

Intergovernmental Group of Experts on Competition Law and Policy

Geneva, 17-19 July 2007

**Criteria for evaluating the effectiveness of
competition authorities**

By

PORTUGAL

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

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**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

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**ROUNDTABLE ON EVALUATION OF THE ACTIONS AND RESOURCES
OF COMPETITION AUTHORITIES**

-- Note by Portugal --

This note is submitted by the Portuguese Delegation to the Competition Committee FOR DISCUSSION at its forthcoming meeting (1-2 June 2005).

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A PILOT PROJECT FOR THE INSTITUTIONAL ASSESSMENT OF THE PORTUGUESE COMPETITION AUTHORITY

1. Introduction

1. The Portuguese Competition Authority (Autoridade da Concorrência, AdC) is a fairly young organisation. It started operations in late-March, 2003 and as such it has barely completed its second anniversary. At the time of its creation, 30 seconded staff was available; no installation period was foreseen; no grace period was granted; no budget was approved; no dead-line was waved. As of end-2004, 77 staff were on board, 56% of which with an academic background equal or above Masters level ¹; a € 5.8 million budget was secured under dedicated financing arrangements ²; a total of 90 mergers have been subject to prior review, of which 8 were approved with remedies; a portfolio of 42 restrictive practice cases were under active investigation; fines in the amount of € 3.3 million were imposed in a major cartel decision; 15 major economic and market studies were in the process of being finalised; six Recommendations were made to Government, of which three have been already adopted into policy; and its Web Site registered a monthly average of 8,000 visits. Key indicators of AdC activity for 2004 are summarised in Annex 1.

2. But equally important is the fact that markets are becoming aware that an independent Authority exists as an active promoter of competition policy and as a restless enforcer of competition legislation. In his strive for economic efficiency and consumer welfare improvements, Authority management has appropriately emphasised the importance of internal organisational in making things happen. To this extent, a lean-and-clean matrix system was adopted; management by objectives is being implemented; competitive outside recruitment is the norm; pay scales are competitive; performance incentives are built into the pay scales; and a comprehensive staff training program is available, with an average 1.7 SWs of training in 2004. AdC's Organisation Flow Chart is attached as Annex 2.

3. As AdC completes its second anniversary, management has realised that most of its attention as so far been dedicated to outputs, and to attracting, recruiting and training staff, as well as to the diffusion of a competition culture in a country with an history of state intervention. With these basically in place, management considered that increased concern should now be put on improving internal efficiency. As such, time has been considered right for AdC to have its institutional performance independently assessed. To this extent, the OECD Competition Division was approached in view of their comparative advantage in international evaluations, peer reviewing and benchmarking. The challenge was accepted, and as November 2004 the Competition Division and AdC have entered into a cooperative Pilot Project for institutional assessment (the Project).

¹ A 50% increase in Authority high-level staff was registered as a result of recruitment undertaken in mid-2004.

² Up to 7.5% of charges collected by Sector Regulators, as levied on regulated undertakings. Achieving sustained financing was a key element towards independence and implementation of a long-term strategy.

2. The Pilot Project

2.1 Objectives

4. The Project objectives were to develop and implement an assessment and improvement methodology for AdC, following a prototype methodology to be developed by OECD Competition Division. This methodology was to be applied in cooperation with AdC, the ultimate goal being the development of a baseline for the preparation of the Authority 2006-2008 Business Plan.

2.2 Background

5. Over the past 20 years within Organisation Development a relatively simple methodology has been developed to help private and public sector organisations establish and improve themselves. The methodology has been widely used both to build new organisations and improve existing ones. The steps in this methodology are relatively straightforward:

- articulate the core principles of the type of organisation that is desired;
- convert these principles into behavioural or substantive indicators;
- create an assessment device using these indicators;
- apply the assessment, essentially with the management group of the organisation or in some circumstances with external experts;
- turn the results of the assessment into the framework for a building or improvement plan of action; and
- re apply the assessment device on a regular basis to ensure continued application of the principles for the organisation and its processes.

6. However, each of these steps is not easy to complete. Articulation of the core principles of the type of organisation that is desired is rarely done. Most organisations are certainly created with a *vision* in mind by their originators, but subsequently they *adapt* over time in ways that are not always obvious or understood. Even originators of organisations are more likely to focus on the outputs they want the organisation to produce, rather than on the type of organisation that it takes to make that happen.

