

Unclassified

GOV/PGC(2004)21



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

26-Oct-2004

English - Or. English

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

GOV/PGC(2004)21  
Unclassified

**PROPOSED DRAFT STRATEGY FOR DEFINING THE ROLE AND PARTICIPATION OF NON-MEMBERS IN THE COMMITTEE'S WORK**

**30th Session of the Public Governance Committee  
28-29 October 2004  
Château de la Muette, Paris**

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

For further information please contact Martin Forst (Tel: +33 1 45 24 91 70, email: martin.forst@oecd.org)

**JT00172543**

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

English - Or. English

## TABLE OF CONTENTS

I. Rational.....	3
II. Background to the demand to Committees to draft a pro-active strategy .....	3
III. Demand for outreach work on public governance .....	4
IV. The notion of observership in Committees .....	4
V. Framework for co-operation with non-members.....	4
VI. Institutional Implications .....	8
VII. Carrying the draft strategy forward .....	8
VIII. Transitional measures concerning the renewal for 2005 for current non-member observers .....	9
ANNEX A: GUIDELINES FOR SUBSIDIARY BODIES ON THE DEVELOPMENT OF A PRO-ACTIVE STRATEGY FOR THE PARTICIPATION OF NON-MEMBERS.....	10
ANNEX B: PROGRESS REPORT ON OUTREACH WORK 2003/4 .....	12
Integrated Programmes .....	12
China.....	12
New Partnership for Africa's Development (NEPAD) .....	13
Middle East and Northern Africa (MENA) .....	13
Specific aspects of public governance.....	15
Global Fora .....	15
Country Programmes .....	16
Regional Programmes.....	16

## **I. Rational**

1. This draft proposal for a pro-active strategy for defining the role and participation of non-Members in the work of the Public Governance Committee and its subsidiary bodies is in response to the demand by the Secretary-General of the OECD, Mr. Donald Johnston, in his letter dated 9th September 2004 to all Committee Chairs, to develop such a strategy for each committee. This demand is based on the resolution (C(2004)132/Final) adopted by Council on the 8th July of 2004.

2. This draft paper has particular importance for Committees as invitations of observers will have to be justified within the framework of their pro-active strategy towards non-Member participation. In addition the strategy can contribute to improving PGC treatment of participation of non-Members in view of an increasing demand for outreach work both by members and non-members since the biannual work programme 2001/2002.

3. As a result the PGC is invited to discuss through which means it considers to integrate non-members into its Committee work, both in relation to potential invitations for observership and the outreach elements of the draft programme of work 2005/2006.

## **II. Background to the demand to Committees to draft a pro-active strategy**

4. The letter from the Secretary-General informs Committee Chairs that “Over the past several month the Committee on Co-operation with Non-Members, under the Chairmanship of Ambassador Olivieri, has undertaken a revision of the Resolution of the Council on the participation of non-Members in the work of subsidiary bodies of the Organisation (C(96)64/REV2/FINAL). This work resulted in the adoption by the Council during its meeting of the 8th July 2004 of a new Resolution (C(2004)132/FINAL), hereafter referred to as “the Resolution”.

5. The Resolution reflects the evolution of the Organisation’s approach to outreach as outlined in C(2004)60. It renders the process guiding the participation of non-Members in OECD Committees more transparent and progressive. In particular, the Resolution emphasises that the initiative to engage a non-Member in the work of a Committee lies with the Organisation, contrary to the current practice where the Organisation has usually taken action in response to expressions of interest from non-Members. Committees will have important responsibilities in this revised process.

6. The most significant innovation in the new Resolution is to ask each Committee to develop a pro-active strategy which defines the role and participation of non-Members in the Committee’s work. Guidelines for the development of these strategies can be found in Annex I to the Resolution (Annexe A of this document) An annex to the Secretary-General’s letter provides some more operational suggestions.

7. In essence, Committees should identify the non-members whose participation would facilitate the achievement of the Committee’s Mandate and implementation of its programme of work. The committees should then consider the best means of integrating these non-Members in the Committee’s work, whether this be as an observer, or through some other form of co-operation. The development of these strategies implies that Committees will need to reconsider the participation of all current observers.

