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

GOV/PGC(2006)2
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**DRAFT PROGRAMME OF WORK AND BUDGET OF THE PUBLIC GOVERNANCE COMMITTEE
FOR 2007/8**

**33rd Session of the Public Governance Committee
6-7 April 2006
Château de la Muette, Paris**

This document presents a draft programme of work and budget for the Committee for the next biennium. It is based on document GOV/PGC(2006)1, and reflects country priorities and comments made at the Enlarged Bureau meeting on 20th February and received in writing by the Secretariat.

It is presented to the Committee for COMMENT and DISCUSSION.

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**DRAFT PROGRAMME OF WORK AND BUDGET
OF THE PUBLIC GOVERNANCE COMMITTEE FOR 2007/8**

Context – current challenges

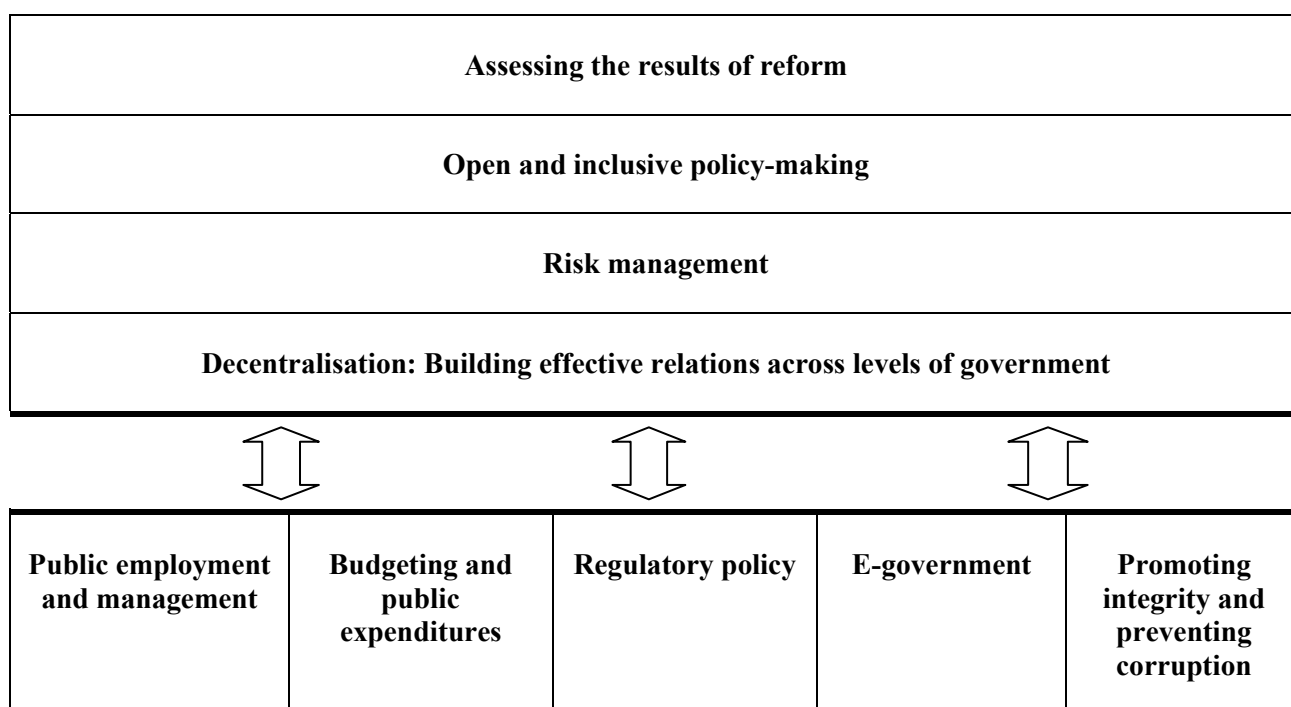
1. At the meeting of the Public Governance Committee at Ministerial level in November 2005, four themes were identified as being of particular interest for countries: assessing the results of reform; open and inclusive policy-making; risk management; and decentralisation/multi-level governance. These four themes cut across OECD work on public governance, and will help shape it for the remainder of the Committee's mandate.

2. Work on these themes will also contribute to an over-arching objective of the Committee's work: that of strengthening trust in government. This objective was also the theme of the Ministerial meeting, and is a key concern of governments across the OECD area. As was noted at the meeting, trust is very complex, and levels of public confidence are affected by a variety of factors. Therefore, improving trust entails efforts on many fronts. Ensuring that policies are formulated and delivered in a way that is transparent and effective, clearly taking into account the needs and concerns of citizens (and of target groups in particular), is one important area where governments can contribute to increased confidence. This involves better information, consultation and participation with the public, civil society and businesses, using a range of traditional and e-government tools.

3. Delivering results – effective policies, quality services, responsiveness, integrity, efficient government, well-functioning markets, security, prosperity – is also crucial to strengthening and maintaining the public's trust. New arrangements for policy delivery, including decentralisation and outsourcing, need to be well managed, with clear lines of accountability and effective oversight mechanisms. Integrating risk management into policy can help identify potential risks and avoid policy failure, while contributing to more effective handling of crises when they occur. Failed policies, corruption and inadequate responses to problems can seriously undermine public confidence. Governments also need tools to evaluate policies and measure results. Such assessment tools can help improve policy formulation and demonstrate results to citizens.

