5 November 2004
- Income Tax Workshop, 1-5 November 2004

GLOBAL FORUM ON TAXATION

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- Auditing Multinational Enterprises, Vienna, 8-12 November 2004
 - Bribery Awareness, Ankara, 22-26 November 2004
 - Strategies for Dealing with Cash Economy, Ankara, 29 November-2 December 2004
 - Taxation on Financial Instruments (in association with IOTA), Budapest, 5-9 December 2004
- Activity No. I.D.1
 - *Output area: TAX POLICIES AND INTERNATIONAL STANDARDS*
 - Lead Directorate: CTPA
 - Partnerships with other International Organisations: The transfer pricing event in Vienna will take place in conjunction with IOTA (Inter-European Organisation of Tax Administrations)
 - Website: www.oecd.org/daf/ctpa
 - E-mail contacts: richard.parry@oecd.org and daria.ostapchuk@oecd.org

2. Taxation - Tax Partnerships

Expected outcome: Co-operation with other organisations concerned with international taxation in 2003-2004 to exchange information on technical assistance programmes and to share experience on good practices in tax policy and administration to the benefit of developing and developed countries.

Description: This activity builds on developments in 2002 and in particular the creation of CIOTA (the Committee of International Tax Organisations on Tax Administration) and the International Tax Dialogue (ITD). The ITD is a partnership between the IMF, World Bank and the OECD. CIOTA is a partnership between the OECD and the African Association of Tax Administrators (AATA), the Caribbean Association of Tax Administrators (COTA), the Centre de Rencontres et d'Etudes des Dirigeants des Administrations Fiscales (CREDAF), the Commonwealth Association of Tax Administrators (CATA), the Inter-American Centre of Tax Administrations (CIAT), the Intra-European Organisation of Tax Administrations (IOTA) and the Study Group on Asian Tax Administration and Research (SGATAR). In addition, the OECD has a partnership with the World Bank, on co-operation in respect of taxation, and a number of specific partnerships with regional tax organisations such as IOTA and CIAT. CIOTA provides a forum for the co-operation, co-ordination and exchange of experience, knowledge, activities and good practices in tax administration that can be drawn upon as desired by governments. The ITD aims to facilitate co-operation on tax matters (primarily focusing on tax policy) through a dialogue between governments which are members of these organisations and the organisations themselves. The ITD adds value by serving as a forum for exchange of information, good practices and the collection and sharing of information on bilateral and multilateral technical assistance thus avoiding duplication for the benefit of donor and recipient countries. The ITD will function primarily through the operation of dedicated segments of the ITDweb that will be fully developed with a secure site for inter-government communication in 2003.

Events: The ITD will hold a Global Conference in October 2004 bringing together developing and developed countries, with a special emphasis on the needs of the

former. This will be held on value-added taxation (VAT) and will take place in Russia.

- Activity No. I.D.2
- *Output area: TAX POLICIES AND INTERNATIONAL STANDARDS*
- Lead Directorate: CTPA
- Partnerships with other International Organisations: Partnerships with the organisations participating in the International Tax Dialogue.
- Website: www.oecd.org/daf/ctp
- E-mail contacts: richard.parry@oecd.org and daria.ostapchuk@oecd.org

E. GLOBAL FORUM ON TRADE

The objective of this Global Forum is to promote dialogue among members and non-members in support of trade liberalisation and closely related issues. Currently this dialogue is concentrated on the Doha Development Agenda. The main meeting in 2002 dealt with perspectives for the so-called “Singapore issues” (investment, competition, government procurement and trade facilitation), taking into account multilateral rule-making, regional approaches, capacity building and other aspects.

Experience from this and earlier Global Forum meetings on trade indicates that these events can be helpful in promoting mutual understanding of the concerns expressed by various parties and in expanding the areas of agreement. Trade and investment liberalisation pose challenges for non-members and members alike. Analysis of issues in “difficult” areas, such as services and agriculture, will help considerably to relieve the pressure on governments willing to participate in the process. The OECD plays a useful bridge-building role by producing the results of its analysis on these issues and discussing them with non-members in the framework of the Global Forum, thus advancing the process of multilateral trade liberalisation.

The challenge for the strategic management of this Global Forum lies in keeping the OECD within the limits of its comparative advantage. The demands from non-members, especially developing countries, tend to include areas where other organisations have more resources and experience than OECD (such as capacity building on trade policy), so these have to be kept out of the agenda. The 2003-04 Global Forum agenda will therefore concentrate on two of the above-mentioned issues: investment and competition.

Work on these subjects involves the core competencies of several Global Forums and hence will require careful co-ordination and monitoring. Horizontal activities of the Global Forum on Trade with other Forums are therefore envisaged, notably with those on Competition and International Investment. In view of the development dimensions of trade issues, an area also dealt with under the Global Forum on Agriculture, there will also be close co-ordination between the Trade and Agriculture Forums. Work will be developed in partnership with international organisations (including WTO, World Bank, UNCTAD, and possibly APEC).

1. Trade Policy in the Doha Development Agenda

Expected outcome: The objectives of the project are to:

- Provide a forum for structured dialogue whereby OECD members and non-members exchange lessons from their experience with particular relevance to market access issues under the Doha Development Agenda (DDA). Such lessons may, for example, be drawn from trade-related aspects of key issues in the domestic context or, as appropriate, from recent regional or multilateral negotiations or from implementation of resulting agreements.
- Raise awareness of tools and materials produced by the OECD and other international organisations that may be of use to countries seeking to address trade issues. Examples of such tools and materials might include the OECD Query and Reporting System: Tariffs and Trade (CD-ROM), An OECD Tool Kit for Trade Policy Makers, Responding to the Doha Development Agenda (CD-ROM), An OECD Tool Kit for Trade Policy Makers II: The Market Access Challenge in the Doha Development Agenda (CD-ROM);

environmental impact assessment methodologies, and publications such as *Open Services Markets Matter* or *The Development Dimensions of Trade*.

Description:

This activity will build on the success of the Global Forum on Trade events (*e.g.* the Global Forum on Trade meeting on the Development Dimensions of the Singapore Issues held in June 2002 in Hong Kong, China, or that on Environmental Requirements and Market Access: Addressing Developing-Country Concerns, held in November 2002 in New Delhi, India) and the services experts meetings organised by the Trade Directorate. These have fruitfully engaged non-member representatives in exchanges concerning a variety of trade topics.

Two Global Forum events are planned for 2003. These will involve the organisation of outreach events at the OECD or in Geneva on themes of top priority for developing countries in the context of the Doha Ministerial Declaration. The exact topics will be set in consultation with the various stakeholders, but may draw on OECD work in such areas as: market access in both goods and services; the costs and benefits of trade facilitation for developing and transition economies; special and differential treatment; transparency in government procurement; export credits and development; intellectual property rights; or implementation issues.

A systematic evaluation will be built into this Global Forum on Trade activity based on: *i*) a survey of participants, *ii*) a comparison of the workshop content with the stated objectives, and *iii*) a review of participation (*e.g.* numbers, geographic distribution, institutions represented).

A joint Global Forum on Trade and Competition, scheduled for 15-16 May 2003, will focus on the relevant trade and competition issues from the Doha Development Agenda: “core principles”, hard-core cartels, voluntary co-operation, peer review, flexibility/special and differential treatment and capacity building.

The Global Forum meetings and services expert meetings will feed into regional outreach and dialogue. These will involve the organisation of outreach conferences and seminars, targeting themes of particular interest to participants in light of the work programme from the Doha Ministerial Declaration. These events will be prepared in consultation with the host countries, international organisations, and other stakeholders, in order to ensure appropriate targeting. The events are intended to benefit participants through improved mutual understanding with respect to Doha Development Agenda issues (*i.e.* as a consequence of structured dialogue) and enhancement of their knowledge base (*e.g.* through increased awareness of OECD tools and analytical materials).

Events:

A Global Forum on Trade to be held on 5-6 June 2003 on market access issues. A Joint Global Forum on Trade and Competition to be held on 15-16 May 2003.

In addition, other events will be organised at the regional level. These will include an International Conference on Trade and Investment, scheduled for 14-16 April 2003 in Dakar, Senegal; and a regional workshop on Promoting Merchandise Trade: Tariffs, Services and Trade-Related Capacity Building, scheduled for 4-5 December 2003 in Nairobi, Kenya.

Publications:

Trade & Competition: A specially prepared brochure of material relevant to the DDA provisions on trade and competition, produced for the OECD Joint Group on Trade and Competition

- Activity No. I.E.1
- *Output area: ADVOCACY OF FREER TRADE*
- Lead Directorate: ECH/TPD
- Other participating Directorates: DCD, DEV, SWAC, AGR, DAF
- Partnerships with other International Organisations: WTO, UNCTAD, and the World Bank contribute subject area expertise and analysis.
- Website: www.oecd.org/ech
- E-mail contact: ech.contact@oecd.org

(See also activities of the Development Centre, pages 213 to 216).

2. Export Credits

Expected outcome: Information and guidance to non-members on the various disciplines applicable in the field of officially supported export credits and on members' experience in implementing such disciplines. Increased non-members' awareness, knowledge of and, as appropriate, adherence to such disciplines, against the background of wider WTO discussions on export credits.

Description: The OECD is committed to providing information to non-members, at their request, on applicable disciplines on export credits, including guidance on interpretation and members' practice. Such disciplines, adopted among OECD members, are more and more considered by non-members as benchmarks or informal guidelines. Moreover, under WTO legislation, any WTO member may apply the disciplines of the Arrangement on export credits with a view to exempting its export credits schemes from WTO prohibitions on export subsidies. In this context, it is crucial that the provisions of the Arrangement be easily explained upon request to any non-Participant, through various means (on-site visits, informal bilateral or plurilateral consultations, technical workshops, participation in other international meetings on these issues...). Last but not least, such information and "outreach" activity fits into the perspective of the Doha Development Agenda, which focuses primarily on the more efficient insertion of developing countries into the multilateral trading system.

Events: The OECD Secretariat has traditionally attended international meetings outside the OECD and organised other events with non-members. Such active participation should continue, in the following form:

At the OECD:

Annual consultation – generally in the second quarter – with non-member key players in the export credit business, either as recipients or, more recently, as providers of export credits. For 2003-2004, this activity may include holding a more educational workshop dedicated to export credits issues, depending on the state of play in the WTO negotiations in Geneva.

Outside the OECD:

Participation in the bi-annual meetings of the International Union of Credit and Investment Insurers dedicated to emerging economies, as well as plenary or more technically oriented meetings. There may be extra meetings to attend on export credits and more WTO-related legal issues, for which the Secretariat's acknowledged experience and expertise will be sought.

- Participation in selected WTO meetings, whether in formal bodies when export credits issues are addressed, or in informal educational seminars.
 - Bilateral on-site visits to non-members with a specific interest in the disciplines of the Arrangement on Export Credits (future participants, key players in export credit business). In the past, such road shows have been an excellent opportunity to explain the disciplines to a wide audience – not only trade and export credit officials, but also business circles and local NGOs.
- Activity No. I.E.2
 - *Output area:* ARRANGEMENT ON EXPORT CREDITS
 - Lead Directorate: ECH/ECD
 - Website: www.oecd.org/ech/xcred
 - E-mail contact: ech.contact@oecd.org

3. Maritime Transport

Expected outcome: Enhanced dialogue between OECD members and non-member economies on maritime transport matters, to enhance their knowledge base, and to promote OECD principles and objectives.

Engage non-members in discussions on liberalisation (including negotiations at the WTO), maritime security, sub-standard shipping, and developments in maritime policy.

Description: The Maritime Transport Committee (MTC) has a long history of engaging non-member economies in dialogue on maritime transport matters. The committee has seen such interaction as an important means of engaging non-members so that the MTC could stay abreast of developments outside of the OECD family, as well as enabling the committee to promote the OECD's activities and values.

The committee has held a number of workshops since the early 1990s with the NIS/CEECs and Russia, with the DNMEs, and with China. More recently it has made strong efforts to expand its dialogue further, and has moved to include India, South Africa, Egypt, and Israel in those discussions. The committee now has regular contacts with 23 non-OECD economies.

The committee has focused on efforts to liberalise the maritime market, and to ensure that adequate levels of safety, environmental protection, and security are observed by major maritime economies outside the OECD. The committee entered into Understandings on Maritime Principles with Russia and Central and Eastern European (1993), as well as Asian and Latin American (1999), non-members. These understandings are based on the MTC's common principles of shipping policies, which are a recommendation of the Council, most recently updated in 2000.

Events: Major workshop on Maritime Policy, involving all of the MTC's non-OECD partners, will be held in Paris in January 2003.

- Activity No. I.E.3
- *Output area:* MARITIME TRANSPORT
- Lead Directorate: STI/DOT
- Website: www.oecd.org/sti/maritime-transport
- E-mail contact: danny.scorpecci@oecd.org

4. Shipbuilding

Expected outcome: Active engagement of non-OECD economies with substantial shipbuilding capacity in efforts to bring normal competitive conditions to the world shipbuilding industry. The specific means of achieving this objective is to ensure their active participation in the Special Negotiating Group (SNG) established by the OECD Council to prepare a new shipbuilding agreement to be completed by the end of 2005.

The OECD Council has also decided that non-OECD economies should participate in these negotiations on an equal footing with OECD members.

Description: The OECD Council Working Party on Shipbuilding (Working Party 6) has held a number of workshops on shipbuilding policies involving major non-OECD shipbuilding countries, particularly China. The purpose of these workshops has been to expose both OECD and non-OECD participants to the benefits of increasing transparency in the industry, and to work towards a more competitive global industry. Most non-members have endorsed the desirability of these principles being put into force.

The establishment of the SNG will enable formal negotiations to begin on a new shipbuilding agreement to level the shipbuilding playing field, and the participation of non-members (especially China) is crucial to the success of these negotiations. All of the WP's non-OECD partners have expressed strong interest in participating in the negotiations, and it is expected that most will participate actively.

Events: The first meeting of the SNG was held in December 2002, with subsequent meeting scheduled for March, June and December 2003. Further meetings will be scheduled by the SNG as necessary, in order to meet its deadline of the end of 2005.

- Activity No. I.E.4
- *Output area:* SHIPBUILDING
- Lead Directorate: STI/DOT
- Other participating Directorates: SGE/LEG
- Website: www.oecd.org/sti/shipbuilding
- E-mail contact: danny.scorpecci@oecd.org

5. Innovation in the Tourism Industry and Economic Growth

Expected outcome: Promotion of innovation and co-operation in the tourism trade in support of structural changes, increased competitiveness and promotion of growth of the tourism sector.

To facilitate non-member participation in tourism policy discussions with OECD members focusing on innovation and co-operation issues and to analyse related policies.

Description: In many traditional tourism countries, there is a need to revitalise and rejuvenate the tourism sector in response to international competition.

This activity will address innovation and co-operation issues and their effects on structural changes in the tourism industry, and analyse what business and policy initiatives are required to renew thinking and promote changes in the area of product development, marketing, human resources, knowledge, quality and

organisational structures. Co-operation and alliances are vital for creating innovation, given the dominance of small enterprises in tourism.

Tourism industry representatives and governments from OECD countries and selected non-OECD economies (Argentina, Brazil, Bulgaria, China, Egypt, India, Indonesia, Israel, Malaysia, Malta, Morocco, Russia, South Africa and Thailand) will have the opportunity to exchange views on these issues.

Events: Conference on “Innovation and Growth”, Lugano, September 2003.

Publications: The main outcome of the project, the key findings of the Conference (2003), and work on best practices (2004) will be made available.

- Activity No. I.E.5
- *Output area:* TOURISM
- Lead Directorate: STI/DOT
- Website: www.oecd.org/sti/tourism
- E-mail contact: alain.dupeyras@oecd.org

6. High-level Meetings on Steel Issues

Expected outcome: By addressing market-distorting government measures and industry practices in steel, the OECD will provide the international platform for a steel policy dialogue, including major non-member steel-producing economies, and, more specifically, will be the venue for:

- the negotiation of a steel subsidy agreement;
- the monitoring of capacity and restructuring developments;
- the preparation of steel market outlook analysis.

Description: With market conditions weakening and trade tensions increasing, government intervention in steel has been significant and this intervention has hampered the efficient functioning of the market. In order to address this issue, the OECD convened high-level meetings on steel in September and December 2001, which brought together senior government policy makers from all major steel-producing areas in both member and non-member economies. The primary purpose of the meeting was to address the facilitation of market-driven closures of inefficient facilities worldwide.

Study groups were established *i)* to assess steel capacity and restructuring developments worldwide, and *ii)* to discuss concepts and explore an analytical framework for disciplines on government interventions in steel and three further high-level meetings were held in February, April and December 2002.

Officials from member and non-member economies will meet again in 2003 and 2004 to pursue this dialogue.

Events: High-level meetings on steel issues in 2003 and 2004.

- Activity No. I.E.6
- *Output area:* STEEL
- Lead Directorate: STI/DOT
- Website: www.oecd.org/sti/steel
- E-mail contacts: wolfgang.hubner@oecd.org and udo.pretschker@oecd.org

F. GLOBAL FORUM ON INTERNATIONAL INVESTMENT

The OECD Global Forum on International Investment (GFII) serves as an open and inclusive forum for dialogue on emerging issues among the international investment policy community and other main stakeholders. The Forum aims to respond to the calls made by the Doha Development Agenda, the Monterrey Summit, the OECD 2002 Ministerial Meeting and the Johannesburg WSSD, all of which have underscored the key role of international investment as a powerful engine to bring enhanced financing, export capacity, growth and employment. Work on the new OECD Strategy on Investment for Development will also be carried out under the aegis of this Forum.

Given the importance of international investment, it is a point of concern that a considerable number of non-members were left behind in the global investment surge in the 1990s. Many of them have made real efforts to improve both the conditions they offer to investors and their own capacity to absorb direct investment in a way that reaps domestic benefits. This Global Forum will continue to address the question of how foreign direct investment can most effectively contribute to economic development and help build consensus on the policies required. Good governance and adherence to internationally recognised principles are crucial prerequisites for well functioning markets and, hence, for efficient and sustainable allocation of investment capital.

Such principles are embodied, *inter alia*, in the OECD Declaration on International Investment and Multinational Enterprises. A growing number of non-members has adhered to the Declaration, or expressed interest in doing so. Adherents to the Declaration have made political commitments to *i*) transparency; *ii*) to treat foreign investment equally to domestic investment; *iii*) to promote corporate responsibility, including multinational enterprises' contributions to local economic development; and *iv*) to avoid negative effects on other adherents from conflicting requirements, or from investment incentives and disincentives. This Global Forum aims to encourage non-members to adopt these principles and benefit from the developing country perspective on OECD work on international investment policies, through OECD's peer review and other capacity building approaches.

1. International Investment

- Expected outcome:*
- i*) Closer association of non-members with OECD's policy analysis and dialogue on key investment issues
 - ii*) greater relevance of OECD work through inputs and feedback from non-members, particularly on the newly launched OECD "Strategy on Investment for Development"
 - iii*) development of a global network of investment policy makers from governments, business, civil society and other international/regional organisations
 - iv*) consensus-building on open and balanced policies for foreign direct investment, and
 - v*) broader non-member adherence to the OECD Declaration on International Investment and Multinational Enterprises.

Description: The OECD Global Forum on International Investment (GFII) provides an open platform to exchange ideas, best practices, discuss investment issues and policy

challenges among key international stakeholders, and explore new ways of approaching the challenges and opportunities created by investment. The OECD comprises the world's principal exporters of foreign direct investment (FDI), and its investment community has some 40 years of experience with instruments of liberalisation and co-operation. The varied experiences and perspectives of non-members, and dialogue among governments, business, trade unions and civil society enhance the relevance and substance of OECD investment work.

Events held under the auspices of the GFII respond to calls made at important international events (such as Doha, Monterrey, Johannesburg and OECD Ministerial Meetings). They draw on analytical and policy development work undertaken in the relevant OECD Committees, as well as co-operation with key investment actors. They bring together senior government officials from OECD and non-OECD economies in charge of investment policy, promotion, finance and development issues, as well as representatives from multilateral and regional institutions, business, labour, academia, media, and civil society organisations.

The GFII conference in South Africa on 17-18 November 2003 resulted in the Johannesburg Statement on the "Main Building Blocks of Modern Governance and Transparency for Investment".

A new OECD Strategy on Investment for Development has just been launched with the aim of providing a framework for capacity building and shared learning for members and non-members alike.

The GFII annual events are sometimes held back-to-back with regionally focused activities back with its annual conferences, such as the exploratory meeting with senior Asian investment officials in December 2002 in Shanghai, the OECD-Africa Investment Round Table in 2003 in Johannesburg, which has resulted in a joint OECD-NEPAD Africa Investment Action Plan, and a workshop on sustainable development, environment and MNE Guidelines in Johannesburg.

India has announced its intention to host the next GFII in New Delhi in the autumn of 2004 on current investment themes. The GFII will also look into the trade and investment linkage issues in relation to the Doha Development Agenda during 2004.

In addition, a joint OECD-APEC Seminar of Investment Experts will be held in May/June 2004 in Chile under the aegis of the GFII. The overall seminar theme is tentatively identified as "The principles of good investment policy: Lessons learned from APEC and OECD experiences and working methods".

Events:

Joint OECD-APEC Seminar of experts on investment policy, May/June 2004

Annual Global Forum on International Investment Conference, May/June 2004

Annual Global Forum on International Investment Conference, India, October/November 2004.

Publications:

Attracting Foreign Direct Investment for Development, selected papers from the Global Forum on International Investment Shanghai conference (for sale).

GLOBAL FORUM ON INTERNATIONAL INVESTMENT

Publication of selected papers from the Global Forum on International Investment November 2003 on Modern Governance and Transparency for Investment; the GFII 2004 in New Delhi, and the outputs from the regional initiatives (for sale).

- Activity No. I.F.1
- *Output area: FOREIGN DIRECT INVESTMENT AND MNEs*
- Lead Directorate: DAF/CMIS
- Other participating Directorates: Other DAF divisions, DCD, Development Centre, ENV, ECH
- Partnerships with other International Organisations: Efforts are made to engage UNCTAD, UNDP, World Association of Investment Promotion Agencies (WAIPA), World Bank Group, IMF, as well as regional multilateral organisations such as ASEAN, ADB, NEPAD, BSEC in GFII activities. They usually provide speakers, participants and papers. The intention is to co-organise joint activities where possible. The OECD is the senior partner. BIAC and TUAC take part in all GFII activities and provide substantial inputs representing business and trade union priorities.
- Website: www.oecd.org/daf/investment
- E-mail contact: mehmet.ogutcu@oecd.org

2. Environmental Components of the OECD Guidelines for Multinational Enterprises

Expected outcome: Raised awareness and enhanced partnerships for the OECD Guidelines for Multinational Enterprises (MNE Guidelines) in relation to environment, by business community, governments and other interested organisations.

Description: The MNE Guidelines are a voluntary code of responsible business addressed to multinational enterprises by the thirty OECD and seven non-member governments, supported by dedicated follow-up institutions at national level and oversight by the Committee on International Investment and Multinational Enterprises (CIME). The use of the Guidelines is expanding since their 2000 Review. The Guidelines institutions strive to raise the awareness of the Guidelines in the stakeholder community further. The 2002 conference focusing on the mining sector, held under the auspices of the Global Forum on International Investment, recommended that new efforts be made to improve understanding of the MNE Guidelines in relation to environment.

The Committee on Investment and Multinational Enterprises (CIME) and the Environmental Policy Committee (EPOC) will co-operate to manage the project in this area, including approving draft documentation for broader circulation and modalities of related events (directly and via the relevant working parties), supported within the Secretariat by ENV and DAF. The project will consist of analytical work on corporate environmental responsibility efforts and on discussions on how the Guidelines can best assist these efforts. Events (see below) under the joint auspices of the Global Forums on International Investment and Sustainable Development will assist in generating consolidation of resource information.

- Events:*
- i) One-Year-After-World Summit on Sustainable Development event to be held in conjunction with the 2003 Annual Conference of the GFII to be held in South Africa in Autumn. This side event would be an opportunity to promote the Guidelines and partnerships in the field of environment alongside with other global instruments for corporate responsibility, business and other interested stakeholders;
 - ii) An expert Round Table in 2004, drawing together multiple stakeholders, to be organised in conjunction with the annual meeting of the National

Contact Points for the Guidelines. The draft report on the analytical work mentioned above will serve as a basis for the discussion.

Publications: The proceedings of these events, together with the final report on the analytical work as approved by the Committees, will be published.

- Activity No. I.F.2
- *Output area:* SUSTAINABLE DEVELOPMENT: DECOUPLING ENVIRONMENTAL PRESSURES FROM ECONOMIC GROWTH
- Lead Directorate: ENV/NMC, DAF/CMIS in co-operation with ENV/GSP
- Website: www.oecd.org/daf/investment/guidelines
- E-mail contact : ENV peter.borkey@oecd.org and DAF hans.christiansen@oecd.org

3. Small and Medium-Sized Enterprises (SMEs) and Entrepreneurship

Expected outcome: Closer association and interaction with non-members in the framework of the Bologna Process activities with a view to:

- i) Developing recommendations and guidelines on improving the design, implementation and evaluation of small and medium-sized enterprise (SME) policies;
- ii) Fostering a vibrant SME sector for development; and,
- iii) Helping non-members develop SME statistics and indicators.

Description: Following the 2000 OECD Bologna Ministerial the OECD has been firmly committed to developing the Bologna Process, *i.e.* contributing to the implementation of the “Bologna Charter on SME Policies” in member and non-member economies.

In this context, activities carried out by the Working Party on SMEs and Entrepreneurship, in co-operation with other OECD bodies, address some of the key issues for SMEs in an increasingly global economy. These include: promoting entrepreneurship, including micro-enterprises and women’s entrepreneurship; fostering SMEs’ access to innovation and technology through access to financing, and through clusters, networks and partnerships; promoting ICTs and electronic commerce adoption by SMEs; promoting SMEs for development; improving SME-related statistics; and the evaluation of SME policies and programmes

As part of the “Future Actions” set out in the Bologna Charter, a second Ministerial Conference is being planned in Istanbul, Turkey, in 2004 (“Bologna+4”). It would include a larger number of non-member economies, international and national organisations, and NGOs. The Bologna Process and the planned second Ministerial Conference in 2004 will further deepen and improve the high-level dialogue on SME policies among policy makers, the business community, and national and international organisations and institutions.

In particular, the international agenda calls for high priority to be given to development issues with regard to SMEs. This activity will have a particular focus on SME trade capacity building and maximising the benefits of foreign direct investment.

Events:

- Workshop on SME Statistics, OECD Headquarters, 17-19 September 2003

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- Workshop in Entrepreneurship in a Global Economy, Budapest, Hungary, 8-10 September 2003
 - The second OECD Ministerial Conference on Promoting Entrepreneurship and Innovative SMEs in a Global Economy, to be held in Istanbul, Turkey, in June 2004 (“Bologna +4”).

Publications:

- The 2002 OECD SME Outlook
 - Management Training in SMEs
 - High-Growth SMEs and Employment
 - The Ministerial Declaration and Conference Proceedings of the Istanbul Ministerial Conference to take place in June 2004.
- Activity No. : I.F.3
 - *Output area: INDUSTRY AND ENTERPRISE*
 - Lead Directorate: STI/IND (SME Unit)
 - Other participating Directorates: ELS/LEED; DAF; DCD; GOV; STD; Development Centre; Sahel and West Africa Club
 - Partnerships with other International Organisations and NGOs: UNCTAD, UNIDO, IADB, WIPO, APEC SME Working Group, The World Bank and The World Association of SMEs (WASME).
 - The French (and International) women entrepreneurs’ *Association DIRIGEANTES* organised the NETWORKING 2002 Forum, the second of a series in the framework of the Bologna Process to illustrate the recommendations of the 2nd OECD Conference on “Women Entrepreneurs in SMEs” (November 2000), and in the spirit of a public/private partnership. NETWORKING 2002 was held, under the patronage of the OECD, on 10-12 December 2002 at UNESCO in Paris, in conjunction with the 19th session of the OECD Working Party on SMEs and Entrepreneurship (9-10 December). The Working Party Delegates and the OECD Secretariat participated in the Forum. The *Association DIRIGEANTES* envisages continuing the series of “NETWORKING” Fora and to hold a “NETWORKING 2004” back-to-back with the proposed 2004 Istanbul Ministerial Conference.
 - Website: www.oecd.org/sti/smes
 - E-mail contacts: paul.atkinson@oecd.org, marie-florence.estimate@oecd.org, and mehmet.ogutcu@oecd.org

G. GLOBAL FORUM ON AGRICULTURE

The objective of this Global Forum is to promote dialogue among members and non-members on agricultural policies and agricultural trade reform. Whereas the OECD has made considerable efforts to reduce trade distortions caused by OECD members' domestic agricultural policies, current work also addresses the effect of multilateral trade liberalisation on domestic agricultural policies in non-member economies. One of the key concerns of non-members contemplating the possible consequences of trade opening is whether trade liberalisation as envisaged in the Doha Development Agenda might have an adverse impact on poverty.

The OECD's basic collection of policy data provides a springboard for understanding the impacts of existing agricultural support policies in non-member countries, of their reform, and for analysing how those changes feed through to different groups in society. A number of the OECD's analytical approaches are directly applicable for developing countries; in other areas OECD will need to co-operate with other organisations; and in some areas the OECD will have to defer to relevant expertise elsewhere.

The OECD's analysis can also provide information relevant to the specific proposals for trade reform. Finally, the Global Forum can raise awareness among OECD members of non-members' concerns and, amongst non-members, of the constraints faced by members in pursuing their policy reform efforts. This could result in a fruitful dialogue among member countries on the issue of reforms in OECD countries.

1. Agriculture – Agricultural Policy Reviews of Brazil, China, India and South Africa

Expected outcome: Support to the Doha Development Agenda process and its follow-up through economic analysis that helps policy makers understand the level of support, composition and effects of agricultural policies. This review will provide an up-to-date analysis of agricultural policies with a set of policy conclusions and recommendations developed and agreed jointly by the participating countries, the OECD and Consortium participants.

Description: The PSE conceptual framework would be the essential area of commonality across each of the four country reviews, but flexibility will be maintained to ensure examination of the issues deemed important by the countries under review, donor agencies and Consortium partners.

The peer review involves an in-depth examination and dialogue with OECD member countries, led by nominated country reviewers. Member countries consider such reviews essential in maintaining the transparency and comparability of PSE calculation. The process also helps ensure that the results are integrated into national policy analysis and decision-making, an important element of capacity building.

Once PSE/CSE estimates are calculated, the intention would be to update these estimates on a regular basis through a regular monitoring process within the OECD.

Events: In mid-2005, a high-level (perhaps Ministerial) peer review of farm policies in these countries, relative to policies in place across the OECD

Publications: To be determined but four separate country reports are anticipated and a possible synthesis paper for discussion at the high level meeting

- Activity No. I.G.1
- *Output area:* AGRICULTURAL POLICY REFORM
- Lead Directorate: AGR/NME
- Partnerships with other International Organisations: Consortium members: The World Bank, FAO, IFPRI
- Website: www.oecd.org/agr/ete
- E-mail contact: wayne.jones@oecd.org

2. Agriculture – Doha Development Agenda

Expected outcome: Analysis and policy dialogue on the Impact of Agricultural Trade Liberalisation on Developing Countries (2003), and on Developing Country Agricultural Adjustment Pressures and Impacts at the Household Level (2004).

Descriptions: The OECD Council has identified further work in support of the Doha Development Agenda as a priority for 2003-2004 and has accordingly allocated additional resources from the central priorities fund. This project (which will draw on extensive and well-suited data available in Brazil) is one element of that initiative, and complements a wide range of other activities underway in the Committees for Agriculture and Trade.

The aim is to examine, in more detail than so far available, the effects of global agricultural trade reform on developing countries and on households within those countries. Through economic research and policy dialogue, the implications of reform for structural adjustment, development, and poverty adjustment will be clarified. The expected results should enable developing countries to identify, with more precision, the distribution of the benefits and the costs of liberalisation across types of households, and thereby to manage more effectively the transition from highly distorted to more open markets. Further, such an understanding contributes to maintaining widespread commitment to the progressive liberalisation of agricultural markets.

Events: Global Forum for Agriculture (December 2003 and June 2004) and to on-going discussions at the Committee for Agriculture and the Joint Working Party on Agriculture and Trade.

Publications: To be determined.

- Activity No. I.G.2
- *Output area:* AGRICULTURE AND TRADE
- Lead Directorate: AGR
- Other participating Directorates: ECH
- Partnerships with other International Organisations: Co-operation being explored.
- Website: www.oecd.org/ech and www.oecd.org/agr
- E-mail contact: jonathan.brooks@oecd.org

3. Agriculture – Assessing the Impacts of Agricultural and Trade Policies in West Africa: a Joint Initiative by the Sahel and West Africa Club (SWAC) and AGR/NME

Expected outcome: Presentation of a draft consolidated report, including options for further work, for discussion by the SWAC Strategy and Policy Group (November 2003) and the CCNM Global Forum on Agriculture (December 2003), within the context of enhancing dialogue between OECD countries and countries in West Africa.

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Subject to developments in the SWAC and AGR work programmes, and the availability of funding, a second phase of the project may be launched. This phase would examine the effects of specific country policies at the regional and household level in selected sub-sectors in West Africa.

Descriptions: To assess data and methodological issues related to agriculture and trade policy analysis in West Africa with a special focus on the complex linkages between regional, country and household levels, taking into account the wide diversity of farming systems in West African agriculture.

AGR/NME - A review and assessment of the current literature on the impacts of developed country policies on key commodity sub-sectors in West Africa.

SWAC - Regional consultants will undertake a feasibility study of the specific data and methodological issues pertinent to assessing disaggregated policy impacts in West Africa (Burkina Faso, Mali, Ghana), with a special focus on the complex linkages between regional, country and household levels, taking into account the wide diversity of farming systems in West African agriculture.

Events: The study will contribute to the December 2003 Global Forum on Agriculture and to on-going discussions at the Committee for Agriculture and the Joint Working Party on Agriculture and Trade.

Publications: To be determined.

- Activity No. I.G.3
- *Output area:* AGRICULTURE AND TRADE
- Lead Directorate: SAH
- Other participating Directorates: AGR
- Partnerships with other International Organisations: Co-operation being explored.
- Website: www.oecd.org/agr/ete and www.oecd.org/sah
- E-mail contact: michael.ryan@oecd.org

H. GLOBAL FORUM ON COMPETITION

International awareness of the important role competition policy can play in promoting economic growth and development has rapidly increased. The OECD has long been a leading consensus-builder on international standards in this area. The Global Forum on Competition has been created in recognition of the fact that the active involvement of important non-members is essential for effectively combating hard-core cartels and achieving consensus on substantive and procedural approaches to cross-border mergers. In these and other areas, the Global Forum was envisaged as a vehicle for further developing and disseminating best practices. In addition, issues relating to a possible multilateral framework on competition will be discussed as a follow-up to the Doha meeting. A joint meeting of the Global Forums on Competition and Trade is included in this work programme as a way of building consensus on the main issues.

This Global Forum will continue to meet at least once a year to help foster consensus on global front-burner issues in competition policy among members and non-members. The number of non-members involved will be large and there will be private sector participation. The Forum interacts with regional programmes in that the latter assist non-members in implementing the general standards the Forum helps to develop and disseminate. Conversely, the Forum will receive feed-back from this process in the form of peer reviews of a number of countries (South Africa and Israel are among the countries being considered) whose challenges are illustrative of more general issues confronted by competition law and competition policy makers in other regions of the world.

1. Competition Policy

Expected outcome: Competition authorities from member and non-member economies will become better advocates for the benefits of sound competition law and policy to increase economic growth and development. Best practices in competition law enforcement, pro-competitive reform and capacity building will be identified and disseminated. Peer review will strengthen national competition authorities and further spread best practices.

Description: Competition policy is among the basic policy frameworks needed by non-members. The Global Forum on Competition aims to *i)* support effective competition law enforcement against international cartels, *ii)* increase the efficiency of procedures to review transborder mergers, and the effectiveness of remedies to the anti-competitive effects of such mergers, and *iii)* develop and disseminate best practices in the analysis of competition issues and in the application of competition principles. The GFC provides a vehicle for sharing with non-members the results of extensive work on these issues within the Competition Committee and helping them achieve more market-oriented economies, greater efficiency, increased growth, and higher living standards.

More recently, the Global Forum on Competition has assumed a stronger development dimension. For example, in the February 2002 Global Forum on Competition event, sessions were devoted to how competition policy can contribute to economic development, and to a consideration of how well the OECD's policy dialogue and members' capacity building programmes satisfy the needs of non-members.

Topics for the Global Forum on Competition event in February 2003 include the objectives of competition policy, the optimal design of a competition agency within the broader government apparatus, and competition policy in small economies. In addition, the meeting will feature a peer review of South Africa's competition institutions, the first time that a non-member will go through the type of peer review process that has been conducted within the Competition Committee for many years. The February 2004 meeting of the GFC will focus upon the links between competition and economic development, and will feature a peer review of competition law and policy in Russia.

A Joint Forum on Trade and Competition is planned for the first half of 2003 with the support of the Competition Committee and the Trade Committee. The agenda for this event would focus on the competition issues identified in paragraphs 24 and 25 of the Doha Development Declaration, including core principles, hard core cartels, modalities of voluntary co-operation, capacity building and flexibility/special and differential treatment.

Events: Global Forum on Competition Meeting in Paris, February 2003, including peer review of South Africa.

Joint Meeting of the Global Forum on Competition and the Global Forum on Trade, first half 2003.

Global Forum on Competition Meeting in Paris, February 2004, including a peer review of Russia.

Publications: Peer review of South Africa's Competition Law and Policy (free).

A publication is planned for early 2004 that will summarise the discussions of the first three meetings of the GFCe (for sale).

Following the Joint Forum on Trade and Competition held in 2003, a publication will be produced comprising the main work products developed within the Joint Group on Trade and Competition, the Trade Committee and the Competition Committee on trade and competition matters identified in paragraphs 24 and 25 of the Doha Development Agenda (for sale). This publication will also include a synthesis note and a summary by the Rapporteur of the meeting.

- Activity No. I.H.1
- *Output area: COMPETITION*
- Lead Directorate: DAF/COMP
- Other participating Directorates: ECH
- Partnerships with other International Organisations: Asian Development Bank (ADB), Common Market for Eastern and Southern Africa (COMESA), Inter-American Development Bank (IADB), New Partnership for Africa's Development (NEPAD), UNCTAD, West African Economic and Monetary Union (WAEMU), World Bank, WTO, BIAC, Consumers International
- Website: www.oecd.org/competition
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II. REGIONAL AND COUNTRY PROGRAMMES

A. EUROPE AND CENTRAL ASIA

Introduction

The transition from centrally planned to market economies in Eastern Europe and the former Soviet Union, which has now been in progress for over a decade, has been a historically unprecedented process. It is by no means finished, nor has it been uniform: over time, two distinct economic and political patterns have emerged.

The first pattern – as seen in Central Europe and the Baltic countries – has been one of rapid liberalisation and sustained macroeconomic stabilisation, coupled with structural reform and institutional change. The second path – most evident in the Commonwealth of Independent States (CIS) – has been a struggle to implement macroeconomic stabilisation and basic institutional and policy reforms. This divide is also evident in political liberalisation: competitive democracies have taken root in Central Europe and the Baltic countries, while much of the CIS continues to limit political participation and civil liberties in various degrees.

Buoyed by the general improvement of Russia's economic performance over recent years and the need to influence developments, the Russia Programme will continue to be of utmost importance. The other key countries in the CIS are primarily Ukraine and Kazakhstan, but parts of Central Asia and the Caucasus will be included in the thematic work.

Two sub-regional programmes are contained in the CCNM's work programme with European non-members, one in the Baltic region, and the other in South Eastern Europe (SEE). The future of the Baltic Programme is partly linked to the Baltic countries' accession to the EU; that of the SEE Programme is linked to that of the Stability Pact, to which it contributes.

An important element of the OECD's work with transition economies has been the SIGMA Programme, a joint initiative of the OECD and the European Commission. In 2003-04, SIGMA will continue its two programmes in Central, Eastern and South Eastern Europe. The first focuses on the EU Candidate countries and the second on the West Balkan countries. Consideration is also being given to extending SIGMA work, in partnership with the European Commission, to Russia and Ukraine.

1. COMMON PROGRAMME FOR TRANSITION ECONOMIES OF EUROPE AND CENTRAL ASIA

Introduction

The objectives of the Common Programme are twofold. The first is to address a number of common elements of relevance for all countries still grappling with transition. The second is to encourage co-operation on appropriate specific issues within the sub-regions (*e.g.* Central Asia, Black Sea) for both economic and political reasons.

One of the cornerstones of this Programme is the Task Force for the Implementation of the Environmental Action Plan for Central and Eastern Europe (EAP). Its work over recent years has focused on the CIS countries, where progress in strengthening environmental policies and institutions has lagged behind that

of countries in Central and Eastern Europe. Increasing emphasis has been put on preparing inputs – such as a new environment strategy for the CIS – for the “Environment for Europe” Ministerial Conference to be held in Kiev in May 2003.

Among the lessons learned from the decade of transition is that some of the good performers from the early stages of reform may actually come to oppose subsequent and much needed reforms. One area where this appears to be evident is in further trade liberalisation. The Common Programme will therefore enhance its work on trade policy as of 2003. It will seek to foster further integration of the transition economies into the international trading system and to consolidate their liberalisation achievements, especially through the acceptance and implementation of multilateral trade principles. Particular focus could be put on assessing the interests, needs and concerns of Central Asian countries in the context of multilateral trade liberalisation efforts.

The Common Programme will continue to include work on anti-corruption, pension reform, financial sector reform, and corporate governance. Activities also include tax policy, via the OECD multilateral tax training centres, and courses on applied market economics and financial analysis at the Joint Vienna Institute. The Institute’s intensive seminars provide transition economy officials with background and understanding of OECD policy options and approaches, and build networks of policy makers in OECD member and non-member economies. Other subjects covered by the Joint Vienna Institute (JVI) seminars sponsored by the OECD are labour market and social policies, tax modelling and on competition. The seminars give these officials a good opportunity to develop a sensitivity to and knowledge of the social and labour externalities of economic and financial policy.

Since 1994, the OECD Multilateral Centre for Private Sector Development in Istanbul has provided a central platform for co-operation between the OECD and transition economies on private sector development policies. Its 2003 programme will be focused on foreign direct investment, regional investment initiatives, finance and financial sector development, the rule of law, and co-operation with the private sector.

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1.1 Environmental Action Plan for Central and Eastern Europe (EAP)

Expected outcome: Consensus among OECD and Eastern Europe, Caucasus and Central Asia (EECCA) countries on the approaches, tools and projects that could best promote environmental policy reform and improvements in environmental conditions in the latter group of countries.

Description: Since the 1998 Aarhus “Environment for Europe” Ministerial Conference, the EAP Task Force and its Secretariat at the OECD have focused their work on the EECCA countries, where progress in strengthening environmental policies and institutions has lagged behind that of countries in Central and Eastern Europe. The EAP Task Force is the primary international forum for promoting dialogue and co-operation between OECD countries and the EECCA countries on environmental issues. It also engages the main international organisations, financial institutions, the business community and NGOs in its work. In addition to developing “best practice” guides, the Task Force supports the implementation of projects to demonstrate practical approaches for environmental policy and institutional reform. The Task Force works closely with the Project Preparation Committee which aims to accelerate environmental investments in EECCA countries.

COMMON PROGRAMME FOR TRANSITION ECONOMIES OF EUROPE AND CENTRAL ASIA

Following the Fifth “Environment for Europe” Ministerial Conference, the EAP Task Force will focus on three main priority areas: *i)* strengthening the effectiveness of environmental policy implementation; *ii)* supporting the development and implementation of tools to mobilise and allocate financial resources for environmental improvement; *iii)* supporting reforms in the urban water sector. In addition, the EAP Task Force was asked to facilitate and support the implementation of a new Environmental Strategy for EECCA countries.