### **III. Demand for outreach work on public governance**

8. Increasing demand and the capacity of PGC to contribute to OECD outreach has become apparent throughout the range of outreach activities. The decision to make governance the unifying theme of the overall OECD China programme in 2003/2004 shows the rising importance of public governance as a key to achieving reform. The preparatory work OECD has undertaken with Middle Eastern and North African countries (MENA) responds to the demand from a number of Arab governments for the OECD and the UNDP to set up jointly a process of policy dialogue. This policy dialogue would focus on public governance issues that are seen as central to overcoming many Arab countries' huge economic and social development challenges. As a further example, Russia has been the first non-member country to be reviewed under the OECD Regulatory Reform Programme. Moreover, governance is one of the central contributions of the OECD within the framework of the New Partnership for Africa's Development (NEPAD). The outreach work of the Public Governance Committee provides powerful leverage to member country work, building a mutually beneficial relationship between members and non-members.

9. The growing demand by non-member countries has been paralleled by the rising international recognition of the PGC as a centre of excellence and reference in public management questions. This is underpinned by a range of guidelines and recommendations which can provide a policy standard both for members and non-members in this field. The 1995 Recommendations on Improving the Quality of Government Regulation (1995) complemented by the Plan for Action on Regulatory Reform (1997) have provided a body of lessons learned from OECD experience that is accepted also by non-member countries as basis for reform. Recommendations of the OECD Council on Improving Ethical Conduct in the Public Service, including Principles for Managing Ethics in the Public Service (1998) provide a framework for the promotion of public sector integrity and preventing corruption in member and non-member countries.

10. Work undertaken by GOV on ethics has been complementary to the OECD convention on anti-Bribery and provides a legal framework for adhering countries to reduce bribery of public officials. This is being reinforced by the 2003 Council Recommendation on Managing Conflicts of Interest in the Public Service. Moreover the OECD Best Practice guidelines on budget transparency (1999) equally can serve as a model for reform efforts in non-member countries.

### **IV. The notion of observership in Committees**

11. There is no "general observership" in the OECD. Non-members can only become observers in individual bodies, clearly showing that the Organisation's intention has always been to associate non-members with work in a specific substantive area rather than attributing a generic status. Observers do not have the same rights and obligations as Members or full participant non-members. However their participation in the work of Committees offers the opportunity to exchange national policy experiences with peers and influence them and, in some Committees, to become familiar with OECD instrument and, in some cases, to influence their content as they are crafted. At present, 15 non-members are connected with work in at least two OECD bodies. Among them, only 10 participate in a substantial number of bodies, indicating that the Organisation has a more than cursory mutual interest in their involvement in its substantive work. Document C(2004)60 contains a further elaboration of the role of observerships to committee within the new overall outreach strategy of the OECD.

### **V. Framework for co-operation with non-members**

12. The PGC is invited to engage in a discussion in order to position non-member countries in the draft framework below. As proposed in C(2004)60 the overall OECD strategy outreach is pursued as a two-way relationship between Member and non-member countries, underpinning OECD's work among Members. It has two functions:

- *Dissemination* - to share OECD's policy-practice products with non-members with a view to the diffusion and promotion of the values of the Organisation. Non-members can benefit in various ways from the body of knowledge and policy practices that PGC has developed with regard to public governance and modernisation of the state.
- *Participation* - to make OECD's policy-practice products more relevant and globally acceptable through the participation of non-members both in the formation as well as the implementation of these policy practices. Non-member countries are increasingly important for implementing PGC work, through the cross-boarder influences for example in the areas of regulatory management or public sector integrity. Moreover there is increasing potential for PGC and its members also to benefit from innovative public governance policies in selected non-member countries.

13. At the same time the OECD and more specifically the PGC cannot engage all non-members, nor all selected non-members, to the same extent, especially because of resource constraints. In defining a focused strategy the relations and special programmes for non-members shall be designed in order to maximize the effectiveness of the two functions of outreach outlined above including ensuring an appropriate diversity of views and participating countries (geographical diversity, differences in size, etc.).

14. Moreover, non-members' ability and willingness to support OECD's and PGC's policy-practice products and to participate in their formation and implementation is encompassed in two characteristics: i) The potential influence of the non-member country ii) The potential impact of the OECD on the non-member country. As proposed in C(2004)60, these two characteristics can be used by PGC to position countries in terms of the type of outreach that will be most suitable and mutually beneficial to them.

