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**PUBLIC MANAGEMENT SERVICE  
PUBLIC MANAGEMENT COMMITTEE**

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**ANNUAL REPORT**

**(Note by the Secretariat)**

**19th Session of the Committee, Château de la Muette, Paris  
25-26 March 1999**

*This Annual Report summarises key events, publications and issues that PUMA was involved with in 1998.*

*The Committee is asked to: review the draft report for 1998 and suggest any amendments; and agree to transmit the text (except Annex 2) to the Council, requesting that the text be made available to the public on the PUMA web site.*

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## **ANNUAL REPORT**

Under the terms of its Mandate, the Committee is required to make a brief annual report on its work to the Council. The attached draft emphasises the substantive aspects of its work, rather than process. The Committee should consider to what extent this aim has been met and what could be added which would convey to the Council the main thrust of its concerns.

### **Committee Action**

The Committee is asked to:

- **REVIEW** the draft report for 1998 and suggest any amendments;
- **AGREE** to transmit the text (except Annex 2) to the Council, requesting that the text be made available to the public on the PUMA Web site.

## ANNUAL REPORT

1. In 1998 the PUMA Committee launched a process of “re-invention” of its Programme of Work, and priorities were reassigned so as to better address governance issues, to better integrate PUMA’s work into the Organisation’s priorities including horizontal and outreach projects, and maintain working parties which advance the OECD agenda. The outputs of the “re-invented” programme will be delivered through 1999 and 2000.

### **Actions for improving governance**

#### *Improving integrity in the public sector*

2. The OECD Council adopted a Recommendation on Improving Ethical Conduct in the Public Service on 23 April 1998. The recommendation is based on a set of 12 principles drafted and developed with the help of a reference group and agreed by the Public Management Committee in March 1998. These principles have been designed to help countries review their ethics management systems. At their annual meeting of 27-28 April 1998, OECD Ministers welcomed the Recommendation and asked to receive a report analysing the experiences, actions and practices that have proved effective in a particular national context. The Secretariat is now preparing this report for the year 2000.

#### *Addressing the Year 2000 problem*

3. PUMA co-ordinated work (in co-operation with DSTI) on the economic and sectoral impacts of the Year 2000 problem, and on government's role and actions to address it. Pulling together information on the situation across all OECD Member countries for the first time, the report on "The Year 2000 Problem: Impacts and Actions," has had a world-wide impact. It was first presented to OECD Ministers at the Ministerial meeting on Electronic Commerce in October, and then to Y2K co-ordinators from more than 120 countries at the United Nations meeting on the issue at the end of 1998. It has been downloaded electronically and disseminated at conferences to more than 10,000 people and was widely recognised by other organisations including the United Nations and the World Bank.

#### *Information policy and democratic quality*

4. Twenty-five countries plus the European Commission were represented at the meeting of Senior Officials from Centres of Government, 14-15 September 1998, hosted by the Chancellor of the Swiss Confederation in Bern. It appeared as one of the most successful meetings that the group has held. It provided a relevant exchange on Member countries' experiences in the following areas:

- Information policy and democratic quality (main theme);
- Political/administrative interface;
- Decision making for "mega policies".

5. Discussions on the main theme (Information policy and democratic quality) focussed on the move of information policies towards more proactive and comprehensive communication/participation

policies. This discussion will contribute to the project on "Strengthening Government-Citizen Connections".

6. A report of the experience of eight OECD countries on "The Impact of the Emerging Information Society on the Policy-Making Process and Democratic Quality" examined how claims that the Internet will transform democracies measure up to closer scrutiny. It found that while the Internet has the potential to support efforts to enhance citizen involvement in policy-making and democratic participation, its actual impacts are complex and not always positive. Further work on the role of IT in improving the quality of democratic decision-making will continue in PUMA's flagship activity on "Strengthening Government-Citizen Connections."

