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Strategic Insights from the Public Governance Reviews : Update

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This paper is an update of the paper circulated to the November 2012 meeting of the Public Governance Committee (GOV/PGC(2012)14) on the strategic insights from the Public Governance Reviews, and takes account of the comments made by PGC delegates as well as further internal discussion within GOV. A final version of the paper will be prepared and disseminated after the meeting, incorporating key points from the discussion. This final version will serve as a guide to the OECD Secretariat in conducting future reviews, as well as a repository of issues and ideas that will need attention in the future work programme, and a platform for ongoing discussion on the issues.

Committee action:

Delegates to the Public Governance Committee are invited to CONSIDER the following strategic and operational questions:

- Does the report offer useful insights for taking forward work related to the Strategic State and if so, which ones in particular? How could this be reflected in principles for good governance in the future?*
- How should future reviews be shaped? How should insights from the reviews be disseminated? How can the operational aspects of the reviews be improved?*

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INTRODUCTION AND CONTEXT

Introduction

1. This paper considers the insights and lessons of wider relevance which can be drawn from the eight comprehensive Public Governance Reviews carried out by the OECD since 2007.¹ It is an update of the paper circulated to the November 2012 meeting of the Public Governance Committee (GOV/PGC (2012)14), and takes account of the comments made by PGC delegates as well as further internal discussion within GOV. The paper has two purposes:

- It is a shared resource both for the PGC and for the OECD Secretariat in developing issues and ideas related to the Strategic State, as well as related discussions on New Approaches to Economic Challenges (NAEC), inclusive growth, open government and the trust agenda. The paper is a contribution to ongoing debate about future public governance.
- It offers perspectives on how to shape future reviews, in order to maximise the impact and relevance of the reviews for countries in their objective of achieving sustainable and inclusive growth.

Delegates' comments so far highlight that:

- The reviews are an important product, with strong links to other flagship initiatives such as GaaG and OPSI, and their strategic nature adds value relative to thematic reviews, which they complement.
- Significant common ground on the key governance issues for attention has emerged. These issues include (in no particular order) HRM and leadership, the link between politics and the public administration, the importance of innovation, the core objective of effective service delivery to citizens and businesses, the core values of the rule of law and integrity, and the need for more effective communication.
- There is a need to put more effort into dissemination and discussion of review findings.
- There is some appetite for the development of principles of good governance.
- Tested approaches to public governance need to be further developed, but at the same time, it is important to make room for the exploration of new ways of governance.
- Politics and politicians have been underplayed in our work.
- The OECD has a unique ability to take the strategic view of public governance, which others cannot.
- NPM thinking retains value, but its approach falls badly short of current and expected future governance needs.

¹ Ireland, Finland, Estonia, Greece, France, Slovenia, Poland, Hungary (the last two are still underway but sufficiently far advanced that they can be included for this exercise). Italy was the subject of a restricted review in 2010 and given the very limited scope of the review, has not been included.

- Broadening the geographical range of the reviews would reduce the risk of being too Eurocentric.
- There is insufficient ex post follow through in support of reviewed countries.

The paper's approach

2. The paper aims to draw out insights for the future of the reviews in order to strengthen their relevance and impact for countries' progress towards sustainable and inclusive growth. Comments from delegates on the first draft are highlighted in boxes throughout the text. The paper is three parts:

- The Strategic State framework and analytical insights.
- Practical insights for taking forward the reviews, and their dissemination.
- Towards principles of good governance and new perspectives.

The context

Developments since 2007: change, crisis and growing complexity

3. The context in which governments operate is associated with increasing complexity, overlaid since 2008 by the fiscal and economic crisis. Most of the reviews have been conducted in the period since 2008. There have been important developments since the launch of the first review in 2007, with significant effects on the nature and future of public governance, the public service and its employees. A major crisis hit OECD countries, starting as a financial crisis and evolving into an economic and fiscal crisis. The financial crisis involved a stock market crash and rescue packages for banks and other financial institutions, which have required capital injections and other direct support equivalent to about 4% of GDP in G20 countries. The financial crisis spawned an economic crisis, with economic growth coming to a halt in 2008 and real GDP falling by 3.8% across the OECD in 2009. Only 3 of the 34 OECD countries--Australia, Israel and Poland--avoided a year of falling economic output. Unemployment across the OECD averaged less than 6% of the workforce in 2007, but rose to around 8.5% in 2009 and remained at a similar level through 2010 and 2011.

4. The policy environment is becoming increasingly complex and interconnected. As a consequence, policy making increasingly requires horizontal and vertical vision: the capacity to connect policies within a broader context and achieve coherence across a range of related policies. The challenge of green growth provides an example. Green growth will ultimately need to be achieved with the support of the international community and through bottom up local initiatives: this is the "vertical" challenge. It also needs to be supported by dovetailing policies that address both the environmental and the economic issues: this is the "horizontal" challenge. More broadly still, support for economic growth and development needs to balance economic interests, environmental concerns and social inclusion to ensure that growth is sustainable and benefit all citizens, including women and minorities.

Long term trends and the effects of the crisis

5. It is crucial to distinguish between short and longer term trends and issues affecting public governance. The crisis may have accelerated some changes but many, often negative, trends and issues were already very evident. The crisis did not generate these. These include underlying societal trends, such as population ageing which has a huge impact on public services, and issues such as the problem of

keeping a democratic balance between responsiveness to electoral cycles and sustaining long term strategies across the cycles.

6. As well as longstanding failure to contain rising deficits and debt, perhaps most striking has been the tendency among most of the reviewed countries to ignore or put off important structural reforms which would have strengthened their resilience for the future. For many European countries in the Euro zone, the crisis did not so much create as reveal a range of structural weaknesses such as undeveloped human capital, inadequate investment in infrastructure, and lack of competitiveness. Without the shortcut provided by a real exchange rate adjustment, these economies have been confronted with the need to tackle a range of issues at very short notice. In that sense, one can speak of a “public governance deficit” which has been revealed by the crisis. Some good news is that structural reforms have to some extent been boosted by the crisis, especially in areas where reforms can help to assist the fiscal adjustment process, such as pensions and health. Overall, however, government responses have fallen short of the challenges, and this has highlighted the importance of taking a closer look at underlying weaknesses in public governance. The 2008 crisis was a wake-up call for many countries.

Fiscal consolidation and public governance

7. Fiscal expansion to cushion the effects of the financial and economic crisis is being followed by fiscal consolidation that is forcing many governments to rethink the scope and design of their policies and programmes. Whilst programme expenditure has usually taken the brunt of the search for savings, operational expenditure has also come under fire in many countries. This directly affects the public sector and its capacities to support the work of government, including and not least its reform programmes, which largely need to be steered and implemented by public sector employees.

8. An ageing population is also affecting the age structure of public employees, creating challenges and opportunities. It can increase the fiscal burden in the short term, but it offers an opportunity to rethink the size and skills of the public workforce.

Societal developments and public governance

9. Inequality has been on the rise since the 1980s, posing new challenges for governments. In the two decades prior to the onset of the crisis, real disposable household income increased across the OECD, but most OECD countries experienced a growth of income inequality, which appears to have accelerated since the crisis. The crisis also exacerbated pre-existing regional disparities, which combined with often significant differences in fiscal capacities, deepened inter-regional differences in services for citizens and businesses. This has implications for public governance, in terms for example of dealing with reforms to address issues such as social resentment and political instability.

10. Governments are increasingly enmeshed in a web of networks and relationships. Internally, new social media are creating opportunities for greater interaction with citizens and more transparency and accountability, but also the need to better understand how these new technologies can help improve decision making and service delivery. Externally, governments are called to address a number of economic, social and environmental issues at the supranational or international level, remaining at the same time accountable for their decisions to their domestic citizenry.

11. In many countries, citizens have a trust problem with their governments. During the crisis, they have voted out of office a number of incumbent governments, demanding rapid solutions to a bleak economic situation and constraining the time for needed structural reforms to bring results in the period of the electoral cycle. Fifteen countries (mostly in the euro area) have experienced a change of government

between 2008 and 2012. This raises fundamental challenges of public governance leadership, which is needed if there is to be a sustained long term vision for a country's economy and society.

The supranational context

12. International coordination mechanisms have been revived or established since 2007 to address policy areas that were regarded as largely domestic before the crisis. For example the G20 has been reactivated through regular meetings. Another example since 2009 is the Financial Stability Board coordinates at the international level the work of national financial authorities and international standard setting bodies.

13. The supranational context of public governance is somewhat neglected in the reviews. Countries, however, are faced with the opportunities and challenges of an increasingly open and interconnected world. Trade has facilitated openness and interdependence. The overall balance is positive. Trade has increased competition and innovation, lowering prices, broadening choice for consumers and, overall, increasing net welfare. Greater openness has, however, entailed adjustment costs that have sometimes fuelled a feeling of insecurity among citizens. Moreover, economic interdependence has created the need to better co-ordinate economic and fiscal policies to avoid excessive external surpluses and deficits. Openness has also facilitated the emergence of global value chains that have made citizens' everyday life more sensitive to events that occur outside the borders of their own country, as the Great East Japan earthquake dramatically brought home. Risk assessment and risk management of a broad range of issues, including environmental management and adaptation to global climate change, are increasingly requiring supranational attention. Openness has entailed not only greater exchange of goods and services, but also movement of people across countries. Similarly to trade, migration has created opportunities but also challenges for both the receiving countries and the countries of origins. It has also heightened the need for more balanced and inclusive growth.

Box 1. The supranational context: the case of the EU

The EU member states need to juggle with the EU dimension of governance, which is growing in importance post crisis. Important aspects of the governance of EU member states are determined through EU level strategies, policies, processes and funding. EU level issues include the structural and cohesion funds² which can make up a significant part of GDP in recipient countries; the EU 2020 strategic objectives which EU countries are required to work for (and with which their own national strategies must therefore be compatible); the management of EU legislation (directives) into national legal, policy and operational frameworks; and more recently, the coordination of economic and budgetary policies. The EU 2020 objectives appear to have galvanised some countries into greater effort in defining their own strategic priorities at the national level. The EU can help to apply necessary pressure for change in some countries. Not all member states seem to be paying enough attention to this dimension of their governance when developing their national strategies and policies. Some countries in the EU experience difficulty in managing the relationship with the EU level effectively, and achieving the right balance between their national and the EU wide strategies. Countries need to own their strategies, so achieving this balance is important.

² EU Structural and Cohesion Funds- The funds are the financial tools to implement the regional and cohesion policy of the EU. They include the European Regional Development Fund, the European Social Fund and the Cohesion Fund. They support job creation, competitiveness, economic growth, improved quality of life and sustainable development to achieve the objectives of the Lisbon Strategy and Europe 2020. The current funding programme covers the period 2007-2013. These funds may account for up to 4% of the GDP of some recipient countries.

THE STRATEGIC STATE AND ANALYTICAL INSIGHTS

Strategic State framework for the reviews

14. The Strategic State can be viewed as partly a choice, and partly an imperative driven by post crisis constraints such as limited public resources and the need to boost competitiveness as a requirement for effective participation in the globalised economy, and the complexity of future developments requiring new skills such as risk management.

15. Internal discussion as well as comments from delegates suggest that the development of a shared empirical framework would help us all through the tangle and complexity of public governance issues. Overall, having such a framework seems more helpful than not, so long as care is taken over its use, and it is seen as a loose guide rather than a straightjacket prescription. Frameworks for the reviews over the last few years have varied quite significantly. The project components have varied, from an analytical review, to a review associated with workshops. The scope of the reviews has varied, from whole of government including public service delivery, to a greater focus on the central State. The framework helps to structure these issues. It also provides a basis for moving towards an updated definition of public governance and to start thinking about the key characteristics of well functioning and well adapted future States.