7. At times a need to change an organisation emerges as performance deteriorates. Change, however, most often tends to be *piecemeal* rather than a complete overhaul to create the type of organisation which is really desired. It is particularly important when creating an organisation to have a thought-out framework on which to grow.

2.3 The Assessment Framework

8. As indicated above, Organisation Development provides a basic framework to assess institutional performance. A wealth of experience is also available in its successful application to the corporate world. However, right from the start, the singularity of Competition Authorities was recognised and the need to appropriately characterise key determinants of their performance identified. To this extent, recourse was made to key *informants*, i.e. those who have an in-depth understanding of the working of successful competition authorities, including process and substance. Key *informants* were selected by OECD

Competition Division among those currently within an Authority, other government bodies, and the international bodies that have an in-depth knowledge of competition law and policy.³

9. Expert knowledge was subsequently gathered from the *informants*, with a view to establish key dimensions of Competition Authorities when they are operating successfully. Dimensions include issues such as relationships with other government departments or functions, relationships with the private sector, engagement of current employees and speed of work process. These interviews and dialogue allowed for the identification of the larger institutional performance dimensions, as well as of key attributes within each dimension.

10. As a result, it has been possible to identify nine key organisation and management dimensions providing a blueprint for building a Competition Authority or evaluating an existing Authority in order to identify areas for improvement. Attributes for each dimension were also identified, as indicated in Annex 3. Overall, the nine dimensions are as follows:

- strategic Direction;
- leadership;
- organisation;
- operating Processes and Management Processes;
- performance Standards;
- human Resource Utilisation;
- relations with Government Institutions;
- relations with relevant *Publics*; and
- performance Review.

11. In evaluating what currently exists, these dimensions were used as organising dimensions for an enquiry. The dimensions are the basis for dialogue between an *examiner* and the organisation and / or for those within the Competition Authority as they self-assess how it is delivering against goals and objectives. This led to the formulation of a 'questionnaire' and a measurement tool that seeks judgment about current performance and evidence for the judgments made. In order to allow for a metric, an assessment score of points from a possible 1,000 points has been given as part of the enquiry.

2.4 Applying the Framework

12. Upon development of the enquiry, and of a scale of measurement, an OECD preparation mission visited Lisbon, January 13, 2005. The evaluation mission was subsequently undertaken, February 21-24. This mission was led by Mr. Bernard Phillips, Division Chief, Competition Division, and comprised Messrs. Lennart Goranson, Head, Competition Outreach, and Paul Malyon, Consultant. The main objective of the mission was to carry out a series of interviews, with key Authority stakeholders as well as high level management. To this extent, a total of 16 interviews have been pre-arranged, of which eight with external stakeholders.

³ The key informants who have helped prepare the dimensions of a successful authority under this project are Allan Fels (former Chairman of the Australian Competition and Consumer Commission), Lennart Goranson (former Deputy Director General of the Swedish Competition Authority), Bill Kovacic (General Counsel of the US Federal Trade Commission), Matti Purasjoki (former Director General of the Finnish Competition Authority), Fernando Sanchez Ugarte (former President of the Mexican Federal Competition Commission) and Michael Wise (author of 20 reviews of Competition Authorities).

13. Outside interviewees included Judges from the Lisbon Commerce Court, the Court of Appeal for Authority decisions; Sector Regulators; a leading Competition Lawyer, and former President of the Court of First Instance; the President of the Confederation of the Portuguese Industry; the Secretary-General of the major Consumer Association; the Economic Advisor to the Minister of Economy; and a leading Economic Journalist and respected Opinion-maker. The criteria for selection emphasised interviewee direct knowledge of Authority activities, as well as their diverse affiliation among key stakeholders. Interviewees were informed beforehand of the overall objective of the mission visit, although not of the precise scope of the questionnaire. This was considered important, in order to avoid any bias resulting from a pre-assessment of replies. Interviewees were further re-assured of the total confidentiality of their replies, and made aware that no Authority staff would be attending the interviews.

14. Results of the interviews were subsequently processed by the OECD mission, and shared with AdC during a subsequent visit to Lisbon which took place on March 18. The instrument used was a facilitated Workshop with Authority Management. Results of the questionnaire and of the mission assessment were candidly shared with participants. These were subsequently divided into three subgroups, each handling one of the following issues: strategic direction, leadership and process management. Each subgroup came up with a series of recommendations which were subsequently shared with the plenary. As a result, it was possible to identify key performance improvement actions to be considered in the preparation of the 2006-2008 Business Plan.

