



**PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE
PUBLIC GOVERNANCE COMMITTEE**

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DRAFT MANDATE OF THE PUBLIC GOVERNANCE COMMITTEE FOR 2005-2009

Draft Resolution of the Council Concerning the Renewal of the Mandate of the Public Governance Committee and Background Note

**29th Session of the Public Governance Committee
15-16 April 2004
International Energy Agency, Paris**

This revised version of the draft mandate takes into account comments received by countries via the written procedure. It is presented to the Committee for discussion and approval.

For further information, please contact Andrea Uhrhammer, Public Governance Committee Secretary,
Tel. +33-1-45.24.78.32, email: andrea.uhrhammer@oecd.org.

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**DRAFT RESOLUTION OF THE COUNCIL CONCERNING THE RENEWAL OF THE
MANDATE OF THE PUBLIC GOVERNANCE COMMITTEE**

THE COUNCIL,

Having regard to Articles 1 and 2 of the Convention on the Organisation for Economic Co-operation and Development of 14th December 1960;

Having regard to the Resolution of the Council amending the name and the Mandate of the Technical Co-operation Committee of 23rd June 1989 [C(89)92(Final)], the mandate renewal resolutions of 23rd June 1994 [C(94)125/Final] and 9th December 1999 [C(99)175/Final], and the Resolution of the Council amending the name of the Public Management Committee of 15 January 2004 [C/M(2004)1];

Having regard to the Rules of Procedure of the Organisation and in particular to paragraph 4 of the Annex thereto;

Recognizing that globalisation and societal change are strengthening the need for improved governance at both supranational, national and sub-national level;

Recognizing the importance of good public governance as an essential element in strengthening pluralistic democracy, promoting sustainable development and in maintaining confidence in public administration;

Recognizing the importance of good public management in ensuring policy effectiveness, economic efficiency and sound fiscal balances, and in maximizing the quality of government expenditure;

Recognizing that public governance reforms are and must be specific to the public sector as well as context-dependent and country-specific, dealing with different situations but aiming at the same long-term goals;

Recognizing the interest of non-member countries in sharing OECD values and experience in enhancing public governance;

Considering the central role of public governance as both an agent for achieving structural adjustment and international competitiveness, as well as a subject for reform itself;

Considering the statement of the Public Governance Committee on the PGC Mandate which sets out how PGC will contribute to member countries economic and social policy objectives (see Annex);

DECIDES:

1. The Public Governance Committee is responsible for designing and implementing a concentrated programme
 - i) to identify and help address the strategic challenges that governments face in modernising public governance in a changing world, particularly by strengthening trust in public institutions and the capacity to adapt to the new challenges;

- ii) to assist members and non-members in achieving more coherent and effective policies, and in raising the integrity, quality and performance of their public institutions and services;
- iii) to promote key elements of a good governance framework, and thus contribute to the improvement of the effectiveness, efficiency, transparency, responsiveness and accountability of public institutions.

2. In carrying out its responsibilities, the Committee shall:

- i) provide a forum for exchanges of experience among civil servants engaged in designing and implementing policies for modernising public governance and management;
- ii) follow, assess and report on key developments and results in modernising public governance and public management in member and, as appropriate, non-member countries;
- iii) develop a range of tools and frameworks to enable comparative evidence-based analysis of public management issues from a governance perspective.
- iv) share results of its work with interested non-member countries and other relevant international organizations and institutions;
- v) contribute to the Organisation's activities for technical assistance and other forms of support to the improvement of public governance and management in non-member countries.
- vi) contribute a public governance and public management perspective on major policy concerns addressed by the Organisation, including its horizontal activities;
- vii) maintain close working relationships with other relevant bodies of the Organisation and other international institutions.

3. These terms of reference shall remain in force until 31st December 2009. During this period the Committee shall continue to report annually to the Council on its activities. The Committee will review progress in achieving the goals of the mandate at the mid-point of the mandate.

4. The Resolution of 14 January 2000 concerning the renewal of the mandate of the Public Management Committee [C(99)175/FINAL] is hereby repealed.

5. Paragraph 4 of the Annex of the Rules of Procedure shall be amended to read as follows:

4. "Public Governance Committee: its terms of reference are defined in the Resolution of the Council C(2004)XX."

ANNEX 1

DIRECTIONS FOR THE FUTURE MANDATE OF THE PUBLIC GOVERNANCE COMMITTEE

Background Note

6. This note describes the proposed future directions, strategic issues and challenges to be addressed in the next mandate of the Public Governance Committee covering the years 2005-2009. It is intended to provide background for the OECD Council's consideration of a draft Resolution concerning the renewal of the Mandate of the Public Governance Committee and the working parties and networks that report to it.

Introduction

7. The mission of the Public Governance Committee (formerly the Public Management Committee) is to "promote good governance in support of member countries' shared economic and social goals". Public governance can be defined as "the formal and informal arrangements that determine how public decisions are made and how public actions are carried out, from the perspective of maintaining a country's 'constitutional' values as problems, actors and times change". The priority attached to such values varies among governments, but within OECD members common elements include:

- adherence to the rule of law,
- priority given to the collective interest over sectoral or private interests, respect for the rights of individuals,
- equity,
- transparency,
- democratic accountability and control of the use of coercive power and of resources,
- responsiveness to legitimate political direction,
- continuity between governments, and
- responsibility for future generations.

