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PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE
PUBLIC GOVERNANCE COMMITTEE

MAIN ISSUES FOR DISCUSSION

Meeting of the Public Governance Committee at Ministerial Level
Rotterdam, The Netherlands
27-28 November 2005

For further information, please contact Ms Andrea Uhrhammer, Committee Secretary, Tel. (+33 1) 45 24 78 32 or Email andrea.uhrhammer@oecd.org

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TRUST IN GOVERNMENT

Trust is essential for effective governance

Trust between a government and its citizens is an essential element of the democratic contract and a prerequisite for effective public policy, a healthy democracy and a thriving economy. Public trust is achieved when citizens are confident that the government will protect and serve the public interest. Such confidence is based not only on whether the government has kept its side of the bargain, but also on citizens' *perception* that it has done so. Trust therefore needs to be constantly consolidated and reinforced. Indeed, accumulated trust is "capital" for governments to "invest" in reform – and to get re-elected.

A decline in trust can lead to lower rates of compliance with rules and regulations, and make it more difficult to introduce and implement them. In particular, lack of public trust can make it difficult, if not impossible, to implement reforms and policies that will only produce benefits in the long term and which may have perceived negative effects for some citizens in the short term.

Once trust is lost, further problems follow. A low-trust government will have difficulty attracting, motivating and retaining high-quality civil servants, resulting in even lower levels of performance and public trust. Disaffected citizens may stop voting and taking part in public affairs generally, which can undermine effective democratic government itself.

Governments can boost trust in a number of ways, such as promoting integrity and accountability in the public service, making continuous and evident improvement in democratic institutions and serving citizens with a purpose.

But two of the most important are ensuring transparency of communication and delivering promised results. To what degree do better dialogue with citizens and demonstrable results contribute to greater trust? How should they be combined with other factors such as improved ethics and accountability? These issues are addressed in the rest of this paper

But it is always a work in progress.

Maintaining public trust is always a work in progress since citizens' relationship with government is complex and constantly evolving. Citizens relate to government as taxpayers, as voters, as clients of public services, as businesses, or, if they are civil servants, as employees. They also have different relationships with – and different degrees of trust in – different levels and layers of government. People's expectations vary, and can even be contradictory, depending on which of these roles they are filling and which part of government they are addressing.

On a basic level, citizens expect their government to be legitimate, honest and responsible – in short, trustworthy. They expect it to respect democratic principles such as fairness and transparency, ensure national security, abide by the law, and serve the collective interest. They expect public servants to respect certain ethics and carry out their duties with integrity. They expect leadership and vision from politicians. As taxpayers and service recipients, they expect value for money, efficiency and responsiveness. As businesses, they also expect reasonable regulation and limited "red

tape". As civil servants, they expect government to be a responsible employer.

Once basic needs are met, such as the protection of freedom and physical security, citizens focus on other things such as greater public participation, a wider choice of services, and more responsive and better-performing government. The criteria for trust in government are thus in constant flux.

The "trust equation" is a complex issue. In many countries, citizens' trust in government is increasingly an object of concern. However, it is difficult to form a coherent picture of public trust, and it is not always clear what citizens want:

- In most countries, there is no solid evidence of a general decline in citizens' trust in government, and there are often significant fluctuations.

- Citizens have less deference for authority, and are insisting on having a greater voice in public policy-making. At the same time, they are demanding more from government.

- Citizens often show a high degree of trust in the government services they have *direct* interactions with, but still declare an overall negative view of government.

- Citizens make a distinction between trust in "politicians" or the political level of government and trust in "the administration".

- Citizens' trust is also affected by indirect factors, such as the impacts of globalisation, security concerns resulting from international terrorism or the role of supranational institutions.

The "trust equation" is thus the result of a variety of factors, which raise a range of challenges that political leaders and policy makers need to address if they are to successfully build and maintain trust. These challenges involve both the political and administrative levels of government, and include how government communicates with its citizens, what the citizens themselves expect, and whether governments can deliver the promised results.

Failure to address these challenges can lead not only to short-term loss of trust in the government in power and its bureaucracy, but also, in the longer term, to a loss of public trust in the democratic system itself

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Morning Session

DIALOGUE WITH CITIZENS

Issues for discussion

- How can governments improve their capacities to listen to and understand the needs and expectations of citizens? What role for e-government?

- What innovative forms of citizens' consultation mechanisms can be employed?

- How can governments ensure that the results of citizens' consultations reflect the wishes of the whole community and not only those of vocal vested interests who participated in the exercise?

- How can governments better explain the need for, the potential benefits and the results of reforms? Has this become easier or more difficult in a context of globalisation and an increasing role for supranational institutions?

- How do governments respond to the high expectations of their citizens? How can government best say "no" when necessary ?

- How can government communicate with citizens about risks and mistakes?

