

Economic Reforms Committees: International Experience

Executive Summary

The international experience of Economic Reform Committees (ERCs) suggests that generally their **mission** is broadly defined to formulate and coordinate the economic transformation of the country. The committees are responsible for providing a fresh view on the country's strategic position in the global economic arena and recommending a transformational strategy for the President or Head of Government.

The **main goals** of the ERCs are the following:

- to assist and advise the President on macro-economic and social issues;
- to develop a broad economic reform agenda;
- to study best international experience in implementing economic reforms;
- to gather information concerning economic developments and global economic trends which will affect economic reform agenda;
- to develop a road map for each particular reform;
- to identify ways of strengthening the country's international financial and trade position;
- to explore policies to foster regional development;
- to prepare draft laws and other legal documents to the President, which should ensure effective implementation of the developed measures;
- to monitor the efficient use of the resources of the national economy and ensuring medium and long-term competitiveness;
- to ensure medium and long-term growth and employment;

Organizational arrangements of Economic Reform Committees differ from country to country. However, in general they include:

- a decree or legal act from the side of the President or Prime Minister on establishing such a group (Economic Reforms Councils are not connected with any other state agency except the office of President. This is due to the significant amount of wasted interests of the current powers and their resistance to any reform.)
- a list of responsibilities of the group as an advising council to the President/Prime Minister;
- a number of the group members were limited to 30-50 people to make it operational. Leading local think-tanks were presented in the council.

Attached is a summary of the main features of a the Economic Reform Committees or similar agencies in Singapore, Malaysia, China, Kenya, Hungary, United Kingdom, India, USA, Australia, Finland, Canada, North Ireland, Romania and Bulgaria.

SINGAPORE - Economic Strategies Committee

For decades, Singapore enjoyed continuous high economic growth, almost regardless of the state of the rest of the world. Despite crises and global recessions, the Singapore economy grew, robustly and apparently inexorably. But the period of easy growth is now over. Even after we overcome this recession, economic growth will not rebound to its previous average of 9%. Internally, we have finished doing all the easy things which can be done to foster growth. Externally, international trade is no longer expanding as exuberantly as it used to, and worse, the trading environment is becoming increasingly hostile. From now on, growth will be harder to achieve.

The Economic Strategies Committee (ESC) was formed by the Prime Minister to examine the longer term problems and prospects of the Singapore economy, identify new growth areas, and define new strategies for promoting growth.

Chaired by the Prime Minister, the ESC comprises members drawn from Government, the labour movement and the private sector. The 25-member Committee aims to bring a wide range of views and fresh ideas. They include 14 private sector representatives, drawn from the manufacturing and services sectors; foreign and local enterprises, large and small; as well as academia.

Mission

To develop and recommend strategies to grow Singapore's future as a leading global city in the heart of Asia:

- To enable sustained economic growth, faster than other advanced economies
 - Developing depth of talent and superior capabilities
 - Seizing growth opportunities
 - Optimizing use of scarce resources
- So as to provide opportunities for all
 - Creating quality jobs and real wage growth for the broad majority
 - Making continued social investments for an inclusive, upwardly mobile society

To facilitate this, the ESC has formed 8 sub-committees to undertake in-depth reviews of the various issues. The sub-committees will involve further representation from both the private and public sectors. The ESC and its sub-committees will consult widely in the course of their work. The ESC aims to put forward its key recommendations in January 2010. It will release its full report by mid-2010.

MALAYSIA - The National Economic Advisory Council

Mission

The National Economic Advisory Council (NEAC) is mandated by the Prime Minister of Malaysia to formulate an economic transformation model for the country. The NEAC is entrusted with the responsibility of providing a fresh view on Malaysia's strategic position in the global economic arena and recommending a transformational strategy for the country.