15. Within this context the following proposes a framework for the engagement and positioning of non-members in PGC work based on a flexible geographic geometry of interests. The framework provides a tool for obtaining a pro-active and comprehensive view on how the PGC seeks to interact with non-members. The proposed framework, which is drawing on the experience of other OECD committees, contains four approaches that include options of delivery mechanisms.

a) the first approach could be called **close bilateral engagement** and would apply to countries with whom the OECD, and in particular the PGC, has and/or wishes to develop a close relationship such as Argentina, Brazil, Chile, China, India, Indonesia, Russia and South Africa as they have significant influence on OECD countries' economies. Those members could also apply for observer status or have already done so, and some of them may even be in an accession scenario to the OECD. The maximum number of countries with which the committee could develop close bilateral engagements would be about 10 with a view to guarantee the mutual benefits and to ensure that the Committees working methods are not negatively influenced by too many participants. Co-operation based on close bilateral engagement could have the following elements:

1. agreements providing a framework for the co-operation within a country programme and setting out delivery mechanisms, including potential country reviews and capacity building. A framework of a similar kind has been already provided in the co-operation with China through a Memorandum of Understanding (MoU), which might be replicated for other countries. Such agreements could ultimately set out sources of finance and could include co-operation with other bilateral or multilateral donors if appropriate (as for example the project of a WB/OECD Trust fund with China). Such agreements are a longer-term goal to develop out of the actually existing country programmes.

2. establishment of a system of indicators and measures within the framework of a constant process of review and evaluation in order to identify whether targets have been achieved.
3. close involvement of the country in the work programme of the PGC, for example through the form of best practice studies that can be of benefit for members.
4. possible participation in the “Programme for Partners with Accession Perspective” (C(2004)60). This programme would be applied to a limited number of selected non-member countries with the agreed purpose of effectively mobilising the outreach resources/assets and monitoring progress, thus facilitating the preparation for the start of the accession process to the OECD according to Article 16 of the Convention. Not all countries in the PGC close engagement approach will aim at accession, so some will just use elements one to three. The decision to open up the Programme for Partners with Accession Perspective to a specific country would be in the realm of the council and not of the PGC.
5. possible application for observership. In this case the “Guidelines for Subsidiary Bodies” contained in the Resolution (C(2004)132/FINAL) would need to be applied for applicants (see Annex A)
6. participation in Global Forum events and/or regional programmes where appropriate.

16. The PGC is asked to consider with which countries it wishes to enter or continue this close bilateral engagement. The draft work programme for 2005/2006 mainly concentrates on Russia and China whilst other countries might be considered for this special relationship with PGC in the future.

b) the second approach is based on **regional programmes**. This regional programme approach has been applied for many years in the SIGMA programme (Balkans, and European transition and accession countries), the South-East Europe Stability Pact work on regulatory reform, as well as the work on integrity in the Stability Pact Anti-Corruption Initiative and more recently in the Middle Eastern and North African Countries (MENA) Programme, the New partnership for African Development (NEPAD) as well as emerging activities in Asia and in South America (co-operation with the Inter-American Bank for Development). The mutual benefit for co-operation of these programmes is drawn from the importance and the significant influence of a region as a whole rather than from a single country.

One or two countries representing regions could act as an interface between the regionally organised dialogue and the PGC by becoming an observer for this committee (for example Morocco for the MENA region, Slovenia for the European transition countries). Overall, there would be no more than 5 to 6 regional programmes and for each of them one potential PGC observer country. Co-operation with those countries could have the following elements:

1. regional programme agreements providing a framework for the co-operation and setting out delivery mechanisms including potentially country reviews with or without a regional peer review dimension, regional indicators and capacity building. Such agreements should set out sources of finance and would include co-operation with other bilateral or multilateral donors (as for example the MENA programme that is run jointly by UNDP and OECD, of the SIGMA programme with the EU Commission).
2. establishment of a system of indicators and measures within the framework of a constant process of review and evaluation in order to identify whether targets have been achieved.

3. linkages with other relevant OECD work as for example through links with work on investment policies within the MENA programme or the successful longstanding co-operation of GOV within the Investment Compact in South-East Europe.
4. possible application of “regionally representative” countries for observership. To this end the Resolution’s (C(2004)132/FINAL) “Guidelines for Subsidiary Bodies” would need to be applied.
5. participation in Global Fora where appropriate.

17. The PGC is asked to consider with which regions it wishes to enter or continue regional programmes. The draft work programme for 2005/2006 mainly concentrates on Middle East and North African Countries (MENA), African countries within the framework of NEPAD, and South-East Europe and Latin America whilst other regions might also be considered by PGC as important for future work. The PGC might propose criteria, on the basis of which the committee would decide on whether co-operation with a region would be mutually beneficial.

