

# INSTITUTIONS FOR ENHANCING ECONOMIC POLICY PERFORMANCE

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# Institutions for enhancing economic policy performance

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# 1 Introduction

Good microeconomic policy requires two things. The first is a commitment to the entrenchment of well functioning markets and to letting market competition determine economic outcomes in all circumstances where competition is appropriate. The second is good regulations (that is, rules) to guide economic outcomes when competition is not appropriate.

Two sorts of institutional strategies are required to attain good microeconomic policy foundations. Good regulations require good supporting institutions to implement and enforce the rules. So countries need to identify the institutional frameworks they will need to support good regulatory regimes. But no economy starts out with the best regulations or supporting institutions. Instead they inherit a set of regulations and institutions that reflect their own unique history. Further, economic growth and technological developments mean that the areas where competition is appropriate can change over time.

Hence, countries also need to identify meta-institutional strategies that allow their existing regulatory structures and supporting institutions to evolve over time towards a changing ideal. In other words, they need to identify institutions to support the reform process itself.

An earlier paper outlined in some detail the elements of good microeconomic policy, and the regulatory and institutional frameworks necessary to support it (Dee 2006). This paper briefly summarises the economic reform agenda, and elaborates further on institutional strategies to support the reform process.

Key to this are mechanisms to review the desirability and performance of all existing and new regulations and institutions on an ongoing basis, and in a way that involves all relevant stakeholders. The purpose of these reviews is not just to inform the policy making process. Such reviews also play a vital role in marshalling countervailing interests against the vested interests opposed to reform. They also play a role in shaping and educating public opinion, and can over time raise significantly the level of public debate about economic policy reform options. Finally, they also assist in policy coordination.

## 2 The microeconomic policy foundations of good economic performance

The forces of competition can exert powerful pressure on producers to find the least cost way of serving customer needs, and to innovate in order to better serve those needs.

Individual producers can benefit from any cost savings they make, in the form of higher profits. And consumers and downstream using industries can benefit as competition from other producers squeezes those profits and drives prices down towards costs. This dynamic process leads to prices that reflect production costs, and costs that are as low as possible. The first condition ensures allocative efficiency — resources are put to their best uses. The second ensures productive efficiency — the maximum output is achieved from those resources. Both types of efficiency ensure the highest possible levels of income.

Not only does competition help to maximise income levels, but it does so in an administratively efficient way. In theory, the same patterns of production and consumption could be achieved through a system of centralised decision-making. But the administrative requirements for such central planning are burdensome, and the information requirements for doing it successfully are prohibitive. By contrast, the market place achieves these outcomes in a decentralised way. No bureaucrat needs to decide which individuals should run which companies producing which products at what price. For countries where regulatory capacities are in short supply, this can be a significant benefit from letting the market place decide.

This is not to say that there are no administrative or legislative requirements for market competition. Basic laws are needed to set the boundaries of that competition. For example, corporations' law is needed to allow for limited liability companies, thus limiting the downside risks to shareholders from poor corporate performance. Accounting standards and disclosure requirements are needed so that shareholders and creditors can assess the economic performance of companies in a transparent way. Bankruptcy laws are needed so as to limit the downside risks to outside creditors of poor corporate performance. But no case-by-case decisions are needed about which producers should survive and which should go out of business.

Another benefit of competition and decentralised decision-making is that it can make an economy more flexible and robust to external shocks. Producers used to out-guessing rivals on a daily basis will be better placed to react to adverse global market developments than producers who have no rivals, or are used to being told what to do by bureaucrats. Furthermore, producers with rivals will have a financial incentive to be better informed than those rivals of likely global market developments. By contrast, bureaucrats have no profit motive to collect such information. Finally, producers with rivals are likely to be the best placed to respond to adverse shocks, because competition is likely to have weeded out the poorer performers. Small economies in particular need to be relatively open to global markets, because they do not have the variety of resources to produce everything at home. Flexibility is the key to protecting themselves from the variability of global markets. And competition can enhance flexibility.

Potential rivals are as important as actual ones. Even a monopoly supplier will be unable to inflate costs or profits on a sustained basis if this attracts the entry of a competitor who can produce at lower cost or with a smaller profit margin. So long as it is possible for a competitor to enter at any time with few irreversible costs, this will discipline an incumbent's behaviour. So the number of actual competitors is less important than the absence of barriers to entry and exit. Contestability is the key to effective competition.