- Is there a role for the media in improving communications between citizens and governments?

Member countries have been reforming for decades…	Over the past decades, OECD governments have undertaken a significant number of reforms to make government more efficient, effective, transparent and responsive. These reforms have led to major changes in how the public sector operates, how government and citizens interact, and how the public participates in policymaking. Examples of reform for better dialogue include freedom-of-information policies, consultations, e-government initiatives and cutting red tape.
	This, however, does not appear to have been enough to enhance public trust. Why? Are governments not listening enough? Do they not communicate clearly enough? Are they misreading what citizens want? Do they take partnerships with citizens seriously?
	Perhaps the problem is that citizens are demanding more than government can ever deliver. Do current political processes, including political parties, provide adequate opportunities for dialogue and involvement, both for citizens and for politicians? To what extent is current political leadership guiding the debate and informing citizens on choices and constraints?
… but there is a need for further structural reform.	The challenge of effective communication and true partnership is all the more important as there is an urgent need for further structural reforms in most member countries in order to respond to globalisation, adapt to demographic changes, and ensure fiscal consolidation. The reform agenda needs to encompass both the services provided by governments to citizens and the legal and regulatory environment for citizens and the private sector. The overarching challenge for governments is to be able to formulate and implement necessary reforms as a *permanent process* of adapting and adjusting to an ever-changing environment.
	Experience to date amply demonstrates that adopting reforms can be extraordinarily difficult. Citizens often feel threatened by reforms, or the need for reforms has not

penetrated the public consciousness. In some instances, it would appear that a crisis, or at least a sense of crisis, is necessary to gain acceptance for reforms.

Clear and consistent messages on reform are needed

Governments need to send out clear and consistent messages to citizens that effectively convey why reforms are needed and what they will achieve. This is especially the case where the results are long-term rather than immediately visible or where the reforms imply short-term disadvantages. Here, vision and political leadership are essential.

Because most reforms are complex, there is a temptation to oversimplify and oversell reforms, or to focus more on the negative consequences of not reforming than on the positive results of reform. This is partly the result of the modern media environment. But if governments are tempted to promise too much it may create unrealistic expectations, which can, in turn, serve to undermine government credibility.

Transparency is important.

In many cases, governments have opened up citizen access to information, including the decision-making process itself. But is this increased transparency translating into a better understanding -- and trust -- of government by citizens? Does it make the task of government easier, or more difficult? Does an overdose of transparency hamper the quality and speed of decision-making?

E-government can help

E-government initiatives have grown everywhere. They can enable citizens to access government in a simple and user-focused manner, and can facilitate public participation in policy-making. But without accompanying reforms, they can make the point of contact less personal and accountable. Also, these initiatives are frequently supply-driven rather than responsive to citizens' needs. Given the technological equipment needed to use e-services, they may not reach all citizens to the same extent. Governments need to bridge the digital divide and provide access and skills for citizens to avoid the risk of exclusion.

Public consultations are important…

Citizens increasingly expect to have their views taken into account in decision-making on major public policy issues, and not just through the parliamentary process and institutions. The use of public consultation mechanisms are generally most developed at the local level. Well-designed citizen consultation can lead to better-designed, better-implemented policies and, ultimately, better compliance with them. It also provides an opportunity for government to explain its policies and foster appropriate expectations.

Consultations, however, can also backfire if they are perceived as nothing more than "lip-service" or if they address the wrong issues. If citizens feel that their views are not listened to and have no impact on the final decision, they can become cynical and turn their backs on public affairs.

…but can be captured by special interest groups

The development of highly effective special interest groups has a profound influence on decision-makers and decision-making. The issue of democratic accountability under these conditions is a complex one, and the general welfare may not always be well served.

Afternoon Session

DELIVERING RESULTS

Issues for discussion

- Is the modernising government agenda providing the right tools for delivering results? What instruments offer the greatest potential? Moving from inputs to outcomes and outputs (results)? New organizational forms (agencies)? A greater "client"-focus? New monitoring and evaluation tools? E-government? Others?

- Can greater citizen choice, effectiveness and efficiency in public services best be achieved by the use of third-party providers (private and voluntary sectors; lower levels of government)? Under what conditions?

- How can the civil service best be organized and equipped in order to translate political agendas into administrative reality? How can government be organised around problems and not vice-versa?

- Do current policy design and implementation mechanisms adequately integrate risk assessment? Do policy makers take enough notice of empirical evidence?

- What actions need to be taken to reinforce civil service ethics in an environment characterised by decentralisation and managerial flexibility?