#### *Strategic management*

7. A Country Group composed of 9 Member countries was established to assist the Secretariat in the preparation of the Symposium -- *Government of the Future: Getting From Here to There* -- scheduled for 14-15 September 1999. The Group met twice during the year in April and November.

#### *Surveys of issues and developments in public management*

8. PUMA's flagship series of surveys of issues and developments in public management was updated through individual "country reports" highlighting the latest developments across most OECD countries. More detailed information on developments in Member countries was also available through case studies on "Information Technology as an Instrument of Public Management Reform in Five OECD Countries," and case studies of five countries on reforms to public enterprises.

#### **Budgeting and management**

9. Work in this area relates to the programme of two working parties - Senior Budget Officials (SBO) and Human Resource Management (HRM). The year saw a deliberate shift in the focus of the work to more analytical testing of the assertions associated with managerial and procedural change. This is to provide policy relevant conclusions to countries which are considering embarking on change. The change in focus is reflected in the emerging work programmes in support of the Working Parties.

10. The substantial reduction in resources available to PUMA led to rationalisation of the Working Parties with the discontinuation of the Performance Management Working Party and merging the working parties of Public Sector Pay and Human Resource Management. It also meant that resources previously allocated to issues associated with managing across levels of government were shifted into the core working parties mentioned above (SBO and HRM).

11. The work on Budgeting and Management is divided into three main output groupings:

- analysis of the conduct of management and budgeting in single countries;
- comparative analysis across countries; and
- examination of particular innovations where more rapid transfer to other countries may be particularly beneficial.

*Single country studies*

12. The first review of a single country budgeting system (Sweden) was conducted as a pilot under the aegis of the Senior Budget Officials. After consideration at the meeting of the Senior Budget Officials (SBO) and the PUMA Committee, it was decided to extend this programme to at least two countries per year, with the next study being conducted on Canada in 1999.

13. In support of the programme of single country reviews, a study was carried out into issues with integrating financial and performance management. This study will feed into the development of the framework for carrying out these single country reviews.

*Cross country studies*

14. A particular focus was on new forms of contracting in the public sector - in particular, performance based contracting within and between jurisdictions. An expert meeting was held on performance contracting in May, and one on public-public partnerships in September. The case studies produced for these meetings and the comparative analyses conducted will be published in first quarter, 1999.

15. A series of case studies were commissioned on the migration from traditional bureaucratic forms to the more corporate form of State-owned enterprises. These studies were considered at the SBO meeting.

16. A number of best practice studies were carried out, including contracting-out of government services, user charging and guidelines for the conduct and use of evaluation.

17. Countries continue to use a variety of approaches in the management of public sector human resources. Three comparative studies were completed:

- A study of public sector wage determination in Italy and France;
- An examination of the state of the higher civil service in Canada, the United Kingdom and the United States;
- A study on approaches to downsizing.

*Innovations*

18. Three studies into particular innovations were also completed. They examined: the Chilean Pension System; some modern financial management techniques that can be introduced into government agencies; and the introduction of vouchers as an instrument of policy.

**Regulatory management and reform**

19. Regulatory reform is an innovative and fast-moving field. The PUMA work programme on regulation has focussed 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.

*Management of the OECD-wide country reviews of regulatory reform*

20. 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 intends 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, PUMA was asked in 1998 to continue to lead the horizontal OECD work on regulatory reform, under the direction of a Deputy Secretary-General, through the end of 2000. The section on horizontal projects in this report summarises the achievements in 1998 on the country reviews.

*Preparation and peer review of PUMA chapters for the country reviews*

21. In addition to overall management of the review programme, PUMA prepared four chapters assessing the capacity of the government to develop and implement quality regulation in Japan, Mexico, the Netherlands, and the United States, and providing policy advice. Each of the four chapters was peer reviewed during 1998 in an innovative process by the Regulatory Management and Reform Group. Before launching the reviews, PUMA prepared in early 1998 a substantive framework for multidisciplinary country reviews and a review questionnaire for the countries under review. to enable the OECD and the Member countries to assess progress on regulatory reform in the quality of the public sector. This work also fulfils the 1995 request from the Council that PUMA assess the extent to which Member countries have implemented regulatory disciplines such as those in the 1995 OECD Recommendation on Improving the Quality of Government Regulation. The reports will be published in 1999.