As a corollary, good microeconomic policy means protecting competition, *not* protecting particular competitors. The difference is crucial, although it is not always observed, even in the most enlightened economies. The benefits of competition will only emerge if firms and workers have the incentive to enter into or exit out of specific activities. Entry, exit or survival of any particular player should not be preserved by administrative means. There is a growing body of empirical literature that supports the idea that the entry and exit of firms is a key determinant of productivity in developing countries (Roberts and Tybout 1997).

Foreign competition can play an important part. It can come from allowing cross-border trade to occur in an unimpeded fashion. It can come from allowing foreign direct investment, so that foreign suppliers set up a permanent local presence. The latter sort of competition can bring additional benefits, in the form of new capital, technologies and business processes. But any attempt to 'manage' the process by allowing only a specific number of foreign players, rather than allowing free entry and exit of foreign players, is an instance of protecting particular competitors, rather than protecting competition. Further, such managed competition risks handing over existing monopoly profits from domestic to a few foreign players, with little benefit to domestic consumers and users in the form of lower prices, and a net loss to the economy as a whole.

Competition from domestic new entrants is arguably even more important than foreign competition. A recent study examined the empirical evidence on the relative importance of discriminatory barriers to foreign competition, and non-discriminatory barriers to *any* new competition, among a group of East Asian economies. The results were striking. The gains to the region from unilaterally reforming the non-discriminatory restrictions on competition in seven selected services sectors were almost six times those from forming an East Asian preferential trade area, and three times those from a successful Doha Round (Dee 2005). East Asia need not fear that unleashing the forces of competition would see their economies overrun by foreign multinationals. The critical barriers to competition are often those protecting incumbents against domestic new entrants.

Promoting competition is a much broader agenda than putting in place competition law, narrowly defined. Anti-trust legislation is about ensuring that abuses of monopoly power

do not occur. Competition policy, broadly defined, is about removing the barriers to entry and exit so that positions of monopoly power do not persist.

On the economic front, the competition policy agenda includes removing barriers to foreign competition, be it from cross-border trade or from foreign direct investment, and not just for particular trading partners. It includes removing barriers to the entry of domestic new entrants, and allowing existing firms to exit the marketplace in an orderly fashion if the market dictates that they cannot survive. It includes ensuring that the minimum regulation exists to guide economic outcomes in those circumstances when markets alone may not deliver the most efficient outcomes. And it includes ensuring that a cost-effective social safety net is in place to protect against adverse individual outcomes, having ensured individual opportunities.

On the institutional front, the competition policy agenda includes ensuring that the right institutions are in place to review and remove the unnecessary impediments to the functioning of markets. It includes ensuring that the right institutions are in place to design, implement, enforce and review the functioning of more appropriate regulation. It includes devising strategies protect the credibility of those institutions, despite the inevitable attacks from special interests. It includes developing transparency of institutional processes, and nurturing an educated and informed commentariat, so as to bring economic policy making out of ‘smoke filled back rooms’ to help establish that credibility.

