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PEER REVIEW: A TOOL FOR CO-OPERATION AND CHANGE

An Analysis of an OECD Working Method

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I. INTRODUCTION

1. This paper examines the practice of peer review and the related effect of peer pressure in the context of international organisations, particularly the Organisation for Economic Co-operation and Development. It outlines the main features of these two concepts and attempts to establish a model based on the different peer review mechanisms used at OECD. While there are other documents available that list the peer reviews of the OECD [1], this paper will provide an analysis of the practice [2]. The Annex B describes some OECD peer reviews.

II. THE CONCEPT OF PEER REVIEW

2. The term "peer review" in the present context has not been rigorously defined. However, over the years, the expression has assumed a specific meaning in the practice of international organisations.

3. Peer review can be described as the systematic examination and assessment of the performance of a State by other States [3], with the ultimate goal of helping the reviewed State improve its policy making, adopt best practices, and comply with established standards and principles. The examination is conducted on a non-adversarial basis, and it relies heavily on mutual trust among the States involved in the review, as well as their shared confidence in the process. When peer review is undertaken in the framework of an international organisation – as is usually the case – the Secretariat of the organisation also plays an

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1 For a general list of the peer review mechanisms within the OECD, see Executive Committee in Special Session, *Monitoring and Surveillance Activities at the OECD and Co-operation with Other International Organisations* (Note by the Secretary – General), 27 April 1999, (ECSS(99)3). This list is also reproduce in Annex A. A summary of the principles and practices of the peer review conducted by the OECD Economic and Development Review Committee is included in the Annex B to this paper. On peer review and peer pressure, especially in the area of economic policy, see also *Peer Pressure as Part of Surveillance by International Institutions*, Discussion led by Mr. Niels Thygesen, Chairman, Economic and Development Review Committee, 4 June 2002 (http://www.oecd.org/pdf/M00031000/M00031293.pdf). For an analytical paper on the use of peer review in a subject area, see Joint Group on Trade and Competition, *Peer Review: Merits and Approaches in a Trade and Competition Context*, 6 June 2002, COM/TD/DAFFE/COMP(2002)4/FINAL.

2 Literature on peer review is scarce. Peer review is sometimes addressed, but always marginally, in the context of the debate on "compliance", and particularly within the scholarly dispute "enforcement *vs*. co-operation", which opposes the managerial school of international relations to the institutionalists. See, for example, George W. Downs, David M. Rocke and Peter N. Barsoom, "Is the Good News about Compliance Good News about Co-operation?", *International Organization*, vol. 50, no. 3, Summer 1996, pp. 379 ff., or George W. Downs, "Enforcement and the Evolution of Co-operation", *Michigan Journal of International Law*, vol. 19, no. 2, 1988, pp. 319 ff. For a general introduction to the mechanisms of follow up and compliance in international organizations, see N. Blokker & S. Muller (eds.), *Towards More Effective Supervision by International Organizations. Essays in Honour of Henry G. Schermers*, Vol. I, Dordrecht / Bostot5.9(o)-npood(ot5.9(o,r 194,e an)10(ode m)

impact will be greatest when the outcome of the peer review is made available to the public, as is usually the case at the OECD. When the press is actively engaged with the story, peer pressure is most effective. Public scrutiny often arises from media involvement.

7. Peer pressure does not take the form of legally binding acts, as sanctions or other enforcement mechanisms. Instead, it is a means of soft persuasion which can become an important driving force to stimulate the State to change, achieve goals and meet standards.

8. Peer pressure is particularly effective when it is possible to provide both qualitative and quantitative assessments of performance. The quantitative assessment might take the form of a ranking of countries according to their performance, and the drawing of real scoreboards reflecting such rankings. An example is the OECD Jobs Strategy, a programme which sets out principles and benchmarks, carries out quantitative analysis and ranks country according to their performances in reducing unemployment [8]. Another example, outside the OECD, of a very effective scoreboard is the Internal Market Scoreboard, maintained by the European Commission, which ranks the EU Members States according to their performance in the completion of the internal market.[9] A variation of this system is the "naming and shaming" technique, which singles out poor performers. However, these methods are appropriate and produce positive results only when the "rules of the game" are clear and the countries accept them. In other cases, this type of approach could risk shifting the exercise from an open debate to a diplomatic quarrel to gain position on the scoreboard.

IV. PEER REVIEW IN INTERNATIONAL ORGANISATIONS

9. While peer review as a working method is most closely associated with the OECD, several other intergovernmental organisations and international programmes make use of this technique as well.

10. Within UN bodies and specialised agencies, States use peer review to monitor and assess national policies in various sectors, from environment[10] to investment.[11] The IMF Country Surveillance mechanism also has some aspects in common with peer review.[12]

11. Peer review has also been developed within the World Trade Organisation under the Trade Policy Review Mechanism.[13] The WTO system monitors trade policy and practice in the Member States. A designated WTO body then meets to review the policy statements presented by the Member under review and a report prepared by the Secretariat. This examination is led by two reviewing countries. The

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8 See *The OECD Jobs Strategy: Progress Report on Implementation of Country-Specific Recommendations*, OECD Economics Department Working Paper 196.

9 See, for instance, *Internal Market Scoreboard*, May 2002, n. 10.

10 See, for example, the Environmental Performance Reviews Program carried out by the UN Economic Commission for Europe, initiated as a joint undertaking with the OECD Environment Directorate. Several activities within UNEP follow peer review mechanisms.

11 Within UNCTAD, there are programmes which submit the investment policies of developing countries to peer review.

12 For a brief description of the IMF Country Surveillance mechanism, see *IMF Annual Report 2001*.

13 A more extensive description and evaluation of the Trade Policy Review Mechanism is contained in Joint Group on Trade and Competition, *Peer Review: Merits and Approaches in a Trade and Competition Context*, 6 June 2002, COM/TD/DAFFE/COMP(2002)4/FINAL. See also Sam Laird, "The WTO's Trade Policy Review Mechanism – From Through the Looking Glass", *The World Economy*, vol. 22, n. 6, August 1999, pp. 741 ff.

procedure concludes with the Final Remarks of the Chair, which are published together with the policy statement of the country under review, the report of the Secretariat and the minutes of the meeting.

12. In the European Union framework, peer review is used in several areas. For example, the DG Employment and Social Affairs of the European Commission has developed peer review for national labour market policies to identify good practices and assess their transferability.

V. PEER REVIEW WITHIN THE OECD

13. There is no other international organisation in which the practice of peer review has been so extensively developed as the OECD, where it has been facilitated by the homogeneous membership and the high degree of trust shared among the Member countries. The OECD has used this method since its creation and peer review has, over the years, characterised the work of the Organisation in most of its policy areas [14].

14. Within the Organisation, peer review is carried out in several substantive areas and there is no standardised peer review mechanism. However, all peer reviews contain the following structural elements, which will be described further below:[15]

- A basis for proceeding;
- An agreed set of principles, standards and criteria against which the country performance is to be reviewed;
- Designated actors to carry out the peer review; and
- A set of procedures leading to the final result of the peer review.

V.1 The Basis

15. Peer review within the OECD may proceed on the following bases:

- Decision by or request to an OECD subsidiary body: subsidiary bodies of the Organisation can decide to undertake peer reviews which are within their scope of activities. Subsidiary bodies may also carry out one-time peer review exercises at the request of the country to be reviewed;
- Council / Ministerial Council: for far-reaching programmes of review, a decision at Council level is sometimes necessary and, in certain cases, the decision follows directly from the Ministerial Council Meeting. The competent subsidiary bodies then implement the programmes. The review on regulatory reform, for instance, which is based on a 1997 Ministerial request [16] and successive Council decisions, is carried out by a number of subsidiary bodies including the Ad Hoc Multidisciplinary Group on Regulatory Reform, the Public Management Committee and its Regulatory Management and Reform Working Party;

[14] Officials involved in peer review can be from any level of government, central, regional, local.

[15] Executive Committee in Special Session, *Monitoring and Surveillance Activities at the OECD and Co-operation with Other International Organisations* (Note by the Secretary – General), 27 April 1999, (ECSS(99)3).

[16] See Meeting of the Council at Ministerial Level, *Communiqué*, Paris, 26 – 27 May 1997, SG/COM/NEWS(97)45.

- International norms: provisions in treaties or in other legally binding instruments can be the basis for peer review mandates. One of the first systems of mutual review was established by the OECD Codes of Liberalisation of Capital Movement and Current Invisible Operations, which have a binding status on all OECD members.[17.] Another example is the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, which provides, in its Article 12, that "Parties shall co-operate in carrying out a programme of systematic follow-up to monitor and promote the full implementation of this Convention." This provision has been the basis for the establishment of a rigorous process of multilateral surveillance, including peer review, to foster the effectiveness of the Convention and its related instruments.

Council retains control over the development of peer review programmes through its annual examination of the proposed Programme of Work and Budget of the Organisation.

