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**PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE  
PUBLIC GOVERNANCE COMMITTEE**

Cancels & replaces the same document of 19 March 2004

**MEETING THE CHALLENGES OF PUBLIC GOVERNANCE**

**Draft Programme of Work and Budget 2005/6**

**29th Session of the Public Governance Committee  
15-16 April 2004  
International Energy Agency, Paris**

*This document is presented to the Committee for discussion and approval.*

*Appendix 2 at the back of the document should be filled out for each country and given to the Secretariat by 10 April 2004.*

*Part 2 of this document, issued separately, concerns the programme of work with non-members.*

For further information, please contact Andrea Uhrhammer, Public Governance Committee Secretary,  
Tel. +33-1-45.24.78.32, email [andrea.uhrhammer@oecd.org](mailto:andrea.uhrhammer@oecd.org).

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**PUBLIC GOVERNANCE COMMITTEE  
MEETING THE CHALLENGES OF PUBLIC GOVERNANCE  
PWB 2005/6**

**DRAFT**

1. The programme of work 2005/6 of the Public Governance Committee is set to provide a comprehensive response to the challenges OECD member countries face in the public governance arena. The goalposts of the programme are to assist member countries to

- Strengthen the role of “good governance” for long-term, sustainable economic performance. Efficient and well-functioning public institutions and policy instruments, effective management of public resources, regulatory frameworks for effective product and service markets and civil service integrity are proving to be important prerequisites for maintaining innovative capabilities and competitiveness in the global economy.
- Create new opportunities for more effective co-operation between the public and private sector. Fiscal pressures, particularly in education, and health and welfare, in the context of an ageing population; new costs and demands in ensuring security and efficient risk management; increasing mobility of people; and a need for more effective policies in ensuring societal cohesion present new demands on the scope, quality and instruments of public interventions. Public-private partnerships are to become vehicles for relief on the fiscal front and greater initiative on the part of the private sector.
- Develop co-ordination mechanisms amongst levels of government within and between countries. An increasingly decentralised architecture of public authority puts new demands on efficient resource allocation, interregional equity, and accountability of public actors at different levels. A pressing need to be more effective in dealing with horizontal and inter-governmental issues is emerging from globalisation, but also from the international impact of terrorism or global health risks.
- Shift governments’ modes of action towards confidence-building and away from coercion. Citizens and businesses not only call for more efficient, but also more responsive governments. Predictability, openness and accessibility are necessary to win the co-operation of other actors and the public at large, underlining the context-dependent nature of public management policy.

2. As the premier forum for policy dialogue, peer review, and benchmarking in the interest of better government, the PGC will play a strategic role in establishing the empirical and analytical base and a climate for tackling these challenges among like-minded countries. The benefits from a broad-based public governance strategy will also be relevant for other OECD Committees – in particular the Territorial Development Policy Committee – and concerned constituencies. Wider links and better co-ordination among committees and working groups will generate significant mutual benefits, as recommended in the Nicholson report. The PGC will aim at consolidating and expanding its participation in horizontal OECD projects, as a contributor as well as a manager.

3. Co-operation with non-members will become more important. Poor performance by state institutions, corruption, and weaknesses in the rule of law are recognised as important barriers to economic development, investment, job creation and the fight against poverty in many developing and transition countries. There is an increasing demand for information and know-how transfer from partner countries

who wish to benefit from the lessons learned by OECD countries. PGC will expand its role in fostering dialogue, disseminating good practices and supporting regional or country-specific programmes on good public governance.

4. To achieve this ambitious objective, the proposed programme offers a combination of continuity, renewal and exploratory work at the frontier of public sector reform. The programme includes activities where OECD has substantial professional competence, and is an established major actor in the international policy arena; activities that require further investment in capacity-building, but where OECD collectively is well positioned to become a core arena for work in this area; and new work that is expected to become very relevant over the medium term and where further investment and capacity-building would also be required. Activities are grouped under the headings “Governance and Management of Public Institutions and Resources” and “Regulatory Reform”.

5. The Committee is asked to rank the activities according to its priorities. Priorities should reflect the value-added of analysis and policy dialogue in the Committee in terms of expected impact on:

- identifying challenges faced by governments in modernising the public sector;
- supporting the design of policies to respond to these challenges;
- strengthening the capacities for decision-making;
- increasing the capacity to evaluate the impact of policies.