### **3 An ideal policy development process**

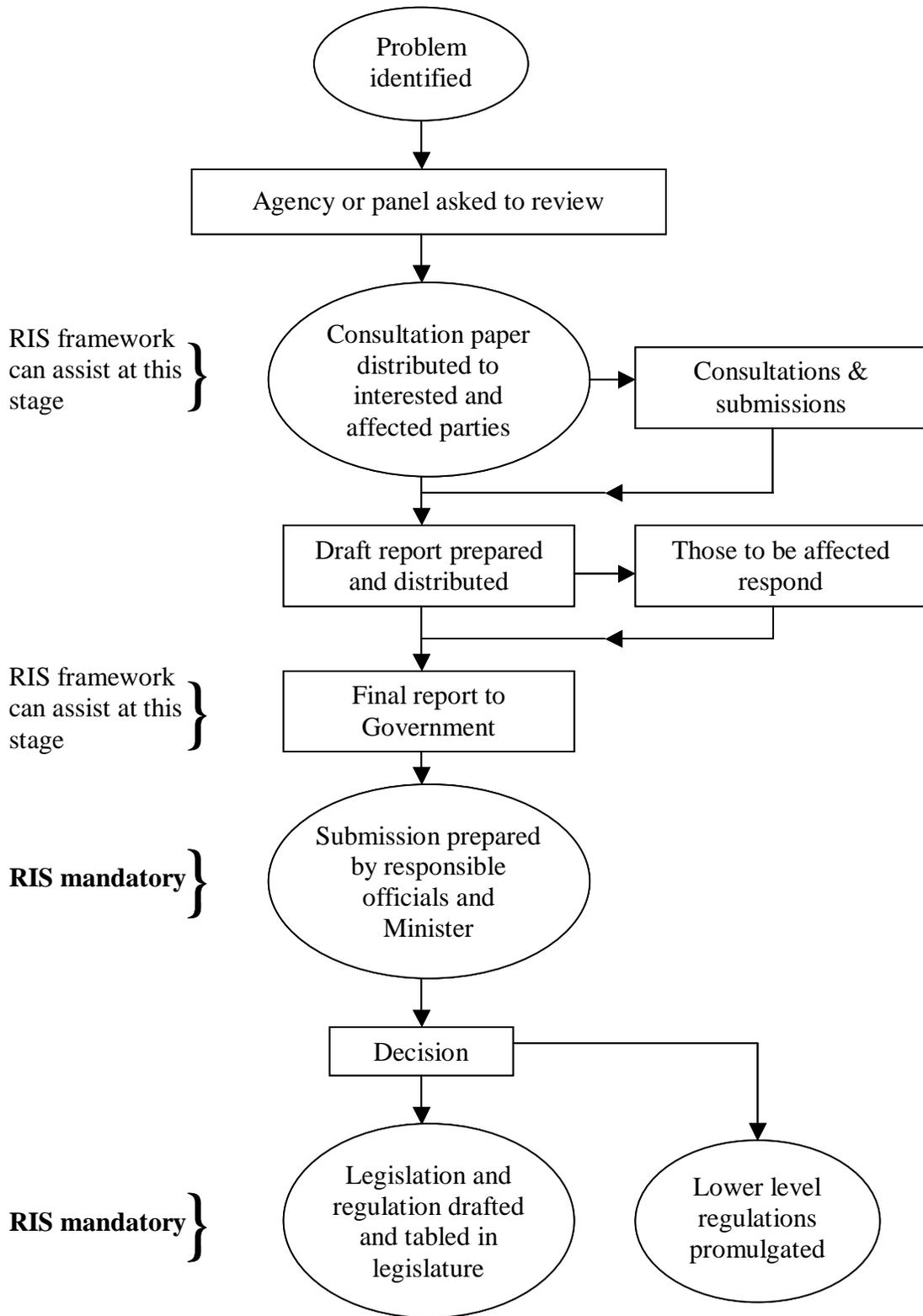
Good economic policy does not just happen.<sup>1</sup> It requires good processes, with the right institutions, to design new policies and to review existing ones.

Figure 1 shows an ideal policy development process. The figure presupposes having certain institutions, or at least institutional divisions. However, the ideal development process does not depend on having those exact institutions — other institutions could perform the same functions, depending on the system of government. What is important is the functions themselves.

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<sup>1</sup> Parts of this section are taken from Coghlan (2000), PC (1998) and Banks (2003).

Figure 1 **Stylised policy development process**



At the very *end* of the ideal process, a policy proposal is put to government by the responsible officials and Minister, and a decision is made as to the appropriate form of regulation or other policy action. In a parliamentary system, this decision is often made by Cabinet, a grouping of all government Ministers. When a Minister makes a submission to Cabinet, other Ministers can scrutinise the proposal, although this Cabinet scrutiny is typically not made public. In a presidential system, the decision may be made by the executive branch, with scrutiny only from within the presidential office.

If the decision is to implement ‘black letter law’, then legislation will be drafted and tabled in the legislature. This allows for public debate and scrutiny by members of both the ruling government and opposition parties. If the decision is to institute lower level regulations of any sort, these will typically not be tabled in the legislature.

Sometimes the policy development process does not work in an ideal fashion, and the above process is *all* that takes place, once a problem has been identified. In this case, there is very little scope for those other than the responsible Minister to have input into the decision-making process. And there is no public scrutiny, if at all, until after the decision is made.