16. But the framework needs more work and development. It could be enriched further and provide a tool to facilitate comparability and mapping of public governance issues. More is definitely needed on HRM and related issues, not least around management and leadership, given the importance of connecting strategy and implementation. The bottom up aspects of public governance need more emphasis, connecting strategy with the insights that emerge from local communities and civil society.

Box 2. The Strategic State framework

The Strategic State framework emphasises leadership and stewardship from the centre, integrity and transparency, the importance of networks and institutions (both inside and outside government), the need to draw inspiration from sub national initiatives and citizens, and crucially, the importance of effective implementation of strategies and policies in support of positive outcomes and impacts for a country's economy and society. The integrated building blocks of good governance developed initially for OECD accession and enhanced engagement candidates have also been used and extended, and form a core part of the framework.

The framework includes some issues that have been emerging with the most recent reviews, which means that some aspects are less well documented than others. For example issues related to integrity, and parliamentary relationships with the executive have started to become more important, but did not feature in the early reviews.

The framework has also been inspired by what has emerged from the reviews, and by what countries themselves are telling us about their important issues and challenges. For example, strategic goals and planning are high on the list, and many countries have questions about the relationship between senior civil servants and ministers. Some issues also reflect the OECD Secretariat's own conclusions from the reviews on what matters, for example leadership capacities, and the importance of securing effective implementation of strategies and policies.

The following five broad areas of public governance help to structure the material:

- Public governance is ultimately tested on its ability to deliver on a **strategy and vision** of the future, that is, how governments expect to change the economic and social environment of their countries. This involves a departure

from the New Public Management (NPM) assumption that governments and their public administrations are essentially managers and producers of public services. Nor, however does it reverse the whole of government approach, and imply in any way that the central State can or should be directly in charge of everything. For example the central State cannot directly implement most or even any policies alone; these require the active engagement of other actor (for example, through co design). The views and opinions of a large range of actors beyond the central State, not least citizens, is equally essential to help shape and update strategies.

- Increasingly, governments are assessed on their **integrity and transparency**. Experience and data show that trust in institutions is driven to a large extent by the way policies are designed and implemented, and the compliance that policy makers show with broader principles and standards of behavior. A public governance framework **conducive to trust** builds upon key integrity and transparency policy levers. Citizen engagement, access to information and open government can be leveraged to render the policy making process more informed. Effective management of conflict of interest, good standards of behaviour in the public sector, and adequate lobbying and political finance regulation, can be leveraged to limit undue influence and build safeguards to protect the public interest.

- Governments are not a monolithic structure but rather a **network of organizations**, including ministries, agencies, semi-autonomous bodies, sub national entities, and critically, **institutions** and entities beyond the executive, such as audit offices, and outside the State, such as civil society. Thus, to deliver on a strategy, a key challenge faced by government is to solve coordination and principal-agent problems. Institutional strength is also fundamental in order for strategies and policies to be shaped effectively and critically, implemented effectively.

- The network of public institutions is connected by some key **systems and processes**, such as budgeting, HRM, auditing, and ICT. The functioning of these systems and use of some (e.g. ICT) as part of the strategic thinking is fundamental to generating coordination and alignment; to formulate more integrated and relevant strategies; and to enable better implementation of actions. Beyond the processes to shape effective strategies and policies at the executive centre of government and through mandates from the legislature, some of the most important systems and processes are contained within agencies and sub national levels of government, which are at the interface with citizens and businesses, and need to succeed in this crucial “day to day” work, in order to justify the whole business of government. The interaction between these systems and processes is pivotal to achieve better results. For instance, it is critical for governments to look at the potential of ICT use in a broad sense. This implies understanding how technology and its application, as well as approached enabled by technology, can drive new forms of public sector thinking, operating and interacting. The outcome can go beyond improving results in specific thematic areas (e.g. health, procurement, education) and can support a more integrated delivery of public value.

- Effective governance is reflected in tangible (and perhaps measurable) **outcomes and impacts**: policy delivery, that is to say, the performance and outcomes of policy sectors such as energy or social welfare, the effective delivery of public services as perceived by business and citizens, and more broadly, the “big picture goals” such as a trusting relationship between the State and its citizens. The long term management of so called “wicked” issues is also relevant, as is the ability of the State to manage crises. Together these represent critical tests of the merits of investing in public governance and whether public governance reforms are going in the right direction to achieve desired outcomes. Ultimately, public governance is a process that exists to serve citizens.

17. The framework generates a practical and forward looking structure and methodology to guide the reviews:

- Strategic capacities
- Clean and open government
- Robust institutions
- Inclusive and effective processes

18. The framework is set out in more detail in Annex 2. Many issues are relevant to more than one heading so choices were made (for example processes often overlap with institutions, leadership is relevant to a range of issues). The framework in Annex 1 is organised as follows:

- The left hand column sets out the framework in more detail. Not all of the detailed issues under each main heading are always covered.³
- Column two shows the coverage of the issues in each review. Not all aspects are covered in each review, depending on the focus which a country has wished to give its review, and the relative importance of different issues in the particular country context.
- Column three show the related building blocks (defined in the more traditional way, and as often requested by countries). These reflect the building blocks of good governance developed initially for OECD accession and enhanced engagement candidates.⁴
- The link to Government at a Glance data is set out in the fourth column.
- The last column identifies key actors for each issue.

Box 3. Strategic State framework: delegate comments

- **The framework is a very useful starting point, all the key issues are covered**
- **It is less relevant and helpful to advanced countries**
- **Use of the framework should not constrain the scope of reviews**
- **The country's reform plans and context should guide the reviews**
- The framework offers, in general an appropriate starting point for comprehensive reviews. Vision is broad and comprehensive
 - Do not over emphasise clean and open government as a key characteristic of the framework, they are inherent to institutional strength and effective public processes. Most Anglo, Asia Pacific and Western European countries are well advanced with regard to rule of law and anti corruption. Do an integrity review if this is a concern
 - Highlight the conceptual/academic references that link up with the key elements of the framework. What are the OECD academic favourites?
 - The objective of the framework is not clear, it is not especially helpful to “advanced” countries, who do not need a complete framework as they know the range of issues and want to focus their attention on specific challenges
 - The framework is a very good starting point for further development of the reviews, reflecting very well the issues emerging from the reviews and countries' needs
 - The framework is a starting point from which each country can decide based on its specific context what should be elaborated
- The framework offers an appropriate starting point for shaping future reviews. There needs to be flexibility,

³ For example, under the heading “leadership”, the review of France considered the senior civil service, but did not consider the interface between politicians and civil servants.

⁴ Budget management, human resource strategy and management, multilevel governance, regulatory governance, e-government readiness, integrity, open government, COG, government structures and coordination.

“one size does not fit all”. Propose an overall base methodology with areas common to all reviews plus a range of options for adjustment to country context.

- The follow up to our review is very consistent with the themes set out in the framework
- The framework is interesting as a basis for future reviews, but make sure that it does not narrow the possible scope
- The framework and its wide scope is a good starting point. Very important to take account of a country's reform plans, priorities and starting point, and avoid having anything “off limits” for the review scope
- The framework is a useful general initial guideline for countries that plan to carry out a review, but would need to be adjusted to specific context and needs. The same set of issues would not be appropriate for different countries, for example our country's key issues were strategic management, division of responsibilities across central government, and regulatory governance, but these would not necessarily be right for other countries
- Avoid euro centricity in development of the framework and in the cross review analysis. For example central supra national relations is of less interest to non EU countries, clean government emphasis is skewed by the EU focus, and legal formalism/civil law is irrelevant to many non euro and Anglo countries. Central-supra national relations are essentially an EU concern, and PGRs should not seek to address/judge/analyse countries international policies (fiscal or other). Use an EU 15 better regulation review approach if there is a need to address issues for EU members
- The concept of the Strategic State is at the heart of good governance, but also very sensitive because it is intimately linked to the exercise of political power
- Agree with the proposed areas making up the framework, from which each country can decide, based on its specific context, what should be elaborated. This is a useful overview of common challenges, the countries involved, the building blocks, GaaG relationship etc. It would be helpful to add data on innovative solutions from OPSI. The key areas, are implementation of strategy linked to HR and budget, role of Centre of Government, getting the EU-national balance right, importance of evidence based policy making, implementation needs to be reflected in public service delivery; integrity and transparency; organisation of the public administration for service delivery; effective functions and processes inside the administration; and outcomes and impacts for citizens, which should be the key focus of the Strategic State

How the OECD Secretariat will follow up

- We will adjust and finalise the framework as a working tool, rebalancing in order to stress core issues such as HRM and leadership
- It will serve as a reminder or checklist of the issues that may need attention in a specific country context
- It will be used as a guide and not a straightjacket in dialogue with countries and the development of reviews
- We will ensure that use of the framework does not crowd out forward thinking on new ways of governance
- We will identify practical tools and processes to support implementation, for example coordination tools, that seem to offer the strongest scope for adapted application to different country settings.
- We will do our best to address all the issues that countries may wish to see covered, however in some cases this will require the development or strengthening of new capacities within the OECD Secretariat, and may not be immediately available, other than through the use of external consultants.

Priority issues for effective future public governance

19. As reflected in the Strategic State framework, public governance covers a large and growing set of issues. Some of these appear to be more important than others, and will require further attention and

analysis. Some are already on the OECD's agenda, others may need to be added. Some issues below have been added to those proposed by delegates, based on the OECD Secretariat's own observations.

Contextual awareness and the "how" of reform

20. The political economy of reform (the "how" of reform), has been somewhat neglected, perhaps because it is easier to draw up action plans. We can expect the transition from the current situation to a stronger and more adapted future one to be challenging. Path dependency is far from inevitable, but a strong awareness of what it takes to change the course of events needs to be built into reform plans. More attention is needed to the underlying causes and conditions behind policy failures and successes. Public governance in countries is usually framed by very specific contextual factors, such as the size and openness of the economy, the resource base, legal framework, historical legacies, the political system, the size and nature of the state in the economy and society, the supranational context, and so on. Ignoring the effect of these contextual factors runs the risk of undermining efforts at effective reform of the public administration and structural reform.

The link between politics and the public administration

21. There is a strong interdependence between the public administration, what it can achieve, and the political -institutional environment. There is a need to address more clearly the synergies and tradeoffs between policies designed to meet immediate crises, and those focused on longer term goals.

Implementation of strategies and policies

22. Implementation is the poor relation of strategy setting and policy making. Although there is increased awareness that the good governance process does not stop at strategy and policy development, the implementation of policies and programmes may be the most important weakness to come out of the reviews. Policy design and development is only useful if the policies are then acted upon. However policy implementation is often neglected. Perversely, the New Public Management (NPM) separation of policy from operations has been a contributing factor. Robust implementation is also linked to systems and processes for the monitoring and evaluation of progress with strategies, policies and reforms. In many countries there is work in progress but not as yet any effective system of monitoring and evaluation. If there is no such system, it is hard if not impossible to judge progress and take corrective action if needed. Civil service capacities and competencies in many countries may be a contributing factor to this weakness.

Strategy and foresight

23. Awareness of the importance of a strategic vision and goals appears to be growing. There are increasing attempts to develop strategies that will be reflected and implemented in programmes and policies. Concern about the ability to identify future challenges, assess risks, and lack of preparedness to meet these challenges (for example through a lack of agility either in policy development or in resource mobility) is palpable. But the reality of putting this into place has some catching up to do. In some cases, there is no clear vision for the future or how to build this. The long term vision is hard to sell in the midst of crisis which requires short term action. There can also be too many strategies, and weak ownership by line ministries of whole of government strategic goals. Paying more attention to the link between strategic planning and prioritization, and budgeting, is also important.