4. During 2007/8, the four above-mentioned themes will be addressed in the different substantive areas, e.g. budgeting, public sector employment and management; regulatory reform; e-government; and integrity. The different strands of work on each theme will be drawn together and presented to the PGC in a series of symposia held in conjunction with Committee meetings. Where desirable, other outputs may also be produced from this cross-cutting work.

5. While contributing to the four horizontal themes, work in the substantive areas will also continue to build on work carried out by working groups and networks, addressing the current concerns and future challenges identified by countries in advance of the Rotterdam meeting [see GOV/PGC/MIN(2005)3].



6. The programme of work presented below reflects the results of the prioritisation exercise carried out in February-March 2006 (15 countries responding) and comments received at the Enlarged Bureau meeting on 20 February 2006 as well as in writing. Activities that received lower priority from countries have been deleted or downsized, or will only be carried out subject to voluntary contributions.

7. The programme is organised in 3 main parts:

- Work in the four cross-cutting areas identified as priorities following the Rotterdam ministerial meeting; each of these outputs will draw on work carried out in the Committee's working parties and networks.
- Work undertaken in the areas covered by the working parties and networks.
- Global relations work (outreach).

The Committee's work is divided into two "output areas": Output area 4.3.1, "Governance and management of public institutions and resources", which includes the cross-cutting themes and all areas of work apart from regulatory reform, and Output area 4.2.3, "Regulatory Reform". The draft programme of work and budget submitted to the Budget Committee and Council will be organised around these output areas, and global relations work will be integrated with the different areas of work. An indicative budget proposal is provided in the Annex.

Programme of work for 2007/8: Output area 4.3.1, “Governance and management of public institutions and resources”

Cross-cutting areas

Output 1. Assessing the results of reform

Policy environment

8. Analysis of public management reforms has been hampered by the lack of good-quality comparative information, limiting possibilities for assessing progress and international learning. In consequence, public management reforms have been driven significantly by assumptions concerning “best practices” rarely specified with any precision. Although there is a significant growth in broad measures of “governance”, most of these data are based on subjective assessments, and have little relevance for public management. There are few terms and definitions applied consistently, further undermining public administration debate.

Expected outcomes

9. The expected outcome of this activity would be to provide countries with better data on efficient government and public administration to help them gauge their progress in reform.

Description

10. Building on the results achieved in 2006 on reviewing currently available data, the second phase of the project “Management in Government: Comparative Country Data” would include developing new data sets and continuing the discussion on key developments in the measurement of government outputs and the measurement of progress towards key government outcomes. At the end of the biennium, a new series on “Government at a glance” would be launched. Several activities in the substantive areas would provide input to this cross-cutting project, e.g. data on public employment, on budget practices, on regulatory quality, and on level of integrity and corruption resistance.

Output results

- Report on “Management in Government: Comparative Country Data”

Contributing intermediate outputs in 2007/8 work programme	Primary funding source
<ul style="list-style-type: none"> • Update of the publication on “The State of the Public Service” (see Output 6) 	Part 1
<ul style="list-style-type: none"> • Updated, revised and expanded Database of Budget Practices and Procedures (see Output 5) 	VCs and Part 1
<ul style="list-style-type: none"> • Indicators of regulatory quality (See Output Area 4.2.3, Output 1) 	Part 1 and VCs
<ul style="list-style-type: none"> • Methodology and framework for collecting data on level of integrity and corruption resistance at country level (see Output 7) 	Part 1

Output 2. Open and inclusive policy-making

Policy environment

11. Public policies are more legitimate, credible and effective if they meet the expectations and needs of the target groups to whom they are addressed. Well-designed public participation strengthens transparency, accountability and inclusion in policy making, as well as improving service delivery and contributing to trust in government. The participation of internal stakeholders in the reform process fosters greater awareness and ensures commitment to change.

12. This activity builds upon an earlier GOV review of the legal, institutional and policy frameworks for citizen engagement in policymaking in OECD countries (1998-2002) which led to the publication of four reports, two policy briefs and a practical handbook. This new line of work will identify a set of concrete tools to enhance the openness of the policy process and to ensure the inclusion of needs, preferences and experiential knowledge of all citizens. The activity will also explore the particular challenges of engaging specific target groups (e.g. youth, women, elderly, new immigrants). The ultimate aim, in both cases, is to improve information and consultation practices by government to be used in the design of more appropriate and cost-effective policy and services.

Expected outcomes

13. This activity would lead to more legitimate decision-making processes, more effective and better quality policies, and, ultimately, to greater trust in government through better methods for open and inclusive policy in OECD countries.

Description

14. This horizontal project will draw upon ongoing and future work across the Directorate to address a series of key issues:

- **Fostering inclusive policy**

How can citizen engagement improve policy quality while promoting inclusion? Public policy and services benefit from the active participation of target groups in both design and delivery. Including the voices of the more vulnerable members of society poses a particular challenge (e.g. youth, disabled, immigrants, indigenous peoples). A report 'Inclusion through Engagement' will identify the key factors for success and will review a range of potential tools and procedures, including: e-participation methods, transparent and participatory budgeting, regulatory impact assessment, administrative simplification, and participatory design and take-up of electronic services. Changing government to meet the public's needs and expectations raises an internal challenge, namely the need for governments to ensure stakeholder participation (e.g. public sector trade unions) in order to make reforms sustainable. The report will serve to develop a typology of participation methods at the local and national level, assess their relative strengths and weaknesses and provide advice on matching tools to objectives and the needs of specific target groups.

