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

REPORT BY THE CHAIRMAN OF THE WORKING PARTY OF SENIOR BUDGET OFFICIALS

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

The Chairman of the Working Party of Senior Budget Officials is Mr. Richard P. EMERY, Assistant Director, Office of Management and Budget, United-States.

This room document is for information under Item 5 of the agenda.

For further information, please contact Jon BLONDAL, OECD Secretariat
Tel: +33-1 45 24 76 59; Email: jon.blondal@oecd.org

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1. The Working Party of Senior Budget Officials (SBO) was launched in 1980 and celebrates its 25th anniversary this year. The Working Party currently has four subsidiary networks: the Network on Financial Management, the Network on Performance and Results, the Network of Chairpersons of Parliamentary Budget Committees and the Network on Organisational Structures.

2. **Meetings.** The annual SBO meeting took place on 9-10 June hosted by the Spanish Ministry of Economy and Finance in Madrid. The Network on Financial Management met in Paris on 9-10 February. The Network on Performance and Results met in Paris on 1-2 April. The Networks of Chairpersons of Parliamentary Budget Committees and Organisational Structures did not meet this year. An *Ad hoc* experts meeting on budgetary reallocation took place in Paris on 11 February. An *Ad hoc* experts meeting on controlling tax expenditures and off-budget expenditures took place in Paris on 12-13 February. An *Ad hoc* experts meeting on directly linking budgetary appropriations and performance was held on 31 March.

3. **Research and analysis.** There are three pillars to the SBO program of work – country reviews that take a holistic view of a country's budgeting and management systems, cross-country analysis of specific budgetary and management issues, and the maintenance of a comprehensive database on budgetary practices in Member countries. Country reviews of Denmark and Chile were presented at this year's SBO meeting. Reports on accrual budgeting, reallocation, a review of recent budget reform initiatives, controlling tax expenditures and off-budget expenditures were finalised this year. Work is underway on several issues, including performance and results, directly linking appropriations and performance, the use of market-type mechanisms in the provision of public services and the legal framework for budgeting. The OECD Budgeting Database is being updated. Joint research activities are being undertaken with special support from Canada, Denmark, Korea, the Netherlands, Norway and Spain.

4. **Visiting officials.** The SBO programme of work benefits greatly from officials seconded to the OECD from the budget offices of Member countries. These stays vary in length from several months to several years. This year visiting officials have come from the Dutch Ministry of Finance, the Korean Ministry of Planning and Budget, the Spanish Ministry of Economy and Finance, the Finnish Ministry of Finance, the Finance Committee of the Italian Senate as well as from the International Monetary Fund. Discussions are currently underway on the secondment of an official from the Swedish Ministry of Finance.

5. **Outreach.** Brazil, Chile, Israel and Slovenia are official observers on SBO and participate actively. An extensive programme of co-operation on budgeting is maintained with China. The core of the SBO's outreach activities, however, is the series of Regional SBO Networks that are being established in different parts of the world. These networks bring together the budget directors from the respective regions in a collegiate environment similar to that of the OECD. The Asian SBO was established in 2001 and was last held in Bangkok in co-operation with the Thai Bureau of the Budget. No meeting was held this year. The Latin American SBO was established in 2003 and is based in Santiago, Chile and operates in co-operation with the United Nations Economic Commission for Latin America and Chile's Ministry of Finance. It met on 28 January. The Central and Eastern European SBO is being launched in The Hague on 10-11 November in co-operation with the Netherlands Ministry of Finance. An exploratory meeting for an

African SBO will take place in Pretoria, South Africa on 1-2 December, in co-operation with the South African National Treasury. A Middle Eastern and North African SBO may develop from the MENA governance program being established by the UNDP and the OECD.

6. **Communications.** The OECD *Journal on Budgeting* was launched in 2001. This is a quarterly publication that is the primary vehicle for diffusing the work of the Working Party. The *Journal's* Advisory Board amended its editorial policy this year to welcome submissions from officials in Member countries, academics and researchers. The SBO part of the OECD's website was completely updated during the year, including making back issues of the *Journal* available free on-line. The *SBO Newsletter* was launched in 2004 to provide SBO delegates with concise and timely updates on the activities of SBO.