

**Confidential**

**DAFFE/CLP(2000)30**



Organisation de Coopération et de Développement Economiques  
Organisation for Economic Co-operation and Development

**OLIS : 17-Oct-2000**  
**Dist. : 18-Oct-2000**

PARIS

**DIRECTORATE FOR FINANCIAL, FISCAL AND ENTERPRISE AFFAIRS  
COMMITTEE ON COMPETITION LAW AND POLICY**

**Or. Eng.**

**DAFFE/CLP(2000)30**  
**Confidential**

**ALLOCATION OF RESOURCES FOR THE CLP DIVISION IN 2001**

**-- Note by the Secretariat --**

*CLP Delegates will find attached FOR INFORMATION a note in response to the request at the June CLP meeting for further information on resources anticipated for 2001.*

**96801**

Document complet disponible sur OLIS dans son format d'origine  
Complete document available on OLIS in its original format

**Or. Eng.**

## I. Introduction

1. At the last meeting of the CLP Committee, considerable concern was expressed over the budgetary situation facing the CLP Division and the lack of transparency of the OECD budgetary process to Delegations. Particular concerns were raised over the lack of resources available to the Committee.

2. This note sets forth for Delegates the current draft budget for 2001 for the CLP Division, including changes that have been possible in response to some of the above concerns and additional resources that have become available due to the generosity of several Member countries.

3. Note that the Secretary General released on 10 October his Proposed Programme of Work 2001-2002 and Budget Proposal 2001, C/PWB/(2000)01/02 and C/PWB/(2000)01/02/ANN<sup>1</sup>. (Referred to below as the proposed 2001-2002 PWB.) In addition, on 12 October, he issued a note to the Council proposing budget reallocations under the priority-setting exercise, affecting, inter alia, the proposed Global Competition Forum.

4. All resources expected to be available to the Division next year are presented in this note. These resources consist of:

- resources for the five CLP Division activities contained in the Secretary General's proposed 2001-2002 PWB (the core work of the Division);
- related to the above, mission and consulting funds apportioned to the CLP Division out of overall mission and consulting funds available to the Directorate for Financial, Fiscal and Enterprise Affairs (DAFFE);
- resources for competition-related work with non-OECD countries provided through a budget administered by the OECD's Centre for Co-operation with non Members (CCNM);
- resources for competition-related work with non-OECD countries provided through grants;
- resources made available through the "horizontal" programme on regulatory reform;
- resources supplied through voluntary contributions by member countries.

5. Before proceeding with a discussion of these resources, some preliminary points should be taken up.

### *The number of core activities has increased*

6. In the last several OECD budgets, the CLP Division's core work has been presented as three broad activities (out of 13 activities within DAFFE). For example, in the 1999-2000 Programme of Work and Budget, the CLP activities are:

- The Development of Competition Law and Policy
- Competition Policy and International Trade
- Competition Policy and Regulatory Reform

7. At this level of aggregation, acute problems such as the under-resourcing of work in WP3 were simply not transparent; the resources available to WP3 were merged in the budget presentation with resources available to the CLP Committee itself. Moreover, there was no way to show separately work done in support of the overall mission of the Organisation as distinct from work directly in support of the Committee or a working party. To provide for greater transparency and to permit more precise priority voting, the breakdown of CLP Division work presented to the Committee for the last meeting<sup>2</sup> was at a

considerably higher level of disaggregation, i.e., a greater number of activities, than has been the case in the OECD budget process. For the proposed 2001-2002 PWB currently in process, we have succeeded in obtaining five activities for the CLP Division, which increases transparency considerably. These activities are:

- Development of Competition Law and Policy
- Competition Law Enforcement
- Competition Policy and International Trade
- Competition, Regulation, Efficiency and Growth
- Support for Multidisciplinary Work of the Organisation

8. In the budget tables presented later in this note you will find expected 2001 resources set forth by these five categories.

***Directors' overheads are included in this document and in the proposed 2001-2002 PWB***

9. The resources presented to the Committee in the June priority exercise, DAFPE/CLP(2000)10 and DAFPE/CLP(2000)10/ADD1, did not include certain overheads which are charged to the CLP Division. These overheads, essentially the costs of professional staff in the DAFPE's Director's Office, are apportioned among the activities of the several DAFPE Divisions in the budget process and are included in the Secretary General's proposed 2001-2002 PWB. Later in this document, you will see the proposed 2001 resources for each of the five CLP activities with these overheads broken out separately from Division resources. The inclusion of Director's Office overheads increases CLP staff months by approximately 27 per cent and CLP staff costs by a somewhat greater percentage.