2.5 *Notional Scoring*

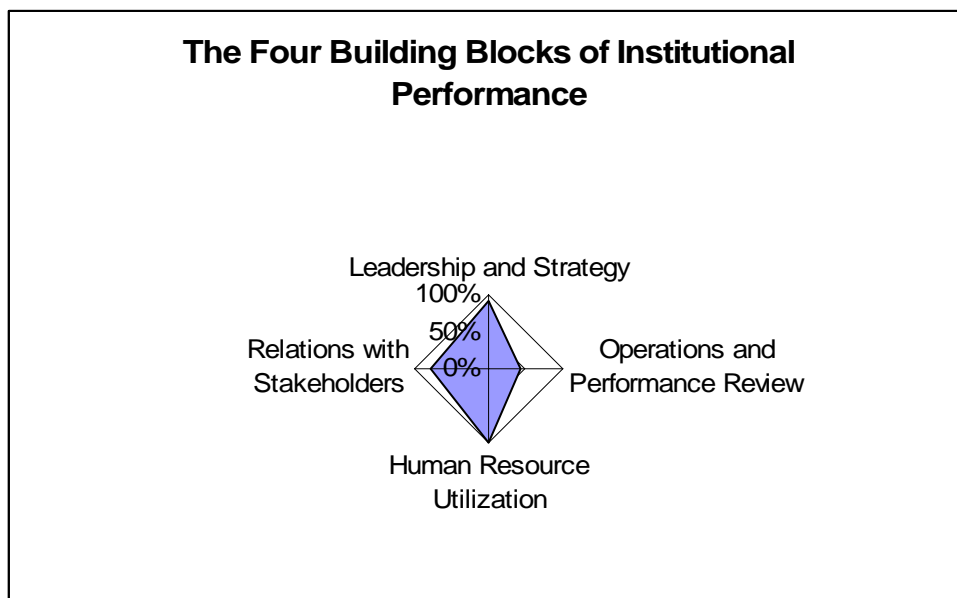
15. As indicated above, when the focus is upon assessing what currently exists, an assessment score of points from a possible 1,000 points has been given as part of the enquiry. Assessment points were separately given by each member of the OECD mission after completing the interviews, and subsequently checked for consistency. It is the mission view that few deviations were registered among team mission members while scoring the various dimensions. It is worth noticing, at this point, that the maximum is just a notional figure, not an empirically observed one. Indeed, the mission informed that in similar exercises carried out in the corporate world a score of about 700 is associated with leading international organisational performance. Accordingly, this is probably a useful value for benchmarking purposes.

16. The institutional assessment model uses nine dimensions for evaluation purposes. This multidimensional evaluation framework is key for data gathering at the survey stage. However, and when moving from assessment to strategy formulation, it is very important that organisational attention be concentrated on fewer dimensions. At a premium are not only scarce managerial resources as is the need to communicate inside the institution key areas for improvement that staff at all levels can easily identify with. Moreover, it is equally important for implementation and regular monitoring that responsibilities be assigned, as much as possible, along specific functional areas. It is to this extent that the following composite components were considered as the four building blocks for institutional performance assessment:

- Strategy and Leadership;
- Operations and Performance Review;
- Human Resources; and
- Relations with Stakeholders.

17. The following exhibit indicates the rating of the Portuguese Competition Authority as the percentage achievement vs. the leading international corporate performers for the four building blocks.

The relationship between the four building blocks and the nine dimensions used during evaluation is presented in Annex 4.



18. From the above assessment, it becomes clear that the block of highest score is strategy and leadership, followed by human resource utilisation and relations with stakeholders. The block of lowest score is operations and performance review, as it could be expected in the case of a two-year old institution. This is the block which deserves priority focus for improvement as the Authority matures and consolidates its internal operating and evaluation procedures. Accordingly, they will be given appropriate emphasis in the preparation of the Businesses Plan, 2006-2008.

2.6 *Lessons Learned*

19. Several lessons have been learned through the implementation of the Pilot Project. First, it has allowed for the development of an institutional assessment methodology targeted at Competition Authorities. To the extent that specific expert knowledge was, for the first time, encoded into an organisation evaluation model this is, by itself, no small achievement. Moreover, the pioneer application of this model to a concrete situation, the one of the Portuguese Competition Authority, has clearly shown that the methodology is robust and that it can be applied in a credible fashion. Testimony to this fact is the candidness of feedback received from interviewees, unlikely to materialise outside the *controlled* environment of the Project. Moreover, sharing feedback from interviewees in a facilitated management workshop was instrumental in shaping the necessary internal discussion. Indeed, this would be more difficult to achieve in a stand alone, un-facilitated, retreat. Furthermore, the methodology could be applied in a relatively short period of time and at a reasonable cost.