- c) the third approach would be the **flexible bilateral engagement** which will apply to the OECD’s relations with countries where demand driven bilateral co-operation on issues concerning public governance would be useful, but which do not justify the more resource intensive close bilateral engagement approach.

This approach would be the exception with the above first two approaches being the mainstream approach of PGC to outreach. The third approach might also include a development-focussed engagement that would be aimed primarily at least developed countries and focus on multilateral discussions on improving the governance base for better development. It might also be an approach to one or more countries that potentially could become the nucleus of a subsequent regional programme. Co-operation with those countries could have the following elements:

1. participation in multilateral events as for example the Global Fora.
2. Preparatory events to explore which means is the most suitable for handling relations of a country with the PGC.
3. evaluations and outcomes will be assessed on an event by event basis and through annual surveys within the ongoing PoW system. Results will be also communicated within the framework of donor reporting.

18. The PGC is asked to consider with which countries it wishes to enter in such a flexible bilateral agreement. The draft work programme for 2005/2006 contains a range of Global Fora events that can allow a platform of exchange for those who are not participating in closer bilateral relations or in special regional programmes. PGC delegates might propose countries that they would wish to take part in these events.

- d) **Other vehicles**, for example full membership in a committee as set out in C(2004)60, can be envisaged but appear less relevant in the context of the PGC at this stage. This position might be revised in the ongoing process of updating this pro-active outreach strategy as set out in the Secretary-General’s letter.

## **VI. Institutional Implications**

19. The relations with non-member countries as well as the design of the outreach Programme of work are directed by the PGC in co-operation with the CCN. It is proposed to establish an “outreach steering group” (OSG) within the framework of the PGC in order to improve the management of relations between the increasing number of non-members co-operating with the PGC via one of the three approaches (close and flexible bilateral engagement and the regional approach),

20. The OSG’s main functions would be the following:

- Participate in the preparation of the future bi-annual Programme of Work drafts to be subsequently presented to the PGC.
- Advise on the implementation of the programme of work in terms of policy content, lessons learnt and country experiences.
- Contribute to identifying sources of voluntary funding of activities.
- Evaluate the implementation of the work programme.
- Contribute to the constant adaptation and pro-active development of the overall PGC outreach strategy.
- Report to the PGC on programme design, implementation and evaluation.

21. The OSG would contribute to ensure the efficiency and effectiveness of interaction between the PGC, non-member countries and the secretariat, by expanding depth and breadth of relations between the committee and non-members.

## **VII. Carrying the draft strategy forward**

22. The following steps are proposed in order to move forward to adopting and implementing this pro-active framework defining the role and participation of non-members in the work of the PGC.

- October 2004 PGC meeting - Discussing, amending and adopting the draft strategy.
- November to March 2005 - Starting a dialogue with one or two countries that fall under the close bilateral engagement approach on framework agreement; Planning with countries within the framework of regional programmes, consider a selection of countries that would qualify for observership to the committee including reconsidering the present observers as stipulated by C(2004)132/FINAL.
- March/April 2005 PGC meeting - Back-to-back first meeting of the OSG following the PGC meeting.
- June 2005 - Finalisation of a first pilot-framework agreement in the context of a close bilateral engagement approach.
- December 2005 - First evaluation cycle for relations with close bilateral engagement approach countries, including observerships, as well as for the regional programmes to be carried out by the OSG and presented to the PGC.



**VIII. Transitional measures concerning the renewal for 2005 for current non-member observers**

23. The PGC covers at present Brazil, Chile and Slovenia as observers and the Working Party of Senior Budget official includes Slovenia's observership. As set out in the letter from Ambassador Olivieri to Committee Chairs dated 9<sup>th</sup> September 2004, Committee's are asked to examine whether or not the invitations to its current non-member observers should be renewed beyond the end of 2004, based on the non-Member's participation and relevance to the Committee's work in 2005. The results of this examination should be communicated to the CCNM or Ambassador Olivieri by the 30<sup>th</sup> of October 2004.