Principal Functions:

- Its major agenda is the formulation of an economic growth model that would generate high income growth;
- serve as a tool to bridge the gap between public and private sectors;
- create a new public-private partnership;
- intensify regional cooperation; and increase global competitiveness.
- The NEAC shall also provide a directional and strategic guidance on the implementation of the transformation plan to ensure that the recommendations can be effectively executed at all levels.

CHINA - National Development and Reform Commission

Mission

The National Development and Reform Commission (NDRC) is a macroeconomic management agency under the Chinese State Council, which studies and formulates policies for economic and social development, maintains a balance of economic aggregates and guides the overall economic system restructuring.

The National Development and Reform Commission (NDRC) drafts reform strategies and policies proposals that consider social cohesion and sustainability. The NDRC is one of the most important institutions within China's Ministries and Commissions. It is responsible for the implementation of reform policies and strategies under the Five Year Plans.

Principal functions:

- To formulate and implement strategies for national economic and social development, long-term plans, annual plans, industrial policies and price policies;
- To monitor and adjust the performance of the national economy, maintain a balance of economic aggregates and optimize major economic structures;
- To examine and approve major construction projects;
- To guide and promote the restructuring of the economic system;
- To carry out strategic adjustment and upgrading of industrial structure, coordinate the development of agriculture and rural economy and guide the development of industry;
- Research into and to formulate plans for the development of the energy sector and manage national oil reserve;
- To research into and analyze the situation of regional economies and development of urbanization; to promote the sustainable development strategy, social development and coordinated development of regional economy and implement the Western Region Development Program;
- To coordinate and guide the collaboration between different regional economies;
- To submit the plan for national economic and social development to the National People's Congress on behalf of the State Council in accordance with the Constitution.

KENYA - National Economic and Social Council

Mission

To provide expert, impartial and independent advice on economic and social matters to the government as well as promote consensus building through dialogue among partners in order fast track the economic and social development the country.

Task and activities

- create a forum in which the Government, Private Sector and the labour unions can discuss and identify policy issues and recommend to the Government their implementation;
- gather, analyze and compile information on economic developments and trends and submit such information to the Cabinet with appropriate recommendations;
- appraise the various programs and activities of the Government, including the Economic Recovery Investment Programme, for the purpose of determining the extent to which such programmes and activities contribute to the achievement of Government policy objectives;
- develop and recommend to the Cabinet, coordinated policies that will promote social equity, economic growth, create employment and reduce poverty and inequality;
- give its opinion, suggestions or recommendations on any matter or question on which it may be consulted by the Government, the Private Sector or the Civil Society;
- Improve the targeting of strategic objectives with a focus on the most critical social and economic needs especially in areas that have direct impact on strengthening the potential of the private Sector to create employment opportunities and address poverty reduction.
- Utilize the Private Sector and the Civil Society capacities and synergy through collaboration engagement and networking in order to promote efficiency and effectiveness of economic planning process; and
- Liaise with existing research institutions, the universities and the Central Bureau of Statistics in the performance of its functions.

Council Terms of Reference

1. Create a forum in which the Government, Private Sector and the labour unions can discuss and identify policy issues and recommend to the Government implementation of such policies;
2. Provide policy advice on the basis of analysis of information on economic development trends and submit such information to the Cabinet with appropriate recommendations;
3. Review the various programs and activities of the Government, including the Economic Recovery Investment Programme, for the purpose of determining the extent to which such programmes and activities contribute to the achievement of Government policy objectives;
4. Develop and recommend to the Cabinet, co-ordinate policies that will promote social equity, economic growth, create employment and reduce poverty and inequality;
5. Give its opinion, suggestions or recommendations on any matter or question on which it may be consulted by the Government, the Private Sector or the Civil Society;
6. Strengthen capacity of the Private Sector to create employment opportunities that address poverty reduction;
7. Provide synergy between Government, the Private Sector and the Civil Society through collaborative engagement and networking in order to promote efficiency and effectiveness of economic planning process and effectiveness of economic planning progress;
8. Liaise with existing research institutions, the universities and the Central Bureau of Statistics in the performance of its functions.

