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REVISED PROGRAMME OF WORK FOR 1999-2000

ANNEX - EXTENDED ACTIVITY DESCRIPTIONS

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For additional information, you may contact Frédéric Boudier at the PUMA Secretariat:
Tel: (33-1) 45 24 90 75 ; Fax: (33-1) 45 24 87 96 ; E-mail address: frederic.boudier@oecd.org

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ANNEX TO THE REVISED PROGRAMME OF WORK FOR 1999-2000

EXTENDED ACTIVITY DESCRIPTIONS

BUDGETING AND MANAGEMENT

Subject

1. A major emphasis of the PUMA programme will be the development and application of acceptable methodologies for investigating the relationship between changed practice in budgeting and management, and performance. This will involve a number of different approaches, from comparative analysis across countries to in-depth analysis of the actual workings of single country budgeting and management systems. The focus will be on informing policy choices about what works in public management systems, including in the management of human resources.

2. Many countries assert that recent public management change has been beneficial, but evidence to date tends to be anecdotal rather than based on hard data. Increasing the amount of hard information and analysis about the current state of public management and the effectiveness of various changes introduced in recent years will be an important aspect of PUMA's reinvention. This approach was requested by Ministers at the 1998 Ministerial Council meeting, and is consistent with leveraging off the core strength of the OECD's unique information position.

Objectives

3. The aim of this group of activities is to improve the quality of decision taking about public management. During the period, the activities will have the following major objectives --

- strengthening the evidence and analytical basis relating to the effects of public management changes;
- improving the understanding of the link between public management performance and economic performance;
- enhancing budgetary and fiscal transparency, and the institutional design of budgeting systems especially in the context of changing demographic pressures;
- bolstering public management system self-review; and
- encouraging prudent innovation.

Scope

4. The outputs to be produced from these activities are shown in the following table.

BUDGETING AND MANAGEMENT OUTPUTS

COUNTRY REVIEWS

Framework	Production of a framework for carrying out single country reviews
Canada	Production of a report on the Canadian budgeting and management system

COMPARATIVE ASSESSMENT

Flexibility and expenditure control	Production of a report analysing evidence of whether increased flexibility adds or subtracts from expenditure control
Processes to reallocate resources	Production of a report analysing evidence of what techniques work best for moving resources from lower to higher priority areas
Agencies	Production of a report analysing the use of agencies, in particular focusing on when organisational rather than other mechanisms are best for the achievement of public policy objectives
Personnel administration practices	Production of a report documenting and assessing selected HRM practices, including describing and analysing public sector pay and employment trends
Efficiency measurement	Production of a report on the appropriate basis to examine public sector productivity.
Statistical enhancement (intermediate)	Bolstering of PUMA's in-house statistical capacity, including completion of the project on harmonisation of public employment data

STUDIES IN INNOVATION

Managing in surplus environment	Production of a report on the institutional design and process changes likely to contribute to successful management of expenditure in a time of fiscal surplus
Performance contracting	Completion of a report drawing together experience in performance contracting and analysing the basis to successful performance contracting
Public-public partnerships	Production of a report drawing together experience in public-public partnerships, especially regarding the management of accountability
Central personnel authorities	Production of a report examining the future role of the central personnel agency

Fiscal transparency

Production of a report proposing best practice guidelines on fiscal transparency

VOLUNTARILY PROGRAMME

Benchmarking

Production of specific benchmarking case studies, as per agreement with funding countries

5. PUMA's work through these activities will continue to focus on harnessing performance improvements through improved public management policy, processes and practices. Such performance improvements can be linked to economic performance.

6. Work in budgeting and management involves a four tiered approach of single country reviews, comparative empirical studies, examinations of innovative practice and benchmarking (if this can be voluntarily funded).

7. Some of the outputs, such as single system reviews, can be expected to be of interest across the major networks serviced by these activities - Senior Budget Officials, Human Resource Management, and Performance Management (electronic). Work on improving the measurement of public sector output through time will also be of interest to more than one Working Party, as will an examination of the use of agencies (or similar) to achieve public policy goals.

8. The single system country studies will be carried out using a standard framework. This framework will be developed by PUMA in co-operation with Member countries. This is one of the flagship outputs, which is described elsewhere.