24. Strategic flexibility in order to respond to short term crises and unforeseen issues is important, but so is strategic foresight, and crucially, the capacity to take action in response to what foresight is telling us about future risks and challenges. For example, population is ageing, creating new demands on pension and health systems and calling for new ways of integrating seniors into the labour market. The crisis

caught many countries short, with failures of strategic foresight that would have helped to spot issues before they became overwhelming.

The people factor

Leadership and accountability, linked to trust between the State and its citizens

25. A sense of disconnection of the State from its citizens (and vice-versa) is a widely shared sentiment. This can be partly linked to a leadership and accountability deficit, and the difficulties that many countries seem to experience in managing the relationship between politicians and senior civil servants, including issues of trust, or lack of it. There may also be a growing politicisation and confusion of roles, for example with the growth in the number of political advisers, who sometimes replace civil service advice. Improving the relationship between ministers and civil servants should be a priority. The complexity of modern governance systems and actors can easily result in a loss of influence, steering capacity, and failure to turn strategic objectives into concrete and coherent actions in support of the vision. The accountability dimension is also important as it is often no longer very clear who is responsible for what. This has been exacerbated by NPM reforms, which focus on accountability for outputs over outcomes.

The senior civil service

26. Senior civil service leadership would thus appear to be in need of some strengthening for the role of advising ministers and helping to shape policy. Senior civil servants need to understand and implement government policy, and help to steer a long term strategic vision. Strong leadership capacities are also needed in order to take a more strategic approach to public sector management and governance. Many countries do not know where or how to start on this task, which is a critical one.

A strong public administration for the delivery of policy objectives

27. Awareness of the importance of the public administration for the success of other reforms is growing. It needs to be fit for purpose and effective in its role of policy development advice, implementation, and service delivery. In one case at least, the failure to plan and implement structural reforms that might have avoided deep crisis has had dramatically negative consequences. The crisis has combined with long term trends to put the spotlight on reforms and how they can be taken forward, generating new demands on governments.

28. But this insight remains fragile, and there is an often tense relationship between the public administration and fiscal health. A concern of no great surprise is the post crisis interest in productivity, efficiency, savings, and how the public sector can contribute to fiscal consolidation. Fiscal retrenchment usually implies public sector savings (which may be justified to address poor productivity). However this is often, the OECD observes, to the detriment of sustaining capacities and effectiveness of the public sector as, for example, when staff cuts are applied indiscriminately “across the board”. In the rush to identify savings, public sectors have often found themselves in the eye of the storm, expenditure measures for fiscal consolidation being often more popular than revenue measures. This can have a deeply negative effect on the public sector’s effectiveness, motivation and capacities for supporting the government reform agenda, precisely because it does not address measures to improve effectiveness, such as capacities and mobility of public servants.

29. There is a need to think in terms of investment in the public sector, alongside the hunt for savings. The capacity of the public administration to support reform is key. Public employees are at the heart of the change needed. This starts with reform of the public administration itself. Change management is fundamental for the implementation of public administration reform. But it is also important to bear in

mind the capacity of the public administration and its employees to capture, absorb, and adapt new ideas, and the time this takes.

Collaborative networks, engaging non State actors

30. The actors participating in policy-making and implementation are becoming more numerous and interdependent. Responsibilities for decision-making and implementation are increasingly being transferred to decentralized government structures. Central governments are also re-thinking their presence in the field to serve citizens, reforming their deconcentrated administration. At the same, public private partnerships and the reliance on civil society organisations for the delivery of public services have ushered in a set of new actors. This evolution is creating a need for developing networks that facilitate collaboration across government and non-government stakeholders with a view of improving not only efficiency but also effectiveness of policy making and service delivery for the citizens.

31. This evolution is bringing governments closer to citizens, in a better position to listen to and meet citizens' needs and expectations. Proximity creates a double challenge, for governments and for civil society. Governments need to ensure that institutions and policy-making processes are ready to listen to and build upon citizens' needs and expectations in developing and delivering public policies and services. Civil society needs to develop the capacity and structures to communicate effectively and inclusively on what citizens realistically expect from government.

Communication

32. There appears to be a widely shared failure to communicate effectively (or at all) on reform. Messages about strategy, vision and reform are not always getting across, perhaps linked to concern about citizens' growing lack of trust in government to deliver. Communication issues appear to be internal as well as external. There is often a failure to inspire other parts of government as well as citizens. This undermines government efforts to promote reform, regain the trust of citizens, and not least, receive essential feedback on reform options and processes.

Institutional factors and processes

Centres of Government

33. There is an increasingly strong demand for reflecting on the role and evolution of the Centre of Government. Governments are exploring ways of strengthening steering and leadership to bring coherence and agility to the policies they develop and implement; they look increasingly at the Centre of Government as a key actor in this effort. An effective Centre of Government can secure policy development and implementation in support of strategic goals by facilitating co-operation across ministries to develop and implement comprehensive long-term strategies and policies. It has the role of challenging and checking the strategic focus, efficiency and effectiveness of policy proposals to improve the quality of policy making in support of strategic objectives. It can help align strategic objectives with financial and human resources to use resources effectively and efficiently.

Institutional frameworks and the machinery of government, breaking silos

34. There is a concern to address central government and related institutional frameworks (ministries, agencies) and the machinery of government (processes and systems of government, such as coordination). Breaking silos within the public administration, incentives and mechanisms for this, are high on the priority list. Government structures and organizational frameworks are often not optimal. Given fiscal constraints government structures need to be the most effective possible, without redundancies or overlaps, and this is also essential in order to achieve coherence in strategy, policy and purpose. This is reflected in

the demand for functional reviews to help identify how restructuring of the public administration can raise efficiency and effectiveness. A near universal issue, shared by governance systems of all complexions, is silo government, exemplified in the difficulties experienced by ministries in interacting with each other on shared issues, and in the difficulties experienced by the Centre of Government in promoting a “whole of government” attitude.

The relationship between the executive and parliament

35. Parliaments have a crucial role to play in legitimizing budget and related policy proposals from the executive backed by legislation, but the management of the relationship needs attention especially in the context of crisis driven legislative needs. The pressures of fast decision making can put the relationship under strain, and lead to a sometimes difficult interaction between the executive and the legislature. This can in turn raise issues, notably in securing commitment to strategic objectives and accompanying policies. Parliament’s greater engagement in strategy and policy debate can help to build trust, because it offers another layer of scrutiny, and it also supports open government. How this is addressed depends, however, on context and the nature of the political system, for example the number of chambers, and the analytical support available for parliamentarians.

Rule of law and integrity

36. Openness should guarantee that the policy making process build on good, reliable and comprehensive information as informed citizen would provide better and more relevant information. This would in turn require not only better access to government information for citizens, but also the production by government of robust information on the objectives, costs and benefits of policies before, during and after implementation.

37. Policy making needs to embed transparency and integrity to guarantee that it reflects the public interest and avoid capture. This would require addressing upfront key issues like transparency in lobbying and political finance regulation, codes of conduct for civil servants and the management of conflicts of interest.

ICT and e-government

38. The use of ICT needs to be strategic, serving the broader purpose of digitising the public administration in a way that creates public value through better policy making and service delivery. In the past, there has been a tendency to see ICT and e-government as tools to reap efficiency savings in specific sectors like health, procurement or HR management, at the expenses of a more integrated approach. In fact, e-government can work best when it facilitates and exploits synergies and connectivity across sectors. Accordingly, it needs to be based on a comprehensive approach aimed at strengthening not only the efficiency but also the effectiveness of government as a whole.

Legal formalism in some countries

39. “Legal formalism” is an issue in some countries and seems to be linked to a civil law tradition and sometimes as well, an autocratic political history. It manifests itself in an over emphasis on processes and procedures at the expense of policy development and implementation. It brakes initiative and innovation, diverting the work of government and public servants to focus on inputs rather than outcomes. An excessively legal and process driven approach to solving governance problems can be a debilitating obstacle to reform progress.

Box 4. Priority issues: delegate comments

- **HRM, public administration capacities including leadership**
 - **Service delivery**
 - **Trust and integrity, clean state, rule of law**
 - **Communication**
 - **Political-administrative interface**
 - **Forward looking issues and innovation**
 - **Centre of Government**
- Appreciate the inclusion of more innovative and forward looking issues (open government, institutional strength)
 - HR and de professionalisation of top executives in the public administration, special emphasis should be put on this category (performance management, training, behaviour supporting equity and transparency)
 - Greater emphasis needed on public administration capability and capacity to deliver, this should not be buried inside one of the five Strategic State areas. This is fundamental to public governance, as quality of the people in the institutions, as well as systems and processes, determine the outcomes). This should include capability development and talent management, as well as other key functional HRM issues
 - Service delivery and rule of law are at the core
 - Emphasise and develop the political-administrative power relationship and interconnections
 - The issue of trust needs focus on: how it affects policies and good governance; how it can be enhanced and compliance achieved; whether clean and transparent governance is adequate to restore trust
 - Rising governance issues and foresight need to be accommodated
 - At the same time, keep hold of core issues such as trust and integrity, open and clean state issues, also democracy and rule of law
 - Communication and implementation are increasingly crucial, as well as the international-EU dimension
 - The concept of the Strategic State is at the heart of the matter, but also very sensitive because intimately linked with political power/politics
 - Political commitment and leadership is a pre condition for successful reform of the public administration
 - Effective systemisation and synthesis of the key issues for good government and public administration. The issues listed for further attention are one of the most interesting parts of the paper
 - Public service reforms are a key element of a strategic response to the crisis

How the OECD Secretariat will follow up

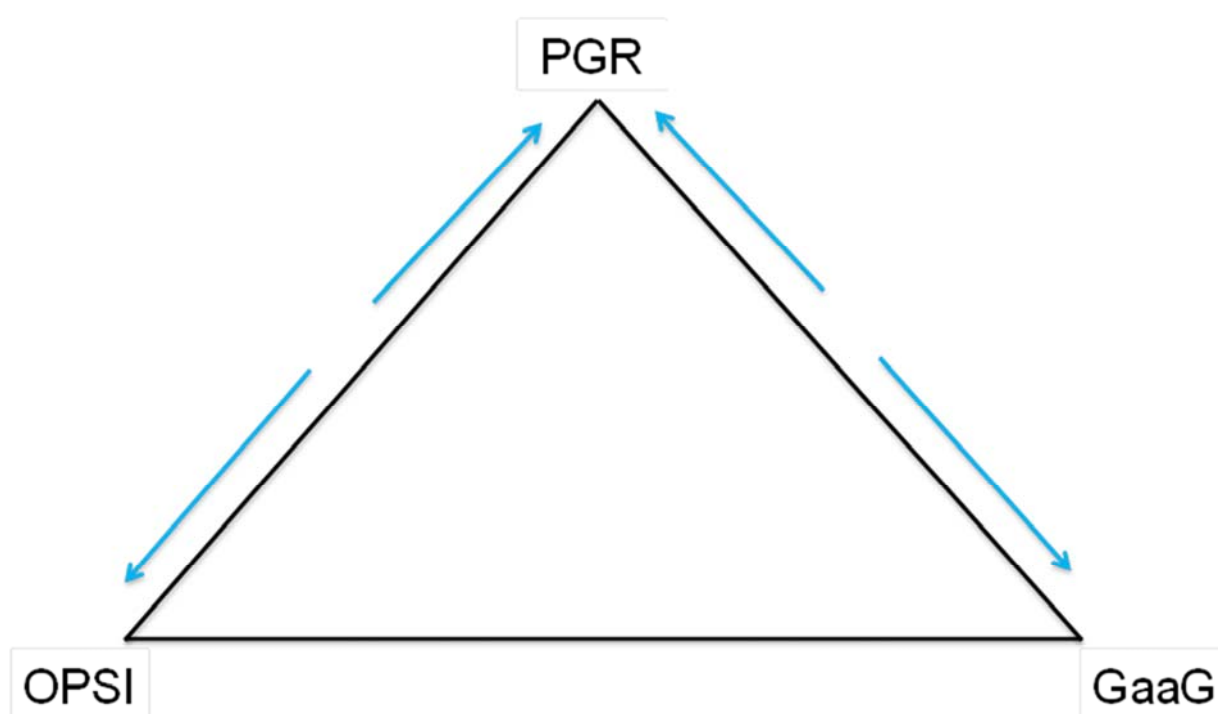
- We will use the priority issues to help guide future choices on where to put analytical efforts, as well as what may need special consideration in the reviews

The links with OPSI and GaaG

The virtuous triangle

40. It is important to emphasise key linkages between the reviews, OPSI and GaaG, whilst maintaining their distinctness. Thus, for example, the relationship between OPSI and the reviews could be “win-win”, with OPSI helping with innovative examples for review recommendations, and the reviews contributing to OPSI.