8. The term "public governance" therefore refers most directly to the architecture of the state: constitutional arrangements and separated powers. The OECD Public Governance Committee deals with how the public sector institutions for resource allocation and accountability, policy formulation, service delivery and regulation translate those values into practice. This involves not just structures, rules and procedures, but how these affect the attitudes and behaviour of public actors. Thus, the Public Governance Committee deals with public management from a governance perspective.

9. The mission is carried out by the Committee and its network of satellite bodies which each bring together the expertise and perspective of member countries in the individual areas of public governance:

- The Working Party of Senior Budget Officials is composed of budget directors and other senior officials from member countries. It convenes annually to address key budgeting concerns and relevant policy options.

- The Regulatory Management and Reform Working Party brings together policy officials responsible for cross-cutting and horizontal regulatory reform policies. It works to build policy support and skills for good regulations in member countries, emphasizing regulatory quality and focusing on improving institutions, processes and instruments needed to assure high-quality regulation.
- The Network of Senior Officials from Centres of Government is made up of senior officials of the institutions that assist and counsel the head of the government, the Council of Ministers or the Cabinet, depending on the country. The network meets annually to review issues of making the centre of national government work effectively and discuss decision- and policy-making systems and broad governance issues.
- The Human Resources Management Working Party addresses issues such as leadership, civil service ethics, employment policies, retention, performance management and knowledge management. Delegates are from central agencies responsible for management and personnel policies in member countries.

10. It is the primary role of the Committee to maintain a whole-of-government approach to the analytical work carried out by its different working parties and networks, and its relevance for policy-makers in member countries.

Key achievements during the current mandate 2000-2004

11. The renewal of the mandate of the Public Management Committee in 2000 broadened the scope of the Committee to include a governance perspective, which has increasingly guided work carried out since then. The mandate reflected the increasing importance of good governance as an essential element in strengthening pluralistic democracy, promoting sustainable development and in maintaining confidence in public administration. The Committee was charged with contributing to improving the transparency and accountability of public institutions, as well as their effectiveness and efficiency, and focusing on key elements of a good governance framework. A further addition in this mandate is the mention of outreach: sharing results of the work with non-members.

12. The shift towards a governance perspective has also been clearly reflected in work carried out by the Committee's various working parties and networks. For instance:

- Work to ensure high-quality regulation continued its strong governance orientation in both its country-specific and its thematic dimension, covering the institutional framework, processes and procedures. The Working Party on Regulatory Management and Reform took a hard look at the role, structure and functioning of independent Regulators; improving the performance of regulations through better *ex post* evaluation, and analysed regulatory co-ordination and co-operation among levels of government.
- The Working Party of Senior Budget Officials (SBO) began work on budgeting and accountability issues that have a significant impact on the political economy of the allocation and control of public resources – e.g. fiscal frameworks, parliamentary oversight, the movement towards performance – and on new accounting information that affects decision-making and oversight. It also addressed the changing role of the central government and arm's-length agencies.
- Similarly, the Human Resources Management Working Party (HRM) broadened its agenda to include important horizontal governance topics such as leadership and civil service development.

The project on Public Sector Modernisation has sought to take a systemic governance view, rather than a “best practice”-oriented view of government.

- Work on public sector ethics increasingly contributed to a wider OECD anti-corruption effort, and focused on transparency and the engagement of citizens in policy-making and service delivery. In particular, following the work on prevention of corruption in the public administration, the Committee addressed the sensitive area of managing conflict of interest, which led to a Recommendation at Council level.
- The Committee explored how governments can best exploit information and communications technologies to embed good governance principles and achieve public policy goals. In particular, it analysed how ICT can help governments organise services around the needs of businesses and citizens, enhance transparency and accountability, and be used as a catalyst for broader reform.

An evolving context

13. Two decades ago the Public Management Committee (PUMA) took the strategic decision to advocate the "New Public Management" (NPM) movement. At that time, public administration was not considered a subject for international learning. In this context, the PUMA advocacy of what appeared as a revolutionary set of ideas about public sector reform was stimulating and energizing for many members. There was soon a very strong demand for information exchange on the new "best" practices. This period had a lasting influence on PUMA's culture, products and reputation.

14. However, since then, the public management world has evolved. Comparative learning amongst governments is now very well established, but there is growing awareness of the importance of national context. Governments are also increasingly open to ideas from the private sector and civil society as an inspiration for developing modernisation policies for the public sector.

15. The Modernising Government project of the PGC has confirmed a more sober appreciation of the enthusiastic advocacy of first-generation NPM and shown that, in many areas, issues of management are inseparable from matters of governance. It has also introduced the need for a better understanding of the growing complexities governments are facing in performing their role for the economy and the society at large.