9. The future work in Budgeting and Financial Management is being proposed to cut across the three major goals of budgetary management, which involve controlling aggregate expenditure, getting resources to flow to where they are most highly valued, and supporting changes in practices which yield greater technical efficiency.

10. In Human Resource Management, there will be a continuation of using the statistical databases on pay and employment together with additional information on the performance results of changed HRM practice. Changes in the degree of devolution over the past few years have induced somewhat of an identity crisis for central personnel authorities. There is considerable interest in examining the future role of central personnel authorities

11. There will be a number of outputs which relate to activities commenced in previous years. This will include reports on performance contracting, multi-level government partnerships, the relationship between increased managerial flexibility and expenditure control and the changing public sector labour force.

Working methods

12. These activities will rely on internal and external analytical resources, with the make-or-buy decision being taken on a case-by-case basis while meeting the constraints imposed by the OECD

management system and striving for the aim of managing the best possible configuration of inputs for each output. Working Party and expert meetings will continue to be important sources of peer review.

13. The upcoming year will see the development of more formal quality assurance and evaluation processes. In particular, it is difficult to make assessments of PUMA's effectiveness in the absence of more information on the impact of PUMA generated analysis, advice and information.

14. Country reviews will rely on an assessment template being developed during 1998. The template will be a joint internal-external product, while the studies will be compiled by the Secretariat. Comparative studies across countries will make use of quantitative information and methods to support robust findings. Productivity work will require some initial conceptual work prior to application.

15. In the upcoming year, a major effort will be taken to upgrade the institutional knowledge of PUMA through bolstering the statistical and related data capacity. While this activity will not directly result in a specific output, it is considered desirable as an investment in maintaining an analytical and advisory capability.

16. The work on budgeting and financial management is being developed with the Senior Budget Officials (SBO) network to ensure ongoing relevance of the work and the analytical approach to budget development and policy-making processes. SBO engages in information exchange and subject specific analysis. This year, the examination of fiscal transparency may result in agreed best practice guidelines.

17. The aim in the human resource management work is to establish the basis for a comparative cross-country analysis of lessons from managing human resources in the public sector. PUMA already maintains a database on public sector pay and employment, which can provide a foundation for such work. The related project on the harmonisation of public employment data in OECD countries will also be helpful in strengthening the basis for comparative cross-country analyses. The successful execution of the analytical and comparative approach in the field of Human Resource management requires the following: establishing a typology of current systems of human resource management in Member countries developing a quantitative base for assessing the effects of human resource management reform, and identifying positive aspects and obstacles observed from recent developments in Member countries.

18. A major initiative this year will be to seek to support specific benchmarking studies on a user pays basis. This area was chosen for this initiative for the following reasons --

- country preferences -- as evidenced by the prioritisation process -- tended to be relatively bimodal (10 countries rated it very high, while 12 rated it very low), suggesting that strong support for this work was held by a subgroup of countries; and
- specific study areas are unlikely to be of interest to the full membership, but may be of very great interest to a smaller grouping.

19. The international benchmarking website will be continued to be provided as part of the servicing to the performance management electronic discussion group.

Co-ordination sought

20. Co-ordination with ECO on the country reviews and on the work on financial management. Co-operation with STD on public sector productivity measurement. and with DEELSA on the human resources management and the use of agencies

Main working parties involved

21. Working parties served by these activities are:

- Senior Budget Officials Working Party
- Human Resource Management Working Party
- The Performance Management Working Party which will no longer meet, but will instead focus on information exchange as an Electronic Discussion Group.

FOSTERING INTEGRITY AND COMBATING CORRUPTION

Subject:

22. Dishonesty or dubious conduct in government wastes resources in both the public and the private sectors. The misuse of public funds and national resources by public officials destroys the public's trust in governments, undermines the rule of law and in the end threatens democracy. Corruption distorts free and fair competition, creates an unpredictable environment for businesses and thus can adversely affect economic growth.