It should be noted that for several outputs, a mid-point review is implied and will require a decision by the Committee on whether to continue the project.

6. This draft is based on the assumption of zero volume growth in the budget, but fiscal pressures may result in a net reduction in resources, where Committee priorities will be taken into consideration. Most activities also include an amount of voluntary contributions, without which the output results would only be partially achieved.

## **I. GOVERNANCE AND MANAGEMENT OF PUBLIC INSTITUTIONS AND RESOURCES**

### *Expected outcomes*

7. For this output area, the expected outcomes include providing governments with the tools and capacity to develop a whole-of-government perspective and, in particular, to:

- design policies that improve the sustainability of public finances; promote a more adaptive and well-performing civil service; and achieve greater integrity and responsiveness to citizens' needs in the public service, leading to improved trust in government;
- make better use of performance information in management and budgeting, leading to improved decision-making and accountability;
- to deal with the changing relationships between levels of government.
- develop and use better quality information on the performance of public administration in a comparative setting, which can help countries highlight and address problems in the efficiency and effectiveness of public services; and, ultimately
- achieve a better understanding of the relationship between government activities and the economy and society, which would help improve policy-making.

### **Activity 1. Public Budgeting and Expenditure**

#### *Policy environment*

8. As member countries strive for better collective decision-making, the budget system is of central importance for harmonising the competing objectives of controlling aggregate spending, allocating and reallocating scarce resources, and ensuring that public expenditure is both efficient and effective. The Budget is of growing importance, too, as the framework for public scrutiny, parliamentary oversight, and for creating an environment of trust and predictability about government actions.

9. In addition to the budget system, which can be seen as the demand side of the economic process in the public sector, the service delivery system, or the supply side, is also a primary concern of member countries. Since the 1980s, far-reaching reforms have been implemented in many countries, ranging from privatization, contracting-out, creation of agencies at arm's-length from the ministries to new public management reforms within the existing organisational structure of central government.

10. Budget policy and procedures, and financial management have been one of the core programmes of the Committee. The programme of work has been designed to accompany the reform processes in OECD member countries. This work is supported by the working group of the Senior Budget Officials (SBO).

#### *Expected outcomes*

11. The expected outcome of this activity is to provide member countries with the tools and capacities for designing policies that improve the sustainability of public finances, and for making better use of performance information in management and budgeting, leading to improved decision-making and accountability

*Output results*

Output type	Final output result	Intermediate outputs
<b>Reports and Studies</b>	<b>Report on Budget Frameworks (Q3 2006)</b>	2005: <ul style="list-style-type: none"> <li>– <i>control of off-budget and tax expenditures (Q1)</i></li> <li>– <i>accountability and control (Q2)</i></li> <li>– <i>market-type mechanisms for the delivery of public services (Q2)</i></li> </ul> 2006: <ul style="list-style-type: none"> <li>– <i>programme review (Q2)</i></li> <li>– <i>financial management (Q2)</i></li> <li>– <i>institutions for reallocation (Q3)</i></li> <li>– <i>sectoral budgeting (Q3)</i></li> </ul>
<b>Reports and Studies, cont.</b>	<b>Report on Performance and Results (Q4 2006)</b>	2005: <ul style="list-style-type: none"> <li>– <i>performance budgeting (Q2)</i></li> <li>– <i>use of performance information in management and budgeting (Q4)</i></li> </ul> 2006: <ul style="list-style-type: none"> <li>– <i>performance-oriented governance (Q2)</i></li> </ul>
<b>Data and Indicators</b>	<b>Revision and update of the OECD Budget Practices and Procedures database (Q2 2005).</b>  This will contribute to work on key indicators (Activity I.6).	
<b>Peer reviews</b>	<b>Reviews of country budget systems (Q2 2005, Q2 and Q4 2006)</b>  This includes reviews of the budgeting systems of individual member countries, comparative analysis of specific aspects of the budgeting management and accounting systems across member countries.	

