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Economic Cooperation

Handbook for "The APEC Voluntary Reviews of Institutional Frameworks and Processes for Structural Reform"

APEC Policy Support Unit

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Prepared by:
Asia-Pacific Economic Cooperation Policy Support Unit
Asia-Pacific Economic Cooperation Secretariat
35 Heng Mui Keng Terrace
Tel: (65) 6891-9500 Fax: (65) 6891-9690
Email: psu@apec.org Website: www.apec.org

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FOREWORD

To facilitate the conduct of voluntary reviews of institutional frameworks and processes for structural reform, the APEC Policy Support Unit has prepared this guidance manual that sets out in a single document the objectives, scope and desired outcomes of the reviews. It is intended to assist reviewers, volunteering economies and their respective agencies and other interested stakeholders to prepare for and participate in the reviews.

This manual will be updated as necessary to reflect relevant decisions of the APEC Economic Committee and lessons learned from the reviews undertaken.

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1. BASIS OF THE REVIEW

At the 15th APEC Economic Leaders' Meeting held in Sydney, Australia on 9 September 2007, the Leaders acknowledged the importance of strengthening domestic institutions that support structural reform. The Ministers of the APEC economies responsible for structural reform met the following year in Melbourne, Australia on 3 – 5 August 2008 and agreed on the importance of building robust institutional frameworks and processes that can help governments achieve sustainable structural reform. They tasked the Economic Committee (EC) to further develop a process of voluntary self-review of economies' institutional frameworks that support structural reform.

A process of voluntary self reviews was developed and endorsed at the EC2 meeting held on 23 – 24 July 2009 in Singapore.[1] The key features of effective reform institutions or processes that were agreed as important for supporting reform are: Mandate, Governance, Budget, Independence, Authority, Transparency, and Economy-wide mandate/perspective.[2] It was accepted that an effective institution or combination of institutions, together with the processes to achieve reform do not need to possess all these features. They may be modified to accord with the wider political, economic, and social context as well as the nature of the institution itself.

The overall purpose of the review is to examine the extent to which these key features are present in the institutions and processes for structural reform of the reviewed economy. This review complements the APEC-OECD Integrated Checklist on Regulatory Reform.[3]

[1] "Issues Paper for Review of Institutional Frameworks" Second Economic Committee Meeting Singapore 23-24 July 2009 (2009/SOM2/EC2/021) and Amendments to 2009/SOM2/EC/021.
[2] See Annex 1 for a brief explanation.
[3] See Annex 2 on policy and regulatory reviews in APEC.

2. OBJECTIVE

Consistent with the Joint Ministerial Statement, the objective of the review is to assist APEC economies to build and maintain effective institutions and processes to support structural reform efforts.

On the request of the participating economy, the results of the review could be used to identify technical assistance and capacity building activities, and the EC could help identify the appropriate APEC or non-APEC bodies that could provide such assistance.

3. SCOPE

Structural reform consists of improvements made to institutional frameworks, regulation and government policies such that the economic environment supports the efficient functioning of markets, and ultimately enhances living standards in a sustainable way. Thus, the immediate goal is to create markets that are stronger and more efficient. Ultimately, the goal is the sustainable improvement of the well-being of citizens. *(Source: 2006 APEC Economic Policy Report by the APEC Economic Committee, page 2)*

Based on this understanding of structural reform, the review would:

a. Examine how reforms are generally initiated and how decisions relevant to structural reform are made in the Volunteering Economy. In doing so, the review would also identify key institutions or institutional processes that are in place to promote and drive structural reform and policy;
b. Analyze the capacities of the institutions and processes using a standard set of questions;
c. Identify significant issues, including lack of appropriate institutions; and
d. Make clear and practical recommendations for the Volunteering Economy to consider in order to strengthen its institutional framework and processes to support and implement structural reform.

4. THE ACTORS

There are three main actors in the review process: the Volunteering Economy, the Reviewer, and the Economic Committee as represented by the EC Chair. The success of the review depends on the collaboration of these actors.