V.2 The Principles, Criteria and Standards

16. The performance of the reviewed State can be assessed against principles, criteria and standards which widely differ in character and scope. These may include:

- Policy recommendations and guidelines: the assessment of the performance of a country in its implementation of policy recommendations and guidelines is the most common form of peer review. This peer review can also include an examination of the consistency and coherence with respect to the country's own policies. It is carried out in many of the Organisation's activity areas, including economic policy, education, environment, energy, regulatory reform and development assistance. For example, in the peer reviews, or surveys, carried out by the Economic and Development Review Committee, country performance is assessed in relation to broad economic policy principles and best practices that have been developed over the years, the policy orientations of the OECD Growth Project, as well as specific guidelines such as those contained in the OECD Jobs Strategy. Similarly, peer reviews carried out in connection with the regulatory reform process draw on a number of policy recommendations agreed at the ministerial level. The Education Committee also undertakes peer monitoring and assessment of countries on general policy guidelines. The DAC Peer Reviews take into account principles agreed in development co-operation, such as guidelines (e.g., poverty reduction, conflict prevention) or emerging themes (e.g., policy coherence, harmonisation of donor procedures), in order to assess the performance of the donor under review.

- Specific indicators and benchmarks: indicators and benchmarks provide specific and often numerical targets to achieve, and they are more susceptible than policy guidelines to being assessed according to quantitative measures. Indicators and benchmarks are used, for instance, in the environmental performance review, and in the regulatory reform and development assistance reviews [18.]

- Legally binding principles: peer review can also be a mechanism to monitor compliance with international norms. For example, the OECD Committee on Capital Movements and Invisible Transaction assesses, through a peer review mechanism, the performance of each member in

[17] See OECD, *Introduction to the OECD Codes of Liberalisation of Capital Movements and Current Invisible Operations*, Paris, 1995.

[18] In development assistance, see the Millennium Development Goals (www.oecd.org/pdf/M00017000/M00017310.pdf).

the application of the Codes of Liberalisation and examine its reservations or derogation, in order to progressively limit their scope.[19] In the framework of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Working Group on Bribery assesses the integration of the principles of the Convention into the national legislation of the States, party, and it also evaluates their implementation and enforcement.[20] This review creates a sophisticated mechanism for monitoring compliance with the Convention, and it is widely regarded as an interesting model for monitoring and improving compliance with other international legal obligations. Finally, peer review can also be conducted to assess a country's compliance with rules contained in its own national legislation or in non-OECD international instruments to which the country has adhered.[21]

17. Within the same peer review, the assessment can be conducted against all these different measures. For instance, in the Working Party on Environmental Performance, the environmental performance of the countries is reviewed against objectives set out in policy guidelines – such as the OECD Environmental Strategy for the First Decade of the 21st Century – and it is also reviewed against benchmarks and national and international legislation and regulations.

18. When a peer review programme reaches a second round of reviews, it is quite common to refer to the conclusions adopted in the previous review of the country. The recommendations and the outstanding issues noted in the earlier report become a very important part of the measures against which to assess the progress of the country, and to highlight trends and fluctuations. This process allows also the creation of a shared knowledge base benefiting to all countries via the identification of best practices or policies that work.

V.3. The Actors

19. Peer review is the combination of the activity of several actors: the collective body within which the review is undertaken; the reviewed country; the examiner countries; and the Organisation Secretariat:

- The collective body: peer reviews are undertaken in the framework of the activities of a subsidiary body of the Organisation, such as a Committee or a Working Party. The frequency of the reviews depends on the programme of work of the body, and it can range from the 6-7 year cycle for the Environmental Performance Reviews to the 12-18 month cycle of the Economic and Development Review Committee.

- The reviewed country: usually all countries which are members of the body are subject to the peer review. Certain peer reviews are considered an obligation of membership. Moreover, in some cases, officials of the country may have an interest in peer review, as a means of stimulating reform in their national policies and practices. Participation implies the duty to co-operate with the examiners and the Secretariat by, among other things: making documents and data available, responding to questions and requests for self-assessment, facilitating contacts and hosting on-site visits. The individuals responsible for participating on behalf of the reviewed country could include civil servants from ministries and agencies and at different

[19] For a detailed description of the mechanism, see OECD, *Introduction to the OECD Codes of Liberalisation of Capital Movements and Current Invisible Operations*, Paris, 1995.

[20] See Working Group on Bribery in International Business Transactions, *A Procedure of Self – and Mutual Evaluation of Implementation of the Convention and the Revised Recommendation*, DAFFE/IME/BR(98)8/REV1.

[21] As is the case of the Environment Performance Review (see Annex B.c).

levels of government. On several occasions, OECD has also reviewed the performances of non-member countries, at their request or with their agreement.[22] On occasion, the reviewed country contributes to the financing of the review.

- The examiner countries: peer review implies by definition that officials in the relevant policy field from other countries (peers) will be involved in the evaluation process. Generally, the choice of examiners is based on a system of rotation among the member States, although the particular knowledge of a country relevant to the review may be taken into account. The role of the examiners is to represent the collective body in the early stages of the process and to provide guidance in the collective debate itself. Hence their task includes the examination of documentation, participation in discussions with the reviewed country and the Secretariat, and a lead speaker role in the debate in the collective body. In some cases, the examiners also participate in missions to the country. While individual examiners generally carry out the reviews in their official capacity as representatives of their State, certain reviews require the participation of examiners in their personal capacity. In either case, however, examiners have the duty to be objective and fair, and free from any influence of national interest that would undermine the credibility of the peer review mechanism.

- The Secretariat: the Organisation Secretariat has the role of supporting the whole review process by producing documentation and analysis, organising meetings and missions, stimulating discussion, upholding quality standards, and maintaining continuity as the keeper of the historical memory of the process. The independence, transparency, accuracy and the analytic quality of work of the Secretariat are essential to the effectiveness of the peer review process. The intensity of the interaction between the examiners and the Secretariat and the degree of involvement of the examiners vary widely. In certain cases, the Secretariat works very closely with the examiners, and the division of labour between them is not always well defined. However, normally the most labour-intensive part of the work is carried out by the Secretariat, which may also have the most expertise in the substantive area of the review.

V.4. The Procedures

20. The procedures of each peer review are outlined in documents adopted by the responsible subsidiary body. The level of procedural detail provided can vary widely, with certain reviews relying more on well-established practice than on formally adopted rules of procedure.

21. Although each peer review has its own procedure, it is possible to identify a common pattern, consisting of three phases:

- The preparatory phase: the first phase of the review often consists of background analysis and of some form of self-evaluation by the country under review. This phase includes work on

[22] See Executive Committee in Special Session, *Monitoring and Surveillance Activities at the OECD and Co-operation with Other International Organisations* (Note by the Secretary – General), 27 April 1999, (ECSS(99)3). An interesting case of peer review specifically designed for non – members is the mechanism for their adherence to the OECD Declaration on the International Investment and Multinational Enterprises. These reviews are divided into three parts. The first consists in a general assessment of the country's actual performance in attracting foreign direct investments (FDI). The second involves a review of the country's regulatory framework for FDI and domestic business operations. The last part consists of an examination of the country's proposed exceptions to the principle of national treatment as well as of the steps envisaged to promote the OECD Guidelines for Multinational Enterprises. This process may lead to the formulation of specific recommendations to the country on how to further promote the objectives of the Declaration.

documentation and data as well as a questionnaire prepared by the Secretariat. The questionnaire, which can be a sophisticated instrument, is sent to the country for responses by the competent authorities or as an agenda for a dialogue in the next phase;

- The consultation phase: the examiners and the Secretariat conduct the consultation with a division of responsibility which depends very much on the practice of the body and the topic under review. During this phase, the Secretariat and the examiners maintain close contact with the competent authorities of the reviewed country, and in some cases, they carry out on-site visits. The examiners and the Secretariat are also free to consult with interest groups, civil society and academics. At the end of this phase, the Secretariat prepares a draft of the final report, which usually follows a standardised model comprising an analytical section, where the country performance is examined in detail and individual concerns are expressed, and an evaluation or summary section setting forth the conclusions and recommendations. The Secretariat, in most peer review processes, but not always, shares the report in draft with the examiners and with the reviewed country and may make adjustments it considers justified before the draft is submitted to the members of the body responsible for the review.

- The assessment phase: the draft report is discussed in the plenary meeting of the body responsible for the review. The examiners lead the discussion, but the whole body is encouraged to participate extensively. Following discussions, and in some cases negotiations, among the members of the body, including the reviewed State, the final report is adopted, or just noted, by the whole body. Generally, approval of the final report is by consensus, unless the procedures of the particular peer review specify otherwise. In some cases, the procedures may call for the final report to state the differences among the participants. In some cases, non-governmental organisations also have the opportunity to influence the discussion by submitting papers and documents. As already mentioned, the final report and particularly its recommendations form an important basis for follow-up monitoring of the performance of the State and, ultimately, for a subsequent peer review. Often, the final report is followed by a press release, which summarises the main issues for the media, and press events or dissemination seminars are organised to publicise the findings of the review.