*Staff resources*

Activity	Management, Experts and Analysts	Project support	Voluntary contributions required
Public Budgeting and Expenditure	87 staff-months	70 staff-months	24 staff-months

**Activity 2. The Management of Public Servants: Emerging Issues**

*Policy environment*

12. The traditional civil service faces challenges stemming from new tasks, changes in the job market and management practice, new political pressures, new risks from vested interests and value changes in our societies. These require management which combines a strengthened focus on performance with the fostering of public interest values and of trust in public institutions. Policies and provisions are needed that preserve civil service professionalism while promoting its adaptability.

13. Through its Working Party on Human Resources Management, the Committee has concentrated on important areas of HRM supporting the overall processes of reform in OECD member countries, including in 2003-2004 on: the competitive public employer, leadership, knowledge management, ethics in the civil service, managing senior management, and performance-related pay. A major survey on trends in human resources management has been carried out. Public sector employment data have also been gathered on a very regular basis.

14. Guided by the results of the 2003/4 Modernisation review, in 2005-2006 the Committee will assist members working on the adaptation of their public services to modern conditions by identifying emerging policy issues in the management of public servants, and providing OECD countries with informational and analytical tools to help address them. An overall analysis of emerging governance, capacity and management issues will be one of the two main outputs under this activity.

15. The second output will be the production of a basic set of existing and new statistics and other information to facilitate international comparison of core public services across OECD. (This information will be extracted from that gathered under Activity 6.)

*Expected outcomes*

16. The expected outcome of this activity is to provide member countries with the tools and capacities for designing policies that promote a more adaptive and well-performing civil service.

*Output results*

Output type	Final output result	Intermediate outputs
Reports and Studies	Report on the Management of Public Servants : Emerging Issues (Q3 2005)	2005: – Expert meeting and gathering of country reports (Q1) – Survey of management issues across OECD countries (Q3)

Output type	Final output result	Intermediate outputs
<b>Data and Indicators</b>	<p><b>The civil service at a glance</b> (Q4 2006)</p> <p>This publication will draw on existing work as well as build new indicators with existing data and new data if needed. These statistics will be one of the building blocks of Activity I.6 on Key Indicators. It will conclude, with data and analysis, on all topics which have been covered over the last few years.</p>	<p>2005:</p> <ul style="list-style-type: none"> <li>- <i>Exploratory report aimed at assessing feasibility of civil service indicators and value added for policy design (Q1)</i></li> <li>- <i>Launch of a new public sector and employment database (Q1)</i></li> <li>- <i>Establishment of HRM WP expert group on data collection and the establishment of indicators on civil service (Q1)</i></li> <li>- <i>Report on existing HRM data and identification of needs for further data and information collection on specific HRM topics (Q3)</i></li> </ul> <p>2006:</p> <ul style="list-style-type: none"> <li>- <i>Revision and update of the 2002 HRM survey (Q1)</i></li> </ul>

*Staff resources*

Activity	Management, Experts and Analysts	Project support	Voluntary contributions required
The Management of Public Servants: Emerging Issues.	33 staff-months	26 staff-months	24 staff-months plus 12 staff-months of a statistician

**Activity 3. IT-enabled transformation for greater effectiveness**

*Policy environment*

17. ICT can be a powerful device to support the modernisation agenda in the public administration and to increase the efficiency of the public service. In the light of recent experience in member countries, improving the collaboration among government agencies for better service is considered to be an area where IT could be particularly useful. Networked government implies the sharing of common services and processes.

18. To help countries progress in building networked government, this work proposes to address the following themes:

- Identifying how ICT can best support intra- and inter-organisational collaboration.
- Analysing the advantages and disadvantages of different models of ICT-based inter-agency collaboration (virtual vs. structural solutions and different combinations of the two approaches) based on the existing experiences and initiatives of public administrations in member countries.

- Identifying the conditions and incentives to make networked government function well, including common business plans and incentive and accountability structures that cross organizational lines.
- Exploring possibilities for international collaboration for the sharing of data among countries (common standards, data definitions), while paying attention to the protection of privacy and security.