- Recent years have seen an increasing recognition among governments and international organisations of the fundamental importance of “good governance” as a precondition for long-term, sustainable economic growth. The increased focus on and awareness of issues such as efficient institutions, the strategic use of ICT, regulatory frameworks and civil service integrity are important vehicles for bringing the pertinence and cross-cutting nature of the public governance agenda to the attention of policy-makers.
- There is a growing awareness that governments are not the only crucial actor in addressing major societal issues; traditional as well as new modes of government-society interactions are needed to tackle these issues.
- Well-functioning public institutions and policy tools remain a fundamental prerequisite for long-term economic growth as globalisation is continuing to challenge government’s efforts to ensure effective markets. Free trade and market openness require that governments ensure that their interventions in the economy are effective, transparent and accountable, and that framework conditions for economic activities are defined, well co-ordinated and justified on similar terms.

- Many OECD economies are faced with new demands on public interventions: inescapable new fiscal pressures in health and welfare, in the context of an ageing population; new costs and challenges in ensuring security and risk management; increasing migration flows; and a need for more effective policies in ensuring societal cohesion. Closer co-operation with the private sector – public-private partnerships for service delivery, for example – can help cut costs and increase efficiency, but raise important governance questions (equity, accountability, transparency).
- Governments’ modes of action increasingly need to be credible and confidence-building, rather than coercive. The diminished capacity of governments to command and control requires that governmental action be built on the credibility and predictability necessary to win the co-operation of other actors and the public at large. At the same time, there is a long-term increasing demand both from citizens and businesses for a more efficient and responsive government. Dialogue between public services and citizens/businesses, and consultation and other forms of public participation in the decision-making process will be important tools for countries wanting to safeguard or restore public trust in democratic systems and the public administration.
- An increasingly decentralised architecture of public authority puts new demands on efficient resource allocation, interregional equity, interoperability between organisations and accountability of public actors at different levels of government within countries and among them. Effective co-operation among local and central actors is a crucial challenge for realising the potential of regions. A pressing need to be more effective in dealing with horizontal and inter-governmental issues is emerging from globalisation, but also from the international impact of terrorism or global health risks.
- Finally, the context-dependent nature of public management policy needs to be taken into account. Contextual variables of economic pressures, the influence of unionised labour, public attitudes to government, constitutional arrangements, vested interests, national culture and history mean that societies have different public sector reform priorities.

The new mandate

16. The OECD continues to be uniquely placed to provide member countries with the empirical and analytical tools to adapt their public sectors. It would benefit not just member countries, but also non-members and international and regional organisations that deal with public sector adaptation. In designing its new mandate, the Public Governance Committee should ensure that its priorities are aligned with the broader focus and concerns of the OECD while building on the core competencies already in place. Public governance and public management from a governance perspective have now been widely recognised as being highly relevant and instrumental to growth and economic performance.

17. Strategic avenues for promoting good governance could be implemented around a set of activities under the current Programme of Work and Budget Output Groups “Effective and Efficient Government” and “Competition and Market Efficiency”. These activities would deliver know-how on the efficiency and effectiveness of institutions, provide operational tools for public sector decision-making, support a better strategic management of the public-private interface, and improve the factual and empirical basis for taking and evaluating policy decisions.

18. As a forum for policy dialogue, peer review, and benchmarking in the interests of better government, the Public Governance Committee has a strategic role to play in creating a climate for tackling these challenges. At the same time, the benefits from a broad-based public governance strategy could also be relevant for other OECD Committees, especially the Territorial Development Policy Committee. This horizontal influence would need to be ensured through wider, deeper links and better co-

ordination among committees and working groups in order to achieve significant mutual benefits. The Public Governance Committee should aim at consolidating and expanding its participation in horizontal OECD projects, as a contributor as well as a manager.

19. Stronger co-operation with non-members is also important. Poor performance by state institutions, corruption, and weaknesses in the rule of law are recognised as important barriers to economic and social development, investment, job creation and the fight against poverty in many developing and transition countries. There is an increasing demand for information and know-how from non-members who wish to benefit from the lessons learned by OECD countries. The Committee will continue to play a key role in fostering dialogue, disseminating good practices and supporting regional or country-specific programmes. In particular, it will help support the development of public governance and management in core areas where the Committee is a key player at the international level, such as administrative simplification and regulatory frameworks, strengthen budgeting and accountability processes, improve the quality of services to citizens and enhance the professionalism of the civil service.

20. In implementing this new mandate, the Committee will need to invest in new skills, new processes and new products to improve the evidence base and empirical findings that support policy decisions. At the same time, it will continue to optimise and develop key capacities in the core areas of its work, i.e. budgeting, regulatory reform, human resources management, honesty and integrity of the public service, and e-government. Finally, it will work on tools, capacities and institutional arrangements for strengthening the role of central government in a context of devolution, decentralisation and supra-national policy-setting; addressing governance issues and the public-private interface in the area of service delivery; coping with risks; and improving decision-making and the management of reform, in particular at the interface with the political arena and with civil society.