When the system works in an ideal fashion, a great deal of policy development work takes place *before* a proposal is put to government. This policy development process involves:

- *review* — an agency or panel reviews the problem and all its possible regulatory solutions (including dismantling existing regulation, if that is the cause of the problem);
- *consultation* — ideally, there would be two rounds of consultation with all relevant stakeholders, one at the inception of the review as the review panel or agency is starting to develop its ideas, and again after the preparation of a draft report that outlines the full analysis and possible regulatory solutions (sometimes, but not always, including a preferred solution at the draft stage).

The review agency then puts a final report to government, which can provide input into the final government decision.

### ***Some institutional examples of good policy development process***

In Australia, for example, the initial policy review and consultation is sometimes undertaken by an agency called the Productivity Commission. While this particular agency is rarely found in its exact form in other countries, it has three key attributes that ensure high quality regulatory review.

- *Statutory independence* — the agency is established via an Act of Parliament as a statutorily independent agency, meaning that it is not bound by current government policy. Hence, in conducting its reviews, its reports can be openly critical of current government regulatory initiatives, and of government policy more broadly. The ability to provide a full critique of current regulation is a necessary first step in proposing regulatory reforms. Nevertheless, an organisation of this sort needs to have the resources to ensure that its critical analysis is of the highest possible quality, if it is to survive.
- *An economy-wide view* — the agency is required to look beyond narrow sectional interests, and to consider *net* gains to the economy as a whole. This requirement has been seen as sufficiently critical to be formally enshrined as a policy guideline in the legislation creating the agency.
- *Transparent processes* — the agency conducts public hearings, which ensures the transparency of the arguments and analysis put to it. The agency's reports to government are also made public, which ensures the transparency of its own advice to government. Transparent processes bolster the ability of at least some countervailing interests to marshal against particular vested interests, so helping to ensure that an economy-wide view will be taken by policy makers. This can also relieve the government from having to marshal those countervailing interests itself.

A requirement to take an economy-wide view is critical, and a requirement to consult widely is not enough, for two reasons. Without a requirement to take all views into account, a review agency may simply ignore some views. More importantly, one key group of stakeholders — consumers — rarely participate in public consultation processes. In many countries, consumer interest groups are active on consumer safety issues, but rarely participate on matters of economic efficiency. Having a review agency required to take an economy-wide view ensures that consumer interests are taken into account, as well as the interests of producers and downstream using industries. This is better accomplished if the agency has the analytical resources, including skills in partial and general equilibrium modelling and cost benefit analysis, to estimate the gains or losses in consumer surplus as well as producer surplus from any reform initiative.

Such an agency cannot possibly undertake the policy development for every single policy proposal. But it is particularly useful in those policy areas where there are major potential efficiency or other payoffs to the community from change, but where existing entitlements create resistance to reform. Referring such issues to a statutorily independent body can help to de-politicise them, and allow breathing space for more careful analysis.

The government need not be bound by the recommendations of such an agency. For example, in Australia the government quite frequently modifies aspects of the

recommendations made by the Productivity Commission when implementing them, and occasionally rejects its recommendations, in whole or in part. Indeed, this is the ‘other side of the coin’ to its statutory independence. Nevertheless, an agency can still have influence, even if it can be ignored, for several reasons:

- transparent processes have influence, and such an agency can ‘name and shame’ the beneficiaries of special-interest policy deals; and
- ideas have influence, and such an agency can present reform proposals with high-quality intellectual backing.

The credibility of such an organisation is enhanced if, as noted, it has the resources to ensure that its analysis is of the highest quality. Credibility may also be enhanced if it can maintain the status of an ‘honest broker’, mediating among the special interests and making recommendations, but not becoming involved in the politics of the subsequent decision-making. If it is to remain ‘above the fray’, but if its ideas are to have influence, its ideas need to be championed, or at least debated, by others. Thus an educated and literate commentariat has an important role in adding credibility to an independent review institution. Alternatively, a review agency could credibly remain involved in the subsequent decision-making, so long as it had no clear conflict of interest. However, this involvement would divert resources from its review tasks.

A statutorily independent review body is not the only type of organisation that could carry out the review and consultation phases of policy development. Government departments can develop their own consultation mechanisms, such as holding round-tables of relevant stakeholders or asking for written submissions from interested parties, as input to their own policy development processes. Such consultations are facilitated by e-government initiatives, and may be effective in eliciting countervailing producer interests.