20. As to the methodology, it is both a development tool and an educational instrument. It communicates the significant dimensions of a 'successful' Authority. But on the other hand, the notional scoring has quite a few limitations. As a matter of fact, it is not yet fully applicable for benchmarking purposes, since there is no evaluation data basis for Competition Authorities as such. That stated, notional scoring allows for some degree of assessment of the stronger and weaker dimensions of an Authority, leading to the opportunity that performance objectives for future years become based upon some evidence assessment rather than less grounded information.

21. Overall, the consequences or opportunities created by developing and using an evidence based assessment can be summarised as follows:

- the assessment tool communicates the important dimensions that an Authority should focus upon and build development plans around;
- the scores that result from an assessment become the baseline for improvement and development of the Authority over time; and
- *momentum* is created among management to gradually implement needed improvements.

3. Preparation of the Business Plan 2006-2008

3.1 *President's 2005 Statement*

22. In 2005 the Competition Authority enters the third year of its activities. As the Portuguese authority entrusted with the task of disciplining the markets in terms of competition, in close co-operation with the European Competition Network, it will carry out its duties of supervising compliance with competition law by the economic agents and promoting a competition culture and will contribute to developing legal and economic science and policy in the field of competition. ***These aims are embodied in the Authority 1995 Activity Program.***

23. As to compliance with competition legislation, the Authority will:

- investigate and conclude at least 5 restrictive practice cases in significant markets and 4 restrictive practice cases in regulated markets;
- reinforce the pipeline of restrictive practice cases, by raising awareness of their negative effects on economic agents;
- improve the economic instruments available for analysing mergers; and
- launch of a joint campaign with other public institutions to uncover cartels connected with large contracts or public invitations to tender.

24. Regarding its institutional strengthening, the Authority will:

- produce the Case Manual and standardised forms of basic procedural briefs;
- complete the Personnel, Career and Performance Assessment Regulations;
- install and make it fully operational the new document management system;
- improved internal organisation; and
- continue of the effort to provide staff with professional training.

25. In what concerns the development of relationships with stakeholders, the Authority will:

- organise the first Forum with competition lawyers;

- launch awareness-raising campaigns with business associations;
- improve its relationship with the legal system in order to streamline and speed up appeals;
- organise the first seminar on competition for *the judiciary*; and
- cooperate with universities in developing competition science and policy.

26. To improve market efficiency from the welfare point of view, the study of the competitive conditions in the markets will be pursued.

- these studies are essential if indicators are to be compiled on structural action that needs priority, under competition policy, for Authority intervention or possible recommendations to the Government, sector regulators or economic agents, in particular. For 2005, the following studies will be completed: telecommunications (June-July); forestry and the purchase of wood for paper pulp; and pharmacy sector (retail medicine sales and public markets supplying medicines);
- given their importance, possible vertical restrictions on the efficient functioning of the following markets will continue to be monitored and studied: large food distributors and their suppliers (conclusion); car distribution market; and retail and wholesale fuel market;
- the following markets will remain subject to continuous monitoring by the Authority: fuel, and cereal flour;
- the following legislative initiatives for improving competition instruments will be undertaken: integration of Regulation 1/2003; clemency rule; and improvement in the legal procedure.

27. To strengthen and promote a competition culture, the Authority will:

- continue the campaign to explain the benefits of competition to the general public; and
- produce materials to inform the public about competition policy instruments and those for detecting restrictive practices.

28. In co-operation with the European Commission, the ECN and ECA, the Authority will:

- co-operation with the sector studies launched by the Commission in the financial and energy sectors;
- conclude the work on the liberal professions; and
- provide leadership for an ECA study on the creation of the single energy market.

