



Promoting Capital Market Development Through  
International and Public-Private Sector Cooperation  
– Some Remarks on the OECD Experience with  
the “Peer Review Process”


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The APEC Public-Private Sector Forum  
on Bond Market Development

Some key words in the Concept Paper

- “ a dialogue among interested economies, private sector market players, and experts”
- “identifying aspects in the policy and regulatory areas...to enhance the environment for bond market development”
- “capacity building initiatives”
- “public/private partnerships”



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## What is the OECD?

- An Organisation of 30 member countries committed to democracy and the market economy
- A provider of comparative data, analysis and forecasts
- so that governments can:
  - compare policy experiences
  - seek answers to common problems
  - identify good practice
  - co-ordinate policies

## An organisation with global reach



 OECD Member Countries

Working with countries around the world

## OECD's way of working

Data Collection

Analysis

Discussion

Decisions

Implementation

Peer reviews,  
multilateral surveillance

## The Concept of Peer Review in International Organizations

- In inter-governmental organizations like the OECD, the term “peer review” has usually meant “the systematic examination of the performance of a State by other States, with the ultimate goal of helping the reviewed state improve its policy making, adopt best practices, and comply with established standards and principles.”\*
- Kevin Davis’s paper mentions another goal: “The need for countries to take into account what other countries are doing to ensure regulatory regimes are complementary and conducive to integration over the longer term.”

\*For a more extended analysis of the working method in the OECD, see Fabrizio Pagani, Peer Review: A Tool for Co-operation and Change, OECD, 2002, which can be down-loaded at [www.oecd.org/dataoecd/33/16/1955285.pdf](http://www.oecd.org/dataoecd/33/16/1955285.pdf)

## Many variations of this working method have been developed in the OECD

- Original approach - OECD Codes of Liberalisation of Capital Movements and of Current Invisible Operations : Binding international commitments; member governments only; confidential process; confidential recommendations.
- A more recent approach - OECD Guidelines for Multinational Enterprises : Nonbinding corporate responsibility guidelines; latest review and revisions a result of an inclusive process involving Member and Non-Member governments, business, labor, and NGOs; annual meetings of National Contact Points (governments) with business, labor and NGOs the results of which are published.

## A Possible Model for the Forum: The Asian Corporate Governance Roundtable

- Pursuant to a G-7 mandate to the OECD and World Bank, the OECD organizes the Asian Roundtable on Corporate Governance to support corporate governance reforms in 13 Asian economies. Co-sponsors have been the World Bank and the Asian Development Bank, in partnership with the Government of Japan and the Global Corporate Governance Forum
- The Roundtable provides a forum for peer discussion among senior Asian policy-makers, regulators and business leaders, as well as regional and international experts using the OECD Principles of Corporate Governance as a conceptual framework.

## Goals of the Roundtable

- Policy dialogue on realising the OECD Principles in the context of each country of the region
- Self assessment and regional comparison of successes and areas requiring further effort
- Knowledge sharing and networking among key regional decision makers

The Roundtable produced a White Paper on Corporate Governance in Asia in 2003 which described the state of corporate governance in the region and identified areas for further reform

- Consensus document adopted by representatives from the region
- Blueprint for future policy work and technical assistance

## Some Other OECD Examples of Public/Private Dialogues

- Forum for Asian Insolvency Reform (FAIR) set up by the OECD in cooperation with APEC and the ADB to develop and sustain policy dialogue on insolvency reform among Asian policy makers and senior private sector participants.
- Roundtable on Capital Market Reform in Asia (“Tokyo Round Table”), held annually since 1999, co-organized with the Asian Development Bank Institute, to provide a regional forum for high-level securities market regulators, policy-makers, experts and business leaders from Asian and OECD countries to discuss important issues, including bond market development.

## Some Purposes of Peer Reviews

- Policy dialogue based on experiences – what has worked and what has not worked
- International transparency – on rules, practices and procedures
- Capacity building – a mutual learning process for all
- A flexible and non-coercive “soft law” approach to compliance with internationally agreed policies, standards and principles – one that can look at performance in an historical and political context and provide constructive encouragement where needed.

## Factors that will determine the effectiveness of the peer review approach

- Value sharing – important to develop convergence on broad objectives of financial sector reform and underlying principles. This will take time but is essential (e.g. “ a menu of policy options”)
- Mutual trust (also takes time to develop).
- Commitment to the process by all participants.
- Credibility – process must be seen to be fair and objective, based on high quality work.



Organisation for Economic Co-operation and Development

**For further information on the OECD programs cited  
above, go to  
[WWW.OECD.ORG](http://WWW.OECD.ORG)**