Inter-departmental committee processes convened by a ‘central agency’ department (such as a Finance Ministry or Presidential office) can also bring a number of stakeholder interests to bear by proxy, through the representative departments. Inter-departmental processes can be important in themselves for ensuring policy coherence among the different departments, so long as the central coordinating agency has the authority to ensure that final committee decisions are honoured. Coordinating agencies that have control over the purse strings are generally in a strong position in this regard. So too are agencies that control access to leaders. The lack of interdepartmental coordination has been identified as a major cause of policy incoherence in Indonesia’s sugar trade policy (Stapleton 2006).

However, neither departmental consultations or inter-departmental committees always ensure that consumer interests are taken into account. Further, public consultation is often limited to the first round of consultation shown in Figure 1. Not often do government departments or inter-departmental committees circulate their own reform proposals for public comment once they have been tentatively formulated.

Another type of review mechanism is to convene a review panel of eminent persons on a once-off basis to consider a particular issue. Such panels often rely on the integrity of individual appointees for their independence and impartiality. For example, appointees who come from an independent judicial background may maintain that independence in a review context, while more overtly ‘political’ appointees may be neither independent nor impartial. Such panels also depend for their effectiveness on their terms of reference, which may direct them to take a broad or narrow focus on a particular issue. And terms of reference that are tailor-made to a particular issue are more likely to be manipulated than policy guidelines that need to be applied across a whole range of issues. Resourcing such panels with a well-trained secretariat from the bureaucracy can provide the skills to carry out economy-wide analysis, but is not sufficient to ensure that it is actually carried out.

Finally, a bicameral system of government can sometimes provide one other important mechanism of policy review. Upper houses of government can sometimes instigate their own reviews of legislation before it is voted on in the upper house. The reviews may include public consultation, and may be a useful final screening mechanism. But they are typically highly charged politically, and occur too late in the policy development process to have a major influence on policy design.

### ***Policy assessment procedures***

Good regulatory design therefore requires stringent ex ante assessment procedures. But because these are themselves costly, time-consuming and seen as ‘getting in the way of regulators going their job’, there may also need to be independent verification that that ex ante assessment procedures are used. Improved transparency and independent assessment can also help to provide greater discipline on policy-making.

A major vehicle for ensuring quality control is regulatory impact analysis, which calls for an economy-wide perspective in identifying who benefits from the regulations, who incurs the costs and whether the regulation achieves its objectives without excessively burdening the community. For example, the Australian Government has declared that a regulatory impact statement (RIS) must be prepared and presented at two stages (see Figure 1):

- *Stage 1*: when the proposal goes to the decision maker; and
- *Stage 2*: when the proposal is tabled in the legislature (thereby making the RIS publicly available).

The elements of a regulatory impact statement are shown in Box 1. This assessment forces policymakers to work through a sequential process of articulating the problem, assessing a range of options and recommending the best option or explaining why some other option is recommended. The third element, setting out some viable options as to how the desired objectives might be achieved, prompts officials to work through all the possibilities on the regulatory spectrum. Taken together, all the element of a regulatory impact assessment essentially constitute a systematic policy development process designed to implement the principles of good regulation.

Box 1	<b>Elements of a Regulatory Impact Statement (RIS)</b>
<p>A RIS has seven key elements which set out:</p> <ul style="list-style-type: none"> <li>• The problem or circumstances which give rise to the need for action</li> <li>• The desired objective(s)</li> <li>• The options (regulatory and non-regulatory) that may constitute viable means for achieving the desired objective(s)</li> <li>• An assessment of the impact (costs and benefits) on consumers, business, government and the community of each option (including the impact on small business paperwork and compliance costs)</li> <li>• A consultation statement (the process and results of consultation)</li> <li>• A recommended option</li> <li>• A strategy to implement (including consideration of appropriate enforcement mechanisms) and review the preferred option</li> </ul>	

The regulatory impact assessment process can be useful quite early in the policy development process. An assessment prepared early can serve as a consultation document and draw out the views and data from those likely to be affected. An early assessment can also provide regulatory discipline that otherwise may not occur when policy making does not culminate in an explicit or ‘black letter’ law regulatory solution.

Regulatory impact assessments can also be used ex post to verify that stringent policy assessment procedures have been followed. If such ex post assessments are made mandatory, there needs to be an agency responsible for ensuring that all government departments and regulatory agencies prepare and submit assessments of a satisfactory standard. Ideally, it should publish an annual report on their compliance with the assessment processes.