**Expected outcomes**

19. The expected outcome of this activity is to support member countries in building networked government.

**Output results**

Output type	Final output result	Intermediate outputs
Reports and Studies	A report on the challenges and solutions for IT-enabled transformation (Q4 2006)	<p>2005:</p> <ul style="list-style-type: none"> <li>– <i>Lessons learned from the private sector for networked public sector organisations (Q2)</i></li> <li>– <i>Virtual reform: how can ICT improve collaboration between public sector organisations? (Q4)</i></li> </ul> <p>2006:</p> <ul style="list-style-type: none"> <li>– <i>Frameworks for successful transformation: meeting ICT and human needs for networked government (Q1)</i></li> <li>– <i>Public sector data-sharing and exchange at the national and international level? (Q3)</i></li> </ul>

**Staff resources**

Activity	Management, Experts and Analysts	Project support	Voluntary contributions required
IT-enabled transformation for greater effectiveness	33 staff-months	26 staff-months	

20. Additional complementary work, funded by voluntary contributions, could tackle the following issues:

- *Peer reviews* of national e-government initiatives [estimated cost: 26 staff-months per country review];
- *Report on the Business Case for E-Government*. The proposed work will provide guidelines for developing government-wide business case methodologies for ICT investment (output in 2006) and accompanying policy briefs [estimated cost: 28 staff-months].



#### Activity 4. Integrity in Government

##### *Policy Environment*

21. Maintaining trust in government and public decision-making is crucial for investor confidence and economic growth. As the public sector works in an increasingly close relationship with businesses, multiple forms of conflict of interest - between individual private interests of public officials and their public duties - arise and must be managed to avoid corruption.

22. In this respect, the 2003 OECD Recommendation on Guidelines for Managing Conflict of Interest in the Public Service provides guidance to member countries. The Committee is requested to report back in 2006 to the Council on progress made by member countries in implementing the Recommendation. The Guidelines are a core element of preventing corruption and maintaining integrity in the public sector.

23. The analytical work will focus on how the OECD Guidelines are applied in rapidly changing public sector environments. It will, in particular, review forms of co-operation between the public and private sectors such as public-private partnerships and public procurement with particular potential for conflict of interest. The aim is to help governments identify areas of conflict of interest and provide them with practical methods and innovative solutions for intervention, such as checklists and guiding principles.

##### *Expected outcomes*

24. The expected outcome of this activity is to provide governments with the tools and capacities to design policies aimed at achieving greater integrity in the public service and strengthening trust in public institutions.

##### *Output results*

Output type	Final output result	Intermediate outputs
<b>Reports and Studies</b>	<b>Final report for the Council (Q3 2006)</b> The report will present progress in implementing the <i>Recommendation on Guidelines for Managing Conflict of Interest in the Public Service</i> , with a specific focus on public-private partnerships, public procurement and sponsorships.	2005: – <i>Paper identifying good practices (Q4)</i> 2006: – <i>Analysis paper for an Expert meeting to verify preliminary results (Q1)</i>
<b>Data and Indicators</b>	<b>Database on the legal/institutional/policy framework for preventing conflict of interest in public-private partnerships and public procurement (Q1 2006)</b>	2005: – <i>Exploratory report aimed at assessing feasibility of comparative data and value added for policy design (Q1)</i> – <i>Survey for data collection (Q3)</i>
<b>Benchmarking Studies</b>	<b>Update of the OECD Toolkit for Managing Conflict of Interest in the Public Service (Q2 2006)</b> Originally designed for non-member countries, the Toolkit will be adapted to help OECD governments deal with concrete situations of conflict of interest.	

*Staff resources*

Activity	Management, Experts and Analysts	Project support	Voluntary contributions required
Integrity in Government	33 staff-months	26 staff-months	

25. Additional complementary work, funded by voluntary contributions, could tackle the following issues:

- *Lobbying*: The lobbying process is an institutionalised influencing of public decision-making. The aim is to identify the challenges and practical solutions developed in OECD countries to ensure the principles of transparency and accountability and avoid conflict of interest.
- *Post-public employment*: When public servants leave the public sector, arrangements should ensure that potential conflict of interest is managed properly. The aim is to identify the measures adopted in OECD countries and evaluate their pros and cons in order to determine best practices.

**Activity 5. The role of central government in a context of devolution, decentralisation and supra-national policy-setting**

*Policy environment*

26. A key public governance issue in OECD countries is the changes in decision-making powers amongst levels of government. The most obvious changes have been major devolutions of powers from central to local government and national governments limiting their scope for decisions through entering into international agreements such as NAFTA and the WTO, or through ceding decision rights to supra-national bodies such as the EU.