*Development of comparative benchmarks*

22. PUMA has used the country review process to develop comparative benchmarks of relevance to regulatory quality capacities that can be used 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. In 1998, PUMA made significant progress in assembling the first set of data needed for such work. PUMA, with the Regulatory Management and Reform Group, completed a comprehensive survey instrument, and participated in the OECD-wide regulatory indicators survey launched in March 1998. Twenty-seven countries responded to the survey. PUMA used the responses to establish a database of indicators on various aspects of the quality of government regulatory capacities. Two preliminary reports on the results of the indicators work were discussed by the Group at its meetings in June and October 1998, and further work was requested to improve the relevance and comparability of the indicators.

*Launching the PUMA Multi-Country Business Survey in eight countries*

23. This work is intended to produce the first comparative benchmarks of regulatory and administrative environments for small and medium scale enterprises. In 1998, PUMA completed the survey instrument after a final round of consultations. Of the 13 countries participating in the first round of surveys, eight launched the survey process in 1998. Several country reports were prepared based on the responses, and progress was made on preparation of a comparative benchmarking report. This Survey is

based on a partnership approach (between BIAC and the business associations, government agencies, and the OECD) that is a pioneering means of sharing costs and enhancing the impacts of OECD work. On related matters, PUMA staff participated in meetings on the initiatives of the European Commission on administrative burdens and benchmarking business licenses in order to co-ordinate efforts.

#### *Completion of an initial report on regulatory compliance*

24. Regulatory reform affects the implementation and performance of public policies, that is, the capacity of the government to take effective action in the public interest. One important aspect of effectiveness is the level of compliance. PUMA completed in 1998 a preliminary report on the pressures against good compliance in OECD countries, and innovative approaches in countries to improve compliance while reducing costs. The report was discussed at the October 1998 meeting of the Group, and further work was requested in the area.

25. PUMA completed two additional occasional papers on regulatory innovations in OECD countries: *Co-operative Approaches to Regulation* and *Putting Markets to Work – The Design and Use of Marketable Permits and Obligations*.

26. PUMA staff participated in several regulatory reform conferences and internal seminars at the request of Member countries, and on a reimbursable basis worked with SIGMA on regulatory reform in Central and Eastern Europe. In addition, on a reimbursable basis, PUMA completed a major review of the regulatory impact analysis programme in Victoria, Australia, for the use of the Victorian Parliament.

## **Outreach**

### *Reform in Central and Eastern Europe*

27. The SIGMA Programme is a joint initiative of the OECD and the European Union's Phare Programme, principally financed by Phare. SIGMA is implemented by PUMA, and supports 13 central and eastern European countries in putting into place the central management systems of government.

28. A prominent feature of SIGMA's work in 1998 was the provision of comparative information and advice on building administrative institutions to fulfill the general "Copenhagen criteria" for EU membership, and to adopt, implement and enforce the *acquis communautaire* (the extensive body of EU legislation). With the launch of EU membership negotiations during the year, the need to upgrade the horizontal functions of governance to ensure overall coherence and effectiveness of sectoral reforms became more pressing.

29. Major activities included counselling on: improving inter-ministerial co-ordination and decision making within the context of European integration; drafting civil service legislation and creating new personnel systems; adopting anti-corruption laws and ethical standards; putting into place modern budgetary mechanisms consistent with EU requirements; and creating reliable public procurement institutions and training systems. SIGMA also advised on the strengthening of independent audit and financial control systems, and the formation of a network of audit officials across Europe, including both EU Member States and candidate countries.