Requiring rigorous regulatory impact assessment procedures can potentially promote a significant ‘cultural change’ among officials and the government. It challenges the traditional regulate-first approach, encourages assessment of non-regulatory options and seeks more careful selection and better justification of the preferred option. When the assessment documentation is made available to the public, the process can also make the government and its officials more accountable for policy choices and promote improved transparency in policy making.

For a regulatory impact assessment process to make a useful contribution, there needs to be an orderly policy development process and the regulatory assessment needs to be done early enough to articulate viable options before positions become locked in. Quite often, policy making does not fit this model. Rather, policymaking often results from political imperatives calling for quick action, from deals with particular interest groups and from bargaining between political interests or parties. Sometimes these approaches result on good regulatory outcomes, but the risk of failing to do so is undoubtedly higher than in cases where a more open and orderly policy development process is adopted.

Even then, a regulatory impact assessment may be prepared too late, in which case it becomes no more than an apology or rationalisation for the preferred option, in stark contrast to its intended role of setting out an even-handed description and assessment of all the viable options and their likely impacts. Making regulatory impact assessments mandatory towards the end of the policy making process (as in Figure 1) may impose discipline on that process. Having independent policy development agencies who can carry out regulatory impact assessment procedures as an integral part of their policy-making process may be preferable, especially in high-impact areas.

Much policy-making is incremental or evolutionary in nature, as modifications are made to improve or refine existing law. If the regulatory base is flawed, quality control processes focusing on changes to that base may sometimes have limited effect. Therefore, governments occasionally need to institute complete reviews of related sections of the law, using a systematic framework such as provided by a regulatory impact assessment. Such reviews could usefully focus on identifying any potentially anti-competitive elements in the existing stock of legislation.

However, departments and regulatory agencies may not have sufficient skilled staff to prepare regulatory impact assessments themselves. The officials making regulations have widely different specialist skills, such as engineering, pharmaceutical chemistry and the law. But they may be poorly placed to identify and assess the likely costs and benefits of different regulatory options. This again argues for an independent review agency staffed with economic specialists to undertake regulatory impact assessment type processes early in the policy development process.

## 4 What can go wrong?

There are three possible reasons why good microeconomic policy reforms are not adopted.<sup>2</sup> Each has different implications for the type of institutional changes that could better support the reform process.

- Governments do not know what is regulatory ‘best (or better) practice’. This argues for external assistance to governments to provide the expertise to undertake systematic reviews of existing regulatory arrangements, and to evaluate regulatory alternatives. It also argues for an international exchange of regulatory experience to raise awareness of what constitutes better practice, as has occurred to date through APEC.
- Governments know what is ‘better practice’, but face political resistance from vested interests. This argues for government-sponsored transparency institutions (such as the Productivity Commission, or institutions that perform similar functions), which are different from independent regulators. It also argues for an international exchange of experience about how to strengthen domestic institutions in favour of the public interest.
- Governments do not want good policy, because they rely on the rents from bad policies for political funding purposes. In these circumstances, government-sponsored transparency institutions will be sidelined, as appears to have happened with the National Economic and Development Authority in the Philippines. However, there is a role for private (or otherwise independent) transparency mechanisms to carry out the necessary work of scrutiny.

The first reason is relatively straightforward. The latter two require some elaboration.

In all political systems, governments require a mandate of some sort, but a key question is how that mandate is cultivated. At one extreme, an elected government with a comfortable electoral margin could choose to implement an economic reform agenda in a ‘crash through or crash’ style — simply implementing reforms until the cumulative opposition from vested interests and/or public opinion erodes their electoral margin. Alternatively, they could attempt to influence the terms of the debate.

For example, one powerful way to counter the views of vested interests is by marshalling the views of countervailing interests, as noted above. A policy review mechanism that encourages broad participation of all interested parties is a good way of marshalling such opposing views. Similarly, one way to counter a nationalistic public sentiment against ‘selling the nation’ may be to publicly release a study by independent experts of the

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<sup>2</sup> The following taxonomy is due to Ross Garnaut.

various ways in which consumer and producer wellbeing could be promoted in the provision of public services. Over time, a debate about ‘selling the nation’ may thus be transformed into a much more nuanced debate about the relative merits of competition versus privatisation, for example, and whether one has any bearing on the other.