27. Other developments have also had an impact on the role of central government. For instance, the tendency toward a customer focus in service delivery and creating a national strategic framework for government interventions, both in regulation and services. Furthermore, issues such as pollution, public health, food quality or racial discrimination are becoming of national and international concern.

28. The project will be carried out jointly with the Territorial Development Policy Committee and will contribute to the horizontal OECD project on Fiscal Relations across Levels of Government. The informational, analytical and advisory products would also be of considerable interest to transition and developing countries where devolution and decentralisation to more local government has been a dominant governance trend.

29. The objectives of this project are

- to provide a comparative picture of what major decisions are taken at what levels of government across the OECD;
- to identify what changes in public sector machinery and capacity have occurred in central governments, as a result of this movement of decision rights;
- to identify and analyse the wider governance consequences of these changes in different countries- both positive and negative.

30. The project will draw on territorial statistics, the budgeting database, country reviews on regulation, territorial policy and budgeting and new information on fiscal relations to be gathered as part of the OECD horizontal project.

### *Expected outcomes*

31. The expected outcome of this activity is to provide member countries with information and analytical tools which will strengthen their capacity to deal with changing relationships between levels of government.

### *Output results*

Output type	Final output result	Intermediate outputs
Reports and Studies	A report on " Changing Decision Rights Amongst Levels of Government in OECD Countries: Implications for National Governments" and a Symposium to launch its findings (Q4 2006)	2005: – A "taxonomy" and principles for the use of intergovernmental grants, as a contribution to the horizontal OECD project on Fiscal Relations across Levels of Government. (Q3)
Data and Indicators		2005: – An improvement and update of fiscal relations across levels of government in the OECD/World Bank Budget Practices and Procedures Database. (Q2)

### *Staff resources*

Activity	Management, Experts and Analysts	Project support	Voluntary contributions required
The role of central government in a context of devolution, decentralisation and supra-national policy-setting	10 staff-months	8 staff-months	24 staff-months

## **Activity 6. Key data and indicators of good government and of efficient public services**

### *Policy environment*

32. Good comparative public management has been hampered by the lack of good-quality comparative information, resulting in a situation where "learning" from countries' experiences remains limited.

33. The identification of key indicators for the functioning of public services has been on the international agenda for the last decade. While international indicators have been successfully developed in the most important sectors of policy-making such as health, education, research, etc., little has been achieved that allows comparisons across countries and across time of the state and development of public administrations. The various efforts of other international organisations to build international indicators are

not expected to allow a detailed understanding of public management and governance across countries, while the international benchmarking of public services remains limited and will not lead to a systematic and systemic analysis of management and governance systems in government. This would require preliminarily gathering of comparable quantitative and qualitative data on the different areas of public governance.

34. Building on the results of the ongoing modernisation review and on the work carried out in the regulatory reform and e-government areas, the project will undertake to build improved data- and statistics-based analysis for assessing the state and development of public administrations. In support of and drawing on analytical work carried out in other activities, this framework could be used as a tool for country reviews, and, in parallel, for gathering comparative factual information and building indicators. Work on indicators will be incremental, starting from existing data and statistics and gathering new data only when and if necessary. It will be used to support substantive activities and will be developed based on exploratory analysis aimed at demonstrating added value to member countries.

35. Work would consist of:

- a) Compiling existing and new data in the public governance field. These data would include:
  - Financial data (e.g. costs)
  - Input data (e.g. number of civil servants, wages, )
  - Output data (e.g. licenses issued)
  - Institutional information (e.g. budget process, devolution, financing, transparency)
  - Quality information (e.g. accessibility; customer/citizen focus, administrative processing time)
  - Impact assessments (e.g. customer satisfaction, goal achievement)
- b) Assisting members in learning from each other in measuring performance and impact

36. The objectives of the project are three-fold:

- To provide for comparative information giving an overall picture of the state and development of the various areas of public administrations in OECD member countries;
- To provide for a more professional basis for public management policies and reforms;
- To provide OECD countries with information and tools to improve policy design and evaluation.

37. To achieve these results, the value added of the OECD lies in the co-ordination of the use of existing information, in its collaborative work with OECD countries to identify areas for international comparability, and to gain agreement from OECD countries to a limited set of indicators.