23. Awareness of the need to ensure integrity in the public service has considerably increased internationally. At the same time, public management reforms emphasising managers' autonomy and decentralisation, and the accent put on facilitating private sector operations, have made it necessary to re-examine (and often to re-assert) the traditional ethical standards in use in public services, as well as the management systems in place to enforce these standards. OECD countries adopted on November 21, 1997, a Convention on Combating Bribery of Foreign Officials in International Business Transactions. In March 1998 the Public Management Committee approved a set of 12 *Principles for Managing Ethics in the Public Service* and on April 23, 1998, the OECD Council adopted a Recommendation asking Member Countries to take action to ensure well-functioning institutions and systems for promoting ethical conduct in the public service. The Council asked the PUMA Committee to provide support to Member countries to improve conduct in the public service by, *inter alia*, facilitating the process of information-sharing and disseminating promising practices in Member countries.

Objectives

- disseminate, in Member countries as well as in outreach countries and in other international organisations, the Council Recommendations and the Principles;
- contribute to the OECD's broader effort for the prevention of corruption;
- facilitate the process of information sharing among Member countries on their best practices, efforts and experience;
- collect and analyse information provided by Member countries on the implementation of the Recommendation, and provide the Council with a report on progress, developments, trends and experiences, as well as on barriers and obstacles.

Scope

24. The activity requires closely linked activities:

- An active participation in international events organised around the theme of public service integrity and the prevention of corruption; this includes contributing to and encouraging the organisation of workshops and symposiums by countries and international bodies, to disseminate the OECD's contribution to the international debate, explaining the Organisation's approach to the issue and using these for follow-up and peer review;

- a survey of Member countries, through a questionnaire, to complete or collect data and standardised information on the institutions, rules and incentives in place to ensure integrity, as well as on recent developments in the implementation of the Recommendation;
- a set of country case studies (depending on willingness to participate and on the availability of additional resources);
- depending on the availability of additional resources, in-depth cross-country studies on the pertinence and implications of some of the Principles selected from the list adopted by the PUMA Committee.

Working methods

25. The implementation of the Mandate requires close co-operation with Member countries and within the OECD. Aside from the survey through a questionnaire, the country case studies would be carried-out by teams composed of local specialised practitioners. and the Secretariat, with the help of consultants as necessary. The studies on selected Principles, if the necessary additional resources are available, would be done by consultants, but still reviewed by a reference group made of representatives of a few countries.

Co-ordination

26. DAFPE will be associated to the reference group and, on a day-to-day basis, to the development and implementation of the project.

Main working parties involved

27. The need for more close co-operation with Member countries could be achieved through the institution of a Working Party on Public Service Integrity. A sub-group of the Working Party would act as a reference group for the project (the current reference group is composed of Finland, France, Hungary, Italy, Japan, Norway, the UK and the USA), assisting the Secretariat in the design of the questionnaire and of the indicators, providing guidance and comments on the country case studies, the studies on the selected Principles, and finally on the drafting of the report to the Council.

REGULATORY REFORM

Subject

28. The PUMA work on regulatory reform -- built over several years -- has provided substantive input and other extensive support to the development, organisation, and policy direction of the OECD-wide regulatory reform programme. PUMA's emphasis is on *regulatory quality* --- combining both *good regulation* where needed to protect health, safety, and the environment and to enhance the functioning of markets, and *deregulation* where free markets work better.

29. Regulatory reform is an innovative and fast-moving field. PUMA will focus on helping governments develop new capacities and identify best practices for improving the quality of their regulatory decisions. The intent is to establish a longer-term basis for efficient and responsive regulation by changing incentives, capacities, and cultures in public sector institutions, based on market, juridical, and public management principles. Quality regulation must be based on both good regulatory institutions and well designed regulatory processes. Institutions are the "hardware", while policies and practices, such as consultation with the public, are the "software" of a properly functioning regulatory system.

30. PUMA's work will be aimed at improving the totality of the OECD's policy advice to countries, and will complement work in other parts of the Organisation such as trade, competition policy, environment, and macro and micro economic assessment.

Objectives

PUMA's work on Regulatory Management and Reform will deal with three key objectives:

- Improving government capacities to self-assess regulatory practices against international best practices; the OECD work will help link regulatory frameworks with performance of regulated activities;
- Building more effective and efficient regulatory institutions;
- Enhancing regulatory transparency.