Figure 1. The virtuous triangle



Note: Observatory of Public Sector Innovation (OPSI), Government at a Glance (GaaG), Public Governance Reviews (PGRs)

Innovation and OPSI

41. There is an important, as yet largely unexploited, connection with OPSI (which itself began in 2011). The reviews generate insights and ideas on how countries address specific challenges, and how they use or adapt the tools and processes of governance. These can help to strengthen the Observatory of Public Sector Innovation (OPSI) database of best practices and help to put these in the wider context of public sector reform. By the same token, the OPSI also provides a database of comparative practices that can be used by reviews to further analysis and to illustrate recommendations for the country under review.

Box 5. Innovation

Definition of innovation adopted by OPSI: the implementation of a new way in which the organization operates or in the products and services that it provides which results in improvements in at least one of the following areas: 1) cost efficiency; 2) service quality; and 3) user or employee satisfaction. Innovation may also be defined as putting to work ideas that are new in a particular context, or that renovate existing practices.

42. This is an area where more pro active effort, both on the part of the OECD when conducting the reviews, and on the part of the countries themselves, seems important for the future. The more recent review countries especially have tended to look for capacity building support and international advice on best practices as part of their review package, and the innovative angle is sometimes less evident. Innovative thinking needs to be encouraged. There are nevertheless interesting cases of countries which have adapted processes or tools developed by the front runners, in order to make them work in their more challenging and capacity constrained environment (the illustrative examples show the way). More could be done in this direction, both by countries and by the OECD itself reflecting on adapted (and adaptive) approaches that do not make too many heroic assumptions about country capacities and starting points.

Box 6. Innovation and OPSI: delegate comments

- **Innovation is very important and should be played up**
 - **Two way “win win” relationship between OPSI and the reviews- they can support each other**
 - **But make sure the initiatives keep their separateness too**
 - OPSI could analyse best practices identified in the PGRs, incorporate into OPSI database
 - OPSI is underutilised in GOV work. OPSI database should be used for the reviews, and key innovations uncovered in the reviews should go into OPSI. But make sure that OPSI remains independent of the reviews as a resource
 - It would be helpful to add data to the framework on innovative solutions from OPSI. The innovative practices of countries comparable to the reviewed country should be used more, be part of the review package, and stand out in the text. Crisis offers opportunities for innovation, but also the importance of cost effective approaches that are responsive to user needs. Innovative cases from the reviews should be put into OPSI
 - Once OPSI is fully operational, it should be a useful tool in support of the reviews
- How the OECD Secretariat will follow up**
- We will pay close attention, in the review process, to identifying innovative practices of the reviewed country
 - We will also work harder to ensure that innovative and best practices are selected to be most relevant to the reviewed country's context

Comparative indicators and GaaG

43. Public Governance Reviews are by definition qualitative in nature, and are able to test public governance issues in greater depth, with the support of external peer reviewers offering a friendly critique. They are highly collaborative between the different parts of GOV, with teams for the reviews typically

drawn from a range of divisions within the directorate. They are thus complementary to the quantitative and survey driven picture painted by GaaG.

44. There is significant supporting Government at a Glance data to show countries in a quantitative and international comparative light. There are also significant gaps. It is hard in some cases to identify the data that could be collected in order to usefully illuminate an issue.⁵ Data is not always internationally comparable because of different national definitions, and also because of failure in some cases to provide data requested by the OECD.

45. The reviews provide pointers as to which data gaps should be covered, if possible, so that there is a balanced perspective on the use of data to illuminate a country's progress, and to make relevant international comparisons. The current Government at a Glance (GaaG) has a great deal on budget and fiscal aspects of government, and HRM. It says little about Centres of Government, strategic planning and foresight, communication, supra national relations, processes and institutional networks. These may of course be hard to measure. The new GaaG chapters for the 2013 edition (for example "Serving Society") will fill some important gaps, and mitigate a tendency in previous editions to focus on efficiency more than effectiveness.

Box 7. Comparative indicators and GaaG: delegate comments

- **Expansion of GaaG indicators needs to be justified and technically feasible**
- **But there are some gaps such as Centre of Government data**
- **Comparative data is very important for the reviews**
- GaaG has a growing number of indicators and good coverage of government activity and performance. The PGRs should therefore focus on using these to support reforms and implementation
 - GaaG does indeed have gaps in data relative to the coverage of the reviews, but this is not easily solved and data collection workloads should not be increased. GaaG data emphasis should be on key issues where data is sufficiently robust for comparative use.
 - Comparative data is important for the reviewed country, including data on economic and fiscal performance from GaaG and other sources. GaaG could be developed even if this is difficult, to cover COG, strategic planning, link between strategic and sectoral planning, supra national relations including EU regulatory management

How the OECD Secretariat will follow up

- We will consider whether proxies for indicators can be used, where indicators do not exist or cannot easily be developed
- We will continue to explore extensions of GaaG data, but exercise caution in the development of new indicator sets

⁵ "Everything that counts cannot necessarily be counted, and not everything that can be counted necessarily counts"
(Einstein).

TAKING FORWARD THE REVIEWS

The starting point: reviews so far

Different approaches

46. The Public Governance Reviews reflect broader developments in the six years since they were started, the changing needs of the reviewed countries, and their specific circumstances, history and context. The series started with the pre crisis Irish review focused on public management and still partly linked to the New Public Management (NPM) framework – but with a much greater emphasis on the role of central strategy and governance arrangements – to the strategic agility and foresight framework of the Finnish and Estonian reviews. The more recent reviews have generated a range of methodological approaches which have one key point in common: focusing attention on the central State, with a view to getting to grips, in a very practical way, with how strategy, after being (ideally) consensually shaped from the centre, can then be implemented by ministries, agencies, sub national levels of government and other actors through more effective leadership and steering from the centre. This seems to be at least partly in response to the crisis and related issues of lower trust in, and perceived loss of control by, the State over its environment. Thus, whilst some reviews have continued to cover implementation and accountability for the delivery of public services, this has not been the case universally.

A widening range of issues...

47. Across the reviews taken as a whole, the range of issues tackled has grown, and the approach has often been reshaped. Some issues, such as integrity, have become more universal sources of preoccupation than they were even two or three years ago. Other issues are rapidly emerging as important if not critical, such as the interaction of the executive and the legislature. Others need to be reconsidered in the light of social and technological developments, such as the processes for the State's engagement with its citizens given the rise of social media.

... but some important gaps

48. Some issues by contrast do not feature much at all in the group of OECD countries reviewed so far. Despite a clear recent acknowledgment of their importance, accountability and open government have not been tackled very directly (performance management – one component of accountability – and citizen engagement – one component of open government – was often covered). Security and the rule of law were not expected to be issues among the reviewed countries, and so do not feature in the reviews.

Dealing with diversity

One size does not fit all

49. The reviews provide evidence that one size does not fit all, and that the combination of historical, cultural, social and legal backgrounds vary to the extent that it is not sensible to try and cluster countries too tightly around a set of standard typologies. For example, the experience of reviews in the ex

communist countries of Eastern Europe suggests that while some factors may be a shared inheritance from that era, other factors have played a probably more decisive role in shaping a country's governance (pre communist legacies, country size for example). Public governance is highly context sensitive.

Country typologies may however be helpful

50. We might want to have the objective of mapping countries according to key shared institutions, culture, size, success stories (and failures), functional structures (federal-unitary), income, development path, etc. Drawing up a set of country typologies would help to personalise the Strategic State framework, and pin down where and how different contexts matter for the implementation of meta level principles/values/criteria.

Middle income countries

51. The most recent OECD governance work is taking us into this set of countries, where more emphasis appears necessary on capacity building and implementation assistance. Other differences may exist which need to be taken into account. The reviews of some central and Eastern European countries may offer insights for understanding the issues raised for middle income countries elsewhere.

Country size

52. Governance in a country with a population of 5 million is not the same as in a country with a population of 60 million. Aspects of public governance that appear to be affected by this include consultation and communication mechanisms (smaller countries may not require too many formal systems), and the machinery of government (smaller countries may be able to reduce the number of their ministries and consider setting up a single "government office"). This is not to say that smaller jurisdictions are necessarily better off than larger ones. There are pros and cons to small homogenous elites and informal networking. The broader context may also weigh differently into the picture. For example, small and open economies without large internal markets experience greater difficulties in sustaining a strong national economic strategy.⁶

Connecting the building blocks

53. The public governance building blocks which have been identified and refined over the last ten years remain fundamental. The challenge today is how to use them against the background of a more complex public governance landscape. The blocks are often still largely disconnected from each other. It is easier, for example, to home in on HRM in isolation than to consider how this relates to broader or other issues, such as integrity, or strategic agility. Similarly, the use of ICT is often considered for its scope to raise efficiency, whereas it has a more strategic potential to connect all the public governance building blocks and hence support key outcomes such as transparency.

54. Some blocks are more connected to each other than others. Some of the connections are becoming clearer with each review, and the third column of Annex 1 helps to identify them. For example:

- Strategy and budget (strategy needs to be funded if it is to be operationalised)

⁶ Explicitly addressed in the Estonia review page 110 (Characterising small state public administrations)

- Integrity, transparency and accountability as cross cutting elements that anchor key public management processes and tools (e.g. human resources, public procurement, internal control)
- Government structures and coordination are relevant to most of the Strategic State issues, which implies that they need to be considered whatever the specific issue
- Centre of Government links to all issues related to strategy and leadership
- Strategic potential of ICT use for more integrated public governance

Delegates have noted other connections:

- Strategic planning and budgeting; government structures and motivated workforce; Centre of Government and strategic planning; HRM and integrity; strategic planning and multilevel governance; Centre of Government and open government; multilevel governance, regulatory governance and Centre of Government; e-government, open government and regulatory governance
- Politics and administration; change and stability; vertical and horizontal; executive and parliament

Different review structures

55. Is it necessary for a comprehensive review to cover all the aspects listed in the Strategic Framework? What elements constitute the core or central issues for review? Are some issues or more fundamental than others to the effectiveness of public governance? The experience of the reviews so far suggests that the different elements of the framework are mostly essential if a full understanding of a country's public governance challenges is to be achieved, and if central strategy is to be connected up with sectoral performances and services to citizens and businesses, which is the fundamental aim of effective governance.