- Events:* May 2003: 5th Environment for Europe Ministerial Conference, Kiev, Ukraine.
- October 2003: EAP Task Force meeting jointly with the Project Preparation Committee
- October 2004: Meeting of EECCA Environment Ministers to review implementation of EECCA Environment Strategy; followed by Joint Meeting of EAP Task Force and Project Preparation Committee.
- Publications:* Several publications for sale, and a large number of free documents will be produced in conjunction with the Ministerial Conference in May 2003.

- Activity No. II.A.1.1
- *Output area:* ENVIRONMENT PEER REVIEWS, INDICATORS AND OUTLOOK
- Lead Directorate: ENV/NMC
- Other participating Directorates: DAF, ECO, DCD
- Partnerships with other International Organisations: European Commission, World Bank, EBRD, UNDP, UNEP, UNECE, WHO, Regional Environmental Centre (Szentes), EECCA Regional Environmental Centres, other international organisations and financial institutions.
- Website: www.oecd.org/env/eap
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1.2 Trade

Expected outcome: A forum to share experience between OECD countries and transition economies on the trade liberalisation process, and facilitate implementation of multilateral trading disciplines in transition economies.

Description: Different transition economies will be invited to various trade policy events depending on the relevance of trade policy issues on the agenda for them. As appropriate, the analytical work will take into account the trade and trade policy concerns of individual countries.

In particular, the Commonwealth of Independent States (CIS), members of the Common Economic Space and some Central Asian countries will be associated in discussions with Russia on the implications of intra-CIS regional co-operation for their participation in the international trading system. Selected CIS countries will take part in some informal meetings of the Working Party of the Trade Committee, especially in discussions that will address the role of international disciplines for creating a favourable economic and regulatory environment for trade in goods and services.

When considered appropriate and useful, some countries will be invited to other trade related events, in particular within the Global Forum on Trade.

Events: 2003-2004: Informal meetings of the Working Party of the Trade Committee

Second quarter of 2004: Workshop on economic and trade implications of WTO accession, with the participation of Russia, China and other transition economies.

Some countries will also be invited to relevant events, organised in particular within the Global Forum on Trade.

- Activity No. II.A.1.2
- *Output area: ADVOCACY OF FREER TRADE*
- *Lead Directorate: ECH/TPD*
- Partnerships with other International Organisations: WTO
- Website: www.oecd.org/ech/tradepolicy/nonmembers
- E-mail contact: ech.contact@oecd.org

1.3 Agriculture – Monitoring of Agricultural Policies in Russia and Ukraine

Expected outcome: Enhancing policy making capacities through the sharing of OECD analytical approaches and tools, specifically a monitoring of agricultural policy developments and the level of support to agriculture in Russia and Ukraine.

Description: The OECD carried out in-depth *Reviews of Agricultural Policies* for Russia in 1998 and, jointly with the World Bank, for Ukraine in 2003. The *Reviews* have served as background for peer examinations of agricultural policies of these countries by OECD members. Policy analysis for Russia and Ukraine will continue in view of their role as major players in the region and their significant grain export potential. The work will include in-depth analysis and monitoring of progress toward market orientation in key structural reform areas, as well as the quantification of support to agriculture through the internationally comparable benchmark of the Producer/Consumer Support Estimate, and regular policy dialogue.

Events: Agricultural policy Round Table: June 2004, Moscow (tentative)

Publications: “*Support at a Glance*” for Russia and Ukraine to be presented as a special feature of 2004 report on *Agricultural Policies in OECD Countries: Monitoring and Evaluation*.

- Activity No. II.A.1.3
- *Output area: AGRICULTURAL POLICY REFORM*
- Lead Directorate: AGR
- Website: www.oecd.org/agr/ete
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1.4 Agriculture - Ukraine

Expected outcome: A vehicle for open dialogue between Ukraine, OECD members, and the World Bank on agricultural policy and rural development issues, and to develop, and agree on, a comprehensive and consistent sector policy framework.

Description: The OECD has carried out comprehensive agricultural policy reviews of Russia and the ten EU accession candidates of Central and Eastern Europe with the close involvement of local policy makers and analysts. A joint OECD-World Bank agricultural sector policy review of Ukraine was carried out in 2003 as part of the partnership agreement between the two organisations. Given Ukraine’s significant agricultural production and export potential, this approach is being integrated into the joint review of its agricultural policies, crucial to ensuring the sustainability of

recent reforms. The analytical phase included periods of work by Ukrainian Visiting Experts at the OECD.

Events: OECD, Paris: Peer Review November 2003.
Kiev, Ukraine: Seminar and Press Conference to present Ukrainian language version March 2004.

- Activity No. II.A.1.4
- *Output area: AGRICULTURAL POLICY REFORM*
- Lead Directorate: AGR
- Website: www.oecd.org/agr/etc
- E-mail contact: andrzej.kwiecinski@oecd.org and olga.melyukhina@oecd.org

1.5 Investment and Private Sector Development

Expected outcome: Improvement of the environment for private sector development and investment, including foreign direct investment, in transition economies, particularly the NIS, the countries of the Black Sea Economic Co-operation (BSEC) and South Eastern Europe.

Description: Activities on implementing private sector development policies are carried out at the OECD Centre for Private Sector Development (Istanbul Centre), focusing principally on the Central Asian and Transcaucasian NIS and Mongolia, as well as the transition economies of the BSEC. The activities of the Istanbul Centre are focused on developing the framework conditions for competitive markets and business development in transition economies. Workshops and working groups bring together high-level officials from transition economies and officials and experts from OECD member countries as well as private sector representatives.

The OECD Centre for Private Sector Development provides non-member economies with a platform for dialogue on policy options and best practices, and the opportunity to conduct peer reviews on private sector development between countries in transition and member countries.

This exchange of experience is mutually beneficial to non-member economies and OECD member countries, and brings together international donors and organisations that are actively involved in promoting economic reforms in areas conducive to private sector development.

The main building blocks are: investment policy and investment promotion; enterprise development; financial sector reform; and the rule of law and governance. The proceedings of the workshops and other relevant material are periodically published on the OECD web page.

New initiatives in 2004 will include increased co-operation with the private sector through the establishment of an Istanbul Investment Forum which will bring together private sector associations from Turkey, the Black Sea and Central Asian regions as well as the constitution, together with the OECD Development Centre, of a network of research institutes to analyse and follow the progress of economic and institutional reforms throughout the region.

Events: A series of Workshops at the OECD Centre for Private Sector Development, Istanbul.

Publications: Policy papers and workshop proceedings (free).

- Activity No. II.A.1.5
- *Output area:* FOREIGN DIRECT INVESTMENT AND MNEs
- Lead Directorate: DAF/CMIS
- Other participating Directorates: GOV
- Partnerships with other International Organisations: EBRD, EU, WORLD BANK, UNIDO, GTZ, UNCTAD, International Organisation of Securities Commissions (IOSCO)
- Website: www.oecd.org/daf/istanbulcentre
- E-mail contact: engin.goksu@oecd.org

1.6 Financial Affairs

Expected outcome: Improved quality of financial regulation and supervision in targeted countries (capital markets, insurance and private pensions); supporting related market-based reforms and governance improvements.

Description: In the last decade, the transition economies have made considerable progress towards developing market-based financial systems. Further efforts are needed in order to establish a well-functioning, fully-fledged financial system. Even if some countries in the region have established a basic framework for the financial sector, most transition economies still face challenges in several aspects of financial sector development, such as agricultural, small and medium-sized enterprises (SMEs), and housing finance, as well as in the contractual savings sector (insurance and private pensions).

This activity will support the development of a regional network of pensions regulators and supervisors. In the area of public debt management and government securities, there is a need to familiarise policy makers with general principles and best practices related to financial policy making and modern financial techniques and practices. On-going financial policy dialogue provides crucial inputs for reform in these economies.

This activity will also focus on the development of private equity and second-tier markets in support of enterprise development, and on the assessment of implementation of best practices for stock market development. The target audience is policy makers from emerging markets in countries that are members of the Federation of Euro-Asian Stock Exchanges (FEAS). The participation of experts from OECD countries in this activity serves to introduce key institutional conditions and best practices based on experiences from the OECD area.

Events: The following events are planned in 2003 and 2004. In some cases, locations are still to be determined:

- Meeting on Stock Market Development in Kazakhstan, February 2003.
- Seventeenth Conference on European Insurance and Supervisory Services, Ljubljana, May 2003.
- Meeting on Risk Capital and Enterprise Development, Istanbul, 2004.
- Sixth Conference on Financial Sector Development in the Central Asian Countries, Azerbaijan and Mongolia, 2003.

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- Thirteenth and Fourteenth Workshop on Public Debt Management, 2003 and 2004.
- OECD/INPRS Central and Eastern European Regional Network Meeting, Zagreb, Croatia, 27-28 May 2003.
- OECD/INPRS Regional Pension Conference, Prague, 4-5 December 2003.
- Fourth Workshop on Housing Finance in Transition Economies 2004.

Publications: Private Pensions Series No. 7 (for sale).

- Activity No. II.A.1.6
- *Output area:* FINANCIAL REGULATION AND MARKET EFFICIENCY
- Lead Directorate: DAF/FIN
- Other participating Directorates: AGR
- Partnerships with other International Organisations: EBRD, World Bank, ADB, IMF, BIS, USAID, East-West Management Institute (EWMI).
- Website: www.oecd.org/daf/insurance-pensions
- E-mail contacts: juan.yermo@oecd.org (pensions); flore-anne.messy@oecd.org (insurance); hans.blommestein@oecd.org and akira.konishi@oecd.org (Financial Markets)

1.7 SIGMA Programme – EU Candidate Countries

Expected outcome: In assisting candidate countries' preparations for joining the European Union, SIGMA will *i)* support administrative modernisation and enhance reliability; *ii)* increase absorptive capacity; *iii)* assess progress on reforms; and *iv)* support programming.

Description: In September 2002, the European Commission and the OECD extended SIGMA until end-2004. SIGMA works with ten of the candidates for membership of the European Union (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia). SIGMA works in partnership with beneficiary countries to:

- Assess progress;
- Assist decision-makers and administrations to set up organisations and procedures which meet European standards and good practice and promote adherence of public-sector staff to democratic values, ethics and respect of the rule of law;
- Provide assistance to beneficiary countries and contribute to co-ordination of donor activities by helping to design projects and provide complementary support.

Over the next two years, SIGMA will provide support mainly in the following areas:

- Financial control and external audit, emphasising the sound management of EU pre-accession funds and preparing for the post-accession use of structural funds. SIGMA will complete the series of peer reviews on Public Internal

Financial Control systems. It will also support the networks of Supreme Audit Institutions (with the European Court of Audit) and of Financial Controllers.

- Financial management and public procurement. SIGMA will assist in the completion of budget, treasury and procurement systems up to European standards, especially to ensure the sound and efficient management of pre- and post-accession funds.

Civil service and public administration. This work will bring beneficiary countries closer to meeting baseline conditions for a reliable, professional civil service operating in a complete and appropriate legal framework. Assistance will include input to primary and secondary civil service legislation, in particular to permit the necessary professional staffing and integrity for the transposition and implementation of the *acquis communautaire*. SIGMA will support the Network of Institutes of Public Administration in Central and Eastern European Countries (Misplace).

- Bulgaria and Romania institution building. Relative to other candidates, SIGMA's work with Bulgaria and Romania will be broader and will contain a higher proportion of "strategic inputs".

Since mid-2002 SIGMA has been working with Turkey in the context of its status in relation to accession to the European Union. This occurs under separate financing from the Commission and will probably continue through 2004-2005.

- Activity No. II.A.1.7
- *Output area: MODERNISING GOVERNMENT*
- Lead Directorate: GOV/SIGMA
- Partnerships with other International Organisations: In addition to the European Union (Commission and the European Court of Auditors), SIGMA works with the Council of Europe, ETF, European Institute of Public Administration, ILO/Turin, World Bank, Organisation for Security and Co-operation in Europe (OSCE), United Nations Development Programme (UNDP), Transparency International, and the Soros Foundation.
- Website: www.sigmaweb.org
- E-mail contact: bob.bonwitt@oecd.org

Support for Improvement in Governance and Management (Public Administration Reform)

Sigma

The Sigma Programme – Support for Improvement in Governance and Management – is a joint initiative of the Organisation for Economic Co-operation and Development (OECD) and the European Union, financed principally by the EU. As a joint initiative, governed by Conventions between the Organisation and the European Commission, the Programme has a distinct status, setting it apart from normal OECD grant-funded activities.

Launched in 1992 to support six central and eastern European countries in their public administration reform efforts, Sigma now works with eleven EU candidate countries (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia and Turkey), assisting decision makers and administrations in their preparations for entry into the EU against baselines set by good European practice and existing EU legislation (*acquis communautaire*). Since 2001, the Programme has been assisting five countries in the Western Balkans (Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, and Serbia and Montenegro) in building their public institutions and systems in the framework of the Stabilisation and Association Process agreed with the EU.

Depending on the specific needs and priorities of each partner country, Sigma supports reform efforts in six priority areas: design and implementation of reform programmes; legal framework, civil service and justice; external audit and financial control; public expenditure management; public procurement; and policy making and co-ordination capacities, including regulatory management.

Working within the Public Governance and Territorial Development Directorate (GOV), Sigma draws on this Directorate's expertise in public management, in particular through its network of practitioners and policy makers (senior civil servants from OECD member countries). Sigma also promotes the establishment of regional networks of public administration practitioners, including supreme audit institutions (in co-operation with the European Court of Auditors), financial control organisations (in collaboration with the EC), heads of government secretariats and Prime Ministers' offices, directors of civil service departments and directors of Budget and Procurement Departments.

Co-operation with other directorates: Sigma collaborates with ECO, CCNM, DAF, DCD and the Development Centre on anti-corruption and good governance activities, and with the Trade Directorate on trade policy issues.

Co-operation with other institutions: In addition to the European Commission, Sigma works with the European Court of Auditors (ECA), European Anti-fraud Office (OLAF), Council of Europe, European Institute of Public Administration (EIPA), European Organisation of Supreme Audit Institutions (EUROSAI), International Organisation of Supreme Audit Institutions (INTOSAI), World Bank, Organisation for Security and Co-operation in Europe (OSCE), United Nations Development Programme (UNDP) and Transparency International..

1.8 Corporate Governance

Expected outcome: The aim of this activity is *i*) to improve corporate governance practices through legal and regulatory reforms and more efficient procedures for implementation and enforcement; and *ii*) establish public and private sector capacity to monitor developments and pursue a continued policy dialogue.

Description: The Eurasian Corporate Governance Round Table was launched in October 2000, in response to a growing awareness of the importance of improving corporate governance in the region. Participating countries include Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Turkmenistan, Ukraine and Uzbekistan. The Round Table process relies on a network of members, consisting

of representatives from relevant state institutions, corporations, investors, professional associations, academics, and civil society.

The Round Table brings together senior decision-makers from the public and private sectors to facilitate an exchange of experience on corporate governance in Eurasia. Round Table discussions revolve around the OECD Corporate Governance Principles and are supported by regional and country-specific background papers, questionnaires and surveys. The major output of the activity will be a comprehensive report based on the different Round Tables and an action plan to be implemented by the participating countries.

The Eurasian Corporate Governance Round Table was launched in response to regional demand. The Round Table generates continuous dialogue on important national and regional corporate governance issues. Its meetings disseminate international experience and best practices in the region and enhance the capacity of the private and public sector to pursue reform. It assures an inclusive approach, building on close partnership with the most important constituents in the respective countries and facilitates for Eurasian countries to participate in the international corporate governance dialogue. It also provides an opportunity to identify where technical assistance is needed and to facilitate its provision by bilateral and international donors.

Events: Round Table Meeting to discuss the role of the Board of Directors and Stakeholders (third quarter 2003).

Launch of a Report and a framework for implementation with specific reform commitments of participating countries (second quarter 2004).

Round Table meeting to monitor progress on implementation (fourth quarter 2004).

Publications: Comparative Overview of Corporate Governance Frameworks and Practices in Eurasia (English, Russian and Ukrainian) second quarter 2004, (free).

- Activity No. II.A.1.8
- *Output area:* CORPORATE GOVERNANCE
- Lead Directorate: DAF/CA
- Other participating Directorates: GOV
- Partnerships with other International Organisations: The World Bank, the Global Corporate Governance Forum, the International Financial Corporation and the European Bank for Reconstruction and Development
- Website: www.oecd.org/daf/corporate-affairs
- E-mail contact: elena.miteva@oecd.org

1.9 Anti-Corruption Network for Transition Economies

Expected outcome: Contribution to strengthening of Network countries' Anti-corruption efforts through *i*) structured policy dialogue on international anti-corruption standards, including those set by the OECD Anti-Bribery Convention, *ii*) provision of targeted follow-up for anti-corruption reform, drawing on the OECD's core expertise in the fields of Public Sector Ethics and Conflict of Interest, Fiscal Transparency and public administration reform, and *iii*) facilitation of regional policy and practice networks, West-East and East-East knowledge-sharing, and donor co-ordination. In addition, the countries participating in the Network will increasingly be exposed to working methodologies of inter-governmental co-operation, self-analysis, collaboration, and peer review, based on OECD practice, and will benefit from overall co-ordination of the Network's various activities by the OECD-based secretariat.

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- Description:* National governments, civil society organisations, and international donor agencies created the Anti-Corruption Network in 1998 to promote knowledge sharing, donor co-ordination and collaboration between governments and civil society in the fight against corruption. The Network is a joint effort by donor countries and international donor organisations as well as representatives of civil society and the business sector (see below).
- The Network's 5th Annual Meeting in 2003 confirmed its unique role as the leading anti-corruption forum in the region. A regional Action Plan for Armenia, Azerbaijan, Georgia, the Kyrgyz Republic, the Russian Federation, Tajikistan, and Ukraine was endorsed at Ministerial level, in which participating countries committed themselves to analysis, self-assessment, and peer review of their legal and institutional frameworks for the fight against corruption. These countries also agreed to undertake remedial actions in areas of concern as identified in the review process. A monitoring process will be developed to measure progress made by countries in implementing the recommendations. Targeted follow-up (workshops, tools and projects) will continue to address specific policy and practice issues (such as managing conflict of interest among high-level officials, fiscal transparency and specialized anti-corruption agencies) that are of regional concern to the countries participating in the Action Plan and the Network as a whole. The Network will increasingly facilitate experience and lessons learned sharing between sub-regional initiatives such as the Baltic Anti-Corruption Initiative (BACI) and the SPAI (Stability Pact Anti-Corruption Initiative). The Network's Steering Group will continue to oversee and guide its activities.
- Events:* Annual Meeting of the Anti-Corruption Network for Transition Economies, OECD Centre for Private Sector Development Istanbul, Turkey, September 2003.
- First peer review meeting - review of Georgia, Ukraine, Tajikistan; discussion of Russian Federation, 19-21 January 2004, Paris.
- Steering Group meeting, 22 January 2004, Paris
- Second (analytical) meeting – review of Armenia, Azerbaijan; discussion of Kyrgyz Republic, March 2004, Paris.
- Follow-up workshops: discussion and adoption of monitoring process, Conflict of Interest in the Public Administration; Fiscal Transparency; Specialized Anti-Corruption Agencies and Effective Prosecution; third and fourth quarter 2004
- Publications:* Proceedings of Annual Meeting of the Network (Bilingual: English/Russian, free)
- Management of Conflict of Interest Toolkit (Russian, Ukrainian, free)
- Proceedings of analytical review meetings (Bilingual: English/Russian, free)
- Activity No. II.A.1.9
 - *Output area:* ANTI-CORRUPTION
 - Lead Directorate: DAFPE/ACD
 - Other participating Directorates: GOV
 - Partnerships with other International Organisations: WB, EBRD, Council of Europe, EC, UNDP, TI, OSI, ABA/CEELI.
 - Website: www.anticorruptionnet.org
 - E-mail contact: vera.devine@oecd.org

1.10 Education

Expected outcome: Involvement of the target countries in EC and OECD education networks. Enhancing these countries' education policies in line with the EC (for accession countries). Offering policy advice where solicited, and inclusion of some of the countries in OECD statistics and indicators programmes.

Description: Since organising the first education conference on Central and Eastern Europe in 1992, the OECD has played a leading role in co-operation with other international organisations: the World Bank has participated in the preparation of the last six country reviews and relies on their recommendations and background analysis in making many of its loan decisions. The OECD actively participates in the Advisory Forum of the European Training Foundation (ETF is the training agency of the EU) and is the only international organisation with a seat on the ETF Informal Working Group, whose input helps formulate the directions of the programmes; the ETF been involved in several OECD reviews.

Participation in seminars and conferences and site visits for reviews.

The education activity closely follows the objectives of the programme of work of the Directorate: evaluating strategies for lifelong learning for all; early childhood education and care; the digital divide; facilitating the transition to work; mobilising resources effectively; and improving the sharing of roles and responsibilities between governments and partners. Work supported by the CCNM played a key role in preparing future OECD member countries in Central Europe for membership in the Education Committee and in carrying out country reviews. Through participation in each other's principal education activities there are more coherent strategies with fewer overlaps.

Events: ETF Advisory Forum (5-7 November 2003) and numerous events in 2003/2004.

- Activity No. II.A.1.10
- *Output area:* EDUCATION REVIEWS AND OUTLOOK
- Lead Directorate: EDU
- Partnerships with other International Organisations: European Training Foundation and World Bank are equal partners.
- Website: www.oecd.org/edu/nonmembereducation
- E-mail contact: ian.whitman@oecd.org

1.11 Statistics

Expected outcome: Substantial and sustainable improvements in the measurement of underground and informal activities in the national accounts and related macroeconomic statistics of countries of the former Soviet Union.

Description: National accounts statistics in many transition countries are seriously distorted because they fail to adequately cover underground and informal activities. This is particularly the case with the CIS countries. To respond to this problem, the Statistics Directorate organised an international team of experts to produce, in 2002, a Manual on *Measuring the Non-Observed Economy*. The Manual identifies best practices in survey design, data collection and data editing to ensure that the basic economic statistics provide proper coverage of underground and informal activities.

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The World Bank has agreed to fund a two-year project, under OECD technical guidance, to implement the recommendations of the Manual in a sample of countries to improve coverage of the non-observed economy in these countries, and then disseminate the practical lessons and experience from this project to the CIS countries in general.

Events: In 2004, three workshops to identify the main components of the non-observed economy in a sample of countries and develop concrete plans to improve basic data sources.

In 2005, a regional seminar to evaluate achievements in improving coverage of the non-observed economy and draw lessons for continuing improvements.

Publications: A technical report which will serve as a practical manual for implementing the recommendations of the *OECD Handbook on Measurement of the Non-Observed Economy* (free).

- Activity No. II.A.1.11
- *Output area:* STATISTICAL RESEARCH, COLLECTION AND DISSEMINATION
- Lead Directorate: STD/POD
- Partnerships with other International Organisations: This project is being funded by the World Bank.
- Website: www.oecd.org/statistics/nm-countries
- E-mail contact: david.roberts@oecd.org

Joint Vienna Institute (JVI)

The Joint Vienna Institute (JVI) was established at the initiative of a number of international organisations and the Austrian authorities. Its current sponsors are the IMF, the World Bank, the Bank for International Settlements, the EBRD, the World Trade Organisation and the OECD. Its role is to provide, through training, support for the national efforts of the countries of Central and Eastern Europe, countries that used to be republics of the Soviet Union, and other countries, making the transition from centrally-planned to market-based economies.

To this end, the Institute offers a variety of courses in the areas of administration and economic and financial management. The target group for these courses are primarily the public officials and training officers from Ministries of Finance and Economy, and central banks; economic advisors to governments of participating countries; and some private sector executives, with due regard to the role of the private sector.

1.12 Taxation – Joint Vienna Institute

Expected outcome: Development of a network of tax modellers in non-OECD economies and to instil, through these officials, an appreciation of the roles of tax modelling in tax policy and administration.

Description: This activity is carried out through a Workshop on Tax Models, which includes the presentation of the principles of microeconomic tax models used to establish the likely revenue and distributional effects of changes in personal income tax, corporate income tax and value-added tax (VAT) systems. The workshop also aims to identify the main difficulties associated with the construction and use of such models, drawing upon the experience of OECD member countries.

The workshop will provide participants with a solid knowledge of the principles and techniques of microeconomic tax models used to establish the likely effects of

changes in the tax system and the main problems associated with their construction and use. It will cover the development of tax databases and the design of personal income tax, corporate income tax, and value added tax models. Potential behavioural responses to tax changes and the underlying economic theories will be addressed.

Events: Policy dialogue events in 2003 and 2004 include:

- Workshops on Tax Modelling, April 2003, Vienna.
- Workshop on Tax Modelling, April 2004, Vienna.

- Activity No. II.A.1.12
- *Output area:* TAX POLICIES AND INTERNATIONAL STANDARDS INTERNATIONAL TAX CO-OPERATION
- Lead Directorate: CTPA
- Partnerships with other International Organisations: Joint Vienna Institute (JVI), IMF and World Bank.
- Website: www.oecd.org/daf/ctp and www.jvi.org
- E-mail contact: steven.clark@oecd.org

1.13 Competition Policy – Joint Vienna Institute

Expected outcome: Eurasian competition officials will be assisted to enforce their laws more predictably and effectively, apply growth- and efficiency-enhancing competition policy, and achieve greater convergence with members' "best practice" policies. Governance and economic performance will benefit from this work, which fosters market integrity and efficiency.

Description: The annual Competition Policy Seminar at the Joint Vienna Institute is widely recognised as the pre-eminent international seminar for competition officials from all transition countries. The case-study format originally developed for these seminars has become a model, and background materials for this event are often used by competition authorities as informal guidelines or training materials for their staff, and are also used in other events.

Since its launch in 1992, this seminar has evolved into a two-week event that promotes consistent, sound, and effective law enforcement by using senior officials from member countries as experts to pass on OECD best practice with respect to substantive analysis and investigation techniques. Agency heads or other high-level officials comprise a substantial proportion of the participants. The event is thus also important for networking, supporting regional co-operation and effective enforcement in respect of international anti-competitive activity and mergers. Since it is now the principal CCNM competition policy event for many of the participating countries, it has become an important source of information and contacts for other work.

Events: One seminar in Vienna in March 2003.

One seminar in Vienna in February-March 2004.

- Activity No. II.A.1.13
- *Output area:* COMPETITION
- Lead Directorate: DAF/COMP
- Website: www.oecd.org/competition and www.jvi.org
- E-mail contact: dafcomp.contact@oecd.org

1.14 Labour Market and Social Policy – Joint Vienna Institute

Expected outcome: Acquisition of tools and skills necessary for administrators and senior policy makers from transition economies to manage and operate successfully in a market economy and to enable the exchange of experience in the labour market and social policy field.

Description: As one of the founding members of the JVI, the OECD has been providing courses and experts' seminars for policy makers from transition countries since 1994. The social policy courses address social policy formulation and implementation in a market economy. They aim to promote coherent and employment-centred social policies, thus enhancing participants' understanding of the international policy experiences in their area of action. The experts' seminars are targeted at senior administrators and cover topics such as the evaluation of active labour market policies, pension reform, implementing social assistance, and the design of migration policies. Participants work with international and country experts on the implementation and effects of possible reform measures. Each social policy course segment involves some 40 participants and each seminar (attendance is by invitation only) reaches some 30 participants from up to 20 countries in Central, Eastern and Southern Europe, and Central Asia. The courses and seminars also help to develop a useful and valuable network for on-going and future OECD work in the region, and enhance the Organisation's visibility in the area.

Events: Social policy courses at the JVI Vienna (one-week segments of the Applied Economic Policy Courses):

- March 2003
- October/November 2003
- March/April 2004
- October/November 2004.

Experts' seminars (one-week sessions):

- April 2003 (Design and Implementation of Migration Policies)
- November 2004

- Activity No. II.A.1.14
- *Output area:* EMPLOYMENT OUTLOOK, REVIEWS AND LABOUR MARKET POLICIES
- Lead Directorate: ELS/NEIM
- Other participating Directorates: ECO
- Partnerships with other International Organisations: Joint Vienna Institute and its sponsoring institutions (BIS, EBRD, IBRD, IMF, WTO)
- Website: www.oecd.org/els/spete/jvi/about and www.jvi.org
- E-mail contact: michael.forster@oecd.org

1.15 Local Economic and Employment Development (LEED) Programme

Expected outcome: Facilitation of the information exchange and dissemination of best practice in local economic development and job creation between LEED members and non-members on the topics of local governance, entrepreneurship and the non-profit sector.

Description: Building on its co-operation with the Central European Initiative (CEI) the European Bank for Reconstruction and Development (EBRD), the World Bank, the Inter-American Development Bank and the European Commission, in 2003-2004, the LEED Programme will engage in a series of activities related to local development in non-members, such as work on local governance, entrepreneurship and the non-profit sector. An OECD/LEED Centre for Local Development aimed at local development capacity building in Central and Eastern Europe will be inaugurated in December 2003 in Trento (Italy). LEED members and non-members will benefit from the exchange of information on best practice and from participating in a two-way learning process.

In the period from 2001-2002, LEED organised five CEI/EBRD seminars and a conference on the topic of clusters in transition economies leading up to a new round of seminars in 2003-2004. Since 1999, LEED has worked on the changing role of women entrepreneurship in transition countries.

Participation in LEED being open to non-members, Slovenia, Latvia and Lithuania became full members of the Programme in 2002-2003. Romania and Chile have applied for membership in the LEED Programme; Russia is also considering joining the Programme.

Events: *Local governance:* Slovenia will participate in the second phase of the OECD Study on Local Partnerships. Fieldwork will take place in the second half of 2003. A report will be prepared and possibly presented at a seminar in Slovenia in 2004. A seminar will take place in Moscow in February 2003. A project will be carried out on building partnerships in Albania and Kosovo (Serbia-and-Montenegro), with seminars in October 2003 and April 2004, supported by the European Training Foundation (ETF). A project on the integration of immigrants will be carried out with two case studies in the Balkans in 2004. A training session and an international conference on local governance and employment will be held in the Trento Centre in 2004 and 2005.

Entrepreneurship and clusters in transition economies: Seminars in Ukraine (Kiev, March 2004), Bulgaria (Sofia, May 2004), Croatia (Zagreb, June 2004), Serbia-and-Montenegro (Belgrade, July 2004), Romania (Bucharest and Timisoara, April 2004). LEED will also contribute to the OECD Ministerial Conference on SMEs in Turkey (Istanbul, June 2004). A seminar on women entrepreneurship will be held in Slovenia in collaboration with the CEI and EBRD, December 2003. A training session and an international conference on entrepreneurship will be held in the Trento Centre in 2004 and 2005.

Non-profit sector: A training session and an international conference on the third sector and on corporate social responsibility will be held in the Trento Centre in 2004 and 2005.

- Activity No. II.A.1.15
- *Output area:* TERRITORIAL DEVELOPMENT POLICIES
- Lead Directorate: ELS/LEED
- Other participating Directorates: STI
- Partnerships with other International Organisations: Central European Initiative (CEI) / European Bank for Reconstruction and Development (EBRD) (LEED member), World Bank (LEED member), Inter-American Development Bank (LEED member), European Commission (LEED member)
- Website: www.oecd.org/els/leed
- E-mail contacts: sergio.arzeni@oecd.org, sylvain.giguere@oecd.org and ekaterina.travkina@oecd.org,

2. BALTIC REGIONAL PROGRAMME

Introduction

The Baltic Regional Programme, established in 1998, is the OECD's main vehicle for co-operation with Estonia, Latvia and Lithuania. Several northwestern regions of the Russian Federation also participate in some of the activities.

The overall aims of the Baltic Regional Programme are to support the Baltic countries in completing their transition to market economies, to promote their stable integration into the global economy and to encourage them to use best practices developed by the OECD in various areas. The programme also seeks to associate the Baltic countries more closely with OECD instruments in areas including foreign investment, competition, bribery, taxation, insurance and entrepreneurship.

Since the establishment of the Programme, the Baltic countries have made significant progress in aligning their policies with OECD instruments and standards.

With the accession of the Baltic countries to the EU in view, envisaged by mid-2004, it is expected that the programme will run with its current arrangements until end-2004. The Baltic Regional Programme's activities during 2004 will be geared to help ensure the long-term sustainability of the results achieved over the course of the Programme since 1998. The Baltic governments have indicated that they will continue their efforts to integrate more closely with OECD instruments and with some of its Committees.

The Baltic Regional Programme's medium-term objectives set out the Programme priorities and results sought by the Governments of Lithuania, Latvia and Estonia. These priorities, the progress of the Programme and its resources are reviewed regularly throughout the year by the sponsoring member countries, the Baltic countries and the Secretariat, and in particular in the annual BRP Evaluation Meeting.

This year, work will concentrate on taxation; social and labour policy; anti-corruption and combating bribery; and trade, as priorities. In addition to these areas, work will also be completed in the fields of insurance and pensions, education, competition, agriculture and debt and securities management.

- E-mail contact: marilyn.yakowitz@oecd.org

2.1 Trade

Expected outcome: Based on the Baltic countries' concrete experience of trade liberalisation, work focusing on *i)* the relationship between regional trade arrangements and multilateral trade disciplines, *ii)* development of a favourable economic and regulatory environment for trade in services, and *iii)* capacity building for negotiating and implementing trade agreements.

Description: This ongoing activity builds upon the analyses and the meeting on the economic and regulatory environment for trade in services in transition economies held in November 2002 in Paris. The discussions, which adopted a mainly sectoral perspective, concentrated on telecommunications, banking, electricity, and air transport. The next stage draws more general cross-sector conclusions from the trade liberalisation experience in the Baltic countries, in particular as regards the

contribution of regional and multilateral trade disciplines to the regulatory quality in different services sectors and the role of national regulatory agencies. A publication based on recent and on-going work in this area will be issued in 2004.

The activity involves dialogue among trade policy makers, regulators and the business community. A meeting of all these different actors will be organised in 2004 to discuss the main findings of the publication. Although it focuses on the experience of the Baltic countries, this activity helps other transition countries in their liberalisation process and in tackling regulatory challenges in their service sector. This work also contributes to the on-going international debate on the possible multilateral regulatory disciplines for trade in services.

Events: Informal meeting of the Working Party of the Trade Committee with the participation of trade officials from the Baltic countries, last quarter 2003.

Meeting of trade officials and regulators with the business community on trade in services in the Baltic countries (to be organised in one of the Baltic countries), second half 2004.

In 2003-2004, trade officials from the Baltic countries will be invited to various trade-related OECD events, in particular within the Global Forum on Trade and Services Expert Meetings.

Publications: Economic and regulatory environment for trade in services in the Baltic countries, to be published in the second quarter of 2004 (for sale).

- Activity No. II.A.2.1
- *Output area: ADVOCACY OF FREER TRADE*
- Lead Directorate: ECH/TPD
- Partnerships with other International Organisations: WTO, World Bank
- Website: www.oecd.org/ech/tradepolicy/nonmembers
- E-mail contact: ech.contact@oecd.org

2.2 Agriculture

Expected outcome: Recommendations to Baltic policy makers on policy options to facilitate the development of a sustainable and competitive agriculture and rural economy, as well as the smooth movement of excess labour from agriculture to other, more profitable sectors of the economy.

Description: Co-operation among the Baltic countries and the OECD in the agricultural sector focuses on domestic and trade policy challenges critical to the successful transition to a market-based, competitive agriculture sector and accession to the European Union. The comprehensive agricultural policy reviews carried out for each country in 1996 are updated through annual quantification and analysis of policy developments, including calculation and monitoring of each country's Producer and Consumer Support Estimates. The 1998 meeting of Ministers of Agriculture from OECD and Baltic countries identified the key policy opportunities and challenges, calling for analysis, dialogue and recommendations in several areas, most recently on the Baltic dairy industry. The final phase of dialogue is devoted to the central policy concern of how to create suitable off-farm employment to absorb the workforce that will be released from further restructuring of the agricultural sector. With increased competition following EU membership in 2004, accompanied by further structural changes, the growth in rural registered

BALTIC REGIONAL PROGRAMME

unemployment is likely to rise. Based on analyses by Baltic and OECD experts, stakeholders concerned will debate the issues of agricultural household incomes, unemployment, labour market mobility and rural development, and together identify the most relevant policy options.

Events: Seminar on Trends in Agricultural and Rural Incomes and Labour Mobility in Rural Areas in Estonia, Latvia and Lithuania, June 2003, Estonia.

Co-ordinating meeting in Riga, Latvia, December 2003 to discuss follow-up programme for 2004.

Seminar in late 2004 to build on previous dialogue with a theme to be determined at the December co-ordinating meeting (*e.g.* on farm income/decoupling/multi-functionality, CAP reform).

Publications: Proceedings of the 2003 seminar will be published. Papers from 2004 seminar to be available electronically, possibly with short highlights report.

- Activity No. II.A.2.2
- *Output area:* AGRICULTURAL POLICY REFORM
- Lead Directorate: AGR/NME
- Other participating Directorates: ELS, GOV/TDS
- Partnerships with other International Organisations: Active participation in the discussion by the European Commission and the World Bank is expected.
- Website: www.oecd.org/agr/ete
- E-mail contact: michael.ryan@oecd.org

2.3 Taxation

Expected outcome: Association of the Baltic countries with the international taxation standards and models developed by the OECD, particularly in the area of international tax policy, transfer pricing and consumption taxes.

Description: This activity focuses on reforms in policy and administrative practices in international tax and related domestic tax issues that are currently being carried out in the Baltic countries. As in previous years, the emphasis is on finding practical solutions to areas of direct concern identified by Baltic countries. Although workshops are led by senior tax officials from administrations in various OECD countries, these events also allow the Baltic countries to compare experiences among themselves.

In 2003-2004, activities will concentrate on: *i*) establishing policy dialogue on the principles of international taxation policy; *ii*) associating Baltic countries with the 1995 OECD Transfer Pricing Guidelines and *iii*) improving the efficiency of tax laws and administration in indirect taxation.

Events: Policy dialogue events in the Baltic Region in 2003 and 2004 include:

- International Tax Policy, May 2003, Riga.
- Transfer Pricing Guidelines, September 2003, Vilnius.
- Indirect Taxation, September 2003, Tallinn.
- Income Tax Workshop, March 2004, Tallinn.

– Tax Treaty Negotiation, October 2004, Vilnius.

- Activity No. II.A.2.3
- *Output area:* TAX POLICIES AND INTERNATIONAL STANDARDS
- Lead Directorate: CTPA
- Website: www.oecd.org/daf/ctp
- E-mail contacts: shee-boon.law@oecd.org and daria.ostapchuk@oecd.org

2.4 Foreign Direct Investment Policy

Expected outcome: Adherence of Latvia to the OECD Declaration on International Investment and Multinational Enterprises (MNEs).

Description: In 2001, Estonia and Lithuania signed the OECD Declaration on International Investment and Multinational Enterprises. The examination of Latvia is in progress; and an updating of the 2001 draft is planned. Creating favourable conditions for FDI and openness to foreign trade have been key elements of the economic strategies of all three Baltic countries.

The OECD Declaration promotes national treatment of established foreign controlled enterprises, recommends voluntary standards of corporate responsibility, encourages moderation and restraint in the use of investment incentives as well avoidance or minimisation of conflicting requirements by governments on multinational enterprises.

Events: The CIME signing ceremony of Latvia's adherence to the Declaration, (January 2004).

- Activity No. II.A.2.4
- *Output area:* FOREIGN DIRECT INVESTMENT AND MNEs
- Lead Directorate: DAF/CMIS
- Website: www.oecd.org/daf/investment
- E-mail contacts: marie-france.houde@oecd.org

2.5 Competition

Expected outcome: The activity aims to help Baltic competition officials to enforce their laws more predictably and effectively; achieve greater convergence with OECD members' "best practice" policies; develop international networks for co-operation on competition policy and law enforcement; and advocate for pro-competitive market reform. Governance and economic performance will be enhanced through this work, fostering market integrity and efficiency.

Description: This activity provides policy dialogue and capacity building for the three Baltic countries. It promotes best practice in line with: *i)* OECD Recommendations of 1995 (on International Co-operation), 1998 (on Effective Action against Hard-Core Cartels) and 2001 (on Structural Separation in Regulated Industries); *ii)* OECD regulatory reform reports on competition policy in OECD member countries; and *iii)* reports by the OECD's Competition Committee. In its first year in 1999, the activity involved a substantial review of all aspects of the work of the three Baltic competition authorities. Thereafter, building on that base of knowledge, the activity has been focused on more specific topics, enforcement

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against cartels and abuses of dominance (2000), merger control (2001) and vertical restraints (2002).

The programme provides a unique opportunity for policy dialogue on a variety of topics that are important in the broader context of facilitating an effective and timely transition to a market economy in each of the Baltic countries. It is consistent with and complementary to the EU accession process. The activity will continue in 2003 with a workshop involving high-level competition officials from Baltic and OECD countries that focuses on approaches to hard core cartel conduct.

Events: One workshop in Vilnius, in June 2003. The workshop will focus on hard core cartels. A second workshop in the second or third quarter of 2004.

- Activity No. II.A.2.5
- *Output area:* *COMPETITION*
- Lead Directorate: DAF/COMP
- Website: www.oecd.org/competition
- E-mail contact: dafcomp.contact@oecd.org

2.6 Insurance and Pensions Reform

Expected outcome: Improved quality of financial regulation and supervision in the Baltic countries (insurance and private pensions) supporting related market-based reforms and governance improvements.

Description: The objective is to promote the development of modern, sound and open insurance and private pensions markets in the Baltic countries. To develop policy dialogue and assistance aiming at setting up a solid regulatory and supervisory framework for these markets and promoting regulatory reform of private pensions schemes.

Workshops will be organised in response to requests for assistance in drafting regulation on insurance and private pension issues and in the establishment of a sound supervisory structure. Issues common to the insurance and private pension areas – and in particular investment regulation, which is a crucial and much debated issue both in Baltic and OECD member countries – will be dealt with on the occasion of the workshop on insurance and private pensions reform. The development of private pension systems is currently a high policy priority in all Baltic countries. The workshop on private pensions will focus on implementation issues and on the practical organisation of pension fund supervision. The attendance of governmental, private sector and academic pension experts from the region will provide a unique opportunity for Baltic countries to present their current reforms and to benefit from the experience of all other countries involved in the reform of their pension system. These meetings will be complemented by the involvement of Baltic countries in the network of insurance and private pension regulators and supervisors.

Events: Conference on Private Pensions in Baltic Countries, Tallinn, 23-25 April 2003.

A meeting on pension reform and financial education is planned in 2004.

Publications: Insurance and Pensions Reform in Baltic Countries.

- Activity No. II.A.2.6
- *Output area:* *FINANCIAL REGULATION AND MARKET EFFICIENCY*
- Lead Directorate: DAF/FIN

- Partnerships with other International Organisations: Nordic Borrowers Forum and Nordic Council of Ministers, World Bank, USAID, East-West Management Institute (EWMI)
- Website: Insurance and Pensions Reform: www.oecd.org/daf/insurance-pensions
- E-mail contact: Insurance and Pensions Reform: flore-anne.messy@oecd.org

2.7 Financial Affairs

Expected outcome: Improved quality of financial regulation and supervision in the Baltic countries (capital markets and debt management); supporting related market-based reforms and governance improvements.

Description: *a) Public debt management;* The debt managers forum provides an important opportunity for senior debt managers from the Baltic countries and their colleagues from the Nordic countries and other OECD countries to discuss public debt management issues that are high on the agenda of the Baltic debt managers, including: portfolio strategy and risk management; organisation of wholesale markets for government securities; instruments for the retail sector; organisation of debt management, including the use of computers and software; policy and methods for communication with the markets.

b) Development of Baltic private securities markets: The Working Group on Private Securities Markets, created in 2000 and consisting of experts from OECD and Baltic countries, will focus on topics related to the following areas: institutional structures applied to Baltic capital markets, operations of Baltic securities markets, the role and responsibilities of issuers of securities; securities and capital market legislation. The Working Group will prepare a Report containing key policy contributions and conclusions for further developing capital markets in the Baltic region.

Events: Debt management meeting, Copenhagen, March 2003, hosted by the Central Bank of Denmark.

A meeting on public debt management is planned in 2004, to be held in Lithuania.

Publications: Report containing conclusions of policy dialogue on further developing capital markets in the Baltic region.