VI. THE FUNCTIONS OF PEER REVIEW

22. Peer review can be used in a broad range of areas, including those not covered by OECD peer review exercises – for example, human rights and democratic governance. In each of these fields, peer review, directly or indirectly, can serve the following purposes:

- Policy dialogue: during the peer review process, countries systematically exchange information, attitudes and views on policy decisions and their application. This dialogue can be the basis for further co-operation, through, for example, the adoption of new policy guidelines, recommendations or even the negotiation of legal undertakings;[23]

- Transparency: the reviewed country has the chance, in the course of a peer review, to present and clarify national rules, practices and procedures and explain their rationale. As a result, the Secretariat is usually able to develop documentation and, in certain cases, a database which remains at the disposal of the Member countries, and which often is also made available to the

[23] On peer review as a tool for convergence and convergence vs. negotiations, see Joint Group on Trade and Competition, *Peer Review: Merits and Approaches in a Trade and Competition Context*, 6 June 2002, COM/TD/DAFFE/COMP(2002)4/FINAL.

public and published on the Organisation web site. In the case of the Anti-Bribery Convention, for example, all the country implementation reports adopted at the end of the peer review process are published on the OECD web site.[24] The combination of these two levels of enhanced transparency – toward peer countries and toward public opinion – contributes to the effectiveness of the peer review and the related peer pressure;

- Capacity building: peer review is a mutual learning process in which best practices are exchanged. The process can therefore serve as an important capacity building instrument – not only for the country under review, but also for countries participating in the process as examiners, or simply as members of the responsible collective body. For example, certain methodologies commonly used in peer review – such as benchmarking or recourse to quantitative indicators in assessing compliance with policies – are unfamiliar to some officials and even to some public administrations before they participate in the peer review, and the exercise therefore represents an important learning opportunity;

- Compliance: an important function of peer review is to monitor and enhance compliance by countries with internationally agreed policies, standards, and principles. However, unlike a traditional legal enforcement mechanism, peer review works as a sort of "soft enforcement" system,[25] resulting in non-coercive final reports and recommendations rather than binding coercive acts, such as sanctions. In many contexts, the soft law nature of peer review can prove better suited to encouraging and enhancing compliance than a traditional enforcement mechanism. For example, unlike a legal enforcement body, examiners in a peer review have the flexibility to take into account a country's policy objectives, and to look at its performance in a historical and political context. Peer review can therefore assess and encourage trends toward compliance even among relatively poorly performing countries, while noting negative trends in countries that may presently have a higher performance record. Peer review can also tend to enhance compliance by helping to clarify differences in policy positions among countries, thereby leading to the resolution of those differences.

VII. CONCLUSION: WHEN CAN PEER REVIEW AND PEER PRESSURE BE EFFECTIVE?

23. The effectiveness of peer review depends upon the combination of a number of factors, which may be summarised as follows:

- Value sharing: one precondition for an effective peer review is convergence among the participating countries on the standards or criteria against which to evaluate performance. A strong common understanding on these will prevent uncertainty or backtracking during the process;

- Adequate level of commitment: peer review can function properly only if there is an adequate level of commitment by the participating countries in terms of both human and financial resources. Thus, the participating countries must not only place adequate financial means at the disposal of the Secretariat; they must also be fully engaged in the process at different times as examiners, as active members of the collective body, and as subject of the examination;

[24] See http://www.oecd.org/EN/documents/0,,EN-documents-88-3-no-3-no-88,00.html.

[25] On the notion of soft law see the relevant entry in J. Salmon (ed.), *Dictionnaire de droit international public*, Bruxelles, 2001.

- Mutual trust: since peer review is, by its nature, a co-operative, non-adversarial process, mutual trust is an important basis for its success. While the peer review process itself can contribute to confidence building, a large degree of trust and value sharing among the participants should be present from the beginning to facilitate, among other things, the disclosure of data, information and documentation which are essential to the process;[26]

- Credibility: the credibility of the peer review process is essential to its effectiveness, and to its added value in comparison with governmental reports or consultants' certifications. There is a strong linkage between the credibility of the process and its capacity of influence. To assure this credibility, the approach that the examiners – with the help of the Secretariat – take in the review must be objective, fair and consistent. In the same way, the Secretariat must guarantee independence, transparency and quality of work. Credibility can be undermined if the process is flawed by such factors as unqualified examiners, bias stemming from national interests, or inadequate standards or criteria against which to undertake the review. However, the main threat to the credibility of the process is the possibility of attempts by the reviewed State to unduly influence the final outcome. The involvement of the reviewed State in the process and its ownership of the outcome of the peer review is the best guarantee that it will ultimately endorse the final report and implement its recommendations. However the State's involvement should not go so far as to endanger the fairness and the objectivity of the review. For example, the State under review should not be permitted to veto the adoption of all or part of the final report.

With each of these factors in place, peer review can serve as a stimulus to incremental change and improvement. Through the accompanying effect of peer pressure – including both persuasion by other countries and the stimulus of domestic public opinion – peer review can create a catalyst for performance enhancement which can be far-reaching and open-ended.

[26] In this regard, peer review is an instrument that appears difficult to apply in the context of security and defence.

ANNEXES

Annex A – Inventory of OECD Monitoring and Surveillance Activities *

DIRECTORATE	ACTIVITY	COUNTRY COVERAGE	UNDERTAKEN AGAINST EXPLICIT AGREED POLICY REQUIREMENTS/GUIDELINES?	FREQUENCY	PARTICIPATION OF INTERNATIONAL ORGANISATIONS
ECONOMICS DEPARTMENT	EDRC country reviews	All Member countries, plus a number of non-Member countries with whom the OECD has co-operation agreements e.g. Russia.	No in general; but strong implicit guidelines have developed, and in some cases (e.g. Implementing the Jobs Strategy) explicit benchmarks exist.	All Member countries covered in principle on a 12 to 18 month cycle. Non members covered as selected.	The IMF participates in EDRC meetings; the IBRD and WTO participate occasionally
	EPC and its working parties	All Member countries, selected non-Member countries, and international financial and trade interactions, and related policy implications.	No in general; but strong implicit guidelines have developed.	Twice yearly	IMF, IBRD and BIS participate regularly in EPC meetings.
ENVIRONMENT	Environmental Performance Reviews	All member countries, plus selected non-Member countries (Bulgaria, Belarus and Russia)	Yes -- OECD and other international commitments	6-7 year cycle - all Member countries	Systematic review of follow-up given to international commitments (bilateral/regional/global).

* Annex ECSS(99)3 (excerpt).

DEVELOPMENT CO-OPERATION	DAC Peer Reviews of development co-operation policies and programmes	Member countries and selected non-DAC donors	Yes	3-4 year cycle - all Member countries	Collaborative effort with World Bank, Regional Development Banks and the UN System to promote multi-donor evaluation in selected developing countries.
	Advance indicators of external borrowing and foreign exchange reserves	Collected from Member and some non-Member countries as creditors for all aid recipient countries (including some Members) as debtors	Yes	Quarterly from February 1999	Collaborative effort via the Inter-Agency Task Force on Finance Statistics involving the Bank for International Settlements, IMF and World Bank, each of which contribute data which DCD combines with OECD data for publication.
	Tracking the volume and characteristics of aid and private flows to developing countries and countries in transition	Covers DAC members and selected non-DAC donors flows to (mainly) non-Member countries	Yes	Annual for aggregate flows, continuous for activity details	Definitive data on aid and private flows used extensively by World Bank (including to cross-check with their debtor system), the IMF (to cross-check balance of payments statistics), the UN (including to produce country profiles of aid activities), and the Paris Club (debt re-organisation).
	Review of lessons learned/evaluations of strategic areas of development co-operation, e.g. Participatory Development and Good Governance, WID/Gender Equality, Capacity Development, Environment, Poverty Reduction	Member countries	Yes	Ad hoc	World Bank, UNDP and Regional Development Banks contribute to the review work.
	Monitoring offers of untied aid	Member countries	Yes	Continuous	
	Review of partnership policies and practices	Member countries	Yes	Semi-annual reports proposed	Strong collaboration with World Bank, UN System and Regional Institutions.
PUBLIC MANAGEMENT SERVICE	Budgeting and Management Country Reviews	Selected Member countries	No; under development	At least two per year	
	Budgeting institutions and developments	All Member countries, Chile and Brazil	No	One survey per year	Supports and extends, by agreement, IMF practices on fiscal transparency.
	Public Sector Pay and Employment Systems	Member countries	No	Annual	
	Improving Ethical Conduct in the Public Service	Member countries	Yes, OECD Recommendation, April 1998	Report to be issued in April 2000	Supports and extends work of international institutions and donor agencies e.g. World Bank.