Scope

31. As requested by Ministers, the OECD-wide country reviews on regulatory reform have made substantial progress on the first group of countries (the United States, Japan, Mexico, and the Netherlands), and intend ultimately to include all Member countries. These reviews have largely validated the policy recommendations in the *1997 OECD Report to Ministers*. They have also have identified important weaknesses in Member countries that result in systemic regulatory inefficiencies and failures, and gaps in the OECD work programme on regulation. To carry forward this work which will contribute to improving government capacities to self-assess regulatory practices, PUMA will continue to lead the horizontal OECD work on regulatory reform through the end of 2000. **In addition, there will be reviews of four to five countries in 1999, producing for each a report on capacities of the public administration to assure high quality regulation.** To build a basis for deeper and more rigorous analysis of what works, to improve the basis for self-assessment, and to enhance international information exchange and transparency, PUMA will further develop regulatory indicators. Comparative

benchmarking relevant to SMEs will continue from the PUMA *Multi-Country Business Survey on Regulatory and Administrative Environments*.

32. The OECD country reviews on regulatory reform have shed considerable light on the diversity, complexity, and importance of regulatory institutions at national and other levels of government. In order to build more effective and efficient regulatory institutions, Puma will, in 1999, assess institutional development institutional developments for sectoral regulators. This will include an examination of the independent regulatory commission approach in various settings. In 2000, it will examine how relations between sectoral regulators and competition authorities affect sectoral performance and speed of structural adjustment.

33. Work on how new-regulatory and non-regulatory policy instruments can be most quickly tested and introduced will continue.

34. Following on preliminary work in 1998, PUMA will work on *regulatory compliance* approaches in OECD countries and how reform can contribute to transparency, predictability, and policy effectiveness. "Best practices" to improve the efficiency and transparency of *permitting and licensing systems* (which are among the most damaging of regulatory approaches in terms of potential for barriers to entry, discriminatory actions, and corruption) will also be identified.

35. Transparency of the regulatory system is essential to establishing a stable and accessible regulatory environment that promotes competition, trade, and investment, and helps ensure against undue influence by special interests. Just as important is the role of transparency in reinforcing the legitimacy and fairness of regulatory processes. By 2000, drawing on the country reviews and other work, PUMA will work on improving *regulatory transparency*, and will suggest high priority areas for reform of regulatory practices.

Working methods

36. The PUMA reviews will produce, for each country concerned, a review of government capacities for high-quality regulation, based on self-assessment, peer review, and international benchmarking. Eight to ten countries will be reviewed in 1998-early 2000, and a decision will be taken on how to proceed with the other Member countries. The first four countries to be reviewed are Japan, Mexico, the Netherlands and the United States -- these country reviews will be completed by early 1999. Work on the next four countries -- including Korea, Spain, and Denmark -- is now beginning. Supporting analyses will include refinement of an indicators database on regulatory management capacities in OECD Countries and new work to examine compliance innovations.

37. On a broader scale, PUMA will work to develop a range of indicators of the benefits of regulatory reform. This will in the first instance involve identification, via the Regulatory Management and Reform Group, of performance measures currently used in Member countries and an assessment of the usefulness of the data they are generating. Secondly, the relationships between these will be considered and identification undertaken of additional measures which will be needed to arrive at robust measures of reform results.

Co-ordination

38. Five Directorates and the IEA will be involved in the OECD-wide exercise. STI should be involved in work on the performance of small-and medium-scale enterprises. Work on how relations between sectoral regulators and competition authorities affect sectoral performance and speed of structural

adjustment will be completed with the competition policy and telecommunications experts in OECD. Work on regulatory transparency will be undertaken in co-ordination with DAFFE and TRADE.

Main working parties involved

39. PUMA's *Regulatory Management and Reform Group* bringing together policy officials responsible for cross-cutting and horizontal regulatory reform policies will in 1999 and 2000 contribute to the three key areas. Additionally, some countries have suggested creation of a reference group of countries to provide more frequent advice and direction in specific or particularly sensitive work areas, such as development of regulatory indicators and regulatory impact analysis.

POLICY EFFECTIVENESS THROUGH DEMOCRATIC DECISION-MAKING PROCESSES

Subject

40. The overall thrust of this activity is to provide sufficient and implementable policies. Over the next two years the focus will be on citizens' information and participation in public policy.

