PUBLIC MANAGEMENT SERVICE
PUBLIC MANAGEMENT COMMITTEE

ANNOTATED AGENDA

Twenty-third Annual Meeting of OECD Senior Budget Officials
Washington, D.C., 3-4 June 2002

This meeting is hosted by the United States Office of Management and Budget and will take place in Washington, D.C. [www.whitehouse.gov/omb].

The meeting will be chaired by Mr. Geert van Maanen, Secretary-General, Ministry of Finance, The Netherlands.

Mr. Mitch Daniels, Director, Office of Management and Budget, will open the meeting on behalf of the United States. Mr. Richard Hecklinger, Deputy Secretary-General, will open the meeting on behalf of the OECD.

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TWENTY-THIRD ANNUAL MEETING OF OECD SENIOR BUDGET OFFICIALS
WASHINGTON, D.C., 3-4 JUNE 2002

ANNOTATED AGENDA

Monday, 3 June 2002

9:30-10:00 Opening Remarks
10:00-10:45 The Political Economy of Reforming Entitlement Programmes
10:45-11:15 Coffee Break
11:15-12:00 The Political Economy of Reforming Entitlement Programmes (Continued)
12:00-14:00 Luncheon for Heads of Delegations
14:00-15:30 Investing in Private Financial Assets to Address Longer-Term Needs
15:30-16:00 Coffee Break
16:00-17:30 Time-Horizons in Budgeting
18:00 Cocktail

Tuesday, 4 June 2002

9:00-10:30 Peer Review: Budgeting in Finland
10:30-11:00 Coffee Break
11:00-12:30 Leading-Edge Budgeting Reform: Results-Oriented and Accruals
12:30-14:30 Luncheon for Heads of Delegations
14:30-16:00 Governance of Agencies and Other Autonomous Bodies
16:00-16:30 Report by the Director and Head of Division and Future Work Programme
16:30 Statement by the Chairman and Closing Remarks
SUMMARY ANNOTATIONS

General

1. The United States Office of Management and Budget will host this year’s meeting of Senior Budget Officials in Washington, D.C., and the meeting will be opened by Mr. Mitch Daniels, Director, Office of Management and Budget, on behalf of the United States. Mr. Richard Hecklinger, Deputy Secretary-General, will open the meeting on behalf of the OECD. Mr. Gobind Nankani, Vice President, will welcome participants on behalf of the World Bank.

2. The assistance of the World Bank and the International Monetary Fund in organising this meeting is gratefully acknowledged.

3. The meeting will take place at World Bank Headquarters. Please use the entrance located at 701 18th Street, NW, Washington DC. A special registration table will be located just inside the entrance. Please be advised that for security reasons you will need to show your passport in order to receive an entry pass. Please allow 10-15 minutes for these security formalities.

4. Simultaneous interpretation between English and French will be provided at the meeting, courtesy of the International Monetary Fund.

5. The Heads of Delegations are invited to a luncheon hosted by the World Bank on the first day of the meeting. During the luncheon, Mr. Bill Dorotinsky will make a presentation on the World Bank’s activities in public sector budgeting.

6. The Heads of Delegations are invited to a luncheon hosted by the International Monetary Fund on the second day of the meeting. During the luncheon, Mrs. Teresa Ter-Minassian, Director, Fiscal Affairs Department, will make a presentation on the IMF’s activities in public sector budgeting.

7. All Delegates are invited to attend a cocktail hosted by the Office of Management and Budget at the conclusion of the first day of the meeting. The cocktail will take place in the Old Executive Office Building. This building is part of the White House complex and requires special security clearance for entry. Please provide your nationality and date of birth on the attached registration form. You will also need to show your passport for entrance into the building.

Documentation

8. A list of documents distributed for the meeting and a registration form are provided in an attachment to this Annotated Agenda. A background document is available for each substantive session, and the Secretariat will prepare a separate “Issues for Discussion” document that summarises the conclusions reached in each of the background papers and suggests a number of issues for discussion.

<table>
<thead>
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<th>OECD Survey of Budgeting Developments</th>
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<td>We will not be distributing the traditional questionnaire on budgeting developments ahead of this year’s meeting. This is because we will be re-launching this work in a more comprehensive, analytically-based format later in the year. We would, however, ask you to verify the accuracy of the information we have already collected from your country. Please check the document and provide us with any corrections prior to the meeting. An updated version of the document will then be available at the meeting.</td>
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Agenda Items

The Political Economy of Reforming Entitlement Programs

9. At the last meeting of Senior Budget Officials, Delegates discussed measures to incorporate a longer-term orientation to the budget process. The unprecedented fiscal demands of an ageing population and other societal issues are well known and documented. Reliable and transparent budget information and processes taking into consideration the long term, while necessary, will not in themselves overcome the short-term nature of annual budgetary decision-making processes. The budget is a true reflection of the political decision-making process. At the end of the day, hard choices must be made by policy-makers in order to prepare for future outlays. This may include decisions to reduce benefits or tighten eligibility requirements for certain government entitlement programs. History has demonstrated immense political obstacles to such decisions. But the longer they are delayed, the worse the problem will become and the more drastic the decisions will eventually have to be. This session is designed to give Delegates an opportunity to discuss strategies and share experiences on the political aspects of reforming entitlement programs.