	Multidisciplinary programme of work on regulatory reform	Member countries	Yes. Ministerial report, 1997	Ad hoc. Four countries per year.	Co-operation with International Energy Agency, ad hoc co-operation with World Bank.
TRADE	Analysis of trade policy developments	All Member countries; and selected non-Member countries, including Russia.	No	Once/twice yearly	Complementary to WTO work.
	Maintenance of the Arrangement on Guidelines for Officially Supported Export Credits	All OECD Member countries and Observers, except Iceland	Yes. The Export Credit Arrangement	Monthly meetings at expert/technical level; and at least twice yearly plenaries	WTO, EBRD, IMF, IBRD, International Union of Investment and Credit Insurers ("Berne Union").
FINANCIAL, FISCAL AND ENTERPRISE AFFAIRS	Accession-related country examinations	Candidate countries, and New Members (post-accession)	Yes – OECD Codes and other instruments managed by DAFFE committees	According to Council decisions	IMF participates in CIME/CMIT meetings.
	Monitoring of compliance with OECD Codes	All Member countries	Yes – Codes of Liberalisation	Continuous process	IMF participates in CIME/CMIT meetings
	Foreign Direct Investment reviews	Member countries and signatories to the National Treatment Instrument on International Investment	Yes – NT Instrument (and Codes for Members)	Previously 4 countries per year, but suspended since 1995 (lack of resources)	IMF participates in CIME/CMIT meetings
	Bribery	All parties to the Bribery Convention (i.e. all Member countries plus a number of non-Members)	Yes – Convention and Recommendation	Process just beginning 1998/99	IMF, IBRD, WTO and Council of Europe participate in meetings of the Working Group on Bribery
	Surveillance of financial markets developments	Member and non-Member countries		Continuous	IMF, IBRD, BIS and WTO participate in CMF meetings
	Public debt management and government securities markets	Member countries plus selected non-Members		Twice per year	IMF, World Bank, BIS
	Insurance and private pensions	Member countries	No	Twice per year	
	Monitoring of structural changes and reform measures in insurance markets	Member countries	Yes – OECD Codes	Ad hoc	WTO participates in meetings of the Insurance Committee
	Monitoring of privatisation policies and their implementation	Member and selected non-Member countries		Twice per year	IMF and IBRD participate in meetings of the Advisory Group on Privatisation
	Monitoring of the OECD Model Convention on Income and Capital	Member countries and NMC through the EMEF	Yes – OECD Model	On going	IMF participates in CFA meetings
	Monitoring of the OECD transfer pricing guidelines	Member countries	Yes - 1995 Recommendation	Continuous	IMF participates in CFA meetings
	Monitoring of the implementation of the Recommendation on non tax deductibility of bribes	All parties to the Convention	Yes – Manual on best practices	On going	IMF participates in CFA meetings

FINANCIAL, FISCAL AND ENTERPRISE AFFAIRS (cont.)	Monitoring of application of 1998 Recommendation on Harmful Tax Competition	Member countries and NMC	Yes	Started in 1998; on going	IMF participates in Forum
	Implementation of Taxation Framework for Electronic Commerce	Member countries and non-Member Countries	1999 Ministerial Recommendation	On going	WCO
	Regulatory Reform reviews from a competition perspective • Competition chapter • telecom chapter • electricity chapter	in 98: USA, NL, Japan, Mexico in 99: Denmark, Spain, Korea, 4th one	OECD Programme on Regulatory Reform (1997 Ministerial mandate)	Four a year	IBRD, WTO and UNCTAD participate in CLP meetings
	Competition sectoral regulation reviews	Member and non-Member countries	Terms of reference of the CLP/WP2	Continuous	IBRD, WTO and UNCTAD participate in CLP meetings
	Action against Hard Core Cartels	Member and non-Member countries	1998 Council Recommendation	Continuous	IBRD, WTO and UNCTAD participate in CLP meetings
	International co-operation on anticompetitive practices	Member countries	1995 Council Recommendation	Continuous	IBRD, WTO and UNCTAD participate in CLP meetings
SCIENCE, TECHNOLOGY AND INDUSTRY	Steel-monitoring of markets, trade and policies	Members and non-Member countries	No	Continuous	
	Communications Outlook	All Member countries	EC Directive, WTO Agreement on basic telecom	Biennial	WTO, ITU
	Information Technology Outlook	All Member countries	No	Biennial	
	Privacy inventory	All Member countries	Yes – 1980 OECD Privacy Guidelines		
	Authentication inventory	All Member countries	No		
	Cryptography controls inventory	All Member countries	No		
	Review of best policy practice in the area of innovation & technology diffusion policy within framework of Jobs Study	All Member countries	No	Approx. biennial (TPJ: review in 1996-1998. Some follow-up undertaken this year)	
	Review of best policy practice in area of SME policies (SME WP)	All Member countries	Yes	Approx. biennial	

SCIENCE, TECHNOLOGY AND INDUSTRY (cont.)	Structural change & benchmarking indicators related to industrial competitiveness	All Member countries	No	Approx. biennial	
	Science, Technology & Industry Outlook	Member countries and selected non-Member countries	No	Biennial	UNESCO World Science Report covers recent developments in science, but is not aimed at explicit monitoring & surveillance.
	Impact of FDI to trade, economic activity and performance	Member countries	No	Continuous	WTO
	Shipbuilding: monitoring of demand and supply in the world's shipbuilding market	Member and non-Member countries	No	Continuous	
	Shipping: monitoring provisions of support measures by Member countries to their shipping industry	All Member countries	No	Continuous	
EDUCATION, LABOUR AND SOCIAL AFFAIRS	Employment Outlook -- analysis of labour market developments and policies	Member countries, from time to time selected non-Member countries are also covered	No, though the Jobs Study recommendations do receive prominence	Annual	European Commission publishes an annual Employment in Europe, and the ILO publishes, generally annually, their World Employment Report. From time to time, meetings are organised with the ILO and the EU Commission to discuss future topics for the three publications.
	Active labour market policies and their interactions with the public employment service -- country and comparative reviews	Member countries	Yes, elaboration and implementation of the relevant Jobs Study recommendations	Continuous	The ILO has started some selected reviews of country labour market policies, and the European Council has a form of surveillance via their guidelines and national employment plans.
	Health policy monitoring	Member countries	No	Annual data collection, and periodic reviews	Uses WHO sources and is reference for WHO work for non-Members.
	Social policy monitoring -- social assistance	Member countries; thematic reviews of groups of Member countries	Yes, Jobs Study Recommendations and 1998 Social Policy Ministerial mandate	Annual	
	Benefit Systems and Work Incentives	Member countries	Yes, Jobs Study Recommendations and 1998 Social Policy Ministerial mandate	Bi-annual	EU Commission may undertake similar work.
	Trends in international migration movements and policies	Member countries and selected non-Member countries	No	Annual	Yes: Statistics (with UN and Eurostat); labour market (ILO); refugees (UNHCR and IOM).

EDUCATION, LABOUR AND SOCIAL AFFAIRS (cont.)	Education -- Reviews of Education Policy	Member countries and selected non-Member countries	Broadly within framework of mandate on lifelong learning for Education Committee laid down by 1996 Ministerial meeting, and Jobs Study recommendations	Continuous	Review of policies in non-Member countries in Central & Eastern Europe and Russian Federation are used, and often supported by the World Bank, European Training Foundation.
	Education – Thematic Reviews	Member countries	Dealing with specific themes within the framework of the Committee's mandate on lifelong learning	Continuous	
	Education Policy Analysis -- analysis of education and training developments and policy issues	Member countries	No	Annual	
	Education at a Glance --OECD Indicators	Member countries and selected non-Member countries	No	Annual	A major exercise in co-operation is underway with the World Bank and UNESCO on a project to develop World Education Indicators.
	Policy responses for ageing populations	Member countries	Yes, as contained in 'Maintaining Prosperity in an Ageing Society'	Initial monitoring report for Ministerial Council, 2000; process thereafter to be determined	ILO, World Bank involved in development of policy guidelines but not surveillance
AGRICULTURE / FISHERIES	Monitoring and evaluation of agricultural policy	Member countries	Yes -- 1987 Principles and Agr Ministers 1998	Annual	Of interest to WTO and FAO.
	Monitoring and evaluation of agricultural policies in emerging & transition economies	Selected non-Member countries	No	Annual	idem
	Selected non-Member country reviews of agricultural policies	Selected non-Member countries	No	Ad hoc	idem
	Fisheries – annual review	Member countries and observers	No	From 1999: statistics annually, policy report, biennially	idem

TERRITORIAL DEVELOPMENT SERVICE	Monitoring of regional trends	Member countries	No	Continuous	Work on territorial indicators is partially funded by the EU Commission and directly used in its analysis
	Regional policy reviews	Member countries and selected non-Members	No	Ad hoc	
	Urban policy reviews	Member countries	No	Ad hoc	
	Monitoring reviews in rural and regional governance	Member countries	No	Every two years	
NUCLEAR ENERGY AGENCY	NEA peer reviews of radioactive waste management programs and facilities	NEA Member countries	No	Ad hoc	IEA
INTERNATIONAL ENERGY AGENCY	In-depth country reviews of energy policy	IEA Member countries	IEA shared goals	All member countries covered on a 4 year cycle	NEA

Annex B - Some Examples of OECD Peer Review

a. Economic and Development Review Committee - Key Elements of the Agreed Principles and Practices[*]

1. EDRC and the Secretariat: Responsibilities and Roles

In carrying out its mandate, the EDRC has separate, although inter-related, responsibilities:

- to meet and examine the economic developments and policies of each Member country;
- to review and modify as necessary the draft Survey of each Member country and approve the final version before publication; and
- to carry out multilateral surveillance and report where appropriate to other bodies of the Organisation.

The Secretariat prepares a draft Survey for the EDRC for each country being examined. The Survey is then discussed, amended and published on the responsibility of the Committee itself and as such represents the consensus of all OECD Member countries.

2. Planning of Surveys

Country examinations need to take place on a regular cycle in order to carry out proper surveillance and the maximum period between reviews should not normally exceed 18 months, while for some countries annual reviews are important.