*Other activities*

30. In addition to the growing activities of the SIGMA programme PUMA expanded the range of its outreach activities. A workshop on Public Management in Support of Social and Economic objectives was organised by PUMA in the framework of the CCNM's Emerging Market Economy Forum. Further co-operation with DAFWE and the Development Centre was developed particularly on anti-corruption measures. A study of the Chilean pension System was also completed (see paragraph 18).

**Communications**

31. Communications is treated as a high level priority by the Public Management Committee which created a special working group to guide the efforts of the Secretariat. The broad dissemination of the Year 2000 report (downloaded by over 4,000 users) was just one indication of the results of the special attention paid to the communications strategy. Now, most PUMA outputs are disseminated at no charge through the PUMA Web site, ([www.oecd.org/puma](http://www.oecd.org/puma)) rather than as for-sale publications. Access to the Web site continued to grow dramatically during the year, more than tripling to around 30,000 users per month. Another aspect of the communications strategy is the free distribution (more than 7,000 copies) of OECD guidelines on evaluation, user charging, and ethics in the form of concise Policy Briefs. Another popular initiative is the dissemination (6,000 copies) of a quarterly newsletter, *Focus* that informs on innovative management practices in countries and establishes linkages among public sector officials of Member countries.



## ANNEX I

### MAIN MEETINGS AND KEY REPORTS A SUMMARY

#### Meetings and exchange of experiences

32. Substantive discussions for senior officials from central public management agencies in OECD countries were held on:

- Information Policy and Democratic Quality (Senior Officials from Centres of Government)
- The Role of the Legislature in the Budget Process, modern financial management practices, voucher programmes and their role in distributing public services, and reforming public enterprises (Senior Budget Officials)
- Trends in public sector pay and public employment management, and public sector workforce adjustments in OECD countries (Public Sector Pay and Human Resource Management)
- Work on Regulatory Management and Reform

33. A workshop on Public Management in Support of Social and Economic objectives was organised by PUMA in the framework of the CCNM's Emerging Market Economy Forum.

#### Key reports completed

##### Occasional Papers

- User Charging for Government Services: Best Practice Guidelines and Case Studies
- Contracting Out Government Services: Best Practice Guidelines and Case Studies
- Wage Determination in the Public Sector: A France/Italy Comparison

##### Policy Briefs

- PUMA Policy Brief No. 3: Best Practice Guidelines for User Charging for Government Services (March 1998)
- PUMA Policy Brief No. 4: Principles for Managing Ethics in the Public Service: OECD Recommendation (May 1988)
- PUMA Policy Brief No. 5: Best Practice Guidelines for Evaluation (May 1998)

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- PUMA Policy Brief No. 6: The Year 2000 Problem: Impacts and Actions (October 1998)

### **General Distribution Documents**

- Public Management Reform and Economic and Social Development
- Impact of the Emerging Information Society on the Policy Development Process and Democratic Quality
- Information Technology as an Instrument of Public Management Reform: A Study of Five OECD Countries
- The Year 2000 Problem: Impacts and Actions
- Modern Financial Management Practices
- Budgeting in Sweden
- The Chilean Pension System
- The Capacity for Long-Term Decision Making in Seven OECD Countries: The Case of Ageing

### **SIGMA Publications and Reports**

#### **Papers Series**

CCET/SIGMA/PUMA(98)1 (SIGMA Paper No. 22)	10/02/98
Management Challenges at the Centre of Government: Coalition Situations and Government Transitions	
CCNM/SIGMA/PUMA(98)39 (SIGMA Paper No. 23)	13/05/98
Preparing Public Administration for the European Administrative Space	
CCNM/SIGMA/PUMA(98)41 (SIGMA Paper No. 24)	26/05/98
Central Bank Audit Practices	
CCNM/SIGMA/PUMA(98)48 (SIGMA Paper No. 25)	25/11/98
Public Opinion Surveys as Input to Administrative Reform	
CCNM/SIGMA/PUMA(98)57 (SIGMA Paper No. 26)	25/11/98
Sustainable Institutions for European Union Membership	