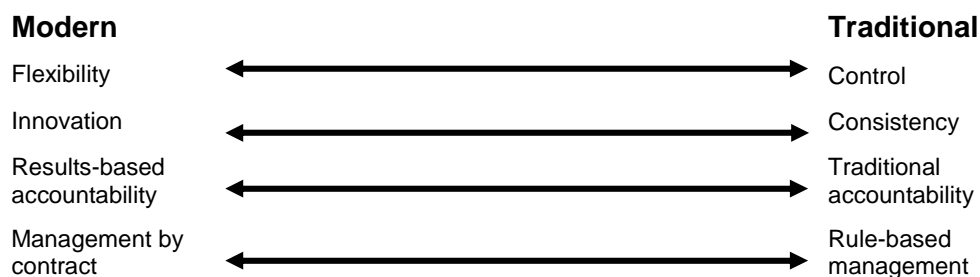|	
Two decades of modernisation have led to …	Governments in OECD member countries have been implementing reforms to modernise the management of government for over two decades.
	These reforms have proceeded at a different pace – and from different starting points – in individual member countries, but they have a common aim: to increase flexibility and promote innovation, which in turn are expected to make government more responsive to citizens' needs.
…increased flexibility and innovation, but also introduced new risks.	The reforms include facilitating the allocation of resources to where they have the highest social and economic returns, reforming budgets to focus on results, improving the quality of regulation, establishing independent agencies to implement policies effectively, strengthening the integrity and professionalism of civil servants, engaging in public-private partnerships to achieve productivity gains and increase consumer choice, and devolving functions to lower levels of government.
	These reforms have, however, affected the capacity of national governments to steer and control public policy delivery from the centre, and have blurred the image of clear-cut responsibility for government actions.
	Compared to "traditional" government, "modernised" government offers flexibility, innovation, performance management and a new accountability framework based on results. Although the traditional model was criticised as being too rigid and slow to adapt, it did offer greater control and consistency. Moreover, the benefits of the new model may not be immediately clear to citizens and some of its more complex aspects and a changing international environment may be difficult for citizens to grasp. The challenge for governments is to strike the right balance, allowing them the flexibility to respond to crises and changing needs while providing adequate predictability, stability and consistency to their citizens.

Aspects of modern and traditional government:
Finding the right balance

Modern		Traditional
Flexibility	←——————————→	Control
Innovation	←——————————→	Consistency
Results-based accountability	←——————————→	Traditional accountability
Management by contract	←——————————→	Rule-based management

Who is in charge?

This new environment also poses challenges for ensuring strategic direction of the government, i.e. ensuring that all the decentralised actors are in conformity with overall government policy objectives. Directions are now set through various types of "contracts" between the centre and the service delivery agencies. In principle, this provides the minister with a strong ability to enforce a strategic change of direction when needed. However, in practice there is a risk of "capture" by the service delivery agencies as their technical capacity outweighs that of the centre.

Who is accountable?

In the search for efficiency, flexibility and greater customer choice, public service delivery is increasingly being devolved, decentralised or contracted out. Thus, ministers, central management offices, decentralised service delivery agencies, local administrations and outsourced contractors are perceived to share responsibility. It may be difficult for citizens to determine who is responsible when things go wrong, and trust suffers as the different actors may be seen to be "passing the buck." Holding service delivery agencies responsible for operational issues while holding ministers accountable for the policy framework is a nuanced distinction which does not always sit comfortably with the public. Citizens may find the new diffused nature of government complicated to understand, lacking in coherence, and perhaps even unnecessary or redundant.

More room for corruption?

Given the greater decision-making power of public managers, citizens may feel there is an increased risk of conflict of interest and a greater propensity for corruption in this more complex environment of many actors at different levels.
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*The rise of supra-national institutions is a new dimension*

National governments are increasingly operating in the context of international conditions and supranational institutions. This is most pronounced with the member states of the European Union. This poses a number of challenges for governments. It will necessarily limit their room for manoeuvre and divert their attention to influencing multilateral forums rather than taking direct action in the national context. In the eyes of citizens this may be seen as no longer being in charge of national concerns. At the same time, supra-national institutions and forces have also been used as scapegoats by national governments or politicians for short-term political gain, possibly at the expense of undermining citizens' trust in the long term.

APPENDIX

This appendix contains graphs illustrating the results of various modernisation efforts in OECD countries.