To help prepare the draft Survey, the Secretariat will visit the Member country to hold talks with senior officials, experts, and key economic players. The Secretariat will draft a written "questionnaire" to assist the authorities in preparing for these meetings.

Wherever possible, the authorities should provide written responses and relevant background material to the Secretariat before the start of the mission. The quality of the Secretariat's draft Survey is heavily dependent on the co-operation of the authorities in submitting all the relevant information in a timely manner.

3. Documentation and preparation for the Examination

The Secretariat will prepare the draft Survey which will be made available to the country under examination at the same time as all other Member countries.

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* The Agreed Principles and Practices of the Economic and Development Review Committee (EDRC) were first drawn up in 1998 and have since been revised on several occasions, with the latest set of revisions being agreed in July 2002. The key elements reproduced in this Annex describe the operations of the review process but the full document also reviews the internal working of the Committee and provides more information on the desired structure and coverage of the Surveys.

The Survey should aim to provide maximum value added to the country being examined, other Member countries and the general public, by

- promoting better understanding of the country's economic situation and key challenges;

- enriching the economic policy debate, domestically and internationally; and

- pointing towards ways of achieving better economic performance.

Throughout the Survey, the focus should be on what the authorities can do to improve economic performance. The Survey should concentrate on those aspects of the policy and institutional framework which are most important for economic performance, even if these aspects are not on the current reform agenda of the authorities.

Policy recommendations should be sharply focused, clearly articulated and constructive and should address all the key challenges to economic policy. If second-best solutions are recommended, they should be clearly identified as such.

The Survey should explicitly follow up on recommendations made by the Committee in previous years (especially on structural matters) and outline the actions taken if any, or propose any changes to the earlier recommendations that would be appropriate for the Committee to adopt.

International comparisons and empirical analysis should be drawn on wherever possible, as these are a major source of the OECD's value added to Member countries. Lessons from other countries experience with policies can be particularly helpful. The Surveys will also draw on and integrate relevant analysis prepared for other committees, where appropriate.

A Questions for Discussion Note is prepared for each examination by the Secretariat in close consultation with two examining countries. The note shall identify the key themes around which the discussion of each draft *Economic Survey* should be organised.

4. The examination itself

The examination has several objectives:

- to assess the economic situation and policies, along with the principal policy objectives and the means to achieve them, of the country being examined;

- to formulate recommendations on the policies concerned and follow up on recommendations made in previous Surveys;

- to provide guidance to the Secretariat for redrafting the *Economic Survey* to reflect the Committee's conclusions.

If in the Secretariat's view, economic trouble may be looming, the Committee expects the Secretariat to be vocal in identifying prospective problems.

The head of delegation of the country being examined will make a brief opening statement, which should cover both macroeconomic and structural themes. This statement should:

- provide a brief update on any *major* economic or policy developments since the draft *Economic Survey* was completed; and

- identify any substantive points of disagreement with the draft Assessment and Recommendations and with the analysis presented in the main text.

The two examining countries will be invited to begin the review of each part of the Questions for Discussion, which provides a guide to all participants on the most important issues and raises certain specific questions. The country being examined will then be asked to answer comments and questions put to it by the examiners.

Following the round of comments and questions from examiners and answers to them, the discussion will be opened for other Members of the Committee to make brief observations or put additional questions, and the representatives of the country being examined will be given a chance to respond. At the end of each part of the discussion, the Secretariat will be given an opportunity to respond to points raised during the discussion and specific questions directed at it.

At the end of the examination, the chair will draw the main conclusions for the major policy issues and the most important changes to the draft *Economic Survey*. Further discussion may then be needed for the Committee to reach a consensus. The Chair's conclusions should guide the subsequent redrafting of the Survey.

5. Approval and publication of the Survey

The day following the meeting is reserved for bilateral discussions between the examined country and the Secretariat to arrive at agreed drafting on the principal points of the Survey, in light of the discussion in the Committee as reflected in the Chair's conclusions.

Following agreement between the examined country and the Secretariat on text changes, the revised Assessment and Recommendations and all parts of the main text that have been substantially and substantively revised are circulated again to the Committee for their approval. Other Delegations are invited, at this stage, to circulate their reactions to the Committee if they consider that the revised draft does not fully reflect the centre of gravity of the Committee's deliberations.

The Survey will be made ready for publication as quickly as possible after the Committee has approved final drafting changes with initial release being in electronic and/or printed form depending on the circumstances. Member countries undertake to work with the Secretariat to resolve all outstanding details as quickly as possible and if at all possible within two weeks of the meeting itself, to facilitate the publications process.

At the time of release, Policy Briefs (using the Assessment and Recommendations text) will be made available in both official languages of the OECD, as well as in third languages where the country in question has made arrangements for such release. The Secretariat will make itself available for press briefings at the time of the Survey's release.

b. Development Assistance Committee - Information Note on the Peer Review Process for Peer Review Participants

(The DAC regularly assesses its peer review process to ensure continued relevance to member country needs. The following text is likely to change in early 2003 subject to the results of a peer review client survey currently underway and subsequent consideration by the DAC of the survey outcomes and recommendations.)

I. The Peer Review of the Development Assistance Committee

The Development Assistance Committee (DAC) functions as a forum where bilateral donors come together to exchange experience and to address issues of common interest or concern. Its overarching objective is the continuous improvement of Member efforts in all areas of development assistance, through the exchange of best practices and the promotion of co-ordination and collaboration among members. In order to promote the process of learning, the DAC periodically (every 3-4 years on average) undertakes reviews and assessments of all Member development co-operation systems. This is done with the intent of promoting continually improved development co-operation practices in a complex and rapidly changing environment. Recommendations and suggestions for improvement are extended, and a follow-up is done in order to ensure that lessons are translated into improvements in the practices of DAC Member development co-operation programmes and policies.

The main objectives of the Peer Reviews are:

- To monitor DAC Members' development co-operation policies and programmes, and assess their effectiveness, inputs, outputs and results against the goals and policies agreed in the DAC as well as nationally established objectives.

- To assist in improving individual and collective aid performance in both qualitative and quantitative terms.

- To provide comparative reporting and credible analysis for wider publics in OECD countries and the international community.

- To identify best practices, share experience, and foster co-ordination.

II. Use of Peers

The DAC Secretariat, in consultation with the DAC, designates two of its members as "Examiners" for each review. They may be Delegates, although it is also common to assign staff from headquarters or field offices. Examiners are an integral part of the review team, together with members of the Secretariat, and the DAC Chairman. They are considered representatives of the DAC as a whole, assigned both to contribute to, and to learn from, the Peer Review process. In this regard, they are expected to take an active role during all stages of the process: planning; field visits; missions to the capital; contributing to the Peer Review reports, Issues Paper for the review meeting and the Chairman's Press Release. Finally, they lead discussions at the Peer Review meeting itself.

III. Timeframe

On average, the whole Peer Review process can be estimated to take 6 months, from the early planning and research stage to the Peer Review meeting at OECD headquarters. The large number of actors involved throughout the process and the logistical challenges this entails places limits on the extent to which pre-set, estimated timeframes are followed. Due to these constraints, the timeframes outlined in this note for each activity are necessarily only indicative, and there may be modifications on the sequencing or timing of events depending on the circumstances surrounding each review.

V. The Process

For Examiners and the reviewed Member representatives, the Peer Review process involves seven fairly distinct stages: (i) Preparation, (ii) Visits to the Field, (iii) Mission to the capital, (iv) Peer Review Meeting (v) Editorial Session, (vi) Publication, and (vii) Follow-up. In addition, there is interaction on a continuous basis between Examiners, the reviewed country, and the Secretariat during this period. The standard sequence of events for each Peer Review is recapitulated at the end of this Annex.

i) Preparation

Once a country is designated for review and the date of the review meeting is set, the relevant authorities are notified. The Secretariat selects the Examiners, and a meeting will be arranged between the examining team and representatives of the examined country to plan arrangements.

The country under review is requested to submit all relevant documentation to the Secretariat, which should be made available in one of the OECD official languages (French or English). In addition, all DAC members submit a country memorandum on a yearly basis, usually around mid-July. Members are free to submit their annual report in place of the memorandum, provided it follows the format agreed upon by the DAC for the memorandum.

ii) Field Visits

Purpose of field visit: The purpose of the field visit is to gain an understanding of the way in which policies and implementation is carried out in the field. These short field missions are not intended to assess, in a comprehensive way, the relevance and effectiveness of the country programme of the reviewed DAC Member, nor to evaluate individual projects. Rather than trying to grasp the problems of the country being visited and the ways in which the reviewed Member tries to find specific solutions, the review team will focus on generic or system issues that are representative of the reviewed Member's development co-operation and which may be applicable elsewhere.

Frequency: There are now normally one or two field visits for each review, often comprising two members of the Secretariat and one or more examiners. At least one field visit is typically scheduled before the mission to headquarters so as to give examiners the opportunity to use findings and observations from the field visits as inputs in the mission to the capital.

Timeframe: Usually taking approximately a week, the field visit schedule includes travel and meetings with a wide range of local actors, including partner government officials, beneficiaries, civil society representatives and other major donors to that country. Often a separate report of the field visit, with its

findings, is prepared by one or more of the review team members and is generally circulated separately, or is included as an annex to the published peer review report. In the case where two field missions occur, they are usually conducted in different regions and are structured so as to reflect the content of the aid programme under examination.