## ANNEX 2

## PUMA COMMITTEE DOCUMENTS FOR 1998

PUMA/A(98)1	Provisional Agenda, 17 <sup>th</sup> Session of the Public Management Committee	06/03/98
PUMA/A(98)2	Provisional Agenda, 18 <sup>th</sup> Session of the Public Management Committee	02/09/98
PUMA/A(98)2/REV1	Provisional Agenda, 18 <sup>th</sup> Session of the Public Management Committee	08/10/98
PUMA(98)1	Principles for Ethical Conduct in the Public Service	12/03/98
PUMA(98)2	Improving the Performance Orientation of Government: Challenges and Priorities	11/03/98
PUMA(98)3	Best Practice Guidelines for Evaluation	05/03/98
PUMA(98)4	Annual Report	16/03/98
PUMA(98)5	Programme of Work and Budget 1999-2000	12/03/98
PUMA(98)5/REV1	Revised Programme of Work and Budget 1999-2000	18/09/98
PUMA(98)6	Status of Activities	20/03/98
PUMA(98)7	1998/1999 Calendar of Meetings	23/03/98
PUMA(98)7/REV1	1998/1999 Calendar of Meetings	28/10/98
PUMA(98)8	Consultations between the PUMA Bureau and TUAC Provisional Agenda	12/03/98
PUMA(98)9	Letter of Invitation and Programme for "Global Year 2000"	21/08/98
PUMA(98)10	The Year 2000: Impacts and Actions	26/08/98
PUMA(98)10/REV1	The Year 2000: Impacts and Actions	21/09/98
PUMA(98)10/FINAL	The Year 2000: Impacts and Actions	01/10/98

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PUMA(98)12	Revised Programme of Work 1999-2000	08/10/98
PUMA(98)12/ANN1	Revised Programme of Work 1999-2000. Annex – Extended Activity Descriptions	22/10/98
PUMA(98)13	Review of Selected Projects	08/10/98
PUMA(98)14	Information Technology as an Instrument of Public Management Reform – A Study of Five OECD Countries	03/12/98
PUMA(98)15	Impact of the Emerging Information Society on the Policy Development Process and Democratic Quality	
PUMA/M(98)1	Summary Record of the 17 <sup>th</sup> Meeting of the Public Management Committee	08/10/98
PUMA/M(98)2	Summary Record of the 18 <sup>th</sup> Meeting of the Public Management Committee	24/02/99
PUMA/RD(98)1	Country Fact Sheets	27/03/98
PUMA/RD(98)2	PUMA Communications Group: Report to PUMA Committee	26/03/98
PUMA/RD(98)3	Strategic Review and Reform	26/03/98
PUMA/RD(98)4	Country Fact Sheets	29/10/98
PUMA/RD(98)5	PUMA Communications Group: Report to PUMA Committee	29/10/98
PUMA/RD(98)6	Integrating Financial and Performance Management: A Concept Paper Draft	28/10/98

## **ACTIVITY DOCUMENTS FOR 1998**

### **MANAGEMENT OF POLICY-MAKING**

#### *Activity Meeting, Senior Officials from Centres of Government, Berne*

PUMA/MPM/A(98)1	Programme. Meeting of Senior Officials from Centres of Government on Information Policy and Democratic Quality	26/08/1998
PUMA/MPM(98)1	Introductory Note	22/05/1998
PUMA/MPM(98)2	Issues Paper: Information Policy and Democratic	24/08/1998

## Quality

PUMA/MPM(98)3	Issues Paper: The Political/Administrative Interface. The Role of the Centre of Government in Political Transitions	21/08/1998
PUMA/MPM(98)4	Issues Paper: Decision-Making for "Mega" Policies	25/08/1998