More people are using the Internet to interact with governments
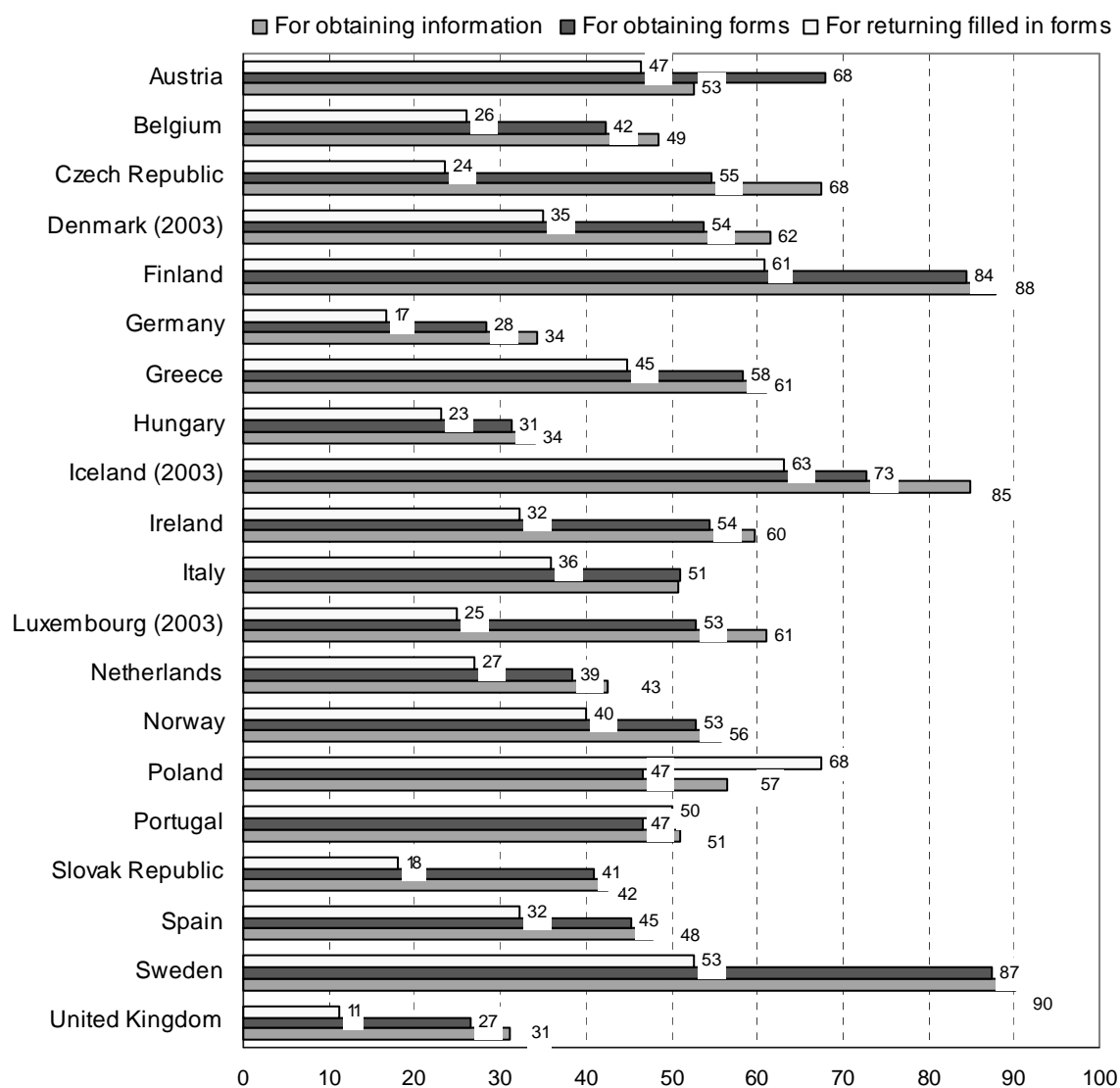
(As a proportion of all individuals aged 16-74)