***Comparing this document with the Secretary General's proposed PWB 2001-2002***

10. There are several discrepancies between the resource figures set forth in this document and those which appear in the Secretary General's proposed 2001-2002 PWB. First, several recent voluntary contributions to the CLP Division, discussed below, do not yet appear in the Secretary General's document. Second, staff months due to voluntary contributions (seconded experts) are incorrectly shown in the Secretary General's proposed 2001-2002 PWB. Correct figures are supplied below. Finally, the resources available to the CLP Division for the horizontal programme on regulatory reform are not included in the five CLP activities shown in the proposed 2001-2002 PWB; they are shown under that horizontal programme.

***Focus on staff months rather than staff costs***

11. For several reasons, we believe Delegates should focus on staff months rather than staff costs in considering resources available to the CLP Division. First, as mentioned above, the staff costs which appear in the Secretary General's proposed 2001-2002 PWB include Directors' overheads. Second, the CLP resources set forth below in Table 6 include staff months available through voluntary contributions by Member countries. In the case of a secondment where the staff person remains on his or her authority's payroll, staff costs are simply unavailable to the Secretariat. Finally, although we know the staff months which will be available to us through the horizontal programme on regulatory reform, we do not have at this time the corresponding costs; the CLP Division does not manage the Organisation's regulatory reform budget.

***The three per cent priority exercise/Global Competition Forum***

12. Delegates will recall that they have expressed their priorities for increases or decreases in activities if the CLP Division budget were to increase or decrease by three percent. These preferences have been communicated to the Secretary General, who has not issued any proposals to the Council to increase or decrease CLP Committee resources based on these priorities. (A document was released on 13 October, however, which simply lists all committee preferences for increases and decreases based on this exercise, EXD/CB(2000)41.)

13. Like the CLP Committee, the OECD's Committee for Co-operation with non-Members (CCN) prioritised its activities with non-Members. Competition policy was ranked by the CCN in the lower half of its activities, 20<sup>th</sup> out of 35 activities.<sup>3</sup> Based on that lower ranking, the CCN included the Global Competition Forum in its list of activities to be cut if its budget were to decrease by three per cent in a document dated 26 September.<sup>4</sup> On October 4, however, the CCN met and delegates to that Committee expressed strong support for DAFTE activities, and specifically cited competition among the activities to be protected from cuts. On 12 October, the Secretary General made a proposal to the Council to eliminate the funding for the Global Competition Forum, 350K FrF, based on the earlier CCN priority exercise. The Secretary General proposes to use the 350K FrF funding for the Global Competition Forum to generate savings for use in what are suggested to be higher-priority activities. Since the funding for the Forum had been taken from other parts of the competition outreach programme, this proposal would both eliminate the Forum and reduce the competition outreach budget by approximately 20 per cent. Member countries have not yet considered this proposal.

**II. Resources for 2001**

14. Recall that total resources available to the Division consist of:

- staff resources as shown in the Secretary General's proposed 2001-2002 PWB document – CLP Committee
- funds for missions and consultants – CLP Committee
- staff and activity funds for work with non-member countries through the CCNM budget
- additional funds for work with non-members - grants
- staff financed by the horizontal programme on regulatory reform
- staff seconded from national competition authorities or financed by voluntary contributions from Member countries.

15. Each of these sources will be presented in turn, followed by a summary table presenting overall resources.

***Staff resources from the Secretary General's proposed 2001-2002 document – CLP Committee***

16. Set forth below in Table 1 are professional and support staff months in the CLP Division for 2001 as set forth in the Secretary General's proposed 2001-2002 PWB. Broken out separately are the months of Directors' professional staff time assigned to CLP Division activities as their overheads. These are staff resources available for the CLP Committee and related work concerning provision of CLP input to other parts of the Organization; they do not include resources for work with non-members nor for the horizontal programme on regulatory reform. Note that in the Secretary General's proposed 2001-2002 PWB, only the total figures appear; there is no breakdown of CLP Division staff versus Directorate overhead.

**Table 1. 2001 PWB -- CLP Professional and Support Staff-Months and DAFFE Overheads , Costs**

Activity	CLP Division staff mo.	DAFFE overhead staff mo.	Total months	Cost (in FrF 000)	Total Activity Cost
1.1.6 Competition, Regulation, Efficiency and Growth	13.5 profess.	1.5	15	913	1 115
	7 support		7	202	
1.2.5 Competition Policy Support for Multidisciplinary Work	6	1	7	443	501
	2		2	58	
3.2.7. Competition Policy and International Trade	11	3	14	850	994
	5		5	144	
5.2.4.1. Development of Competition Law and Policy	23.5	6.5	30	2 054	2 515
	16		16	461	
5.2.4.2. Competition Law Enforcement	6	4	16	718	891
	6		6	173	

17. From the above table you can see that, despite the strong concerns raised by Delegates at the last CLP meeting, staff resources available to the CLP Division through the regular budget has not changed at all for next year – four professional staff and the division chief provide a total of 60 professional staff months, the same as in 2000.<sup>5</sup>