Sequence of events:

(i) *Country selection and funding*: In consultation with the Secretariat, the reviewed member selects the country to be visited for the review, taking into consideration the extent to which the chosen country is representative of their overall development co-operation programme as well as other relevant issues. Also, because the OECD does not have funds for Secretariat participation in the field visits, the reviewed Member is asked to put necessary funding in place.

(ii) *Documentation*: Once a country is agreed upon for the field visit, the reviewed member is requested to provide Examiners and the Secretariat with relevant information about their co-operation programmes in that country, such as country strategies, country agreements, regular reports, evaluation reports, financial report summaries, etc. The country under review should attempt to ensure that all relevant documentation is translated into either English or French.

(iii) *Questionnaire*: A questionnaire is sent out to the reviewed country approximately one month in advance of the visit, and provides the reviewed member with the issues of priority for the field visit. The drafting of the questionnaire is done by the Secretariat. It is then circulated to Examiners involved to allow for comments and inputs to be made before it is sent on to the reviewed Member. A formal letter is sent to the reviewed country's representative along with the questionnaire, briefly explaining the process and requesting meetings with various relevant actors in the field, such as staff in the field, beneficiaries, local staff, civil society representatives, etc.

(iv) *Agenda*: The questionnaire functions as a guideline for which areas are of priority and interest to the review team and consequently determines the general schedule of events and arrangements made by the reviewed Member in the field. A draft agenda/programme should be shared with the review team well in advance of the scheduled visit, in order to allow for inputs from the Secretariat and Examiners and for possible adjustments to the agenda.

(v) *Field visit*: The reviewed Member's field office is responsible for organising practical arrangements during the field visit, including scheduling meetings with all relevant actors, visits to project sites, hotel reservations, transportation, etc.

Participation and co-ordination: In preparation for the field visit, the review team may hold a preparatory meeting, where the role of each member is discussed. The specific roles and level of involvement of Examiners during field missions will be decided on an *ad hoc* basis in collaboration with the Secretariat, based on a variety of considerations such as expertise in specific areas, time constraints, etc. Examiners may be asked to cover a specific theme/area, and be assigned corresponding questions. At the end of the field visit, findings are discussed among the review team. Examiners play an important role in this process with their active input is encouraged. Preliminary findings are also shared with the reviewed Member and provide an opportunity for discussion on both the positive aspects as well as challenges in the programme. Such interaction and open sharing of findings is an integral part of the peer review process and constitutes an important part of the dynamic learning element of the exercise.

iii) Visit to the Capital of the Member under Review

Purpose of mission to the capital: The visit to the capital constitutes the main fact-finding mission of the review team. The mission to the capital seeks to cover all relevant areas of the reviewed Member's programme, and involves interviews/meetings with a wide range of functional units within the aid ministry/agency. Meetings with Parliamentarians are also usual, as are sessions with NGO umbrella groups. Academics and research initiatives sometimes provide invaluable information and critiques.

There is usually one mission to the capital, but two missions may be required in some cases. Normally led by the Director or Deputy Director, the missions now commonly include 2-3 other Secretariat staff and 1-2 representatives from each Examiner, and lasts 4-5 days. Opening and closing sessions are commonly held with the head of agency and usually there is a meeting with the Development Co-operation or Foreign Affairs Minister.

Sequence of Events:

(i) *Documentation*: As with the field visits, all relevant documentation should be provided in advance of the mission, and in English or French.

(ii) *Questionnaire*: The mission to the capital is prepared on the basis of a series of questions sent by the Secretariat to the capital. The questionnaire for the visit to the capital is drafted by the Secretariat. Again, Examiners are consulted and given the opportunity to provide inputs before it is sent out.

(iii) *Agenda*: The questionnaire provides an indication of areas and issues of priority to the review team, and should be used as a guide to planning the agenda for the visit. The agenda/programme for the visit to the capital should be shared with the review team in sufficient time to allow for inputs and possible adjustments.

(iv) *Preparatory Meetings*: In preparation for the mission to the capital, Secretariat staff and Examiners may meet to discuss general issues of concern and the organisation of the mission, and if necessary, assign specific roles for each member of the review team.

(v) *Capital visit*: The reviewed Member's headquarters is responsible for all practical arrangements during the visit to the capital, including scheduling meetings with all relevant actors, hotel reservations, transportation, etc.

Participation and co-ordination: At the end of the visit to the capital, preliminary findings are discussed among the review team and presented to the reviewed Member's representatives at a closing "wrap-up" session, providing an opportunity for discussion and input from the DAC Member being reviewed.

iv) The Peer Review Meeting in Paris

Overview: The review process culminates in the Peer Review meeting at OECD headquarters in Paris, where the review team's findings are presented and the DAC prepares recommendations to the Member under review. The meeting lasts one day, with an editorial session taking place in the morning of the following day. A Main Issues Paper provides the general outline of discussions for the review meeting, and includes written questions for the reviewed Member (DAC Delegates also typically attend peer review meetings and are given an opportunity to raise other questions during the review meeting). The DAC draft Main Findings and Recommendations, the draft Secretariat report, the reports on the field visits as well as the draft Press Release are also discussed.

Preparation: The Secretariat will hold a preparatory meeting with Examiners and the DAC Chairman shortly before the review, often the day before. The purpose of this meeting is to address general practical questions in connection with the review meeting, and each Examiner will be assigned a set of questions to introduce.

The DAC Chairman: The DAC Chairman leads the Peer Review Meeting.

Examiners: The Examiners are responsible for presenting the questions and issues outlined in the Main Issues paper to the reviewed Member. The Examiners must be committed to preparing for the review by absorbing the documentation and organising input from their capitals and field offices, as the basis for active participation in the several rounds of questions and response.

Secretariat: The Secretariat is part of the review team, and provides support to the Examiners in charge of presenting the questions to the reviewed Member.

Reviewed Member: The delegation of the reviewed Member is normally led at the head or deputy head of ministry/agency level, with other relevant staff present, including their DAC Delegate. The reviewed Member should inform the Secretariat and the Examiners of their representatives for the review before the meeting. Traditionally, the reviewed Member invites the DAC Chairman, examiners and the Secretariat for lunch on the day of the review where the press release is discussed.

Drafting: The Secretariat is responsible for drafting the peer review report (with its two sections), the field visit report(s), and the Main Issues paper and the DAC Chairman's Press Release. In some cases, Examiners have written the field report, and Examiners regularly contribute comments on specific issues in the form of boxes in the reports. Examiners also provide substantial inputs during the development of the Main Issues paper, which outlines the questions to be presented to the reviewed Member at the meeting. Ideally, Examiners take a leading role during preparations of the Main Issues paper.

Before being put on the OECD On Line Information Service (3-4 weeks ahead of the Peer Review meeting), a preliminary draft of the Secretariat Report is circulated, first to Examiners (1 week), then to the capital of the reviewed Member for factual checking (1 week), and finally to the Head of PRPM and the Director of DCD for final approval.

Meeting Documentation:

To recapitulate, the documentation for each review consists of:

- The **Country Memorandum** or most recent **Activity Report/Annual Report** prepared by the reviewed DAC Member. This memorandum is an important source of information and input for the DAC report, and is submitted by all DAC Members on an annual basis, usually around mid-July. An indicative format for reporting and a checklist for issues to be covered is presented in Annex 1 to DCD/DAC(96)25.

- The **Peer Review Report**. The report is prepared by the Secretariat in consultation with the examiners. It consists of two parts:

- The **DAC's Main Findings and Recommendations.** It summarises the main findings of the review team and provides a list of DAC principle recommendations.

- The entire text of the **Secretariat Report**.

- **Field Visit Reports**, prepared by the Secretariat or an examiner. These can be submitted separately or included as boxes within the Secretariat Report.

- **The Main Issues Paper** is prepared by the Secretariat and examiners, and cleared with the DAC Chairman in advance. The Main Issues Paper forms the core of the discussions at the meeting and presents written questions for the reviewed Member. It is submitted on Olis 2-3 weeks in advance of the meeting.

- The **Press Release** is issued by the DAC Chairman following the actual review meeting. A draft press release is prepared a week or so in advance of the Peer Review meeting. This draft is then discussed among the reviewed Member's representatives and the examiners at lunch on the day of the review and may be amended following discussions at the end of the peer review meeting. As soon as it is finalised and approved by the DAC Chairman, it is released and put on the OECD Internet site.

- The **Agenda** lists the documents available for the review and sets the general order of events.

v) Editorial Session

After the Peer Review meeting, an editorial session is held, usually the following morning, in order to incorporate any comments from the DAC meeting into Main Findings and Recommendations. Necessary consequential corrections to the Secretariat Report are also made. The editorial session is attended by the Examiners, the reviewed Member representatives, and the Secretariat.