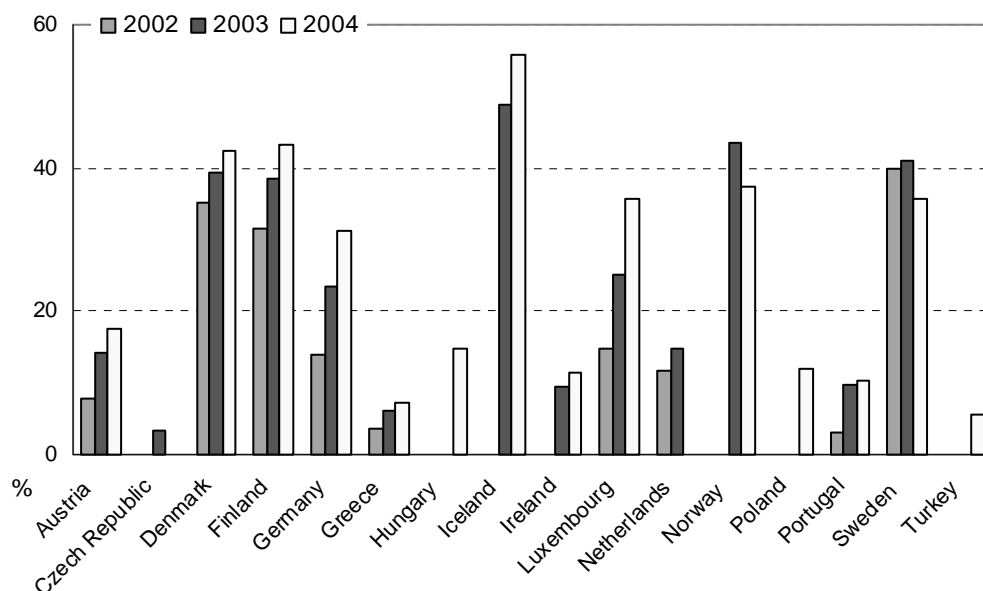
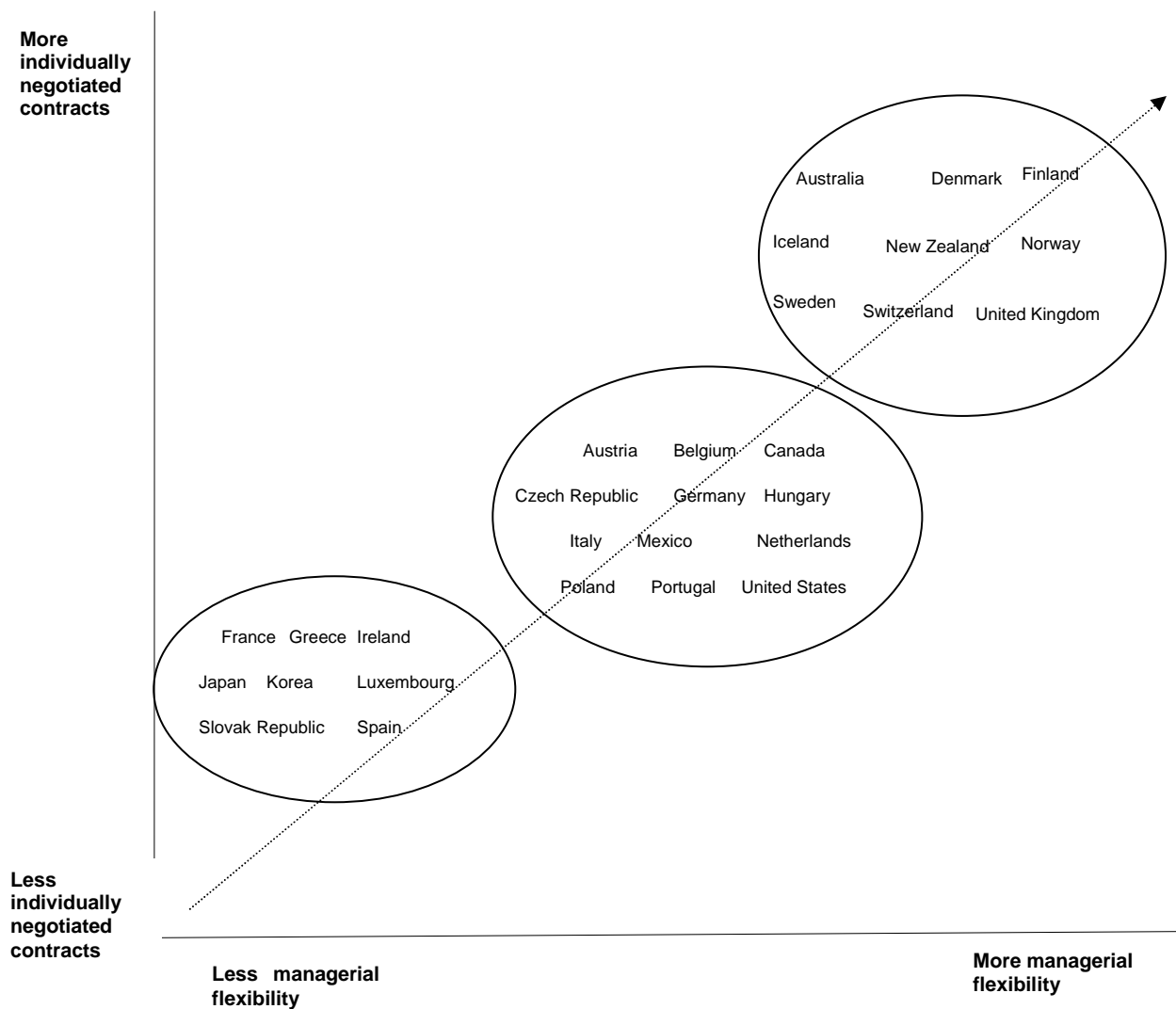Source: OECD, E-Government for Better Government