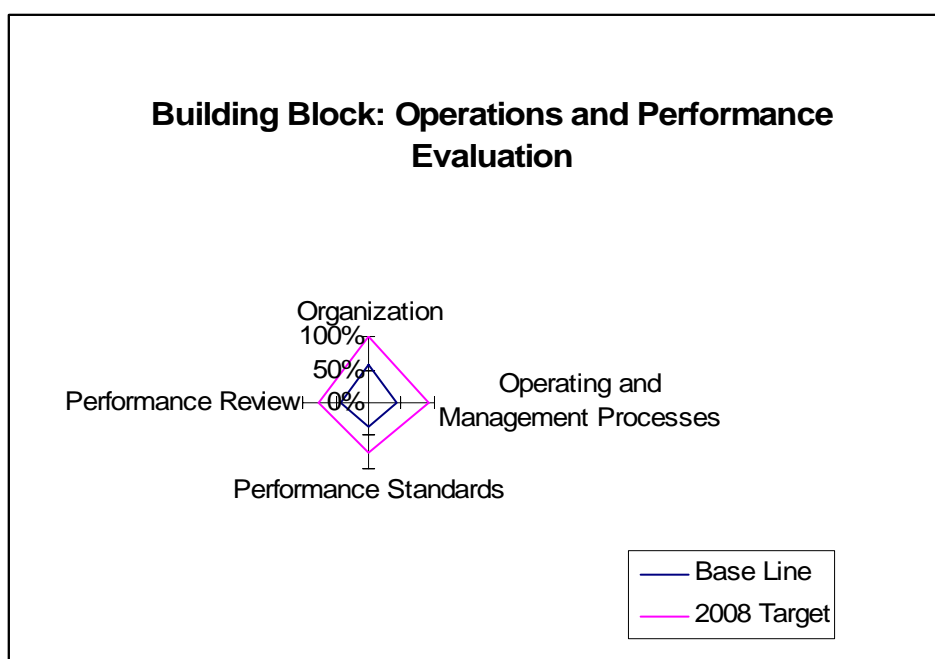
29. The Authority will strive for the development of legal and economic science and policy in the field of competition, by:

- organising the 1st Lisbon Conference on Competition Law and Economics (November 3-4), an international conference with eminent world experts from Europe and the USA; and

- promote high quality studies on topics at the forefront of competition science and policy, in co-operation with universities and specialist institutes

3.2 *Building block on Operations and Performance Review*

30. As indicated above, the building block Operations and Performance Review is the one in which a focused effort by management would be required towards aligning performance with the remaining building blocks and, indeed, with best international corporate practice. To this extent, and building upon the President's 2005 Statement, a specific Action Plan was developed as a preparation for the upcoming 2006-2008 Business Plan. This action plan specifies measures to address identified issues under each assessment dimension, as well as their completion dates, key responsible and envisaged impact. The Action Plan is attached as Annex 5. Should the resulting targets, as indicated in the following exhibit, be reached, then the overall institutional assessment score of the Authority would move to almost 90% of leading corporate performance worldwide. This assumes, of course, that the remaining building blocks maintain the same performance. Ambitious as it may seem, such achievement is realistic, and in line with past performance improvement of the Authority. In any case, a follow-up review of institutional performance will be launched in 2007, towards a new independent assessment of progress.



ANNEX 1

KEY INDICATORS OF ADC ACTIVITIES, 2004

Size: 77, of which 51 working in competition enforcement (24law, 19ec, 8other)

Other duties besides competition: none

% focused on competition: 100 per cent

Budget: € 5.8 m

Percentage spent on salary: 61 per cent

Name of leader: Prof. Abel Mateus

Years until next leadership change: 3 years (2008)

Bureau of economics: No*

*Establishing bureau upon appointment of Chief Economist, expected 2006

Name of chief economist: Awaiting appointment (Prof. Luis Cabral is the Lead Economic Advisor).

Name of Chief Legal Officer: Awaiting appointment (Prof. Eduardo Paz Ferreira, Prof. Germano Marques da Silva, Prof. Rui Pinto Duarte, Prof. Vítal Moreira, and Prof. Marcelo Rebelo de Sousa integrate the Legal Scientific Advisory Board)

Av. age of your staff: 46 years

Av. tenure of staff: open-ended appointments

Percentage of staff leaving in 2004: 4 per cent

Percentage of leavers taking retirement: 0 per cent

Percentage of staff who've worked in commercial sector: 15 per cent

PRIORITIES

% of staff working on mergers: 18 per cent

Other resource deployment: anti-cartel: 37 per cent, dominance related issues: 35 per cent, advocacy: 10 per cent

Priorities in 2004: Telecoms, utilities, means of payment, insurance, motor fuels, paper wood, great distribution.