41. Most Member countries governments have long-established policies to inform and consult with their citizens on major decisions. More recently, as a higher level of education in the public and the development of mass media have made citizens more demanding of information and increased frustrations with the classical systems of representative democracy, governments have developed increasingly sophisticated techniques of consultation and information on broader public policies, though with mixed results.

42. Today governments, as well as international organisations (with the OECD among them) are faced with two additional challenges : (a) the multiplication of interest groups on all sorts of policy subjects, some of them internationally organised and able to launch global public opinion campaigns; (b) a further development in information technologies (such as the Internet), which are already having a considerable impact on transparency and service delivery, but which governments and multilateral organisations are slow at using for citizens information and consultation purposes, while they are already intensively used by many interest groups to push their agenda.

Objectives

43. The objectives of the project would be :

- **to identify current policies and innovative practices in Member countries to inform citizens and help them participate in policy making and programme delivery;** to begin developing an empirical basis for information on Member Countries experience of openness and transparency , and the importance of consultative and participatory processes and practices; to explore the use of IT indicators measuring government provision of and citizen access to electronic government services in relation to total service delivery;
- **to examine the role of interest groups and non-governmental organisations in this process as intermediaries between the government and the citizens.** This focuses on how their involvement relates to citizens confidence and trust in government and the government's legitimacy for implementing its policies. It also involves a reflection on issues specifically related to their participation in the decision-making processes of a democratic society, namely their own corporate governance and internal democracy, their transparency and accountability to the public, and the question of their representativeness. The project would identify the obstacles to a sound participation of interest groups and NGOs in the decision-making process of governments and international organisations, and formulate recommendations to improve their dialogue.

44. In carrying-out the project, we would aim at helping Member governments deal with the two new challenges described above, removing obstacles and objections to a sound collaboration with citizens groups and thus improving transparency and democracy in modern societies. Similarly, we would contribute to the OECD's and other international organisations' efforts to take into account the

expectations of the public at large, and of various interest groups, regarding their activities and objectives, while continuing to operate according to their mandates and their Member countries' interests and priorities.

Content

45. The activity would be divided into three main research areas :

- 1) Information disclosure and information management policies and practices among governments and the principal international organisations. This includes freedom of information legislation, IT practices related to dissemination, citizens capacities to access information, pricing policies for information, etc.
- 2) Government policies and practices involving public participation/consultation in shaping both policy and programme delivery. This involves reviewing and describing trends and practices for involving citizens in the development and implementation of policies and programmes such as, for instance, representative citizens groups, various forms of task forces and commissions, review and comment periods, etc.
- 3) The role and functioning of interest groups and NGOs in the consultation/information process, including current practices by the countries and international organisations, and the difficulties both sides face when conducting their dialogue.

Working methods

46. An initial review of information on the first two research areas can be undertaken relatively easily through a survey of OECD governments and international organisations which accept to participate, based on a questionnaire, with an analysis of the results carried-out by the Secretariat. The critical element will be a more in-depth case study approach to the third area, allowing for a testing of preliminary findings in the first two areas against the participative experience of NGOs and interest groups. Case studies could target the G7, Korea, one or two Scandinavian countries, and Australia or New Zealand.

47. The work would be carried-out with assistance of a review group of about ten persons, composed of representatives of some Member Countries (if possible from the centres of governments network) and of the OECD Secretariat.

Co-ordination

48. Directorates whose sectors are most concerned with the problematic of citizens participation and interest groups involvement - - such as, for instance, Transportation, Energy, Environment, the NEA-- would be associated . The IT-related work would also build upon consultation with existing networks of government IT officials in the International Council for IT in Public Administration and the G8-Government On-Line pilot project.

49. Case studies addressing the experience of international organisations could involve, in addition to the OECD itself and subject to their acceptance, the World Bank, the EU and the UN or some of its subsidiaries (UNDP, UNICEF, for instance). The country and international organisations case studies would be carried-out by teams , involving a mission to each country co-ordinated with a country-based

consultant (preferably a practitioner), to meet with NGOs and interest group representatives, media, academics, polling groups, government representatives in the most sensitive sectors, etc.

Main working parties involved

50. The project, including its interim products, would be used as an input for discussion at the meeting of Centres of Governments officials. COG participants would be asked to examine the interim reports and the final product, and to provide comments and input, especially on the recommendations. Consultants and some members of the review group could participate in the COG discussions.