The Internet is a universal means for businesses to interact with the government

As a proportion of all businesses with 10 or more employees in the business sector

■ For obtaining information ■ For obtaining forms □ For returning filled in forms

Country	Returning	Obtaining forms	Obtaining information
Austria	47	68	53
Belgium	26	42	49
Czech Republic	24	55	68
Denmark (2003)	35	54	62
Finland	61	84	88
Germany	17	28	34
Greece	45	58	61
Hungary	23	31	34
Iceland (2003)	63	73	85
Ireland	32	54	60
Italy	36	51	
Luxembourg (2003)	25	53	61
Netherlands	27	39	43
Norway	40	53	56
Poland	47	68	57
Portugal	47	50	51
Slovak Republic	18	41	42
Spain	32	45	48
Sweden	53	87	90
United Kingdom	11	27	31

Source: OECD 2005, E-Government for Better Government.

9

Towards a more flexible civil service

More individually negotiated contracts

Australia   Denmark   Finland

Iceland   New Zealand   Norway

Sweden   Switzerland   United Kingdom

Austria   Belgium   Canada

Czech Republic   Germany   Hungary

Italy   Mexico   Netherlands

Poland   Portugal   United States

France   Greece   Ireland

Japan   Korea   Luxembourg

Slovak Republic   Spain

Less individually negotiated contracts

Less   managerial flexibility

More managerial flexibility

Source: OECD, HRM Survey 2004. For further information on methodology, see "Trends in Human Resources Management Policies in OECD Countries. An Analysis of the Results of the OECD Survey on Strategic Human Resources, Paper Presented to the Human Resources Management Working Party". OECD, Paris.

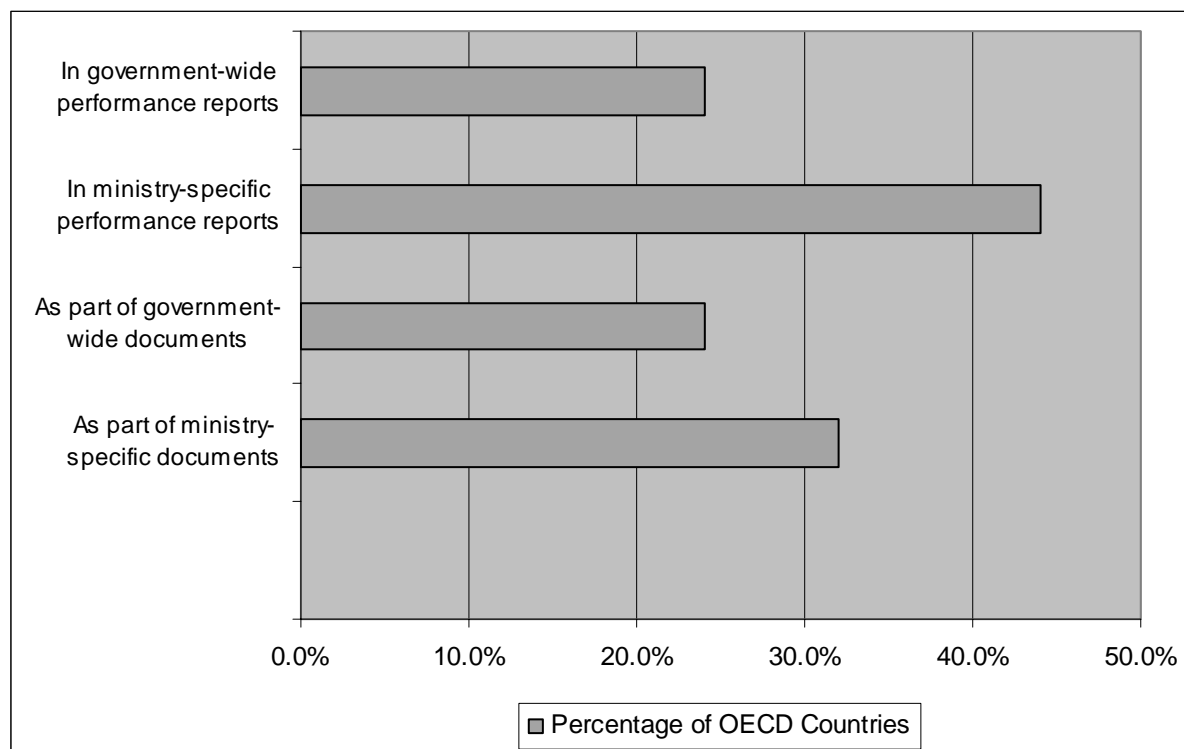# Regulatory and administrative transparency varies widely