A. VOLUNTEERING ECONOMY

Participation entails a commitment to complete the questionnaire for self-review and to cooperate with the reviewers by, among other things: making relevant material available in a timely manner, facilitating contacts, organizing consultations, hosting on-site visits, and responding to additional queries. The quality of the report depends heavily on the completeness and accuracy of the information provided. It is also important for reviewed economies to provide feedback on the review process in order to improve the conduct of reviews in the future. The individuals responsible for participating on behalf of the reviewed economy could include government officials from the appropriate branches of government. To be able to cast a wider perspective on the institutions and processes, it would be good to include consultations with stakeholders in the structural reform process such as politicians, the business sector, consumer groups, think tanks, the academic community, the media, as well as international organizations.

B. REVIEWER

For an effective review process it is essential for the Reviewer to be able to work collaboratively with the Volunteering Economy and at the same time produce a report that is independent, analytically rigorous, and useful. Thus, it is important that the Reviewer have a good understanding of structural reform particularly in reference to institutions and processes. It is also important for the Reviewer to be knowledgeable about the economy being reviewed so as to have a broad perspective and appreciation of the wider political, economic, and social context.

The tasks of the Reviewer include collecting necessary information and materials, assisting the Volunteering Economy in completing the questionnaire, conducting consultations, preparing the report, and presenting the results to the Economic Committee. The Reviewer will also provide advice to the EC to improve the review process, including the questionnaire.

The Reviewer will come from the Policy Support Unit (PSU) or an external consultant to be assisted by the PSU. The PSU should also be available to meet with economies who are exploring to participate in the Review. In these meetings, the PSU could explain in further detail the process involved and the prospective Volunteering Economy could raise questions or concerns it may have.

C. ECONOMIC COMMITTEE

The Economic Committee is the main driver of the Review of Institutional Frameworks and Processes for Structural Reform and is responsible for its overall success. As such, the EC is responsible for encouraging member economies to volunteer for the review, for ensuring the integrity as well as quality of the review, and for evaluating its impact. The Chair of the EC

officially commences the review, conducts the meeting at the EC, and officially concludes the review.

5. THE PROCESS FOR THE REVIEW

The Review process comprises six main steps:

1. Preparation

An economy initiates the process by signifying to the EC Chair its intention to volunteer for the review. Both the PSU Director and the APEC Secretariat Program Director for the EC should be copied in this communication. A sample of this communication can be found in Annex 3. In the notification, the economy nominates a contact point for the review process. This notification will trigger the mobilization of the PSU or a consultant who will carry out the review with the support of the PSU. During this stage, which is estimated to take a month, a timetable for the Review is drawn up and arrangements are made for the consultation.

2. Review and Consultation

In this second step, the Volunteering Economy is expected to complete a questionnaire with the assistance of the Reviewer. Consultations with government officials and other relevant stakeholders will also be conducted by the Reviewer. The consultation process is expected to be conducted within two to three months. In addition to the completed questionnaire, a mission report to be prepared by the Reviewer will be produced in this step. The mission report is simply an internal reporting document of the PSU (or between the PSU and the consultant if one is engaged) for purposes of monitoring the progress of the review and is not submitted to the Volunteering Economy or the EC.

3. Preparation of Report

After the consultations, the Reviewer will be given approximately two months to prepare a draft report. During this period, the Reviewer may seek clarification and/or additional information from participants in the consultation process.

The Volunteering Economy will be able to provide, in writing, its response to the draft report. This response will form part of the report to be tabled for discussion at the Economic Committee.

4. Presentation and Discussion of the Review

The draft report will be presented at an EC meeting. The EC's consideration of the review of the economy should take two to three hours. If an EC meeting is to review more than one economy, it would need to have a special session in addition to the plenary meeting.

5. Conclusion/Wrap-up

The final draft will be prepared by the Reviewer within one month of the meeting and submitted to the EC Chair for confirmation. Both the Volunteering Economy and the APEC Secretariat Program Director for the EC are given a copy of the Final Report. The Final

Report may or may not be published depending on the decision of the Volunteering Economy.

6. Follow-up and Evaluation

This final stage is important for the improvement of the review exercise. The Volunteering Economy should provide feedback in terms of both the process and outcomes so that the review exercise is strengthened over time. The feedback can take the form of written reports or informal oral reports by the reviewed economy in Economic Committee meetings. After reviewing several economies, the EC will develop a Synthesis Report that summarizes the lessons learned through the reviews.

The Volunteering Economy should also endeavor to update the EC on progress in building and maintaining effective institutions and processes to support structural reform efforts. Based on the results of the Report, the Volunteering Economy may seek technical assistance and support for capacity building activities to implement the recommendations. The EC could help identify the appropriate APEC or non-APEC bodies that could provide such assistance.