HUNGARY - The Hungarian Economic and Social Council

Mission

The Economic and Social Council (ESC) is a forum for consultations on the national strategies of economic and social policy and for the discussion and opinion formation on governmental strategies. Its mission is to discuss national issues related to the comprehensive development of the economy and society, the national strategies overarching governmental cycles and to reach the broadest possible national consensus, further on, to promote the elaboration and implementation of a harmonious and balanced economic development and a social model adjusted to it, with the involvement of representatives of the organized civil society and of the economic sphere, considering also the practice of the European Union.

Task and activities of the ESC

- The task of the ESC is: to do a regular study of the comprehensive macro-economic and social problems, affecting the economy and society, an assessment of the condition of the economy and society of the day, and to discuss national strategies proposed for the handling of problems explored, particularly issues of:
 - Economic and social policy,
 - Development policy,
 - Policy of labour and employment,
 - Social insurance and healthcare,
 - Strategic issues of European integration,
 - And other strategic issues of social policy.
- The ESC would discuss issues put on the agenda by the government, the Parliament, or by its own initiative.
- The ESC is a consultative forum, which
 - Formulates an opinion,
 - Develops a stand,
 - Makes proposals, and
 - Passes resolutions concerning its own internal issues on items figuring on the agenda.

UNITED KINGDOM - National Economic Council

Mission

The National Economic Council will work to help people and businesses to deal with the current economic uncertainties. It will coordinate efforts to help families deal with higher food and energy prices as we work with our International partners in managing the world's scarce natural resources, and provide the forum on how to equip the country for the future by making the right investments in education, skills, science and infrastructure.

Task and activities

- The Council will meet frequently to assess:
 - the implications of the ongoing challenges in the financial markets for the wider economy globally and nationally;
 - the latest developments in commodity markets and their impact on the UK economy;
 - our objective to promote sustainable and secure energy supplies;
 - the impact of global economic developments on the skills and employment that the UK needs;
 - the remaining barriers to entrepreneurship, innovation, and the opportunities for small business growth;
 - our housing and planning needs; and
 - the impact across every part of the UK.

The job of the National Economic Council will be to frame and coordinate the appropriate departmental and cross-Governmental policy responses.

The Council will be a full Cabinet Committee, replacing the current Economic Development Committee. It will take advice from external experts from across different sectors of the economy. It will also have a strong regional input and links to a new Regional Economic Council, which will ensure that the issues and concerns of each region are heard and acted upon across Government. Budgets and Pre-Budget Reports will continue to be handled by the Chancellor of the Exchequer in the usual way. Financial stability issues are addressed through the existing standing tripartite arrangements.

Supporting the work of the National Economic Council will be:

(a) A Senior Officials' Working Group, to be chaired by jointly the Cabinet Secretary and the Permanent Secretary, HM Treasury. Other membership will include the permanent secretaries of all departments whose Ministers serve on the National Economic Council. The remit of this group will be to assess and evaluate the challenges facing the UK economy in the light of global developments and to recommend short, medium and long-term policy responses to the Economic Council.

(b) A National Economic Council Secretariat. Senior staff from the Cabinet Office and HM Treasury will act jointly as the Secretariat to the NEC and the Senior Officials Working Group to provide the analysis and papers for their consideration.

(c) A Regional Economic Council will be established to ensure that the issues and concerns of each region are heard and acted upon across Government. The Regional Economic Council will bring together Regional Ministers with RDA chairs and representatives of business and trade unions to meet quarterly chaired by the Chancellor and the Secretary of State for Business, Enterprise and Regulatory Reform. A Regional Council made up of the Regional Ministers and meet weekly chaired by Liam Byrne, Chancellor of the Duchy of Lancaster.

INDIA - Economic Advisory Council to the Prime Minister

Mission

To provide a sounding board for inculcating awareness in Government on the different point of view on key economic issues.