- Activity No. II.A.2.7
- *Output area:* FINANCIAL REGULATION AND MARKET EFFICIENCY
- Lead Directorate: DAF/FIN
- Partnerships with other International Organisations: Nordic Borrowers Forum and Nordic Council of Ministers, World Bank, USAID, East-West Management Institute (EWMI)
- Website: Financial Market Reform: www.oecd.org/daf/financial-markets
- E-mail contact: Financial Market Reform hans.blommestein@oecd.org

2.8 Baltic Anti-Corruption Initiative

Expected outcome: The Baltic Anti-Corruption Initiative aims to build anti-corruption capacities and institutions in the Baltic countries, help them meet international standards and institutionalise a consultation process on anti-corruption programmes and legislation between government institutions, civil society and the business sector to promote reform.

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Description:

Estonia, Latvia and Lithuania are seeking continued assistance in building effective anti-corruption capacities and institutions consistent with internationally agreed standards, including those of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

This activity will build on the achievements of the first phase of the Baltic Anti-Corruption Initiative, which included an analytical peer review process that assessed gaps in domestic anti-bribery legislation and practice, and identified technical assistance needs.

The activity has been developed with and co-ordinated with the OECD Anti-Corruption Network for Transition Economies' Steering Group, comprising senior representatives of the Network countries, Transparency International, UNDP, the Open Society Institute, the Council of Europe, the World Bank, the European Commission, the European Bank for Reconstruction and Development and the ABA/CEELI. A partnership arrangement is under discussion with the Council of Baltic Sea States Working Group on Economics, and its member states. WTO may be associated with the public procurement workshop.

In 2003-2004, the issues to be addressed through regional workshops identified to date by Baltic country officials include:

- i) public procurement reform: to identify mechanisms to strengthen prevention of fraud and corruption in public procurement;
- ii) the role of Tax administrations in the fight against corruption: to review tax administration systems and their role in investigating bribe payments;
- iii) effective monitoring of anti-bribery measures: to address different elements that provide for an effective monitoring system, including involvement of the business community, trade unions and civil society;
- iv) ethical standards in public administration and business: to examine how sound and enforceable codes of conduct can help fight corruption.

Events:

The selection of workshop themes is an interactive process by the Baltic officials with OECD. The themes for the experts' workshops currently planned or under discussion in the region in 2003/2004 (country to be determined) are:

- Workshop on Anti-Corruption and procurement, organised by the governments of Sweden and Lithuania together with the OECD, 19-20 May, 2003, in Vilnius.
- Workshop on Effective Ethics Measures in the Public Sector, organised by the OECD and the government of Lithuania, on 13-14 October 2003, in Vilnius.
- Seminar on Integrity and Transparency Measures for Preventing Corruption in the Private Sector, April 2004, in Tallinn, Estonia.
- A second workshop may be held in the second half of 2004.

The selection of themes may evolve and change over time, based on needs and priorities.

Publications: Materials for the workshop modules (free).
Issues papers and possibly a synthesis of discussions (free).

- Activity No. II.A.2.8
- *Output area:* ANTI-CORRUPTION
- Lead Directorate: GOV/SIGMA - DAF/ACD
- Partnerships with other International Organisations: Organisations participating in the Anti-Corruption Network.
- Website: www.anticorruptionnet.org
- E-mail contacts: nicola.ehlermann-cache@oecd.org

2.9 Labour Market and Social Policy

Expected outcome: Soundly-based advice on labour and social policy to the Baltic governments in the context of EU accession, and improved understanding in OECD member countries of policy challenges facing countries in transition.

Description: Following their rapid transition to market economies in the early 1990s, the three Baltic countries have thoroughly reformed most of their labour market and social policies. However, continued reforms will be required in response to rapidly changing conditions.

In 2001 and 2002, the OECD conducted a review of labour market and social policies in the Baltic countries. This was part of a similar series of reviews devoted to Central and Eastern European countries, designed to permit comparison with other countries in the region as well as with member countries. The report was discussed with experts and representatives of the Ministries of Labour and Social Affairs of the three Baltic countries at a Workshop held in Palanga, Lithuania, in July 2002. The Employment, Labour and Social Affairs Committee (ELSAC) discussed the review with representatives of the Baltic Ministries of Labour and Social Affairs at an *ad hoc* meeting in Helsinki, held on 30 September 2002. The Review was published in early 2003.

The report points to a strong linkage between economic and social developments in each country, underlining the fact that economic factors largely determine not only the need for social programmes but also their implementation and finance. On several specific points, the report finds reason to draw negative as well as positive lessons from OECD experience. The report also gives recent examples of Baltic policy initiatives that are more advanced than those adopted until now in most OECD countries, notably in the area of pension reform.

Further activities will involve the dissemination of the report in 2003 (including a press conference) and a follow-up review in late 2004. This will involve a mission to the Baltic countries to review developments over the 2003 and 2004 period and monitor the governments' reactions to the Review report.

Events: Launch of report in the Baltic countries in first half of 2003. Report on the follow-up to the ELSA Committee in late 2004.

Publications: Review of Labour Market and Social Policy in the Baltic countries (March 2003). Contribution to a chapter on the labour market in the World Bank's Country

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Economic Memorandum: Latvia (September 2003). Diffusion on the OECD web site of the Follow-Up Report submitted to the ELSA Committee (December 2004).

- Activity No. II.A.2.9
- *Output area: EMPLOYMENT OUTLOOK, REVIEWS AND LABOUR MARKET POLICIES*
- Lead Directorate: ELS/NEIM
- Partnerships with other International Organisations: World Bank, ILO, International Social Security Association, European Commission.
- Website: www.oecd.org/els/emerging/labour
- E-mail contact: anders.reutersward@oecd.org

2.10 Education

Expected outcome: Consideration of observer status: Estonia obtained observer status in the Education Committee in 2003 and Latvia applied in 2003. Strengthening of the network of education specialists to support the Baltic countries' education reform process.

Description: The three Baltic Reviews of Education Policy were discussed at a special meeting of the Education Committee hosted by Finland in June 2000. The entire review process attracted a very high level of attention and the recommendations of these reviews have played an important role in the education reform process and accession to the European Union.

As a part of the follow-up process, the Secretariat played a major role in a meeting in August 2000 for 1800 teachers in the presence of President Freiberga of Latvia. With the help of USAID, two small workshops were organised with the Estonian authorities in 2001 to offer advice on the writing of an education concept document for Parliamentary approval. In 2002, a conference was organised with the Lithuanian Parliament and Ministry of Education and Science on the role of parliamentary committees in the formulation of education policy. The 130 participants included the Ambassador of Finland to Lithuania, members of the OECD Education Committee, Members of Parliament from the Baltic countries, Belgium, Finland, Sweden and Slovenia, the Deputy Prime Minister of Croatia, former and current Ministers of Education. A final event for this activity has been requested by the Estonian authorities on a new leadership role for ministries of education. In the current climate of increasing decentralisation of responsibility and shrinking budgets, this theme is important to members and non-members alike.

Events: A seminar on 27 and 28 November 2003 in Estonia on a new leadership role for Ministries of Education.

A final follow-up mission to the Baltic capitals, in 2004.

- Activity No. II.A.2.10
- *Output area: EDUCATION REVIEWS AND OUTLOOK*
- Lead Directorate: EDU
- Partnerships with other International Organisations: European Training Foundation and World Bank are junior partners. The Nordic Council has participated in meetings.
- Website: www.oecd.org/edu/nonmembereducation
- E-mail contact: ian.whitman@oecd.org

2.11 Statistics

Expected outcome: Ensuring that improvements made to quarterly national accounts over the last three years are maintained. In particular this will involve advice on extrapolation techniques to produce faster, more accurate estimates of quarterly GDP, and advice on seasonal adjustment.

Description: Over the last three years the OECD has worked with the national statistical offices of the Baltic countries to help them introduce quarterly national accounts. This project was agreed with Eurostat and the countries concerned and forms part of the statistical component of the *acquis communautaire*. All three Baltic countries are now compiling quarterly national accounts at current and constant prices, showing both value added by kind of activity and the final expenditures on the GDP. These accounts are consistent with the international standards of the 1993 System of National Accounts.

This activity has consisted mainly of regional workshops – attended by statisticians from the three Baltic countries – and annual consultancy missions to each country to deal with country specific issues and difficulties. In addition, statisticians from the Baltic countries were invited to attend general national accounts meetings on relevant topics at OECD and Eurostat.

For 2003, this activity will focus on publishing results and helping to ensure sustainability of capacities developed to date. One publication on business cycles in the Baltics is foreseen and will conclude statistical activity in the domain.

Events: Participation by Baltic countries in Paris-based workshops.

Publications: Economic Growth and Growth Cycles in the Baltic States, 2003.
Compiling Quarterly National Accounts in the Baltics and Other Transition Economies, 2003.

- Activity No. II.A.2.11
- *Output area:* STATISTICAL RESEARCH, COLLECTION AND DISSEMINATION
- Lead Directorate: STD/POD
- Partnerships with other International Organisations: The overall work programme was agreed between OECD and Eurostat. Eurostat may supply funding for Baltic statisticians to attend OECD national accounts meetings.
- Website: www.oecd.org/statistics/nm-countries
- E-mail contacts: paul.schreyer@oecd.org

3. SOUTH EASTERN EUROPE (SEE) REGIONAL PROGRAMME

Introduction

At the May 1999 Ministerial meeting, the OECD received the mandate to participate in international community efforts in South Eastern Europe (SEE), and to strengthen its existing programmes with countries in the region. For the past four years, the OECD has implemented this mandate mainly through its involvement in the work of the Stability Pact.

With the arrival of the new Special Co-ordinator in late 2001, the work of the Stability Pact has been increasingly streamlined. Changes have been made to the way the Stability Pact functions, as well as to priorities. At the 16 December 2002 meeting of the Regional Table, members supported measures to reduce the number of Stability Pact meetings and rationalise its structures. This meeting also confirmed the priority areas for 2003 and beyond, with investment and trade as top priorities.

Boosting private sector investment and improving the business environment for investors in SEE has become a top priority of the Stability Pact and is the central aim of the Investment Compact (IC) co-chaired by Austria, the OECD and joined by Romania in 2003. The Regional Table has called for improved monitoring of the overall climate. This will be done in particular through the critical time bound targets, the Ministerial Declaration and the *Monitoring Instruments* of the Investment Compact.

The main goal of the Investment Compact (IC) is structural policy reform leading to increased private investment throughout South Eastern Europe. The work of the Investment Compact in 2003-04 is conducted in four major areas, which correspond to the four pillars of the IC: monitoring of reforms, strengthening the implementation of reforms (which correspond to the regional flagship initiatives), continuous and structured consultation of the private sector, and increasing political support. The IC work continues in all four areas. In line with the conclusions of the Project Team meeting of November 2002, during 2003 the IC has continued to concentrate its strategy and support work on the three Regional Flagship Initiatives: FDI Policy and Promotion; Entrepreneurship and Enterprise Development; Public and Private Governance (including competition and regulatory reform). Work will also continue on the SEE Corporate Governance Round Table. In addition to continued activity on substance, a structured review of the Investment Compact activity will be conducted in 2004.

A high priority for the Stability Pact in 2003 is the implementation of free trade agreements. The Trade Working Group of the Stability Pact has ensured finalisation and progress on implementation of the network of 21 free trade agreements throughout the region. The OECD's trade activity aims to assess the current situation in the Memorandum of Understanding (MoU) Signatory Countries (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Romania, and the Federal Republic of Yugoslavia) and Moldova concerning trade in services and the prospects for regional co-operation in services. The first phase of the project (September 2002-June 2003) focuses on gathering information related to: services performance, the nature of services barriers, and the potential benefits from enhanced regional co-operation. During the second phase (July 2003-June 2004), attention will turn to developing more concrete proposals on regional strategies to progressively liberalise trade in services.

The OECD plays a pivotal role in the Stability Pact's Working Table 1 and the Task Force on *Education Youth*. The Task Force appointed the OECD as the Co-ordinator for General Education because of its vast experience in Central and Eastern Europe and the Russian Federation, and its unique position *vis-à-vis* donors and recipient countries. The main objective of the group is the promotion of sustainable educational

reform. The OECD completed phase one of its work, publishing Thematic Reviews for all SEE countries. Both the Stability Pact and the countries in the region have asked the OECD to continue its Co-ordinator function and to monitor education reform implementation in 2003.

The South Eastern Europe Regional Programme will continue to play an important role in the streamlined *Anti-Corruption Initiative (SPAI)*, with the OECD monitoring a number of key priority issues in SEE and helping countries to develop the capacity to pursue their reform agendas. Romania, Bulgaria and Slovenia are among the participants in SIGMA's EU Candidate countries programme, which covers financial control and external audit reform, civil service and administrative reform, and helps to formulate institution-building needs.

SIGMA's work in the Western Balkans will continue to increase the administrative capacities of Albania, Bosnia-Herzegovina, Croatia, Serbia and Montenegro and the Former Yugoslav Republic of Macedonia. The areas to be covered are civil service and administrative frameworks, administrative reform, policy capacity development, internal and external financial control, expenditure management, procurement and taxation and trade.

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3.1 Investment Compact

Expected outcome: Structural policy reform leading to increased private investment throughout South Eastern Europe (SEE). Creating a better enabling environment for business and private investment is fundamental to successful transition and economic growth in the region.

Descriptions: The South Eastern Europe Compact for Reform, Investment, Integrity and Growth (Investment Compact), a key component of the Stability Pact, sets out a range of SEE countries' commitments to policy reform aimed at creating sustainable market economies and encouraging private sector investment in the region.

The participating non-members are: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR of Macedonia, Moldova, Romania, and the FRY: Serbia and Montenegro. The Investment Compact supports and promotes policy reform in three broad interrelated policy areas: *i)* foreign direct investment policies and promotion strategies; *ii)* support for small and medium-sized enterprises (SMEs); and *iii)* governance, competition and regulatory reform.

The IC Roadmap set out a three-phase process: assessment of investment conditions; identification of policy priorities; implementation of policy reform. The first two phases were carried out between February and July 2000. *Country Fact Sheets* provided a "snapshot" of the status of policy reform and key policy priorities at July 2000. The implementation phase of the IC process began in 2000-2001 and will proceed into 2003-2004.

The *Project Team*, co-chaired by OECD and Austria, drives and monitors the IC process. *Regional Flagship Initiatives (RFIs)* are co-ordinated regional actions and events carried out on a demand-driven basis with emphasis on priorities of SEE countries and needs of the private sector. *Monitoring instruments*, prepared by SEE countries with OECD support, chart on-going progress in implementing reform across the policy areas of the Investment Compact and set short and medium-term priorities for reform.

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The Investment Compact strategy for 2003-2004 continues to focus on concrete steps to implement reform under four main pillars of activity: *i)* the monitoring process, *ii)* implementation of reform through selected Regional Flagship Initiatives, *iii)* private sector involvement, and *iv)* political support for Investment Compact work.

Three RFIs, combining policy dialogue with practical experience-sharing and capacity building, will be ongoing in 2003-2004, one in each of the three main policy areas of the Investment Compact:

- *SEE Regional Round Table on Investment Promotion:* This RFI is designed to enhance the image of the region as an investment location and to strengthen the investment promotion strategies and capacities of each country. In 2003-2004 direct contacts with potential investors will be ensured through outward missions by SEE countries to OECD member countries and through a series of investment workshops.
- *Enterprise and small business development:* Conducted jointly by the OECD and EBRD in close co-operation with the EC, this RFI assesses the performance of enterprise policies implemented by each SEE country, based on substantial input from the private sector and measured against OECD policy benchmarks and comparative indicators. The IC will publish a set of country reports, Enterprise Policy Performance Assessments (EPPAs), and a cross-regional report by early 2003, to be updated at the end of 2003/beginning of 2004. In parallel to the assessment work, the IC will establish, in close co-operation with EBRD and EC, a regional forum for policy analysis and elaboration dedicated to enterprise and small business development.
- *Regulatory reform:* The Regulatory Governance Initiative (RGI) was launched in October 2001 and is managed by OECD's Public Governance and Territorial Development Directorate (GOV) in co-operation with the World Bank and Greece. RGI seminars will focus on three main issues: regulatory impact analysis (RIA); sectoral regulators of network industries; and barriers to business creation and development (reforming business licensing and permits). Based on these events, the OECD will assist SEE countries in preparing individual Action Plans for regulatory reform initiatives based on a self-assessment questionnaire. These Action Plans will be integrated in the next edition of the *Monitoring Instruments*.
- *Private sector involvement:* Identifying and taking into account private sector views and priorities enables a "reality check" on activities undertaken within the IC framework and ensures that policy reform focuses on actions that will overcome obstacles to the development of business, foster entrepreneurship and encourage private investment. Close collaboration with the Business Advisory Council of the Stability Pact (BAC) and the Business and Industry Advisory Committee to the OECD (BIAC) will continue. In addition, the IC will continue to develop close relations and involvement with the private sector through support to, and establishment of, Foreign Investor Councils (FICs) in SEE countries and through the creation of a regional

network of FICs. Support will also be given to the preparation by FICs of White Books listing and analysing progress (or lack of progress) in improving the investment climate at national level from the private sector point of view.

In May 2003, a meeting was held with SEE competition leaders in order to follow up progress since the conclusion of the 2001-2002 *Competition RFI*. Participants discussed the findings of the report “*Competition Law and Policy in South East Europe - A Programme of Action*” and adopted conclusions on the need to build competition culture, to provide adequate resources to competition institutions, to strengthen investigation and sanctioning powers, to develop international co-operation, and to ensure that competition authorities can perform their duties independently and without undue interference. The SEE competition leaders called for the establishment of a Network of competition authorities in SEE; the competition authorities of Turkey and Slovenia also wish to take part.

In 2004, the OECD will support activities of the Network of SEE Competition Authorities by organising a first annual meeting to review progress in the implementation of competition law and policy throughout the region as part of the monitoring process of the Investment Compact. Thematic workshops will be held on competition issues and competition law enforcement, including training activities. The Network will also serve as a platform among participating countries for exchange of information and experiences, and for co-operation on competition law enforcement, supported by the OECD Secretariat.

Political support from inside and outside the SEE region is vital to achieving the objectives of the Investment Compact. Policy reform demands deep-rooted cultural and social change, and political support is needed to drive and ensure lasting reform. The *Ministerial Declaration on Attracting Investment to South East Europe: Common Principles and Best Practices*, signed in Vienna on 18 July 2002 by all SEE governments, includes as follow-up a yearly Ministerial meeting to review progress achieved in implementing these principles. To strengthen the political involvement and regional leadership of the Investment Compact process, a regional co-chair will join Austria and the OECD in leading the strategic development and implementation of IC activities. As from 1 January 2003, Romania will assume this role for a period of one year.

Events:

Investment Compact Project Team meetings (two per year);

- Project Team missions to SEE countries.
- OECD review and advisory missions to SEE countries.
- Annual Ministerial Conference (Second conference, July 2003).
- Meeting of SEE parliamentarians (April 2003).
- SEE Regional Round Table on Investment Promotion: two/three meetings of the Regional Round Table; missions by SEE countries to OECD member countries (*e.g.*, tentative plans for such missions to Hungary, Italy, Japan, Turkey, United States); series of investment workshops (Italy); Regional

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Investor of the Year (Sarajevo, 2003); capacity building workshops with investment promotion agencies in the region.

- Enterprise and small business development: review and advisory missions to SEE countries; regional forum for policy analysis and elaboration.
- Regulatory reform: seminar on incorporating regulatory impact analysis into the legislative framework (Sofia, January 2003); review and advisory missions to SEE countries.
- Annual meeting of the Network of SEE competition authorities. Thematic meetings with SEE competition officials, subject to funding.
- A regional meeting to follow-up on the first phase of the SEE Investment Compact initiative - Promoting investment through tax policy assessment and design (second quarter 2003).

Publications:

Progress in Policy Reform in South East Europe: Monitoring Instruments (short version in February 2003 and February 2004; full version in July 2003 and July 2004).

- *Enterprise Policy Performance Assessments (EPPAs)* (for each SEE country and cross-regional assessment report by February 2003; updates December 2003-February 2004).
- *Competition Policy in SEE* (conclusions of RFI on Competition Law and Policy): January 2003.
- *White Paper on Corporate Governance in SEE* (conclusions of RFI, Corporate Governance Round Table in SEE): early 2003.
- *Tax Policy Assessment and Design in SEE* (conclusions of the RFI); January 2003.
- White Books issued by SEE Foreign Investor Councils (in some cases with EC support).
- *Regional Investment* (experience of Slovenia in adhering to OECD investment instruments): June 2003.
- *Inventory of Non-conforming Measures to National Treatment* (June 2003).

- Activity No. II.A.3.1
- *Output area: FOREIGN DIRECT INVESTMENT AND MNEs*
- Lead Directorate: DAF/CMIS/SEE
- Other participating Directorates: GOV
- Partnerships with other International Organisations: The Investment Compact is a key component of the Stability Pact for South Eastern Europe (encompassing over 40 partner countries and international organisations). The overall strategy and development of the Investment Compact process is therefore co-ordinated closely with the Office of the Special Co-ordinator of the Stability Pact. The EBRD is co-partner in the Regional Flagship Initiative on Enterprise and Small Business Development, and the World Bank is a close collaborator in the

Regional Flagship Initiative on Regulatory Reform. The above-mentioned international organisations and financial institutions also contribute to the policy dialogue and overall co-ordination of the programme as members of the Investment Compact Project Team, together with the European Commission, World Bank/FIAS (Foreign Investment Advisory Service), World Bank/MIGA (Multilateral International Guarantees Agency), IMF, UNCTAD, UNIDO, UNECE (Economic Commission for Europe). Also part of the Project Team and close collaborators in private sector activities are the Business Advisory Council (BAC) of the Stability Pact, the Business and Industry Advisory Committee to the OECD, and foreign investor councils in the region. Regional partners in the IC process include the Black Sea Economic Co-operation (BSEC), Central European Initiative (CEI), and South East European Co-operative Initiative (SECI). Banks and other private sector groups (*e.g.* Chambers of Commerce, AmCham) are also closely involved in the programme, as are NGOs, such as the Bulgarian Economic Forum and Oxfam.

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- E-mail contact: investment.compact@oecd.org

3.2 Stability Pact Anti-Corruption Initiative (SPAI)

Expected outcome: An enhanced fight against corruption and greater integrity of public administrations in the region of South Eastern Europe. In the context of the Stability Pact Anti-Corruption Initiative (SPAI), this activity promotes continuous progress in OECD non-member states of South Eastern Europe in building effective anti-corruption capacities and institutions through participation in a regional framework, using international standards for benchmarking, and fostering a closer anti-corruption alliance between governments, the private sector, and civil society. SPAI includes the development of conflict-of-interest policies for public officials and identification of strategies and concrete practices to ensure that public interests are protected in public decision-making.

Description: The SPAI was adopted by the members of the Stability Pact at its Working Table III meeting in Sarajevo on 16 February 2000 to combat the threat that corruption poses to the development and stability of South Eastern Europe. The SPAI Compact and Action Plan provide a holistic and multi-disciplinary approach for the countries of the region to rationalise their work under five pillars of action: *i)* adoption and implementation of international legal anti-corruption instruments; *ii)* promotion of good governance and reliable public administrations; *iii)* strengthening legislation and promotion of the rule of law; *iv)* promotion of transparency and integrity in business operations; and *v)* development of an active civil society.

In 2002-04, the activity is providing the SPAI countries (Albania, Bosnia and Herzegovina, Croatia, Montenegro, Serbia, FYR Macedonia, Moldova, and Romania) a forum for co-ordination, optimisation of efforts and dialogue with the donor community. Expertise to assist with reform efforts will be provided through regional technical workshops. Regular regional policy dialogues will be undertaken to discuss progress and lessons learned in implementing the reforms and identify further needs for policy reform and capacity building. In 2003, the Secretariat is to be re-located to the region and staffed by experts chosen from SPAI participating countries. The OECD and the Council of Europe have retained an advisory role on the Steering Group, and the OECD organises regional technical workshops and provide other expert assistance.

SPAI also focuses on implementing mechanisms and the development of practical tools for SPAI countries in two areas:

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i) *Managing conflicts of interest in the public sector.* The core element of the project has produced a set of practical guidelines and management processes for defining, detecting and resolving conflicts between the private interests of public officials and their official duties. These practical guidelines will help SEE countries to design and implement practical measures to ensure that the integrity of official decision-making is not corruptly influenced by a public official's private interest. The guidelines are accompanied by a generic checklist for processing and assessing Declarations of Personal Interests by officials.

ii) *Policy dialogue - two workshops and a Forum on High Standards of Ethics for Public Officials.* The three events for dialogue to support the development of a comprehensive policy to promote high standards of ethics by identifying and managing conflicts of interest in the public service. The workshops explored options for practical approaches to developing codes of conduct, and institutional and management arrangements. The Forum reviewed the practical experience of pilot applications in vulnerable areas.

Events: Workshops on Managing Conflict of Interest for public officials, Zagreb/Croatia, May 2003 and Istanbul/Turkey, September 2003

High-level forum on effective implementation of Conflict of Interest policies, Prague/Czech Republic, November 2003

Technical Workshop on training for journalists on How to Investigate a Conflict of Interest situation, Istanbul/Turkey, November 2003.

Technical Workshop on Budgetary Transparency, Belgrade/Serbia, June 2004.

Publications: Proceedings of the follow-up meeting to the Cavtat Conference on Strengthening Civil Society Capacities (paper copy and on-line version free).

- Activity No. II.A.3.2
- *Output areas: ANTI-CORRUPTION*
- Lead Directorate: DAF/ACD and GOV
- Partnerships with other International Organisations: The overall management of the activity is vested in a Steering Group comprised of a number of Stability Pact donor countries, the European Commission, the World Bank, the Council of Europe and the SPAI participating countries. Until the end of 2002, the Secretariat of the activity was jointly managed by the OECD and the Council of Europe.
- Website: www.oecd.org/daf/spaicom and www.oecd.org/gov
- E-mail contacts: vera.devine@oecd.org and janos.bertok@oecd.org

3.3 Education

Expected outcome: i) An instrument for respective Ministries to monitor education reform and system improvement on the basis of identified criteria. ii) In-depth analysis of specific issues of education reform based on results of the OECD thematic reviews and on-going missions of expert teams. iii) Information platform of recent developments in other educational systems in the region and at European level. iv) Initiatives for educational reforms that will meet the needs of students with disabilities and those who are at risk of failing and dropping out of school.

Description: This activity has three components: Thematic Reviews; Monitoring Education Reform and Education Development for Disabled and at Risk Students.

Thematic reviews have been carried out of the ten educational systems in the region, covering the entire education system, but focusing on curriculum, teachers, governance and early childhood. They provide analysis of current reform priorities, offer the opportunity for inclusive consultation processes at national and regional levels, and promote co-operation networks among regional key actors and donors for targeted implementation strategies.

As regional co-operation is one of the aims of the Stability Pact, the OECD reviews are also presented and discussed at other events, such as seminars, to raise awareness of the importance a regional approach. Another target is to develop networking structures for discussion and exchange between regional, national and international experts, as well as representatives of government authorities, other officials, academics *etc.*

The reports, and especially their recommendations, not only help SEE countries to identify problems, initiate discussions on changes in their education system, and develop reform strategies, but also help education authorities to increase acknowledgement from their own governments of the importance of education in their general reform process.

Monitoring education reform: To continue further activities in education reforms in SEE within the framework of the Stability Pact and the successful work of the Task Force Education and Youth, the Secretariat supports and is part of the “Education Reform Initiative of South Eastern Europe” (ERI SEE), proposed by the ministers of the region and the Task Force. The ERI SEE will serve as an interface between ongoing SEE education reform at national level and European trends in order to promote common European standards in education. A detailed action plan of the ERI SEE was endorsed on the occasion of the Second Working Meeting of Senior Officials from SEE countries in which OECD participated. Ministers of education from several SEE countries signed a Memorandum of Understanding at the EU Education Ministers Conference in Nicosia in June 2003. The overall co-ordination of the ERI SEE will be transferred to the region by the end of 2004 through the establishment of a Secretariat. It is foreseen, that OECD will be member of the Consultative Body, which will have an advisory character and will meet twice a year on the occasion of the working meetings of senior officials from South Eastern Europe.

Youth at Risk. The OECD has a long history of work in the area of students with disabilities and those at risk. In some countries, 15–30 per cent of students fall into these categories and require additional support, and SEE countries confirm that the

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same issues apply there too. As a part of the follow-up activities to the thematic reviews and with additional voluntary funding the CCNM in 2003 continued to focus on the role of education in creating a democratic society. An important issue in this direction, regarding the goal of 'education for all', is special needs education. Based on already available information gathered during the course of policy reviews, the purpose of this activity is to initiate and support educational reforms that will meet the needs of students with disabilities and those at risk. Supported by additional funds from the Flemish Community of Belgium, Norway and the World Bank, OECD in its role of Co-ordinator for General Education in the Stability Pact, started the follow-up project on "Education Development for Disabled and At Risk Students" in SEE in 2003. The activity was introduced at a meeting of Senior Officials of Education Ministries in Romania in May; in September a first working meeting with representatives of eight SEE countries took place. Participants were informed about OECD's work in this field, the new project was introduced and participants from SEE presented the activities and policies in special needs education in their countries. An outline for the preparation of a national report was presented and discussed.

Events 2003: *Follow-up Thematic Reviews:* Presentation and discussion of the report in Kosovo in May 2003. Seminar on decentralisation of education in FYROM in December 2003.

Monitoring Education Reform: Meeting of Senior Officials in Romania in May 2003; "Memorandum of Understanding" signed by several SEE-Ministers in June 2003; Meeting of Senior Officials of the Ministries in SEE in Belgrade/Serbia in December 2003.

Children and Youth at Risk: First working meeting for SEE-participants to initiate the OECD project "Education Development for Disabled and at Risk Students" in Vienna, in September 2003.

Events 2004: Meetings of the steering group for the "Education Reform Initiative in SEE"; Dissemination conferences of the Thematic Reviews of Education Policy in the remaining countries (FYROM, Albania, Moldova, Bulgaria); two working meetings per year of Senior Officials of the SEE Ministries; thematic seminars for Senior Officials on various issues. Monitoring missions (experts) to a maximum of six SEE countries; yearly follow-up meeting

Working meeting for SEE participants in the project "Education Development for Disabled and at Risk Students" to discuss the national reports; meetings in selected countries to support national and regional work in this issue. Monitoring missions to various in this project participating countries to support regional experts in implementing the project.

Publications: Reviews of National Policies for Education: South Eastern Europe, Volumes 1 and 2 (2003).

National reports on "Education for Disabled and at Risk Students" (2004).

- Activity No. II.A.3.3
- Output area: EDUCATION REVIEWS AND OUTLOOK
- Lead Directorate: EDU

- Partnerships with other International Organisations:
- *Follow-up thematic reviews:* World Bank, ETF, UNESCO, Stability Pact /Task Force Education *Monitoring Education Reform:* Stability Pact /Task Force Education *Children and Youth at Risk:* UNICEF
- Website: www.oecd.org/edu/nonmembereducation; www.oecd.org/els/emerging and www.see-educoop.net
- E-mail contacts: ian.whitman@oecd.org and christine.stromberger@oecd.org

3.4 Trade

Expected outcome: An assessment of the current situation in eight SEE countries concerning trade in services and the prospects for regional co-operation in the area. Since regional co-operation is considered as an intermediate step towards integration into the multilateral trading system, the project will also discuss issues relevant to multilateral rule-making in the treatment of services at the regional level.

Description: On 27 June 2001, Ministers from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, and the Federal Republic of Yugoslavia signed a Memorandum of Understanding on Trade Liberalisation and Facilitation (MoU) in Brussels. At the same time, Moldova unilaterally accepted the obligations of the MoU. The Signatories committed their countries to negotiate free trade agreements with each other by the end of 2002. These agreements contain a clause foreseeing the future liberalisation of trade in services between the countries, in accordance with GATS Article V.

Against this background, in order to provide the governments with concrete proposals on strategies to progressively liberalise trade in services, the project focuses on the following components: *i)* an assessment of the Signatory Countries' current and potential trade in services with each other; *ii)* an inventory of obstacles that hinder intra-regional trade in services and prevent the realisation of the potential trade in services and its benefits; *iii)* an assessment of the prospects for regional co-operation in services in the area; and, *iv)* an analysis of the applicability of EU directives in regional liberalisation and the harmonisation of SEE's Schedules of Specific Commitments under the GATS.

Policy recommendations focusing on implementing a concrete framework for regional and multilateral co-operation in the area of services are developed in the context of the second phase of the project. A number of specific seminars will be organised in all SEE countries to train government officials and representatives of the business community in the region to apply best practices and co-operation measures.

Events: Policy meeting with experts, trade officials and business representatives of the signatory countries in the region, second quarter of 2003 and last quarter of 2003.

Publications: Publication of the two reports that will be presented in June 2003 and December 2003 to the Stability Pact for South Eastern Europe.

CD-ROM OECD Toolkit for Trade Policy Makers in South Eastern Europe.

- Activity No. II.A.3.4
- *Output area:* *ADVOCACY OF FREER TRADE*
- Lead Directorate: ECH/TPD
- Partnerships with other International Organisations: World Bank; EBRD

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- Website: www.oecd.org/ech/nonmembers
- E-mail contact: nora.dihel@oecd.org

3.5 Regulatory Reform

Expected outcome: Strengthened institutional, knowledge, and process capacities needed to develop and implement transparent, efficient and effective regulation that supports national and foreign investment, and promotes sound and competitive markets.

Description: This Regulatory Government Initiative (RGI) is part of the *Investment Compact* of the Stability Pact. It was launched at the Seminar Foundations for Investment: Progress and Challenges in Regulatory Reform in South Eastern Europe supported by the Greek Government in October 2001. The RGI work plan is organised around three pillars *i)* country visits and discussion with policy makers in SEE countries, *ii)* seminars and events on central regulatory policy issues, and *iii)* preparation of Action Plans to monitor progress.

On 18 July 2002, SEE governments issued a Ministerial Declaration *Attracting Investment to South East Europe: Common Principles and Best Practices*. To assist the implementation of this Declaration, the OECD will help SEE countries to prepare individual *Action Plans*. The Action Plans will be based on self-assessment questionnaires prepared by the OECD Secretariat and discussed at each RGI event. The Action Plans will constitute an integrate part of the *Monitoring Instruments*.

Events: Events planned in 2003:

- In January 2003, the RGI will organise a Seminar on “The Use of Regulatory Impact Analysis to Foster Economic Efficiency and Policy Coherence” in Sofia with the support of Bulgaria.
- In June 2003, a Seminar in Prague on “Sectoral Regulators for Network Activities”, with the support of the Czech Republic.
- In December 2003, a Seminar in Bucharest on “Barriers to Business Creation and Development” (licences and permits) will conclude the first phase of the programme.

Publications: The proceedings of each event are published by the OECD Secretariat and distributed to all participants. They are also posted on the OECD website.

A special report on the implementation of the Regulatory Governance Initiative by SEE countries will be published in the annual report of the Investment Compact (second quarter 2003).

- Activity No. II.A.3.5
- *Output area:* REGULATORY REFORM
- Lead Directorate: GOV/REG
- Partnerships with other International Organisations: The Office of High Representatives (Bosnia & Herzegovina) took part in the planning and implementation of the seminar in Sarajevo. Co-operation with the World Bank and EBRD has also been expanded.
- Website: www.oecd.org/regreform
- E-mail contact: stephane.jacobzone@oecd.org

3.6 Corporate Governance

Expected outcome: i) Better corporate governance practices through legal and regulatory reforms and more efficient procedures for implementation and enforcement. ii) Establishment of public and private sector capacity to monitor developments and pursue a continued policy dialogue.

Description: The South Eastern Europe Corporate Governance Round Table was established in 2001. It forms part of a co-operative agreement between the World Bank and the OECD and was one of the Regional Flagship initiatives of the South Eastern Europe Compact for Reform, Investment, Integrity and Growth in 2002. The activity is carried out in close co-operation with regional partners that include relevant ministries, securities market regulators, and stock exchanges. The Round Table also comprises individual participants from the private sector as well as business organisations, investment groupings, professional associations and representatives from civil society with an interest and expertise in corporate governance.

The Round Table is a high-level forum for structured policy-dialogue based on the OECD Principles of Corporate Governance. Building on this dialogue, the Round Table is developing a *White Paper on Corporate Governance in South Eastern Europe*, which formulates common policy objectives and concrete reform proposals. The White Paper forms a basis for supporting the critical process of policy design, implementation and enforcement.

These meetings enable policy makers and other experts in South Eastern Europe to exchange experiences with their counterparts in OECD countries and international organisations. The work will be reported in the form of Policy Briefs in the different areas subject to analysis. The selection of priority areas, the expert meetings, and the Policy Briefs will be directly tied to on-going reform efforts in the region, and serve as a practical resource in the work of public and private sector bodies responsible for implementation and enforcement.

Good corporate governance is essential for market integrity and the ability to attract capital. The South Eastern Europe Corporate Governance Round Table has proven to be an efficient way of establishing a continuous and coherent dialogue that includes problem analysis as well as critical steps of policy-design, implementation and enforcement. It ensures an inclusive approach that builds on close partnerships with the most important constituents in the region and provides the countries in South Eastern Europe with full access to the international corporate governance dialogue. The Round Table process also makes it possible to identify the needs for technical assistance, and facilitate its provision by bilateral and international donors

Events: Round Table meeting to finalise *the White Paper on Corporate Governance in South Eastern Europe* and draft an Action Plan (first quarter 2003).

Expert meeting on enforcement and implementation aspects of transparency and disclosure (second quarter 2004).

Publications: Second quarter 2003: *White Paper on Corporate Governance in South Eastern Europe* (free).

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Fourth quarter 2004: *Policy Brief on Transparency and Disclosure, enforcement and implementation aspects* (free).

- Activity No. II.A.3.6
- *Output area: CORPORATE GOVERNANCE*
- Lead Directorate: DAF/CA
- Partnerships with other International Organisations: World Bank, the Global Corporate Governance Forum, IFC
- Website: www.oecd.org/daf/corporate-affairs
- E-mail contact: mathilde.mesnard@oecd.org

3.7 SIGMA Programme - Western Balkans

Expected outcome: Support for the Stabilisation and Association process that has been agreed between the countries and the European Union, by assisting the countries to develop their public institutions.

Description: SIGMA works with Albania, Bosnia and Herzegovina (including the component entities), Croatia, the FYR of Macedonia and Serbia and Montenegro.

The obligations within the Stabilisation and Association process follow the same lines as the obligations of the Candidate countries, while recognising the particular development situation in each country. SIGMA brings the experience it has acquired working in EU candidate countries over the past eleven years, providing support mainly in the following areas:

- Civil service and administrative reform
- Legal framework of the administration
- Strengthening policy capacities
- Public expenditure management
- Financial control and external audit
- Public procurement and concessions

In addition, the European Commission may request SIGMA to undertake work in other areas relevant to the strengthening of democratic institutions and public administration reform.

- Activity No. II.A.3.7
- *Output area: MODERNISING GOVERNMENT*
- Lead Directorate: GOV/SIGMA
- Partnerships with other International Organisations: In addition to the European Union (Commission and the European Court of Auditors), SIGMA works with the Council of Europe, ETF, European Institute of Public Administration, ILO/Turin, World Bank, Organisation for Security and Co-operation in Europe (OSCE), United Nations Development Programme (UNDP), Transparency International, and the Soros Foundation.
- Website: www.sigmaweb.org
- E-mail contact: bob.bonwitt@oecd.org

3.8 Education - Bulgaria

Expected outcome: A policy review with recommendations.

Description: Bulgaria has participated in OECD Education activities since 1992. As part of the Stability Pact a thematic review was carried out, and a full review of education policy that is currently underway will be published in 2003. In addition, Bulgaria has joined the Programme for International Student Assessment (PISA). As a result of the two previous reviews, the Minister of Education and Science formally requested a review of research policy.

Two-week site visits will take place in March 2003. A draft report will be presented to the Education Committee and the Bulgarian authorities for discussion, before publication. This review and its recommendations will assist Bulgaria in reforming its research policy in light of the goal of accession to the European Union.

Events: A conference will be organised in Sofia to discuss the full review of Bulgaria and the new review of research policy in the third quarter of 2004.

Publications: *Review of Education Policy of Bulgaria*, January 2004

Review of Research Policy of Bulgaria, July 2004

- Activity No. II.A.3.8
- *Output area:* EDUCATION REVIEWS AND OUTLOOK
- Lead Directorate: EDU
- Website: www.oecd.org/edu/nonmembereducation
- E-mail contact: ian.whitman@oecd.org

3.9 Statistics

Expected outcome: Provision of internationally comparable and comprehensive national accounts statistics for the countries of South Eastern Europe.

Descriptions: The states of the former Yugoslavia have been relatively slow to adopt the OECD-UN *System of National Accounts* (SNA) to replace the communist bloc's *Material Product System*. The OECD organised workshops in the SEE region in 2001 and 2002 to explain the SNA, and these countries are now beginning to implement the new system.

One of the major problems in the region is the existence of a large and growing informal and underground economy. In 2002 the OECD published a *Manual on Measuring the Non-Observed Economy* and this will provide the guidelines to help these countries cover informal and underground activities in their national accounts.

A related activity is the calculation of purchasing power parities necessary to make international comparisons of living standards between these countries and the rest of Europe. It is expected that this work will be financed by Eurostat under the professional leadership of the OECD.

Workshops will be organised on national accounts compilation, measurement of the non-observed economy and purchasing power parities. Slovenia, Bulgaria and

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Romania are included in this programme as they are statistically more advanced than the others who can benefit from their experience.

Events: Regional workshops on national accounts (to be held in April 2003) and on measurement of the non-observed economy (to be held in September 2004). Workshops on purchasing power parities to be held in April and October 2003 and April and October 2004. Consultancy missions by OECD staff to Serbia and Montenegro, Bosnia and Herzegovina, Macedonia, Croatia and Albania.

Publications: Workshop reports in English only (free).

- Activity No. II.A.3.9
- *Output area:* STATISTICAL RESEARCH, COLLECTION AND DISSEMINATION
- Lead Directorate: STD/POD
- Partnerships with other International Organisations: The activity relating to purchasing power parities is funded by Eurostat.
- Website: www.oecd.org/std/nm-countries
- E-mail contact: david.roberts@oecd.org

3.10 Labour Market and Social Policy, Serbia and Montenegro

Expected outcome: i) Informing OECD governments and the general public about labour market and social issues in Serbia and Montenegro, ii) Comparison with OECD and other transition countries in view of identifying best practices, iii) possible recommendations to Serbia and Montenegro.

Description: This activity will seek to identify and discuss the most pressing labour market and social policy issues, especially how to establish an institutional framework in the labour market in the following respects:

- i) labour law and its enforcement; dealing with industrial disputes
- ii) social dialogue, wage setting
- iii) social insurance programmes
- iv) public employment service and labour market programmes

Events: These and related issues will be addressed through a policy review, following the pattern of previous reviews in Central and Eastern European countries. It will be discussed at an *ad hoc* ELSA Committee meeting in the second half of 2004

Publication It is expected to publish the results of this review in the first semester of 2005

- Activity No. II.A.3.10
- *Output area:* EMPLOYMENT OUTLOOK, REVIEWS AND LABOUR MARKET POLICIES
- Lead Directorate: ELS
- Website: www.oecd.org/els/employment/policy
- E-mail contact: anders.reutersward@oecd.org

4. RUSSIA PROGRAMME

Introduction

The OECD has been co-operating with the Russian Federation since 1992, establishing a unique relationship with the country in several ways. The Russia Programme is the largest for any non-member and, consequently, has covered an extensive range of market-reform activities.⁷ In addition, Russia applied for OECD membership in 1996. The Organisation responded that accession was a shared ultimate goal, thus making Russia the only current non-member to have received a positive signal in response to a membership request. As a result, mechanisms were developed through which co-operation was strengthened in the interim, including the establishment of a Liaison Committee (LC) in 1997. In addition, Russia participates in the work of 19 Committees and other bodies of the OECD.⁸ This breadth of participation is more than twice as large as that of the next best represented non-members.