- **Tools for evaluation**

What is successful citizen engagement and how do we measure it? As practice develops, the need for robust tools to evaluate public participation becomes more urgent. An innovative handbook will be developed to provide strategic and practical guidance to policy makers including: an

inventory of evaluation methodologies, a review of the applicability of cost-benefit analysis (CBA) and a potential set of indicators of government openness in policy making.

Output results

- Report on Inclusion through engagement and a symposium on open and inclusive policy-making.

Contributing intermediate outputs in 2007/8 work programme	Primary funding source
<ul style="list-style-type: none"> • Report on managing policy change (see Output 6) 	Part 1
<ul style="list-style-type: none"> • Reports on reducing administrative burdens (see Output Area 4.2.3, Output 1) 	Part 1
<ul style="list-style-type: none"> • Report on off-budget expenditures and other creative accounting techniques (see Output 5) 	Part 1
<ul style="list-style-type: none"> • A comparative study of regulatory impact assessment (see Output Area 4.2.3, Output 1) 	Part 1
<ul style="list-style-type: none"> • Report on the use of electronic services (see Output 8) 	Part 1

Output 3. Risk management

Policy environment

15. Throughout OECD countries, public administrations have come to recognise the critical importance of and the need for an effective risk policy. Public servants deal regularly with risks in many public policy domains – economic, financial, health, safety, environmental and national security. With increasing frequency, these officials face decisions about policies, programmes and services where future uncertainties are economically significant and unavoidable. Thus, they need to both assess, appraise and manage risk in helping develop suitable policy responses. Moreover, they need to inform the public about the nature of risks and the inherent tradeoffs between specific policy choices.

16. The concept of risk policy in the public sector comprises a broad picture of risk. Not only does it include what has been termed ‘risk management’ or ‘risk analysis’, it also looks at how risk-related decision-making unfolds when a range of actors is involved. Globalisation and changing governance arrangements (e.g. agencification, contracting-out, privatisation) have changed the nature of risk for governments. The transfer of responsibilities to other levels of government or other sectors often broadens the scope for risk, yet it is often not clear to what degree this risk itself has been transferred, leaving government both vulnerable to greater risk and with less direct control. Risk policy requires co-ordinating and possibly reconciling between differing policy objectives, perspectives, goals and activities.

17. Finally, crisis management, with its increasingly international dimension, is a related area of great concern to governments. Indeed, the problem-solving capacities of government administrations have often been limited in the face of the major challenges facing society today. Risks such as those related to natural disasters, terrorism or critical infrastructures call for co-ordinated effort amongst a variety of government agencies and also across national borders.

Expected outcomes

18. The expected outcome of this activity will be greater awareness of risks relating to many relevant public policy domains and improved risk management capabilities in member countries, by making use of methodologies for assessing and managing risk, risk allocation, and other risk policy tools.

Description

19. Given the complexity of the subject, OECD work on risk management could most usefully focus on the topics of risk allocation (e.g. in designing regulatory policy), managing for the future (e.g. fiscal risks) and the identification of the institutional arrangements needed to address risk. The work would draw on ongoing and future work carried out on risk and regulatory policy, long-term budgeting and fiscal risks, risk management at the centre of government, and promoting integrity and preventing corruption in lobbying, post-public employment, and e-procurement. In addition, previous OECD work on crisis management would contribute to this work.

Output results

- Report and symposium on risk management

Contributing intermediate outputs in 2007/8 work programme	Primary funding source
<ul style="list-style-type: none"> • Analytical reports on better budgeting for fiscal risks (see Output 5) 	Part 1
<ul style="list-style-type: none"> • A comparative study of risk and regulation (see Output Area 4.2.3, Output 1) 	Part 1
<ul style="list-style-type: none"> • Report on promoting integrity and preventing corruption in lobbying and post-public employment (see Output 7) 	Part 1
<ul style="list-style-type: none"> • Report on e-procurement – guidelines for enhancing transparency, accountability and integrity by effective use of new technologies (see Output 7) 	VCs

Output 4. Decentralisation: Building effective relations across levels of government

Policy environment

20. Increasingly, public responsibilities are devolved to lower levels of government – in unitary as well as in federal countries – often with a view to improving the efficiency of public service provision and to favouring economic development. Local and regional governments also want a greater say in the setting and implementation of national policy measures. Such trends have helped make the management and governance of public policies more complex and demanding, involving multiple actors (public and private) and requiring a rethinking of how central and sub-national governments should collaborate. The issue of how to improve dialogue and information-sharing across levels government is particularly crucial.

Expected outcomes

21. The expected outcome of this activity will be more efficient, complementary and coherent policy-making and implementation by different levels of government. As an outcome of this activity, member countries should be better placed to balance control and flexibility in order to reach coherent and efficient service delivery without too much uniformity and constraints on sub-national units.

