

Focus

Public Management Newsletter

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Web site: <http://www.oecd.org/puma/focus>

Budgets should look to the future

Senior Budget Officials meet in Paris

On 29-30 May 2000, budget directors and other senior budget officials from all 29 Member countries met at the OECD for their annual meeting. Participants from Brazil, Chile, China, the European Commission, the International Monetary Fund, the World Bank and the United Nations also attended.

General conclusions

A combination of strong economic growth and tighter fiscal discipline has enabled a number of countries to move from a situation of budget deficit to surplus, or near surplus.

The Senior Budget Officials concluded that it was opportune for OECD countries to be more ambitious for their budget processes. Budgets should take more account of the future, recognising not only liabilities but also the major and inevitable consequences of current patterns of behaviour, especially with respect to ageing populations and environmental degradation. Budget institutions also need to become better at reallocating resources when national priorities change, without necessarily the stimulus of a crisis.

Independence for fiscal institutions

The case for independent central banks is now firmly established and the concomitant positive impacts on monetary policy, generally recognised. This session looked at whether similar institutional arrangements could apply to aspects of fiscal policy.

Delegates concluded that, given the inherent political nature of budgeting, such independence was unrealistic for fiscal policy in general. However, some Member countries are involving independent institutions, the private sector or the legislature in formulating

and verifying the economic assumptions applied in the budget.

Reallocation

At this session, participants noted the conclusions of an expert meeting on Reallocation: aligning political priorities and budgetary funding. Reallocation is at the heart of budgeting, ensuring that resources flow to where they are valued most. But it is also difficult to reallocate, as resistance is great from those who would be adversely affected by it.

Transparency — openness about policy intentions, formulation and implementation — is a key element of good governance.

Previous experience indicated that an external “shock” or crisis was required to trigger large-scale reallocation exercises. Now, a surplus environment creates new challenges for achieving reallocation. Participants noted that reallocation between ministries remains the greatest challenge.

Budget transparency

Delegates discussed various aspects of the draft OECD Best Practices for Budget Transparency, which draw

together examples highlighting best practices based on Member countries’ experiences. Delegates considered the document an important reference for Member and non-member countries seeking to improve their fiscal transparency practices. A working group was formed in order to finalise the document for general release; publication is planned for Autumn 2000.

Accrual accounting and budgeting

Many OECD countries have adopted accrual-based accounting and budgeting practices, albeit in very different ways. This session allowed delegates to share their views and experiences. Some have moved their entire budgeting and accounting framework to accruals, others have introduced accruals for financial reporting only, and some have introduced elements of accruals into an otherwise cash-based system.

Fiscal target-setting in an accrual environment is a new challenge for an increasing number of Member countries that have adopted accrual budgeting, or that are in the process of doing so.

Delegates welcomed the efforts of the Public Sector Committee of the International Federation of Accountants to harmonise public sector accounting standards, and welcomed the opportunity to work closely with them to achieve that goal.

Results-oriented budgeting

A major theme of budgeting reforms in Member countries in recent years has been the shift in focus away from detailed inputs and centralised management controls toward results and managerial flexibility. Specifying and measuring results in the public sector continues to be a challenge.

Participants welcomed the OECD Outputs Manual, which is intended to provide guidance on introducing results-oriented budgeting by highlighting best practices in this area. The Manual is due to be published in Autumn 2000.

Further information

For more information on OECD work on public sector budgeting, including the full text of the Statement by the Chair of the meeting, see <http://www.oecd.org/puma/budget/>. ■

● Government on-line

The **Portuguese** government passed a resolution on 25 August 1999 making it compulsory for Directorates-General and equivalent public services to make the information they produce for publication available to the public on the Internet in digital form. The Minister of Science and Technology is responsible for monitoring the implementation of the measures set out in the Resolution, and must inform the government of progress. On 29 July 1999 the government, approved a Resolution making it mandatory that information available on the Web from the General Directorates, similar agencies, departments or services, and public corporations be accessible by people with disabilities. Concretely, the design must ensure that:

- reading can be performed without resorting to sight, precision movements, simultaneous actions or pointing devices, namely a mouse;
- information search and retrieval can be performed via auditory, visual or tactile interfaces.

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● Informing citizens on rights and obligations

The **Norwegian** Central Information Service has recently carried out three extensive research projects on the information provided to citizens on new or modified laws and regulations affecting them. The aim of the projects is to ensure that government institutions give priority to informing citizens on their legal rights and obligations. The projects looked at information on four specific sets of regulations:

- change in traffic regulations for cyclists;
- cash benefit for parents with small children;
- a European Union (EU) Council directive on periodic vehicle inspection;
- An EU Council directive on driving and rest periods for professional drivers.

The study indicated that the way information was targeted and channelled significantly influenced the successful implementation of a given regulation. Based on the summary of the research projects, a manual is being prepared on how to inform citizens adequately on laws and regulations. The manual is due to be published before the end of the year, and will be followed by a series of seminars for ministries and agencies.