An overview of the review process is presented in the following table. Annex 4 contains the Questionnaire to be completed by the Volunteering Economy. A tentative outline of the Report to be prepared by the Reviewer appears in Annex 5.

Table 1. Overview of Review Process

Steps	Prepare for Review →	Conduct Review →	Prepare Report →	Present Outcome of Review →	Conclude Review →	Follow-up and Evaluate
Timeframe (estimated average time)	1 month	3 months	2 months	2 – 3 hours	1 month	Ongoing
Documentation	Letter of notification from Volunteering Economy to the EC	Completed questionnaire Mission report	Draft Report	Presentation Comments of the Volunteering Economy on the Draft Report Record of the meeting	Final Report Instructions re. dissemination	Written feedback or record of feedback provided in EC meetings Synthesis Report
EC Chairman's role	Officially commences the review			Chairs meeting	Officially concludes the review process	Seeks feedback on the Review Commissions Synthesis Report
Volunteering Economy's role	Initiates the review Prepares for economy consultations	Organizes consultations Completes the questionnaire	Provides additional information on request	Responds to comments and questions	Informs EC on dissemination and next steps	Provides feedback on the review exercise as well as updates on the outcomes
Reviewer's role	Conducts review of the relevant literature	Participates in the consultations Collects information Assists in completing the questionnaire	Prepares the Draft Report	Presents the Draft Report	Finalizes report based on meeting outcomes	Provides advice to the EC on the review process and questionnaire

ANNEX 1. FEATURES OF EFFECTIVE INSTITUTIONS THAT SUPPORT STRUCTURAL REFORM

Effective institutions usually share some common features and characteristics. However, an effective institutional framework does not have to possess all those features outlined below. Further, a government should use or adapt these features so that its institutional arrangements are consistent with the wider political, economic and social environment.

Mandate
A mandate to undertake policy research, analysis and review and to advise government and other stakeholders, including citizens, is integral to an effective institutional framework supporting structural reform.

Governance
Membership of the responsible board, commission, taskforce or inquiry should include a range of stakeholder views and interests drawn from different sectors of the economy including government, citizens and business.

Budget
Certain, secure budget funding is necessary to ensure that institutions have adequate resources to perform their role in advancing structural reform free from political interference.

Independence
Institutions should have legal or informal independence from government and not be subject to government policy when performing its role.

Authority
Institutional authority is necessary so that it is a persuasive advocate for reform. The appointment of a strong chairperson who is influential and credible amongst stakeholders, including government, citizens and business, will enhance the authority of an institution.

Transparency
Transparency has two aspects: firstly, institutions should conduct public consultation; and, secondly, analysis and recommendations formulated by the institution and presented to government should be made public.

Economy-wide perspective
This means all analysis and recommendations made by the institution are based upon a complete and comprehensive understanding of the net benefits and costs of reform.

Source: "The Political Challenges of Structural Reform" Ministerial Meeting on Structural Reform in Melbourne, Australia 3-5 August 2008 (2008/SRMM/002), page 21.

ANNEX 2. POLICY AND REGULATORY REVIEWS IN APEC

Conducting reviews of member economies' policy and regulatory frameworks is not new in APEC. In addition to this exercise (the voluntary reviews of member economies' institutional frameworks and processes for reforms or "Institutional Review"), APEC members have also employed the Individual Action Plan Peer Review and the APEC-OECD Integrated Checklist on Regulatory Reform.

The Individual Action Plan Peer Review[4]

In 1994 APEC Economic Leaders adopted the Bogor Declaration to achieve free and open trade and investment in the Asia-Pacific region by 2010 for industrialized economies and 2020 for developing economies.

The Individual Action Plan (IAP) is prepared by each economy as a kind of self-reporting and contains an economy's liberalization and facilitation efforts. It reflects their progress towards the Bogor Goals and the Osaka Action Agenda. The IAP Peer Review process began in 1997 as a voluntary mechanism for APEC economies to evaluate their progress towards the Bogor Goals. In line with the concept of concerted unilateral liberalization, APEC member economies undertake the actions reported in their IAP on a voluntary and non-binding basis. APEC IAP Peer Review follows APEC's non-binding principle. Through a peer review process, member economies are encouraged to continue their efforts to reach the Bogor Goals of achieving free and open trade in the region. The IAP Peer Review process is not adversarial. It provides a mutual learning experience for all APEC members and individuals involved.