Description

22. This cross-cutting activity would look at how better co-ordination across levels of government can help improve public sector efficiency and the outcomes of public policies by enhancing accountability and control, improving sub-national capacity-building, and putting in place relevant incentive schemes. The main focus of this activity is on institutional tools for promoting dialogue, co-operation and information-sharing across levels of government in several areas: e-government, regulation, public employment and management, and fiscal relations. It would benefit from TDPC work on contractual approaches to multi-level governance as well as from data and results produced by the OECD Network of fiscal relations across levels of government. This activity could include:

- Case studies on: recent initiatives to enhance co-ordination among levels of government with the aim of improving accountability and control of sub-national policies; capacity-building of sub-national authorities in policymaking and in implementation of central decisions; and policy effectiveness through the use of performance criteria at sub-national level.
- A synthesis report on the state of decentralisation in member countries and main recent, current or planned reforms (institutions in charge of decentralisation matters, assignment of responsibilities, fiscal relationships, public employment and management sharing, allocation of regulatory authority, etc.) (Subject to voluntary contributions.)

Output results

- Report and symposium on how to build effective relations across levels of government in decentralised contexts.

Contributing intermediate outputs in 2007/8 work programme	Primary funding source
<ul style="list-style-type: none"> • Reports on improving staff performance management (see Output 6) 	Part 1 and VCs
<ul style="list-style-type: none"> • Reports on multi-level regulatory governance (Output Area 4.2.3, Output 1) 	Part 1
<ul style="list-style-type: none"> • E-government: partnerships across levels of government (see Output 8) 	Part 1
<ul style="list-style-type: none"> • Country reviews on budget processes (Output 5) 	VCs

23. In addition to the work carried out under the four cross-cutting themes, the following work would be undertaken in the areas covered by the different working groups of the Committee. Intermediate outputs that would contribute to the four themes also appear in this section.

Output 5. Budgeting and public expenditures*Policy context*

24. Governments are seeking information on how their budgeting and public expenditure systems compare to those of other countries, including non-member countries. They are also trying to improve their ability to conduct better fiscal policies and to promote public sector efficiency and effectiveness through reforms in their budget systems and improvements in their budgeting processes.

Lessons from 2005/6

25. Current work on fiscal rules and long-term fiscal projections will lay the groundwork for an activity on fiscal risks. Extensive work on performance, including a questionnaire on the development and use of performance information in the budget process, will provide a basis for further analytical work in this area as well as country case studies. In 2006, preliminary information on public-private partnerships will be collected.

Expected outcomes

26. The results of this activity will help governments design policies that improve the sustainability of public finances and make better use of performance information in management and budgeting, leading to improved decision-making and accountability.

Output results

27. Work in this area will contribute to the cross-cutting activities on comparative country data, open and inclusive policymaking, and risk management.

Intermediate outputs	Primary funding source
• Seminars on public-private partnerships and public expenditure	Part 1
• Analytical reports on better budgeting for fiscal risks, including: <ol style="list-style-type: none"> 1. designing fiscal rules that promote both economic growth and fiscal discipline; 2. instructing countries on how to implement top-down budgeting processes that encourage delegation to agency heads and innovative program designs within the context of limits on expenditures; 3. promoting the process of producing very long-term budget projections to better account for contingent liabilities, pension promises, and other fiscal risks 	Part 1
• Report on integrating performance information in the budget processes	Part 1
• Updated, revised and expanded Database of Budget Practices and Procedures	VCs and Part 1
• Report on off-budget expenditures and other creative accounting practices	Part 1
• Country reviews of budgeting processes	VCs

Output 6. Public Sector Management and Employment

Policy context

28. Many countries are concerned with fine-tuning previous human resources management reforms (for example, improving how targets are set for performance contracts for senior staff) and maximising the efficiency gains from reform. Another concern is how to manage the trade-offs among objectives (for example, how to motivate senior staff to focus on achieving departmental goals without distracting them from their wider responsibilities to government as a whole). Governments are also faced with the need to restructure to meet changing needs and conditions, and want to know how their administrative structures and costs compare with those of other governments. Finally ensuring commitment to change and building partnerships across levels of government without losing efficiency are important challenges.

Lessons from 2005/6

29. Work over the current biennium has led to major reports on performance-related pay and the impact of ageing on managing government employees. Some of the issues raised in the work on ageing, such as the impact on service delivery of budgetary reallocations given increased expenditure on health and long-term care, and options for deferring retirement at senior levels, will be carried forward in work in 2007/8. Data collection and improvement efforts were launched, and will be further built upon in the next biennium.

Expected outcomes

30. This activity would provide governments with better information on how their administrative structures and costs compare with those of other governments, as well as impartial, empirically based advice on how to structure themselves to respond to new challenges, and practical advice on reform design.

Output results

31. Work in this area will contribute to the cross-cutting activities on comparative country data and decentralisation/multi-level governance.