### ***Expected outcomes***

38. The expected outcome of this activity is to support member countries in developing and using better quality information on the performance of public administration in a comparative setting, which can help countries highlight and address problems in the efficiency and effectiveness of public services, and, ultimately, achieve a better understanding of the relationship between government activities and the economy and society.

*Output results*

<b>Output type</b>	<b>Final output result</b>	<i>Intermediate outputs</i>
<b>Reports and Studies</b>	<b>Feasibility report on comparative government-wide data and indicators (Q4 2005)</b>	2005: – <i>Report on existing statistical information and international indicators on government (Q2)</i> – <i>Establishment and meetings of an expert group on measuring performance and impact (Q4)</i>
	<b>Report on measuring performance and impact (Q2 2006)</b>	

<b>Data and Indicators</b>	<b>Reports on sub-fields of comparative government data and indicators</b> , for example for: performance management (link with Activities 1 and 2), public employment and the management of civil servants (link with Activity 2), budget practices (link with Activity 1), and possibly for regulatory reform and e-government. (Q4 2006)	2005: – <i>Establishment and meetings of an experts groups on government statistics and indicators (Q3)</i> – <i>Study on building a government assessment framework (Q4)</i>
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*Staff resources*

Activity	Management, Experts and Analysts	Project support	Voluntary contributions required
Key indicators of comparative government and of efficient public services	49 staff-months	39 staff-months	24 staff-months

**Activity 7. Decision-making in Government**

39. OECD governments operate in an environment in which effective decision-making is increasingly difficult. The multiplication of actors operating at the international level (both governmental and non-governmental); a greater degree of devolution, delegation and diversification amongst governmental bodies; the complexity of many policy problems faced by modern society (including terrorism, new threats to public health, environmental degradation) all constitute new challenges for decision-makers.

*Decision-making and Risk Management*

40. The activity will contribute to the overall activity by focusing on how centres of government can best be equipped to manage and mitigate risk while maintaining investor confidence and public trust. The work will be done in collaboration and complementarily with the programme on risks developed by the SG/Advisory Unit on multidisciplinary issues.

41. The activity could examine the following issues (the scope would partly depend upon the availability of voluntary contributions):

- **Mitigating risk:** Decision-makers require reliable information on existing and emerging sources of risk in order to prevent or reduce their impact where possible. This requires significant investment in capacities for long-term forecasting, learning from experience (e.g. task forces, evaluations), national and international co-ordination.
- **Ensuring rapid response to risks:** Decision-making procedures at the centre of government must be capable of providing rapid and appropriate responses to unexpected events in a timely and effective manner. This requires new capacities and tools for effective decision-making (e.g. decision analysis models) under conditions of incomplete information and extreme time pressures.

- **Regulatory responses to risk:** Cost-benefit analyses are needed to assess the relative merits of different options for mitigating risks or, indeed, of alternatives to regulation. Re-regulation in response to risks may counter other trends toward reducing regulatory burdens. The economic and social impacts of regulations aimed at reducing risk should be assessed, and measures to enhance implementation and compliance at all levels of government need attention.
- **Building public trust and investor confidence:** Public perceptions of risk can have significant impacts upon household consumption and business investment decisions. Public confidence in the capacity of governments to prevent, manage and mitigate the impact of risk rests crucially upon transparent and open communication as well as prior consultation. Governments need the capacity and tools to provide tailored information to target groups, raise public awareness of potential sources of risk as well as the appropriate responses.

### *Expected outcomes*

42. The expected outcome of this activity would be to provide countries with tools and capacities to better manage and mitigate risk.

### *Output results*

Output type	Final output result	Intermediate outputs
Reports and Studies	A synthesis report on challenges of risk management practices and solutions, including the identification of issues for future, in-depth investigation (Q4 2006)	2005: – One expert meeting to discuss current OECD country experience and promising practices in risk management in terms of: e.g. information needs, tools, impacts, public perceptions and confidence.
Data and Indicators		2006: – Country data based on survey of current practices, structures and tools for managing risk. (Q1)

### *Staff resources*

Activity	Management, Experts and Analysts	Project support	Voluntary contributions required
Decision-making in Government	41 staff-months	33 staff-months	12 staff-months

## II. REGULATORY REFORM

### *Expected outcomes*

43. For this output area, the expected outcomes include:

- providing governments with the tools and capacity to design and implement regulatory policies for improved structural economic growth through better market conditions and easier market entry for new businesses; and
- enabling governments to establish improved regulatory and competitive frameworks, reduce administrative burdens on economic actors; and increase capacity for evaluating and monitoring the performance of regulatory policies.