APEC-OECD Checklist for Regulatory Reform[5]

Member economies of APEC and the OECD have recognized that regulatory reform is a central element in the promotion of open and competitive markets, and a key driver of economic efficiency and consumer welfare. As a result, agreement for an *APEC-OECD Co-operative Initiative on Regulatory Reform* was reached in June 2000 and was endorsed at the APEC Ministerial Meeting on 12 – 13 November 2000 in Brunei Darussalam, in order to promote the implementation of the APEC and the OECD principles by building domestic capacities for quality regulation.

The Checklist is a voluntary tool that member economies may use to evaluate their respective regulatory reform efforts. The checklist is comprised of four sections including 40 specific open questions in total. The first is a horizontal questionnaire on regulatory reform across levels of government that invites reflection on the degree of integration of regulatory,

[4] See "Individual Action Plan Peer Review Guidelines" (2005/AMM/002anx5B) and "Review of the Individual Action Plan (IAP) Peer Review Process" (2007/ISOM2/007) and Geoffrey Woodhead, "The Role of Peer Reviews in APEC" in Shaping Policy Reform and Peer Review in Southeast Asia OECD 2008 (ISBN-978-92-64-03943-8).

[5] See "Synthesis Report: The APEC-OECD Integrated Checklist for Regulatory Reform: Results of Self Assessments, 2006-2007, in Five Economies" (2008/SOM1/EC/013).

competition and market openness policies across levels of government, and on the accountability and transparency mechanisms needed to ensure their success. The second is on regulatory policies which are designed to maximize the efficiency, transparency and accountability of regulations based on an integrated rule-making approach and the application of regulatory tools and institutions. The third is on competition policies which promote economic growth and efficiency by eliminating or minimizing the distorting impact of laws, regulations and administrative policies, practices and procedures on competition, and by preventing and deterring private anti-competitive practices through effective enforcement of competition laws. The fourth is on market openness policies which aim to ensure that an economy can reap the benefits of globalization and international competition by eliminating or minimizing the distorting effects of border as well as behind-the-border regulations and practices.

How is the Institutional Review different from the other APEC reviews, particularly the APEC-OECD Integrated Checklist on Regulatory Reform?

Firstly, the main focus of this review will be the role of a horizontal institution, although it would pay attention to the functions of sector-specific institutions as well.

Secondly, the review is not decomposed with respect to policy fields, such as regulatory, competition and market openness, but seeks for an institution that can cover all such aspects. Its viewpoint is more comprehensive.

Thirdly, it focuses more on institutional aspects and policy processes than the Integrated Checklist, as an appropriate institutional setting may be effective in making sure that reform orientation is sustained and applied for various issues.

Finally, the APEC Policy Support Unit or a consultant with the support of the PSU will prepare the report and provide assistance to the Volunteering Economy in completing the questionnaire.

In summary, the proposed review has a broader, economy-wide focus but is more concise than the Integrated Checklist. Even an economy which has already applied the Integrated Checklist would still benefit from this review as they can expect new findings that would result in an improvement in the design and management of a horizontal institution even if there already exists one.

ANNEX 3. SAMPLE NOTIFICATION BY AN ECONOMY TO VOLUNTEER FOR THE REVIEW

Date:

To: EC Chair

Copy: PSU Director
APEC Secretariat Program Director for the EC

From: EC Representative

Re: Participation of … in the Review of Institutional Frameworks and Processes for Structural Reform

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This is to signify our willingness to volunteer for the Review of Institutional Frameworks and Processes for Structural Reform.

The contact point for this activity is:

Name:
Designation:
Office Address:

Telephone Number:
Fax Number:
Mobile Number:
E-mail address:

ANNEX 4. QUESTIONNAIRE FOR SELF-REVIEW[6]

The questionnaire is designed to guide the economy in reviewing domestic institutions and processes that support structural reform in a thoughtful and comprehensive manner. It begins by asking the respondent to describe two cases of structural reform efforts. The purpose of this first set of questions (Part A) is simply to reflect on actual experiences of the economy in structural reform without referring to or thinking about the features or attributes of effective institutional frameworks. The second portion of the questionnaire (Part B) is structured according to the features of effective institutional frameworks. For each question, explanatory notes are provided to better understand the aim of the question as well as appreciate why or how the feature contributes to building effective institutions or processes. Some questions may overlap such that you may find you are repeating your answers or giving the same information to more than one question. This is perfectly fine as long as the responses are consistent throughout the questionnaire.