The ultimate goal of the OECD's Russia Programme is to facilitate the integration of the Russian Federation into the world economy. The Russian economy has been performing more strongly than ever during transition, in spite of the difficult world economic environment. The authorities' strong macro-economic management has been combined with far-reaching structural reforms. This impressive performance has been recognised by the US and the EU, which took the significant decision to grant Russia "market economy" status for trade policy purposes.

The lessons learned from past co-operation with Russia, the country's favourable economic situation and the closer integration of CCNM country and regional programmes into policy themes will combine to refocus and streamline the Russia Programme in 2003-04. It will be structured along two tiers: horizontal issues and issues linked to the OECD Global Forums.

Horizontal Work

This first tier will include three horizontal activities: *i*) a regulatory reform review, *ii*) intensified work on trade policy reform, and *iii*) the fifth *Russia Economic Survey*. At its April 2002 meeting, the Liaison Committee noted the important role of regulatory reform for Russia's overall reform process and strong

7. In 2001, the CCNM published *OECD, the Russian Federation 1992-2000*, outlining activities and co-operation over the last decade. Significantly, the OECD has produced four *Economic Surveys* of the Russian Federation (in 1995, 1997, 2000 and 2002), as well as seminal policy reviews of Russian education, agriculture, environment, investment, innovation policy, social policy, human resource development, and science and technology. The ground-breaking Corporate Governance White Paper was published in 2002. A list of all OECD publications on Russia or in Russian can be found in the *Russia Programme Annual Report, 2002*.

8. *Ad Hoc* Group on Food Safety to prepare the report to the G8; Committee for Fisheries; Committee for Information, Computer and Communications Policy; Committee for Scientific and Technological Policy; Competition Committee; Committee on Fiscal Affairs; Committee on Nuclear Regulatory Activities; Committee on the Safety of Nuclear Installations; Commodity Groups of the Committee for Agriculture; Council Working Party on Shipbuilding; Education Committee; Employment, Labour and Social Affairs Committee; Maritime Transport Committee; Steel Committee; Working Party on the Harmonisation of Regulatory Oversight in Biotechnology (EPOC); Committee on Financial Markets; Economic and Development Review Committee, Country Examinations; Insurance Committee; and NEA Nuclear Law Committee

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support was expressed for the regulatory reform review as a key element of the CCNM's Russia Programme. Significantly, it will be the first review of this kind for a non-member.

The purpose of the review is to improve the foundations for the coherent and comprehensive design and implementation of regulatory reform policies in Russia. The framework and approach will be based on OECD's existing Regulatory Reform Programme, but will be adjusted to take into account the specific regulatory challenges faced by Russia, while retaining the benefits of benchmarking with OECD practices. Importantly, the review will be horizontal in nature, including economic analysis and work on competition, trade and energy policies.

As the ultimate goal of the Programme is to facilitate Russia's integration into the world economy, and given the country's negotiations to join the WTO, trade policy reform will become increasingly important. The OECD will continue to support Russia's trade liberalisation and facilitate its integration into the international trading system. Work will begin on the trade and domestic policy implications of WTO accession, which may include related issues such as agriculture, financial services, intellectual property rights, small business development and social policy.

In 2003, work started on the 5th *Russia Economic Survey*. In addition to the usual macroeconomic overview, the survey will examine the issue of the competitiveness of Russian industry in the light of both macroeconomic and structural developments, with particular focus on the role of financial intermediaries and corporate governance.

Link with the Global Forums

In line with the CCNM's mission statement and main orientations for 2003–2004, the Russia Programme will seek to interact more effectively with the policy themes of the OECD Global Forums and OECD Committees. Investment will be an important activity in 2003. In this regard, a progress review of Russia's investment and capital movements policies will be carried out by the Committees on International Investment and Multinational Enterprises and on Capital Movements and Invisible Transactions, three years after the OECD *Investment Policy Review of Russia*. In addition, the OECD will produce policy recommendations for the Russian government on how to design, finance manage and evaluate public-private partnership (PP/Ps) programmes for enhancing the innovation performance in Russia. Other policy issues will link country-specific work with that undertaken in the Global Forums and Committees, including anti-corruption, competition policy, corporate governance, the environment, education and tax.

- E-mail contacts Russia Programme: malory.greene@oecd.org and judyta.fiedin@oecd.org

4.1 Economic Survey of the Russian Federation

Expected outcome: The survey will promote the dialogue of OECD member countries with Russia, improving their understanding of the current economic challenges facing Russia, while giving advice on appropriate economic policy responses. The survey will highlight linkages between structural reforms and macroeconomic policies that are needed for sustainable growth.

Description: The Russian economy has experienced four years of surprisingly high economic growth and relative resilience in face of a global economic slowdown. However, in spite of recent improvements in some areas of structural reforms, it is uncertain to what degree the current level of growth can be sustained within the existing economic framework. Some of the problem areas are the still undeveloped

financial sector, corporate governance, entry of new enterprises and exit of non-viable enterprises, and, importantly, the issue of the competitiveness of Russia's manufacturing industry. Actual and potential competitiveness of the Russian economy has become a major issue for Russian policy makers, particularly in the context of Russia's current negotiations to join the WTO.

This will be the fifth OECD survey on Russia. Past surveys have examined relevant issues in the area of fiscal federalism, energy sector reform, and barriers to the development of small and medium-sized enterprises.

This survey will examine the issue of the competitiveness of Russian industry in the light of both macroeconomic and structural developments, with particular focus on the role of financial intermediaries and corporate governance. It will highlight the challenges to the Russian economy and policy making stemming from the prospect of Russia's integration in the world economy.

Events: The survey will be discussed at the EDRC committee meeting in the first half of 2003. The Russian version of the survey will also be used to organise a seminar in Moscow to discuss its recommendations, and will be presented to the Russian press. The follow-up seminar will include high government officials, delegates from OECD countries and interested organisations, as well as research institutes, businessmen, and other representatives of civil society. It will be an occasion for policy dialogue within the country and an incentive to higher transparency of government policies.

Publications: *Economic Survey of the Russian Federation*, English version (for sale), French version (for sale), Russian version (free .pdf version).

- Activity No. II.A.4.1
- *Output area:* COUNTRY REVIEWS OF ECONOMIC POLICIES
- Lead Directorate: ECO/NME
- Other participating Directorates: DAF, ECH
- Partnerships with other International Organisations: Co-operation with the IMF, the WB and EBRD consists in exchange of information and invitation to take part and interact with the participants in the EDRC meeting.
- Website: www.oecd.org/eco/Country_Surveys/Non-members
- E-mail contacts: william.tompson@oecd.org and rudiger.ahrend@oecd.org

4.2 Economic Monitoring of Russia

Expected outcome: Contribution to the OECD economic projections and the *OECD Economic Outlook*, and fundamental economic analysis supporting structural work of other OECD Directorates.

Description: Monitoring of Russia is an on-going activity. It consists not only of monitoring current developments with regard to economic growth, domestic and external demand, inflation, international trade and the balance of payments, but also progress on structural reform. Understanding the quality and shaping of structural reforms and their links to macroeconomic stability is crucial in assessing the sustainability of growth in Russia, and in highlighting the need for policy reforms and their priorities. Monitoring encompasses developments in enterprise restructuring, public and corporate governance, and financial sector developments.

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In-depth monitoring requires close scrutiny of current economic and political developments in Russia, through the press and specialised publications. An important part of monitoring is also carried out in meetings and discussions with government officials, academics, and other main protagonists of economic life in Russia.

Dissemination takes place via OECD publications and at the relevant committees. The *OECD Economic Outlook* provides an update on Russia's economic developments twice yearly. On-going economic monitoring is the basis for briefing relevant committees, including the Liaison Committee with Russia, and the Secretary General, as well as providing assistance to other structural work carried out by OECD departments and occasional meetings with interested OECD member countries' high-level officials.

Events: The Short-Term Economic Prospects (STEP) meeting (twice a year).
The Economic Policy Committee (EPC) meeting (twice a year).

Publications: Contribution to *OECD Economic Outlook* twice a year.

- Activity No. II.A.4.2
- *Output area:* MULTILATERAL PEER REVIEW OF ECONOMIC POLICIES
- Lead Directorate: ECO/NME
- Partnerships with other International Organisations: OECD staff members frequently meet with staff of the World Bank, the IMF and EBRD to exchange information.
- Website: www.oecd.org/eco/OecdEconomicOutlook
- E-mail contact: william.tompson@oecd.org and rudiger.ahrend@oecd.org

4.3 Regulatory Reform

Expected outcome: i) Improved understanding of the current challenges that Russia faces in the field of regulatory reform. ii) Analytical inputs and policy advice to help the on-going structural and regulatory reforms in Russia.

Description: Russia is the first OECD non-member to undergo a Regulatory Reform Review. The review will contribute to the design and implementation of Russia's regulatory reform strategies. It will be of equal benefit to OECD governments supporting further development of structural reforms, good governance, market economy and trade openness in Russia.

The Regulatory Reform Review is a multi-disciplinary process of in-depth country reviews that involves several OECD Committees and Directorates. A detailed framework, organisation setting, and themes and sectors covered by the review are specified in the Memorandum of Understanding of December 2001, which guides the parties during the review process.

Adjusted to take into account Russia's specific regulatory challenges, the final output is a regulatory country review of Russia which will include chapters on the macroeconomic context for regulatory reform, government capacity to assure high quality regulation, the role of competition policy, and enhancing market openness through regulatory reform. The OECD Economics Department will be responsible for drafting the macroeconomic framework chapter. Given the complexity of the Russian institutional set-up, particularly in the light of WTO entry requirements,

this will require a comparatively higher volume of economic analysis and resources than for OECD member countries.

The Review will also look into selected regulatory issues in three key sectors: telecommunications, electricity and railways. The report will provide a set of policy recommendations. The final and background reports will be peer reviewed in the appropriate OECD official bodies.

Intermediate results, such as preliminary draft reports, events and bilateral discussions will emerge through an interactive process between the Russian Government and the OECD member countries and Secretariat.

Events:

A series of consultative meetings with Russian government officials, OECD member countries, other stakeholders, and the Secretariat to discuss interim results of the review; to be held in Moscow and in Paris throughout 2003 and 2004.

Peer reviews of the background reports by relevant OECD committees during the second half of 2003 and a peer review of the synthesis report by the Special Group on Regulatory Policy in 2004.

Data-gathering missions to Moscow and selected regions in the first half of 2003; 50-60 meetings to be held with Government and NGO experts on macroeconomics, trade, public sector management, competition law and policy, and sectoral policies in the electricity, rail and telecom sectors.

The Russian version of the Regulatory Reform Review will also be used to organise a seminar in Moscow to discuss its recommendations, and will be presented to the Russian press.

Publications:

Report on Regulatory Reform in the Russian Federation, to be published in late 2004 (English and French for sale, also available in Russian - free).

- Activity No. II.A.4.3
- *Output area:* REGULATORY REFORM
- Lead Directorate: GOV/RMR
- Other participating Directorates: CEMT, DAF, STI, ECH, ECO, IEA
- Partnerships with other International Organisations: World Bank: Participation in and input to seminars; sharing and co-ordination of relevant work; co-operation on federal-regional issues addressed in the review. EBRD: Possible co-operation on review of the regulatory reform in the telecommunication sector, IMF
- Website: www.oecd.org/regreform
- E-mail contacts: nikolai.malyshev@oecd.org and inga.stefanowicz@oecd.org;

4.4 Trade

Expected outcome: Facilitation of Russia's accession process to the WTO.

Description: This activity has been developed in line with the progress achieved in the Geneva negotiations without any duplication of that process. In 2003-2004, the Trade Directorate will participate in the OECD horizontal project of Russia's regulatory reform review and prepare a chapter on the role of trade-related regulations in enhancing market openness. Following the specific request of the Russian authorities, the policy dialogue contributes to the government's efforts to develop its analytical capacity in the trade policy area, based on sharing experience with OECD governments. Exploratory work is also initiated on some specific trade policy issues important for Russia, such as trade facilitation, in particular the

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contribution of trade-enabling and infrastructural services to the country's export capacities.

Depending on the progress in the WTO accession process, the policy dialogue and analytical work will continue in 2004 to support Russia's trade liberalisation and its efforts to foster a pro-competitive and business-friendly environment. The main issues to be considered in this context will be the implementation by Russia of policy recommendations stemming from the trade chapter of the regulatory reform review, and some specific issues, such as the implications of regional co-operation initiatives involving Russia for its participation in the international trading system.

- Events:*
- Second quarter 2003: expert meeting on the experience with developing governmental analytical capacities in the trade policy area (in Moscow).
- Fourth quarter 2003: informal meeting of the Working Party of the Trade Committee with participation of Russian trade officials
- Second quarter 2004: a workshop on "Economic and trade implications of WTO accession", with participation of other transition economies and China.
- Examination of the trade chapter of Russia's regulatory reform review by the Working Party of the Trade Committee
- Fourth quarter 2004: informal meeting of the Working Party of the Trade Committee with participation of Russian trade officials.
- In 2003 and 2004, Russian trade officials will be invited to different relevant events organised by the Trade Directorate, in particular within the Global Forum on Trade.

Publications: 2003: Trade Policies in Russia: The Role of Local and Regional Governments (for sale).

- Activity No. II.A.4.4
- *Output area:* *ADVOCACY OF FREER TRADE*
- Lead Directorate: ECH/TPD
- Website: www.oecd.org/ech/tradepolicy/nonmembers
- E-mail contact: ech.contact@oecd.org

4.5 Taxation

Expected outcome: Assistance to the development and implementation of Russia's tax reforms and its implementation of tax treaties and transfer pricing rules that enhance Russia's attractiveness as a venue for foreign direct investment and secure Russia's tax base.

Description: The programme between Russia and the OECD for 2003 and 2004 builds on a number of similar activities that have taken place in Russia in co-operation with the Russian Ministries of Taxation and Finance since the early 1990s. The objectives and outcomes have remained relatively consistent – to reform and develop the Russian tax system in order to encourage foreign direct investment and protect the Russian tax base. Consequently, the programme will consist of a series of policy dialogues aimed at senior officials in Moscow, and address current significant policy and administration issues. The emphasis will remain on areas of core interest to the Committee on Fiscal Affairs (CFA) – primarily aspects of treaties,

transfer pricing and exchange of information – but will also take into account key issues from the Russian perspective.

Events:

Events for 2003 and 2004 to take place in Moscow include:

- Property tax – May 2003.
- VAT – including avoidance and evasion – September 2003.
- Pre-audit selection – November 2003.
- Taxation of Electronic Commerce – December 2003.
- Administration and Control of Large Taxpayers in Gas Industry – (2 events) dates in 2004 to be determined.
- Taxation of Electronic Commerce – dates in 2004 to be determined.

- Activity No. II.A.4.5
- *Output area: TAX POLICIES AND INTERNATIONAL STANDARDS - INTERNATIONAL TAX CO-OPERATION*
- Lead Directorate: CTPA
- Partnerships with other International Organisations: Co-operation with the World Bank, IMF and EU.
- Website: www.oecd.org/daf/ctpa
- E-mail contacts: richard.parry@oecd.org and daria.ostapchuk@oecd.org

4.6 Investment Policy

Expected outcome:

Progress towards implementation of international best practices and OECD-agreed standards, as the Russian authorities seek to improve the enabling regulatory environment for foreign investment.

Description:

Since the publication in May 2001 of the *OECD Investment Environment Survey*, Russia has undertaken a wide range of new policy measures affecting foreign investors. This activity aims to evaluate progress so far in implementing the 2001 OECD Survey recommendations in key selected areas of FDI policies and to assist the Russian authorities in achieving further reform results according to a set timetable in these areas.

This activity will be undertaken under the auspices of the relevant OECD Committees, which are the guardian of the OECD investment instruments, and in close co-operation with the Russian Ministry of Economic Development and Trade (including through the establishment of task forces as needed). The activity will focus on practical areas of immediate interest, provide concrete assistance in implementation, and build up support for Russia's pro-reform agenda for foreign investment and growth and hence its greater integration within the global economy. This activity will contribute to increasing the country's awareness of, and emulation of, the investment liberalisation, treatment and transparency standards embodied in the OECD Declaration on International Investment and Multinational Enterprises and the OECD Codes of Liberalisation of Capital Movements and of Current Invisible Operations.

Events:

OECD-initiated consultations between Russian authorities, private sector (including the OECD's Business Advisory Committee and Russia's Foreign Investment Advisory Council), and OECD Members in Moscow (2003-2004).

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Peer review meeting of the OECD Committee on International Investment and Multinational Enterprises (in co-operation with the Committee on Capital Movements and Invisible Transactions) with the Russian authorities at the OECD to discuss the results of this Russia-OECD co-operative work and share experience (second quarter 2004).

Press and other public presentations of the final report (see below) on the results of the work in Moscow and capitals (second half of 2004).

Publications: OECD Investment Policy Progress Review of Russia (English and Russian) (for sale).

- Activity No. II.A.4.6
- *Output area:* FOREIGN DIRECT INVESTMENT AND MNEs
- Lead Directorate: DAF/CMIS
- Partnerships with other International Organisations: EBRD, IMF and World Bank group
- Website: www.oecd.org/daf/investment
- E-mail contact: pierre.poret@oecd.org

4.7 Competition Policy

Expected outcome: Improved governance, market integrity and economic performance through *i)* more predictable and effective law enforcement by the Competition Ministry; *ii)* adoption of improved legislation and enforcement methodologies; *iii)* application of efficiency-enhancing competition principles to natural monopoly reform based on OECD experience; and *iv)* greater understanding by judges of competition issues and the need for effective competition law enforcement.

Description: Russia and the OECD have closely co-operated on competition law and policy for over ten years. This co-operation has included: *i)* assistance on drafting and amending the competition law and the law on natural monopolies; *ii)* seminars on the substantive principles and investigative techniques to be used in enforcing those laws as well as the law on competition in financial markets and the law on unfair competition; and *iii)* workshops and other work with Russian arbitrazh judges responsible for interpreting the competition law.

Beginning in December 2000, the OECD began a series of high-level meetings with the Anti-monopoly Ministry and others involved in carrying out the government's programme to reform natural monopoly regulation. These meetings foster an enhanced understanding of the benefits of introducing greater competition where possible, and efficient regulation when it is not. The meetings concerned railroads, telecommunications, electricity, and natural gas. In 2001, the OECD held three seminars – on the abuse of dominance, cartels, and mergers, respectively – for Ministry officials and for managers and case handlers from the territorial offices. In 2002, this activity continued with several discussions on the implementing regulations and a three-day workshop with Russian arbitrazh judges.

Future work will continue to use seminars, workshops and consultations to promote best practices in the Russian context. Russia will benefit from the improvements in efficiency and investment throughout the economy as abuses by monopolies are better addressed.

Events: Over the next two years, there will be two case discussions (one in November 2003 and one in September 2004); one follow-up meeting (in March 2004) on the peer

review exercise that will take place in the Global Forum on Competition in February 2004; one consultation on a new competition law that Russia is considering (fourth quarter 2004); three consultations on methodologies (in February and October 2003, and one in June 2004); one workshop on communications and advocacy techniques and strategies (December 2003).

These seminars will examine in depth the practical problems encountered in introducing competition and improving governance in particular sectors, and offer best practice solutions. (Dates and locations to be decided.)

Publications: Publications may result from some of the specific activities, particularly the high-level meetings. Any such publications would be in Russian and English.

- Activity No. II.A.4.7
- *Output area:* COMPETITION
- Lead Directorate: DAF/COMP
- Website: www.oecd.org/competition
- E-mail contact: dafcomp.contact@oecd.org

4.8 Financial Affairs

Expected outcome:

- i) Development of adequate regulatory and supervisory frameworks; promotion of modern, sound and open insurance and private pension markets in Russia.
- ii) Policy dialogue on insurance liberalisation issues and promotion of related OECD principles.

Description: The Russian authorities have made several requests for policy dialogue on insurance and pension issues which are key elements for the sustainable development of the economic and social structure of Russia.

The Russian government adopted a “Concept of the development of insurance in the Russian Federation” in September 2002, which lists priority issues for market and regulatory reform. These include: improvement of insurance supervisory mechanisms; promotion of savings transfers towards long-term investments via life-insurance vehicles; progressive integration of the national system in the international insurance market.

Also, the recent law introducing mandatory third-party liability insurance (motor insurance) calls for the establishment of a compensation fund in the coming months. Lastly, an important reform of the health insurance system is also underway, which includes the development of private complementary schemes.

In-depth policy dialogue and experience sharing with OECD experts on these issues is highly expected.

Regarding the development of private pension, mandatory funded schemes were introduced as of 1 January 2002. Amendments to the law on private pension funds, in particular regarding administration as well as supervision of funds, are currently debated in the Duma. Further regulatory developments are expected in the near future: two draft laws, on asset investment management and on mandatory occupational pension systems respectively are currently under discussion.

The OECD is planning meetings to work on these key regulatory projects and assess their consistency with its own Principles.

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Besides, the Russian government has expressed interest in being granted observership at the OECD's Working Party on Private Pensions and would wish to attend one of this Working Party's meetings to discuss its reform projects with OECD member countries.

- Events:*
- OECD Conference on Pension Reform in Russia, Moscow, 24-26 September 2003
 - Expert Meeting on insurance and private pensions in Russia (2004)
- Activity No. II.A.4.8
 - *Output area:* FINANCIAL REGULATION AND MARKET EFFICIENCY
 - Lead Directorate: DAF/FIN
 - Website: www.oecd.org/daf/insurance-pensions
 - E-mail contacts: flore-anne.messy@oecd.org and nina.paklina@oecd.org

4.9 Public Governance - SIGMA

Expected outcome: Assistance to the Russian authorities' major administrative reform programme, complementing the activities of major donors who are supporting the reforms, and assistance to donor co-ordination

Descriptions: The Russian government is launching a major administrative reform which covers several elements including reform of the legal framework for the civil service and its management system. At the end of November 2002, the President signed the decree which assigns responsibilities and budget to the reform effort and sets out the planning. The weak administrative system has been identified by all donors as one of the key brakes on the full consolidation of Russia's three transitions to democracy acting under the rule of law, to a market economy integrated into the world trading system, and to the development of civil society. Administrative reform is therefore a priority for the government and donors for the coming years.

The Russian authorities have specified where they would like donor input to assist the reform process. A donor co-ordination meeting, organised through the World Bank, will be held in early 2003 to agree roles for each donor. OECD (acting through the SIGMA Programme) has been active in 2002 in supporting preparatory work for the reform. The Russian Authorities have asked that SIGMA continue to play an active role in the future as a complement to foreseen major donor programmes, in particular by assisting the Russian team to access the experience of member countries and other transition countries.

Events: The Russian authorities have specified the main means they would like to use as they implement their reforms. These include expert workshops, advisory missions, reviews of draft legislation, assistance for strategic planning *etc.* The content and role of OECD will only be defined at the donors meeting early next year.

- Activity No. II.A.4.9
- *Output area:* MODERNISING GOVERNMENT
- Lead Directorate: GOV/SIGMA
- Partnerships with other International Organisations: The European Commission and several bi-lateral donors are planning major programmes. OECD (through SIGMA) is present in the Donors Co-ordination process, which was launched in Spring 2002. This process is expected to continue throughout the reform programme.
- Website: www.sigmaxweb.org
- E-mail contact: bob.bonwitt@oecd.org

4.10 Corporate Governance

- Expected outcome:*
- i) Improved corporate governance practices through legal and regulatory reforms and more efficient procedures for implementation and enforcement.
 - ii) Establishment of public and private sector capacity to monitor developments and pursue a continued policy dialogue.

Description: The Russian authorities have identified good corporate governance as a prerequisite for the development of a competitive private sector that is able to attract the capital needed for investment on a long-term basis.

The Russian Corporate Governance Round Table was established in June 1999 and forms part of a co-operative agreement between the World Bank and the OECD. Meetings are organised in close co-operation with key Russian partners, including the Federal Commission for the Securities Market and the Ministry of Economic Development and Trade. In addition to public sector bodies, the Round Table also includes individual participants from the private sector, as well as business organisations, investment groupings, professional associations, and representatives from civil society. In April 2002, the Russian Corporate Governance Round Table publicly issued a *White Paper on Corporate Governance in Russia*, which contains common policy objectives and concrete reform proposals.

The work of the Russian Corporate Governance Round Table aims at supporting the process of policy design, implementation and enforcement. This work is carried out through progress reviews and in-depth analysis of specific priority areas. The work is supported by expert meetings and reports that focus on the practical and technical aspects of policy design necessary for successful implementation and enforcement. In this work, policy makers and other experts in Russia are able to exchange experiences with their counterparts in OECD countries and international organisations. The work will be reported in the form of Policy Briefs in the different areas subject to analysis. The selection of priority areas, the expert meetings, and the policy briefs will be directly tied to on-going reform efforts and serve as a practical resource in the work of public and private sector bodies responsible for implementation and enforcement.

Events:

2003: One Round Table meeting on priority topics.

2004: One consultative meeting and one Round Table meeting on priority topics and subsequent Policy Briefs. A plenary Round Table meeting on an additional priority topic.

Publications: 2004: Corporate Governance Policy Briefs on priority topics (free).

- Activity No. II.A.4.10
- *Output area:* CORPORATE GOVERNANCE
- Lead Directorate: DAF/CA
- Partnerships with other International Organisations: The World Bank, the Global Corporate Governance Forum, IFC, EBRD, Technical Assistance to the Commonwealth of Independent States (TACIS).
- Website: www.oecd.org/daf/corporate-affairs
- E-mail contact: fianna.jesover@oecd.org

4.11 Anti-Corruption

Expected outcome: Support for the development and implementation of a broad domestic process to fight corruption in the Russian Federation within the framework of the regional Anti-Corruption Action Plan for transition economies, and for Russia's endeavour to meet internationally agreed standards to combat bribery in international business transactions.

Descriptions: The Russian Federation has declared the fight against corruption to be a priority and formally applied in 2000 to accede to the OECD Anti-Bribery Convention. Following two Round Tables that brought together government representatives from the OECD and the Russian Federation, as well as representatives of the Russian private sector and civil society (2001, 2002), the Russian authorities called for assistance in moving closer to the standards of the Convention.

Two meetings will be held in 2004:

- The first on "Assessing the Legal and Institutional Framework for Fighting Corruption in Russia" will aim at clarifying the essential elements to be included in the legislation in order to establish a legal basis for combating bribery, including of foreign public officials as required by the Convention.
- The second on "Denying Tax Deductibility of Bribes to Foreign Public Officials" will aim at familiarising Russia with the OECD standards on denying tax deductibility of bribes and show how to detect bribes disguised as legal payments. This should assist the country in its development of adequate tax provisions and practices.

Russia is a major trader and competitor, including in sectors which are highly corruption sensitive. A better understanding of the issues at stake, as well as the implementation and enforcement of international anti-bribery standards, will help combat transnational bribery and level the competitive playing field for companies operating worldwide.

Events: Meeting on "Assessing the Legal and Institutional Framework for Fighting Corruption in Russia" to be held in Moscow in the first half of 2004.

Workshop on "Denying Tax Deductibility of Bribes to Foreign Public Officials" to be held in Moscow, in the second quarter of 2004.

The selection of themes may evolve and change, based on identified needs and priorities.

Publication: OECD *Bribery Awareness Handbook for Tax Examiners* (in Russian - free).

- Activity No. II.A.4.11
- *Output area:* ANTI-CORRUPTION
- Lead Directorate: DAF/ACD and CTPA
- Website: www.anticorruptionnet.org
- E-mail contact: nicola.ehlermann-cache@oecd.org

4.12 Environmental Policy

Expected outcome: Recommendations to assist the relevant Russian authorities:

- i) to integrate pollution taxes and environmentally related taxes into the overall tax reform; and
- ii) to support reform of the urban water sector in Russia based on related experience in OECD countries.

Description:

In 2003, work will focus on completing the analyses of pollution and other environmentally related taxes in Russia. This work was launched in 2001 and responds to the on-going tax reform process in the Russian Federation as well as recommendations of the OECD Economic Survey of the Russian Federation and the OECD Environmental Performance Review of Russia. The first phase of the work in 2001-2002 focused on analysing natural resource taxation; the second phase, in 2003 is examining environmentally-related taxes. The analyses examine both the environmental and economic implications of proposed tax reforms, and identify measures that would support environmental policy objectives as well as simplifying and consolidating the Russian tax base.

In 2004, activities will focus on the reform of the urban water sector in Russia. Work will build on EAP Task Force work in this area as well as contributing to the implementation of the EU Water Initiative and a new Environment Strategy of Eastern Europe, Caucasus and Central Asia (EECCA) in the Russian context.

Events:

Expert Workshop on Environmentally Related Taxation in the Russian Federation in the first quarter of 2004, to be held in Moscow;

Workshop on Reform of the Urban Water Sector in Russia, second half of 2004.

Publications:

A publication on Environmentally Related Taxation in Russia (to be distributed free in English and Russian).

- Activity No. II.A.4.12
- *Output area:* ENVIRONMENT PEER REVIEWS, INDICATORS AND OUTLOOKS
- Lead Directorate: ENV/NMC
- Other participating Directorates: DAF
- Partnerships with other International Organisations: World Bank and European Bank of Reconstruction and Development (EBRD).
- Website: www.oecd.org/env/outreach
- E-mail contact: eija.kiiskinen@oecd.org

4.13 Education - Human Resource Development in Russia

Expected outcome:

Follow-up reports and a seminar to assist the federal and regional Ministries, the Duma, and education professionals to respond to challenges in formulating education strategy. The work with the World Bank enhances the regional aspects. Intellectual Property Rights (IPR) help universities to increase their share of basic and applied research.

Description:

Two policy reviews (General Education in 1998, and Tertiary Education and Research in 1999) have had an important impact on education at both the federal and regional levels, and the recommendations have been used as a basis for multilateral and bilateral projects. At the request of the Russian authorities, the Secretariat made follow-up contributions on assessment and quality. Further work has been requested on finance and horizontal integration of higher education systems and introducing OECD area lifelong learning policies into education.

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Further work will be carried out as this project becomes a loan to Russia for renewing education in the regions.

In the area of IPR, following the pilot studies and setting up of Internet sites at three major Russian universities and a series of seminars aimed at establishing a more coherent IPR policy, the Secretariat is co-operating with the World Bank Knowledge Economy project, the British Council, and the Civilian Research Development Foundation (CRDF) on joint activities. In the area of statistics and indicators Russia participates in World Education Indicators, Indicators of Educational Systems (INES) and PISA.

Russia's membership in WTO raises many issues on intellectual property of interest to OECD member countries. Setting up education statistics and indicators comparable to those of OECD countries will help Russian education to be comparable with the rest of the world, and achieve its goal of becoming a Knowledge Economy.

Events: Conference on Commercialising Intellectual Property at Russian Universities organised with the Ministry of Education, Urals State Technological University and CRDF, 9 and 10 December 2003 in Ekaterinburg.

- Activity No. II.A.4.13
- *Output area:* EDUCATION REVIEWS AND OUTLOOKS
- Lead Directorate: EDU
- Other participating Directorates: STI work in 2002 will benefit the intellectual property part of the EDU activity
- Partnerships with other International Organisations: The British Council, Civilian Research Development Foundation, and World Bank all have projects on intellectual property, and each organisation contributes to the others' activities. For world education indicators, UNESCO is also an equal partner.
- Website: www.oecd.org/edu/nonmembereducation
- E-mail contact: ian.whitman@oecd.org

4.14 Moscow Consultants

Expected outcome: i) Support for substantive work on Russia. ii) Information services. iii) Logistical support to in-country activities.

Description: The OECD maintains a small group of consultants working to support the activities of the CCNM and other Directorates. The Moscow Office forms an increasingly active relationship with the Russian government and the outputs listed below may become broader and of greater importance to both the Organisation and Russia itself. The OECD looks to continue the work of this group and seeks to optimise their effectiveness in the following areas:

- Support for substantive work on Russia: research, contributing papers for publication and meetings;
- Information services: co-ordinating the production and dissemination of all OECD Russian-language publications, co-ordinating dissemination of all OECD publications within Russia and the CIS.
- Logistical support to in-country activities: transport, organisation of meetings, conferences and seminars, translation and interpretation;

- Activity No. II.A.4.14
- *Output area: CO-OPERATION STRATEGIES WITH NON-MEMBERS (STRATEGY AND CO-ORDINATION)*
- Lead Directorate: CCNM Direction and Co-ordination
- Website: www.oecdmoscow.org
- E- mail contact: malory.greene@oecd.org

4.15 Innovation Policy

Expected outcome: To produce policy recommendations for the Russian government on how to *design, finance, manage and evaluate* public-private partnership (PP/Ps) programmes for enhancing the innovation performance in Russia, while taking into account of the specific conditions in terms of Russian science and innovation capabilities, and the level of its market institutions.

Description: In 2003, the Russian government, through high-level official visits, requested the OECD to make innovation policy a priority of its continued co-operation with the OECD. In response to this request, an OECD mission, led by the head of the Division for Science and Technology Policy, visited Moscow in June to assess the possibility, and to identify the topic, of a possible co-operation on innovation policy with Russia.

The OECD mission confirmed that innovation is of strategic importance to long term economic growth in Russia. While Russia still enjoys a strong science system, commercialisation of science, through strong industry/science relationships, remains a key challenge for Russia. Based on the OECD experience on the increasing importance of Public-Private Partnership (PP/P) for innovation performance, Deputy Minister Fursenko and the OECD mission agreed the *theme* of co-operation on innovation policy should focus on public private partnership, as a strategy for improving innovation performance.

Drawing on the OECD Secretariat's expertise and the OECD countries' experience on PP/Ps, and through carrying out in-depth analyses of the current state of Russian science and industrial relations, this activity will produce operational policy recommendations on the *design, financing, management and evaluation* of PP/P programs for implementation by the Russian government. Rather than producing another policy analysis on the problems in the Russian innovation system, the project emphasises on producing concrete policy recommendations that are implemental and operational so that concrete impact can be achieved through the implementation of the policy recommendations.

Events: A Workshop to introduce, and discuss with the Russian participants, OECD experience and the Secretariat work on PP/P to be organised on 19 December, 2003 in Moscow.

A concluding Workshop to present and discuss the project report with the policy recommendations to be organised in Russia within 2004.

- Activity No. II.A.4.15
- *Output area: SCIENCE AND INNOVATION POLICY*
- Lead Directorate: STI/STP
- Partnerships with other International Organisations: Technologie Impulse Gesellschaft, Austria, Civil Research and Development Foundation, USA
- Website: www.oecd.org/sti/innovation
- E-mail contacts: daniel.malkin@oecd.org and gang.zhang@oecd.org

B. ASIA

1. ASIA REGIONAL PROGRAMME

Introduction

The Asia Programme was set up in 1998 in response to the Asian financial crisis. Since then, its subject range has been gradually diversified from areas of financial sector reform to broader economic issues, in line with the extent of the economic recovery and requests from Asian non-members.

The reform of financial and capital markets, and related policy issues such as corporate governance, international taxation, competition and anti-corruption initiative, will continue to be at the heart of the programme.

Activities on public expenditure management, environmentally sustainable development and knowledge based economy, which were launched in the past few years, will enrich OECD's view on regional aspects of those issues, and are expected to complement OECD's efforts at global level such as the OECD Global Forums. Policy dialogue meetings which take place within the framework of the Asia Programme will play an important role in building networks among officials and various stakeholders in the region. Another important objective of the programme is to contribute to regional efforts of capacity building in policy areas of mutual interest between OECD and economies of the region.

- E-mail contacts: frederic.langer@oecd.org and toshimasa.mae@oecd.org

1.1 Economic Monitoring

Expected outcome: Support for OECD Economic Assessments and other work, including the next workshop on macroeconomic and financial issues concerning emerging Asian economies, by monitoring and analysing basic macroeconomic trends and the forces shaping them.

Description: Economic monitoring of emerging Asian economies will be given increased attention during 2003-2004. Efforts will be concentrated on maintaining and improving the monitoring and analysis of their main macroeconomic and financial developments, notably in Hong Kong-China, Indonesia, the Philippines, Malaysia, Singapore, Chinese Taipei and Thailand, along with India. The work will also draw on the separate economic monitoring of China (see the chapter on that Programme).

The activity will serve as a basis for the economic analysis and projections for the bi-annual *OECD Economic Outlook* and a resource for identifying issues of relevance to other structural OECD work on these economies. It will also provide the necessary support for frequently solicited *ad hoc* discussions of regional developments with high-level representatives from member countries and other institutions.

To meet the increased need for more regular and in-depth policy dialogue among senior officials from the region, the Secretariat and representatives from member

countries, workshops will be organised on macroeconomic and financial policy implications of emerging Asia's growing integration. The first such workshop was held in January 2003 and planning will begin for the next workshop to be held in the first half of 2005.

Events: Meeting of the Committee on Short-Term Economic Prospects (twice a year).

Meeting of the Economic Policy Committee (twice a year).

A workshop on "macroeconomic and financial policy implications of emerging Asia's growing integration" on 14 January 2003, Paris.

Publications: Contribution to *OECD Economic Outlook* twice a year.

- Activity No.: II.B.1.1
- *Output area:* MULTILATERAL PEER REVIEW OF ECONOMIC POLICIES
- Lead Directorate: ECO/NME
- Other participating Directorates: DAF, ECH
- Partnerships with other International Organisations: Monitoring and Analysis: Informal consultations will be carried out with the International Monetary Fund, World Bank, and Asian Development Bank during the semi-annual meetings of the Committee on Short-Term Economic Prospects and on other occasions as feasible.
- Website: www.oecd.org/OecdEconomicOutlook
- E-mail contact: charles.pigott@oecd.org

(See also the 9th and 10th International Forum on Asian Perspectives – Development Centre – page 213)

1.2 Taxation

Expected outcome: Assistance to Asian economies, including India, to attract foreign direct investment and secure their tax base by associating them more closely with the standards and guidelines developed by the OECD in the tax policy area in particular tax treaties and transfer pricing.

Description: In 2003-2004, this activity will build on a successful series of events held in 2002 and previous years which introduced Asian tax officials to the OECD Model Tax Convention and the OECD Transfer Pricing Guidelines, as well as to OECD member country perspectives on high profile issues such as harmful tax practices and electronic commerce. Policy dialogue will take place on these and similar on-going policy issues at the OECD Multilateral Tax Centre in Korea as well as in Hong Kong-China, Malaysia, and Japan. The planned events will: *i)* assist Asian tax officials in negotiating tax treaties which meet their country's specific needs; *ii)* enable them to implement their transfer pricing legislation and regulations; and *iii)* ensure that multinational enterprises using financial instruments contribute a relevant share of tax revenues. In addition, an event on Indirect Taxes and Electronic Commerce will enable Asian officials to discuss the key policy issues in this area. They will develop a dialogue among themselves and with representatives from OECD member countries in this area, which is becoming increasingly important as Internet access and marketing continue to grow.

The activity in India builds on a successful series of events held in 2002 which introduced Indian tax officials to the OECD Model Tax Convention and the OECD Transfer Pricing Guidelines. It is carried out with the full co-operation of the Indian Ministry of Finance and the Tax Administration and involves workshops at

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the Indian National Tax College at Nagpur. The planned events will target the same objectives as those described above for other Asian tax officials. All these events, as well as events on International Business Taxation and Taxation of Financial Markets, will assist in attracting foreign direct investment and in protecting India's tax base.

Events:

Activities for 2003 and 2004 include the following:

- Events at the Korean Multilateral Tax Centre (for 2004 only)
- Transfer pricing guidelines – February
- Application of tax treaties – March
- Taxation of electronic commerce (VAT issues) – May
- Auditing Multinational Enterprises – October
- International Tax Avoidance and Evasion – November

Events in Malaysia:

- Application of tax treaties, Kuala Lumpur – March 2004
- Transfer pricing guidelines, Kuala Lumpur – October 2004

Events in India:

- Transfer pricing guidelines – November 2003
- Taxation of financial markets – November 2003
- Tax Treaties – December 2003
- Taxation of financial markets – September 2004
- Transfer pricing guidelines – November 2004
- International Tax Avoidance and Evasion (including Harmful Tax Competition)
 - November 2004

Other events in Asia include:

- Two OECD seminars on tax treaties and taxation of electronic commerce organised in conjunction with the Japanese International Seminar on International Taxation – Tokyo – October 2003
- OECD participation in the Study Group on Asian Tax Administration and Research – August 2003
- Tax treaties seminar organised in association with the Asian Development Bank – Tokyo – October 2003
- Tax treaties seminar – Hong Kong, China – October 2003
- Two OECD seminars organised in conjunction with the Japanese International Seminar on International Taxation – Tokyo – October 2004
- OECD participation in the Study Group on Asian Tax Administration and Research – dates in 2004 to be determined

- Tax treaties seminar organised in association with the Asian Development Bank – Tokyo – October 2004
- Workshop on Value Added Tax – Hong Kong, China – dates in 2004 to be determined.
- Activity No. II.B.1.2
- *Output area:* TAX POLICIES AND INTERNATIONAL STANDARDS - INTERNATIONAL TAX CO-OPERATION
- Lead Directorate: CTPA
- Partnerships with other International Organisations: Study Group of Asian Tax Administration and Research (SGATAR); Commonwealth Association of Tax Administrations (CATA); Asian Development Bank Institute (ADBI)
- Website: www.oecd.org/daf/ctp
- E-mail contacts: richard.parry@oecd.org and daria.ostapchuk@oecd.org

1.3 International Investment

Expected outcome: A new impetus to investment policy dialogue with Asian governments, contributing to improved investment environment in the region and to retaining, attracting and maximising benefits of private sector investment by strengthening commitments to policy reform, and creating the structural conditions for encouraging greater investment and private sector development.

Description: Policy dialogue between the OECD and Asian economies strengthens commitment to region-wide policy reform and helps create the structural conditions to attract greater investment and promote private sector development. Principal partners are the governments of these economies, and international and regional organisations involved in investment policy work in the region. Representatives of the business community and trade unions will also be actively involved.

From an exploratory meeting on 6 December, 2002 in Shanghai with Asian government officials and other stakeholders it emerged that main activities could include:

- i) Exploring areas where ODA funds could be used to leverage private investment
- ii) Promoting a better understanding of the corporate responsibility initiatives in Asia
- iii) Deepening the dialogue on key elements of the international investment agenda
- iv) Enhancing the policy advocacy functions of Investment Promotion Agencies
- v) Assessing FDI in the context of regional integration initiatives in Asia
- vi) Sharing experiences on capital controls, FDI versus short-term flows; and
- vii) FDI policy surveys of Asian economies, which express interest in adhering to the OECD Declaration on International Investment and Multinational Enterprises and are committed to undertaking investment-related reforms.

Events: The 2004 GFII, to be held in India, will host one of the Asia Investment Initiative events. Indonesia is interested in hosting an investment activity in late 2004 or early 2005. The first events are likely to be on FDI-ODA linkages and corporate

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responsibility initiatives in co-operation with World Bank, Asian Development Bank, UNCTAD and ASEAN. Other activities will be undertaken subject to further consultations with economies in the region and availability of funding. These activities will be implemented in synergy with Activity number 2 (Development Financing) of the Development Cluster's programme of work, in particular as regards highlighting the contribution of sound financial policies to development.

Publications: Selected papers from the these events will be published (for sale).

Possible FDI Policy Surveys (for sale).

- Activity No. II.B.1.3
- *Output area:* FOREIGN DIRECT INVESTMENT AND MNEs
- Lead Directorate: DAF/CMIS
- Other participating Directorates: DEV, ENV, DCD
- Partnerships with other International Organisations: World Bank Group, ASEAN Secretariat, ADB. Contributions may be made by APEC, European Commission, UNCTAD, UNEP
- Website: www.oecd.org/daf/investment
- E-mail contact: mehmet.ogutcu@oecd.org

1.4 Competition Policy

Expected outcome: i) Asian competition officials will enforce their domestic competition laws more predictably and effectively, ii) greater convergence with OECD members' policies, iii) a strengthened international and regional network for co-operation on competition policy and law enforcement, and iv) pro-competitive market reform. Governance and economic performance will be enhanced through this work, fostering market integrity and efficiency.