Connected blocks

56. At the same time, some sets of issues will merit special attention depending on a country's reform path and given its specific context. The connections between key building blocks suggest that some reviews might be focused on Centres of Government, or structures and coordination across the central administration, or a combination of both. What links with what, will help to define the blocks that need to be considered together in order to address a Strategic State issue successfully. This could generate a type of review that is more limited in scope than a comprehensive review, but nonetheless of a rich and horizontal nature.

Central government

57. The importance for some countries of strengthening their Strategic State capability suggests that special attention be paid to central government. This may include examining more closely the relationship between line ministries and the centre, from a perspective of the effectiveness with which policies and programmes are connected to the strategic vision, shaped, developed, and implemented.

Case or sectoral studies

58. Case studies may have several purposes, but the primary purpose is to highlight the issues that need attention if governance is to be brought closer to citizens and their needs. Citizens do not ask about government strategy. They are far more likely to be interested in the well-functioning of a sector or issue close to their hearts- health, education, or social services. Case studies are resource intensive, but a potentially critical link for inclusion in a rounded review. A case study can also improve understanding of how sector reform and performance is influenced by, and needs to link up with the broader governance context and central strategy; or contribute to a better understanding of the sector and its governance. Case studies help to improve understanding of the broader governance issues (for example by illustrating issues with consultation between levels of government, and how to address these). There is scope for Government at a Glance, the Observatory for Public Sector Innovation and the Public Governance Reviews to interact more closely in the development of case studies.

Box 8. Taking forward the reviews: delegate comments

- **Avoid the “cookie cutter” standard approach, be flexible and adaptable**
- **The reviews should not be solely a collection of governance building blocks, but rather, emphasise the bridges between them**
- **A common core should be considered, with options, for comparability**
- **Special focus reviews across a group of countries could be done**
- Reviews risk becoming an advanced form of accession review, not of much interest to advanced countries. Use thematic reviews if countries want capacity/implementation support
- Avoid “cookie cutter” standardisation when developing and streamlining the framework, ensure that countries’ specific issues are targeted
- Avoid overemphasis on capacity building and building blocks approach, this detracts from the strategic nature of the reviews and original idea of “pushing the boundaries”.
- Case/sectoral studies are valuable
- More analysis of the factors that diversify the framework for each country would be helpful, including a mapping of the underlying values of the country’s society and how these affect reforms and principles of good governance, would be helpful
- The eight building blocks are important, but there is danger of fragmentation into the different areas, should instead pay attention to the bridges between blocks
- Reviews need to be individualised, and adapted to country context and needs, focusing on the different challenges faced by countries
- Even though the purpose of the reviews may differ between countries, there should be a core part for comparability, which would be of wider interest across the OECD. These core elements are defined by the reviews themselves, in terms of those addressed by most countries
- More focused and interconnected reviews could also be done in the interests of the wider community, they may be hard to justify for a single country, but how about getting a group of peer countries together
- The size of the reviewed country is a very important consideration in planning a review

How the OECD Secretariat will follow up

- We will consider establishing country typologies in order to frame the diversity of review contexts
- We will work further on the connections between key building blocks

Conduct of the reviews***New approach to review methodology***

59. The OECD Secretariat has been developing a new approach to the reviews. The first reviews were largely analytical and were carried out over a period of up to two years. More recent reviews, reflecting the post crisis environment and the need for advice sooner rather than later, have been carried out within shorter periods. The new style reviews are a mix of analysis and interactive workshops or seminars carried out with the reviewed country, in order to provide more timely and hands on insights and support for reforms.

Box 9. New approach to the reviews

The reviews can offer a diagnosis of the issues, capacity building and implementation support, the shared exploration of new challenges, in depth analysis, and actionable recommendations to give the reform agenda a concrete shape. Reviews can also include a focus on specific aspects of governance (such as HRM), according to need, and specific sectors or policies and their governance framework (such as social welfare policy). Broadly, the new approach is in three parts:

1. An initial strategic diagnosis of the issues, starting with the country's own perspective and reform plans, helping to ensure that all the issues relevant to a successful reform are identified, not only the obvious or usual suspects. Sometimes a country's reform plan excludes a key issue. A "gap analysis" can be useful.
2. A series of interactive workshops or seminars, on issues defined in the strategic stage of the project as key to progress, can supply momentum and greater understanding of reforms and how to take them forward, as well as cementing ownership of the issues within the country. The seminars are facilitated by an expert OECD team, and also include experts from other OECD countries with relevant background, to share experiences and best practices.
3. A concluding report that synthesizes the main issues arising from the strategic diagnosis and seminars, including actionable recommendations for follow up.

Review teams and peer reviewers

60. Each review has brought together a team of OECD experts drawn from all parts of GOV, sometimes with the further advice or participation of other directorates. The Economics directorate has a growing advisory role with all the reviews (and GOV now increasingly provides advice on governance aspects of Economics directorate reviews).

61. The participation of peer reviewers from other countries is a standard feature of the reviews, though the modalities vary. It has proved very important as it provides another perspective or perspectives (than that of the OECD Secretariat) on the reviewed country. Peer reviewers can also learn from the process for the benefit of their own country, as it is an opportunity to reflect on their own public governance progress. Use reviewed country peers.

Box 10. Conduct of the reviews: delegate comments

- **Need for political engagement by the reviewed country**
- **Take care in the formulation of recommendations**
- **Think about how country experts/peer reviewers are deployed**
- **Add a roadmap for implementation**
- Streamline and systematise the use of experts in the PGRs, with OECD nominations based on their expertise and through a selection process, alternating experts across reviews
 - Ensure that each review participant has all the available information on the country
 - Uneven pace of review requests is hard to address as countries have to be ready for a review. The crisis has increased demand
 - Very important to involve political representatives in the process, to emphasise the political importance of the review, and to initiate the implementation of recommendations. A strong involvement of key decision makers is a guarantee of effective implementation, dissemination and exploitation of the reviews
 - A detailed action plan/roadmap for the implementation of recommendations would add excellent value to the reviews
 - Be cautious over recommendations. Ensure that they are genuinely helpful to the country and adapted to its context, and take into account emerging issues with 'best practice'. For example performance budgeting should not be encouraged in a context that cannot effectively support it.

How the OECD Secretariat will follow up

- We will work with the country to ensure the highest level of political commitment to a review.
- We will exercise care in the framing of recommendations, especially when these relate to issues in full evolution, and take into account the country context
- We will, if requested, seek to establish an implementation roadmap
 - We will consider how best to "recruit" and deploy experts and peer reviewers from member countries (and beyond)
 - We also propose to further test out the "new approach" to the reviews, which involves analysis alongside interactive seminars

Monitoring and ex post evaluation

62. Public governance reviews and their accompanying recommendations are a snapshot of a developing situation. With rare exceptions, the OECD has not yet had the opportunity to go back and evaluate progress or look more closely at how reforms are taking shape. It would be helpful, both for the reviewed country as well for the benefit of the broader public governance community, to carry out ex post evaluations of reviewed countries, allowing sufficient time of course for reforms to show results. If there is no provision for this, the opportunity to find out what recommendations are helpful, and what ones are less

helpful, is lost. The OECD fails to collect insights on its work that help to adjust for better future products, and some countries may appreciate “return visits” to help keep the reform process on track.

Box 11. Ex post follow up: delegate comments

- **This is very important, and has been neglected**
- **OECD should become more involved**
- **It can be politically sensitive**
- Ex post evaluation on the recommendations should be introduced by the OECD, this may help governments to implement if they know the OECD is checking up
- Implementation of reforms and recommendations is a major concern, it would be helpful to develop scenarios/methods/tools as part of the reviews
- Follow up is needed on what happened to reviewed countries. How have they been able to use the reviews? Has it made reforms easier? Which reforms? How much and what has changed since the reviews were conducted? Have some issues gained prominence, or fallen back?
- There could be political sensitivity in carrying out an ex post evaluation. Review recommendations need government endorsement before they can be implemented, often with funding and legislative implications. Some countries may prefer to self assess, and provide a status update to the PGC

How the OECD Secretariat will follow up

- We are already building in some monitoring and evaluation work through ex post workshops after the main review, and will propose this more systematically to countries as part of review “packages”.
- We will aim to be back in touch with reviewed countries a couple of years after their review, in order to explore whether an evaluation of progress (not necessarily linked to the specific recommendations of the original review) would be helpful

Dissemination of review insights

63. The reviews offer unexploited potential for the broader public governance community. They can make an important contribution to the collective understanding of public governance. However not all the reviews have been the subject of a discussion at the Public Governance Committee (PGC). This is partly for the practical reason that the rhythm of PGC meetings rarely matches the rhythm of a review. The PGC usually come too early or too late in the review process. Also, PGC agendas are usually very full, and reviews, if they are to be discussed properly, take up time. This does raise issues of dissemination and exchange: there is not enough of it. How should we organise in order to maximise useful interaction with the PGC?

64. There are also few opportunities for PGC discussion and reflection of what is coming out the reviews which might form part of the broader public governance agenda. This seems a shame given the rich harvest of ideas and issues that has emerged from the reviews so far. Ideas for improving discussion and diffusion tabled in the first draft included:

- “Friends of the reviews”, an idea which was floated by the first reviewed countries, for an informal group of countries to meet for exchanges.

- Feedback from the reviewed countries on the lessons and issues which they identified of potential common interest (separate therefore from a discussion of their review as such).
- Using the Observatory of Public Sector Innovation and Government at a Glance debates and discussions to bring in issues from the reviews.
- Blog to pursue discussions on shared themes.

Box 12. Dissemination: delegate comments

- **This is really important, and neglected so far**
- **The PGC meetings are not adapted for this role**
- **Need to think of other approaches (several suggestions –see below)**
 - Translate PGR findings into the official languages of the member states, who should commit to dissemination across all levels of the public administration
 - Post findings on the PGC website
 - Countries may wish to self assess their progress against review recommendations , and provide a status update to the PGC
 - Dissemination is invaluable for exchanges on best practice, dealing with challenges. But the PGC meetings are not adapted to this. Suggest informal group meetings of interested countries organised by typology (ex communist, small countries etc). Reviewed countries should also report on follow up to the recommendations, especially where this involved innovation, which then be added to OPSI. The OPSI and GaaG fora could also be used for discussion
 - Dissemination of reviews is very important. As there is no system of review rotation, and the reviews are voluntary, need to find ways of ensuring that the reviews serve the wider community, and provide opportunities for review countries and others to dialogue. This could of course be a challenge to organise
 - Experience sharing on review outcomes and follow up would be very valuable. The PGC meeting format is not ideal, propose workshops for interested countries outside the full PGC, for more interaction, agenda flexibility, and better insights into specifics

How the OECD Secretariat will follow up

- We will consider what might work best outside the formal context of PGC meetings to stimulate exchanges and discussion, taking account of funding and time constraints, both for the OECD and for delegates. This may be a mix of approaches based on delegate ideas, including meetings/workshops in the margins of the PGC and the use of other meetings, where appropriate, to share information, such as GaaG and OPSI meetings.
- These approaches would not necessarily be confined to OECD members. Established partners would also benefit, and contribute with fresh ideas
- We will do more to publicise reviews and their findings, not just to the PGC community, including on the OECD website, through an OECD working paper series on important issues tackled in the reviews, and occasional booklets on key methodologies for reform. These instruments already exist, but have been little used so far.
- We will consider how peer reviewers for the reviews can be deployed so as to maximise cross learning between countries. For example peer reviewers from reviewed countries may be invited on to the teams for new reviews.