**ANNEX A: GUIDELINES FOR SUBSIDIARY BODIES ON THE DEVELOPMENT OF A PRO-ACTIVE STRATEGY FOR THE PARTICIPATION OF NON-MEMBERS**

1. Committees shall develop, in line with their mandates, and the Organisation's overall outreach strategy, a pro-active outreach strategy for the participation of non-Members in the work of the Committee and its subsidiary bodies. The strategy should consider the following elements in order to identify the non-Members to be invited and the appropriate form of participation:

- a) whether non-Member participation would facilitate appreciably the achievement of the mandate and the programme of work of the subsidiary body concerned;
- b) whether and in what ways association of non-Members with its work would be of benefit to the Organisation including in fulfilling its mandate of contributing to the development of non-Members.
- c) whether economic growth and/or the welfare of Members, considered on a national, regional or global basis<sup>1</sup>, within the substantive area covered by the subsidiary body concerned are influenced to a significant degree by the policy orientations of non-Members;
- d) in relation to the substantive area covered by the mandate of the subsidiary body concerned, the degree to which non-Members' institutional and policy know-how contributes significantly to OECD peer learning/influencing and rule-making processes;
- e) the appropriate number of non-Member participants, focusing both on the non-Members and the time period of the invitations in light of the requirements of the mandate of the subsidiary body concerned, its programme of work and its methods of work;
- f) the consequences that non-Members' participation might have on the working methods, programme of work and Secretariat resources devoted to the subsidiary body concerned;
- g) in the case of full participants, the non-Member has been found to be willing and able to commit to the relevant OECD acquis, as appropriate;
- h) a consideration of the full range of vehicles to engage non-Members in the work of the Organisation and the subsidiary body concerned, as well as the limits and forms of the participation of non-Members which appear desirable and most useful, to maximise the benefits and reduce any disadvantages.

---

<sup>1</sup> The impact of a non-Member's policies on an individual OECD Member state, or indeed on a region, should not be of itself sufficient justification for that non-Member's participation in an OECD body. National or regional impact should be merely one element in the analysis which Committees go through in drawing up a strategy.

2. Committees should review their strategy regularly in light of changes to their mandate or programme of work orientations.

## **ANNEX B: PROGRESS REPORT ON OUTREACH WORK 2003/4**

3. The programme of work has been implemented either through integrated horizontal activities including a whole range of public governance issues (China, NEPAD, MENA) or focussing on specific aspects of public governance (regulatory reform, integrity, budgeting and management).

### **Integrated Programmes**

#### *China*

4. In March 2001 the Executive Committee in Special Session devoted a session to a discussion with the Chinese authorities on “progress of reform and co-operation with OECD”. The discussion in particular allowed member countries to select topics to further focus the China programme. These topics were subsequently proposed by CCNM to the Chinese authorities who agreed that governance at central and local level would be the unifying theme of the programme.

5. The year 2002 saw the development of governance activities, building on central government budgeting and financial management, which had been for several years a very successful activity. In particular, the first workshop on “promoting integrity and fighting corruption in the public service” demonstrated that China was indeed ready to discuss with OECD such sensitive topics which are key to public sector reform, when placed in the proper context.

6. At the request of China, it was agreed that governance would be the focus of the 2003-2004 programme with China. A horizontal project has been put in place associating all Directorates, co-ordinated by CCNM, with the Directorate on public governance and territorial development (GOV) leading on substance. The “governance project” seeks to:

- encourage Chinese policy makers to address critical governance challenges that may affect China’s social and economic development and its relationship with the outside world; in this context it provides support and advice, rooted in the practical experience of member countries;
- provide an overall picture of these governance challenges, so as to improve understanding of China.

7. The governance project addresses both whole-of-government issues and sectoral governance issues. “Whole-of-government issues” refer to those horizontal aspects of governance that are common across the government: budgeting, civil service, integrity (anti-corruption), regulatory management and organisational structures. The sectoral issues refer to the organisational or implementation aspects in the different policy areas: governance of financial institutions, intellectual property rights, labour market and social protection policies etc. This distinction is provided for the sake of facilitating progress in the work. Final classification under a proper header will be decided upon production of the final report.

8. In the context of this project, the Directorate on Public Governance and Territorial Development (GOV) has elaborated a memorandum of understanding with China’s State Commission Office for Public Sector Reform (SCOPSR) covering OECD-China co-operation in this area for three years. SCOPSR is an important actor in the area of public sector reform in China. In March 2003, when in Beijing, the Secretary General Mr. Johnston agreed to meet Vice Minister Wang Lanming of SCOPSR at his request. Vice

Minister Wang expressed strong desire to benefit from OECD experience in the design and implementation of public sector reforms in China. The project should be completed by the end of 2004 and a final conference in Beijing, to be hosted by SCOPSR, will discuss the results. The Public Governance Committee will also discuss the results at its October 2004 session.