Regulatory and Administrative Transparency 2003

Countries ranked in increasing order of transparency, 0=Most transparent, 4 = Least transparent)
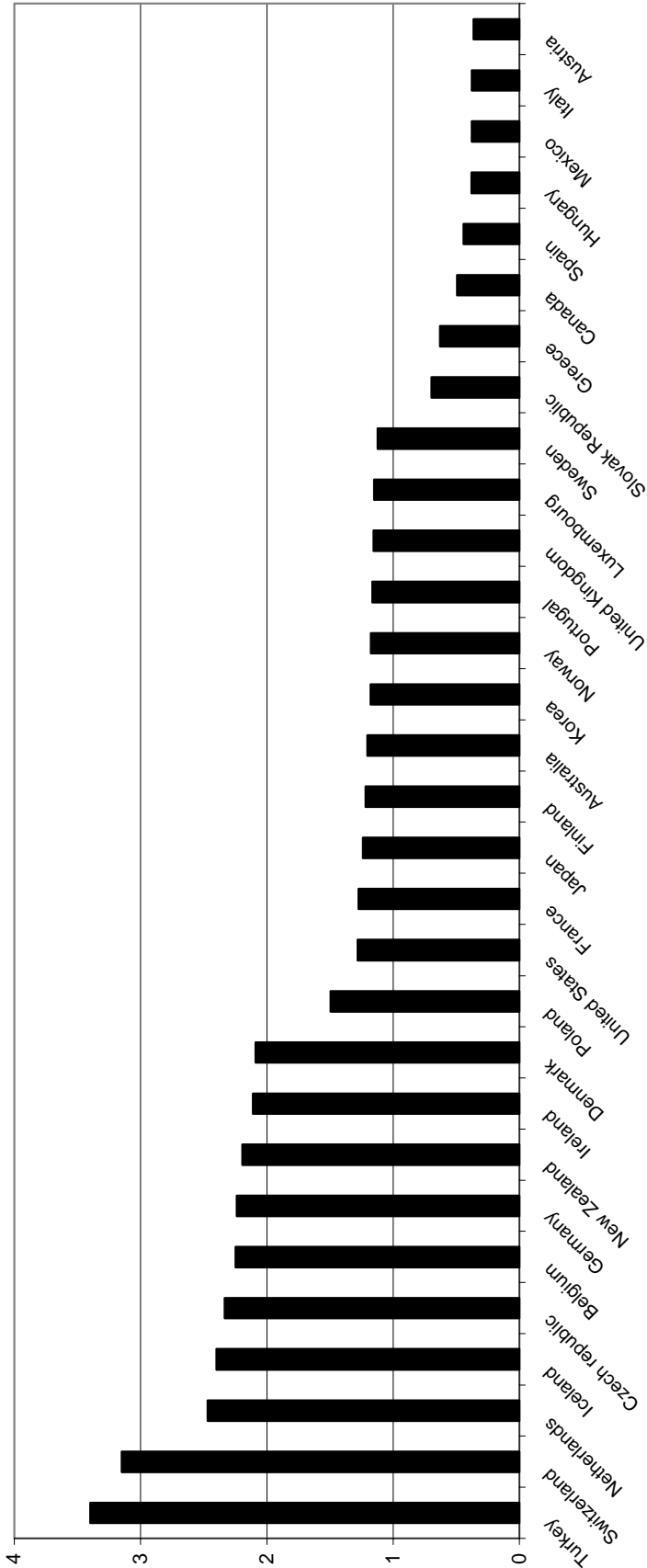
Notes: This indicator is the indicator Regulatory and Administrative Opacity from the Product Market Regulation Indicators. For the purpose of the presentation, it has been presented in reverse order, with the transparent countries on the right side of the chart. This indicator is very much based on explicit policy settings and in no way reflects the enforcement of regulation. For some countries, enforcement may influence public perception of this aspect of the regulatory framework, beyond the values indicated in the chart.
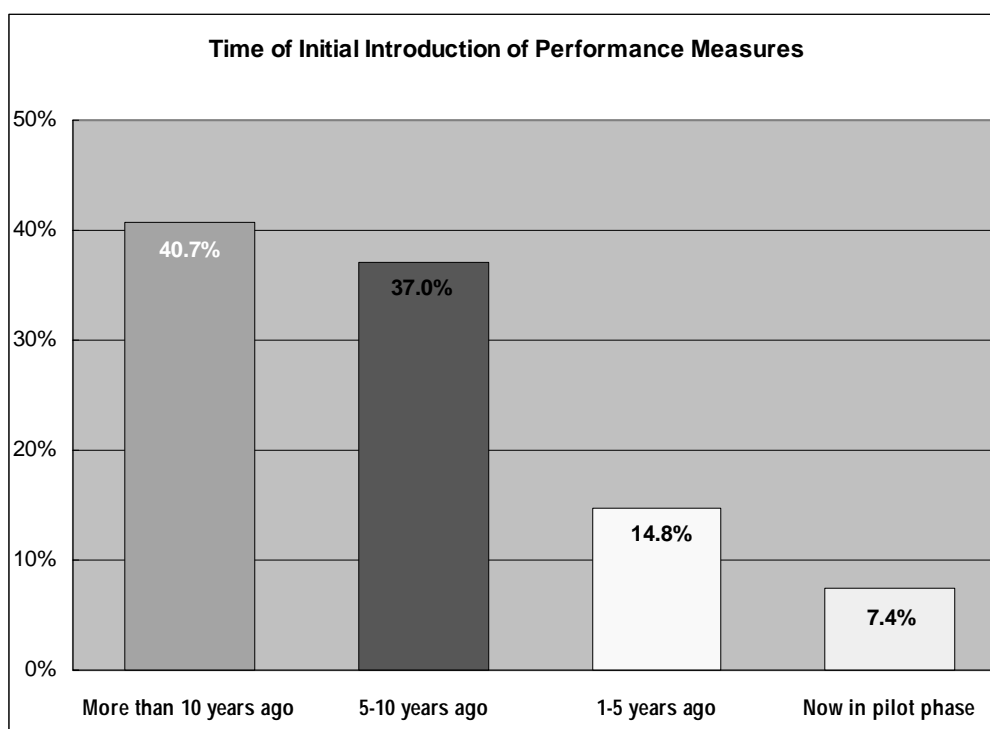
Source: *Regulatory and Administrative opacity* is a low level indicator of the Product Market Regulation Indicators, focused on administrative regulation and aggregating information on licences and permits and on communication and simplification of rules and procedures. For more detailed information see Conway, P., V. Janod, and G. Nicoletti (2005), "Product Market Regulation in OECD Countries, 1998 to 2003", *OECD Economics Department Working Paper, No 419* . (www.olis.oecd.org/olis/2005doc.nsf/linkto/ECO-WKP(2005)6)