Issues of terminology

65. The reviews have raised important issues of terminology. The international community of public governance experts does not necessarily share the same understanding of commonly used public management terms. There are several issues:

- First and perhaps most important, language reflects the political, institutional and cultural basis of a country. Public governance terminology reflects the specificities of a country's public governance context (for example the structure of their State institutions, and the nature of their civil service). Some concepts are understood very differently depending on the country's legal, historical, and institutional heritage.
- Second, concepts may be defined differently depending on the starting point. For example statistical definitions based on the System of National Accounts (SNA) do not necessarily map on to policy linked definitions. The SNA is based around the concept of government production costs which does not distinguish between programme and operational spending, yet the latter is the practical "currency" for initiatives to reduce government spending.
- Third, concepts may be defined differently according to the specific public management field. For example, public consultation has a particular meaning in regulatory governance. There clearly needs to be a more detailed meaning to the meta definition, but they should be coherent and not contradictory.
- Most reviewed countries are non native English speakers, which exacerbates potential issues of mutual misunderstanding.

Box 13. Terminology: delegate comments

Several countries have informally raised the issue of confusions in translation of common governance terms such as "policy" or even "consultation". Terms which may be misunderstood or misinterpreted include public governance basics such as: public sector, civil servant, policy, regulator, ministry, strategy, state.

How the OECD Secretariat will follow up

- We will consider whether a carefully constructed lexicon would help to federate the public governance community, and promote a more coherent view of public governance. Lexicons have started to be included in the reviews in order to support this idea.

TOWARDS PRINCIPLES OF GOOD GOVERNANCE AND NEW PERSPECTIVES

Principles of good governance

The development of high level shared principles

66. Preliminary internal discussion within the OECD Secretariat concluded that it “might be difficult but worth a try”. Relying solely on thematic principles risks a fragmented approach to public governance. As well, the whole may be greater than the sum of the parts, and the themes are interdependent.

67. The META objective might be defined as follows. What could be the common starting point for all countries regardless of where they stand on the political, economic or social spectrum (OECD members, accession candidates, non members, emerging economies... but perhaps not failed states).

68. The starting point might be summarized in one word: “citizens”. The State is for what, if it is not for the benefit of citizens? This could be the critical anchor shared by all types and complexions of country. Whatever its current and evolving role in different country contexts, the modern State can only have one overarching purpose: serving its citizens.⁷ This is the ultimate benchmark of an effective and successful State. This approach also has the advantage of giving a concrete flavour to otherwise heavy and over- conceptual discussion of the State’s mission, role and legitimacy. If the State is serving its citizens well, and if nobody else can do this for a given issue, then the State has legitimacy- or regains it if lost. If the State is failing its citizens, this generates the key strategic questions: can the failure be rectified? Can someone else do the job better?

69. Fleshing out beyond this, some common public policy values or criteria could be deemed context neutral like transparency, accountability (not least to citizens), harnessing external as well as internal resources. These values or criteria have the capacity to cut across countries, sectors, political systems, traditions, bureaucratic stovepipes. But we have not yet discussed this, and more work and reflection is needed.

... leading to tailored implementation reflecting country differences

70. A country’s particular context matters. While some values will be context neutral, meaning that their implementation can be done in the same way, we can expect that many others will be context dependent, meaning that implementation needs to be tailored to a country’s particular circumstances. Countries differ in a wide range of ways, including political, legal, size, institutions (formal and informal). These elements have important consequences on public governance. For example, the so-called Nordic model partly builds on informal institutions in countries with a small population.

Box 14. Towards principles of good governance

Principle of the Strategic State: capacities of the State to steer, lead , orchestrate, and deliver on objectives

1. **“Whole of government”**: securing coordination and a shared purpose across government. Federating and engaging the different actors inside government to a common purpose, building consensus, securing effective partnerships with civil society and business
2. **Strategic foresight and forward vision**: shifting from a reactive to a pro active approach, identifying risks,

⁷ Unless it is an autocracy with no wish to do so.

readiness for meeting future as well as current challenges, capacity to anticipate future issues based on current data and trends, and develop policies that take into account future costs and anticipated changes (such as demographic, environmental, economic). Effective civil service and political leadership to support this.

3. **Strategic flexibility, resilience and responsiveness:** ability to move and adjust resources (budget and staff) to where these are most needed Ability and flexibility to respond rapidly to economic and societal developments, taking into account the expectations of civil society in the general public interest, and willingness to examine critically the role of government. Permanent dialogue with internal and external stakeholders.
4. **Clean government:** ability and willingness of the State to show how its actions and decisions are consistent with clearly defined and agreed objectives. Responsibilities are clearly defined. Control of corruption.
5. **Open government:** working outward with non state actors through discussion, partnership and other means in order to progress a shared societal vision. The actions of the State, its decisions and decision-making processes are open to scrutiny internally and externally. Access, voice, participation, inclusion are supported in practical ways. Civil society and other actors are actively engaged in governance.
6. **Sustainability:** durability of reforms over time, development of robust institutions and useful processes
7. **Innovation:** applying the best innovative techniques to public governance and reform. Learning from others and from own experiences.
8. **Security and stability:** effective application of the rule of law. Enforcement of transparent and clear laws, regulations and codes.
9. **Connectivity (alignment- coherence):** securing effective links between key building blocks of effective public governance, such as budget management and strategic planning.
10. **Effective and timely implementation and evaluation:** securing a “virtuous good governance feedback loop” through strategy setting, consensus building, implementation, monitoring and evaluation feeding back into strategy.

Effectiveness and efficiency: ensuring quality public outputs, including services delivered to citizens, at least cost, and ensuring that outputs meet the original intentions of policy makers.

Box 15. Principles of good governance: delegate comments

- **The draft is already useful**
- **We should try to work on it**
- **HRM and leadership are missing**
- **Offer advice on how the principles can be implemented**
- Development of a “refreshed” list of principles will be useful. Some definitional issues in the current draft need attention, including “whole of government”, “strategic foresight/agility”, and clean government (which mixes up anti corruption with open government). HRM capacity etc issues are absent and should be included
 - The box on draft principles is very useful
 - Elaborate on how the principles of good governance can be applied in specific country settings
 - Principles of good governance are a good idea, but need a lot of work. The HRM and leadership

dimensions need to be included

- Principles are one of the most interesting parts of the paper, they define in a concise way the characteristics of “perfect government”

How the OECD Secretariat will follow up

- We will consider how best to take this forward, and report back to the PGC
- We will start by adjusting the preliminary draft to reflect comments so far, and to redress certain imbalances such as the focus on the executive, and the absence of references to civil society, and the need to highlight the importance of resources and capabilities
- We will include practical examples of how potential principles can be implemented across a range of country settings, and how their effective implementation can be tested and evaluated

New governance perspectives

71. What should the twenty first century State be engaged in (directly or indirectly?). What is the purpose of the State and whom does it serve? What is the core “business” of the State? Is there any example of where the State has genuinely retrenched? Which public policies are a core part of its mission? These questions were asked by some of the reviewed countries. This is against the backdrop of significant change in the development and perception of the State over the past decades, with higher expectations alongside the deeper engagement of the private sector and civil society. The answers will vary between countries depending, for example, on deep seated views over the role of the State in the economy and society. What seems to be missing is a more rigorous framework for addressing the issue, which might be shared. A sensitive area which puts a very practical face on an otherwise somewhat conceptual question is the provision of public services- which themselves need to be defined. What is the role, responsibility and accountability of the State in this area?

The State in the 21st century is undergoing a process of significant change which we need to better understand

72. The nature and role of the State in relation to the economy, the private sector, society and citizens is evolving. But governments are struggling to make sense of the changes, and are finding it hard to adapt their traditional policies, institutions, processes and tools for governing. The capacity and legitimacy of governments to govern is being questioned.

73. How would a strategic, smart future State, which better fits the environment into which it needs to be connected, look like? Despite growing discussion (the OECD is by no means the only organization engaged in this) there seems to be relatively little analytical work on the issue. The analysis might sensibly commence with some questions:

- Why is the nature of the State changing, and why does it need to change? What are the drivers of the change? It is important to be clear about this, distinguishing between temporary and longer term trends and issues.
- What should the State tend towards? How would a renewed, more legitimate State be structured? What might it look like?
- How will this impact on the role of governments?

ANNEX 1: PUBLIC GOVERNANCE DEVELOPMENTS AND THE OECD

74. Public governance as a broad discipline (going beyond public management and basic building blocks such as HR) is quite a new discipline, emerging from the 1990s onwards.

75. There is currently a discernable move away from New Public Management (NPM), with a widespread desire at this stage to rediscover coherence and focus, to some extent dissipated under NPM, and highlighted by the crisis. One way of expressing this is putting the State back into focus, linked to a need for leadership as well as management. This process must avoid any tendency to over centralisation. The State cannot (and should not) directly control everything, and cannot expect to be able to implement strategies and policies directly. The “top down” needs to connect with the “bottom up”, capturing the innovations and ideas that emerge from, and networking with, the wide range of actors who need to be legitimately engaged in public governance.

76. GOV’s own evolution is relevant to the story (box 1). The late 1990s and early 2000s were a critical stage for the identification of public management issues and the development of basic building blocks such as HRM, budget etc. Quite early on, the key strategic issues for public governance were identified (see, for example, the SIGMA identification of openness and transparency in 1999, and the leadership and foresight flavour of the agenda set out by the OECD in 2001). Over time, the blocks have grown in number, to encompass issues such as integrity. They have been examined in ever closer detail. But the blocks often remain largely disconnected in practice despite increasingly sophisticated rhetoric in support of a “whole of government” vision. That said, certain strategic trends that overlay the blocks have become apparent over the years, in particular, a growing preoccupation with the needs of all citizens (not just business), and a growing concern to promote clean government.

Box 16. The OECD and public governance

The OECD’s engagement in public management and governance started in the late 1990s with the creation of PUMA and its committee (predecessors to the Public Governance and Territorial Development Directorate and the Public Governance Committee). The term “public governance” had not yet been coined at that time, and most references were to public management. Key stages in the process of defining and shaping public governance were:

- 1996: ministries responsible for public management in OECD countries met for the first time at the OECD to discuss key public management issues. Key challenges identified by ministers in reforming government included the role and mission of the State in the economy and society, decentralization and devolution of responsibility to lower levels of government, emphasizing performance, looking for ways to deliver more customer-oriented, quality services; simplifying regulation and improving the management of regulatory activity.
- 1999: SIGMA, a joint EU-OECD programme principally funded by the EU to help countries in Central and Eastern Europe modernize their public governance systems, laid out a set of common standards for a “European Administrative Space (EAS)” for which prospective EU members would need to strive. The EAS would build on good governance principles informing administrative law, including: 1) reliability and predictability (legal certainty); 2) openness and transparency; 3) accountability; and 4) efficiency and effectiveness.
- 2000: OECD presented a draft statement of government priorities for the 21st Century to Council which looked at governance principles across the public and private sectors to strengthen markets and to promote the achievement of policy objectives.