It is expected that wide consultation will be conducted in completing this questionnaire. Detailed explanation with supplementary and/or supporting material should be included where applicable. If the supporting documents are available online, website references should be provided.

Part A. SPECIFIC CASE STUDIES

To assist in thinking about how reforms are currently progressing in your economy, please identify two recent (i.e. within the last five years) concrete experiences – one where it is considered that the reform was a success and another where it is considered things could have been done better – and describe each case as follows:

Q1. How was the problem identified in the first place?
Q2. How were the options for solution developed?
Q3. How were the stakeholders consulted?
Q4. How was the final decision made?
Q5. What roles were undertaken and who/which agency undertook those roles?
Q6. How was this decision communicated?
Q7. How was the decision implemented?
Q8. How was the effect of the reform evaluated?

Part B. GENERAL QUESTIONS

To give a comprehensive picture of the institutions and processes for structural reform in your economy, please provide a thorough response to the following questions:

Existence, mandate, and scope

[6] To be completed by the Volunteering Economy.

Q1. What institutions or institutional processes are in place to promote structural reform and policy within the economy? What mandate do these institutions have to perform its role? Is this mandate legal or otherwise in nature?

Comment: There are many different institutional arrangements and processes capable of supporting a government's reform efforts. An effective institutional framework may comprise one or more institutions or bodies and may include a mix of different government agencies and other advocacy, advisory or regulatory bodies. The role and interaction between such institutions may also differ depending on government reform priorities and strategies.

Structural reform is often driven by a central oversight body which has primary responsibility for reform. Various other institutions also play important supplementary roles in promoting reform.

Central oversight bodies vary widely in function and design. Its function often includes the advisory role, the gatekeeper role and the advocacy role.

- The ***advisory role*** involves providing advice and support to regulation makers to assist them in complying with government policies aimed at regulatory quality assurance. This can involve the publication and dissemination of written guidance and the provision of training on topics such as aspects of the Regulatory Impact Analysis (RIA) processes and techniques. It may also involve a more specific, 'hands on' approach, whereby the central unit provides advice to regulators in the context of their development of particular regulations.
- The ***gatekeeper role*** involves challenging and controlling the quality of draft regulations. This function centers on the ability of the oversight body to question the technical quality of RIA and of the underlying regulatory proposals and is likely to be based on compliance with a checklist. The gatekeeper function may also involve checking and enforcing compliance with procedural requirements, such as aspects of the consultation process.
- The ***advocacy role*** involves the promotion of long term regulatory reform framework goals, including policy change, the development of new and improved tools and institutional change. This role sees the oversight body as an active player in the policy formulation process. Sometimes this advocacy role is undertaken by an external body appointed by government.

Executive or key policy decision-making body is a key source of regulation in proposing new laws to parliament and in establishing secondary rules to give effect to primary legislation.

Legislative body such as parliament has formal responsibility for reviewing and enacting primary legislation.

Independent regulators are public bodies in charge of regulating specific aspects of an industry by enforcing rules, dispensing penalties and authorizing the issue of licenses.

Independent, external advisory bodies are often established to provide official and expert advice to government on specific regulations and aspects of an industry.

Check points:

- Existence of a central oversight body which has primary responsibility for reform.
- Existence of other institutions which play an important supplementary role in

promoting reform.
- Establishment of a framework of processes for promoting reform in the economy.

Q2. How do the institutions and processes interact to drive structural reform?

Comment: The interaction between the different bodies that make up the institutional frameworks supporting structural reform and the relationship between these institutions and government is a critical factor in determining their effectiveness in advancing structural reform and building consensus. Whilst the outward form of this relationship may vary, access to high level government officials and senior decision makers is critical.

Regulatory tools and processes for improving the quality of regulation could be used for enhancing the performance of institutions responsible for reform, when they are embedded within a broader policy-making framework. Regulatory Impact Analysis (RIA) is widely used as a tool for systematically analyzing and communicating the impacts of new and existing regulations. Reform institutions or specialized bodies often oversee the RIA process and get feedback from the RIA exercise, which, in turn, can be used for planning broad reform policy.