Public sector performance information is published widely

Countries have been working on public sector performance for a long time

Time of Initial Introduction of Performance Measures

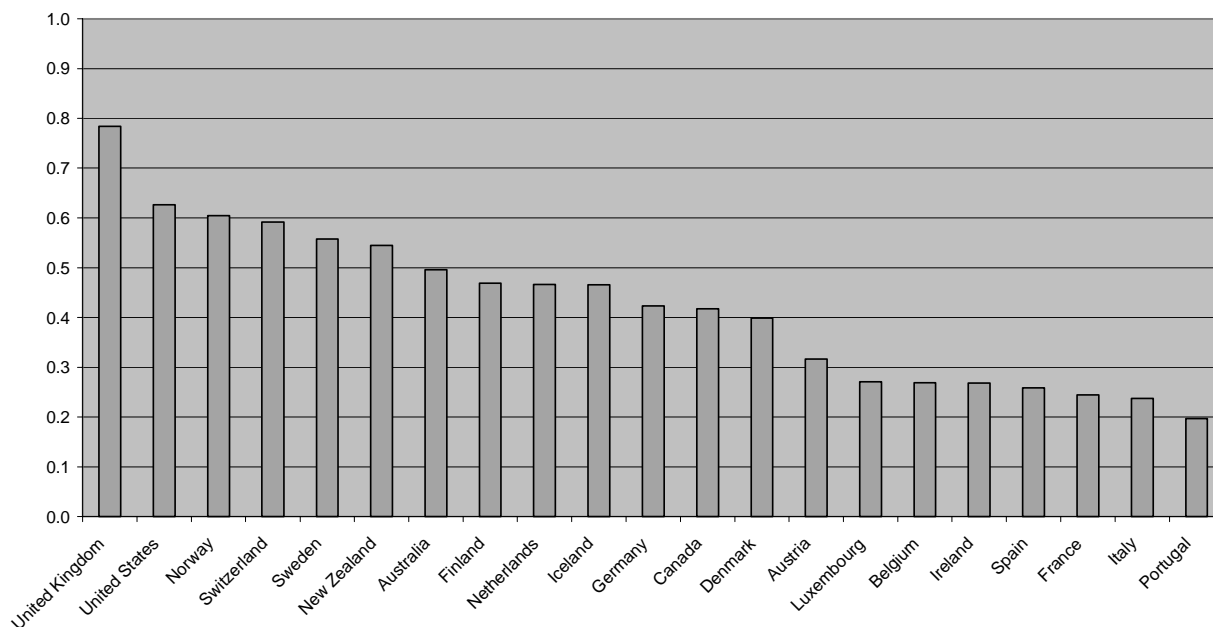|	
40.7%	More than 10 years ago
37.0%	5-10 years ago
14.8%	1-5 years ago
7.4%	Now in pilot phase

Source: OECD Survey on Performance Information (2005)

Outsourcing central government services varies widely in OECD countries

Outsourcing of Central Government Services
Relative Index: 0 = Lowest level of outsourcing; 1=Highest level of outsourcing

Note: the above figure, using data from Government Financial Statistics as a proxy, quantifies the use of outsourcing in central/federal government in selected OECD countries.
Source: OECD Secretariat Calculations based on GFS Data (2003).