Intermediate outputs	Primary funding source
<ul style="list-style-type: none"> • Update of the publication on “The State of the Public Service” (will contribute to the cross-cutting activity on Comparative country data): <ol style="list-style-type: none"> 1. New and updated data and information on human resources management and employment 2. Analysis of emerging issues 	Part 1
<ul style="list-style-type: none"> • Report on managing policy change: <ol style="list-style-type: none"> 1. Managing management reforms: sequencing and pacing change from the centre. 2. Changing pay negotiation structures and practices 3. Managing service delivery changes in the context of an ageing population 	Part 1 and VCs
<ul style="list-style-type: none"> • Reports on improving staff performance management: <ol style="list-style-type: none"> 1. Choices of contractual arrangements for very senior civil servants 2. Ensuring merit in politically-appointed staff (joint activity with promoting integrity and preventing corruption) 3. Co-ordinating HRM policies across levels of government 	Part 1 and VCs
<ul style="list-style-type: none"> • Peer reviews on human resource management 	VCs

Output 7. Promoting integrity and preventing corruption

Policy context

32. Countries are seeking information on how prepared they are to identify and control risks to integrity, as maintaining trust in government requires knowledge of where particular risks to integrity exist and preparedness to update legal, institutional and procedural frameworks for promoting integrity and preventing corruption, in particular at the public-private sector interface.

Lessons from 2005/6

33. A 2006 progress report on implementation of the 2003 Guidelines on Managing Conflict of Interest in the Public Service takes stock of countries' efforts to review and update arrangements. This report identifies key risk areas for integrity, such as lobbying and post-public employment, where further work is needed.

Expected outcomes

34. The results of this activity will help lead to better arrangements in countries to ensure integrity, transparency and accountability in the public sector, and in particular at the public-private interface.

Output results

35. Work in this area would contribute to the horizontal themes of open and inclusive policy-making, comparative country data and risk management.

Intermediate outputs	Primary funding source
<ul style="list-style-type: none"> Methodology and framework for collecting data on level of integrity and corruption resistance at country level 	Part 1
<ul style="list-style-type: none"> Report on promoting integrity and preventing corruption in lobbying and post-public employment. 	Part 1
<ul style="list-style-type: none"> Report on e-procurement – guidelines for enhancing transparency, accountability and integrity by effective use of new technologies. 	VCs

Output 8. E-government

Policy context

36. Countries are seeking to improve their knowledge of how e-government can support a transformation agenda. It can be used to make processes more efficient, to enable the re-engineering of processes by allowing individuals and groups to work together in new ways regardless of institutional boundaries, and to allow new actors to participate in the elaboration of public policy and in the delivery of services. In doing so, e-government plays an important role in governments’ efforts to strengthen trust with citizens by improving and simplifying services, making government more open, and meeting the public trust through the more efficient use of public resources.

Lessons from 2005/6

37. The OECD publication, *E-Government for Better Government* makes the case that e-government needs to be more user-centred in order to increase usage of electronic services and to produce benefits for both governments and users. To respond to countries’ request, the OECD will be analysing data on the take-up of e-government services in order to identify factors correlated with high take-up. This information, along with data on e-government expenditures and data gathered from the OECD E-Government reviews, will provide countries with tools to benchmark their performance and to improve their efforts to do cost and benefit analysis of e-government.

Expected outcomes

38. The expected outcome of this work will be improved e-government strategies in member countries, better co-ordination of electronic service delivery across levels of government, and better knowledge of, trust in, and take-up of e-government services. The activity is based on individual country reviews, recognised and reliable comparative data sources on e-government usage in OECD countries, as well as good practice information.

Output results

39. The activity would contribute to the cross-cutting themes of comparative country data, open and inclusive policy making and decentralisation/multi-level governance.

Intermediate outputs	Primary funding source
<ul style="list-style-type: none"> • Report on use of electronic services 	Part 1
<ul style="list-style-type: none"> • E-government: partnerships across levels of government: Report on mechanisms to institutionalize collaboration including on financing. 	Part 1
<ul style="list-style-type: none"> • Benchmarking e-government expenditures: methodology on quantifying e-government spending and framework for collecting data on e-government spending in OECD countries through existing budget processes/mechanisms. 	VCs
<ul style="list-style-type: none"> • Country reviews on e-government / peer review reports including recommendations for improvement (subject to voluntary contributions) 	VCs

Output 9. Decision making in government*Policy context*

40. Political decision makers need support from Centres of Government if they are to promote effective, coherent and forward-looking public policies. The Network of Senior Officials from Centres of Government (CoG) gathers Senior Officials responsible for the Centre of Government in each OECD member country (e.g. Heads of Prime Minister's Offices, Cabinet Secretaries and Secretaries-General of the Government).

Lessons learned from 2005/6

41. The Network of Senior Officials from Centres of Government have tried to identify important issues for OECD countries and how they can help ensure better decision making to address these issues. In 2005, they discussed the implications of the knowledge society for policy making; in 2006, they will address the challenges for centres of government in the identification, anticipation and management of risks. This work will help pave the way for the cross-cutting activity on managing risk. In general, the Network has a forward-looking function, and the results of its work feed into ongoing activities and contribute to the design of future activities for the PGC.

Expected outcomes

42. The expected outcome of the activity is to strengthen the capacity of Centres of Government to design, promote and oversee implementation of public policies at the central government level, by identifying emerging policy issues facing political decision makers in OECD member countries and developing common solutions to shared governance challenges.