- 2001: A public management reform agenda was set out by the OECD, made up of the following elements: how can governments best prepare themselves for reform challenges? How can the public sector develop a culture responsive to change? What types of leaders are needed? How can governments better communicate with citizens? How can governments avoid reform fatigue? A concluding point was “You need to plan for the future. Government needs to be a leader.... A danger is that public sector reforms can keep looking in a rear vision mirror for needs and not enough into the future”.
- 2002: The OECD was then “looking at the challenges of public governance both in terms of greater efficiency in the administration, and in order to strengthen the framework for private initiative and economic development. This includes initiatives to reinforce the quality of regulation, to define precisely the interface of the public and private sector, and to ensure trust in public institutions and government through transparency, accountability and high ethical standards.”
- 2005: Publication of the OECD report “Modernising Government: the way forward”. This identified the following key public management policy levers from a whole of government and joined up viewpoint: open government; enhancing public sector performance; modernising accountability and control; reallocation and restructuring; the use of market type mechanisms; and modernising public employment. It noted that some of these were drivers of change, some were consequences of change, and performance was an aspiration. The report noted that governance was a work in progress. It also proposes a definition of public governance (page 16).
- 2007: Paper to the OECD Public Governance Committee “Building Blocks and Guiding Elements for Public Governance and Management in Global Relations”. This paper set out “an overall framework of guiding elements that could serve as a benchmark for policy dialogue in global relations”. The building blocks were defined as budget practices and procedures; human resource management; integrity and corruption resistance; internal and external reporting (open government); e-government readiness; centres of government; management of regulatory quality; and multilevel governance. The aim was to use these elements to screen candidates for membership or for enhanced engagement. The accession reviews were based on this, with eight building blocks: government structure and coordination; budget management; HR management; integrity; e-government; open government (citizen engagement); regulatory management; multi-level governance.
- 2009: First edition of the “Government at a Glance” publication. The work filled an important gap in internationally comparative data on the work of government, providing indicators on government institutions, structures, inputs, and public management practices in OECD member countries. Indicators covered the following area: government revenues and expenditures; intersection between the public and private sectors; public employment; human resource management practices; budget practices and procedures; regulatory management; integrity; open and responsive government. The 2011 second edition broadened the scope and coverage, reflecting renewed attention for strategic foresight and leadership. The 2013 edition will further expand the scope.
- 2010: Ministers of public administration from OECD and partner countries, gathered in Venice, discussed how governments would work in the future and recognized the importance of leadership, the need to foster efficiency and effectiveness through innovation in the public sector, the key role of openness, integrity and transparency, and the need for governments to be prepared for future challenges. They stressed the key role of the OECD in identifying common challenges and solutions through specific country studies and comprehensive frameworks for the analysis of public governance policies and practices from a multidisciplinary perspective. Ensuring co-ordination across ministries and levels of government should be a key component of these frameworks.
- 2011: The OECD’s Observatory of public sector innovation (OPSI) was established to operate as a shared platform to collect and analyse examples of innovation to identify results, and how they are achieved. The Observatory will provide countries with 1) a systematic mapping of public sector innovations to compare country experiences; 2) instruments to assess the impact of innovations; and 3) guidelines to promote innovative approaches in public sector organisations.

ANNEX 2: STRATEGIC STATE FRAMEWORK FOR THE REVIEWS

<u>Strategic State characteristic</u>	<u>PGR coverage</u>	<u>Related building blocks</u>	<u>Related GaaG data</u>	<u>Key institutional actors</u>
STRATEGIC VISION AND AGILITY				
<u>Strategic vision and foresight</u> <ul style="list-style-type: none"> • Identification of long term goals • Awareness of emerging issues, risk anticipation and management • Strategic planning • Connection between strategic planning and budget management • Link between ministry sectoral policies, and central strategy 	Ireland ✓ Finland ✓ Estonia ✓ Greece ✓ Slovenia ✓ France ✓ Poland ✓ Hungary ✓	<ul style="list-style-type: none"> ▪ COG ▪ Government structures and coordination ▪ Budget management 	Chapter: Budget practices and procedures -Performance budgeting -Top down budgeting and budget flexibility -Budget flexibility/medium term budget perspective	Cabinet, Government Office, ¹ Ministry of Finance, Parliament
<u>Strategic agility and responsiveness</u> <ul style="list-style-type: none"> • Capacity to move resources (human, budget) where and when needed • Flexibility to acquire, develop and allocate resources to meet shifting priorities • Making reform happen, including effective communication on reform, strategy for engaging losers as well as winners • Crisis management 	Ireland ✓ Finland ✓ Estonia ✓ Greece ✓ Slovenia ✓ France ✓ Poland ✓ Hungary ✓	<ul style="list-style-type: none"> ▪ COG ▪ Budget management ▪ HR strategy and management ▪ Government structures and coordination 	Chapter: Budget practices and procedures -Performance budgeting --Budget flexibility	Government Office, ¹ Ministry of Finance, Ministry of Public Administration
<u>Contextual awareness</u> <ul style="list-style-type: none"> • Clear sense of the overall role/purpose/mission of the State in the economy and society, and how the State links up with other actors • Awareness of possible embedded systemic issues affecting governance and reform path, for example the use of referenda 	Ireland ✓ Finland ✓ Estonia ✓ Greece ✓ Slovenia ✓ France ✓ Poland ✓ Hungary ✓	<ul style="list-style-type: none"> ▪ COG ▪ Open government ▪ HR strategy and management 	Country annexes	Cabinet, Parliament

<u>Strategic State characteristic</u>	<u>PGR coverage</u>	<u>Related building blocks</u>	<u>Related GaaG data</u>	<u>Key institutional actors</u>
<p><u>Central-supranational relations</u></p> <ul style="list-style-type: none"> • (EU member states) • Links with EU 2020 strategic objectives • Management of EU legislation (negotiation and transposition) • Management of EU funds (cohesion and social funds) • EU framework for budgetary and economic coordination • (Other countries) • Links with G 20 • Financial governance (Financial Stability Board) 	<p>Ireland Finland ✓ Estonia ✓ Greece Slovenia ✓ France Poland ✓ Hungary</p>	<ul style="list-style-type: none"> ▪ Multilevel governance ▪ Regulatory governance ▪ Government structures and coordination ▪ COG 		<p>Government Office,¹ Ministry of Foreign Affairs, Ministry of Finance, Ministry of Economy</p>
<p><u>Central-sub national relations</u></p> <ul style="list-style-type: none"> • Clear, adapted and efficient structures • Sustainable multilevel fiscal relationships • Consultation and communication mechanisms (top down, bottom up, across) 	<p>Ireland ✓ Finland ✓ Estonia ✓ Greece ✓ Slovenia France Poland ✓ Hungary</p>	<ul style="list-style-type: none"> ▪ COG ▪ Multilevel governance ▪ Budget management ▪ HR strategy and management ▪ E government readiness 	<p>Chapter: Public finance and economics (2013) -Revenue structure by level of government -Expenditure structure by level of government and fiscal decentralisation -Government investment spending by level of government -Fiscal balances/debt by level of government</p> <p>Chapter: Public employment -General government employment across levels of government</p>	<p>Government Office,¹ Ministry of Finance, Local governments, Institutional structures for vertical coordination (e.g. COAG in Australia, Conference State-Regions in Italy, Conference of Cantonal Governments in Switzerland)</p>
CLEAN AND OPEN GOVERNMENT				
<p><u>Integrity and accountability</u></p> <ul style="list-style-type: none"> • Clear lines of accountability • Respect for the rule of law • Integrity Framework • Internal and external control mechanism (risk management) 	<p>Ireland Finland Estonia Greece ✓ Slovenia France Poland Hungary ✓</p>	<ul style="list-style-type: none"> ▪ Integrity ▪ Open government ▪ HR strategy and management ▪ Risk management 	<p>Chapter: Clean government (2013) Chapter: Serving society (2013) -Rule of law -Quality of judicial services</p>	<p>Government Office,¹ Ministry of Justice, Parliament, Supreme Audit Institution</p>

<u>Strategic State characteristic</u>	<u>PGR coverage</u>	<u>Related building blocks</u>	<u>Related GaaG data</u>	<u>Key institutional actors</u>
<p><u>Transparency and accessibility</u></p> <ul style="list-style-type: none"> • Access to information, sharing of information, communication • Participation of civil society and other external actors in public decision making • Legal transparency, clarity, and accessibility 	<p>Ireland ✓ Finland ✓ Estonia ✓ Greece ✓ Slovenia ✓ France ✓ Poland ✓ Hungary ✓</p>	<ul style="list-style-type: none"> ▪ Open government ▪ E government ▪ Regulatory governance 	<p>Chapter: Serving Society (2013) -Trust in government Chapter: Open and responsive government</p>	<p>Government Office,¹ Ministry of Justice, Parliament</p>
INSTITUTIONAL ROBUSTNESS				
<p><u>Centre of Government</u></p> <ul style="list-style-type: none"> • Steward of the strategic vision • Clearly identified COG institutions and functional coverage of key attributes • Effective management of the relationship with line ministries • Oversight of strategy development, and its implementation • Regulatory governance • Strategic HRM and budget management • Strategic communication to internal and external stakeholders 	<p>Ireland ✓ Finland ✓ Estonia ✓ Greece ✓ Slovenia ✓ France ✓ Poland ✓ Hungary ✓</p>	<ul style="list-style-type: none"> ▪ COG ▪ Government structures and coordination ▪ HR strategy ▪ Budget management ▪ Regulatory governance 		<p>Government Office,¹ Ministry of Finance, Ministry of Economy (regulation), Ministry of Public Administration (strategic HRM)</p>
<p><u>Leadership</u></p> <ul style="list-style-type: none"> • Role and capacities of the senior civil service • Processes for managing the political-administrative interface • Taking the initiative on reform 	<p>Ireland ✓ Finland ✓ Estonia ✓ Greece ✓ Slovenia ✓ France ✓ Poland ✓ Hungary ✓</p>	<ul style="list-style-type: none"> ▪ HR- senior civil service ▪ COG 	<p>Chapter: Strategic foresight and leadership -Senior civil service -Strategic decision-making -Ministerial advisers -Political influence in senior staffing</p>	<p>Cabinet, Government Office¹, Ministry of Public Administration</p>
<p><u>Effective central public administration</u></p> <ul style="list-style-type: none"> • Public administration capacities and competences • Institutional framework for managing agencies and other entities directly dependent on ministries 	<p>Ireland ✓ Finland ✓ Estonia ✓ Greece ✓ Slovenia ✓ France ✓ Poland ✓ Hungary ✓</p>	<ul style="list-style-type: none"> ▪ HR strategy and management ▪ Government structures and coordination 	<p>Chapter: Public employment -Employment in general government Chapter: Compensation -Compensation of middle and senior managers in central</p>	<p>Government Office,¹ Sector Ministries, Ministry of Finance, Ministry of Public Administration</p>

<u>Strategic State characteristic</u>	<u>PGR coverage</u>	<u>Related building blocks</u>	<u>Related GaaG data</u>	<u>Key institutional actors</u>
			government -Compensation of professionals in central government -Compensation of secretarial staff in central government Chapter: HRM practices (2009) -Delegation -Recruitment -Performance management	
<u>The public sector beyond the central public administration</u> <ul style="list-style-type: none"> Relationship with the central public administration Capacities and competences for the delivery of public policies and services 	Ireland ✓ Finland ✓ Estonia ✓ Greece Slovenia France ✓ Poland Hungary	<ul style="list-style-type: none"> HR strategy and management Government structures and coordination 	Chapter: Compensation -Teachers' salaries -Doctors-nurses salaries	Ministry of Public Administration, Sector Ministries, Local governments, Public sector unions
<u>The executive and parliament</u> <ul style="list-style-type: none"> Processes for managing the relationship (including in times of crisis) 	Ireland Finland Estonia Greece Slovenia ✓ France Poland Hungary	<ul style="list-style-type: none"> COG Government structures and coordination 	Chapter: Compensation -Compensation of legislators (2013) -Fiscal councils (2013)	Cabinet, Parliament
<u>The judiciary</u> <ul style="list-style-type: none"> Levels of integrity Efficiency and accessibility of processes Judicial review/appeal systems for administrative decisions 	Ireland Finland Estonia Greece Slovenia France Poland ✓ Hungary	<ul style="list-style-type: none"> Regulatory governance 	Chapter: Compensation -Compensation in justice sector (2013) -Number of judges (2013)	Ministry of Justice, Court Management Bodies, Supreme administrative tribunal (e.g. <i>Conseil d'Etat</i> in France)
<u>External institutional networks</u> <ul style="list-style-type: none"> Civil society 	Ireland ✓ Finland ✓ Estonia ✓	<ul style="list-style-type: none"> Multilevel governance Regulatory 		Chambers of Commerce, Trade unions, Employers'