### **Activity 8. Regulatory Governance: Capacities for High-Quality Regulation**

#### *Policy environment*

44. Effective and efficient public regulation is an important element of a good governance framework.. Early notions of “deregulation” to lift investment and remove barriers to the creation and growth of firms have been replaced by a comprehensive approach to quality regulation as a dynamic process. The role of public authorities in economic and social regulation is evolving, in particular as the interface between the public and the private sectors changes. The experience acquired in regulatory reform in balancing regulation against self-regulation, improving productivity and efficiency, improving multi-level regulatory governance, and introducing performance-based criteria could be usefully extended to the services sector including health, education and environment.

45. GOV is the OECD’s lead directorate for the Horizontal Programme on Regulatory Reform (in co-operation with ECO, DAF, STI and ECH). As part of the Programme, this activity will contribute to country review , to the monitoring of progress in national regulatory policies and to thematic discussions.

46. Work under this activity is organised around two main themes: reducing administrative burdens and governance for high-quality regulation. The bodies responsible for carrying out this work are the Working Party on Regulatory Management and Reform and the Special Group on Regulatory Policy, which as a “committee of committees”, oversees the Horizontal Programme on Regulatory Reform.

#### *Reducing Administrative Burdens*

47. Reducing administrative burdens, which remains a policy priority and continues to attract significant interest from business, calls for a package of measures including reviews of existing regulations and licensing measures.



*Output results*

<b>Output type</b>	<b>Final output result</b>	<i>Intermediate outputs</i>
<b>Reports and Studies</b>	<b>Report on Reducing Administrative Burdens (Q3 2006)</b>	
<b>Data and Indicators</b>	<p><b>Red Tape Scoreboard (Q4 2006)</b></p> <p>This project will develop a methodology to measure and compare administrative burdens across OECD countries, and carry out comparative surveys of these burdens. A common methodology to generate comparative data will help countries identify priorities and assess progress in improving the environment for business, thereby contributing to an appreciation of policy evaluation. The methodology can be assessed before surveys are carried out. This work will contribute to Activity 6 on Key Indicators.</p>	<p>2005</p> <ul style="list-style-type: none"> <li>- <i>Development of methodology (Q2)</i></li> <li>- <i>Exploratory report aimed at assessing feasibility of comparative data on administrative burdens and value added for policy design (Q3)</i></li> <li>- <i>Trial survey of selected administrative burdens in countries (Q4)</i></li> </ul> <p>2006</p> <ul style="list-style-type: none"> <li>- <i>Survey of countries (Q4)</i></li> </ul>

***Governance for High-Quality Regulation****Output results*

<b>Output type</b>	<b>Final output result</b>	<i>Intermediate outputs</i>
<b>Reports and Studies</b>	<p><b>Report to Council on Update of the 1997 Principles (Q2 2005)</b></p> <p>The 1997 Principles are being assessed for revision in the light of the lessons learned from the twenty country reviews of regulatory reform completed through 2004.</p>	
	<p><b>Report on governance for high-quality regulation (Q3 2006)</b></p> <p>Co-operation between the executive branch and parliamentary bodies, independent regulatory authorities and specialised oversight bodies is needed to improve regulatory performance, which cannot be achieved solely through the efforts of central government. This project will seek to analyse their roles and identify good practices. Issues include the quality of drafting, transparency, procedures for evaluation and auditing, enforcing compliance, and conflict resolution.</p>	

<p><b>Reports and Studies, continued</b></p>	<p><b>Report on Alternatives to Regulation (Q4 2006)</b></p> <p>This project will analyse the criteria for assessing the conditions when alternatives to regulation, including self-regulation, are appropriate.</p>	<p>2005:</p> <p>- <i>Pilot study (Q2)</i></p>
	<p><b>Extension of Analytical Regulatory Framework to Service Sectors (Q2 2006)</b></p> <p>This project will develop the application of the analytical framework previously used in network industries to service sectors</p>	
<p><b>Data and Indicators</b></p>	<p><b>Indicators of Regulatory Performance (Q2 2005)</b></p> <p>This project will identify, analyse and develop quantitative and qualitative indicators focusing on institutional and procedural aspects of regulatory quality appropriate to their evaluation in OECD countries. This work will contribute to Activity 6 on Key Indicators.</p>	<p>2005:</p> <p>- <i>analytical report based on findings from a survey launched and developed with the European Commission in 2004.</i></p>