Output results

Intermediate outputs	Primary funding source
<ul style="list-style-type: none"> A set of analytical reports on specific in-depth aspects of the PGC work programme, in line with the concerns of Centres of Government, identifying the strengths and weaknesses of current decision-making processes at the centre and suggesting policy lessons and practical measures. Topics are identified one year before discussions by Senior Officials from Centres of Government, in order to ensure relevance. 	Part 1

Programme of work for 2007/8: Output area 4.2.3, “Regulatory Reform”

43. The work on Regulatory Reform contributes to the overall GOV work on good governance, including cross-cutting priority issues identified by the PGC committee, as well as to the priorities of the Working Party on Regulatory Management and Reform. This work also involves the horizontal programme on Regulatory Reform, with the Group on Regulatory Policy (GRP). The Mandate for the GRP was extended until 2010 [C(2005)122], and GOV continues to serve as the GRP Secretariat.

Policy context

44. Regulatory policy is increasingly mainstreamed into the core of government policy-making to improve economic performance and the attainment of public interest objectives. Countries are seeking policy advice to improve their knowledge on how to modernise their regulatory frameworks, including issues such as measuring and reducing regulatory burdens, and providing adequate frameworks for efficient public services. There is a clear need for further benchmarking of regulatory practices, including tools such as regulatory impact assessment, and of their impact. New issues attracting significant interest include the integration of risk in regulatory processes, and how to ensure regulatory quality at different levels of government.

Lessons from 2005/6

45. The OECD Guiding Principles for Regulatory Quality and Performance were adopted in 2005. Analytical work undertaken in the 2005-06 produced a study on alternatives to regulation and major contributions to the analysis of reducing administrative burdens: a Red Tape Scoreboard and a report providing a cross country assessment of administrative simplification strategies. A specific study was undertaken on RIA as a tool for policy coherence. From a horizontal perspective, the analytical regulatory framework has been extended to include service sectors such as tertiary education, environment and health services.

Expected outcomes

46. 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.

Output results

47. Work in this area will contribute to the cross-cutting activities on comparative country data, risk management, open and inclusive policy making and decentralisation / multi-level governance.

Output 1. Analytical reports

48. The aim of this activity is to improve evidence-based decision making in the following areas:

- **Reducing Administrative burdens**

Regulatory frameworks offering better market conditions and easier market entry for businesses as well as improved access for citizens contribute to structural economic growth conditions as well as to increasing trust in government through open and inclusive policy (4.3.1, Output 2).

- **A comparative study on public services, public-private interface and regulation**

Improved regulatory and competitive frameworks for key service, increase responsiveness to clients' needs, efficiency and accountability. A flexible and balanced mix for service delivery builds on the comparative advantages of the public and the private sectors. This activity also connects with the horizontal programme (Output 2).

- **Indicators of regulatory quality**

Governments need better tools and capacity to benchmark their regulatory practices, and to improve institutional design and. This also contributes to the broad OECD work on understanding the effects of structural reforms, as part of cross-disciplinary work in the Organisation.

- **Comparative Study of regulatory impact assessment**

To improve a key regulatory tool and its use in policy-making, and integrate policies for regulatory quality identified in the horizontal programme (Output 2), ensuring policy coherence from a whole of government perspective. The role of RIA in stakeholder consultation provides the link to open and inclusive policy (4.3.1, Output 2).

- **Risk and Regulation**

An analytical framework for integrating risk management in regulatory decision-making will help governments adopt a proactive strategy in an increasingly uncertain world.

- **Decentralisation – multi-level regulatory capacity**

To improve the institutional design for multi-level regulatory governance in decentralized contexts, and to improve regulatory tools at the local level (See Activity 4.3.1, Output 4).

Output 2. Horizontal Programme on Regulatory Reform

49. The meetings of the Group on Regulatory Policy (GRP) offer an opportunity to discuss cross disciplinary thematic studies. GOV provides coordination using horizontal resources to support complementary work for the participating committees, including the Working Party on Regulatory Management and Reform, the Competition and Trade Committees. The thematic studies selected depend on the strategic priorities and expected outputs that are decided in the participating committees. These should include a focus on strengthening regulatory quality from a whole of government perspective, using RIA as a tool for policy coherence, integrating regulatory governance, competition and market openness in policy making (See RIA study in Output 1). The framework for regulating public services also offers opportunities for cross disciplinary work (See output 1, Comparative study on public services).

50. The peer reviews and monitoring exercises of country performance in the framework of the horizontal programme contribute to a deeper understanding of regulatory practices and of the political economy of structural reform. They offer an opportunity for benchmarking and for diffusing best practice through peer pressure and policy dialogue. These are entirely funded on voluntary contributions and draw on contributions from the participating committees, the GRP serving as a "Committee of Committees" for the final discussion of the broad policy implications of the reviews.