Check points:
- Availability of regulatory tools or processes useful for promoting reform.
- Establishment of a feedback mechanism from regulatory tools or processes to policy making.

Q3. Are these institutions or processes required to conform to existing government policy in the provision of its analysis and advice?

Comment: Policy review and advisory bodies commonly have a mandate to act as an independent voice for structural reform that extends beyond an immediate short term timeframe and adopts a long term focus to drive reform. This question seeks to determine if the institutions are bound by current government policies or if they have the mandate to provide a full critique of current government policy settings in conducting its review, which is a necessary first step in developing and promoting structural reform.

Check point:
- Scope of the institution to explore alternative solutions.

Q4. To what extent do the institutions responsible for structural reform have a clear mandate to advocate actively in order to promote structural reform and raise general awareness of the benefits of structural reform?

Comment: Structural reform efforts face some resistance which may be due to opposition from vested interests or simply from lack of sufficient understanding of its benefits. This question seeks to understand how and to what extent the relevant institution builds popular consensus around the benefits of reform.

Q5. Are incentives employed to build consensus for reform and to minimize short-term, transitional costs and dislocation resulting from structural reform?

Comment: A range of policy instruments and tools are available to government to build consensus for reform through the use of incentives. This question seeks to understand if incentives (e.g. financial assistance to individuals, industries, communities, etc.) are used and the manner they are administered.

Check point (for Q4 & Q5):

- Scope of the institution to employ various strategies to build consensus for reform.

Economy-wide perspective

Q6. Are institutions responsible for presenting an economy-wide perspective or are they focused upon specific sectors or industries? Are institutions or processes in place to facilitate whole of government policy development and coordination?

Comment: Looking beyond narrow sectoral or industry interests, an economy-wide perspective to structural reform means that analysis and recommendations are based on a complete and comprehensive understanding of the net benefits and costs of reform to the economy as a whole.

To avoid unnecessary duplications and contradictions, all appropriate official bodies including authorities of regulation, trade and competition as well as private sector bodies with regulatory responsibilities should be informed and consulted when planning a reform.

A lack of coherence and consistency among central, regional and local regulations may reduce the quality of the reform strategy. Where regulatory powers are shared between levels of government, the establishment of formal mechanisms for coordination within and between governments could increase the benefits of reform.

Check points:

- Existence of institutions or mechanism ensuring an economy-wide strategy for reform.
- Involvement of appropriate bodies responsible for reform.
- Mechanisms for coordination within and between governments.

Governance, Independence, and Authority

Q7. What governance arrangements are in place to ensure that institutions and processes are independent, and are seen to be independent, from government? How do these arrangements ensure that a broad cross section of community perspectives, including government, business and citizens are represented? What factors are important in ensuring that these institutions and processes are authoritative and credible across society?

Comment: Institutions responsible for reform must be independent and be seen as independent from particular interests. Authority, credibility and impartiality of reform institutions promote reform by fostering consensus on key issues. Such reputation cannot be

easily obtained only by legal basis for establishment. Governance of the institutions needs to be set to ensure independence through, for example, appointing board members to reflect a wide range of community perspectives. Membership of the responsible board, commission, taskforce or inquiry should include a range of stakeholders' views and interests drawn from different sectors of the economy including government, citizens and business. The efforts to provide high quality research and to improve transparency in consultation and communication process would also help building credibility and reputation of impartiality. The authority of institutions can also be assisted by expressions of confidence in, and support for, the institution by the highest political level especially when criticism from disaffected parties occurs.

Check points*:*

- Legal or other basis for ensuring independence of reform institutions.
- Authority and credibility of institutions and of processes.

Q8. Have there been any efforts, in terms of institutional setting or management, with an aim to enable the economy to hit the best balance between the continuity/consistency in reform initiative and flexibility to cope with a possible change in the political leadership?

Comment: Structural reform typically involves a lengthy process and it takes some time before the benefits are realized. Commitment to the reform process needs to be sustained and not be subject to shifting political winds. This question seeks to determine if the institutional framework is sufficiently designed to ensure the continuity of reform initiatives and the stability of institutions and processes.