<u>Strategic State characteristic</u>	<u>PGR coverage</u>	<u>Related building blocks</u>	<u>Related GaaG data</u>	<u>Key institutional actors</u>
<ul style="list-style-type: none"> • Social partners (Europe) • NGOs • Think tanks and academia 	Greece Slovenia ✓ France Poland ✓ Hungary	governance <ul style="list-style-type: none"> ▪ Integrity ▪ Open government ▪ E government 		associations, key policy think tanks, universities
<u>Audit, control and supervisory institutions</u> <ul style="list-style-type: none"> • Independent audit institutions • Other autonomous supervisory entities of the State (council of state for example) • Statistical offices 	Ireland Finland Estonia Greece Slovenia France Poland Hungary			Supreme audit institution, Statistical office, arms' length bodies
EFFECTIVE PROCESSES				
<u>Framework and structures for the central public administration (machinery of government)</u> <ul style="list-style-type: none"> • Coordination mechanisms across the central administration 	Ireland ✓ Finland ✓ Estonia ✓ Greece ✓ Slovenia ✓ France Poland ✓ Hungary	<ul style="list-style-type: none"> ▪ E government ▪ Government structures and coordination ▪ Regulatory governance ▪ COG 		Government Office ¹
<u>Evidence based decision making</u> <ul style="list-style-type: none"> • Performance budgeting as support for evidence based decision making • Ministry capacities for evidence based decision policy making and implementation • Use of evidence based impact assessment to secure the coherence and effectiveness of policies, laws and regulations • Prioritisation of key issues for assessment • Internal (and external) consultation to share issues and secure feedback 	Ireland ✓ Finland ✓ Estonia ✓ Greece ✓ Slovenia ✓ France Poland ✓ Hungary ✓	<ul style="list-style-type: none"> ▪ Regulatory governance ▪ Budget management ▪ Government structures and coordination ▪ Open government 	Chapter: Serving Society (2013) -Mechanisms and evidence for inclusive policy making Chapter: Regulatory management (2009)	Government Office, ¹ Ministry of Finance, Ministry of Economy (regulation)

<u>Strategic State characteristic</u>	<u>PGR coverage</u>	<u>Related building blocks</u>	<u>Related GaaG data</u>	<u>Key institutional actors</u>
<p><u>Inclusive engagement and feedback mechanisms with citizens</u></p> <ul style="list-style-type: none"> • Consultation and communication processes 	<p>Ireland✓ Finland✓ Estonia✓ Greece✓ Slovenia✓ France✓ Poland✓ Hungary✓</p>	<ul style="list-style-type: none"> ▪ Open government ▪ Integrity ▪ Regulatory governance 	<p>Chapter: Serving society (2013) -Communications: e justice and e tax</p> <p>Chapter: Regulatory management (2011) -Formal consultation</p>	<p>Government Office,¹ Ministry of Economy (regulation)</p>
<p><u>Implementation of strategies and policies</u></p> <ul style="list-style-type: none"> • Effectiveness and timeliness of implementation processes • Performance management, monitoring and evaluation (strategic, budget, HR) • Mechanisms for monitoring and evaluation of progress in implementing reforms and policies in support of strategy • Performance measurement systems 	<p>Ireland✓ Finland✓ Estonia✓ Greece✓ Slovenia✓ France✓ Poland✓ Hungary✓</p>	<ul style="list-style-type: none"> ▪ Budget management ▪ HR strategy and management ▪ COG ▪ Government structures and coordination Multilevel governance ▪ Regulatory governance ▪ Government structures and coordination 	<p>Chapter: Performance budgeting</p> <p>Chapter: HRM</p> <p>Chapter: Clean government (2013) Open government</p>	<p>Government Office,¹ Ministry of Finance, Ministry of Public Administration</p>
<p><u>Efficient management of resources at the disposal of the State</u></p> <ul style="list-style-type: none"> • HRM strategy, systems, institutions • Budget (transparency, performance based, top down) 	<p>Ireland✓ Finland✓ Estonia✓ Greece✓ Slovenia✓ France✓ Poland✓ Hungary✓</p>	<ul style="list-style-type: none"> ▪ Budget management ▪ HR strategy and management 	<p>Chapter: Budget practices and procedures -Fiscal Councils -Fiscal rules -Medium term budgeting perspective -Financial management practices (accounting and audit) Fiscal sustainability -Effectiveness of budgeting process</p> <p>Chapter: Public finance and economics -General government revenues</p>	<p>Ministry of Finance, Ministry of Public Administration</p>

<u>Strategic State characteristic</u>	<u>PGR coverage</u>	<u>Related building blocks</u>	<u>Related GaaG data</u>	<u>Key institutional actors</u>
			-Structure of general government revenues -General government expenditures -Structure of general government expenditures by COFOG function (2013) -General government production costs and outsourcing -General government fiscal balances (2013) General government debt (2013) -Fiscal sustainability Chapter: HRM	
<u>Mechanisms to promote integrity</u> <ul style="list-style-type: none"> • Compliance with international codes and conventions • National laws and regulations to promote integrity • Public procurement • Whistle blowing • Code of conduct • Supportive HR strategy and processes 	Ireland Finland Estonia Greece Slovenia France Poland Hungary✓	<ul style="list-style-type: none"> ▪ Integrity ▪ Open government ▪ E government ▪ HR strategy and management 	Chapter: Clean government (2013) -Supreme Audit institutions -Open government update (proactive disclosure) -Conflict of interest disclosure -Transparency of procurement information -Competitive tendering in public procurement Chapter: Public finance and economics -Estimated size of general government procurement market	Ministry of Finance (procurement), Ministry of Justice, Ministry of Public Administration

<u>Strategic State characteristic</u>	<u>PGR coverage</u>	<u>Related building blocks</u>	<u>Related GaaG data</u>	<u>Key institutional actors</u>
<p><u>E-gov preparedness [At some stage we could consider renaming this: Public Administration digitisation]</u></p> <ul style="list-style-type: none"> • Institutional Capacities • Implementation • Architecture and management • Financial aspects • Governance and leadership 	<p>Ireland✓ Finland✓ Estonia✓ Greece✓ Slovenia France✓ Poland✓ Hungary✓</p>	<ul style="list-style-type: none"> ▪ E government ▪ Budget management ▪ HR strategy and management ▪ Multilevel governance ▪ Regulatory governance ▪ Government structure and coordination ▪ Integrity and accountability ▪ Transparency and accessibility ▪ Inclusive engagement and feedback mechanisms from citizens ▪ Delivery of public services 	<p>Chapter: Serving society (2013) -Take up of online services</p> <p>Chapter: Finance and economics -ICT expenditure</p>	<p>CoG, Ministries for public administration, Ministry for Science and Technology, departments/agencies in charge of service delivery, on open government</p>
CLEAR OUTCOMES AND IMPACTS				
<p><u>Sectoral performance and outcomes</u></p> <ul style="list-style-type: none"> • For example, an effective energy policy that can deliver reliability, security, lowest possible prices, and least harm to the environment • Or health, education, social welfare 	<p>Ireland✓ Finland✓ Estonia✓ Greece✓ Slovenia France Poland Hungary</p>	<ul style="list-style-type: none"> ▪ Government structures and coordination ▪ Multilevel regulatory governance 	<p>Chapter: Serving society (2013) -Education -Health -Justice</p> <p>Chapter: Government performance indicators for selected sectors (2009) -Education -Health -Tax administration</p>	<p>Sector ministries, local governments</p>

<u>Strategic State characteristic</u>	<u>PGR coverage</u>	<u>Related building blocks</u>	<u>Related GaaG data</u>	<u>Key institutional actors</u>
<p><u>Delivery of public services</u></p> <ul style="list-style-type: none"> • Fair, reliable and timely access to public services • An efficient and effective social welfare system, education system, health system etc 	<p>Ireland✓ Finland✓ Estonia✓ Greece✓ Slovenia France✓ Poland Hungary</p>	<ul style="list-style-type: none"> ▪ HR strategy and management ▪ E-government readiness ▪ Multilevel governance ▪ Government structures and coordination 	<p>Chapter: Serving society (2013) -Education -Health -Justice</p>	<p>Sector ministries, local governments</p>
<p><u>Meeting the big picture goals</u></p> <ul style="list-style-type: none"> • Serving citizens, trust in government, a positive relationship between the State and its citizens, citizen satisfaction with the State • Fiscal sustainability • Economic growth and competitiveness • Social equity, including gender • Management of “wicked” issues, for example climate change • Other, for example environmental goals 	<p>Ireland✓ Finland✓ Estonia✓ Greece✓ Slovenia✓ France✓ Poland✓ Hungary✓</p>	<ul style="list-style-type: none"> ▪ All the building blocks 	<p>Chapter: Public employment -Gender diversity in public employment (2013) -Work life balance in public employment (2013)</p> <p>Chapter: Serving society (2013) -Fairness inequality -Trust in government -Women and men in public leadership -Satisfaction: health, education, police and perceptions of safety</p>	<p>Cabinet, Parliament</p>

1. Government Offices refer to the administrative structure that serves the Executive (President or Prime Minister and the Cabinet collectively). Government Offices take a variety of names across countries, including General Secretariat, Cabinet Office, Chancellery, Office/Ministry of the Presidency, Council of Ministers Office, etc. In many countries, the Government Office includes a unit which serves specifically the head of government (Cabinet of the Prime Minister, Private Office, etc.).

ANNEX 3: PUBLIC GOVERNANCE REVIEWS

- **Ireland :**

OECD Public Governance Reviews - Ireland: Towards an integrated public service

www.oecd.org/gov/oecdpublicmanagementreviews-irelandtowardsanintegratedpublicservice.htm

- **Finland :**

OECD Public Governance Reviews - Finland: Working Together to Sustain Success

www.oecd.org/gov/oecdpublicgovernancereviews-finlandworkingtogethertosustainsuccess.htm

- **Estonia :**

OECD Public Governance Reviews - Estonia: Towards a Single Government Approach

www.oecd.org/gov/oecdpublicgovernancereviews-estoniataowardsasinglegovernmentapproach.htm

- **Greece :**

OECD Public Governance Reviews - Greece: Review of the Central Administration

www.oecd.org/gov/oecdpublicgovernancereviews-greecereviewofthecentraladministration.htm

- **Slovenia :**

OECD Public Governance Reviews: The Public Sector Salary System in Slovenia

www.oecd.org/gov/oecdpublicgovernancereviewsthepublicsectorsalarysysteminslovenia.htm

- **France :**

OECD Public Governance Reviews- France: An international perspective on the General Review of Public Policies

www.oecd.org/fr/gov/revuedelocdesurlagouvernancepubliquefrance.htm

www.oecd.org/gov/publicgovernancereviewfrance.htm

- **Poland :**

[GOV/PGC\(2012\)13](#) Public Governance Review of Poland: Implementing Strategic-State Capability