### *New Partnership for Africa's Development (NEPAD)*

9. 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. Since then the GOV secretariat has had a number of contacts on a working level in order to strengthen the capacity of the Ministerial grouping to promote professional networking and peer review, and to explore a framework for future substantive co-ordination between the two organisations.

10. In August 2003, the Secretary-General received a letter from the current chairperson of the Pan-African conference of Ministers of Public Service, Geraldine Fraser-Moloketi, Minister of Public Service in South Africa. Minister Moloketi requested the assistance of the OECD for the implementation of the Pan African programme on 'Capacity Development for Governance of Public Administration in Africa' (CDGPA). The Secretary General responded positively to the request.

11. Within this framework a range of exploratory missions were undertaken by GOV staff including South Africa, Morocco and Uganda. Four areas of immediate collaboration were identified between GOV and NEPAD/CDGPA, with specific tasks in 2004 listed below. This programme of collaboration for 2004 was officially presented at the ministerial meeting held in Uganda (Kampala) in January 2004, in which the OECD was presented as one of the future core partners in order to;

- Support the development of the future Secretariat model on governance: peer review of the Secretariat strategic framework and participation in a workshop with the strategic partners (CDGPA Secretariat/NEPAD/AU) to discuss the proposed strategic framework
- Contribute to the development of the conceptual framework on governance and public administration in Africa: Guidance, comments and review on the paper setting up the conceptual framework on governance and public administration in Africa (April 2004); participation in a workshop directed at finalising the paper for approval by the Ministers.
- Support the data collection exercise: guidance for the revision of the database and advice on the fields that need to be developed in particular; guidance in the general process of administering the survey across African countries.
- Creating and managing expert groups and networks: Support for a specific workshop (on Public sector restructuring and the management of excess capacity originally planned for May 2004 in South Africa) and support in the generation of a short policy-orientated publication from the workshop.

12. Following 2004 the development of a broader and longer-term programme of OECD/CDGPA co-operation, which would include substantial work on some of the key topics of the programme (HRM, budget and financial management, ethics, e-government) is envisaged and is contained in the non-member chapter of the draft programme of work for 2005/2006.

### *Middle East and Northern Africa (MENA)*

13. Since September 2003, the OECD Secretariat has held several consultations with countries of the Middle East and North Africa (MENA) to explore the potential scope and priority areas for closer co-

operation between the OECD and this region. The origin of these consultations goes back to the meetings between the Secretary-General and members of the MENA countries at a regional Conference on Investment in May 2003 and at the annual meetings of the IMF and the World Bank in Dubai in September 2003. There have also been a number of individual approaches by MENA countries for policy dialogue and co-operation with the OECD in advancing their reform efforts. Moreover the G8 Plan of support for reform, adopted at the Sea Island Summit on 9 June 2004, makes direct reference to “supporting work under the new OECD/UNDP Middle East-North Africa Initiative” as part of the G8’s commitment to assist regional efforts to remove barriers to investment.

14. The participation of countries in the programme would vary according to the policy issues being dealt with, and to take into account the considerable differences between countries in the region. The core group of countries that participated in the Beirut, Istanbul or Rabat preparatory meetings includes Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Saudi Arabia, Syria, Tunisia, United Arab Emirates and Yemen<sup>2</sup>.

15. The programme has been prepared and would be implemented jointly with UNDP. This close partnership is essential for achieving effectiveness and efficiency as well as credibility of the work on the ground. The OECD provides access to know-how developed by its range of like-minded, yet diverse group of countries, as well as a well-tested framework for policy dialogue with non Member countries, while the UNDP offers a longstanding presence and close working relations with the countries in the MENA region as well as a comparative advantage with thematic areas such as judicial reform and media development.

16. As a result of the preparatory meetings in 2003 and 2004 in Beirut, Istanbul and Rabat MENA countries have identified 6 priority areas;

1. Civil service and integrity
2. E-government, Administrative simplification and regulatory reform
3. Governance of public resources
4. Public service delivery
5. Role of the judiciary and enforcement
6. Civil society and media

17. Main outcomes and results of the programme would be:

- Strengthening country capacity for designing and implementing reforms.
- Progress in reforms in public governance and modernisation of public institutions.
- An improved environment for economic activity and growth.
- A sustainable structure facilitating policy dialogue on public governance among MENA countries and between MENA countries and OECD countries.