Check points*:*

- Sustainability of structural reform initiatives.
- Predictability and stability of institutions and processes.

Transparency

Q9. Is the analysis and advice provided by policy review institutions presented in a transparent way? What obligations, if any, are placed upon government to consider, accept or reject this analysis and advice? Is the government required to make public its response?

Comment: Institutions responsible for reform can improve the quality of policy-making by providing research and analysis to inform the process. The quality of analysis underlying reform can affect prospects for both adoption and implementation of reform. As reform often requires learning by doing, ex post assessment of outcomes, adequate feedback and adjustment are also important. To ensure such processes work effectively, it is important to establish a mechanism in which research findings can be scrutinized and debated openly. If the government opposes the outcomes of the analysis, it is required to show reasons and alternative policy choices.

Check points:

- Ways that the institutions conduct and publish their research.
- Obligations placed upon government to consider, accept or reject this analysis and advice.

- Requirement for governments to make its response public.

Q10. What institutions or processes are in place to facilitate public consultation processes and dialogue? Are these processes transparent?

Comment: Effective communication and consultation efforts serve to generate support for reform and to enable the authorities to identify potential problems. Particularly comprehensive and transparent explanations of costs and benefits of reform, underpinned by solid research made by reform institutions, can be important elements of successful reform.

The policy development process ideally requires two rounds of consultation, one at the inception of policy review to start develop ideas and again after the preparation of a draft report that outlines the full analysis and possible solutions. Transparency can be increased by holding its consultations in the form of public hearings, or by publishing summaries of its consultations shortly afterwards.

Check points:

- Existence of institutions or processes to facilitate public consultation processes and dialogue for reform.
- Mechanisms for ensuring transparency of the process.
- Existence of clear guidance for public consultation and public notice.

Budget and Adequacy of Resources and Capabilities

Q11. Are budget and structural reform policy the responsibility of one institution or body such as a central ministry or department?

Comment: In some economies, the ministry responsible for budget oversees structural reform policy. This institutional arrangement may be efficient in the sense that it allows information arising from the regulatory impact analysis process to be used for the allocation of budget. It may also be effective as the authoritative power of allocating budget and could be used for improving regulation as well. Alternatively, in some other economies, central bodies supported by the highest political level play the same role in overseeing general policy for changes in regulations and structural settings.

Check point:

- Responsibility for budget and structural reform policy.

Q12. Do these institutions and bodies have secure, certain and adequate budget funding to perform its role?

Comment: Institutions responsible for reform can carry more weight if they are permanent, independent public bodies rather than ad hoc commissions or working groups. In this regard, secure, certain and adequate budget funding can serve to ensure the continuity of the work of institutions and increase their independence, helping it to avoid capture of specific interests. Adequate funding can also help the institutions to retain skilled staff and to maintain the quality of research.

Check point:

- Availability of secure, certain and adequate budget funding.

Q13. Do the institutions and authorities responsible for structural reform have adequate human and technical resources to fulfill their responsibilities? To what extent are these institutions equipped with professional staff and/or analytical tools that enables analyses of the impacts of reform, including overall impact on growth?

Comment: Strong and credible institutions require expert staff and resources to carry out its functions efficiently and effectively. Tracing through all the economic effects of a particular reform on all the various stakeholders requires considerable analytical capacity. It is important to ensure that a policy review institution has access to analytical resources including skills in modelling and cost benefit analysis.

Check points:

- Adequacy of technical expertise and tools.
- Access to technical expertise, latest methodologies, and data.

ANNEX 5. TENTATIVE OUTLINE FOR THE REPORT[7]

Executive Summary

Part A. Institutional frameworks and processes for structural reform

This section will describe how reforms are generally initiated and how decisions relevant to structural reform are made in the Volunteering Economy. Key institutions or institutional processes that are in place to promote and drive structural reform and policy will also be identified.

Part B. Analysis of institutions and processes

This section will evaluate the institutions and processes for reform according to the agreed set of features of effective reform institutions or processes, namely: Mandate, Governance, Budget, Independence, Authority, Transparency, and Economy-wide mandate/perspective.

Part C. Recommendations

This section will present clear and practical recommendations for the Volunteering Economy to consider in order to strengthen its institutional framework and processes to support and implement structural reform. Technical assistance and capacity building activities required are also identified.

[7] To be prepared by the Reviewer.