Description: Broader acceptance of competition principles by Asian economies is important for their economic development and for the efficiency and stability of international markets. Lack of competition – manifesting itself in cronyism, lack of transparency, and monopoly – was an important factor in the Asian economic crisis. The OECD's role in competition policy is important both for those non-members that are considering or developing competition regimes and for others that are beginning to see the benefits of promoting a stronger "competition culture" in Asia.

In close co-operation with OECD members in the region, this activity serves to promote competition law and policy, including market-oriented regulatory reform, and to build capacity based on OECD best practice in law enforcement. When the programme began, none of the ASEAN countries had a competition law, and many rejected the very idea of competition policy. Thailand and Indonesia now have competition laws, while China, Malaysia, India, the Philippines, Singapore, and Vietnam are either preparing laws or beginning to give serious consideration to doing so. In addition, Pakistan has proposed a new competition law and has expressed interest in co-operation with the OECD.

The Organisation's activities in the region primarily take the form of policy dialogue meetings, workshops, seminars and high-level conferences to assist in building capacity with enforcement agency staff and judges and the development of various policies, practices and procedures. Targeted areas of assistance include the development of: i) enforcement guidelines and educational materials for key

constituencies, (including the legal, business, consumer, media, academic and political communities), *ii*) communications tools, advocacy strategies/tools, internal case screening criteria, approaches to priority setting, and frameworks for co-operation between the enforcement agency and its counterparts in other economies, and *iii*) protocols for minimising overlap and co-operating with sectoral regulators.

Events:

In each of the years 2003 and 2004, there will be a regional International Workshop on Competition Policy organised in partnership with the Korea Fair Trade Commission in Seoul (April-May 2003 and a date to be determined in 2004), and a regional seminar in the International Co-operation Programme on Competition Policy organised in partnership with the Fair Trade Commission of Chinese Taipei in Singapore (November 2003) and an Asian location and date to be determined in 2004.

The Organisation also is working actively with the Korea Fair Trade Commission towards the establishment of an OECD-Korea Regional Competition Centre (RCC) in 2004. The principal goal of the Centre will be to assist officials in the Asian region, in a efficient and comprehensive manner, to develop and implement effective law and competition policy. This will be achieved by providing a convenient hub for officials from Asian economies to meet regularly to exchange experiences and deepen their capacities in competition law and policy through workshops, seminars and other events. It is contemplated that the organisation will receive a voluntary contribution to enable it to meet the objective of organising more of the types of activities currently conducted in the region. Once the RCC is established, the annual International Workshop on Competition Policy organised in partnership with the Korea Fair Trade Commission in Seoul will be run through the RCC.

- Activity No. II.B.1.4
- *Output area:* COMPETITION
- Lead Directorate: DAF/COMP
- Website: www.oecd.org/competition
- E-mail contact: dafcomp.contact@oecd.org

1.5 Financial Affairs

Expected outcome: *i*) Improved quality of financial regulation and supervision in Asian countries (capital markets, insurance and private pensions) *ii*) support for market-based reforms and governance improvements and *iii*) creation of a regional network on private pensions.

Description: Adequate rules and regulations, timely disclosure and effective supervision are essential to enhancing investors' confidence. Deepening the markets through facilitating liquidity to contain excessive market volatility is also crucial to induce investment in the capital markets of emerging economies. The institutional sector is also relatively underdeveloped in most Asian emerging financial markets. This project will assist Asian policy makers in implementing financial policies for promoting domestic institutional investors and the associated development of the capital market, drawing on the experience in OECD countries.

The annual Round Table and Seminar bring together senior financial policy makers and serve as a permanent policy dialogue forum for the exchange of views on key

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capital market and securities reform issues in Asia. Important elements of this dialogue include a comparative analysis of the role of institutional investors in the development of capital markets in emerging markets, and the related financial regulatory issues.

Insurance plays a fundamental role in Asian economic and social structures as well as in promoting entrepreneurship, which is crucial for successful and sustained growth in emerging economies. Moreover, the challenge of ageing populations and the deficit of public systems require comprehensive reform of the pension system, and in particular the promotion of complementary private pension schemes. Insurance companies and pension funds, as major institutional investors, also play a leading role in the development and growth of national capital markets and investment channels. This calls for the development of policy dialogue between OECD members and emerging Asian economies, in which both sides can learn from the other's experience. A key element for developing sound, open and modern insurance and private pensions markets is the setting up of appropriate regulatory and supervisory structures. The OECD has a unique role to play in this respect through the provision of regulatory policy analysis and the promotion of principles and guidelines. This activity will include a new regional network on private pensions. These activities will be implemented in synergy with Activity number 2 (Development Financing) of the Development Cluster's programme of work, in particular as regards highlighting the contribution of sound financial policies to development.

Events:

Ten policy dialogue meetings (time and location have still to be determined in some cases):

- Third International Conference for Emerging Insurance Markets, January 2003
- Tokyo Seminar on Securities Market Regulation, November 2003
- Fifth Round Table on Capital Market Reform in Asia, Tokyo, November 2003
- Second Conference on Private Pensions in Asia, May 2003
- Regional Network on Private Pensions, May 2003
- Third Conference on Insurance Regulation and Supervision in Asia, 2004
- Sixth Round Table on Capital Market Reform in Asia, Tokyo 2004
- Tokyo Seminar on Securities Market Regulation, 2004
- Third Conference on Private Pensions, 2004
- Regional Conference on Private Pensions, 2004

- Activity No. II.B.1.5
- *Output area: FINANCIAL REGULATION AND MARKET EFFICIENCY*
- Lead Directorate: DAF/FIN
- Other participating Directorates: DEV
- Partnerships with other International Organisations: Asian Development Bank Institute (ADBI), International Organisation of Securities Commissions (IOSCO), Asian Development Bank, International Monetary Fund, World Bank, International Association of Insurance Supervisors (IAIS).
- Website: Financial Sector Reform and Capital Markets: www.oecd.org/daf/financial-markets

Insurance and Pensions Reform: www.oecd.org/daf/insurance-pensions

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1.6 Corporate Governance

Expected outcome: Better corporate governance practices through legal and regulatory reforms and more efficient procedures for implementation and enforcement. Establishment of public and private sector capacity to monitor developments and pursue a continued policy dialogue.

Description: The Asian Corporate Governance Round Table was established in March 1999 and forms part of a co-operative agreement between the World Bank and the OECD. The activity is carried out in close co-operation with regional partners that include relevant ministries, securities market regulators, and stock exchanges. The Round Table also comprises individual participants from the private sector, as well as business organisations, investment groupings, professional associations and representatives from civil society with an interest and expertise in corporate governance.

The Round Table is developing a *White Paper on Corporate Governance in Asia*, which formulates common policy objectives and concrete reform proposals. The White Paper forms the basis for supporting the critical process of policy design, implementation and enforcement. This work is carried out through progress reviews and in-depth analysis of specific priority areas. The work is supported by expert meetings and reports that focus on the practical and technical aspects of policy design that are necessary for its successful implementation and enforcement. At these meetings, policy makers and other experts in Asia are able to exchange experiences with their counterparts in OECD countries and international organisations. The work will be reported in the form of Policy Briefs in the different areas under analysis. The selection of priority areas, the expert meetings and the Policy Briefs will be directly tied to on-going reform efforts in the region, and serve as a practical resource in the work of public and private sector bodies, responsible for implementation and enforcement.

Good corporate governance is essential for market integrity and the ability to attract capital. The Round Table has proven to be an efficient way of establishing a continuous and coherent dialogue that builds on close partnerships with the most important constituents in the region and provides Asian economies with full access to the international corporate governance dialogue. The Round Table process also makes it possible to identify the need for technical assistance, and facilitate its provision by bilateral and international donors. Country-specific activities may be organised in this context such as the one with India, and possible follow-up

Events: Round Table meeting to finalise the draft *White Paper on Corporate Governance in Asia* (first quarter 2003)

Official launch and public dissemination of the *Asian White Paper on Corporate Governance* (second quarter 2003)

Round Table meeting with Asian Securities Commissioners (fourth quarter 2003)

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Joint OECD-ICSSR Conference on Privatisation and Corporate Governance of State-Owned Assets, New Delhi (27-28 November 2003)

Round Table meeting on enforcement (second quarter 2004)

Sub-regional workshop for low-income countries (fourth quarter 2004)

Publications: Second quarter 2003: White Paper on Corporate Governance in Asia (free)

2004: Corporate Governance Policy Briefs on priority topics (free)

- Activity No. II.B.1.6
- *Output area:* CORPORATE GOVERNANCE
- Lead Directorate: DAF/CA
- Partnerships with other International Organisations: World Bank, International Finance Corporation, Global Corporate Governance Forum and the Asian Development Bank
- Website: www.oecd.org/daf/corporate-affairs
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1.7 Insolvency Reform

Expected outcome:

- i) Progress in insolvency reform and commitment to effective implementation.
- ii) Increased understanding of viable policy options through wide dissemination of regional experiences and comparative progress reviews.

Description: The Forum for Asian Insolvency Reform (FAIR) is a co-operative effort established by the OECD, the Australian government aid agency AusAID and the Asian Development Bank. It brings together key policy makers, representatives of the judiciary, insolvency practitioners, academics, and other private sector participants. The first FAIR meeting, held in Indonesia in 2001, was on “Insolvency Reforms in Asia: An Assessment of the Implementation Process and the Role of the Judiciary”. The second FAIR meeting, held in Thailand in December 2002, reviewed regional practices involving voluntary, out-of-court arrangements between an insolvent company and its creditors (“informal workouts”) and reviewed the reform process in Thailand.

In close co-operation with international and regional partners, FAIR is organised around annual meetings that facilitate and deepen the dialogue on insolvency reform in the region. FAIR also undertakes informal peer reviews of reform implementation, and facilitates the identification of country-specific technical assistance needs, which can then be addressed by bilateral donors or multilateral institutions.

Efficient, predictable, and transparent insolvency procedures are of key importance for the reallocation of productive resources in the corporate sector, for investor confidence, and for forward-looking corporate restructuring. By providing a platform for sustained policy dialogue, FAIR contributes to keeping insolvency at the heart of reform efforts in the region.

Events: Third FAIR meeting, Seoul (fourth quarter 2003)

Fourth FAIR meeting (fourth quarter 2004)

- Publications:* 2003: Overview on “Informal Workouts” in Asia (free)
2003: Insolvency Reform Thailand (free)
- Activity No. II.B.1.7
 - *Output area:* CORPORATE GOVERNANCE
 - Lead Directorate: DAF/CA
 - Partnerships with other International Organisations: Asian Development Bank, World Bank, International Finance Corporation
 - Website: www.oecd.org/daf/corporate-affairs
 - E-mail contact: elena.miteva@oecd.org

1.8 Anti-Corruption Initiative for Asia-Pacific

Expected outcome: Sustained progress in anti-corruption efforts in Asian and Pacific economies through participation in a regional framework for policy dialogue and capacity building, using international standards for benchmarking and peer review, and an anti-corruption alliance among governments, the private sector and civil society.

Description: Twenty-one Asian and Pacific economies have endorsed the *Anti-Corruption Action Plan for Asia-Pacific* adopted in December 2001 at the third annual conference of the ADB/OECD Initiative for Asia-Pacific. The Plan provides for a comprehensive set of actions to: *i*) develop more effective and transparent systems for public service *ii*) strengthen anti-bribery actions and promote integrity in business operations and *iii*) support active public involvement in anti-corruption reforms. The objective is to make the fight against bribery more effective and help to enhance the integrity of public administration in the Asia-Pacific region.

In 2003-2004, this activity will underpin participating economies' commitments to undertake and implement reforms. It will also continue to provide a forum for high-level policy dialogue and advice on technical issues in support of reform efforts that fall under the Action Plan and for which these economies have developed individual implementation projects. Expertise on issues identified as crucial for enhancing their reform efforts will be provided by means of regional workshops and training seminars during which technical and policy questions will be discussed and analysed. Periodic regional policy dialogue, based on participants' self-assessment reports, will be undertaken in order to assess progress and lessons learnt in implementing the Plan, and to identify further needs for policy reform and capacity building. An overall stocktaking report, developed in 2003, on the legal and institutional anti-corruption framework in place in the region will further enhance the overall understanding of the challenges which countries of the region are facing, and serve as a benchmark to evaluate progress made by participating countries in their fight against corruption under the Action Plan.

The activity is jointly managed with the Asian Development Bank (Department for Regional and Sustainable Development). OECD and ADB are equal partners. ADB and OECD are assisted by an Advisory Group, composed of the Pacific Basin Economic Council (PBEC), Transparency International (TI), the United Nations Development Program (UNDP), the World Bank and a number of bilateral development agencies, whose primary responsibility is to have a consultative say on the orientations of the regional process and help mobilise resources for the implementation of reforms at country and regional levels.

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- Events:*
- Master training seminar on investigation and prosecution of corruption, Ghaziabad, India, 9-11 February 2003.
 - Third meeting of the Steering Group composed of Action Plan participants and the Advisory Group (regional policy dialogue), Jakarta, Indonesia, 3-5 March 2003.
 - Fourth meeting of the Steering Group, Kuala Lumpur, Malaysia, 1-2 December 2003.
 - Fourth regional anti-corruption conference for Asia and the Pacific, Kuala Lumpur, Malaysia, 3-5 December 2003.
 - Master training seminar on forensic accounting, location to be decided, Late March/Early April 2004 (tentative).
 - Fifth meeting of the Steering Group, location to be decided, June 2004 (tentative).
 - Master training seminar, topic and location to be decided by the Steering Group, November/December 2004.
- Publications:*
- Effective prosecution of corruption, seminar report, ADB and OECD, Manila, December 2003 (printed version on sale; on-line version: free).
 - Conference proceedings of the fourth regional conference, publication scheduled for second half of 2004 (printed version on sale; on-line version: free).
 - Forensic accounting techniques to detect corruption schemes, based on the outcomes of the corresponding training seminar to be held in March/April 2004, publication scheduled for second half of 2004 (printed version on sale; on-line version: free).
- Activity No. II.B.1.8
 - *Output area:* ANTI-CORRUPTION
 - Lead Directorate: DAF/AC
 - Other participating: GOV
 - Partnerships with other International Organisations: Asian Development Bank, Pacific Basin Economic Council, Transparency International, United Nations Development Programme, World Bank
 - Website: www.oecd.org/daf/asiacom
 - E-mail contacts: frederic.wehrle@oecd.org and gretta.fenner@oecd.org

1.9 Public Governance

- Expected outcome:* Asian Senior Budget Officials (SBO) will gain sufficient co-operation from countries in the region to establish a network which provides a firm basis for collecting and sharing comparative data and exerting professional peer pressure on the governance of public expenditure amongst participants.
- Descriptions:* The goal is to raise professional standards related to the governance of public expenditure in the Asian region, using the approach which has worked very well for the OECD over the past two decades. Public expenditure governance has emerged as a key issue in improving governance generally in the Asian region.

The main activity is an annual meeting, hosted on a rotating basis by regional non-members, that brings together OECD and regional public expenditure officials.

These meetings are supported by papers on public expenditure governance arising from the work of the OECD Senior Budget Officials and the informal network of OECD Parliamentary Budget Committee Chairs. In addition, three senior officials from OECD countries make presentations on topical public expenditure governance issues, and selected regional officials give the local perspective on these topics. The discussion is supported by a unique survey of budgeting practices in Asia, launched by the Secretariat in 2001, which is being progressively extended and deepened with each meeting.

The World Bank is also a partner in the exercise, playing the role of identifying and soliciting attendance and financially supporting some participants. The US Treasury is also junior partner which has assisted by funding the attendance of speakers from the US Office of Management and Budget.

Events: 2004: Meeting in Korea (to be confirmed), second half.

Publications: Some papers produced for the Asian Senior Budget Officials are published in the OECD Journal of Budgeting (French and English) on sale.

- Activity No. II.B.1.9
- *Output area:* MODERNISING GOVERNMENT
- Lead Directorate: GOV
- Partnerships with other International Organisations: World Bank
- Website: www.oecd.org/gov/outreach/asiansbo
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1.10 Knowledge Economy

Expected outcome: A possible platform for policy dialogue with the OECD among representatives of Asian governments, the private sector, and academia on core issues relating to the promotion of knowledge-based economies in Asia.

Description: The development of knowledge-based economies has become an important and current policy issue for many Asian economies. The massive investments being made in information and telecommunication technologies (ICT), and the policy reforms already underway, underline the potential of many Asian economies to become knowledge-based. It is important for the OECD to engage in policy dialogue with Asian economies to improve information exchange and learn from each other's experiences and to address key issues of mutual interest. This activity could build on a number of OECD global and regional initiatives, including those conducted under the *OECD Global Forum on the Knowledge Economy*, and most notably, the OECD-Institute of Policy Studies (IPS) Workshop on promoting knowledge-based economies in Asia, held in Singapore on 21-22 November 2002.

Events: One regional event is envisaged during 2003-2004.

- Activity No. II.B.1.10
- *Output area:* SCIENCE AND INNOVATION POLICIES.
- Lead Directorate: STI
- Other participating Directorates: EDU
- Partnerships with other International Organisations: World Bank Institute, World Bank, APEC and International Telecommunication Union (ITU) are likely co-operation partners.

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1.11 Environmental Policy

Expected outcome: Convergence in approaches for addressing key environmental issues of mutual interest to OECD countries and non-OECD emerging Asian economies.

Description: The first workshop on environmentally sustainable development was held in Singapore on 22-23 November 2001. It focused on environmental outlooks and strategies, natural resources management, framework conditions, and water resources management. The workshop identified environmental governance and linkages between investment and the environment as priority issues for further policy dialogue.

The second workshop took place in September 2003 in Malaysia. It built on the conclusions of the first workshop, as well as those from the Global Forum on Sustainable Development, Paris, April 2002. The second workshop discussed: *i) alternative financing sources, ii) environmental expenditure information systems, iii) environmental financing strategies, iv) improving the use of domestic public environmental expenditure.* Following discussions at the Malaysian workshop, the next meeting will focus on obstacles to increasing charges for water services.

Events: Second workshop on promoting environmentally sustainable development, September 2003, Malaysia.

Third workshop on obstacles to increasing charges for water services, second or third quarter of 2004.

Publications: Proceedings of the second and third workshops.

- Activity No. II.B.1.11
- *Output area:* ENVIRONMENT PEER REVIEWS, INDICATORS AND OUTLOOK
- Lead Directorate: ENV/NMC
- Other participating: DCD and others depending on issues selected
- Partnerships with other International Organisations: Asian Development Bank (ADB), World Bank, UNEP, Institute for Global Environmental Strategies
- Website: www.oecd.org/env/outreach
- E-mail contacts: ulrik.weuder@oecd.org and aki.yamaguchi@oecd.org

1.12 Statistics

Expected outcome: Improved – and for some countries new – statistics to monitor current economic developments in Asia. The statistics concerned are quarterly national accounts, confidence indicators from business tendency surveys and composite leading indicators.

Description: The financial crises in South East Asia in the late 1990s drew attention to the lack of up-to-date and reliable economic statistics to monitor the current economic situation and to devise appropriate remedial policies. This activity addresses this problem in three ways:

- It helps economies in the region to compile national accounts on a quarterly basis using the indicator methods now employed by most OECD member countries;
- It encourages statistical offices to introduce business tendency (or “opinion”) surveys, using the OECD-EU harmonised system, and to use results from these surveys to construct confidence indicators that will provide early warnings of changes in the business cycle;
- It shows economies in the region how to compile composite leading indicators using the methodologies developed by STD for OECD member countries.

This activity is carried out in close co-operation with the Asian Development Bank and the UN Economic and Social Commission for Asia and the Pacific.

Events: In 2003, there will be a workshop on the OECD-EU harmonised business tendency surveys and on the use of data from these surveys to construct composite leading indicators.

Publications: The proceedings of the workshops will be published in English only (free).

- Activity No. II.B.1.12
- *Output area:* STATISTICAL RESEARCH, COLLECTION AND DISSEMINATION
- Lead Directorate: STD/POD
- Partnerships with other International Organisations: Asian Development Bank, UN Economic and Social Commission for Asia and the Pacific (ESCAP)
- Website: www.oecd.org/std/nm-countries
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2. CHINA PROGRAMME

Introduction

The OECD-China programme for this bi-annual exercise (2003-2004) will focus on governance, in particular on issues such as regulatory reform, anti-corruption, competition policy, corporate governance, and governance in specific sectors (finance, environment, social insurance and employment, intellectual property rights, international investment, statistics and in the public sector). This is consistent with one of the major conclusions of the OECD study *China in the World Economy*, published in 2002, namely the need to strengthen the capacity of government to support economic development and to improve the efficiency of public action. This also involves more transparency and accountability.

On substance, this approach is not to promote a specific set of institutions, but rather to share OECD experience on how to improve the integration of key functional principles that help enhance the efficiency of public action in market economies. It is also an opportunity for OECD member countries to better understand China's situation and experience. The Chinese authorities have expressed strong interest in this project.

Another major undertaking of the China Programme in 2004 will be the OECD Economic Survey of China, the first of its kind.

For the first time also, an OECD-China activity will focus on intellectual property rights (see activity 2.13 on Knowledge Economy). Other "traditional" activities will continue in well-established areas such as taxation, corporate governance, competition policy, financial affairs, agriculture and labour markets. The dialogue on trade will be developed.

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A. Governance Project

2.1 Public Governance in China

Expected outcome: Co-ordination of the China Governance Project, the objectives of which are to:

- i) Encourage Chinese policy makers to address critical governance challenges that may affect China's economic and social development and impact indirectly on member countries;
- ii) Provide support and advice, rooted in the practical experience of OECD member countries practitioners and adapted to the local context;
- iii) Provide an overall picture to member countries of these critical governance challenges in China.

Descriptions: The China Governance Project addresses both whole-of-government and sectoral governance issues. The whole-of-government issues refer to those horizontal governance arrangements that are common across the government. This includes budgeting, civil service, integrity (anti-corruption), regulatory management and

organisational structures. The sectoral issues refer to the organisational or implementation aspects in different specific policy areas.

The first purpose of this activity is to co-ordinate the different components of the China Governance Project. This involves bringing relevant expertise to other Directorates working on this project. It also involves providing background information, relevant to all activities – for instance on the decision-making process, which is a fundamental dimension of the governance system.

The second purpose of this activity is to strengthen the policy dialogue on governance and public sector reform issues between Chinese officials and OECD member countries.

Events: First quarter 2004: Beijing: meeting with relevant ministries on progress with China Governance Project.

First quarter 2004: Beijing: meeting with OECD member countries' Embassies on progress with China Governance Project, and to strengthen co-operation.

Fourth quarter 2004: Beijing: high-level meeting with policy makers to present the results of the China Governance Project.

Publications: Final report of the China Governance Project: *Governance in China*. Issues paper on the decision-making process.

- Activity No. II.B.2.1
- *Output area:* PUBLIC GOVERNANCE
- Lead Directorate: GOV
- Other participating Directorates: AGR, DAF, ECO, ENV, STI, STD
- Website: www.oecd.org/gov/agencies
- E-mail contacts: jon.blondal@oecd.org and irene.hors@oecd.org

2.2 Public Governance of Expenditures at National and Provincial level

Expected outcome: Improved governance of public expenditure at national and provincial levels, with focus on greater transparency, accountability and efficiency.

Description: China is rapidly implementing a modernised budgeting system compatible with those found in OECD member countries. The key aspect will be a more effective and efficient system of resource allocation in the public sector through improved governance structures.

This activity seeks to share OECD experiences with the Chinese side in the formulation (including priority setting), approval and implementation of the budget. This activity was originally requested by the Ministry of Finance of China but has since expanded to include the National People's Congress and the State Council and their subsidiary bodies at lower levels of government.

The activity is implemented through an established format of inviting several senior officials from OECD member countries to China to engage in targeted dialogue with senior policy makers. A major OECD study of the modernisation of the Chinese budgeting system is envisaged during the 2003-2004 timeframe, identifying areas of accomplishment and those requiring further action.

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- Events:* Location and dates to be determined.
- Publications:* The Chinese government translates all relevant documentation into Chinese for free distribution.
- Activity No. II.B.2.2
 - *Output area:* PUBLIC GOVERNANCE
 - Lead Directorate: GOV
 - Website: www.oecd.org/gov/agencies
 - E-mail contact: jon.blondal@oecd.org

2.3 Regulatory Reform

Expected outcome: Support for China's efforts to improve its regulatory framework and environment in the context of its WTO accession, thus encouraging trade growth and investment in the country.

Description: The aim of the activity is to launch a regulatory reform programme for China. The first step is the organisation of a conference to raise awareness and discuss regulatory reform issues. Participants will be senior officials and policy makers from China, OECD countries and other countries from South-East Asia.

Three key regulatory governance issues will be addressed at the conference: *i)* improving capacity to assure high-quality regulation; *ii)* ensuring law enforcement and *iii)* designing an institutional framework for regulators in network utilities.

Participants will exchange experiences in improving the regulatory frameworks in China and in OECD member countries, analyse future challenges, and draft options for practical solutions in China's reform drive. The event will provide an opportunity to share with China the OECD guiding principles on regulatory reform.

The conference is expected to provide support to China's efforts in improving its regulatory policies and governance.

Events: Conference on regulatory reform, China, December 2003.

Publications: Proceedings will be published and a special page will be set up on the OECD Website.

- Activity No. II.B.2.3
- *Output area:* REGULATORY REFORM
- Lead Directorate: GOV
- Partnerships with other International Organisations: European Commission, World Bank, BIAC and TUAC, as well as regional banks (*i.e.* the Asian Development Bank).
- Website: www.oecd.org/regreform
- E-mail contacts: peter.ladegaard@oecd.org and josef.konvitz@oecd.org

2.4 Public Governance – Reforming Agencies in China

Expected outcome: Support to the on-going reform of agencies (public service units), with crucial implications for the civil service and public financial systems.

Descriptions: Alongside its core government, and in parallel with state owned enterprises, state owned financial institutions and state-sponsored "social organisations", China has

also developed a large sector of “public service units” (shiyue danwei). Public service units (PSUs) are by definition state owned agencies managed by governments at the national and sub-national levels. This sector represents about 1.3 million entities and two thirds of the SOE sector in terms of employment.

The main areas of activity of PSUs are education, science and technology, culture, health and sports, and, to a lesser extent food and agriculture.

The reform of the PSU sector is one of the major public sector reforms ongoing in China today. Some of these PSUs, probably a minority, will be privatised. Another minority will become state-owned enterprises. The rest will either be eliminated or remain within a newly reformed PSU sector, where PSUs will have to find differentiated sources of revenues.

Some of the issues underpinning the reform are the following: What kind of institutional and legal framework can the Chinese government use to reform its PSU sector? What PSUs should be privatised, become SOEs or eliminated? How to best provide for a balance between autonomy and control of reformed PSUs? What should be the institutional status for these institutions (changing in core government department, non-for-profit organisations, for-profit firms, *etc.*)? How should the government manage these institutions? How to regulate self-generated cash flow?

The purpose of this activity is to share with China the experience of OECD countries in defining the role and management of agencies (cf. 2002 publication *Distributed Governance*).

Events:

First quarter 2004: Beijing and Jiangsu Province: meeting on interim report on the reform of public service units, co-organised with the World Bank and the National Development and Reform Commission

Second quarter 2004: Beijing: meeting on final report on the reform of public service units, co-organised with the World Bank and the National Development and Reform Commission.

Publications:

Policy paper on the reform of public service units. Chapter in the book *Governance in China*. In addition, the Chinese government translates all relevant documentation into Chinese for free distribution.

- Activity No. II.B.2.4
- Output area: PUBLIC GOVERNANCE
- Lead Directorate: GOV
- Partnerships with other International Organisations: World Bank
- Website: www.oecd.org/gov
- E-mail contact: elsa.pilichowski@oecd.org

2.5 Public Governance – Multi-level Governance and Territorial Development

Expected outcome: Improved multilevel governance, to support territorial development.

Description: Prime Minister Wen Jiabao gave instructions in July 2003 to make the Northeast region (Liaoning, Jilin and Heilongjiang provinces) an important focus of regional development, in the broader context of preparation for the 11th Plan and 2020 targets (“to build a well-off society in an all-round way”). These regions are the old industrial bases of Northeast China, and are severely distressed today. More

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generally the third Plenum of the Communist Party Central Committee placed a new emphasis on redressing rising rural-urban and inter-regional inequality.

A seminar was organised in Shenyang (Liaoning Province) in December 2003, in collaboration with the Development research Centre of the State Council, the Provincial Government of Liaoning and the World Bank to discuss the development of the Northeast Region.

Work in 2004 will build on the results of this seminar and will support existing reform efforts to redefine the division of responsibilities between the institutions of the central government and provincial governments, and the institutions of different levels of government within provinces. Indeed, questions about what policies should be adopted cannot be answered without addressing, at the same time, questions about who should design and implement these policies and how.

Resources permitting, this activity will also address the issue of the management of city government.

Events: Location and dates to be determined.

Publications: Policy paper on multilevel governance in China. Chapter in the book *Governance in China*. The Chinese government translates all relevant documentation into Chinese for free distribution.

- Activity No. II.B.2.5
- *Output area:* PUBLIC GOVERNANCE
- Lead Directorate: GOV
- Other participating Directorates: ECO, DAF
- Partnerships with other International Organisations: World Bank
- Website: www.oecd.org/gov/agencies
- E-mail contacts: mario.pezzini@oecd.org; lamia.kamal-chaoui@oecd.org, and irene.hors@oecd.org

2.6 Public Governance – Anti-Corruption in the Public Sector

Expected outcome: Strengthening of legal and institutional frameworks and management tools to combat and prevent corruption and promote high standards of conduct in the public sector.

Description: The launching event for senior officials on 19-21 November 2002 in Guiyang (Guizhou province) provided the first opportunity to: *i*) raise the profile of OECD anti-corruption instruments and the ADB/OECD Action Plan for Asia-Pacific in China; *ii*) create understanding and share experience on the indispensable elements of a comprehensive approach in fighting corruption and promoting integrity.

This event also served as a forum for dialogue between high-ranking officials from China and OECD countries to identify key issues for follow-up workshops. A series of follow-up workshops for policy makers will focus on issues selected together with the new Chinese leadership. Their aim is to: *i*) review options for practical solutions in the preparation and implementation of anti-corruption measures; *ii*) develop policy recommendations together with Chinese policy makers in the selected targeted areas; and, *iii*) identify good practices relevant to the Chinese environment.

Contact has been established with the Ministry of Supervision that is in charge of the promotion of the code of conduct and the disciplinary aspect of personnel management to involve them in the policy dialogue.

Events: Two policy dialogues. Dates and location to be determined.

Publications: Issues paper on corruption. Chapter in the book *Governance in China*. Translation of relevant documentation prepared for the workshops.

- Activity No. II.B.2.6
- *Output area:* PUBLIC GOVERNANCE
- Lead Directorate: GOV
- Other participating Directorates: DAF
- Partnerships with other International Organisations: Asian Development Bank, UNDP (*tentative*)
- Website: www.oecd.org/gov/ethics
- E-mail contacts: janos.bertok@oecd.org and irene.hors@oecd.org

2.7 Anti-Corruption Policies in the Regional Context

Expected outcome: Association of Chinese experts and policy makers to the regional efforts to combat corruption undertaken jointly by over twenty countries from Asia and the Pacific in the framework of the ADB/OECD Anti-Corruption Initiative; support by the Secretariat to the Chinese Government's anti-corruption efforts in selected areas.

Description: Corruption is recognised as a major problem in China that contributes to income inequalities and the misallocation of resources. In recent years, the authorities have taken a number of important measures to deal with this problem and to enhance the efficiency of public action. To support these efforts is the core objective of the OECD's 2003-2004 anti-corruption programme with China.

Co-operation with the lead ministries which have direct responsibility for anti-corruption measures, is on-going in the framework of the ADB/OECD Anti-Corruption Initiative for Asia-Pacific. Experts and policy makers from China regularly attend the different policy dialogue meetings and training seminars organised in the framework of the Initiative. The objective of this co-operation is to further associate China with the region's on-going efforts to combat corruption under the Anti-Corruption Action Plan for Asia and the Pacific, to support the Chinese Government in identifying areas of particular importance to further advance China's anti-corruption strategy, and to provide in this context relevant technical expertise as required.

Publications: Chapter on China's anti-corruption policy, to be published in the China Governance Report, coordinated by CCNM and GOV.

- Activity No. II.B.2.7
- *Output area:* ANTI-CORRUPTION
- Lead Directorate: DAF/ACD
- Other participating Directorates: GOV
- Partnerships with other International Organisations: Asian Development Bank, UNDP and World Bank, which all are partners of the ADB OECD Anti-Corruption Initiative for Asia and Pacific.
- Website: www.oecd.org/daf/nocorruption/outreach
- E-mail contacts: frederic.wehrle@oecd.org and gretta.fenner@oecd.org

2.8 Corporate Governance

Expected outcome: Support for the strengthening of corporate governance in China.

Description: As a result of the Chinese programme for partial flotation of large-scale state-owned corporations and the ensuing expansion of equity markets, corporate governance issues are becoming critically important to the success of enterprise reform and capital market development in the country, as well as for the stability of financial markets in the region.

The Chinese authorities have repeatedly stated their intent to use the OECD Principles of Corporate Governance as a framework for the improvement of corporate governance. The Chinese Securities Regulatory Commission has also formulated its own code of corporate governance based on the OECD Principles, and is currently taking steps to enhance its enforcement. Although China is one of the active members of the Asian Round Table on Corporate Governance, the unique nature of the Chinese corporate sector and its potential scale has led the OECD to take a more specific approach to China. The Chinese administration has put its priority on better management of state owned assets, Dialogue with the Chinese authority will thus focus on the corporate governance of state owned assets as well. The first meeting is scheduled in Shanghai in February 2004, jointly with the Shanghai Stock Exchange and the Development Research Centre. The CSRC and the SASAC (a newly created state body in charge of the state assets management) will also participate in the meeting.

Events: Policy dialogue meeting (Shanghai, February 2004)

Publications: Contribution to the OECD-wide Governance Project.

- Activity No. II.B.2.8
- *Output area:* CORPORATE GOVERNANCE
- Lead Directorate: DAF/CA
- Other participating Directorates: GOV
- Partnerships with other International Organisations: World Bank, the Global Corporate Governance Forum, Website: www.oecd.org/daf/corporate-affairs
- E-mail contacts: masaaki.kaisuka@oecd.org and mats.isaksson@oecd.org

2.9 Taxation

Expected outcome: Promotion of the development and adoption of a tax policy and administration system in China that is effective, efficient, transparent and compatible with the norms of OECD countries. Contribution to the OECD-wide Governance Project.

Descriptions: This in-country activity builds on the relationship that has been established between the OECD and the Chinese State Administration of Taxes (SAT) and the Ministry of Finance. Most of the seminars are carried out at the Beijing International Tax Centre, which was established in 1997, although from late 2003, some events will take place at the SAT International Tax Institute in Yangzhou. China also participates in the events held at the Multilateral Tax Centres.

For 2003, five workshops are organised for the SAT at the Beijing International Tax Centre. These workshops bring together officials from regional taxation offices and provide them with the opportunity to familiarise themselves with

OECD taxation principles and practices to help the on-going process of reform and encourage better communication between the national authorities and regional offices.

Two policy dialogue events on the taxation of financial markets and the audit and control of large taxpayers will also be held in 2003. These events focus on aligning the taxation policy and administration system in Beijing with the norms of the participating OECD countries.

Events:

Activities for 2003 and 2004 include:

- a) Policy dialogues with senior tax officials
 - Harmful tax competition – February 2003
 - Taxation of financial markets – October 2003
 - Audit and control of large taxpayers – November 2003
 - Controlled Foreign Company Legislation – November 2004
 - Transfer Pricing Guidelines – dates to be determined
 - Thin Capitalisation – dates to be determined
- b) Events at the Beijing International Tax Centre for the SAT:
 - Transfer pricing guidelines – March 2003
 - Tax incentives – September 2003
 - International tax avoidance and evasion – October 2003
 - Transfer pricing guidelines – November 2003
 - Transfer Pricing Guidelines – (2 events) March and November 2004
 - Tax Treaties – April 2004
 - Taxation of Electronic Commerce – June 2004
 - Bribery Awareness – September 2004
 - Auditing Multinational Enterprises – November 2004
- c) Events at the Vienna Multilateral Tax Centre
 - Developing and maintaining training institutions – September 2003
 - Developing and maintaining training institutions – (2 weeks) dates to be determined

- Activity No. II.B.2.9
- *Output area:* TAX POLICIES AND INTERNATIONAL STANDARDS - TAX ADMINISTRATION
- Lead Directorate: CTPA
- Website: www.oecd.org/daf/ctpa
- E-mail contact: kazutomi.kurihara@oecd.org and christine.hude@oecd.org

2.10 International Investment

Expected outcome: Strengthened capacity of the Chinese Government in formulating and implementing foreign direct investment (FDI) policy development, following up on the OECD study, *China's Evolving FDI Policy Framework*, which is to be published in Spring 2003.

Description: The OECD has been working with the Chinese Government on a range of issues related to foreign investment and economic development. The China FDI policy study to be published in 2003 provides an evaluation of FDI performance and policy reforms so far. It also identifies policy areas where further progress can be made in building a framework consistent with international standards and practices that will attract more long-term, high-technology and high-value-added FDI to China.

The OECD, and its Committee on International Investment and Multinational Enterprises, will work in conjunction with the Ministry of Foreign Economic Trade and Economic Co-operation (MOFTEC) to share the experience of OECD member countries with regard to FDI and develop FDI policies with the relevant ministries in China. The focus of this work will be on further development of a rules-based FDI attraction environment and on implementation of policies that will contribute to the continuing liberalisation and modernisation of the Chinese economy. These outcomes can be achieved by consultations between the CIME and representatives of the relevant Chinese ministries leading to commitments whose implementation will be jointly assessed.

Events: Special dialogue meeting between a Chinese Government delegation and the OECD Committee on International Investment and Multinational Enterprises using the draft FDI Policy study as a background document for discussion; April 2003 in Paris.

Review of China's progress in FDI policy development in the light of the FDI policy study, 2004.

Publications: OECD China FDI Policy Study, May 2003 (for sale).

- Activity No. II.B.2.10
- *Output area:* FOREIGN DIRECT INVESTMENT AND MNEs
- Lead Directorate: DAF/CMIS
- Website: www.oecd.org/daf/investment
- E-mail contact: kenneth.davies@oecd.org

2.11 Competition Policy

Expected outcome: i) Enforcement by Chinese competition officials of China's new competition law in a predictable and effective fashion; ii) greater convergence with members' best practices on relevant policies, practices and procedures; iii) integration into regional and international networks for co-operation on competition policy and law enforcement; and iv) application of growth- and efficiency-enhancing competition policy. Governance and economic performance will benefit from this work, which fosters market integrity and efficiency.

Description: China is currently at a fairly advanced stage of drafting a modern competition law, with OECD assistance. OECD has also been involved in policy dialogue with the relevant enforcement agencies on China's two existing competition-related laws. In addition, China welcomes capacity building advice in respect of the reform of regulated sectors – an event focusing on the reform of railroads in China was held early in 2002.

Four themes (assisting China to enact a modern competition law, establishment of an effective enforcement regime, competition-policy-based regulatory reform, and assisting to promote a greater understanding of the benefits of effective enforcement of the law and pro-competitive market reform) will be pursued in 2003-2004, the balance among these themes being adapted to the progress of the legislation..

Events: Given the intervention of SARS, activities in 2003 were confined to

- i) participation in two conferences in China on infrastructure reform
- ii) policy dialogue meetings to discuss future plans and adapt them to the changing circumstances in China.
- iii) The programme of activities in 2004 will focus on:
- iv) assisting to refine and finalise the new competition law;
- v) helping with the establishment of a new competition agency
- vi) training the agency's staff and judges,
- vii) supporting development of enforcement guidelines, educational materials for key constituencies, including the legal, business, consumer, press, academic and political communities. Subject to funding, communications tools will be developed, as well as advocacy strategies, internal case screening criteria, approaches to priority setting, frameworks for co-operation between the enforcement agency and its counterparts in other countries, and protocols for minimising overlap and co-operating with sectoral regulators
- viii) participation in the events on Intellectual Property Rights

Publications: Reforming China's Railroads for Competition and Efficiency (English and Chinese), second quarter 2003, Contribution to the OECD-wide Governance Project

- Activity No. II.B.2.11
- *Output area:* COMPETITION
- Lead Directorate: DAF/COMP
- Website: www.oecd.org/competition
- E-mail contact: dafcomp.contact@oecd.org

2.12 Financial Affairs

Expected outcome: Support for China's efforts to establish well functioning, market-based financial, insurance and private pension systems and assistance to Chinese officials in the on-going reforms of regulation and supervision of these sectors. Contribution to the OECD-wide Governance Project.

Description: Financial sector reform can be seen as one of the most important and urgent issues faced by China in nurturing an efficient and sound market-based economy. The First International Round Table on Securities Markets in China, held in 2000 in co-operation with the China Securities Regulatory Commission (CSRC), was the first OECD conference in the area of securities markets in China.

The CSRC expressed its interest in keeping close contacts with the OECD, and holding regular meetings in the future. In the insurance area, a series of meetings of technical experts is being held to assist the Chinese Insurance Regulatory Commission (CIRC) in its reform efforts. The CIRC's commitment to this initiative is very high. The workshop on the regulation of private pensions in China will be held in co-operation with the Ministry of Labour and Social Security. Pension sector reform is also high on the agenda in China, and will in turn have a substantial impact on its securities markets. A new important activity is the launching of a policy dialogue on financial governance of institutional investors.

Events: Five policy dialogue meetings, including financial governance issues (time and place still to be determined in some cases):

- Workshop on Rural Finance and Credit Infrastructure in China, October 2003.
- Workshop on Public Debt Management and Development of Government Securities Market in China, 2004
- Second Workshop on Pensions in China, 2004.
- Workshop on Insurance Reform, 2004.
- Expert Meeting on Governance of Financial Institutions in China, 2004.

- Activity No. II.B.2.12
- *Output area:* FINANCIAL REGULATION AND MARKET EFFICIENCY
- Lead Directorate: DAF/FIN
- Other participating Directorates: AGR, ECO, ELS
- Partnerships with other International Organisations: IOSCO
- Website: www.oecd.org/daf/insurance-pensions
- E-mail contacts: juan.vermo@oecd.org (pensions); flore-anne.messy@oecd.org (insurance); andre.laboul@oecd.org (financial governance); masaaki.kaizuka@oecd.org (general)

2.13 Knowledge Economy

Expected outcome: i) Improved government agencies' and stakeholders' understanding of the relationship between the protection of intellectual property rights (IPR), innovation and technological progress, and social and economic development, and underline their importance to the emerging knowledge-based economy.

- ii) Recommendations for further improving the IPR regime in China.
- iii) Policy dialogue with the Ministry of Science and Technology on IPR policies related to public-funded research and government research institutions.
- iv) Assistance to the Chinese government and other stakeholders to better understand, assess and meet the policy challenges with regard to IPR issues, following China's WTO entry.
- v) Establishment of official networks and network with other stakeholders for possible continued work related to IPR and reforms of government research institutions.
- vi) Contribution to the OECD-wide governance project.

Description:

China's government is increasingly aware of the importance of IPR protection for promoting innovation and for social and economic growth in general. However, it lacks the advanced expertise needed for improving and implementing its IPR policies. The Development Research Centre (DRC) of the State Council and the State Intellectual Property Office (SIPO) are currently carrying out a joint policy research project to draw up policy recommendations for improving China's IPR regime, and are seeking OECD input to form their policy recommendations. At the same time, the Ministry of Science and Technology (MOST) is interested in discussing with OECD experts the reform of IPR policies related to publicly-funded research, as part of the overall reform of public research institutions in China.

This activity will include a high-level international workshop on IPR in Beijing, and a back-to-back OECD and MOST seminar on IPR policies for publicly-funded research institutions in China. Improving the IPR regime is of great interest to China, as well as to OECD member countries whose economic relations with China are growing through trade and foreign direct investment.

Events:

International workshop on IPR, Beijing, April 2004

MOST-OECD seminar on IPR policies related to publicly-funded research and government research organisations, Beijing, April 2004

Publications:

Possibility of publishing proceedings of the workshop.