*Staff resources*

Activity	Management, Experts and Analysts	Project support	Voluntary contributions required
Regulatory Governance: Capacities for High-Quality Regulation	75 staff-months	60 staff-months	24 staff-months plus 12 staff-months statistical

48. Additional complementary work, funded by voluntary contributions, could tackle the following issues:

- *Peer reviews of country performance (Q4 2006)*. The main themes covered in country studies of the capacity for quality regulation include: policies and tools for high-quality regulation, regulatory bodies and institutions, and multi-level regulatory governance [estimated cost: 18 staff-months];
- *A handbook on Regulatory Impact Analysis*. This handbook would be based on an existing inventory of policies for RIA which will allow countries to compare their practices through a self-assessment and to benefit from examples of good practice [estimated cost: 18 staff-months].

## APPENDIX 1

### 2005-2006 - Staff Resources for core work over the biennium (excludes complementary work fully funded by VCs<sup>1</sup> and work on Outreach)

Total Staff Months for biennium	Management, Experts and Analysts	Project Support	VCs	Total
<b>Activity</b>				
1. Public Budgeting and Expenditure	87	70	24	181
2. The Management of Public Servants: Emerging Issues	33	26	24	83
3. IT-Enabled Transformation for Greater Effectiveness	33	26		59
4. Integrity in Government	33	26		59
5. The Role of Central Government in a Context of Devolution, Decentralisation and Supranational Policy-setting	10	8	24	42
6. Key Indicators of Comparative Government and Efficient Public Services	49	39	24	113
7. Decision-making at the Centre of Government	41	33	12	86
8. Regulatory Governance: Capacities for High-Quality Regulation	75 <sup>2</sup>	60	36	171
<b>TOTAL NUMBER OF MONTHS OVER 2 YEARS</b>	<b>360</b>	<b>288</b>	<b>144</b>	<b>792</b>
<b>DIVIDED BY 12 FOR TOTAL NUMBER OF STAFF OVER 2 YEARS</b>	<b>30</b>	<b>24</b>	<b>12</b>	<b>66</b>
<b>TOTAL STAFF AVAILABLE BASED ON 2004 RESOURCES</b>	<b>30</b>	<b>24</b>	<b>0</b>	<b>54</b>
<b>DIFFERENCE</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>12</b>

1. I.e. excludes e-government country reviews and complementary work, regulatory reform peer reviews, the RIA Handbook, etc.

2. Includes the contribution to the OECD Horizontal programme on Regulatory Reform.



## APPENDIX 2

## PRIORITY RANKING SHEET

Please rank the activities in the table below from 1-8, where 1 is the highest priority and 8 is the lowest priority for your country. Priorities should be based on both the importance of the activity to your country, and the OECD's capacity to add value in this area.

You are also invited to comment on the proposed outputs for each activity.

Once this sheet is completed, please return this Annex to the Secretariat by 9 April, so that results can be circulated at the meeting on 15 April.

Country: \_\_\_\_\_

Activity	Ranking
1. Public Budgeting and Expenditure	
<i>Comments on outputs:</i>	
2. The Management of Public Servants: Emerging Issues	
<i>Comments on outputs:</i>	
3. IT-Enabled Transformation for Greater Effectiveness	
<i>Comments on outputs:</i>	
4. Integrity in Government	
<i>Comments on outputs:</i>	

*Please turn over*

5. The Role of Central Government in a Context of Devolution, Decentralisation and Supranational Policy-setting	
<i>Comments on outputs:</i>	
6. Key Indicators of Comparative Government and Efficient Public Services	
<i>Comments on outputs:</i>	
7. Decision-making at the Centre of Government	
<i>Comments on outputs:</i>	
8. Regulatory Governance: Capacities for High-Quality Regulation	
<i>Comments on outputs:</i>	
<b>Any other comments</b>	