**SENIOR BUDGET OFFICIALS***Activity Meeting, Senior Budget Officials*

PUMA/SBO/A(98)1	Annotated Agenda	23/01/98
PUMA/SBO(98)2	Main Issues	29/04/98
PUMA/SBO(98)3	Survey of Budgeting Developments -- Questionnaire	23/01/98
PUMA/SBO(98)3/ANN	Survey of Budgeting Developments -- Country Responses	22/05/98
PUMA/SBO(98)4	The Role of Legislature	22/05/98
PUMA/SBO(98)5	Budgeting in Sweden	27/04/98
PUMA/SBO(98)5/REV1	Budgeting in Sweden	24/06/98
PUMA/SBO(98)6	Reforming Public Enterprise	23/04/98
PUMA/SBO(98)6/ANN	Reforming Public Enterprise -- Case Studies	11/02/98
PUMA/SBO(98)7	Voucher Programmes and their Role in Distributing Public Services	22/04/98
PUMA/SBO(98)8	Modern Financial Management Practices	22/04/98
PUMA/SBO(98)8/FINAL	Modern Financial Management Practices	13/01/99
PUMA/SBO(98)9	Public Management Reform and Economic and Social Development	10/04/98

**HUMAN RESOURCE MANAGEMENT***Activity Meeting on Trends in Public Sector Pay*

PUMA/HRM(98)1	Annotated Agenda	04/06/98
PUMA/HRM(98)2	Public Sector Pay and Employment Data Update	17/06/98

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PUMA/HRM(98)3	Emerging Trends in Public Employment Management	17/06/98
PUMA/HRM(98)4	Summary Record	16/10/98
PUMA/HRM/RD(98)1	Public Sector Workforce Adjustments in OECD Countries	19/06/98

**REGULATORY MANAGEMENT AND REFORM**

PUMA/REG/A(98)1	Final Agenda, Meeting of the Regulatory Management and Reform Group The PUMA Regulatory Quality Review: Cross-Country Indicators and Review of the Netherlands and the United States.	25/06/98
PUMA/REG/A(98)2	Agenda, Meeting of the Regulatory Management and Reform Group. The PUMA Regulatory Quality Review: Reivew of Japan and Mexico	21/10/98
PUMA/REG/M(98)1	Summary of the Meeting of the Group on Regulatory Management and Reform, 29-30 June 1998	28/08/98
PUMA/REG(98)1	Improving Government Capacity to Assure High Quality Regulation: Draft Country Review of the Netherlands	10/06/98
PUMA/REG(98)2	Improving Government Capacity to Assure High Quality Regulation: Draft Country Review of the United States	19/06/98
PUMA/REG(98)3	Indicators of Regulatory Capacities in OECD Countries: Preliminary Analysis	25/06/98
PUMA/REG(98)4	Progress Report on the Multi-Country Business Survey	19/06/98
PUMA/REG(98)5	Business Survey: Summary of Comments received on the "PUMA Multi-Country Business Survey"	23/06/98
PUMA/REG(98)6	Implementation Guidelines of the Multi-Country Business Survey: Benchmarking Regulatory and Administrative Business Environment	22/06/98
PUMA/REG(98)7	Status of Current Work for the PUMA 1998-1999 Work Programme on Regulatory Management and Reform	25/06/98
PUMA/REG(98)8	Improving Government Capacity to Assure High Quality Regulation: Draft Country Review of Mexico	13/10/98
PUMA/REG(98)9	Improving Government Capacity to Assure High Quality Regulation: Draft Country Review of Japan	06/10/98

PUMA/REG(98)11	Indicators of Regulatory Capacities in OECD Countries: Analysis and Interpretation	09/10/98
PUMA/REG(98)12	Possible Directions for PUMA Work on Regulatory Reform, 1999-2000.	28/09/98
PUMA/REG(98)13	The Preliminary Report on the State of Regulatory Compliance	24/09/98