#### ***Funds for missions and consultants – CLP Committee***

18. The CLP Division receives an annual allocation of “Part III” funds, essentially directorate-managed, discretionary funds that can be used for missions, consultants, resource materials, conference fees, postage, local telephone, supplies and the like for its work in support of the CLP Committee. The allocation by the Organisation of Part III funds varies considerably by Committee. (The allocation is made on the level of Directorates; what is available to the CLP Division is the result of an allocation of Part III funds to the CLP Division by DAFFE Directors.) At this time, the allocations for 2001 are unknown, so allocations for 2000 are provided for reference. (We have no reason to believe that the CLP allocation will increase next year.) In 2000, the CLP Division has approximately 140K FrF for its use in its core work of supporting the Committee out of a total of 1,676K FrF provided to DAFFE as a whole. Part III funds for three other committees which can be gleaned from the 2000 PWB are 1,524K, 2,059K and 2,401K FrF.

#### ***Staff and activity funds for work with non-member countries – CCNM budget***

19. The CLP Division receives an annual allocation of resources out of what is known as the CCNM Budget, which refers to the Centre for Co-operation with non-Members. These resources are in the form of human resources and “activity money” to pay the cost of our work with non-members. These funds are used for seminar costs, travel, consultants, supplemental (project) staff and the like. There are separate

activity budgets for each country and regional programme and for the Global Competition Forum. We have not yet learned how much will be proposed for each of our country and regional programmes, nor the total budget envelope for competition policy work with non-members in 2001. We have learned, however, that the Secretary General has already proposed eliminating the 350K FrF originally proposed for the first year of the Global Competition Forum as competition policy was initially seen to be a lower priority by the OECD's Committee on Co-operation with non-Members. We have no reason to believe that the level of permanent professional and support staff paid for through the CCNM budget will change for 2001, although a significant reduction in budget would put a project post in jeopardy.

20. For reference, CCNM-supplied resources for 2000 are set forth below. Note that the resources for the Emerging Market Economy Forum and the Transition Economy Programme are expected to be reallocated to support the various OECD Global Forums in 2001.

**Table 2. CCNM-Supplied Resources – 2000**

**a. Staff resources**

Permanent professional staff months	24 months
Project professional staff months	10 months
Permanent support staff months	12 months
Project support staff months	5 months

**b. Activity funds (000 FrF)**

Emerging Market Economies Forum	307
Transition Economies Programme	154
Joint Vienna Institute	231
Asia	231
Russia	625
China	154
Brazil	77
Total funds	1,779

***Additional resources for work with non-members – grants***

21. The activity funds set forth above were supplemented by a portion of an overall fund financed by a number of Member countries to support further work in the Baltic region. Approximately 300,000 FrF were allocated to competition in 2000. The programme is expected to continue in 2001 but the amount to be allocated to competition policy is at present unknown. In addition, the CLP Division has been granted recently approximately \$75,000 by USAID for additional work in Russia. These activities will take place in the first six months of 2001.

***Staff financed by the horizontal programme on regulatory reform***

22. The horizontal programme on regulatory reform finances two full time professionals in the CLP Division. Delegates will recall that these professionals prepare the reviews of competition and sectoral regulatory policies in each regulatory reform country review. The regulatory reform programme operates as an independent budget center distinct from the DAFFE and CLP budgets, thus the cost of these staff persons do not appear within the five CLP activities referred to above. Mission costs for these

professionals are paid directly by the regulatory reform budget; these funds do not appear in the CLP Division budget. At the time of this note, the cost to the regulatory reform budget in 2001 of these two professionals is not available, although we are confident that these resources will be available next year. As in the past, one professional will be physically located in the Division while the other will work from outside as a consultant. The staff resources are set forth below.

**Table 3. Regulatory Reform-Supplied Resources – 2001**

In-house professional staff months	12 months
Consultant staff months	12 months

*Staff seconded from national competition authorities or financed by voluntary contributions from Member countries.*

23. The final source of resources for the CLP Division comes through the generosity of national competition authorities. We are pleased to inform you that staffing available through secondments or financed by grants has increased sharply since the June CLP meeting. Two new professional staff joined the Division in September thanks to Sweden and Poland. Another new professional is expected to join in early 2001 thanks to the Netherlands. And still another new professional is expected to join in April thanks to Japan. These are in addition to the current visiting expert thanks to Korea. The duration of these grants and secondments varies, as does the seniority and area of specialisation of each person. The following table sets forth basic information concerning these secondments.