- Activity No. II.B.2.13
- Output area: *SCIENCE AND INNOVATION POLICIES*
- Lead Directorate: STI/STP
- Other participating Directorates: ECH and DAF
- Partnerships with other International Organisations: World Intellectual Property Organisation (WIPO), World trade organisation (WTO), National experts from OECD countries (Korea, Japan and others), European Patent Office (EPO)
- Website: www.oecd.org/sti/ipr
- E-mail contacts: daniel.malkin@oecd.org and gang.zhang@oecd.org

2.14 Environmental Policy*Expected outcome:*

Identification of options for reforming Chinese environmental policy instruments and institutions, based on best practices from OECD countries and taking account of China's specific conditions.

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Descriptions: *Environmental finance strategy:* Following a workshop on environmental financing held in October 2000 in Beijing, the OECD Secretariat launched a project to assist China in developing an environmental financing strategy (EFS) in the urban sanitation sector. The strategy would be implemented within the framework of China's five-year economic and social development plan. The project analyses the financial viability and affordability of proposed sanitation programmes in Sichuan province, and aims to develop a realistic strategy to finance the development of the wastewater treatment infrastructure in that province. A baseline scenario was prepared in 2003. The second phase of work will be concluded by early 2004 and will include developing scenarios to help identify realistic measures for the Chinese authorities to achieve their policy objectives in this area.

Environmental indicators and environmental performance review: Building on the 1999 OECD-China seminar on environmental monitoring, held in Beijing, a workshop on environmental indicators was organised back-to-back with the meeting of the OECD Working Group on Environmental Information and Outlooks in December 2003 in Paris. The subjects of the meeting were the exchange of experience and presenting good practices in the design and implementation of a cost-effective and policy-relevant set of environmental indicators. The role of indicators in supporting environmental policies and monitoring progress towards meeting national and international environmental goals and objectives in China were also examined.

These meetings will provide the basis for the possible launch in 2004 of an OECD Environmental Performance Review of China (EPR). They will also provide the basis for preparing an input to the OECD-wide governance project.

Associating China with relevant OECD activities: visits of experts, and exchange of information will be organised on selected issues of mutual interest. These will include procedures for adhering to the OECD Council decisions on the mutual acceptance of data in the assessment of chemicals.

Events: *Cooperation within the framework of the China Council for International Cooperation on Environment and Development.* Close cooperation has been established with this high-level body that provides policy advice to the Chinese authorities, particularly in the areas of pricing, finance and trade-environment linkages. A workshop will be organised in the second half of 2004 in one of these areas.

- December 2003: A Workshop on environmental indicators will be organised in Paris back-to-back with the meeting of the OECD Working Group on Environmental Information and Outlooks.
- First quarter 2004: Workshop in China to present the results of finance strategy in the urban water sector and to discuss the consequent policy implications.
- Second half 2004: Workshop on measures required to adhere to the OECD Council Decisions on the Mutual Acceptance of Data.
- Second half 2004: Workshop on economic-environment linkages.

Publications: Baseline scenario for an environmental finance strategy for the urban water sector at the sub-national level in China (2003).
 Final report on finance strategy (2004).
 Proceedings of the workshop on environmental indicators in China and OECD countries (2004).
 Input to OECD-wide governance project (2004).

- Activity No. II.B.2.14
- *Output area:* ENVIRONMENT PEER REVIEWS, INDICATORS AND OUTLOOK
- Lead Directorate: ENV/NMC ENV/EPI
- Other participating Directorates: ECH
- Partnerships with other International Organisations: Experts from the World Bank and the Asian Development Bank will be invited to participate in the discussion on the results of the finance strategy, and in the preparation of the environmental performance review. The preparations of the EPR will be co-ordinated with the UN Economic and Social Commission for Asia and the Pacific (UNESCAP).
- Website: www.oecd.org/env/outreach
- E-mail contact: krzysztof.michalak@oecd.org

2.15 Labour Market and Social Policy

Expected outcome: i) Improved understanding in China of the need for improving the management of labour market and social protection programmes within the framework of a modern administration, to meet the needs and requirements of the population. ii) Improved understanding in China on the issue of income inequality, using a comparative approach with selected OECD countries. iii) Exchange of best practices to reduce such inequalities at global and regional levels.

Description: This project will continue and extend the work on labour market and social policies that the OECD has undertaken as part of the OECD horizontal project on the implications of trade and investment liberalisation for China. This activity will deal with a number of pressing labour market and social policy issues. These include:

- i) how to achieve effective enforcement of labour laws and standards
- ii) how to develop public employment services
- iii) how to strengthen the institutions responsible for monitoring labour contracts
- iv) dealing with industrial disputes
- v) verification of social security contributions
- vi) how to complete the transfer of responsibility from enterprises to the public authorities, and
- vii) monitoring of health and safety, and other regulation of conditions of employment.

These and related issues will be addressed through an OECD policy review.

The review team will consist of about three selected delegates with experience of labour inspectorate functions, or experts chosen by them from labour inspectorates. Possibly an ILO representative.

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The review team will visit about seven local labour bureaus covering one big city municipality, two prefecture-level cities, two county-level cities and two towns. These will be selected from at least three different parts of China.

The Secretariat will write a draft report on the basis of the findings. The review team may meet once or twice to discuss the findings and possible policy suggestions on the basis of Secretariat drafts. The report will then be presented to the Employment Labour and Social Affairs (ELSA) Committee and published.

Concerning the activity on income inequality in China, launched in 2002, Chinese experts will prepare reports on this issue at national and regional level and OECD experts will make a similar study based on the results of existing studies carried out in selected member countries.

Events: Fact-finding missions with OECD member country delegates in first half of 2004. Meetings of the ELSA Committee and dissemination of the results in China in the second half of 2004.

Organisation of a technical seminar in Paris, second semester of 2003, on income gaps in China and lessons from the experience of OECD countries.

Publications: Review report in English, French and Chinese. Input to OECD-wide Governance Project.

- Activity No. II.B.2.15
- *Output area:* EMPLOYMENT OUTLOOK, REVIEWS AND LABOUR MARKET POLICIES
- Lead Directorate: ELS/NEIM
- Partnerships with other International Organisations: The ILO will participate in the review.
- Website: www.oecd.org/els/emerging/labour
- E-mail contact: anders.reutersward@oecd.org

2.16 Financing Higher Education and Regulatory Reform

Expected outcome: *i)* Conclusion of the activity on financing higher education and quality begun in 2002, with the presentation of the report and recommendations to the State Council in view of amending the Law on Higher Education. *ii)* Adding China to the Institutional Management in Higher Education (IMHE) study of financing higher education, leading to a better understanding of national and institutional financial regulatory systems. *iii)* Policy recommendations on improving the interface between the private and public higher education sectors and national and regional education authorities as part of the governance project.

Descriptions: The recommendations from the OECD's work on expanding access to higher education (1999-2001) and on financing higher education and quality had positive impacts on formulating policy. The financial implications of the current five-year plan to increase participation to 15 per cent are immense, and the results of the OECD reports will contribute to the proposed amendments to the Law on Higher Education. Results of these activities have shown the need to improve the interface between the public and private education sectors and the national and regional education authorities. They have also offered policy recommendations for increasing equity of access (*e.g.* improved student loan schemes and private sector contributions) and solving issues of differences between private and public education's teaching staff, salaries and retirement pensions.

Inclusion of China in the finance study undertaken by IMHE: In the area of regulatory reform, past activities highlighted issues of ownership of non-profit private education institutions. The recently implemented Law on Trusts can offer solutions to this sector when founders retire and when institutions increase in size (e.g. from 100 to 20 000 students in ten years). The proposed Law on Property will have serious implications for the entire higher education sector's revenues and options for managing institutions. This will become increasingly important for key institutions as government subsidies for the leading 100 universities decrease. For other higher education institutions without access to extra funding, this is even more important.

As in many member countries, China's higher education institutions are increasingly responsible for managing their own affairs within the context of national funding policies and governance arrangements. Participating in the IMHE study will allow the Chinese authorities to compare policies and outcomes with member countries and improve institutional management.

Events: This activity was postponed due to travel restrictions to China. An international seminar co-organised by the Ministry of Education and OECD will take place in the second quarter of 2004. Site visits of Chinese experts to Switzerland in the third quarter of 2004. In November 2003, the Secretariat presented the keynote address at a Beijing Education Authority/UNESCO conference on Education for Sustainable Development.

Publications: Report on Financing and Quality in Higher Education. October 2003.
Contribution to the Governance Report in 2004.

- Activity No. II.B.2.16
- *Output area:* EDUCATION REVIEWS AND OUTLOOK
- Lead Directorate: EDU
- Partnerships with other International Organisations: Co-operation with the British Council (and Higher Education Funding Council of England for the IMHE financing activity); Asian Development Bank for the portions concerning trust and property laws and World Bank as per agreement with the OECD.
- Website: www.oecd.org/edu/nonmembereducation
- E-mail contacts: ian.whitman@oecd.org and richard.yelland@oecd.org

2.17 Statistics

Expected outcome: Assessment of the extent to which Chinese statistics meet the needs of policy makers in both the private and public sectors, as well as abroad and in China itself, in order to improve the availability, reliability and international comparability of economic statistics for China.

Description: In 2003, a workshop on national accounts will focus on the measurement of the service sector as well as broader issues relating to the international comparability of China's national accounts. It will be held in China, and will include statistical experts from the provinces as well as from the National Bureau of Statistics. This workshop will conclude the activity on national accounts statistics in the framework of this programme.

In 2004, as part of the overall governance project, a major conference could be held on the extent to which China's official statistical programme meets the need of users.

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China has recently subscribed to the IMF's General Data Dissemination Standards and, even though this is an important step in bringing Chinese statistics nearer to international standards, it is still needed to assess the extent to which Chinese statistics meet the needs of policy makers in the government and private sector, as well as abroad and in China itself. China's accession to the World Trade Organisation will put growing pressure on its authorities to meet the information needs of the private sector, in particular of potential foreign investors. Improved statistics also permit better informed public discussion of economic and social policy.

A major conference could be organised to bring together policy makers and statisticians from China and from a selection of OECD member countries. Participants will come from both government and business sectors. The conference will address issues such as: what kinds of official statistics are needed by policy makers (government and private sector) in China and how do they use breakdown, length of time series, classifications, and definitions. What are the main problems with Chinese statistics as seen by foreign investors and by government and private-sector policy makers in China?

The end result will be a substantial report on the conference proceedings, and a report identifying priorities for Chinese statistical agencies in further adapting their statistics to the needs of a market economy and the major gaps/problems with Chinese statistics as seen by policy makers both in China and abroad. The report will support on-going governance dialogue between China and the OECD, and will help advance the reform process already underway at the National Bureau of Statistics.

- Events:* National accounts workshop to be held in China in May 2003.
Possible major Conference on user needs to be held in September 2004 in Paris.
- Publications:* The Proceedings of both the Workshop and the Conference will be published in English and Chinese.
- Activity No. II.B.2.17
 - *Output area:* STATISTICAL RESEARCH, COLLECTION AND DISSEMINATION
 - Lead Directorate: STD/POD
 - Partnerships with other International Organisations: The IMF will be invited to be a co-organiser of the 2004 conference.
 - Website: www.oecd.org/std/nm-countries
 - E-mail contact: david.roberts@oecd.org

2.18 Economic Study of China's Public Expenditure Policies

Expected outcome: Contribution to the programme on governance in China, strengthen policy dialogue, and disseminate lessons from OECD experiences by preparing an in-depth study of the trends, prospects, and main problems concerning China's public expenditure policies and their implications for the sustainability of the fiscal position.

Description: China faces major challenges over the coming decade to meet the rising needs for public spending to deal with adjustments to foreign trade liberalisation, and to

support its longer-term development needs, such as improved access to education and increased support for science and technology.

The study will focus on three basic areas. First, it will assess current and prospective expenditures in major areas and their relation to China's development needs. The objective is to identify areas where expenditure growth may need to be sustained, as well as areas where expenditures need to be increased to support China's development. The analysis will include the evaluation of potential costs for dealing with non-performing loans in the banking system, and other large outlays to deal with problems accumulated from the past. In making this assessment, the study will build on earlier work by the World Bank, and compare China's expenditure patterns to those of other comparable developing economies.

Second, the effectiveness of the existing institutional mechanisms for implementation of expenditure policies, including the division of responsibilities between central and sub-national governments, will be examined, and recommendations for improvements developed. Third, the implications of expenditure trends and future needs for the sustainability of China's fiscal position will be evaluated, in particular to assess whether the level of government spending needed to sustain China's development is consistent with trends in government revenues and other potential constraints on fiscal policy.

Events: The study will be presented at seminars in China and Paris, in 2004.

Publications: One published monograph for sale, with possible translation into Chinese. One or more working papers to be made available to the public without charge. Chapter in the OECD-wide Governance Report.

- Activity No. II.B.2.18
- *Output area:* COUNTRY REVIEWS OF ECONOMIC POLICIES
- Lead Directorate: ECO/NME
- Partnerships with other International Organisations: Periodic consultations with experts from the International Monetary Fund, the World Bank, and Asian Development Bank will be held to discuss their relevant past and current work on expenditure policies in China and to ensure adequate co-ordination in efforts in this area.
- Website: www.oecd.org/eco
- E-mail contact: margit.molnar@oecd.org

2.19 Agriculture – Institutional Framework for Effective Agricultural Policy in China: Current Issues and Future Challenges

Expected outcome: The main objective of the AGR participation in this project will be to describe who is doing what in China as regards agricultural policy and, possibly, to suggest how the agro-food institutional framework should evolve to make it more transparent and more effective in agricultural policy formulation and implementation.

Description: Of particular interest will be the divide between policy decision-making and regulatory enforcement (*i.e.* who makes the policy and who enforces it) as well as regulatory monitoring and compliance. Three aspects will be taken into account: co-ordination of agricultural policy formulation and implementation at the central government level; delimitation of federal and regional responsibilities; and delimitation of responsibilities between public and private institutions.

This contribution is also expected to become an important part of the future publication: "Review of Agricultural Policies: China" to be undertaken by the

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OECD in co-operation with the Chinese partners and, possibly, other international organisations.

Events: The OECD contribution of the non-members Division of the Agriculture Directorate will be based on its participation in the World Bank conference “Agricultural Administration. Adjusting the Role of Government and Administration to the Trends of Globalisation and Market Integration” to be held in Beijing at the end of November 2003

Publications: A chapter on agriculture in the OECD report on Governance in China (working title)

- Activity No. II.B.2.19
- *Output area:* AGRICULTURAL POLICY REFORM
- Lead Directorate: AGR, GOV
- Partnerships with other International Organisations: World Bank.
- Website: www.oecd.org/agr/ete
- E-mail contact: andrzej.kwiecinski@oecd.org and olga.melyukhina@oecd.org

B. Other Activities

2.20 Economic Monitoring and Analysis

Expected outcome: Support for the OECD’s economic assessments and other work by monitoring and analysing basic macroeconomic trends and the forces shaping them.

Descriptions: China’s economy will be undergoing major transformations and challenges as it adjusts to its entry into the World Trade Organisation and pursues other domestic economic reforms. Satisfactory macroeconomic performance, notably real growth at a pace to allow resources displaced by reforms to be re-absorbed in productive uses, low inflation, and sustainable balance of payments, will be critical to the success of structural reforms necessary to meet these challenges. At the same time, current structural problems pose a major challenge to China’s ability to sustain a satisfactory macroeconomic performance. Analysis of the implications of China’s key structural problems and reforms for macroeconomic performance has been the main focus of efforts under this activity during 1999-2001. This activity may include an assessment of China’s public expenditures and their implications for the sustainability of fiscal policies to complement, and give support to, work on public governance.

This work involves regular updating of key data and compilation of information on macroeconomic policy changes throughout the year, along with periodic discussions with Chinese experts during missions and in meetings with experts visiting Paris. The work will provide a basis for the bi-annual economic assessments published in the *OECD Economic Outlook*.

The monitoring work will draw on knowledge concerning the interactions between structural conditions and macroeconomic performance developed in the work of earlier years, notably in the OECD study, *China in the World Economy* completed in 2002 and the earlier (1999) study of *Reforming China’s Enterprises*

Events: Meeting of the Committee on Short-Term Economic Prospects twice a year

Publications: Chapter on China in the OECD *Economic Outlook*

- Activity No. II.B.2.20
- *Output area:* MULTILATERAL PEER REVIEW OF ECONOMIC POLICIES
- Lead Directorate: ECO/NME
- Partnerships with other International Organisations: Informal consultations will be carried out with the International Monetary Fund, World Bank, and Asian Development Bank during the semi-annual meetings of the Committee on Short-Term Economic Prospects and on other occasions as feasible.
- Website: www.oecd.org/eco
- E-mail contact: margit.molnar@oecd.org

2.21 Economic Survey of the People's Republic of China

Expected outcome: The survey, the first undertaken for China, will promote the dialogue of OECD member countries with China and improve their understanding of the current economic challenges facing that country, while providing advice on appropriate economic policy responses. The survey will highlight linkages between structural reforms and macroeconomic policies that are needed for sustainable growth. In this context, the survey will complement other work being undertaken on China in the OECD.

Description: China's overall macroeconomic performance over the past several years has been enviable. Its real GDP growth has been the most rapid among major emerging market economies, the current account has been in surplus, and China has become the largest recipient of foreign direct investment inflows. This performance is partly attributable to certain economic reforms, notably the opening to international trade and investment before and after entry into the World Trade Organisation and to macroeconomic policies. However, the performance has also been quite uneven, with the rural economy lagging behind the urban economy, widespread disparities in performance among businesses and regions, and rising unemployment despite the rapid output growth. Underlying this unevenness, are widespread and severe structural problems, including large non-performing loans in the banking sector, widespread inefficiencies in much of the business sector, and weaknesses in corporate governance and other framework conditions. These weaknesses also pose important constraints on macroeconomic policies. Extensive reforms to address these problems will be needed in the medium-term if China is to sustain its rapid growth and achieve its development goals.

This will be the first OECD Survey of China. After a historical review of China's progress during the reform period and the factors underlying it, the Survey will focus on the evolving institutional frameworks for macroeconomic policies, the development of the financial system, and the restructuring of the business sector. The analysis will highlight the interactions among these issues and their implications for China's macroeconomic performance.

Events: The survey will be discussed at the EDRC committee meeting in the first half of 2005. The Chinese version of the survey will also be used to organise a seminar in Beijing to discuss its recommendations with participants from within and outside the government. These participants will include high government officials, delegates from OECD countries and interested organisations, as well as research institutes, businessmen, and other representatives of civil society. It will be an occasion for policy dialogue within the country and an incentive for higher transparency of government policies.

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Publications: *Economic Survey of the People's Republic of China*, English version (for sale), French version (for sale), Chinese version (free pdf version).

- Activity No. II.B.2.21
- *Output area:* COUNTRY REVIEWS OF ECONOMIC POLICIES
- Lead Directorate: ECO/NME
- Other participating Directorates: Work on the study will be co-ordinated with other relevant work related to the governance project, and in consultation with GOV and CTPA
- Partnerships with other International Organisations: Periodic consultations with experts from the International Monetary Fund, the World Bank, and Asian Development Bank will be held to discuss their relevant past and current work on expenditure policies in China and to ensure adequate co-ordination in efforts in this area.
- Website: www.oecd.org/eco
- E-mail contact: margit.molnar@oecd.org

2.22 Trade

Expected outcome: Assessment of the implications of China's integration into the world economy, particularly the effects of its WTO accession and potential involvement in regional trade agreements on international trade flows and issues related to the implementation of its WTO commitments.

Descriptions: This activity will build on analysis undertaken in the OECD Trade Directorate in 2002 and on-going activities to support trade liberalisation and facilitate the integration of non-members into the international trading system. It will also respond to specific requests from the Chinese government for co-operation on the subject of regional trade agreements.

In 2003-2004, the OECD will co-operate with the Chinese Ministry of Commerce to organise a seminar in Beijing on regional trade agreements, drawing on the extensive research carried out in 2002. Another seminar on a topic of mutual interest may be organised.

The OECD will also prepare for publication its quantitative analysis of the impact of China's trade liberalisation on international trade flows. A new project will be initiated on the Chinese experience with the implementation of WTO disciplines and commitments. A Chinese specialist will be invited to co-operate on the latter project. Both the publication and the new project will be discussed in a workshop on "Economic and Trade Implications of WTO Accession," in which specialists and officials from China, Russia and other transition economies will participate.

Events: First quarter 2003: Seminar on regional trade agreements (in Beijing).

Second quarter 2004: Workshop on "Economic and trade implications of WTO accession", with participation of China, Russia and other transition economies.

Publications: Economic Impact of China's Accession to the WTO (for sale).

- Activity No. II.B.2.22
- *Output area:* ADVOCACY OF FREER TRADE
- Lead Directorate: ECH/TPD
- Partnerships with other International Organisations: WTO.
- Website: www.oecd.org/ech/tradepolicy/nonmembers
- E-mail contact: ech.contact@oecd.org

2.23 Agriculture – Rural Finance and Credit System in China

Expected outcome: The identification of policies and approaches to develop a well-functioning and sustainable agricultural and rural finance and credit system to address the diverse needs of clients in the agriculture and rural sector, ranging from the dynamic, commercial producers to small-scale ones.

Description: A major impediment to the development of rural areas in China is the lack of an adequate finance and credit network to facilitate the transformation of the agro-food sector, as highlighted in the 2002 OECD horizontal study on China. The Chinese Ministry of Agriculture (MoA) has asked the OECD to give this issue top priority, building on the experience of OECD and transition countries in restructuring their rural finance systems. A workshop on “Rural finance and credit infrastructure in China”, will identify constraints and suggest policies and approaches to develop a well-functioning, sustainable agricultural and rural finance system. Chinese and OECD experts will address the diverse needs of the rural and agriculture sectors, including both the dynamic, commercial sector of the rural economy (agricultural and non-agricultural) and the small-scale farming sector, which lacks collateral and is isolated from markets. Suggestions for the development of alternative financial institutions, as well as various mechanisms and forms of contractual arrangements, will be discussed. The role of government policy in establishing such a system will be addressed, as well as the advantages and disadvantages of various credit systems and credit guarantees.

Events: Workshop on rural finance and credit infrastructure in China, Paris, October 2003.

Publications: Proceedings will be published.

- Activity No. II.B.2.23
- *Output area:* AGRICULTURAL POLICY REFORM
- Lead Directorate: AGR/NME
- Other participating Directorates: DAF, GOV
- Partnerships with other International Organisations: The Asian Development Bank, the European Bank for Reconstruction and Development and the World Bank will contribute papers on their experience and work in the field with a view to enlarging the options brought to the policy discussion.
- Website: www.oecd.org/agr/ete
- E-mail contact: andrzej.kwiecinski@oecd.org

C. LATIN AMERICA

1. LATIN AMERICA REGIONAL PROGRAMME

Introduction

The OECD works with governments and other stakeholders in Latin America on in-depth analyses to address certain key institutional and policy issues essential for economic, social and institutional progress in the region. This intellectual basis provides the foundation for the equally important aspect of the work, which is policy dialogue, bringing country officials from the region and from OECD member economies to the table to discuss the issues, in order to identify policy options and good practices.

Formally created in 2001, the Programme has grown rapidly, and is developing in a mutually beneficial direction. Previously, Latin American countries have been involved in OECD-sponsored work, through the OECD Emerging Market Economy Forum in the region and *ad hoc* initiatives in specific policy areas in response to demand from the region, both since the early 1990s. The co-operation has attracted strong interest and support from a number of Latin American governments and intergovernmental organisations active in the region.

The establishment of the regional programme has enabled the OECD to enhance its co-operation efforts with the countries in Latin America. The activities selected are those that are best met on a regional level. Effort is made to keep the work sharply focused on priorities in the region.

An environment of greater macroeconomic stability in the region, has allowed OECD and Latin American countries to begin to conduct fruitful dialogue and to co-operate in a range of fields. At the same time, important structural weaknesses in Latin American economies have been identified, where co-operation with the OECD could be particularly effective in helping to shape policy making in various fields of OECD competence, including in the economic, institutional, social and educational spheres.

The Programme's core consists of carefully prepared and focused joint activities between Latin American officials and their counterparts from OECD countries, and attracts the participation of other stakeholders, including representatives of the private sector and civil society, as well as officials from other international institutions in partnership with OECD.

Co-operative activities allow peer-to-peer policy dialogue with the ultimate aim of furthering economic integration by making the OECD's experience available to Latin American countries. Moreover, the work enables the OECD to profit from the insights and perspectives of Latin American countries.

In addition to the programme of joint activities, an important aspect of the co-operation occurs through Latin American countries' participation in formal OECD bodies and in CCNM Global Forums. While Argentina, Brazil, Chile (ABC) are the major players in the Programme, owing to their extensive Observerships, and their intensive involvement with OECD, other South and Central American and Caribbean non-members are also active participants in the Programme's events in the region.

OECD's association with other intergovernmental organisations prominent in the region, such as the Inter-American Development Bank, the OAS, the World Bank, and UN ECLAC has been particularly successful for all parties concerned, for example in such fields as, corporate governance, competition, public management and governance, education, taxation, information technology and e-commerce.

Macroeconomics and structural reform provides the analytical foundation for the Programme. The economic assessment and monitoring work identifies needed policy reforms and thus helps pinpoint where the Programme's priorities should focus. Economic studies of the major economies of South America promote OECD's understanding of the region. The highly regarded *Economic Survey of Brazil* (first published in 2001) is being conducted on a regular basis; the *Second Survey* began in 2003 (within the framework of the Brazil Programme). Economic monitoring of the region is crucial, and is conducted twice a year, in conjunction with the organisation's regular work on short term prospects. The completion of the *Economic Survey of Chile* in 2003, as a flagship endeavour of the Latin American Programme, reflected the strong mutual interest in a baseline economic assessment of Chile. Close scrutiny of Chile, an interesting model of economic reform, of its policy needs, conditions for its sustainable growth and ability to withstand external shocks is expected to bring strong mutual benefits. A thematic study on *competitiveness*, to be completed in 2004, has attracted attention from analysts in many parts of the world.

Stakeholders from the region and the OECD members have clearly signalled several priorities in the field of *finance*, including *private insurance and pensions, debt management and the OECD-World Bank Latin American Corporate Governance Roundtable. Competition law (policy improvement and enforcement)* is reinforced by several Observerships in the Competition Committee of the OECD and a programme of activities in the region. Efforts to put in place an *OECD Latin American Tax Centre* is an aim of member countries for the near future, as non-members in Latin America and the Caribbean seek to associate more closely with the OECD's international tax standards, models and practices, to fight tax evasion and avoidance and to address harmful tax practices.

The *Investment, Finance and Development Forum* focuses on smaller enterprises. The *Latin America and Caribbean Rim Investment Initiative* is closely linked to OECD countries' high interest in alternatives to offshore tax havens. Strengthened co-operation in the sub-region enhances the ability of these countries to forego illicit sources of income and to attract investment.

Under the umbrella of *governance*, the *anti-corruption* activity is geared, in part, to implementing the OECD *anti-bribery* standards and supporting the Inter-American Convention against Corruption (in co-operation with OAS, World Bank, IADB, IMF, *et al.*). It also focuses on *ethics in government, conflict of interest, and procurement*. Work on *budget and public expenditure* supports the fight against corruption through transparent central public budgeting and accounting. A budget and expenditure study of Chile is expected for completion in early 2004.

Statistics and environment, relatively new areas of OECD co-operation in the region, are attracting growing interest and demand. The system of *leading indicators* developed by OECD for member countries is now being applied in the region and capabilities are being improved through co-operation with OECD. The development of an *Environmental Performance Peer Review* process, in co-operation with UN-ECLAC, based upon the OECD model, will help individual governments assess progress and promote greater responsibility in the environmental sphere. *The Environmental Performance Review of Chile*, launched in 2003, should be completed in 2004.

Pressure for *social and labour policy reform* is growing in the region, and in this context, *education* figures amongst the highest priorities in Latin America. It is one of the best guarantees of greater equity and economic and social development and is a line of battle against corruption. Recognising the value of the review process to identify needed policy reforms, several Heads of State and Education Ministers from the region have asked the OECD for co-operation on education policy reviews in 2003-2004. *The Education Review of Chile* was presented by the Chilean Minister of Education for examination by the OECD Education Committee in November 2003, and will be formally presented in Chile in 2004.

- E-mail contact: marilyn.yakowitz@oecd.org

1.1 Economic Monitoring

Expected outcome: Continuous assessment of both macroeconomic and structural developments in Latin America, in particular in Argentina, Brazil and Chile. Notes on economic development in the region for the annual *OECD Economic Outlook*.

Descriptions: Economic monitoring is the main input for the preparation of the twice-yearly *OECD Economic Outlook* on selected non-member economies. Monitoring consists of a wide range of activities, ranging from reports and other information on the region to contacts with government and private sector representatives and the mass media. Macroeconomic policy challenges and progress in structural reforms are thus closely followed, their mutual impacts assessed, and areas of benefit and risk that could affect OECD member countries are highlighted. These activities enable the mobilisation of resources at short notice and production of briefing notes and presentations for other parts of the Organisation and member countries. Economic monitoring of the region is also a critical input for the preparation of country studies.

Events: The OECD Committee on Short-Term Economic Prospects, where South-American countries are represented (e.g. Brazil and Chile) and the Economic Policy Committee (twice a year).

Publications: Note on development in selected non-member economies in the *OECD Economic Outlook* (twice a year).

- Activity No. II.C.1.1
- *Output area:* MULTILATERAL PEER REVIEW OF ECONOMIC POLICIES
- Lead Directorate: ECO/NME
- Partnerships with other International Organisations: Contacts with the IMF team preparing the *World Economic Outlook*, and the World Bank team preparing the *World Economic Prospects*; and IADB.
- Website: www.oecd.org/eco
- E-mail contact: nanno.mulder@oecd.org

1.2a Project on Competitiveness and Sources of Long-term Growth in South-America Monograph on “The International Competitiveness of Argentina, Brazil and Chile”

Expected outcome: Finalisation of work on the Argentina, Brazil and Chile (ABC) Study on Competitiveness and Sources of Long-Term Growth. Monograph on *International Competitiveness of Argentina, Brazil and Chile*.

Description: The report on *International Competitiveness of Argentina, Brazil and Chile* will be completed by early 2004. It will provide in-depth analysis of the determinants of competitiveness and specialisation of the ABC countries. This topic is particularly relevant for South America, as external constraints have often hindered the potential for sustained growth. Compared with existing literature, this study will provide several original insights on the link between exchange-rate regimes and economic structure, how different patterns of specialisation affect the capacity to sustain export revenues, the role of foreign direct investment in specialisation, the role of competition policy, and a detailed case study of the agro-food sector. The results of discussion and extensive consultation on the findings and conclusions of the study in Argentina, Brazil and Chile with shareholders from government, the private sector and NGOs will be incorporated in the final output.

Events: Follow-up seminar to be organised in South America for presentation of the ABC report (first semester 2004).

Publications: Monograph on *International Competitiveness of Argentina, Brazil and Chile* (English, for sale; arrangement for Spanish translation and distribution).

- Activity No. II.C.1.2a
- *Output area:* CROSS COUNTRY STRUCTURAL POLICY ANALYSIS
- Lead Directorate: ECO/NME
- Other participating Directorates: ELS, DAF, DEV, AGR, others
- Partnerships with other International Organisations: IMF, World Bank, IADB and UN-ECLAC. Co-operation consists of regular exchange of information with the regional and country desk in the IMF and the World Bank; organisation of the seminar where the final report on “International Competitiveness of Argentina, Brazil and Chile” will be presented.
- Website: www.oecd.org/eco
- E-mail contact: nanno.mulder@oecd.org

1.2b Economic Survey of Chile

Expected outcome: The first Economic Survey of Chile will be undertaken, which will be an important step towards a more intense policy dialogue between Chile and OECD. The Survey will contribute to strengthen the Chilean policy framework, by providing recommendations on how to better integrate macroeconomic and structural policies.

Description: This study will further strengthen the presence and co-operation of the OECD in South-America, as well as deepen its knowledge of the region. For OECD and other non-member economies, the Chilean economy is an interesting and instructive case. Chile has relatively solid institutions for macroeconomic management, which have showed a certain resilience to external shocks. The main focus now is in the area of structural and social policies and their internal coherence. In agreement with the Chilean authorities, the Survey will analyse the determinants of growth and competitiveness, financial sector, product markets and international competitiveness. The Chilean government is also interested in an analysis of the labour market and a comparison of the institutional frameworks of health care and education between Chile and OECD countries, which will find in the Survey a broad description. In all these areas, the comparison of Chile with OECD countries will be a particularly important benchmark for policy making.

Events: EDRC meeting in Paris and follow-up seminar in Chile (fourth quarter 2003).

Publications: Economic Survey of Chile (English, French, for sale and Spanish, free).

- Activity No. II.C.1.2b
- *Output area:* COUNTRY REVIEWS OF ECONOMIC POLICIES
- Lead Directorate: ECO/NME
- Other participating Directorates: ELS, DAF, DEV, others
- Partnerships with other International Organisations: IMF, World Bank, IADB and UN-ECLAC. Co-operation consists of regular exchange of information with the regional and country desk in the IMF and the World Bank. The UN-ECLAC is to provide specific input for the Economic Survey of Chile.
- Website: www.oecd.org/eco/Country_Surveys/Members
- E-mail contact: nanno.mulder@oecd.org

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1.3 Taxation

Expected outcome: Association of South American countries with the OECD Model Tax Convention, OECD Transfer Pricing Guidelines and standards and guidelines on effective exchange of information, thereby enabling them to secure their tax base and attract foreign direct investment.

Description: This activity consists of a series of policy dialogue events that bring together tax officials from the major economies in the region. The aim of these workshops is to familiarise the participants with the Model Tax Convention, Transfer Pricing Guidelines, and standards and guidelines on exchange of information. The adoption of these measures to eliminate double taxation of cross-border investment flows in South America and to deal with international tax evasion and avoidance practices will encourage foreign direct investments in South American countries.

Events: Policy dialogue events in 2003 and 2004, developed in accordance with themes identified as priorities in the region include:

- Transfer pricing guidelines, Mexico City, May 2003.
- Negotiation of tax treaties, Mexico City, October 2003.
- Taxation of Financial Markets, Mexico City, June 2004.
- Transfer Pricing, (venue to be confirmed), July 2004
- International Tax Avoidance and Evasion, Mexico City, October 2004.

- Activity No. II.C.1.3
- *Output area:* TAX POLICIES AND INTERNATIONAL STANDARDS - INTERNATIONAL TAX CO-OPERATION
- Lead Directorate: CTPA
- Partnerships with other International Organisations: The activity in Mexico is organised in partnership with Inter-American Development Bank (IADB) and Inter-American Centre of Tax Administration (CIAT).
- Website: www.oecd.org/daf/ctpa
- E-mail contacts: shee-boon.law@oecd.org and christine.hude@oecd.org

1.4 International Investment, Finance and Enterprise Development (IFED)

Expected outcome: This three-year co-operation programme aims to enhance investment opportunities in the Caribbean and Latin American region and seek ways to mobilise productive investment. It aims at supporting Caribbean and Latin American countries in their efforts to improve their investment climate, attract foreign direct investment, and maximise its benefits.

Description: The activities are designed to enhance business opportunities in the region through focused efforts to improve the investment climate, to set time-bound targets for reform, and to promote regional co-operation. Positive linkages between FDI and local enterprise development will be strengthened. The work evolves in three stages: analysis of business opportunities and risks on the basis of a comprehensive business environment survey; establishment of a list of non-conforming measures (exceptions to National Treatment) in participating countries; agreement on a set of time-bound priorities for reform, and monitoring of progress achieved. At the

request of participating countries, advice can also be provided on the design of tax systems and tax administration to provide a sound basis for productive investment.

The activities will help countries and international financial organisations to identify projects for technical and financial assistance to support the reform process.

In addition to the above efforts, the South American Working Group on Investment, Finance and Enterprise Development (SA IFED) will continue to promote regional cooperation on investment and enterprise development, discuss linkages between large and small enterprises, and strengthen networks of local, provincial and national support structures for small and medium sized enterprises. At its November 2002 meeting in Bariloche, Argentina, a joint Statement and Action Plan on Enterprise Development for Mercosur and affiliated countries, and the region more broadly, committed to:

- uniting efforts to draw on technical and financial assistance from donor institutions active in the region in order to support and strengthen the network of development agencies in order to activate and mobilise existing resources and actors that could help to promote the development of SMEs;
- forming a consultative group to evaluate the progress of the SA IFED programme.

The second meeting of the Working Group held in Salta on 27 and 28 November 2003 adopted an action plan stressing the importance of investment for regional integration and encouraging cross-boarder investment in the region.

Events: Plenary Group Meeting on Caribbean Rim Investment Initiative, Kingston, Jamaica (first quarter, 2003).

Steering meetings, Caribbean Rim Investment Initiative (first and third quarters 2004).

Two meetings of the South America Investment, Finance and Enterprise Development consultative group 2004).

Publications: Publication of country business environment studies (free).

Proceedings of regional meetings (free).

- Activity No. II.C.1.4
- *Output area:* FOREIGN DIRECT INVESTMENT AND MNEs
- Lead Directorate: DAF/CMIS, CTPA
- Partnerships with other International Organisations: Organisation of American States (OAS), Caricom, UNCTAD, FIAS, World Bank and Inter-American Development Bank (IADB).
- Website: www.oecd.org/daf/investment
- E-mail contact: luz.beaty@oecd.org

1.5 Trade Policy in the Doha Development Agenda

Expected outcome: The objectives of the project are:

- Structured dialogue in the Latin American Region for OECD members and non-members to exchange lessons about their experience particularly relevant to market access issues under the Doha Development Agenda (DDA). Lessons

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may, for example, be drawn from the domestic context or, as appropriate, from recent regional or multilateral negotiations or from implementation of resulting agreements.

- Raising awareness of tools and materials produced by the OECD and other international organisations that may be of use in addressing trade issues. (Examples include the OECD Query and Reporting System: Tariffs and Trade (CD-ROM); An OECD Tool Kit for Trade Policy Makers; Responding to the Doha Development Agenda (CD-ROM); environmental impact assessment methodologies; and publications such as *Open Services Markets Matter* or *The Development Dimensions of Trade*.)

Description: This activity builds on the Global Forum on Trade, which feeds into regional outreach and dialogue. Events will be prepared in consultation with the host country, international organisations, and other stakeholders, in order to ensure appropriate targeting. The events are intended to benefit participants through improved mutual understanding with respect to Doha Development Agenda issues (*i.e.* as a consequence of structured dialogue) and enhancement of their knowledge base (*e.g.* through increased awareness of OECD tools and analytical materials).

Events: Event in the region, possibly in conjunction with the Global Forum on Trade and International Investment and UNCTAD XI, to be held in the first half of 2004.

Publications: Trade & Investment: *FDI for development: maximising benefits, minimising costs* plus other de-classified material from CIME and the Trade Committee.

- Activity No. II.C.1.5
- *Output area: ADVOCACY OF FREER TRADE*
- Lead Directorate: ECH/TPD
- Other participating Directorates: CCNM, possibly also DCD, AGR, DAF,
- Partnerships with other International Organisations: IADB, WTO, UNCTAD, and the World Bank, contributing subject area expertise and analysis.
- Website: www.oecd.org/ech/tradepolicy/nonmembers
- E-mail contact: ech.contact@oecd.org

1.6 Competition Policy

Expected outcome: Latin American competition officials will enforce their laws more predictably and effectively, advocate pro-competitive economic reform, and strengthen their regional and international networks for exchanging information and experiences on competition law enforcement issues and on advocacy for pro-competitive regulatory reform.

Descriptions: Since 1996 the OECD has been in active co-operation with the countries of Central and South America in promoting the development of competition policy in the region. It has sponsored at least one conference or seminar per year for high-level competition enforcement officials from the region and from OECD countries to discuss aspects of competition policy, including drafting competition laws and regulations, institutional design, and enforcement techniques and analysis.

In 2003 and 2004, the activity will continue this series of seminars and conferences, which have been very well received by Latin American participants. In addition, a new partnership with the IADB will promote competition policy,

competitiveness and economic growth for Latin American economies. As a first step, a Latin America Competition Forum will be launched at a high-level meeting in Paris in April 2003, expected to be followed by annual meetings with senior Latin American competition officials. The April 2003 event will feature a peer review of Chile's competition law and policy. The second annual meeting in June 2004 will feature a similar review of Peru's competition law and policy.

The development of a sound and effective competition policy in countries in Latin America is a vital part of the on-going effort to promote economic development in the region.

Events: Two seminars on competition law enforcement, one in the fourth quarter of 2003 and one in the third quarter of 2004.

The first meeting of the Latin America Competition Forum will be held in Paris on 7-8 April 2003. The second meeting of the Forum is expected to be held in Washington on 14-15 June 2004.

Publications: The final report of the peer reviews of the competition law and policy of Chile and Peru, respectively, will be published in 2004.

- Activity No. II.C.1.6
- *Output area:* COMPETITION
- Lead Directorate: DAF/COMP
- Partnerships with other International Organisations: The OECD is co-operating with the Inter-American Development Bank to organise the IADB event described above that will be held in Paris in April 2003. It is expected that this co-operation will be extended to a similar event to be held in 2004, and to include other activities yet to be determined.
- Website: www.oecd.org/competition
- E-mail contact: dafcomp.contact@oecd.org

1.7 Financial Affairs: Insurance and Pensions; Capital Market Reform, including Debt Management

Expected outcome:

- i) Support for the development of sound market-based financial systems.
- ii) Promotion of the development of a modern, sound and open private pension and insurance industry based on a solid regulatory and supervisory framework, focusing in particular on the opportunities offered by the new Latin American systems for diversification of retirement risks.

Description: Most Latin American governments have embarked on a process of reform of their public pension systems. This process has involved, without exception, the introduction of mandatory private pension systems. This development contrasts with developments in most OECD countries. The planned pensions seminars would bring together both policy makers and major industry players to compare the performance of their respective private pension systems in terms of coverage, adequacy and security. It will also allow for an assessment of how the interaction between private pension and capital market developments can help foster a savings culture, and enhance the opportunities for diversification of retirement risks. The fourth and fifth Conferences on insurance regulation and supervision will discuss major issues related to the development of an adequate regulatory framework for Latin American insurance markets, including reinsurance, solvency and investment. Reform of capital markets is a high priority in virtually all Latin American countries. A conference to take stock of progress in this field will permit

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the comparison of country experiences against the backdrop of global trends, taking account in particular of the influence of government securities markets and debt management practices.

Events: Five policy dialogue meetings organised in co-operation with regional regulatory authorities and associations:

- Fourth Conference on Insurance Regulation and Supervision in Latin America, May 2003.
- First Conference on Pension Regulation and Supervision in Latin America, Costa Rica, 10-11 July 2003.
- Fifth Conference on Insurance Regulation and Supervision in Latin America, 2004.
- Seminar on Private Pensions Reform, 2004.
- Conference on Capital Markets Reform (including Debt Management) in Latin America, 2004.

Publications: One publication on insurance regulation in Latin America, 2003.

- Activity No. I.C.1.7
- *Output area:* FINANCIAL REGULATION AND MARKET EFFICIENCY
- Lead Directorate: DAF/FIN
- Partnerships with other International Organisations: AIOS, World Bank, IAIS, ASSAL
- Website: www.oecd.org/daf/insurance-pensions; www.inprs.org and www.oecd.org/daf/financial-markets
- E-mail contact: juan.yermo@oecd.org (pensions); flore-anne.messy@oecd.org (insurance); hans.blommestein@oecd.org (capital markets)

1.8 Corporate Governance

Expected outcome: Better corporate governance practices through legal and regulatory reforms and more efficient procedures for implementation and enforcement. Establishment of public and private sector capacity to monitor developments and pursue a continued policy dialogue.

Description: The Latin American Corporate Governance Round Table was established in April 2000 and forms part of a co-operative agreement between the World Bank and the OECD. The activity is carried out in close co-operation with regional partners that include relevant ministries, securities market regulators, and stock exchanges. The Round Table also comprises individual participants from the private sector as well as business organisations, investment groupings, professional associations and representatives from civil society with an interest and expertise in corporate governance.