Task and activities

- Analyzing any issue, economic or otherwise, referred to it by the Prime Minister and advising him thereon;
- Addressing issues of macroeconomic importance and presenting views thereon to the Prime Minister. This could be either be suo-moto or on a reference from the Prime Minister or anyone else;
- Submitting periodic reports to the Prime Minister on macroeconomic developments and issues with implications for economic policy;
- Attending to any other task as may be desired by the Prime Minister from time to time.

USA - Council of Economic Advisers

Mission

The Council of Economic Advisers, an agency within the Executive Office of the President, is charged with offering the President objective economic advice on the formulation of both domestic and international economic policy. The Council bases its recommendations and analysis on economic research and empirical evidence, using the best data available to support the President in setting our nation's economic policy.

Task and activities

- to assist and advise the President in the preparation of the Annual Economic Report of the President;
- to gather timely and authoritative information concerning economic developments and economic trends, both current and prospective, to analyze and interpret such information in the light of the policy declared for the purpose of determining whether such developments and trends are interfering, or are likely to interfere, with the achievement of such policy, and to compile and submit to the President studies relating to such developments and trends;
- to appraise the various programs and activities of the Federal Government in the light of the policy declared for the purpose of determining the extent to which such programs and activities are contributing, and the extent to which they are not contributing, to the achievement of such policy, and to make recommendations to the President with respect thereto;
- to develop and recommend to the President national economic policies to foster and promote free competitive enterprise, to avoid economic fluctuations or to diminish the effects thereof, and to maintain employment, production, and purchasing power;
- to make and furnish such studies, reports thereon, and recommendations with respect to matters of Federal economic policy and legislation as the President may request.

AUSTRALIA - Committee for Economic Development

Mission

The Committee for Economic Development in Australia (CEDA) promotes Australia's economic development in a sustainable and socially balanced way

Task and activities

- publishing independent research and policy analysis
- providing a forum for debate and discussion
- offering a membership network to people and organizations that value knowledge, insights and ideas in Australia's best interests.
- hold public inquiries and report on matters related to industry and productivity, including safeguard procedures
- provide secretariat services and research services to government bodies such as the Council of Australian Governments
- investigate and report on complaints about the implementation of the Australian Government's competitive neutrality arrangements
- advise the Treasurer on matters related to industry and productivity as requested
- initiate research on industry and productivity issues
- promote public understanding of matters related to industry and productivity.

The Commission may also undertake any other activities incidental to these functions and has some flexibility in how it performs these functions.

The Commission is headed by a Chairperson and between 4 and 11 other Commissioners, who are appointed by the Governor-General for periods up to five years. Associate Commissioners can be appointed by the Treasurer on a full or part-time basis. Commission staff is Commonwealth public servants.

The Commission follows three fundamental operating principles:

1. the provision of independent analysis and advice
2. the use of processes that are open and public
3. to have overarching concern for the well-being of the community as a whole, rather than just the interests of any particular industry or group.

Broad policy guidelines covering all of the Commission's work are contained in its legislation.

In brief, they require the Commission to:

1. improve the productivity and economic performance of the economy
2. reduce unnecessary regulation
3. encourage the development of efficient and internationally competitive Australian industries
4. adjustment to structural change

5. recognize the interests of the community generally and all those likely to be affected by its proposals
6. promote regional employment and development
7. have regard to Australia's international commitments and the trade policies of other countries
8. ensure Australian industry develops in ecologically sustainable ways.

The Council of Australian Governments Reform Council (Australia) was established by the Council of Australian Governments (COAG) as part of the arrangements for federal financial relations to assist COAG to drive its reform agenda. The council is independent of individual governments and reports directly to COAG.

The goals of the COAG reform agenda are to boost productivity, workforce participation and geographic mobility, and support wider objectives of better services for the community, social inclusion, closing the gap on Indigenous disadvantage and environmental sustainability.

The council aims to strengthen accountability for the achievement of results through independent and evidenced-based monitoring, assessment and reporting of the performance of all governments.