Final output results	Primary funding source
<p>1. Analytical reports</p> <ul style="list-style-type: none"> a) Reducing administrative burdens, including regulation inside government, transparency, and compliance and enforcement in regulatory policy affecting firms. b) A comparative study on the public-private interface for public services and regulatory frameworks, focusing on regulation of public service delivery, including public-private partnerships. c) Indicators of regulatory quality, including feasibility study for developing further measures of outputs and outcomes, with special attention to enterprises. d) A comparative study of regulatory impact assessment, focusing on the impact of RIA processes on policy design for a selection of policy issues in specific sectors, and including consultation procedures, quality control efforts and ex-post evaluation. e) Risk and regulation, including systems for risk management, case studies of specific countries on developing and managing effective systems for risk in regulatory systems, and guidelines. f) Decentralisation - multi-level regulatory governance including, experience with the housing sector and land use, regulatory tools at sub-national level, a framework for country reviews, and general policy implications. 	<p>Part 1 + VCs (See Annex)</p>

2. *Horizontal programme on Regulatory Reform*

- a) Meetings of the Group on Regulatory Policy, cross disciplinary thematic Part I studies.
- b) Peer reviews of country performance in the framework of the horizontal VCs programme

Global relations and work on public governance

51. Global relations work is an integral part of the PGC's programme of work and budget; this is clearly reflected in the tables in Annex 1. However, to facilitate discussion, global relations activities have been grouped together below.

Governance and public sector modernisation in non-member countries

52. Improving public governance and public sector modernisation is now well recognised as a pre-condition to development, economic growth and job creation. Poor public service delivery, corruption, poor regulatory systems, inefficient and overstuffed civil services, have to be addressed before countries can benefit from globalisation.

53. An OECD programme of global relations on public governance is of benefit to all parties. Improving public governance in non-member countries helps them to reach development goals. Improving non-member countries' regulatory systems, decreasing public sector corruption, or cutting red tape and administrative barriers helps OECD countries in regard to their trade and investment interests.

54. The OECD demand for public governance work in non-member countries is reflected in the extensive and growing voluntary contributions from OECD countries to GOV outreach programmes. The Good Governance for Development (GfD) in Arab Countries Initiative, for example, is funded by voluntary contributions from 11 OECD countries. The SIGMA programme is mostly funded by the EU.

Proposals for future activities

China

55. The China Governance Programme, launched in 2003, provides the analytic underpinning to OECD-China policy dialogue. It covers ten key policy sectors, and also reviews overall policy integration. It has led to a recent major and well-received publication. Current work is building on this dialogue, responding to government interest in reviews regulatory reform and multi-level governance

Proposals for 2007/8:

- Regulatory reform review: assisting the shift from direct administration to regulatory governance
- One or several territorial reviews: responding to government requests for assistance in multilevel governance and territorial development policies.
- Focused policy dialogue on integrity as well as aspects of public sector modernisation (budgeting, e-government, human resource management) – subject to voluntary contributions.

MENA

56. The Good Governance for Development (GfD) Initiative is contributing to the modernization of public governance in the Middle East and North Africa (MENA). The Initiative is an innovative regional collaboration among Arab countries supported by co-operation with OECD countries on core institutional reforms. Current work is facilitating the preparation of national action plans for policy and institutional reforms, which are to be presented at a ministerial level meeting in Charm-el-Sheikh in May 2006.

Proposals for 2007/8:

- Strategic road-maps for implementation and monitoring: providing assistance in implementation of national action plans through policy dialogue and through coordination of bilateral assistance
- Establishment of a monitoring system to track progress.

Russia

57. The regulatory reform review for Russia has provided the analysis and recommendations to address the need to develop and strengthen the capacity of state institutions. Current follow-up work is helping Russia create the conditions for good regulatory policy-making, including, at the request of the Russian Federation, a review of the policy options for restructuring the senior civil service.

Proposals for 2007/8:

- Focused policy dialogue: responding to government requests for assistance in administrative and civil service reform, and in restructuring relationships among federal, regional and local governments.
- Workshops on best practice: assisting in developing benchmarks for regulatory quality, administrative reform and for more efficient intergovernmental relationships

SIGMA

58. The SIGMA programme was created in 1992 and is governed by Conventions between the EU and the OECD. The programme provides support to Central and Eastern European partner countries in their efforts to modernise public governance systems. This support includes: assessing reform progress and identifying priorities; assisting in the process of institution-building and setting up legal frameworks; and facilitating assistance from the EU and other donors by helping to design projects and implement action plans. Currently, in addition to the continuing work on the EU accession candidates, important work is underway concerning Turkey and Russia.

Proposals for 2007/8:

- Target countries to include the full list of the partners of the new European Neighbourhood Policy framework including the Mediterranean Rim.

Global Fora

59. The Global Forum on Governance provides an opportunity for cutting edge policy-dialogue with non-members, going beyond the coverage of country and regional programmes. The Global Forum on integrity and procurement has made a key contribution to improving transparency and efficiency in procurement jointly with DAF. In parallel, other similar developments include the OECD non-member Senior Budget Officials' networks have a long track record of bringing senior budget officials together

addressing key budget policy challenges. Similarly, the APEC-OECD Co-operative Initiative on regulatory Reform was launched in Singapore in 2001, providing a forum for policy dialogue in a joint APEC and OECD framework. It has recently met in Korea to promote the use of the integrated APEC-OECD checklist on regulatory reform.