10. This session will be led by a presentation by Mr. Mitch Daniels, Director, Office of Management and Budget, United States. The floor will be opened for general discussion of these issues following his presentation.

Investing in Private Financial Assets to Address Longer-Term Needs

11. Currently, OECD Member countries are, with significant exceptions, enjoying a rather healthy fiscal position. It is imperative that today’s relative fiscal abundance be used to pay down government debt or be used to invest in profitable financial assets. This will greatly mitigate the fiscal consequences when various long-term costs come to fruition. Governments are increasingly establishing special funds to meet future expenditure needs. This most often takes the form of special reserve or “trust” funds for accumulating financial assets for future social security obligations. Transparent and accepted budgetary rules and appropriate governance structures for such funds need to be in place. How can such funds be adequately “ring-fenced” to ensure that the proceeds of the funds are in fact used for their original purposes and not redirected to other needs when “temporary” needs arise? What are the appropriate governance arrangements (decision-making processes) for the investment of such funds; and what institutional features can be put in place to assure the integrity of such investment decisions?

12. This session will be led by a report on a recent OECD experts’ meeting on this subject. Delegates will then have an opportunity to share their views and experiences in this area.

Time-Horizons in Budgeting

13. This session will focus on ways to overcome the inherent difficulties of adopting a longer-term focus to the budget process. It will discuss various methods for aiding policy-makers and government officials in considering the longer-term consequences of their decisions.

14. The session will be led by a presentation by Professor Daniel Tarschys, University of Stockholm and former Secretary-General of the Council of Europe. Delegates will have an opportunity to discuss his analysis and to share their views and experiences in this area.
Peer Review: Budgeting in Finland

15. Finland is the focus of this year’s review. The session is designed to provide a comprehensive overview of the budgeting process in the country under examination and to offer an opportunity for Delegates to comment on specific budgeting practices in that country (“peer review”).

16. The Secretariat will present its report on the Finnish budgeting system and two Member countries -- who have agreed to be the lead examiners -- will begin the peer review process. The floor will then be open for questions and comments by all Delegates.

Leading-Edge Budgeting Reform: Results-Orientation and Accruals

17. Over the past year the OECD has hosted several expert meetings and fora on results-oriented budgeting and the use of accrual accounting and budgeting. This session will consist of presentations on the results of these meetings highlighting the key issues that emerged. Delegates will then have an opportunity to exchange views and experiences in this area.

Governance of Agencies and Other Autonomous Bodies

18. In order to improve performance, decentralise or meet other political goals, Member countries have created numerous agencies and other autonomous bodies charged with a public purpose. The creation of these bodies raises a host of governance and budgeting issues concerning accountability and the performance of public objectives.

19. This session will be led by a presentation by Professor Allen Schick, Brookings Institution and University of Maryland. Delegates will have an opportunity to discuss his analysis and to share their views and experiences in this area.

Report by the Director and Head of Division

20. The Director and Head of Division will report on activities that have taken place since the last meeting of the Working Party, including brief reports on expert meetings and symposia. The report will also discuss the Working Party’s outreach activities in non-member countries.

Future Work Programme

21. This session provides an opportunity for Delegates to identify emerging priority areas for future work, the nature of their interest in the subject and their willingness to participate in particular studies. A special section in the Issues for Discussion document contains further information for this discussion.

Statement by the Chairman

22. As is customary, the Chairman will conclude the meeting by making a short statement drawing together the main issues discussed.
### LIST OF DOCUMENTS

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<td>PUMA/SBO/A(2002)4</td>
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<td>PUMA/SBO(2002)1</td>
<td>Overview of Results-Focused Management and Budgeting in OECD Member Countries</td>
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<td>PUMA/SBO(2002)1/ANN1</td>
<td>Results-Focused Management and Budgeting: Case Studies</td>
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<td>Issue for Discussion</td>
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<td>PUMA/SBO/RD(2002)1</td>
<td>The Political Economy of Reforming Entitlement Programmes</td>
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1. The presentation by Mr. Mitch Daniels will be available as a Room Document during the meeting.