In summary, the council's role is to:

1. monitor, assess and publicly report on the performance of the Commonwealth and States and Territories in achieving the outcomes and performance benchmarks specified in the six National Agreements. The council provides annual reports to COAG which:
 - publish the performance data and provide a comparative analysis of the performance of governments in meeting the agreement's objectives, including highlighting relevant contextual differences between jurisdictions
 - highlight examples of good practice and performance so that, over time, innovative reforms or methods of service delivery may be adopted by other jurisdictions (from second year of reporting)
 - reflect the contribution of both levels of government to achieving performance benchmarks and to achieving continuous improvement against the outcomes, outputs and performance indicators (from second year of reporting).
2. report to COAG on the performance of governments under various National Partnerships. There are two distinct tasks in relation to reporting on National Partnerships:
 - for National Partnerships with reward payments, the council reports to COAG on an independent assessment of whether predetermined performance benchmarks have been achieved prior to reward payments being made
 - as part of its reporting to COAG on National Agreements, the council undertakes 'an analytical overview of performance information for each National Agreement, and National Partnership to the extent that it supports the objectives in a National Agreement'
3. assess performance of the Commonwealth and the Basin States under five bilateral Water Management Partnerships as part of the Agreement on Murray-Darling Basin Reform.
4. advice COAG on the aggregate pace of activity in progressing COAG's agreed reform agenda

5. advise COAG on options to improve COAG's performance reporting framework for National Agreements and National Partnerships

4. review the consistency of capital city strategic planning systems with the new national criteria during 2010 and 2011

5. report on any other matters specifically referred unanimously by COAG.

The Secretariat

A secretariat, located in Sydney and jointly funded by the Commonwealth and the States and Territories, has been established to support the COAG Reform Council in its work. The secretariat assists the council in its assessment and monitoring role, including supporting the Chairman and members of the council through advice and analysis, the preparation of papers and ensuring the effective conduct of the council's business. In doing its work, the secretariat is required to liaise with government agencies, ministerial councils and other bodies as appropriate.

The secretariat has been established as an administrative unit within the Department of the Prime Minister and Cabinet for carriage of legal, employment and administrative matters only.

FINLAND - Economic Council of Finland

The Economic Council of Finland, chaired by the Prime Minister, is a body for facilitating co-operation between the Government, the Bank of Finland and major interest groups.

The Economic Council has 10-20 members appointed by the Government, some of which are also members of the Government. The Economic Council is appointed for a two-year term, except for the members of the Government, who remain in the Council only for the duration of their ministerial term.

Mission

The Economic Council aims to strengthen and deepen broad-based, analytical discussion prior to the taking of economic policy decisions relating to the growth, balance and structure of the economy.

Under a decision of Parliament, the Economic Council also acts as a forum for dialogue between the Government, the social partners and the Bank of Finland concerning the monetary policy of the European Central Bank. The Council participates in cooperation among the EU Member States' economic and social councils.

- The issues discussed by the Economic Council relate to the following subject matters:
- Changes in Finland's economic environment and the consequent challenges and difficulties to readjust.
- Efficient use of the resources of the national economy and ensuring medium and long-term competitiveness.
- Growth and employment policy in the short and medium term.
- The public sector and division of welfare.

Organization

The Secretariat of the Economic Council, operating at the Prime Minister's Office, helps the Economic Council to implement its function. The Secretariat prepares the Council meetings, organizes, drafts and publishes the studies and reports compiled for the Economic Council. It maintains contacts with the authorities, institutions and organizations involved in economic research and with the economic and social councils of other countries. In addition, the Secretariat monitors economic policy developments and carries out other duties assigned to it by the chairman of the Economic Council.

Working Methods

The Economic Council has its meetings usually once a month. Studies and reports compiled for the Economic Council and expert introductions form the basis for the debate at the meetings. The discussions in the Council are confidential.