Proposals for 2007/8:

- Prepare proposals for Global Fora on key issues: risk areas in procurement, other public-private sector interface risk areas
- SBO non-member dialogue and country reviews on budgeting
- Regulatory reform reviews and implementation of the APEC-OECD Integrated Checklist, and regulatory impact assessment handbook

India and Latin America

60. Work with these countries has not been as broadly based as in other programmes, except SBO activities in Latin America and a budgetary review in Brazil and Chile.

Proposals for 2007/8:

- Initiate broader programme for India and Latin America, in particular Brazil, responding to government requests: best practice workshops, peer reviews.

ANNEX: INDICATIVE BUDGET PROPOSAL

OUTPUT AREA 4.3.1 GOVERNANCE AND MANAGEMENT OF PUBLIC INSTITUTIONS AND RESOURCES

Expected Output Results	Part I Budget 2007 EURO	Part I Budget 2008 EURO	Voluntary Contributions Required (over 2 year period) EURO
1 Assessing the Results of Reform : Report on Management in Government - Comparative Country Data	166,455	166,455	100,000
2 Report on Inclusion through engagement and a symposium on open and inclusive policy making	193,339	193,339	200,000
3 Symposium and Report on Risk Management	111,799	111,799	
4 Report and symposium on building effective relations across levels of government in decentralised contexts <i>China – Policy dialogue on multi-level governance</i>	57,266 165,514	57,266 165,514	100,000
5 Budgeting and Public Expenditures <i>Seminars on public-private partnerships and public expenditures</i> <i>Analytical reports on better budgeting for fiscal risks</i> <i>Report on integrating performance information in the budget process</i> <i>OECD Database on Budget Practices and Procedures</i> <i>Report on off budget expenditure and other creative accounting techniques</i> <i>Country reviews of budget processes</i> <i>Global Forum on Budgeting - Regional SBO Networks</i>	140,818 162,625 181,109 130,846 72,071 0 0	140,818 162,625 181,109 130,846 72,071 0 0	50,000 50,000 50,000 400,000 50,000 200,000 400,000
6 Public Sector Management and Employment <i>Update of the publication on the "State of the Public Service"</i> <i>Report on managing policy change</i> <i>Reports on improving staff performance management</i> <i>Peer reviews on human resource management</i> <i>Global Relations - policy dialogue and best practice workshops (Russia, and, subject to voluntary contributions : India, Brazil)</i>	80,812 83,264 58,995 0 31,501	80,812 83,264 58,995 0 31,501	80,000 130,000 145,000 200,000 100,000
7 Promoting Integrity and Preventing Corruption <i>Methodology and framework for collecting data on level of integrity and corruption resistance at country level</i> <i>Promoting integrity and preventing corruption in post public employment and lobbying</i> <i>Report on e-procurement – guidelines for enhancing transparency, accountability and integrity by effective use of new technologies</i> <i>China – Policy dialogue</i> <i>Global Forum on integrity and procurement</i>	160,053 125,725 0 0 177,059	144,594 141,184 0 0 177,059	170,000 115,000 100,000 75,000 100,000

OUTPUT AREA 4.3.1 GOVERNANCE AND MANAGEMENT OF PUBLIC INSTITUTIONS AND RESOURCES

Expected Output Results	Part I Budget 2007 EURO	Part I Budget 2008 EURO	Voluntary Contributions Required (over 2 year period) EURO
8 E-Government <i>Report on use of e-government services</i> <i>E-government: partnerships across levels of government</i> <i>Benchmarking e-government expenditures</i> <i>Country reviews on e-government</i>	119,701 98,078 0 0	95,431 122,347 0 0	190,000 30,000 300,000 250,000
9 Reports on Decision Making in Government	156,008	156,008	
10 MENA-OECD Initiative (<i>voluntary contributions indicated for 2007 only pending a decision on the future of the MENA work</i>)	0	0	1,572,500
TOTAL RESOURCES	2,473,037	2,473,037	5,157,500

OUTPUT AREA 4.2.3 REGULATORY REFORM

Expected Output Results	Part I Budget 2007 EURO	Part I Budget 2008 EURO	Voluntary Contributions Required (over 2 year period) EURO
1 Reports to be issued on : <i>Reducing administrative burdens</i> <i>A comparative study on the public-private interface for public services and regulatory frameworks</i> <i>Indicators on regulatory quality</i> <i>Comparative study of regulatory impact assessment</i> <i>Risk and regulation</i> <i>Decentralisation – multi-level regulatory governance</i>	 114,655 84,900 90,300 84,964 98,368 78,251	 114,655 84,900 90,300 84,964 98,368 78,251	 80,000 60,000 120,000 30,000 60,000 70,000
2 Horizontal Programme on Regulatory Reform - <i>Meetings of the Group on Regulatory Policy with cross disciplinary thematic studies</i> - <i>Peer Reviews of country performance in the framework of the horizontal programme on regulatory reform - Monitoring Reviews and National Reviews (Member and Non-Member - eg China)</i>	312,713 0	312,713 0	 1,290,000
3 Russia - policy dialogue and workshops on regulatory reform	248,801	248,801	
4 Global Forum on Governance - Regulatory Reform <i>(APEC-OECD Integrated Checklist and RIA handbook)</i>	60,386	60,386	50,000
TOTAL RESOURCES	1,173,338	1,173,338	1,760,000