**Table 4. Staff Seconded or Financed by Member Countries**

Donor	Level	Start date	Duration	Subject matter
Korea	Senior	3/1999	36 months	CLP Committee; non-Member countries
Sweden	Senior	9/2000	24 months	Non-Member countries; WP3
Poland	Junior	9/2000	12 months	Non-Member countries; WP3; regulatory reform
Netherlands	Mid	1/2001	24 months	Anti-cartel programme
Japan	Senior	4/2001	6 months	China

24. We hope that additional resources will be forthcoming. Outstanding offers from Canada (help with papers), Czech Republic (help with papers), Hungary (secondment), Portugal (funding) and the United States (help with papers) will be followed up in the near future.

#### ***Overview of all CLP Division Staff Resources***

25. From the above elements, we can provide a summary table of staff months which will be available to the CLP Division to support the five CLP activities in the proposed 2001-2002 PWB, the horizontal programme on regulatory reform and work with non-member countries in 2001.

**Table 5. Anticipated CLP Division Human Resources - 2001  
(Professional and Support Staff months, excluding Directorate overheads)\***

Activity	Financed through the OECD budget				Financed by voluntary contributions, seconded		Total human resources	
	Permanent staff		Project Staff, Consultants		Prof.	Sup.	Prof.	Sup.
	Prof.	Sup.	Prof.	Sup.				
1.1.6 Competition, Regulation, Efficiency and Growth	13.5	7	-	-	-	-	13.5	7
1.2.5 Competition Policy Support for Multidisciplinary Work	6	2	-	-	-	-	6	2
3.2.7. Competition Policy and International Trade	11	5	-	-	-	-	11	5
5.2.4.1. Development of Competition Law and Policy	23.5	16	-	-	11	-	34.5	16
5.2.4.2. Competition Law Enforcement	6	6	0.5	-	16	-	22.5	6
<b>Subtotal: CLP Core Activities</b>	<b>60</b>	<b>36</b>	<b>0.5</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>87.5</b>	<b>36</b>
Regulatory reform	12	-	12	-	-	-	24	-
Non-Member countries	24	12	16	6	23	-	63	18

\*This table includes resources anticipated to be financed in 2001 by the Netherlands (12 months) and Japan (6 months).

## NOTES

1. In this document, all secretariat activities are grouped around eight broad themes. The five CLP activities are found under the following themes:

Theme	Activity	CLP Activity Title
Economic Growth, Stability and Structural Adjustment	1.1.6.	Competition, regulation, efficiency and growth
	1.2.5.	Competition policy support for multidisciplinary work
Trade and International Investment (Shaping Globalisation)	3.2.7.	Competition policy and international trade
Public and Private Governance	5.2.4.1.	Development of competition law and policy
	5.2.4.2.	Competition law enforcement

2. DAFFE/CLP(2000)10 and DAFFE/CLP(2000)10/ADD1.
3. The ranking of priorities by the Committee on non-Members is set forth as Table 8 in document CCN(2000)10ADD1:

**Table 8. Results of Priorities Exercise: Rank Ordering of Themes<sup>1</sup>**

THEMES	RATING <sup>2</sup>
Anti-corruption and bribery	8.17
Market access	7.96
“Trade and” issues (environment, labour standards, competition)	7.79
Corporate governance	7.75
Sustainable development – the horizontal project, including Globalisation and sustainable development	7.58
Economic surveys of selected non-Member countries	7.38
Economic monitoring and review	6.92
Biotechnology	6.92
Regulatory Reform	6.79
International Direct Investment	6.71
Financial Market Reform	6.58
Public Sector Management	6.33
Labour markets and social policy	6.21

Electronic commerce	6.17
Taxation policy	5.96
Investment Policy Reform	5.92
Entrepreneurship and enterprise development	5.83
Agricultural policy	5.79
SMEs and private sector development	5.71
Competition policy	5.58
Environment data and indicators	5.42
Economic statistics and indicators	5.38
Knowledge economy	5.21
Education and training	5.17
Migration	5.04
Export credits	4.92
Environmental Action Plan for Europe (NIS)	4.88
Environment performance reviews of selected non-members	4.83
Privatisation	4.75
Investment and environment	4.42
Public debt and securities markets management	4.08
Financial disclosure, accounting and auditing reform	4.00
Insurance and pensions reform	3.58
Science and technology indicators	3.54
Shipbuilding and maritime transport	2.71
Steel	2.00

<sup>1</sup> Rating: High = 10; Medium = 5; Low = 1.

<sup>2</sup> The rating is calculated as an average, based upon responses from 24 Member Countries.

4. Id.

5. In DAFPE/CLP(2000)10, fourteen activities were presented, including one concerning dissemination of CLP advice and another concerning management of the CLP Division. In that document, 12.5 professional staff months and 10 support staff months were shown for these two activities. None of the five CLP activities in the proposed 2001-2002 PWB correspond uniquely to dissemination or management, thus these months of professional and support staff have been distributed across the five activities.