A reform program that makes provision for careful reviews of the desirability and performance of all existing and new regulations and institutions on an ongoing basis, in a way that involves all relevant stakeholders, may be slower than a ‘crash through or crash’ program. But it is likely to be more sustainable in the longer term. This is because the reviews will not just inform public policy-making, they will also play a role in setting the agenda for public debate. Indeed, it is this agenda-setting role of independent, transparent reviews that ensures that they can have influence, even if the government itself does not want good policy.

Independent, transparent, economy-wide policy reviews have a role in managing a diversity of opinion outside of government circles, because they can influence the terms of the debate. But governments with an economic reform agenda also have to manage a diversity of opinion within government. Good processes of policy coordination are required to ensure that all relevant ministries are consulted. But mechanisms are also required to ensure that final decisions reflect the public interest, not just narrow sectional interests. Providing a coordinating role to agencies with broad, horizontal portfolio responsibilities can play a central role, as has happened through the Council on Economic and Fiscal Policy in Japan. Arming such agencies with high-quality, independent policy reviews can also strengthen the public interest during the coordination process. Finally, mechanisms are required to ensure that coordinated decisions are abided by. A threat of budgetary sanction is one mechanism. Threat of exposure through ex post reviews is another.

## **5 How can regional processes help?**

Independent, transparent, economy-wide policy reviews are thus central, not just to identifying better regulatory practice, but also to ‘selling’ it in the face of opposition from vested interests, overly simplistic public opinion and/or bureaucratic or Ministerial sabotage.

Regional processes such as APEC could provide a range of assistance in conducting independent, transparent, economy-wide policy reviews — from marshalling external expertise for such reviews, to providing a forum for the exchange of experience about the conduct of such reviews. But if regional assistance is to be useful, it needs to help with the policy ‘selling’ function as much as with the policy identification function. Accordingly, regional assistance needs to be tapped into actual policy making processes,

with mechanisms to ensure real contact with stakeholders (to manage diversity of opinion outside government), and real follow-up from Ministers and the bureaucracy (to manage diversity of opinion inside government).

Giving regional assistance mechanisms a point of contact with responsible Ministers, and holding the responsible Ministers accountable for stakeholder contact and bureaucratic follow-up and Ministerial coordination, would be one way to ensure this. The particular Minister responsible would vary from one instance to the next, depending on the scope and subject matter of the review. But each Minister would be likely to welcome the opportunity, since they would benefit most from the chance to de-politicise sensitive or divisive issues by referring them for independent policy review.

The APEC Economic Committee is one possible forum in which Ministers could identify the reform priorities for individual countries or groups of countries, and in which relevant Ministers could self-select for regional assistance in undertaking independent policy reviews. Regional assistance could be in the form of drawing up terms of reference for such reviews through an office serving the Economic Committee, and marshalling the collective expertise available in independent think tanks and elsewhere around the region for undertaking such reviews. Ministers could usefully also agree in advance that such reviews should follow standard policy guidelines of independence, transparency and an economy-wide view.

The relevant Ministers would need to organise forums for contact with relevant stakeholders (including government departments) during the course of such reviews, to help marshal all points of view. It is an open question how many rounds of stakeholder meetings would be appropriate, but it is important that they be open to the public. It is also critical that the resulting review document be made public. This could be ensured by a policy guideline that required the responsible Minister to release the final document within a specified time of its completion. Finally, the responsible Minister should be required to have the review document given due consideration by all relevant Ministers with a country, also within a specified time frame. The lead Ministers could not be held accountable for the outcomes of that consideration, since that would be a matter for all Ministers. Nevertheless, a requirement to have the matter considered could provide the lead Ministers with a mandate for Ministerial coordination, where such mechanisms might be lacking at the moment.

This method of organising regional assistance for independent policy reviews differs from one based on an OECD-style secretariat, essentially by putting lead Ministers in the driving seat, ensuring their ownership and accountability from the outset. This is critical, since the prime purpose of such reviews is not just the identification of 'better practice', but also the selling of it domestically. An office of some sort would still be required to

service the process, through writing terms of reference, commissioning the services of independent researchers to undertake reviews, providing intellectual leadership and guidance for such reviews, and perhaps assisting the lead Minister to organise stakeholder consultation and Ministerial follow-up (where their own bureaucratic resources for such efforts were scarce). But the process would be under the APEC Economic Committee and the lead Ministers themselves.

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