Largest matters of 2004:

1. Energy merger.
2. Insurance merger.
3. Potential abuse of market power in telecoms.
4. Cartel in pharmaceuticals.

Work planned for 2005: Pharmacy sector, public procurement, and liberal professions, these in addition to the ones indicated for 2004.

When last peer reviewed: OECD pilot institutional review ongoing

Synopsis of review: ongoing

MERGERS

No. of mergers filed: 48

% of filings that led to a request for further info: 80-90 per cent

% of filings sent to in-depth review: 17 per cent

Results of merger review: none blocked; one withdrawn; 87 per cent of challenged mergers approved with conditions

ANTI-CARTEL

No. of companies which received fines:: 5

Total amount of cartel fines in 2004: € 3,290,000

Av size of cartel fines per company in 2004: € 658,000

Av length of cartel case in this jurisdiction: 1.5 years

ABUSE OF DOMINANCE ISSUES.

No of abuse of dominance investigations underway in 2004: 16

% of these that were opened in 2004: 56 per cent

Av length of an abuse-of-dom. file: 2 to 2.5 years.

No of cases resulting in a remedy: no data*

Breakdown of remedies used: no data, the agency was set up in March 2003

POLICY WORK AND ADVOCACY

International committees that are chaired by this agency: European Competition Authorities (ECA)
Energy Working Group.

No of mentions on broadcast news: 140

No column inches: 2,000 columns, 12.2x1.97 inches

Change in media profile in 2004:

Advocacy priorities for 2004: Fostering of competition culture among economic agents. Training of judges.

Notably advocacy results in 2004: Recommendations made to Government were accepted and regulations changed accordingly: 1) mandatory tendering of communications services by central and local government services 2) removal of entry barriers in the provision of pumping stations by hypermarkets

Other advocacy output:

Advocacy priorities for 2005: **economic harm caused by cartels, and structural issues in telecom and energy.**

ORGANISATION

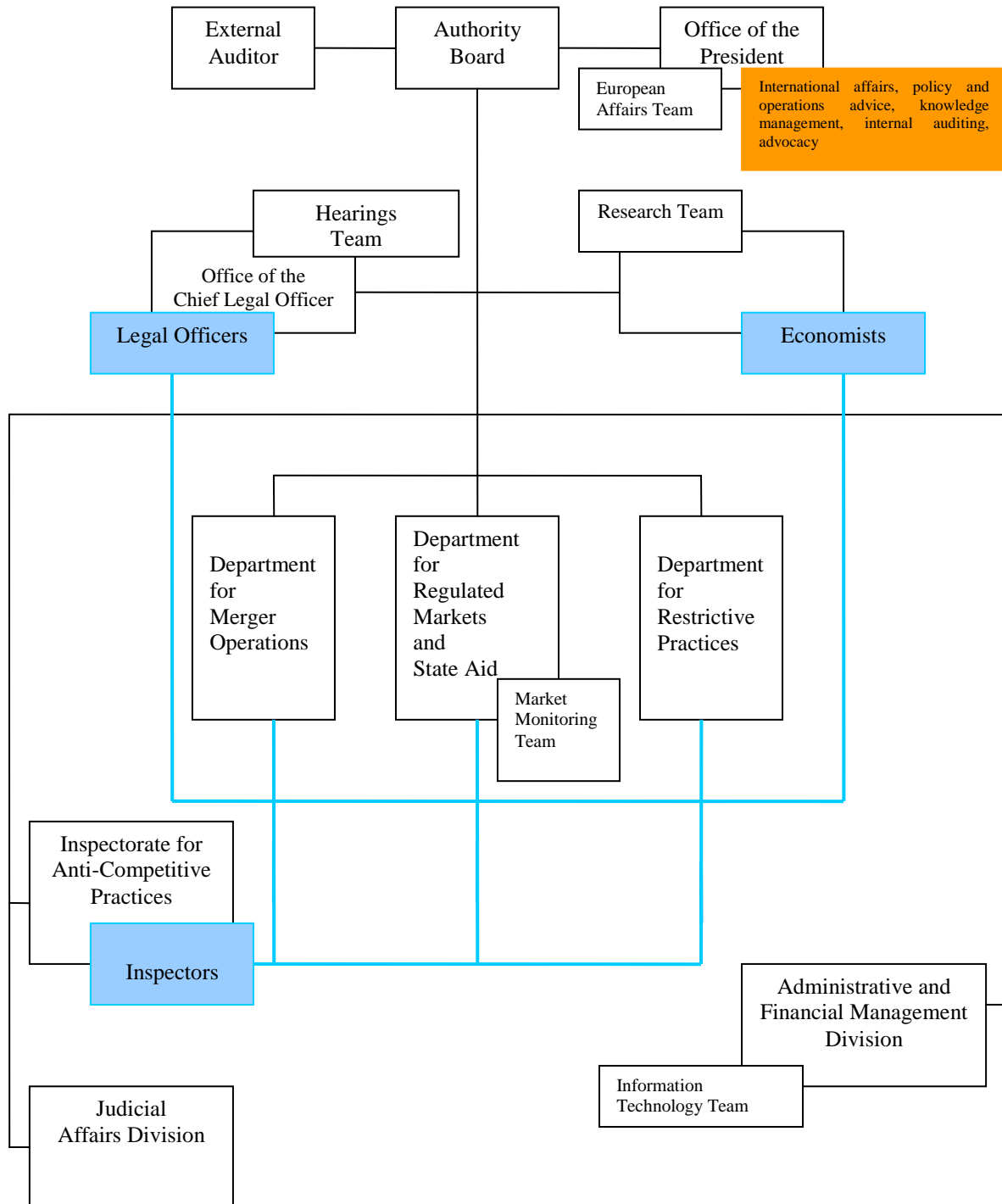
Any change to the organisation's structure in 2004: None