---

<sup>2</sup> For information: The League of Arab States has 22 members.

18. The outcomes would be measured and monitored through a built-in monitoring system, which would ensure a results-oriented implementation of the programme.

19. The public governance programme would be launched at a high-level meeting in Amman on 1-2 December 2004. To prepare for this launching meeting, MENA country governments are planning to organise a meeting at the Ministerial level in September to try to agree a joint position towards the public governance programme and to prepare the text of a MENA countries' declaration to be signed at the launching meeting in December, that would reflect and underline their ownership in the project and commitment for reforms of MENA countries. The preparation of these meetings has benefited from the visit of two Jordanian ministers to a special session of the CCN organised on 26 May 2004 in Paris

### **Specific aspects of public governance**

#### *Global Fora*

##### *The APEC-OECD Co-operative Initiative on Regulatory Reform*

20. The APEC-OECD Co-operative initiative on Regulatory Reform was launched in November 2000. The objective is to implement the principles on regulatory reform adopted by the member economies of the two organisations. Canada, China, Italy, Japan, Korea, Mexico and Ireland have been important sponsors of the Initiative through voluntary contributions and by hosting the events.

21. The initiative is now in a second phase with a focus to elaborate an APEC-OECD Integrated Checklist for self-assessment on regulatory, competition and market openness policies, to implement OECD and APEC principles. An integrated checklist will promote the individual and collective implementation of the APEC and the OECD principles by building domestic capacities for quality regulation.

22. The second phase of the Co-operative Initiative has been based on a series of four events. In October 2003, a workshop was held in Vancouver, Canada, to present a prototype of the Integrated Checklist and discuss its regulatory governance pillar. The workshop also permitted discussion on strategies and tools for reviewing existing regulation. Similarly, a workshop has been organised on 2-3 December in Paris to discuss the competition aspects of the Integrated Checklist. Two events are being organised in 2004. A workshop has taken place in May 2004 in Chile to focus on the market openness pillar of the Integrated Checklist, and a high level conference in Thailand will consolidate the different aspects into an agreed document, which would be presented in 2005.

##### *Integrity and Procurement*

23. During the second half of 2003 and the beginning of 2004 preparatory work has been undertaken for the Global Forum on Governance and Public Sector Integrity. The expected outcome of this activity is to provide support for the prevention of corruption by increasing transparency and accountability in public procurement procedures. Based on the governance work of the OECD it will focus on the prevention of corruption in public procurement, tendering and contracting out procedures. The Forum would take place in early December of 2004 and is organised in close co-operation with the Trade directorate and the directorate for Financial and Enterprise Affairs.

## ***Country Programmes***

### *Russia*

24. The Regulatory Reform Review of Russia was officially launched in January 2003, after considerable preparatory work in 2002. Russia is the first non-member country to be reviewed under the OECD Regulatory Reform Programme. The review aims to assist the Russian authority's efforts to foster competition, innovation, and economic growth as well as to meet important social objectives. The Russia review follows a multidisciplinary and highly interactive approach. It focuses on the government's capacity to manage regulatory reform, on competition policy and enforcement, on market openness, and on the regulatory framework in the electricity, rail freight transport and telecommunications sectors.

25. At the end of 2003, the project has reached its mid-point, both in terms of its duration and work completed. Two of the six background reports – railways and competition policy – have been completed and will be peer reviewed during the first quarter of 2004. Likewise, work on the electricity sector is well advanced and the peer review meeting is scheduled for June 2004. Work on government capacity and market openness is also progressing smoothly. A special group on Regulatory Policy will discuss the complete review and a detailed set of policy recommendations in December 2004, prior publication.

## ***Regional Programmes***

### *Central and Eastern Europe Programme*

#### Senior Budget Officials

26. Preparations are under way for a meeting of Senior Budget Officials from Central and Eastern European countries which is planned to take place on 10-11 November 2004 in The Hague, Netherlands. This will be the first meeting of this regional network and joins the Latin American and Asian regional networks already in place.

#### SIGMA Programme

27. The Sigma Programme, a joint initiative of the OECD and the EU aimed at improving governance and management, supports partner countries in Central and Eastern Europe and the Western Balkans. In 2003 and the first half of 2004, Sigma helped them modernise public governance systems in six priority areas: Design and implementation of reform programmes; legal framework, civil service and justice; external audit and financial control; public expenditure management; policy-making and co-ordination capacities; and public procurement. Sigma advice and strategic input has also helped EU candidate countries in the region with institution-building and developing legal frameworks against existing EU legislation.