The editorial session is not an opportunity to negotiate the text with the Secretariat and the Examiners. Changes in any of the documents should be kept to factual issues. Any other suggested changes will be considered but not necessarily adopted. For purposes of transparency, any change in language or disagreement with conclusions or recommendations suggested by the Examiners should be raised in the Peer Review meeting itself in order to ensure that only issues that seem legitimate to other Members will be considered.

vi) Publication

The final report is published as part of the DAC Journal and can be published separately (pre-print). The DAC Journal is released every three months. Pre-prints are produced on order. The reviewed Member is responsible for all details concerning the ordering of pre-prints from the OECD's Public Affairs and Communication (PAC), and should specify the number of copies required, which languages, etc. Approximately 6-8 weeks is required to process the order.

vii) Follow-Up

Following the review meeting in Paris, perhaps six to eighteen months after, the DAC Chairman, occasionally accompanied by representatives of the Secretariat, pays a visit to the capital of the reviewed Member. The purpose of this follow-up visit is to discuss adoption of the recommendations made at the time of the peer review meeting. The reviewed Member hosts this visit, and should present relevant information on follow-up activities taken, or planned, as a consequence of the Peer Review.

Overview of Peer Review Process

Timeframe / Process	6 Months **Preparation**	5/4 Months **Field Mission(s)**	4/3 Months **Visit to the Capital**	0 **Peer Review Meeting**	1 DAY **Editorial Session**
Documentation	(i) Memorandum	(i) Questionnaires (ii) Field Mission Report	(i) Questionnaire	(i) Memorandum (ii) Main Findings (iii) Main Report (iv) Field Mission reports (v) Main Issues Paper (vi) Press Release	(I) Main Findings (ii) Press Release (iii) Main Report
DAC Chairman's Role				Chair of Peer Review Meeting Responsible for press release process	
Secretariat's role	Selection of Examiners Meeting with examiners	Drafting Questionnaires Leading Field Mission Drafting field mission reports	Drafting Questionnaires Leading Mission to Capital	Supporting Examiners	Reviewing and considering proposed amendments
Examiners' role		Review, Comment, Draft -- questionnaire and field mission reports Participating in Mission	Review and Comment on questionnaires Participating in Mission	Leading discussions based on Main Issues paper	Reviewing and considering proposed amendments
Examined Member's role	Submission of relevant documentation	Selects location for field visit Preparation of agenda. Organising meetings with relevant parties.		Responding to issues/questions raised by Examiners and other DAC members	Presenting factual information for amendments/additions to Main Findings and Main Report

Notes on Timing of Documentation

(I) **Memorandum:** Submitted yearly by all DAC members, around mid-July

(ii) **Questionnaires** (for both field visit and visit to capital): Sent to relevant interlocutors approximately 4 to 8 weeks before visits.

(iii) **Field Mission reports:** Normally drafted approximately 6-8 weeks after field visit

(iv) **Main Report** (Including Main Findings and Recommnedations): Submitted on Olis approximately 3-4 weeks before the Peer Review meeting

(v) **Main Issues Paper:** Submitted on Olis approximately 3-4 weeks before the Peer Review meeting.

(vi) **Press Release:** Released on the day of the review or the following day on the responsibility of the DAC Chairman.

c. Environmental Performance Reviews

1. The OECD Environmental Performance Reviews Programme: Why?

Mandate

The original programme mandate comes from the OECD meeting of Environment Ministers (Paris, January 1991). Ministers agreed that it was desirable to review systematically the environmental performance of individual OECD countries in meeting domestic policy objectives and international commitments. The Ministers endorsed the redirection of efforts by the OECD to start environmental performance reviews of Member countries. This was subsequently confirmed by the OECD Council meeting at Ministerial level in June 1991, and supported by the London G-7 economic summit one month later. The first cycle of OECD Environmental Performance Reviews is now completed with 33 reviews: all Member countries and a few non-member countries such as Russia.

In 1999, the Environment Policy Committee approved the work plan for a second cycle of OECD Environmental Performance Reviews. In May 2001, EPOC and the Council meetings at ministerial level approved an "OECD Environmental Strategy for the first decade of the 21st Century", the implementation of which is to be monitored by OECD environmental performance reviews. Also, the communiqué of the Ministerial Council meeting (May 2001) called for the OECD to assist governments "by developing agreed indicators that measure progress across all three dimensions of sustainable development, including de-coupling of economic growth from environmental degradation, with a view to incorporating these into OECD's economic, social and environmental peer review processes".

Aims

The principal aim of the OECD's environmental performance reviews is to help Member countries improve their individual and collective performances in environmental management. The primary goals for this programme are:

- to help individual governments judge and make progress by establishing baseline conditions, trends, policy commitments, institutional arrangements and routine capabilities for carrying out national evaluations;

- to promote a continuous policy dialogue among Member countries, through a peer review process and by the transfer of information on policies, approaches and experiences of reviewed countries;

- to stimulate greater accountability from Member countries' governments towards public opinion within developed countries and beyond.

Programme efforts are directed at promoting sustainable development, with emphasis on developments in domestic and international environmental policy, as well as on the integration of economic, social and environmental decision-making.

Building on the OECD Experience

The review of trends, policies and countries' performance is a basic OECD function and is at the heart of the "trade" of the OECD. The Economic Surveys are the longest-standing OECD reviews programme, and the best known to the general public. Other reviews programmes exist in such fields as energy, agriculture and development assistance. The environmental performance reviews programme has extended this approach to the environment.

The environmental performance reviews programme has benefited from the experience and methodology of other OECD review processes. It differs, however, in a number of ways, for instance:

- the fact that reviewing countries are directly involved with the Secretariat in the elaboration of the report;
- the number of reviews per year;
- the national representation on the WPEP (which comes from the capitals);
- the Ministerial press conferences (at publication time) and the formal government responses (one or two years later).

2. The General Process of a Review

Preparation Stage

Preparation begins with the formulation by the Secretariat, in consultation with the country under review, of the outline of the review, i.e. the choice of topics to be examined. This outline includes mostly topics standardised for all countries in a given cycle, but also speciality topics selected for each specific country review.

The Secretariat assembles a review team, which typically includes experts from 3 reviewing countries, Environment Directorate staff and prominent consultants, and often an observer (e.g. from a different OECD directorate, UN-ECE, a non-member country).

This stage also includes data and information gathering by the Secretariat in co-operation with the reviewed country, as well as consultation with country desks within the OECD. The periodic environmental data collection effort by the WGEIO and the OECD core set of environmental indicators effectively provides internationally harmonised environmental data. Relevant and available information and documentation are also gathered from the reviewed country for the benefit of all team members who can familiarise themselves with the situation in the reviewed country well before the review mission. In the second cycle a country memorandum is prepared by reviewed countries.

A set of discussion themes is prepared for each review for use as a kind of agenda during the team mission. It covers each of the sessions of the mission. It is circulated to participants in the country being reviewed, a month before the start of the visit, and it assists in preparation for the meetings.

Review Mission Stage

During this stage the expert team meets with government and non-government representatives of the country under review, including industry, trade unions, NGOs, experts and local government representatives. As the team is already well informed about the situation in the country being reviewed, the

review mission is not a fact-finding mission, but discussions focus on the evaluation of environmental performance. Each team member prepares a first draft of a chapter of the review report during the mission. Participation of reviewing country's experts in the teams themselves brings transparency and invaluable experience.

Further drafting, compilation (incl. preparation of statistics,tables & figures), harmonisation and editing of a consolidated draft text are done by the Secretariat. This document is circulated for comments to all reviewing country experts, to the Environment Directorate and to all other relevant parts of OECD. A minimum of 4 months is needed from the review mission until the completion of the document.

Peer Review by the WPEP

The report is then sent to all capitals 6 weeks before the WPEP peer review meeting. At the meeting, a full day is allocated to the examination of a given country. The Delegation of the reviewed country is usually headed by a Deputy Minister or Secretary-General of the environmental administration, and includes representatives of other relevant administrations. The reviewing countries take a lead in opening the debate about specific parts of the review. All countries participate in the debate. The peer review meeting of the WPEP is one of the two main "products" of a review. Pursuant to the second specific aim of the programme (i.e. policy dialogue), no minutes are taken in order to encourage a free and frank exchange of views. This exchange of views concentrates on issues that are significant or sensitive. It helps deepen the understanding of the main issues under discussion, probe the ground of any draft conclusions that are challenged, look for a balance between criticisms and recommendations and aims for fairness in judgement between one review or another. The "Conclusions and Recommendations" chapter is amended and approved by the WPEP. A very important "by-product" of the programme is the benefit that Member countries derive from serving as reviewers: country experts have the opportunity to draw first hand on the experience of the reviewed country, to the advantage of their work back home.

Publication Stage

Publication of the completed report under the responsibility of the Secretary-General constitutes the last step of the review process. Amendments are requested from the reviewed country concerning factual matters. An updating of some facts and figures is also done by the Secretariat, together with possible changes in line with the WPEP Conclusions and Recommendations.

The reports are first aimed at decision-makers, a number of those are present at the peer review meeting. Their role in further "promoting" the report, and making the best use of the results of the peer review meeting, is crucial. The reports are also aimed at a wider audience (general public, NGOs, industry, government at different levels) in the country under review, and therefore help to achieve the third specific aim of the programme, i.e. to stimulate greater accountability of governments towards public opinion. Publication of the reports attracts attention in the press in the country under review and in other countries as well.