New powers received in 2004: None

Increase in budget: 81 per cent

ANNEX 2

ORGANISATION FLOW CHART



ANNEX 3

ATTRIBUTES OF EACH DIMENSION

Strategic Direction

- Legislative and government regulatory environment
 - Is the competition act recent?
 - Has the competition act been reviewed or updated?
 - Is legislation that impacts competition narrow in focus or broadly spread across many parts of government?
 - Is the legislation a topic or issue of which the public is aware?
- Strategic Direction
 - Is the strategic direction distinct from competition legislation?
 - Does the strategic direction form part of a 'energising purpose' of the CA?
 - Is the strategic direction recent?
 - Has the strategic direction been reviewed?
 - How is the strategic direction used?
- CA approach to Strategic Direction
 - What efforts are made to ensure that the strategic direction is kept up-to-date within the CA?
 - How are people within the CA engaged with the direction?
 - What processes are used to keep the direction alive, current and applicable?
- CA application of Strategic Direction
 - Can the link between the organisation and its direction be seen?
 - Are there transparent connections with the organisation processes?
 - Is the strategic direction applicable to the workings of the CA on a daily basis?

Leadership

- The Leadership Role
 - What guidelines / expectations exist for the leadership role?
 - Is a sense of mission, passion and personal values integral to the leadership?
 - How are personal values and commitments seen in the roles played by the leaders?

- The internal Leadership functions
 - How is leadership organised across the CA?
 - How are leadership functions enacted internally?
 - Do the leaders actively create and sustain the sense of mission, passion and commitment to a competition culture?
 - What are the processes for recruitment and selection to leadership positions?
- The external Leadership functions
 - Are there different groups playing different leadership roles?
 - How do the top-ranking officials who present the CA to the external environment fulfil their role?
 - How is the external and the internal CA leadership perceived from the outside?
 - Is an external role part of an overall leadership function?

Organisation

- The organisation structure
 - How is the CA organised?
 - Does the structure reflect the strategic direction?
 - Is it transparent to those on the inside of the CA?
 - Is it transparent to those on the outside?
- Impact of structure on output
 - Is the structure seen to be a 'barrier' to effective output?
 - Does the structure facilitate output?
 - What are the examples of both?

Operating and Management Process

- Are the operating processes clearly articulated?
- Are the operating processes transparent in definition both internally and externally?
- Are there measures of process effectiveness clearly articulated?
- Are these measures known to people internally and externally?
- Are these effectiveness measures used to manage the processes and improve operations?
- What is the relative positioning and role of law enforcement within the overall operating processes of the CA?

- Have the processes for effective management of the resources and goals-objectives of the CA been clearly defined?
- Are these processes used?
- In describing the management processes of the CA, is it evident that they are aligned with the values and strategic direction of the CA?

Performance Standards

- What are the performance standards of the CA?
- Can performance standards be described?
- Are the performance standards publicly available?
- Is performance against the stated standards regularly measured?
- With special reference to law enforcement, are the standards with respect to decisions to pursue, preparation of cases (including evidence collection) and eventual judicial presentation stated ?
- Are there guidelines in place for the installation of transparent performance standards?
- What are the processes and behaviours that ensure performance standards are followed – used by the CA?