CANADA - Economic Council

The Economic Council of Canada was established 1963 and dissolved 1993. Its role was to assess medium- and long-term prospects of the economy; to consider ways of strengthening Canada's international financial and trade position; to study the effects of economic growth and technical change on employment and income; to explore policies to foster regional development; and to study means of increasing Canadian participation in the ownership, control and management of industries in Canada. A federally funded crown corporation, it reported directly to the prime minister. It published an Annual Review of the economy and a periodical, *Au Courant*. Privately funded research institutes are left to try to do the type and scope of research the council was doing. If this is not done, Canadian business, labor and governments will have to rely on the research done in other countries.

Mission

The Council (established in December 2008) includes Canadian business and academic leaders who will provide advice to the Government as part of the Minister's national consultation on the 2009 budget, and on an ongoing basis afterward.

The group of 11 members from across Canada will meet with the Minister in advance of the January 27 budget, with an expected first meeting prior to Christmas. The group will also continue to provide advice periodically on economic matters after the budget.

Economic Advisory Council supports the development and implementation of the Canada's Economic Action Plan

NORTHERN IRELAND - The Northern Ireland Economic Council

The Northern Ireland Economic Council (NIEC) is an independent advisory body, set up by the Secretary of State for Northern Ireland in 1977.

The Council has a wide remit to provide independent advice to Government on the development of economic policy for Northern Ireland. It carries out this role through four series of publications (Reports, Occasional Papers, Research Monographs and Responses to consultation documents). The Council also holds seminars and conferences designed to promote debate and their proceedings may from time to time be published.

The Council has a small staff, including the Director, economists and administration support staff. Council publications are normally prepared by the economists but outside consultants are also engaged for particular projects, thus the Council can commission high powered research from leading experts, draw out policy implications and ensure that the research is accessible to a wide audience.

ROMANIA - The Economic and Social Council of Romania

The Economic and Social Council is a tripartite, autonomous body of public interest set-up by the Law for the purpose of achieving social dialogue at the national level between the Government, employers, trade unions and, and building a climate of social peace.

The Constitution of Romania defines The Economic and Social Council as a consultative body of the Parliament and the Government in the specialized areas established by its Law of organization and functioning.

Task and activities

The Economic and Social Council has an advisory role in establishing the economic and social strategy and policy of the country, in mitigating disputes between the social partners at industry or national level, and in achieving, promoting and developing social dialogue and solidarity.

- analysing and issuing opinions on draft government decisions, ordinances and bills to be submitted for adoption to the Parliament;
- analysing and issuing opinions on draft programs and strategies not embodied into acts, prior to their adoption;
- informing the Government and the Parliament on the emergence of economic and social events that call for new regulations;
- analysing causes of disputes at national or industry level and working out proposals for their settlement in the national interest;
- working out analysis and studies on the economic and social matters referred by the Government, the Parliament or on its own initiative;
- drawing up and supporting the implementation of strategies, programs, methodologies and standards in the field of social dialogue;
- observing the duties established by Convention 144/1976 of the International Labour Organization on tripartite consultations, intended to promote the enforcement of international labour standards.

BULGARIA - Agency for Economic Analysis and Forecasting

The Agency for Economic Analysis is an Executive Agency (AEAF) attached to the Ministry of Finance. Together with other ministries and institutions, the Agency elaborates and suggests specific economic programs and observes and assesses their implementation.

The AEAF participated in the pre-accession negotiations and the preparation of Bulgaria for a full-fledged membership in the EU. The principal functions and tasks of the AEAF are as follows:

- to analyse the current business environment and the economic situation and to elaborate assessments on the country's economic development prospects
- to prepare short-, medium- and long-term forecasts for Bulgaria's economic development trends under different economic policy scenarios
- to examine on a comparative basis economic transition in Bulgaria and the other Central and Eastern European countries.

The Agency is a budget-support legal entity having its headquarters in Sofia, Bulgaria. It has the statute of an Executive agency.