A press conference, usually given by the Environment Minister with participation of OECD, is given in the capital of the reviewed country to reach public opinion and decision-makers. Accompanying seminars, special distribution efforts in the national language are also very common.

Follow-up and Monitoring

Importance is attached to feedback from countries on the use they have made of the OECD EPRs. This feedback can take the form of formal voluntary "government responses" (such responses have now been provided by 2 countries out of 3) and of informal oral reports by reviewed countries to the WPEP (at its subsequent meetings).

3. Reference framework

Environmental Strategy

The reviews are to further the principal goals of the "OECD Environmental Strategy for the First Decade of the 21st Century", as set forth by OECD Environment Ministers and the OECD Council.

In accordance with the outline discussed in the previous section, reviews include a number of standard chapters and speciality chapters and sections. Reviews present recommendations by the WPEP; these recommendations largely reflect the body of policy orientations already commonly agreed by member countries in a range of programmes and Council Acts within OECD; they also reflect common views in the WPEP on the way forward or new directions adopted within OECD (e.g. greening of government operations).

Environmental Performance

Achieving objectives

Whether objectives are being met is the essence of appraising environmental performance. More precisely, performance should, as far as possible, refer to three main questions relating to the achievement of national objectives or international commitments:

1. - to what extent is the objective achieved? Retaining a clear distinction between intentions, actions and results, the emphasis being on results), is central to assessing performance.

2. - is the objective ambitious or modest? In other words, how does the objective itself relate to the country-specific context, i.e. to the past and current state of the environment, natural resource endowment, economic structure and development levels, and demographic trends? Objectives are chosen and priorities are set through a country's decision-making process on the basis of scientific, ethical and economic considerations. Environmental performance reviews therefore include a systematic review of the context (physical, human, social, economic, legislative and institutional/ administrative). This introduces an element of standardisation and readily accessible comparability in the review process.

3. - are results achieved in a cost-effective way?

A hierarchy of objectives

Environmental objectives may be more or less explicit and may refer to different types and levels of commitments:

- aims at the general level (e.g. preserving and improving environmental quality, sustainable development);

- qualitative goals at the intermediate level (e.g. preserving the ozone layer, reducing acidity);

- specific quantitative targets or a commitment to the implementation of a set of policy measures at a more specific level. Such targets or commitments are determined by technical, administrative and economic criteria.

A historical perspective

The historical perspective adopted should also examine the evolution of environmental policy (e.g. the trend away from purely curative approaches towards preventive and integrated approaches) and the development of innovative approaches, emerging policy directions and related objectives. Reviewing performance requires looking at past achievements and difficulties as well as future progress.

A range of policy instruments

Pursuing environmental objectives requires the development of mechanisms and incentives that will enhance the efficiency of environmental resource use. Policy instruments therefore play an essential part in environmental performance. It is suggested that a broad range of policy instruments be considered in environmental performance, notably: regulatory (standards, licensing, zoning, etc.); economic (charges, financial incentives, market creation, subsidies, etc.); institutional (administrative and legal reform); educational and information related; public investment (in infrastructure, R&D, etc.); enforcement and compliance.

While the nature and scale of such instruments are important in determining performance, it should be noted that in practice, policy initiatives involve packages of instruments drawn from a wide portfolio.

*4. Executive Summary of Second Cycle Work Plan (as endorsed by WPEP and EPOC)**

The principal objective of the review programme is to help Member countries to improve their individual and collective performances in environmental management with the goal of achieving sustainable development. Based on the overall assessment of the first cycle of reviews and the changes considered necessary for the second cycle, the basic guidelines adopted by the WPEP and EPOC for the second cycle of reviews are:

– Orientations

- the second cycle will respond to the changing policy context and demands after 2000 (e.g. OECD Sustainable Development Initiative, OECD Environment Strategy for the decade);

- the second cycle will build on the baseline and recommendations set for each country during the first cycle;

- the performance orientation (with respect to national objectives and international commitments, with review of the challenges accepted, with focus on results achieved) will be strengthened.

* Reference documents: ENV/EPOC(98)4 and ENV/EPOC(98)21.

– Contents

- environmental issues, such as air, water, waste and nature management, will continue to be covered, with more input from the reviewed country to assess progress made since the first review;

- sustainable development issues will be covered, with a focus on the integration of environmental concerns within economic and social policies, including sectoral ones;

- the monitoring of performance with regard to international commitments (including within OECD) will be strengthened;

- reviews will be selective in their emphasis and coverage of sectors and issues with highest relevance to the sustainable development of the country; reviews will include forward-looking aspects of performance.

– Methodology

- both increased standardisation (methodology, report outline, use of indicators, inter alia to increase international comparability) and more country-tailored features (recognition of different contexts, speciality chapters, specific indicators) will be needed;

- the existing core set of environmental indicators will be further developed and more use will be made of indicators, in the review reports wherever feasible.

– Process and Products

- the peer review approach and pressure will be maintained as a strong point of the programme through WPEP examination meetings;

- contributions by both the reviewed country's officials and other stakeholders (business, farmers, NGOs, independent experts, local government) to the review process will be increased;

- ways to shorten the cycle of reviews will be systematically investigated;

- co-ordination with other OECD reviews (e.g. economic surveys, energy reviews) will be strengthened, particularly in the context of the OECD Sustainable Development Initiative;

- co-operation with the UN/ECE review programme will continue and reviews of a few non-member countries may also be conducted;

- efforts will be made to stimulate greater accountability from Member country governments and to increase the influence of the review products with stakeholders.

As a result, environmental performance reviews of the second cycle are planned to have a substantive environmental focus reflecting concerns with sustainable development in an era of globalisation, a strengthened approach of performance and peer review, more streamlined approach and format, and a reinforced influence.

d. Country Reviews on Regulatory Reform

The 1997 Council Meeting at the ministerial level provided the mandate for the OECD to conduct reviews of regulatory reform on the basis of the OECD Report on Regulatory Reform [*27]. This mandate was the origin of the OECD Horizontal Programme on Regulatory Reform, which is the multidisciplinary framework in which this peer review is conducted. The aims and the scope of the review have been described as follows:

> The aims of the country review are to help governments identify best-practice regulatory methods, to set priorities for regulatory reform across a broad range of policy areas, and to strengthen their capacities for self-assessment; to help reduce the costs and risks of transition; and to support public debate by developing information that will help governments explain the importance and implications of sustained regulatory reform. Broadly, the goal is to contribute to the steady improvement of regulatory practices in all Member countries.
>
> The scope of the review will cover, for most countries, three thematic areas, such as capacities of the public sector, competition policy, and enhanced market openness, and two sectors -- telecommunications and electricity -- that Member countries have identified as their top priorities for this exercise. The reviews will also examine the potential impacts of further reform on various aspects of economic performance.
>
> (Par. 2 – 3 of Regulatory Reform, The OECD Country Reviews on Regulatory Reform: Proposed Structure and Content, 13 February 1998, SG/RR(98)1).

The regulatory reform cuts across several areas of competence of the Organisation and involves various committees and working groups. A co-ordination role is assigned to the Public Management Committee, but the context in which the review actually takes place is the Ad Hoc Multidisciplinary Group on Regulatory Reform, which is a central high level expert group on regulatory reform.

The structure of the review and its main procedural elements were formally set forth in the document: Regulatory Reform, *The OECD Country Reviews on Regulatory Reform: Proposed Structure and Content*, 13 February 1998, SG/RR(98)1.

The OECD developed a sophisticated method of self and mutual assessment in connection with these reviews. The method is based on a series of comparative regulatory indicators, covering regulatory frameworks, impacts and performance of regulated activities. These indicators include, for instance, standards to assess firm ownership and control in the country or tables to represent its general competition law (see Regulatory Reform, *The OECD Regulatory Indicators Questionnaire: Regulatory Structures and Policies in OECD Countries*, 9 March 1998, SG/RR(98)2/FINAL).

On the basis of these indicators and standards, the OECD prepared two questionnaires for self-evaluation by the States: the review questionnaire and the indicators questionnaire (see *ibidem*, and Regulatory Reform, *The OECD Country Reviews on Regulatory Reform: Review Questionnaire*, 18 March 1998, SG/RR(98)3/FINAL).

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* See Meeting of the Council at Ministerial Level, *Communiqué*, Paris, 26 – 27 May 1997, SG/COM/NEWS(97)45, par. 15.

The process starts with the completion of the questionnaires by the authorities of the country under review. Once it has received these documents, the Secretariat shares them with the examiner countries and a dialogue with the reviewed country – including, in some cases, on-site visits – is initiated. The dialogue extends to those subsidiary bodies which are involved in regulatory reform, such as the Competition Law and Policy Committee, the Working Party of the Trade Committee, the Working Party on Telecommunication and Information Services Policies, and the Regulatory Management and Reform Group of the Public Management Committees.

Each of the subsidiary bodies involved in the review prepares a sectoral document, which is integrated into the draft final report prepared by the Secretariat and the lead examiners. This draft is discussed by the Ad Hoc Multidisciplinary Group on Regulatory Reform, which meets once a year. In this meeting the examiners lead the discussion and open a debate in which the reviewed country is called to answer questions and provide clarification. The Group adopts the report, which normally contains an analytical examination of the country, an executive summary and recommendations.