Human Resource Utilisation

- Does the CA have human resource policies and practices that are in line with the employment environment and the political and governmental context of the CA?
- In operating the human resource policies, does the CA follow the best practices within its context for the engagement of all employees and managers?
- Knowing that the CA is ultimately greatly dependent upon people with a sense of passion for the values of competition, does the HR practice ensure that these values are nurtured and protected?

Relations with Government institutions

- Horizontal relations with government departments that may have conflicting, competing and / or contiguous goals and objectives, advocacy being an essential policy in respect of these horizontal government relations;
- Vertical relations with the political environment of government - upward to politicians and downwards to the electors.

Relations with the wider public

- How are relations conducted with the variety of interest groups / audiences?
- How are relations with the 'general public' managed?
- What is the policy and practice of being proactive in communicating and building a public face for the CA?
- To what extent is the CA as a whole involved in building a public relationship?
- What is the position of the employees of the CA in respect of building - supporting the public face of the competition authority?

Performance Review

- How is performance review policy articulated?
- To what extent is performance review policy enacted?
- How does performance review influence the development of strategy, organisation, operations and ultimately the legislative environment?
- What is in place to build a fundamental value and a 'culture' of performance management?
- To what extent is performance review part of the fabric for how the CA operates?
- Assessment of CA Impact
 - Does it achieve real-world impact?
 - Does it win its cases and achieve its objectives, prevail when challenged, persuade other decision-makers in its regulatory initiatives?
 - Is there compliance with its decisions?
 - Do the cases and regulatory initiatives protect or promote the process of competition?
 - Over the longer-term, does the CA examine whether it achieves its goals?

ANNEX 4

THE FOUR BUILDING BLOCKS OF INSTITUTIONAL PERFORMANCE

| Building Blocks | Dimensions | Notional Maximum | Assumed Benchmark |
|-----------------------------------|--|------------------|-------------------|
| Strategy and Leadership | Strategic Direction | 275 | 193 |
| | Leadership | | |
| Operations and Performance Review | Organisation | 450 | 315 |
| | Operating and Management Processes | | |
| | Performance Standards | | |
| | Performance Review | | |
| Human Resources | Human Resource Utilisation | 100 | 70 |
| Relations with Stakeholders | Relations with Government Institutions | 175 | 123 |
| | Relations with Relevant Publics | | |

ANNEX 5

ACTION PLAN ON OPERATIONS AND PERFORMANCE REVIEW

| Dimension | Action | Date | Responsible | Impact |
|-----------------------|--|----------------|--|---|
| Organisation | Ensure that annual evaluation reflects agreed Departmental targets | December 2005 | Board/Directors | Improve internal accountability |
| | Monthly meetings between Board and Directors | March 2005 | Board | Disseminate information internally |
| | 1 st Meeting of Competition Lawyers Forum | September 2005 | Chief of Staff | Greater outside awareness of how the institution works |
| Operating Processes | Operations Manual on Mergers | December 2005 | Director, Mergers Department | Improved interface with outside stakeholders |
| | Guidelines on Restrictive Practice Cases | June 2006 | Director, Restrictive Practices Department | Greater consistency and predictability in case handling |
| | Objective case screening criteria | December 2005 | Board | Improved resource allocation |
| | Staff interchange with the Netherlands Competition Authority | April 2005 | Chief of Staff | Development of a case handling culture |
| | Project Management Course | January 2006 | Chief of Staff | Improved overall process management |
| Performance Standards | Appointment of the Chief Economist | June 2005 | Board | Quality enhancement |
| | Appointment of | December 2006 | Board | Formulation of |

| Dimension | Action | Date | Responsible | Impact |
|--------------------|---|---|-----------------------|---|
| | the Chief Legal Officer | | | standards |
| | Selected ex-post case review | December 2005 | Lead Economic Advisor | Feedback into operational outputs |
| | Setting up an external Legal Scientific Advisory Board | May 2005 | Board | Improvements in legal analysis |
| | New Seminars on the legal aspects of competition law | Seminar program for 2005 already adjusted | Board | Greater emphasis in procedural aspects |
| Performance Review | Clear internal communication at Departmental and personal level | 2006 | Board/Directors | Improved alignment of individual incentives with institutional objectives |