The Latin American Corporate Governance Round Table is a high-level forum for structured policy dialogue based on the OECD Principles of Corporate Governance. Building on this dialogue, the Round Table will issue a Latin American White Paper on Corporate Governance, which formulates common policy objectives and concrete reform proposals. The White Paper will then form the basis for supporting the critical process of policy design, implementation and enforcement. This work will be carried out through progress reviews and in-depth analysis of specific priority areas. The work is supported by expert meetings and

reports that focus on the practical and technical aspects of policy design that are necessary for successful implementation and enforcement. In this domain, policy makers and other experts in Latin America will be able to exchange experiences with their counterparts in OECD countries and international organisations. The results will be reported in the form of Policy Briefs in the different areas subject to analysis. The selection of priority areas, the expert meetings and the policy briefs will be directly tied to on-going reform efforts and serve as a practical resource in the work of public and private sector bodies responsible for implementation and enforcement.

Good corporate governance is essential for market integrity and the ability to attract capital. The Latin American Corporate Governance Round Table has proven to be an efficient way of establishing an on-going coherent dialogue that includes problem analysis as well as the critical steps of policy design, implementation, and enforcement. It ensures an inclusive approach that builds on close partnerships with the most important constituents in the region and provides Latin American countries with full access to the international corporate governance dialogue. The Round Table process also makes it possible to identify technical assistance needs and facilitate its provision by bilateral and international donors.

Events: Round Table meeting to discuss a full draft of the Latin American Corporate Governance White Paper, second quarter 2003.

Official launch and public dissemination of the Latin American White Paper on Corporate Governance, fourth quarter 2003.

Two Round Table meetings to prepare Policy Briefs and begin a Progress Review, 2004.

Publications: Fourth quarter 2003: White Paper on Corporate Governance in Latin America (free).

2004: Corporate Governance Policy Briefs (free).

- Activity No. II.C.1.8
- *Output area:* CORPORATE GOVERNANCE
- Lead Directorate: DAF/CA
- Other participating Directorates: PAC
- Partnerships with other International Organisations: World Bank, IFC, Global Corporate Governance Forum, IADB
- Website: www.oecd.org/daf/corporate-affairs
- E-mail contact: daniel.blume@oecd.org

1.9 Public Governance: Public Budget and Expenditure System

Expected outcome: Review of the Chilean budget and public expenditure system.

Description: The OECD Secretariat will produce a report of the Chilean budget system looking at the following four aspects of budget formulation and execution:

- Formulation of the budget.
- The role of Parliament in the budget.
- Managerial systems.

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- Accountability for results.

The budget is the most fundamental and important document of governments. It is the key economic document in that it allocates a significant share of a nation's gross domestic product, over half in some member countries. It is the key programme policy document in that governments establish their policy priorities in concrete terms in the budget through the allocation of funding. It is the key management document in that the basic operational aspects of government ministries and agencies are established in the context of the budget. Furthermore, the budget provides the basic architecture for overall decision-making and accountability in government. This architectural design has a significant impact on overall government performance.

The three basic objectives of a budgeting system are as follows:

- to instil and maintain aggregate fiscal discipline (*i.e.* to ensure the government does not, overall, spend more than is necessary to achieve its collective policy objectives).
- to allocate (and reallocate) resources in accordance with changing government priorities (*i.e.* to spend on what is deemed politically most important - allocative efficiency).
- to promote efficiency in the use of budgetary resources to delivery programmes and services (*i.e.* to encourage operational efficiency).

It is also important that these basic objectives of budgeting be arrived at in a transparent and accountable process. The role of Parliament is of great importance in this respect.

The OECD reviews of budgeting systems aim to assess how well a country's budget process performs against these objectives. They also provide an overview of the budget process in the country under consideration and offers, through the OECD's unique peer review process, an opportunity for other member countries to comment on specific budgeting practices in the country under consideration.

The report is based on a week-long mission with in-depth discussions with Chilean government officials, parliamentarians and staff, representatives of sub-national authorities and civil society.

Publications: Chilean country report, early 2004 (will be available in Spanish).

- Activity No. II.C.1.9
- *Output area:* MODERNISING GOVERNMENT
- Lead Directorate: GOV/BMD
- Partnerships with other International Organisations: To be explored.
- Website: www.oecd.org/gov/agencies
- E-mail contact: michael.ruffner@oecd.org

1.10 Anti-Corruption and Bribery

Expected outcome: Promotion of the goals of the OECD instruments to combat the bribery of foreign public officials in international business transactions in Latin America and the

Caribbean; and to support the effective implementation of the Inter-American Convention against Corruption.

Description:

This activity follows up on the 2001 Brasilia Forum, where policy guidelines on achieving a transparent government were approved; and on the 2002 Mexico conference, where the objectives were to support the implementation of OECD anti-corruption instruments and encourage private companies to adopt prevention measures.

A first component of the activity for 2003-2004 will be the organisation of similar conferences in Brazil and Chile, to help these two countries meet their obligations as Parties to the OECD Anti-Bribery Convention. Information on OECD instruments will be shared with public and private actors in training modules.

A second component will serve two purposes: *i)* promote the goals of the OECD Convention in the region; and *ii)* help fight domestic problems of corruption and support the implementation of the Inter-American Convention against Corruption. In particular, it will focus on one or both of the following two issues:

- the investigation of international cases of corruption: How to deal with bribe allegations? How to gather evidence located abroad?
- the role of accounting and auditing standards to prevent corruption: How to design these standards? How should accountants and auditors be trained to detect corruption practices? This will also address the existence of particular accounting regimes for foreign firms and the reconciliation process of accounts between subsidiaries and their parent companies.

Regional conferences share the experience of member countries on these issues with Latin American and Caribbean countries.

In a third component, a regional conference will focus on good governance measures to support the effective implementation of preventive measures determined by the Inter-American Convention against Corruption.

Events:

Workshop on the implementation of the OECD Convention, Santiago, Chile, fourth quarter 2003.

Forum on Conflict of Interest jointly organised with the Inter-American Development Bank and the Organisation of American States. The Forum will be hosted by the Government of Brazil in Spring 2004 to share experiences on the implementation of the OECD *Guidelines for Managing Conflict of Interest in the Public Service* and explore the application of the OECD Conflict of Interest Toolkit in Latin America.

A regional conference is under consideration for 2004 to follow-up the Latin American Forum on Ensuring Accountability and Transparency in the Public Sector that was organised jointly by the OECD and the Organisation of American States in December 2001 and hosted by the Government of Brazil.

Workshop on the implementation of the OECD Convention, Brazil, second quarter 2004 (tentative).

Technical workshop on the investigation of international cases of corruption, Peru, third quarter 2004 (tentative).

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Technical workshop on accounting standards, the role of accountants and auditors to prevent and detect corruption practices, the Caribbean, fourth quarter 2004 (tentative).

Publications: Materials for the training modules, case studies in English and Spanish (free).
For each workshop and conference: publication of the speakers' presentations and a synthesis of the discussions (free).

- Activity No. II.C.1.10
- *Output area:* ANTI-CORRUPTION
- Lead Directorate: DAF/ACD and GOV/GRS
- Other participating Directorates: DAF/CMIS, DAF/CA
- Partnerships with other International Organisations: The Organisation of American States, the Inter-American Development Bank, The World Bank
- Website: www.oecd.org/daf/nocorruption/outreach
- E-mail contacts: janos.bertok@oecd.org and martin.forst@oecd.org

1.11 Environmental Policy

Expected outcome: Launch of an environmental performance peer review process with the United Nations Economic Commission for Latin America and the Caribbean region (ECLAC) based on the OECD model.

Description: A programme of Environmental Policy Reviews (EPRs) has been implemented within OECD since 1991. Building on the OECD peer review tradition, the EPR programme has also been extended to non-member economies, on a selected basis, intended to help member and non-member countries improve their individual and collective performance in environmental management. The primary goals of the programme are:

- to help individual governments assess progress.
- to promote continuous policy dialogue among member countries, and non-members, when applicable, through a peer review process.
- to stimulate greater accountability from member and non-member countries' governments towards public opinion, within OECD countries and beyond.

As implied in the third goal, there is an ambition to disseminate the EPR methodology and practice beyond OECD member countries: this supports the various regional and global environmental initiatives in which OECD countries are involved. To date, the OECD has co-operated with the United Nations Economic Commission for Europe (UNECE) to help institutionalise a programme of EPRs in non-members in the European region.

This activity has a similar objective for the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) region. The UN/ECLAC Secretariat has expressed a willingness to co-operate with the OECD with a view to establishing an EPR programme in its region of operations. Chile has expressed a willingness to serve as a pilot country. During this biennium, identification of a second country for a peer review will also be undertaken.

- Events:* 2003: Two missions to Santiago to help explain the EPR methodology and to launch a pilot review, possibly in the second and fourth quarters of 2003.
- 2004: The pilot review will be conducted by OECD Secretariat with ECLAC participation.
- Publications:* Possible publication by OECD with the participation of ECLAC
- Activity No. II.C.1.11
 - *Output area:* ENVIRONMENT PEER REVIEWS, INDICATORS AND OUTLOOK
 - Lead Directorate: ENV
 - Partnerships with other International Organisations: UN ECLAC
 - Website: www.oecd.org/env/outreach
 - E-mail contact: christian.averous@oecd.org

1.12 International Migration

Expected outcome: Improved understanding of migration flows from Latin America to OECD member countries through the monitoring of migration movements and policies; work to be carried out under the auspices of the OECD Working Party of Migration.

Description: The growing inflows of migrants from Latin America towards OECD countries have created the need to identify the nature, scope and direction of such flows. Particular attention will be paid to the movement of qualified workers, as well as those less-qualified. In this context, bilateral labour agreements between OECD members and some Latin American countries (Dominican Republic, Chile, Peru, Guatemala, Argentina, Ecuador and Brazil) will be analysed. By providing information on the inflows from Latin America to OECD countries, this activity will be of benefit to both sending and receiving countries.

Case studies will be carried out, including compilation of the information collected on both sending and receiving countries. A draft synthesis report will be presented to the 2004 annual meeting of the Working Party on Migration. This report will be completed and finalised during the second half of 2004.

Events: Presentation of the draft report to the OECD Working Party on Migration, June 2004. Organisation of a technical seminar, probably in Spain, on the main characteristics of recent migration flows from Latin America towards OECD countries (second half of 2004).

Publications: Proceedings of the seminar will be published in early 2005.

- Activity No. II.C.1.12
- *Output area:* MIGRATION POLICIES
- Lead Directorate: ELSA/NEIM
- Partnerships with other International Organisations: ILO, World Bank as well as IOM.
- Website: www.oecd.org/els/migration
- E-mail contact: jean-pierre.garson@oecd.org

1.13 Education Policy Assessments and Network

Expected outcome: A review of education policy of Chile and the creation a network of education specialists to bolster policy reform initiatives in the region (building on existing

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outcomes of the CERI Spanish-speaking seminars); an assessment of education development policies in Peru.

Descriptions:

Policy Review - Chile

- As an Observer on the Education Committee and the CERI Governing Board, Chile participates in several activities of the Directorate for Education. A policy review was formally requested in 2002 and a preliminary mission took place to set the themes for the review.
- Following the Secretariat mission in 2002, the Ministry of Education is preparing a Background Report describing and assessing the education system. An OECD examiners team will visit the country for two and a half weeks in June and July 2003 and prepare a draft examiners report with recommendations on the agreed themes. The draft will be discussed by the Education Committee on 27 October 2003 and subsequently published in 2004.
- Chile is committed to having an education system that will bring it into the knowledge society. This review will assist policy makers to make the necessary policy adjustments to achieve this aim. Member countries can also benefit from Chilean experience in some areas such as ICT.

Network for policy development and reform

- Following on from past CERI Spanish-speaking seminars, a further series of seminars will be organised to bring together specialists from member countries and the region along with International Organisations such as the World Bank, Inter-American Development Bank, and the UN-ECLAC. Other education activities such as the *World Education Indicators*, the Programme for International Student Assessment (PISA), and Youth at Risk will also co-operate.
- Several member countries and the IDB have expressed interest in funding the activity. The first major output will be a detailed study of education reform in Peru.

As the countries of the region are at different stages of the reform process, those that have undergone reform can assist those that are just beginning.

Events:

Review of Chile: Site visits in the second quarter of 2003; Discussion of draft at October 2003 session of the Education Committee in Paris; Dissemination event in Santiago in March 2004.

Publications:

The review of Chile will be for sale; reports for the regional activity will be free (available in Spanish).

- Activity No. II.C.1.13
- *Output area: EDUCATION REVIEWS AND OUTLOOK*
- Lead Directorate: EDU
- Partnerships with other International Organisations: The Inter-American Development Bank funds many education projects in the region and a seminar may fall within the purview of the selected theme. The World Bank

will co-operate in the same manner as with education activities in other regions, *i.e.* participating in the design of the event and meetings. Co-operation with UN-ECLAC to be explored.

- Website: www.oecd.org/edu/nonmembereducation
- E-mail contact: ian.whitman@oecd.org

1.14 Education - Youth at Risk

Expected outcome: Latin American countries will have reviewed their special educational policies and begun to implement a statistical data-gathering mechanism. This will include country reports on special education, with written plans for gathering pilot data in 2003, and completion of an electronic questionnaire and preparation of a comparative report based on data gathered in 2004.

Descriptions: This project has its basis in the Summit of the Americas Agreement of 2001, which identified the gathering of data in the field of special education as a priority for developing and monitoring education for all in Latin America. The work is based on OECD/CERI's methodology for gathering similar data in member countries and supports UNESCO's work in the field in the Latin American region.

The project is implemented through an agreement with the Ministry of Education in Mexico City and via additional funds made available by the United States of America, in co-operation with OECD.

The activity will help countries plan provisions for disabled and disadvantaged children and monitor their implementation. It will also help them to develop the necessary educational practices and other needed services, leading to provision for all children, as agreed in the *Dakar Framework of Education for All Children* by 2015.

Events: Inaugural meeting in Mexico City, first quarter of 2003; two meetings of country representatives in South America, December 2004.

Publications: 2004 Synthesis of Country Policies and Practices in Special Education (if in third language - Spanish, for sale)

- Activity No. II.C.1.14
- *Output area:* EDUCATIONAL RESEARCH AND INNOVATION
- Lead Directorate: EDU/CERI
- Partnerships with other International Organisations: Organisation of American States; UNESCO; UNICEF; World Bank, IADB; other partners.
- Website: www.oecd.org/edu/ceri
- E-mail contact: peter.evans@oecd.org

1.15 Statistics

Expected outcome: Development of leading indicators of economic and financial developments in the Latin American region.

Description: There are two related components to this activity - the development of business tendency (or "opinion") surveys and the use of information from these surveys to construct the synthetic indicators that predict movements in the business cycle.

Business tendency surveys collect information from business leaders on conditions in their industry and on their plans and expectations for the coming months. They are widely used in OECD countries because they are forward-looking and so

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provide up-to-date information on short-term economic developments. The OECD encourages countries to use the harmonised questionnaires developed by the OECD and the European Union in order to enhance the international comparability of results.

The system of *leading indicators* developed by the OECD for member countries uses qualitative data from business tendency surveys, together with quantitative statistics to construct synthetic indices that predict movements in the business cycle about six months ahead of time. Now that several countries in Latin America are beginning to carry out business tendency surveys, the OECD leading indicator system can be applied in the region.

The regional workshops held in 2001 and in 2002 focused on business tendency surveys. Annual workshops will be held in 2003 and 2004 to explain the OECD system of leading indicators and to introduce the OECD software, so that countries of the region can construct their own leading indicators.

Events: Regional workshops will be held in Santiago and Rio de Janeiro in December 2003 and 2004, respectively.

Publications: Workshop reports in English and Spanish (free).

- Activity No. II.C.1.15
- *Output area:* STATISTICAL RESEARCH, COLLECTION AND DISSEMINATION
- Lead Directorate: STD/POD
- Partnerships with other International Organisations: The United Nations Economic Commission for Latin America and the Caribbean (ECLAC) co-finances these workshops.
- Website: www.oecd.org/std/nm-countries
- E-mail contact: ronny.nilsson@oecd.org

2. BRAZIL PROGRAMME

Introduction

Since the establishment of the OECD Brazil Programme in 1998, OECD-Brazil relations have strengthened, and OECD has deepened its knowledge of Brazil. Brazil, one of the world's largest economies and the third biggest non-member economy, is an important interlocutor for OECD member countries.

The 2002-2003 period was one first of turbulence, and then of recovery, with the Brazilian economy picking up and confidence rebuilding.

The consistency of the economic and structural policy framework was borne out in the smooth government transition. Brazil is moving ahead with Mercosur on trade negotiations with Europe and the US, and advancing in the reform process, *e.g.* in taxation and pensions.

Increasingly a key regional and international voice, Brazil's efforts to foster democratic principles and social inclusion has grasped world-wide attention.

In the context of this stimulating and crucial period, OECD Brazil relations are thus directed to *i)* the development of a solid analytical basis, to inform OECD member countries and to support OECD-Brazil interactions; *ii)* dialogue on front burner issues amongst policy makers from Brazil, OECD member countries and other emerging market economies, to examine policy alternatives and best practices for implementation, and *iii)* active, well-informed and effective observership or full membership on the part of Brazil in OECD bodies and instruments.

Every effort is made to ensure a targeted and streamlined Programme, to make good use of the time and resources available, and to focus exclusively on areas where useful results can be achieved.

The Programme is designed to address a number of key institutional and policy issues, which are essential for continuation of reform leading to economic, social and institutional progress. Strong member country support of this country programme has enabled the OECD to enhance its co-operation efforts with Brazil. The *OECD Economic Surveys of Brazil* provide a solid analytical foundation for the country programme and are crucial for OECD's better understanding of the Brazilian economy. The first survey recommended areas requiring reform and identified structural weaknesses in the Brazilian economy. It pointed to areas where policy dialogue could be effective in the effort to re-shape policy and its implementation. These recommendations have also helped pinpoint the priority areas for subsequent co-operation.

The following four areas form the core of the Programme:

- *In the area of macroeconomics and structural reform*, the second *Economic Survey of Brazil* was launched in the last quarter of 2003. The Economic Development and Policy Review Committee Meeting on the Survey is now scheduled for late-2004.
- Amongst *financial and fiscal* issues, OECD and policy makers in Brazil have rated *insurance and pensions reform* as one of the highest priority areas for OECD co-operation. Other important areas for co-operation are *debt management and taxation*, where the focus is on pressing domestic issues. *Pro-competition law, policy improvement and enforcement* continue to be a major activity in the region and particularly with Brazil, through the country Programme; and Brazilian and OECD experts have been working closely on the competition policy institutional structure.

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- *On trade:* The OECD's core work on *market access* will remain essential, and it is more important than ever to continue the objective analysis of the opportunities for member and emerging market economies. In this regard, the Brazil Programme and the Global Forum on Trade are working to collaborate on activity for the lead up to and at UNCTAD XI in Brazil. *On trade and agriculture:* The OECD Agriculture Committee has sought Brazil participation in a study of the consequences of agricultural trade liberalisation in the context of the Doha Agenda. Brazilian and OECD experts have been working closely on the competition policy institutional structure.

- *Governance* is dealt with in the Brazil Programme in close co-operation with the Latin America Programme. The Brazilian transition team obtained OECD co-operation on a study of Brazil's public budget and expenditure. The study on modern *budget management and expenditure systems*, which was undertaken at the request of the transition team of the new Brazilian government, will have been published. OECD and Brazil have agreed at high-level, to co-operate on *bribery and anti-corruption*, in the context of the Bribery Convention and also through *improved governance aimed at enhanced transparency and democratic accountability*, particularly in the context of *ethics in government and procurement*.

- Co-operation with Brazil on industrial sectors (including steel), science and technology, environment, education and other specific sectors are currently dealt with in the context of the Regional Programme, several specific Global Forums, or through observership and other participation in OECD bodies and instruments.

The country Programme with Brazil is closely associated with the Latin American Regional Programme, which inform and enrich each other.

- E-mail contact: marilyn.yakowitz@oecd.org

2.1 Second Economic Survey of Brazil

Expected outcome: Second Economic Survey of Brazil.

Description: The first OECD Economic Survey of Brazil was completed in 2001. This major effort provided an analytical foundation for the CCNM South America Programme. The successful completion of the Survey increased the interest on the part of the Brazilian authorities for co-operation with the OECD, particularly as a result of the policy recommendations it contained. The survey identified several areas for further policy research and dialogue that have been pursued in several OECD Directorates. Those include fiscal federalism and tax reform, competition policy and regulatory framework, regional policies, technology policy, and multilateral trade liberalisation. In the second survey a key focus will be how progress from structural reforms and resilience to financing shocks are related to the continuation of fiscal responsibility and the improvement of external accounts. Main areas of reform will be analysed, in particular how to develop financial intermediation, improve the regulatory framework (including some key infrastructure areas such as electricity and sanitation) and enhance the quality of public social spending. The preparation of the survey will require close contact and dialogue with the government and other key players in the economic policy debate (private sector trade unions, political parties, *etc.*). Regular and consistent dialogue with the OECD also provides a useful policy anchor, which may be instrumental to

understanding and seeing beyond uncertainties related to political cycles and the international environment. The OECD comparative advantage in this respect is clearly to provide a coherent framework in which the different policies can be formulated and embedded.

Events: The Economic Development Review Committee meeting on 23 November in Paris 2004. A follow-up seminar in Brazil (first quarter 2005).

Publications: OECD Economic Surveys - Brazil, (OECD, 2005) English, French (for sale) and Portuguese (free).

- Activity No. II.C.2.1
- *Output area:* COUNTRY REVIEWS OF ECONOMIC POLICIES
- Lead Directorate: ECO/NME
- Other participating Directorates: ELS, DAF, GOV
- Partnerships with other International Organisations: IMF, WB, IADB, UN-ECLAC
- Website: www.oecd.org/eco/Country_Surveys/Non-members
- E-mail contact: nanno.mulder@oecd.org

2.2 Agriculture - Doha Development Agenda

Expected outcome: Analysis and policy dialogue on the Impact of Agricultural Trade Liberalisation on Developing Countries (2003), and on Developing Country Agricultural Adjustment Pressures and Impacts at the Household Level (2004).

Descriptions: The OECD Council has identified further work in support of the Doha Development Agenda as a priority for 2003-2004 and has accordingly allocated additional resources from the central priorities fund. This project (which will draw on extensive and well-suited data available in Brazil) is one element of that initiative, and complements a wide range of other activities underway in the Committees for Agriculture and Trade.

The aim is to examine, in more detail than so far available, the effects of global agricultural trade reform on developing countries and on households within those countries. Through economic research and policy dialogue, the implications of reform for structural adjustment, development, and poverty adjustment will be clarified. The expected results should enable developing countries to identify, with more precision, the distribution of the benefits and the costs of liberalisation across types of households, and thereby to manage more effectively the transition from highly distorted to more open markets. Further, such an understanding contributes to maintaining widespread commitment to the progressive liberalisation of agricultural markets.

Events: Work conducted in co-operation with Brazil will be discussed at the Global Forum for Agriculture (December 2003 and June 2004) and the Committee for Agriculture and the Joint Working Party on Agriculture and Trade.

Publications: To be determined.

- Activity No. II.C.2.2
- *Output area:* AGRICULTURE AND TRADE
- Lead Directorate: AGR
- Other participating Directorates: ECH
- Partnerships with other International Organisations: Co-operation being explored.
- Website: www.oecd.org/agr/ete and www.oecd.org/ech

BRAZIL PROGRAMME

- E-mail contact: jonathan.brooks@oecd.org

2.3 Implementing Tax Reform and Improving Tax Administration

Expected outcome: Closer association of Brazil with international taxation policy and administration approaches consistent with OECD guidelines and models.

Description: This activity consists of country-specific events for Brazil. In addition, Brazil also participates in activities for the Latin American region as a whole.

For 2003-2004, the in-country programme aims to promote the implementation of the Ottawa Framework Conditions on the taxation of electronic commerce (see the pertinent section under the Global Forum on the Knowledge Economy) and the role of tax treaties and transfer pricing guidelines in attracting foreign direct investment. Two in-country seminars are planned for 2003 and 2004 to encourage policy dialogue on the taxation of electronic commerce and tax incentives. These may be supplemented by additional work on critical issues, such as tax evasion and avoidance but the form of this work and its focus is in the preliminary planning stages and awaits further discussion with Brazil on their priorities.

Events: Policy dialogue events in 2003 and 2004 include:

- Taxation on electronic commerce, November 2003.
- Tax incentives, March/April 2004.

- Activity No. II.C.2.3
- *Output area:* TAX POLICIES AND INTERNATIONAL STANDARDS - INTERNATIONAL TAX CO-OPERATION
- Lead Directorate: CTPA
- Partnerships with other International Organisations: The activity is carried out in co-operation with Brazil and Inter-American Centre of Tax Administration (CIAT).
- Website: www.oecd.org/daf/ctp
- E-mail contacts: shee-boon.law@oecd.org and daria.ostapchuk@oecd.org

2.4 Competition Policy

Expected outcome: Brazilian competition officials will enforce their laws more predictably and effectively, apply growth and efficiency-enhancing competition policy, and achieve greater convergence with members' "best practice" policies. Governance and economic performance will be enhanced through this work, fostering market integrity.

Description: Brazil is one of the most active Latin American countries in competition policy, but its efforts are hindered by an outmoded and inefficient institutional structure. In 2000, an OECD/CCNM report made detailed recommendations for a revision of the competition enforcement institutional structure in the country (published in the *OECD Journal of Competition Law and Policy*, Volume 2, No. 3). Since then, the OECD has sponsored a series of conferences in the country, focusing both on the reforms that the report advocates and on various substantive aspects of competition law enforcement, including merger control and anti-cartel enforcement.

The work in 2003 and 2004 will have two themes: *i*) building a "competition culture" in the country – an appreciation among businesses, consumers, regulators and government officials of how an active competition policy benefits them all and

contributes to economic development, and *ii*) capacity building in competition enforcement – improving both the institutional structure affecting competition law enforcement and the skills of enforcement officials. The programme of conferences and seminars involving both public and private sector leaders will continue, at which these themes will be developed.

The development of a sound and effective competition policy in Brazil is a vital part of the on-going effort to promote economic development in the country.

Events: Seminar on introducing greater competition into the energy sector in the third quarter of 2003

Seminar on introducing greater competition into the telecommunications sector, second quarter 2004.

Publications: Various articles and papers expected in association with the seminars.

- Activity No. II.C.2.4
- *Output area:* COMPETITION
- Lead Directorate: DAF/COMP
- Partnerships with International Organisations: Inter-American Development Bank. Preliminary discussions have been held with the IADB regarding a potential, on-going programme directed towards the strengthening of competition law and policy in Brazil.
- Website: www.oecd.org/competition
- E-mail contact: dafcomp.contact@oecd.org

2.5 Financial Affairs: Insurance and Private Pensions

Expected outcome: Development and promotion of a modern, sound, and open private pension and insurance industry in Brazil.

Descriptions: This activity focuses on policy dialogue and recommendations regarding the design of private pension plans and of the regulatory and supervisory framework. The Brazilian government is currently engaged in comprehensive reform of the private pension system. The regulatory and supervisory framework for both occupational and personal pension plans is being revamped, while new opportunities are being created for expanding the coverage of the system. Expert advice at this point is important, as the regulatory agency is in the process of designing new rules and regulations. The OECD may also provide assistance in drafting regulatory provisions, based on the OECD Principles on Regulation of Private Pensions. The activity will also include policy dialogue on insurance issues, including reinsurance and solvency. The activity on pensions will be conducted with the assistance of the Deputy Minister on social security seconded to the OECD.

Events: OECD Conference on Civil Servants Pension Reform and Pension Funds, Brasilia, Brazil, 1-2 October 2003.

One, and perhaps a second policy dialogue meeting in 2004.

- Activity No. II.C.2.5
- *Output area:* FINANCIAL REGULATION AND MARKET EFFICIENCY
- Lead Directorate: DAF/FIN
- Partnerships with other International Organisations: World Bank, IMF
- Websites: www.oecd.org/daf/insurance-pensions (insurance and private pensions)
- E-mail contacts: juan.yermo@oecd.org (pensions) and flore-anne.messy@oecd.org (insurance)

2.6 Financial Affairs: Securities Market Reform and Public Debt Management in Brazil

Expected outcome: Assistance to senior Brazilian debt managers in improving public debt management, including through the adoption of modern financial techniques and practices and promotion of the development of government debt securities markets.

Descriptions: Policy dialogue with Brazilian policy makers focuses on key financial issues in the government securities markets and public debt management areas. A comparative analysis of the financial infrastructure (including regulation) of emerging debt markets will be an important feature of this dialogue. Emphasis will be given to the promotion of best practices in financial policy making drawing on the experience of OECD member countries, in particular in relation to government debt markets. There will be co-operation with the OECD Working Party on Debt Management to ensure that its unique and up-to-date pool of knowledge in this special field of government activity will benefit Brazilian debt managers as they design and implement their policies in this area. A network will be established between Brazilian debt managers and their colleagues from OECD member countries.

Events: Workshop on Public Debt Management in Brazil, 10-11 March 2003.

- Activity No. II.C.2.6
- *Output area:* FINANCIAL REGULATION AND MARKET EFFICIENCY
- Lead Directorate: DAF/FIN
- Partnerships with other International Organisations: World Bank, IMF
- Websites: www.oecd.org/daf/financial-markets (securities market reform and public debt management)
- E-mail contacts: hans.blommestein@oecd.org

2.7 Public Governance: Public Budget and Expenditure System

Expected outcome: OECD review of the Brazilian budget and public expenditure system.

Description: The OECD will produce a report of the Brazilian budget system looking at four aspects of budget formulation and execution

- Formulation of the budget.
- The role of Congress in the budget.
- Managerial systems.
- Accountability for results.

The budget is the most fundamental and important document of governments. It is the key economic document in that it allocates a significant share of a nation's gross domestic product, over half in some member countries. It is the key programme policy document in that governments establish their policy priorities in concrete terms in the budget through the allocation of funding. It is the key management document in that the basic operational aspects of government ministries and agencies are established in the context of the budget. Furthermore, the budget provides the basic architecture for overall decision-making and accountability in government. This architectural design has a significant impact on overall government performance.

The three basic objectives of a budgeting system are as follows:

- to instil and maintain aggregate fiscal discipline (*i.e.* to ensure the government does not, overall, spend more than is necessary to achieve its collective policy objectives).
- to allocate (and reallocate) resources in accordance with changing government priorities (*i.e.* to spend on what is deemed politically most important - allocative efficiency).
- to promote efficiency in the use of budgetary resources to delivery programmes and services (*i.e.* to encourage operational efficiency).

It is also important that these basic objectives of budgeting be arrived at in a transparent and accountable process. The role of Parliament is of great importance in this respect.

The OECD reviews of budgeting systems aim to assess how well a country's budget process performs against these objectives. They also provide an overview of the budget process in the country under consideration and offers, through the OECD's unique peer review process, an opportunity for other member countries to comment on specific budgeting practices in the country under consideration.

The report is based on a week-long mission with in-depth discussions with Brazilian government officials, parliamentarians and staff, representatives of sub-national authorities and civil society.

Publications: Brazilian country report

- Activity No. II.C.2.7
- *Output area:* MODERNISING GOVERNMENT
- Lead Directorate: GOV-BMD
- Website: www.oecd.org/gov/agencies
- E-mail contact: michael.ruffner@oecd.org

2.8 Trade Policy in the Doha Development Agenda

Expected outcome: The objectives of the project are to:

- Structured dialogue in the Latin American Region for OECD members and non-members to exchange lessons about their experience particularly relevant to market access issues under the Doha Development Agenda (DDA). Lessons may, for example, be drawn from the domestic context or, as appropriate, from recent regional or multilateral negotiations or from implementation of resulting agreements.
- Raise awareness of tools and materials produced by the OECD and other international organisations that may be of use in addressing trade issues.

Description: This activity is in conjunction with the Global Forum on Trade, which feeds into regional outreach and dialogue. An event may be prepared in consultation with the host country, international organisations, and other stakeholders, in 2004. The event is intended to benefit participants through improved mutual understanding with respect to Doha Development Agenda issues.

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Events: Event in the region, (probably in Sao Paolo, Brazil), in conjunction with the Global Forum on Trade and International Investment and UNCTAD XI, first half of 2004.

Publications: Trade & Investment: *FDI for development: maximising benefits, minimising costs* plus other de-classified material from CIME and the Trade Committee.

- Activity No. II.C.2.8
- *Output area: ADVOCACY OF FREER TRADE*
- Lead Directorate: ECH/TPD
- Other participating Directorates: *To be confirmed:* DCD, AGR, DAF,
- Partnerships with other International Organisations: IADB, WTO, UNCTAD, and the World Bank, contributing subject area expertise and analysis.
- Website: www.oecd.org/ech/tradepolicy/nonmembers
- E-mail contact: ech.contact@oecd.org

D. EXPLORATORY WORK IN OTHER REGIONS

1. NEPAD

Introduction

NEPAD stands for New Partnership for Africa's Development. At the May 2002 OECD Ministerial Meeting, OECD and NEPAD Ministers agreed to conduct further dialogue to consider the scope for OECD-NEPAD co-operation, building on existing OECD programmes, including:

- Enhancing African participation in existing OECD Global Forums and other outreach activities in areas such as investment, trade, good governance, the reinforcement of statistical capacities and sustainable development.
- Exchanging views and experience on peer review mechanisms and the requirements necessary for African countries to apply them effectively.
- Consulting in a spirit of mutual trust and partnership on best development practices, aid effectiveness and on development benefits of trade, investment, good governance, and approaches to sustainable development.

The proposal being developed by the OECD to implement its co-operation within NEPAD contains three groups of activities:

- Exchange of experience on peer review mechanisms.
- Enhancing African participation in existing OECD Global Forums and other activities with non-members.
- OECD-NEPAD dialogue on aid effectiveness and ODA reform.

It is important to recall that the development and implementation of concrete activities for co-operation with NEPAD will need to be seen as a joint effort between NEPAD and the OECD. It is critical to ensure that the co-operation responds to NEPAD countries' priorities and remains guided by the principle of African ownership and responsibility that are at the core of the innovative approach promoted through the NEPAD process.

- E-mail contacts: eric.burgeat@oecd.org and marilyn.yakowitz@oecd.org

1.1 Network on Peer Reviews

Expected outcome: *i)* Contribution to the implementation of the objectives of the New Partnership for Africa's Development (NEPAD) by exchanging views and experience on peer review mechanisms. *ii)* Contribution to the development of Peer Reviews in Africa: NEPAD governments seek to acquire knowledge and to improve their capacity to undertake peer reviews (in economic and other spheres), based upon OECD methodology.

- Description:** OECD-NEPAD co-operation on peer reviews methods includes, but is not limited to:
- Internal consultation with peer review experts in OECD to determine how to share knowledge of peer review mechanisms with NEPAD.
 - Dialogue with the NEPAD and its representatives on peer review processes, including through joint workshops with the United Nations Economic Commission for Africa (UNECA). Participation of African officials (such as UNECA representatives) in DAC peer reviews with the agreement of reviewed countries.
 - Development of a plan for exchanging this knowledge, including creation of a network involving member country officials with hands-on experience of OECD peer review mechanisms.
 - Possible preparation of manual(s), guidelines or toolkits for the OECD-NEPAD co-operation on OECD peer review mechanisms. The African Economic Outlook, 2002, a joint product of the OECD (Development Centre) and African initiatives, provides a knowledge base for policy dialogue and possible pilot peer review exercises.
- Events:** To be guided by progress and demand in NEPAD Secretariat, UNECA, *et. al.*, for example:
- Periodic consultative meetings in Paris and Africa on peer review mechanisms.
 - Brainstorming meeting of peer review practitioners from NEPAD and OECD in first quarter 2004.
 - Participation in NEPAD, UNECA, *et. al.*, at other related events focused on peer review mechanisms.
- Publications:** Preparation of documentation – possibly manual(s), guidelines or toolkits – for OECD-NEPAD co-operation on OECD peer review mechanisms.
- Activity No. II.D.1.1
 - *Output area:* MULTILATERAL PEER REVIEW OF ECONOMIC POLICIES
 - Lead Directorate: CCNM, DCD, SWAC, Development Centre
 - Partnerships with other International Organisations: NEPAD Secretariat, African Union, UNECA, World Bank, UNDP, Organisation of African Unity (OAU), African Development Bank, African sub-regional organisations (such as SADC, IGAD, CILSS, ECOWAS, COMESA) and others.
 - Website: www.oecd.org/ccnm/exploratory
 - E-mail contact: delia.rodriago@oecd.org

1.2 Policy Dialogue with NEPAD Countries on a Jointly-Identified, Limited Group of Subjects

- Expected outcome:** Input for African policy development to NEPAD through policy dialogue between OECD members and non-members on selected issues to be identified through close consultations with NEPAD. Tentative target areas are two broad clusters of issues: *i)* governance and *ii)* investment and private sector development.

EXPLORATORY WORK IN OTHER REGIONS: NEPAD

Descriptions:

Activities have been initiated on trade and investment, specifically preparation for an “OECD International Conference on Trade and Investment in Africa”. Indicative activity areas being jointly explored among OECD and African/NEPAD experts include: competition policy, knowledge economy (science, technology and industry indicators), public governance, anti-corruption, taxation, corporate governance, financial affairs (pensions reforms), international investment, agriculture, international migration and trade.

The procedure is for NEPAD and OECD to jointly agree on the policy issues they will work on together. The focus is on issues that are conducive to strengthening policy dialogue. The G8 Kananaskis Meeting (2002) indicated priority areas for co-operation, as did the OECD Council meeting at Ministerial level in 2002. In the initial phase, several pilot activities have been started, and others should extend on-going activities in the region. Section A below contains details on the two activities already launched. In section B an indicative list for areas of work under exploration is provided. The selection of the activities and the modalities is under development in consultation with NEPAD on the content, scope, and modalities of co-operation.

A. Initiated Activity*1. Trade and Investment: OECD International Conference on Trade and Investment in Africa*

The Sahel and West Africa Club and the Trade Directorate are organising a pan-African OECD event entitled “International Conference on Trade and Investment; Maximising the Benefits of Globalisation for Africa”. This conference, to be held in April 2003, will be a sequel to the Sahel and West Africa Club’s May 2002 Special Meeting on regional integration in Accra, Ghana, as well as to the seminar on trade capacity building in Mombasa, Kenya, organised under the auspices of NEPAD and the OECD’s Development Co-operation Directorate. The Trade Directorate and the Sahel and West Africa Club constitute the technical implementing committee for the event. Other OECD Directorates are participating in the advisory committee and contributed to the drafting of the terms of reference for the conference.

The objective of the conference is to find a consensus on strategic and technical directions for new programmes to support trade and investment in Africa. The conference should mobilise donor agencies, multilateral development institutions, the African and international private sectors and representatives of African governments. It will be divided into two parts: *i)* three days for technical workshops and seminars to be prepared in a series of national and regional technical meetings, along with video-conferencing; *ii)* one day of reporting to political stakeholders in order to assure broader support for the findings and recommendations.

At a meeting in Dakar, Senegal, the technical committee agreed that a national organising committee should be established, composed of government and private sector representatives. The President of Senegal has expressed his strong support to the event, which could be viewed as a significant step towards implementing NEPAD. This should also foster the co-operation between the OECD and NEPAD and the OECD’s deeper involvement in, and support for, Africa’s development.

2. *OECD-NEPAD Africa Investment Initiative*

The OECD-Africa Investment Round Table, held on 19 November 2003 in Johannesburg in partnership with NEPAD, African Development Bank, World Bank and Government of South Africa, has called for the launch of a result-oriented, inclusive and comprehensive Africa Investment Initiative to create a positive investment environment across the continent.

It was suggested that the Initiative should pursue a three-pronged approach: firstly, to help build the roadmap (*i.e.* key policy benchmarks) for reform; secondly, to assist its implementation and monitoring; and finally to contribute to building institutional and human resource capacities. Participants emphasised that the Initiative would imply a learning process on all sides and should contribute to mutual accountability as well.

Building upon the conclusions from the meeting of the OECD-Africa Investment Advisory Board, held in Geneva on September 8, 2003, participants invited the OECD, the NEPAD, key African and international partners to turn the following proposals into concrete actions for implementation in Africa over the next years. The following are a broad list, based on participants' inputs: *i)* supporting investment peer review process; *ii)* improving synergies between ODA and FDI; *iii)* discussing key elements of the Investment for Development Strategy [a) enhancing public governance for investment through an improved institutional and regulatory framework; b) establishing stronger corporate governance practices; c) promoting corporate social responsibility; and d) enhancing linkages between foreign-invested enterprises and SMEs]; *iv)* promoting regional integration as way to enhance the business environment; *v)* fighting against corruption; and *vi)* strengthening Investment Promotion Agencies (IPAs).

3. *Public Governance: Government Budgeting and Financial Management, Data Collection*

In the framework of NEPAD, The Pan-African Conference of Ministers of Public Service has launched an initiative on "Capacity Development for Governance in Public Administration". This programme is a multi-year proposal working on six functional areas: developing human potential; budgeting and financial management; ethics and anti-corruption; public participation; e-government and knowledge management; and, service delivery innovation/re-engineering. It aims to employ a variety of tools including peer review mechanisms, professional networks, and secretariat-based data collection and analysis to improve governance and public administration systems in Africa.

The OECD was asked to co-operate on this initiative, specifically, over the near term, in the areas of government budgeting and financial management and data gathering. The Public Governance and Territorial Development Directorate (GOV) is developing a proposal for partnership with the Pan-African Secretariat, which could include:

- Co-planning and organising a seminar on budgeting and financial management in spring or summer of 2004.
- Preparing comparative studies on budgeting to be used during the event.
- Consulting with the African Centre on Policy and Services Innovation (CPSI) – the lead partner for data collection and analysis in the African

EXPLORATORY WORK IN OTHER REGIONS: NEPAD

governance programme – on the collection of governance data and adapt OECD survey instruments to African needs.

There are two immediate needs on the part of the Pan-African Conference of Ministers of Public Service and NEPAD. First, the governance programme calls for the collection of data on governance and public administration. GOV has considerable experience in collecting both quantitative and qualitative data in this field. GOV currently maintains four databases on public sector pay, human resources management, budget process and procedures, and knowledge management. Experience in developing and analysing these measures for an international audience will be invaluable to the data collection process. The African governance programme also calls for launching a new project on government wide budgeting and financial management. The OECD would assist in planning for the initial event in spring of 2004 and generate comparative studies on budgeting to be used during the event. As part of this exercise, GOV is also in the process of developing a longer, comprehensive plan for OECD involvement in the African Governance programme.

4. Taxation

This activity builds on achievements in 2001 and 2002 in which events were held in both Southern and francophone Africa on topics of key importance in the region including for example the conference for the Southern African Development Community (SADC) held in South Africa on foreign direct investment and tax incentives. It also develops a new approach to North African countries, with events scheduled in Egypt on electronic commerce, and in Morocco with two events on negotiation of tax treaties, and on the exchange of information and bank secrecy, respectively. Two further events will be held in Southern Africa on auditing multinationals and transfer pricing. These events will be implemented through co-operation with the regional tax organisations, CREDAF (*Centre de Rencontre et d'Etudes des Dirigeants des Administrations Fiscales*) and SADC. These activities focus on a dialogue within the regions to ensure that potential investors are provided with reliable information about tax treatment, and that such investors pay their fair share of taxation thus protecting the country's tax base.

Activities for 2003 and 2004 include:

- Negotiation of tax treaties, Morocco – May 2003.
- Auditing multinational enterprises, South Africa –September 2003.
- Transfer pricing guidelines, South Africa – July 2003.
- Taxation of electronic commerce, Egypt – October 2003.
- Tax Treaty, South Africa – November 2003.
- Transfer Pricing Guidelines, South Africa – August 2004.
- Exchange of Information and Bank Secrecy, South Africa – January 2004.