### *South East Europe (SEE)*

#### Regulatory Reform Initiative

28. The Regulatory Governance Initiative (RGI) in South East Europe is a part of the Investment Compact of the Stability Pact. The initiative is implemented within a framework agreement of international co-operation among 40 countries, organization and regional groupings to develop a shared strategy for ensuring stability and growth in the region. The initiative has been organising a seminar on reducing administrative barriers to business creation and development in Bucharest on 10-11 December 2003. Moreover, the initiative has been providing substantial input on the themes chosen for the 2004 meeting of the investment Compact at Ministerial level, including regulatory reform. This and other, previous



workshops have helped representatives of countries in the region to articulate the most urgent issues for which regulatory reform is relevant, and to identify policy innovations and practices in OECD countries which may be useful in achieving policy reform.

#### Anti-corruption Initiative

29. In addition to the development of policy guidelines for managing conflict of interest in the public service in OECD member countries, the OECD developed a practical toolkit to support good governance measures in non-member countries, with a start in South East Europe. The project was financed by voluntary contributions in the framework of the public governance reform measures in the Stability Pact Anti-Corruption Initiative. The resulting resource package including practical instruments, generic definitions, tests, checklists, model provisions, training materials and case studies have been developed and tested by several non-members to help public organisations put the policy into practice in non-member countries.

30. In the South East European region, the High Level Forum on Implementing Conflict of Interest policies endorsed the OECD Toolkit for Managing Conflict of Interest for countries participating in the Stability Pact Anti-corruption Initiative (SPAI). The Forum hosted by the Government of the Czech Republic on 24-25 November 2003 in Prague, also reviewed progress achieved in 2003 in establishing and implementing conflict of interest policies.

#### Asia

31. In Asia and the Pacific region, a Workshop on Conflict of Interests introduced the OECD's definitional approach and explored possible use of the OECD Toolkit. The workshop attended by 70 participants was organised in the framework of the 4<sup>th</sup> regional anti-corruption conference on 3-5 December 2003 hosted by the Government of Malaysia. The Toolkit received strong positive feedback and the OECD was called to "facilitate continuous policy dialogue to support the sharing of experience and knowledge throughout the region". Conclusions and recommendations of the conference are as follows: "participants agree that priority should be given to: The establishment of clear rules and supporting tools identifying and managing conflicts of interest in order to strengthen public confidence".

#### Latin America Programme

##### Integrity

32. The Inter-American Development Bank and the OECD have been jointly organising a forum on guidelines and toolkit for managing conflict of interest on 5/6 May, 2004 that supports Latin American countries in putting into practice the prevention measures of the Inter-American Convention against Corruption. The Forum has provided senior officials with a unique and intensive opportunity to analyse Conflict of Interest measures from policy design to implementation. Case studies from both OECD and OAS countries have contributed to reviewing and analysing specific policy approaches, management strategies and administrative practices to equip participants with insights for dealing with these complex matters in their respective countries. The group discussions have also explored relevant and practicable measures for follow-up and evaluation of the design and implementation of Conflict of Interest policies, as required by the Inter-American Convention. It is planned to publish the conclusions of the Forum, together with guidelines and case studies, in a joint OECD/IADB publication on the Internet in a Forum folder. A follow-up to the meeting is currently explored jointly by the OECD and the IADB.

#### Budgeting and Management

33. The 2<sup>nd</sup> Annual OECD Latin American Senior Budget Officials' (SBO) meeting was held in Santiago, Chile on 26-28 January 2004. The meeting was held in conjunction with the annual Fiscal Policy Seminar hosted by the United Nations Economic Commission for Latin America and the Caribbean. It attracted budget directors and other senior budget officials from 18 countries in the region. The meeting was chaired by Mr. Mario Marcel, Budget Director of Chile and opened with a keynote speech by Mr. Barry Anderson, past chairman of the SBO. The meeting featured sessions on reallocation, budget transparency, participatory budgeting, a peer review of the Brazilian budgeting system and a presentation on the results of the OECD database on budget practices and procedures. It is envisaged that this meeting will become a regular annual event in the framework of the OECD Budget Project. Moreover reviews of national budgeting systems, including both the Executive' and the Legislature's roles, have been prepared for Chile and Brazil.