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- Taxation of Financial Instruments, South Africa – October 2004.
 - Tax Incentives, South Africa – June/July 2004.
 - Transfer Pricing Guidelines, Morocco – December 2004.
 - Tax Treaty, North/West Africa, dates and location to be confirmed.
 - Exchange of Information and Bank Secrecy, North/West Africa, dates and location to be confirmed.

5. Central Africa

In the framework of NEPAD, as an African vision based on regional dynamics, exploratory work will be undertaken to assess the feasibility of a multilateral initiative for Central Africa, emulating, as appropriate, the example of the Sahel and West Africa Club. The countries concerned are Angola, Burundi, Central African Republic, Congo, Democratic Republic of Congo, Gabon, Rwanda, Uganda and Zambia

This exploratory phase will focus on designing and testing a strategy to dynamise local networks of economic and social actors in Central Africa, building upon local capacities and helping them design and implement their own development initiatives in a coherent regional framework. To this end a series of operational actions are envisaged as follows:

- i)* establish an informal platform between national and regional authorities, civil society networks in Central Africa and development co-operation partners both public and private from OECD countries, and other international and regional organisations
- ii)* build up field-level networks of private sector and civil society actors interested in promoting cross-border co-operation as a means of fostering peace and development
- iii)* focus on the Democratic Republic of the Congo as the hub for regional dynamics affecting most of Southern, Eastern and Central Western Sub-Saharan Africa
- iv)* use field-level data and field-checking of strategic information to develop scenarios for and promote policy dialogue on the region's range of possible development strategies.

B. Indicative List of Possible Activity Areas

Competition Law and Policy: Establish a capacity building programme in partnership with the COMESA Secretariat.

The activity would aim at: *i)* assisting the Common Market for Eastern and Southern Africa (COMESA) Secretariat and various COMESA Member States to establish competition laws and institutions; *ii)* developing transparent and predictable enforcement policies, practices and procedures; *iii)* advocating pro-competitive reform of a range of regulatory and other economic policies; and *iv)* achieving greater understanding by

EXPLORATORY WORK IN OTHER REGIONS: NEPAD

judges in countries and sub-regions⁹ in African countries of competition issues and the need for effective competition law enforcement, applying OECD expertise as an analytical framework and leading to improved governance, market integrity and economic performance.

Knowledge Economy: Science, Technology and Industry Indicators

Building on dialogue begun in 2001-2002 in South Africa, work with selected NEPAD countries and regions to build science, technology and industry indicators systems, to assess effects of industrial reforms, international mobility of the highly skilled, ICT measurement, biotechnology indicators and R&D statistics, as applicable and appropriate. (See *Global Forum on Knowledge Economy: Common Elements*).

Anti-corruption

Building the institutional and policy framework necessary for developing effective anti-corruption mechanisms along the lines of the OECD's anti-corruption instruments. This would cover both: *i*) combating corruption in public administration; and *ii*) fighting bribery in international business transactions.

Corporate Governance

Creation of an African Corporate Governance Round Table for policy dialogue, and to promote efforts to advance reform in corporate governance and related areas.

Financial Affairs – Pensions Reforms

Association of African countries with the policy dialogue on pensions reforms, through a regional network.

International Migration

Analysis of recent migration flows from Sub-Saharan African countries to OECD countries.

Agriculture: Integration of African Agriculture in a regional and international economic context

The Centre for Co-operation with Non-Members, the Sahel and West Africa Club, the Development Co-operation Directorate and the Agriculture Directorate of the OECD would co-ordinate an "African Agriculture Initiative", in co-operation with IFAD and others.

The OECD would contribute with its expertise in economic, trade and agriculture analysis, in order to achieve the following objectives: *i*) reinforce the involvement of the international community in favour of NEPAD; *ii*) reinforce African expertise in agricultural policies, and particularly concerning economic and commercial aspects; *iii*) promote concerted actions and collaboration between political and private sector actors

9. Specific countries, regions to be identified.

(agro-industrial, farmers) of the North and South, in order to encourage communication between experts and economic actors; and, *iv*) strengthen capacity for agricultural trade.

- Activity No. II.D.1.2
- *Output area: CO-OPERATION STRATEGIES WITH NON-MEMBERS (STRATEGY AND CO-ORDINATION)*
- Lead Directorate: CCNM, DCD, SWAC, Development Centre
- Other participating Directorates: AGR, ECH, DAF, STI, GOV, ELS
- Partnerships with other International Organisations: NEPAD Secretariat, African Union, UN-ECA, World Bank, IFAD, UNDP, OAU, African Development Bank, African sub-regional organisations (such as SADC, IGAD, CILSS, ECOWAS) and others.
- Website: www.oecd.org/ccnm/exploratory
- E-mail contacts: marilyn.yakowitz@oecd.org and delia.rodriago@oecd.org

1.3 Participation in Existing OECD Global Forums and Other Activities with Non-Members

Expected outcome: Increased participation by African countries in OECD Global Forums, with the aim of developing stable, active networks of policy makers, and of facilitating analysis, policy dialogue, discussion and agreements on standards for best practices or policy options.

Descriptions: The Secretariats of the OECD Global Forums, working with NEPAD (New Partnership for Africa's Development) and DAC (Development Co-operation Committee) donors, will develop plans to involve more African countries in on-going OECD Global Forums and implement them. The Global Forums are the OECD's main vehicle for policy dialogue with non-members on issues that defy solutions in individual countries or world regions.

Forums are held on the following topics:

- Sustainable Development;
- Knowledge Economy;
 - Digital economy
 - Development assistance and the digital economy
 - Security and ICT
 - Biotechnology
- Governance;
 - Anti-corruption
 - Budget
- Taxation;
- Trade;

EXPLORATORY WORK IN OTHER REGIONS: NEPAD

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- Agriculture;
 - Biotechnology and Agriculture
 - International Investment;
 - Competition

Events: See the individual Global Forum entries in this *Integrated Programme of Activities*.
An example of a Global Forum involvement: Global Forum on the Knowledge Economy

A key opportunity in 2003 to involve African countries in work of the Global Forums will be the “Joint OECD/UN/WB Global Forum on the Knowledge Economy: Integrating ICT in Development Programmes”. It is organised by the Development Co-operation Directorate, in the framework of the OECD Global Forums, and conducted in partnership with the World Bank and the United Nations.

The Forum will be part of the OECD response to international calls, such as the UN ICT Task Force and the G8 DOT Force.

DOT Force Teams, the G8 Africa Action Plan, and NEPAD ICT agenda will provide a platform for discussion leading up to the World Summit on the Information Society (WSIS). The Forum will bring together, by invitation, representatives of governments, civil society and the private sector – from both OECD and developing countries – and of international and regional organisations to discuss ways to integrate ICT in development programmes in order to achieve development goals.

Publications: See the individual Global Forum entries in this *Integrated Programme of Activities*.

- Activity No. II.D.1.3
- *Output area: CO-OPERATION STRATEGIES WITH NON-MEMBERS (STRATEGY AND CO-ORDINATION*
- Lead Directorate: CCNM, ENV, DCD, GOV, ECH, DAF, STI, AGR
- Partnerships with other International Organisations: NEPAD Secretariat, African Union, UN-ECA, World Bank, UNDP, OAU, African Development Bank, African sub-regional organisations (such as SADC, Inter-Governmental Authority on Development (IGAD), CILSS, ECOWAS, COMESA) and others.
- Website www.oecd.org/ccnm/globalforum and www.oecd.org/ccnm/exploratory
- E-mail contact: See individual Global Forums and delia.rodriago@oecd.org

1.4 OECD-NEPAD Dialogue on Aid Effectiveness and ODA Reform

Expected outcome: Establishment of the institutional framework underpinning a “Mutual Review for Development Effectiveness”, permitting NEPAD countries and OECD DAC members to assess each other’s performance in working to achieve the Millennium Development Goals (MDGs) and improve development effectiveness.

Strengthened communications and interaction between NEPAD and the OECD regarding aid volume and quality, capacity building and policy coherence issues.

Description: Aid effectiveness and progress towards the MDGs are major themes in the Development Assistant Committee's (DAC) 2003-2004 work programme. NEPAD/OECD DAC activities will draw on these thematic work areas in the DAC as well as on work in the ECA and the Strategic Partnership with Africa (SPA) on development partnership implementation:

- Dialogue with the ECA, SPA and OECD to determine the most appropriate and efficient framework for systematic review of development effectiveness and aid management.
- Agreement among NEPAD states and OECD member countries on the aims, process and scope of a joint consultation mechanism designed to foster policy consensus and collective action through shared analysis and learning.
- Establish linkages with global monitoring processes in relation to the MDGs and initiate efforts to fill data gaps in order to produce the empirical evidence and solid analysis requisite to a credible, effective consultation mechanism.
- Strengthening DAC interaction with African countries in monitoring progress in donor support for country-owned and country-led poverty reduction strategies, including alignment of aid programming, conditionalities and budget/planning cycles.

Events: Presentation of the institutional framework for the “Mutual Review for Development Effectiveness” at the Big Table (Addis Ababa, mid 2004), the DAC High Level and Senior Level Meetings (May and December 2003, April 2004), the SPA Plenary (January 2004), and the ECA Conference of African Ministers of Finance, Planning and Economic Development (May 2004).

Brief African and OECD-DAC ministers and invite comments on the 2005 Mutual Review Report outline and work-in-progress (mid-2004) and at the first “Mutual Review for Development Effectiveness”.

- Activity No. II.D.1.4
- *Output area:* DEVELOPMENT AND CO-OPERATION STRATEGIES
- Lead Directorate: Development Co-operation Directorate (DCD)
- Other participating Directorates: AGR, ECH, Development Centre, SWAC
- Partnerships with other International Organisations: NEPAD Secretariat, Strategic Partnership with Africa, UN-ECA, World Bank, UNDP, IMF.
- E-mail contact: raundi.halvorson-quevedo@oecd.org

1.5 Analytical Information Base for ODA Flows to Africa

Expected outcome: Statistical information base derived from existing DAC statistical system and relevant indicators for monitoring change over time so as to inform NEPAD and DAC members regarding aid flows to Africa (by sector, instrument, beneficiary, tying status, etc.) on an aggregate and disaggregated basis.

Develop complementary statistical system (in co-ordination with the Strategic Partnership for Africa) for projecting future ODA flows to Africa.

EXPLORATORY WORK IN OTHER REGIONS: NEPAD

- Description:** The activities required for developing an analytical information base on ODA flows to Africa will be the following:
- Design of a statistical database founded on DAC statistical systems, in conjunction with ECA, to inform discussions between DAC members and NEPAD countries regarding aid flows to Africa.
 - Design of a complementary statistical database projecting future resource flows in conjunction with SPA and ECA.
 - Analytical use of ODA statistics (including development of indicators) in order to improve the discussion of aid effectiveness and ODA flows related to Millennium Development Goals.
- Events:** Two meetings with SPA Secretariat and ECA on approaches for developing new statistical database (methodologies for collecting and analysing data, developing proxies) and planning scope and modalities for timely provision of data for review by NEPAD countries and DAC members.
- Activity No. II.D.1.5
 - *Output area: DEVELOPMENT AND CO-OPERATION STRATEGIES*
 - Lead Directorate: Development Co-operation Directorate
 - Partnerships with other International Organisations: NEPAD Secretariat, UNECA, World Bank (including SPA), UNDP, African Development Bank, IMF.
 - E-mail contact: raundi.halvorson-quevedo@oecd.org
- (See also activities of the Sahel and West Africa Club)*

2. OTHER REGIONS

Introduction

In addition to the geographic areas covered by the regional and country programmes, through its exploratory work the Organisation retains flexibility to dialogue, highly selectively, with other regions. Apart from the NEPAD – a related, but self-contained initiative – exploratory work will change little, except for the increasing quality and intensity of the work.

Activities under this heading include co-operation with Southern Africa, and South Africa in particular, on competition law and its enforcement, which pre-dated the launching of OECD co-operation with NEPAD. Also, in the context of the Global Forum on the Knowledge Economy, science and technology indicators will be developed to measure progress in South Africa's economic reform.

Exploratory activities in the Middle East and North Africa, the MENA region, will be undertaken in the area of governance and investment for development.

- E-mail contacts: eric.burgeat@oecd.org, marilyn.yakowitz@oecd.org and delia.rodriago@oecd.org.

2.1 Competition Policy, Southern African Development Community

Expected outcome: Competition officials in the Southern African Development Community (SADC) will: *i*) enforce their laws more predictably and effectively; *ii*) achieve greater convergence with members' "best practice" policies; *iii*) develop regional and international networks for co-operation on competition policy and law enforcement; and *iv*) advocate for pro-competitive market reform. In addition, judges in these countries will increase their understanding of competition issues and support the effective enforcement of competition legislation. The achievement of these objectives will in turn contribute to improved governance, efficiency, and market integrity. It is hoped to develop a similar programme with competition officials in the COMESA region and/or other regions of Africa.

Descriptions: South Africa has adopted a competition law and set up appropriate enforcement and adjudicative institutions – the Competition Commission and the Competition Tribunal. Other countries in the Southern Africa Development Community (SADC), such as Zambia, have followed a similar path, and additional countries in the region are in the process of drafting competition laws and establishing related institutions. Successful implementation of competition law enforcement regimes and pro-competitive economic reforms will assist these countries to accelerate their economic growth, foster entrepreneurship and achieve improved governance and overall economic efficiency. In addition, both as models for economic reform and through trade and participation in policy dialogue with each other, these countries can promote economic integration and stability throughout the SADC region.

The OECD competition-policy programme in Africa, which began in 2002, aims at assisting countries in the SADC region to build capacity in the field of competition law enforcement regimes and, more broadly, achieving a strong general competition policy to promote pro-competitive market reform. Activities in 2003 and 2004 will take the form of *i*) regional seminars to discuss case studies and their legal implications, train judges and promote a pro-competitive regulatory environment and competition policy advocacy; *ii*) providing assistance to specific

EXPLORATORY WORK IN OTHER REGIONS

countries with the development of competition laws, enforcement institutions, adjudicative frameworks, enforcement guidelines, case screening criteria and communications tools, including in the form of country specific needs assessment workshops; and *iii*) helping those countries to achieve greater convergence with OECD members' best practices in various areas of policy, practice and procedure.

This activity brings together competition officials and judges from a variety of countries, thus assisting them to build networks and to gain a better understanding of what needs to be done to achieve an effective competition law enforcement regime and promote pro-competitive market reform.

A similar programme is envisaged following the expiry of present funding, subject to the donor's priorities for the period 2004-2010, which currently are being reviewed. Work with additional countries and other African regions may be initiated in 2004 as more countries reach decisions to develop competition laws and establish related enforcement institutions. A widening of competition activities, in order to meet current demand, will call for approaching new donors willing to support the development of market institutions in Africa.

Events:

Activities supported with funding received for the period September 2003 – August 2004 include one regional case seminar on competition law enforcement; one regional competition law workshop for judges; one regional seminar on promoting competition in regulated sectors. (This seminar will examine in depth practical problems revealed by country experience in introducing greater competition in a particular sector and offer best practice solutions); two country specific needs assessment workshops; and other country specific activities to be decided. The regional events will be held in Pretoria, South Africa, and the country specific events in capitals of the respective country (Lusaka, Zambia, and tentatively Dar es Salaam, Tanzania).

Subject to new funding, activities similar to the current programme may commence in the SADC region and/or other regions of Africa.

- Activity No. II.D.2.1
- *Output area: COMPETITION*
- Lead Directorate: DAF/COMP
- Partnerships with other International Organisations: A widening of activities to include countries outside the SADC region would call for co-ordination with the SADC Secretariat and corresponding institutions of other African regional organisations, for instance the COMESA Secretariat.
- Website: www.oecd.org/competition
- E-mail contact: dafcomp.contact@oecd.org

2.2 Governance and Investment for Development in the Middle East and North Africa (MENA) Region

Expected outcome: Support work on promoting governance and investment for development in the Middle East and North Africa (MENA) region.

Description: The OECD was invited by the United Nations Development Programme (UNDP) to participate in the Beirut Expert Group Meeting on Strengthening Accountability and Transparency and Fighting Corruption in the Arab Region, held in October

EXPLORATORY WORK IN OTHER REGIONS

2003, with the objective to be involved in helping to formulate directions in a public governance initiative in the MENA region.

At that meeting, it was proposed that the exploratory work should concentrate on further developing an agenda of key work areas including on:

- i) Public Governance.
- ii) Corporate Governance.
- iii) Investment.

Exploratory work on these policy issues would contribute to a consolidated and more detailed demand assessment of MENA countries' needs and priorities, as well as to outline what the OECD could offer in these areas in close co-operation with other international and regional partners.

Events: Exploratory meeting on public governance, corporate governance and investment – February 2004.

- Activity No. II.D.2.2
- *Output area:* MODERNISING GOVERNMENT
- Lead Directorate: GOV, DAF, CCNM
- Partnerships with other International Organisations: UNDP, World Bank
- Website: www.oecd.org/gov and www.oecd.org/daf/investment
- E-mail contacts: martin.forst@oecd.org; mehmet.ogutcu@oecd.org, and marilyn.yakowitz@oecd.org

III. OECD PARTNERSHIPS WITH OTHER INTERNATIONAL ORGANISATIONS

The OECD has limited resources for work with non-members. One way to ensure that these are most effectively used is by developing “partnerships” with other international organisations that have a greater ability to carry the OECD’s institutional and policy know-how to non-members. These partnerships also improve the OECD’s insight into other organisations’ work and experience, and respond to the growing international demand for efficiency and avoidance of duplication of work among international organisations.

In early 2000, the CCNM’s mandate was expanded to include partnerships with other organisations. Accordingly, the CCNM “should play a key role in monitoring the development and implementation of partnerships, ensuring full transparency of on-going initiatives, and acting as a clearing house for best practices across the Secretariat with a view to promoting a coherent approach.” The first progress report was issued in July 2001; the second report was noted by the Council on 25 November 2002.

Work on partnerships has resulted in the *Joint Statements of Priorities for Co-operation* with the World Bank (May 2000), UNCTAD (March 2002) and the Inter-American Development Bank (April 2003). In addition, the CCNM has monitored the Organisation’s follow-up to requests for analysis or information from the G7/G8. The Secretariat actively participated in the preparations of the Doha, Monterrey and Johannesburg conferences. Together with IMF and World Bank staff, the Secretariat has taken the initiative to set up an International Tax Dialogue (ITD). As a next and additional step, efforts will be made over the next biennium to strengthen co-operation with regional development banks and organisations. The principal aim of this effort will be to complement the results of the policy dialogue of CCNM regional and country programmes with a possible follow-up by the regional development banks, in the form of technical assistance.

Expected outcome: OECD members’ institutional and policy know-how and experience are shared with a wide range of non-members in a cost-effective way; synergies are achieved and duplication of work avoided; OECD benefits from other organisations’ work.

Description: The OECD has limited resources for work with non-members. One way to ensure they are used most effectively is by developing “partnerships” with other international organisations that have considerably more resources to carry the OECD’s know-how to non-members. These partnerships improve the OECD’s insight in other organisations’ work and experience, and respond to international demand for efficiency and avoidance of duplication of work among international organisations.

Since 2000, CCNM’s mandate has included partnerships with other organisations. CCNM was asked by the Council “to play a key role in monitoring the development and implementation of partnerships, ensuring full transparency of on-

going initiatives, and acting as a clearing house for best practices across the Secretariat.”

This work has resulted in the *Joint Statements of Priorities for Co-operation* with the World Bank, UNCTAD and IDB. The CCNM monitors the Organisation’s follow-up to requests for analysis or information from the G7/G8; the Secretariat participated in the preparations of the Doha, Monterrey and Johannesburg conferences. Co-operation with UNDP is ongoing. Together with IMF and World Bank staff, the Secretariat has set up the International Tax Dialogue. Efforts are being made to strengthen co-operation with regional development banks and organisations to complement the outputs of CCNM regional and country programmes.

Publications: Brochure on OECD Partnerships with other organisations (free)

- Activity No. III.1
- *Output area: CO-OPERATION WITH NON-MEMBERS*
- Lead Directorate: CCNM
- Other participating Directorates: ALL DIRECTORATES
- Partnerships with other International Organisations: ADB, APEC, APO, Council of Europe, G7/G8, IDB, ILO, IMF, NEPAD, UN, UNCTAD, UNDP, World Bank, WTO.
- Website: www.oecd.org/ccnm
- E-mail contact: jane.korinek@oecd.org

IV. OTHER OECD UNITS CONTRIBUTING TO THE DEVELOPMENT OF NON-MEMBERS

This section summarises major “outreach” events planned by the Development Co-operation Directorate, the Development Centre and the Sahel and West Africa Club.

A. DEVELOPMENT CO-OPERATION DIRECTORATE

Harmonisation of Donor Practices

DAC and multilateral development banks will jointly hold a High-Level Forum on Harmonisation of Donor Practices in Rome, on 24 and 25 February 2003. This Forum will be an important milestone in efforts to improve development effectiveness. The discussion at the Forum will draw on the substantive body of work undertaken on harmonisation of donor practices, mainly over the last two years by the Task Force on Donor Practices of DAC/OECD, the multilateral development banks, and partner governments, and will seek to set the stage for next steps and action.

Aid Effectiveness and Selectivity

DAC and the Development Centre will organise an Expert Seminar on Aid Effectiveness and Selectivity Integrating Multiple Objectives into Aid Allocations, on 10 March 2003. Its purpose is to provide support for DAC members in their efforts to increase aid effectiveness by sharing analytic approaches and good practice on aid allocations within the broader joint effort by bilateral and multilateral agencies to improve aid effectiveness. It follows on the DAC Development Partnership Forum on Managing for Development Resources in December 2002, and on the June 2002 meeting on Measuring, Managing and Monitoring Results, which was jointly sponsored by the multilateral development banks and the DAC.

The focus would mainly be on broadening the analytical scope to take account of growing consensus on a broader set of development objectives than considered at the 2001 seminar. It would also raise, in a more preliminary manner, the analytic basis for allocations for global public goods as well as for the amount that should flow through multilateral institutions.

On 3-6 February the second round table on strengthening procurement capacities in developing countries will be organised in Uganda.

Gender Equality and Poverty Reduction

Three regional workshops will be held in Burkina Faso, Zambia and Kenya in 2003 sponsored by the Netherlands and Germany with the collaboration of other bilateral and multilateral donors operating from the field. Experiences in gender relations and HIV/AIDS will be shared, and constraints to and opportunities for mainstreaming gender equality will be identified in a number of sectors including health, agriculture and trade. A reference guide will be produced to reflect lessons and good practice as they emerge from the workshops. Civil society organisations operating from the selected countries in West and East Africa will be invited to participate in the workshops.

Gender and the Millennium Development Goals (MDGs)

A workshop on the gender aspects of the Millennium Development Goals, sponsored by the World Bank, will be held in Washington DC in 2003 in collaboration with GENDERNET, other bilateral and multilateral donors (UNDP, UNIFEM...). This activity will generate momentum for implementing and monitoring Goal 3 in particular ("Promote gender equality and empower women") and for applying to this goal the lessons learned in placing women in the mainstream of development..

Gender and Peace, Security and Reconstruction

A meeting of the Working Party on Gender Equality and the UN Interagency Network on Women and Gender Equality, will be held in Paris, in May 2003, on Gender and Peace, Security and Reconstruction, including operational follow-up to UN Security Council Resolution 1325 (SCR1325) on women, peace and security. The meeting is sponsored by the OECD/DCD on behalf of the Working Party. It aims at identifying good practice and lessons learned from recent experience (including from Afghanistan and Rwanda) and at making recommendations on bilateral-multilateral co-operation on operational follow-up to SCR 1325. The Office of the Special Adviser to the Secretary General on Gender Issues (OSAGI), the Afghan Ministry of Women's Affairs, civil society organisations such as International Alert, other UN agencies and DAC CPDC Network will be invited to participate.

Fighting Corruption

In the second quarter of 2004 the DAC proposes to hold, in Paris, a Forum with donors, partners, civil society and the private sector to discuss improving donor effectiveness in combating corruption

Building Statistical Capacity

In the second half of 2004 the DCD proposes to hold a workshop for non-DAC donors on development co-operation guidance, with a special emphasis on statistical recording and reporting of each donor's ODA effort.

Partnership in Statistics for Development in the 21st Century (PARIS21)

The goals of PARIS21 are to boost statistical capabilities, especially in developing and transition countries, to contribute to more effective poverty reduction decision making and improved transparency, accountability, and effectiveness of governance. Expected outcomes for 2003 therefore include increased country ownership and leadership in policy making, shared long-term international and local commitment, and better co-ordinated technical co-operation.

PARIS21 activities will include:

OTHER OECD UNITS CONTRIBUTING TO THE DEVELOPMENT OF NON-MEMBERS

- Promoting the use of Statistical Capacity Building Indicators as a management tool for strategic planning and implementation both at the national and international levels.
- Further development of the advocacy programme of films, newsletters, and materials demonstrating good practice of using statistics in development processes.
- Sponsoring of high-level events on key development issues such as the multilateral development banks and Poverty Reduction Strategy Papers (PRSPs) highlighting the place and value of statistics in these programmes.
- Checklists and manuals of good practice in improving the policy relevance of statistics in developing countries, using materials developed by task teams and workshops.

In addition, PARIS21 will undertake series of regional workshops in Asia, Africa, Central America, and the Arab States in 2003. Regional workshops are the start of a process for improving the policy relevance of statistics by developing the dialogue between the key users of the statistical system and the managers of statistical production in developing and transition countries. During the workshops - organised in collaboration with local institutions and international and subregional organisations - country stakeholders agree to action plans for subsequent implementation.

PARIS21 also hosts task teams that bring together, under a volunteer convenor, professionals interested in particular aspects of statistical capacity building. Task team members comprise experts from international agencies, donor organisations, and developing and transition countries. In 2003, PARIS21 will work to implement the Rural and Agricultural Statistics Task Team's "Proposal for Strengthening Agricultural and Rural Statistics Systems in Support of Rural Poverty Reduction and Food Security in Africa" as well as the Strategic Statistical Development Plan (SSDP) team's proposal on "International Initiatives on SSDPs: Building Synergy at Country Level." A new task team on Improving Statistical Support for Monitoring Development Goals will identify, through case studies, the additional actions required to achieve coherence in the statistics for measuring, monitoring, and managing development results by identifying specific gaps in national statistical processes and inconsistencies that may exist between national and international requirements.

- Events:*
- West Africa Regional Workshop I - Dakar, Senegal, January 2003.
 - West Africa Regional Workshop II - Abuja, Nigeria, February 2003.
 - Central America Regional Workshop - El Salvador, February 2003.
 - Arab States Regional Workshop - Amman, Jordan, April 2003.
 - East Africa & The Horn Regional Workshop - Third Quarter 2004.
 - Southern Africa Regional Workshop - Fourth Quarter 2004.
 - Central Asia Regional Workshop - Bishkek, Kyrgyz Republic, June 2004.
 - National Statistical Development Strategies Expert Meeting - Washington DC, February 2004.
 - Maghreb Sub-Regional Workshop on Statistical Analysis - Tunis, Tunisia, September 2004.

Publications: A twice-yearly PARIS21 newsletter is made available free at www.paris21.org/htm/newsletter.htm in English, French, Spanish, Russian, and Arabic.

- Website: www.paris21.org
- E-mail Contact: contact@paris21.org

B. DEVELOPMENT CENTRE

Regional Development Banks Forums

Expected outcome: Promote dialogue on mutually important policy issues between policy makers, academics, businesses and civil society organisations from OECD member countries and developing regions.

Description: The Development Centre has been organising forums in co-operation with the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank for 12 years, 8 years and 3 years respectively. These two-day meetings deal with the specific development challenges faced by those regions, based on analytical material prepared by the co-organisers. They are open to a wide public of academics, journalists, representatives from the business community, economists and politicians. In 2003 and 2004, four Forums in total will take place.

4th and 5th International Forums on African Perspectives.

At the 2002 meeting, President of Senegal Abdoulaye Wade had introduced the New Partnership for Africa's Development (NEPAD) to the OECD, and launched the first joint OECD/AfDB 'African Economic Outlook' report (2001-02). The second edition of the African Economic Outlook (2002-03) will be launched at the 4th International Forum on African Perspectives, to be held on 3 March 2003. The topic is 'Private Investment and the New Partnership for Africa's Development'. The 5th Forum, where the 3rd AEO report (2003-04) will be launched, will focus on 'Energy Supply and Access for the Poor in Africa' (provisional title, June 2004).

9th and 10th International Forums on Asian Perspectives.

The 9th Forum will be held at the OECD on 26-27 November 2003, on the topic 'FDI in Asia'. The 10th Forum will be held in November 2004 (topic to be determined).

Events: 4th International Forum on African Perspectives – March 2003, Paris (at OECD Headquarters)

5th International Forum on African Perspectives – June 2003, Paris (at OECD Headquarters)

9th International Forum on Asian Perspectives – November 2003, Paris (at OECD Headquarters)

10th International Forum on Asian Perspectives – November 2004, Paris (at OECD Headquarters)

Publications: *African Economic Outlook 2002-2003* (2003, for sale)
Privatisation in Sub-Saharan Africa: Where Do We Stand? – Development Centre Policy Study (2004, for sale)

Energy Supply and Access for the Poor in Africa – Development Centre Policy Study (2004, for sale)

African Economic Outlook 2003-2004 – (2004, for sale)

OTHER OECD UNITS CONTRIBUTING TO THE DEVELOPMENT OF NON-MEMBERS

- Lead Directorate: DEV
- Other participating Directorates: DCD, ECH, DAF, STI, SWAC, ECO, AGR (depending on topic)
- Partnerships with other International Organisations: African Development Bank – co-organiser of the meeting. Asian Development Bank – co-organiser of the meeting. European Commission – co-sponsor of the annual African Economic Outlook report.
- Website: www.oecd.org/Dev/forums-db
- E-mail contact: hbsl@oecd.org

Trade and Private Sector Development in Low-Income and Least Developed Countries: Operationalising Partnerships between Governments, Private Sector and Civil Society (DEV Programme of work 2003-2004, Activity 3, items 3 and 4)

Expected outcome: Assess issues in participatory governance in Low-Income and Least Developed Countries, so as to promote new, pragmatic approaches for policy makers and donors.

Description: It is now widely acknowledged that dialogue and partnerships between governments, firms and civil society organisations is key in that respect. In particular, the participation of private firms – a major driving force of development – can improve the formulation and implementation of public policies in several areas, such as international trade policy and private sector development. Several national or regional initiatives have been taken by developing countries over the last years (ACP Business Forum, Joint Economic Forum in Mauritius, *etc.*). Other initiatives from or supported by donors aim to foster such dialogue and partnerships (the Cotonou Partnership Agreement, PRSPs, World Bank partnerships, JITAP, *etc.*).

However, how can such dialogue and partnerships help improve governance in countries where government institutions are extremely weak, private economic activities are largely concentrated in the informal sector, and NGOs capable of being a genuine interface with poor producers and households are few?

Building on its work on civil society, on participatory governance and on trade capacity building, the Development Centre will seek to identify factors hindering the effectiveness of existing forms of dialogue and partnerships between public and private sectors and civil society in the area of trade and enterprise development in low-income and least developed countries, in particular in Africa.

Events: “Trade and Private Sector development in Low-Income and Least Developed Countries: Operationalising Partnerships between Governments, Private Sector and Civil Society” (provisional title) – last quarter 2004; Accra (Ghana)

Publications: “Trade and Private Sector development in Low-Income and Least Developed Countries: Operationalising Partnerships between Governments, Private Sector and Civil Society” (provisional title) – OECD Development Centre Policy Studies.

- Lead Directorate: DEV
- Other participating Directorates: DCD/RMPS, DAC/GOVNET, SWAC
- Partnerships with other International Organisations: BIAC, World Bank, UNDP
- Website: www.oecd.org/dev
- E-mail contact: hbsl@oecd.org

Trade Capacity Building and Private Sector Development in Asia (DEV Programme of work 2003-2004, Activity 1, item 1)

Expected outcome: Assess emerging trade opportunities for specific groups of developing countries and identify domestic capacity bottlenecks impeding their international competitiveness.

Description: Building on the results of the activities related to the promotion of trade capacity building in the framework of the 2001-2002 Programme of Work, the Development Centre will seek to deepen its analytical work by making an assessment of the possible trade opportunities for different groups of developing countries (small, vulnerable, net food importing, land-locked, least developed, *etc.*) and identifying key areas of policy actions required in terms of trade capacity building.

The production of several case studies, by the end of 2003, will be an important contribution to the proposed DCD and ECH work on trade capacity building for 2003-2004 and complementary to the on-going international support for trade-related technical assistance and capacity building after Doha.

Events: A policy dialogue meeting, together with DCD, will take place in 2-3 December 2003, in Phnom Penh, Cambodia, based on the similar format used for the Mombasa Workshop held in August 2002.

Publications: The proceedings of this meeting will be prepared and put on sale.

- Lead Directorate: DEV and DCD
- Other participating Directorates: DAF, CCNM
- Partnerships with other International Organisations: Cambodian Ministry of Commerce, DAC donor agencies in the region, UNDP
- Website: www.oecd.org/dev/cambodia
- E-mail contact: hbsl@oecd.org

Making Decentralisation Pro-Poor (DEV Programme of work 2003-2004, Activity 3)

Expected outcome: Policy insights for donor agencies on the “how to” make decentralisation policies more responsive to the needs of the poor

Description: Decentralisation is being promoted as an instrument for reducing poverty in developing countries. Decision making at the local level gives more responsibility, ownership, and thus incentives, to local agents. Participatory local governments are generally better informed about the needs and preferences of the poor. In addition, monitoring and control of local agents by local communities is easier, and local information can often identify cheaper and more appropriate ways of providing public goods. However, there are also dangers and disadvantages as a consequence of decentralisation. Decentralisation can imply diseconomies of scale in the provision of public goods, and can lead to fragmentation of society or exclusion of the poor in the presence of a local elite. Problems of expenditure control which are more complicated in a decentralised than in a centralised system, and thus corruption can arise, and may lead to “capture” of public resources by the elite and administrations at the local level.

OTHER OECD UNITS CONTRIBUTING TO THE DEVELOPMENT OF NON-MEMBERS

Events: A policy workshop will further explore ideas and evidence on the impact of decentralisation on the poor. Discussions will be based on a policy-oriented paper on “Experiences with pro-poor decentralisation: What have we learned?” Further input will be provided by short interventions from researchers, practitioners and policy makers. The workshop will be held in October 2004 at the OECD.

Publications: “The Determinants of a pro-Poor Decentralisation Process” – OECD Development Centre Policy Brief.
“Institutional Requirements for pro-Poor Decentralisation” – OECD Development Centre Policy Study.

- Lead Directorate: DEV
- Other participating Directorates: DCD (GOVNET)
- Partnerships with other organisations: Centre for Development Research (Bonn)
- Website: www.oecd.org/dac/poverty
- E-mail contact: johannes.jutting@oecd.org

C. SAHEL AND WEST AFRICA CLUB

I. Overview and Presentation of the Club

As an informal forum for exchange and reflection in touch with African thinking, the Sahel and West Africa Club creates, favours and facilitates links between OECD countries and West Africa, and between public and private sectors. As an agent of change, the Club works towards the improvement of development and international aid.

Created in 1977, the Sahel and West Africa Club is led by a Secretariat attached to the Organisation for Economic Co-operation and Development (OECD). The Secretariat is comprised of a small team of experts based in Paris, supported by a network of local correspondents located in several West African capital cities. The Secretariat's programme is validated by a Strategy and Policy Group composed of donor agencies and its main West African partner institutions and networks. Since its creation, the Club has adapted to sub-regional transformations in order to remain effective and relevant. The 2001-2003 Work Programme thus endeavoured to respond to current and medium-term issues and challenges facing West Africa.

In this context, since 2001:

- The Club has opened up to all of West Africa, becoming the Sahel and West Africa Club
- It encourages greater participation from African partners in its structure
- It has opened its activities to civil society organisations of OECD countries and West Africa.

II. 2003 Activities

As set out in the 2003 Work Programme, the Sahel and West Africa Club Secretariat (SWAC Secretariat) has made significant progress in the following domains:

Conceptual and methodological approach

The Club's work is based upon a medium and long-term regional vision which takes into account spatial dynamics. In 2003, the SWAC Secretariat studied the interface between geographical spaces, actors and markets. A book will soon be published on this subject by the SWAC Secretariat¹⁰. The Secretariat has also extended efforts in 2003 to understanding cross-border dynamics.

The first experiment applying an integrated analytical framework to a cross-border region, defined by the three cities of Sikasso (Mali), Korhogo (Côte d'Ivoire) and Bobo Dioulasso (Burkina Faso) and the intersection of the rural and peri-urban areas linked to them, was a conceptual breakthrough.

10. "L'Afrique de l'Ouest dans la compétition mondiale. Quels atouts possibles?" (not yet available in English).

OTHER OECD UNITS CONTRIBUTING TO THE DEVELOPMENT OF NON-MEMBERS

The work accomplished on agricultural transformation resulted in a three-fold typology of family farms:

- i) Farms that are almost *entirely* oriented towards meeting household subsistence requirements;
- ii) Farms *partially* oriented towards the market and
- iii) Farms *primarily* oriented towards the market.

This typology serves to better understand trends in the transformation process of West African agriculture and the impact of agricultural and trade policies; identify the winners and losers in this process; and analyse the constraints and opportunities associated with access to innovation.

The Club Secretariat's work on conflict and stability has helped to increase knowledge on the causes and regional dimensions of conflict. It has also highlighted the importance of a regional approach to the peace and reconstruction process, taking into account voluntary and involuntary cross-border population movements and socio-economic changes which are amplified and intensified by such conflicts.

Increasing regional awareness and SWAC visibility

The development of the Club's specificity and the expression of the Club's value-added, through its analytical work and field level initiatives, have increased the visibility of the Club. This, combined with a more dynamic communications strategy, served to place the Club on the institutional map in West Africa and within the OECD. The increasing number of unsolicited requests for collaboration with the Club both from institutions and individuals is a good indicator of increased visibility.

Mobilising a significant number of regional actors

Several key events during the year have helped to broaden and increase the number of regional actors aware of the Club's existence and of its efforts to improve the visibility of West Africa. Four events in particular have served to increase the Club's convening power:

- Dakar Conference on Trade and Investment in West Africa, co-organised with other OECD directorates (April 2003 – see also section on co-operation with NEPAD, page 196)
- International seminar on "Conflict and Development Policy in the Mano River Region and Côte d'Ivoire: The Regional Stakes for Stability and Reconstruction", co-organised with the French Ministry of Foreign Affairs (May 2003).
- Ouagadougou Regional Workshop on Cross-Border Co-operation in West Africa (July 2003).
- Special Event on Cotton in West and Central Africa and Cancun (September 2003), in preparation for the WTO Ministerial Conference in Cancun. The actors involved in this sector took the opportunity to identify the difficulties they face due to the trade and agricultural policies of cotton producing developed countries.

Strengthening and broadening partnerships with actors involved in the region

The SWAC Secretariat's collaboration with the NEPAD through the CCNM on questions concerning trade and investment is an example of its expansion of partnerships. Concerning conflict, the Club has also played a pivotal partnership role in:

- i) The framework of the UNDP's Peace-Building Initiatives in Africa;
- ii) The Alliance of Mayors in Mali;

- iii) UVICOCI¹¹
- iv) The CAFO¹², working towards the mainstreaming of a woman's perspective at the heart of processes to develop policies and programmes.

The Club has also continued its close co-operation with ECOWAS, the CILSS, ROPPA and MDP.

III. Activities 2004-2006

In 2004, the SWAC Secretariat will build on the achievements of the last few years and adapt as required to address the evolving needs of the Sahel and West Africa.

The SWAC Secretariat will support the efforts of Africans themselves in all the countries in the region to develop convincing and vibrant advocacy to convince the international community of the future prospects of the region as a whole and each country within it.

The SWAC will reinforce its specificity as an informal think-tank structure without borders, a forum of exchange, of persuasion and action to achieve a better future for the region. In summary, the key idea is to help maintain the region, and each country within it, on the radar screen of their development partners, particularly concerning issues as important as official development assistance, private investment, trade, capacity mobilisation and strengthening, public debt management, peace and security. All this will be undertaken with a view to contributing, ultimately, to reaching the millennium objectives and in the framework of a partnership understood clearly by all sides.

The Club's efforts in 2004 are based on four main domains/focus areas:

- Medium and long term development perspectives of the region and new partnerships.
- Agricultural transformation and sustainable development.
- Local development and regional integration
- Conflict dynamics, peace and security.

Governance will constitute a cross-cutting theme in each of these specific focus areas. Other dimensions of development will also be taken into account, such as gender, and mobilisation and strengthening of local and regional capacities.

In 2004, the SWAC Secretariat will act to strengthen communication and exchange with actors on the ground, with regional and international organisations and initiatives such as the African Union, ECOWAS, NEPAD, the CILSS, the World Bank, UNDP and other United Nations organisations, the European Union, civil society and Non-Governmental Organisations.

The SWAC Secretariat will intensify its information and communication concerning the region and on what Club does itself. In response to the recommendations of the Strategy and Policy Group (SPG), particular attention will be given to outputs and results, and their use for advocacy and accomplishing concrete actions on the ground. The SWAC Secretariat will work to strengthen the exchange of ideas and views on the future of the region between regional and OECD member country actors.

11. Union des Villes et Communes de Côte d'Ivoire. (Union of Towns and Communes of Côte d'Ivoire)

12. Coordination of Women's Organisations and NGOs in Mali.

OTHER OECD UNITS CONTRIBUTING TO THE DEVELOPMENT OF NON-MEMBERS

During the first half of 2004, a 2005-2006 Work Programme will be developed by the SWAC Secretariat. This will take into account the medium and long term needs of the region, the complementarities possible with other members of the OECD Development Cluster, as well as the medium and long term development objectives agreed on by the international community in the Millennium Goals Declaration.

To this end, the SWAC Secretariat will support the efforts of the Africans themselves in their analysis and understanding of the possible future scenarios in the region, placing emphasis on the concrete opportunities to improve the quality of life of the region's populations. At the same time, the obstacles and the challenges that need to be tackled will be kept in view. This approach will be anchored in field-level analysis involving Africans themselves and the political and strategic use of the realities identified in the framework of ongoing North-South dialogue. It will be systematically adopted in each of the SWAC's four focus areas.

As an informal structure funded by voluntary contributions and grants of OECD member countries, the SWAC Secretariat will, in 2004, intensify its exchange of views with members of the SPG on the specificity of the Club, and continue to strategically use the results that it helps produce. The SWAC Secretariat will also follow up its efforts to mobilise resources in order to fill the growing gap between regional demand for its contribution to the region's reflection and strategic position, and its capacity to respond appropriately.

D. POLICY COHERENCE

The Impact and Coherence of OECD Country Policies on Asian Developing Economies

Expected outcome: The OECD 2002 Ministerial Meeting issued a statement on development calling upon the OECD to “*enhance understanding of the development dimensions of member country policies and their impact on developing countries*”. The OECD has responded to this Ministerial mandate by launching a horizontal programme on policy coherence for development. This joint research project seeks to support the OECD initiative by conducting a regional case study on the policies of OECD countries and their impact on Asian developing economies.

Description: The starting point for research is to take an explicit account of how different policy vectors of OECD countries, notably in the areas of trade, FDI and aid, interact on development. Secondly, research will address how OECD policies in the areas of macroeconomic and financial management, knowledge transfer, agriculture, migration, the new challenges of rapid ageing, migrant workers, regional and gender disparities, and environmental concerns. There is also an explicit recognition that such policy impacts vary by developed country, by developing country and by developed-developing pair. Therefore, this joint research project will take a hybrid approach combining both thematic and country case studies.

Analysis will be as quantitatively focused as possible. The research findings and policy implications will be discussed in an experts’ seminar, as well as by relevant OECD Committees and Global Forums, and published for wide dissemination.

Events: An experts’ seminar will be organised at the OECD Headquarters on 10-11 June 2004.

At least one session will be devoted to the policy implications of the research.

Publications: The report will be published.

- Lead directorate: SGE and DEV
- Other Participating Directorates: AGR, DAF, DCD, ECH, ELS, ENV, STI
- Partnerships with other International Organisations: UNDP, UNCTAD, World Bank
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