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● The citizen shop

The Citizen Shop (one-stop shop) was created in **Portugal** in October 1997 in order to simplify access to the most important public services. It seeks to:

- improve quality in public services, and develop a new philosophy of public management;
- provide better access to services, giving priority to citizens most in need of them;
- introduce new technologies and better work practices.

The Citizen Shop brings together in one place the main public services available to citizens. It includes not only services of the public administration, but also such services as payment of electricity and water supply bills, banking, etc. A special team of public servants was selected and trained to inform and help clients at the Shop. The first shop was opened in Lisbon in April 1999, and another has since opened in Porto.

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● Infocid Forum

The Infocid system, created in 1991, is the most important website for citizen information in **Portugal**, with 1400 consultations per month last year. In April 1999, the Infocid Forum, an “open mail” facility, was launched on the Internet. The Infocid Forum gives citizens access to a broad range of information provided by jurists and covering 15 different themes, such as citizen and family, fiscality, health, etc., similar to the information provided by the Infocid information system. See <http://forum.infocid.pt/>.

● Co-ordinating responsibility and service

In order to improve co-operation among deconcentrated services and to increase their capacity, **France** has been experimenting with *pôles de compétence* since 1992. These *pôles* bring together different government services concerned with a common public policy problem. For example, a “food safety *pôle*” was developed in one *département* to co-ordinate several services, particularly those of the Ministries of Agriculture and Health. This *pôle* has become the main point of contact for local food industry professionals. Another example is a “*pôle de compétence* on noise pollution”, which provides a one-stop shop for complaints that are then re-directed to the appropriate service. It also co-ordinates regulations when several services are involved, allowing the sharing of information and preventing contradictory decisions among services. The costs of purchasing and maintaining common equipment are also shared. Finally, the regional *missions inter-service de l'eau* (MISE) represent the operational level of government water policy in the different *départements*, providing a one-stop shop for authorisations, monitoring, information and communication. The government is planning to create a “deconcentration observatory” to evaluate the various *pôles de compétence*.

● General Simplification Plan

The objective of the General Simplification Plan is for the **Spanish** administration to adopt concrete measures within one year that will lead to an immediate improvement in public service quality and a reduction in administrative costs. It will mainly cover simplification of procedures, a closer and more efficient relationship between the citizen and the administration, and the use of information and communications technology. The Plan proposes measures such as reducing the number of administrative documents required, improving government information, reviewing permits and licences in order to eliminate or simplify them, and evaluating the cost and impact of new regulations. Government departments were asked to formulate action proposals, and submit them to the Inter-ministerial Commission for Administrative Simplification by a fixed date. 180 concrete actions were approved. In a next step, the results of the Plan will be assessed.

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More detailed information on country initiatives is available on PUMA's website: see <http://www.oecd.org/puma/country/>.

● Health reforms

Following widespread consultation, the **New Zealand** government has agreed to develop a Health Strategy and a Disability Support Strategy. These strategies will provide a framework for improving health and disability outcomes, and set targets and goals covering issues such as access, patient rights, service quality and organisational performance standards. The existing Health Funding Authority will be disbanded and its functions incorporated into the reorganised Ministry of Health and into twenty-two newly established District Health Boards. These Boards will be responsible for: setting the mix, level and quality of health care; setting service standards; funding health services; providing hospital and some non-hospital services; ownership for public hospitals; and partnership with the Maori community. To involve the community in decision-making, the Boards will include locally elected members as well as members appointed by the Minister of Health. District Health Board elections will be part of local government elections starting in 2001. Each Board will be accountable to the Minister of Health, who is responsible for managing the allocation of funds to the Boards and monitoring their performance. For more information, see <http://www.moh.gov.nz> and <http://www.executive.govt.nz/minister/king/>.

● Crown entity reforms

In **New Zealand**, a package of measures has been put in place to address the problems of 'Crown entities'-- a heterogeneous group of organisations that are state-owned but have a separate legal identity from the Crown. Comprehensive guidelines have been promulgated covering the role and responsibilities of key players, board fees, appointment and induction of board members, chief executive contracts, and accountability documents. The Minister of State Services is now responsible for general oversight of the Crown entity governance and accountability regime. Departmental monitoring of entities has been enhanced, there are requirements to consult the State Service Commission regarding chief executive contracts, and a training package for new board members is being developed. A final legislative package for reform is being prepared and the government will introduce a bill by the end of the year.

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● Legislative framework for reform

In Spring 2000, the **Czech** Parliament approved a package of legislation that set the framework for public administration reform. The package includes the following Acts, which will all come into force by January 2001:

- The Act on Municipalities (municipal organisation);
- The Act on District Offices;
- The Act on Regions (regional organisation);
- The Act on the Capital, Prague.

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● Reforming the judiciary system

In 1999, the **Polish** government launched a number of parallel activities in different areas of the judiciary system, including:

- A new legislation package on the functioning of the courts;
- New acts or amendments to existing acts regulating the basic spheres of citizens' economic and social activity;
- A Charter of Victims' Rights;
- Intensive investment in office space for the judiciary;
- Resources to fund new positions in the judiciary system.

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Administrative costs to small and medium-sized enterprises (SMEs) associated with regulatory compliance

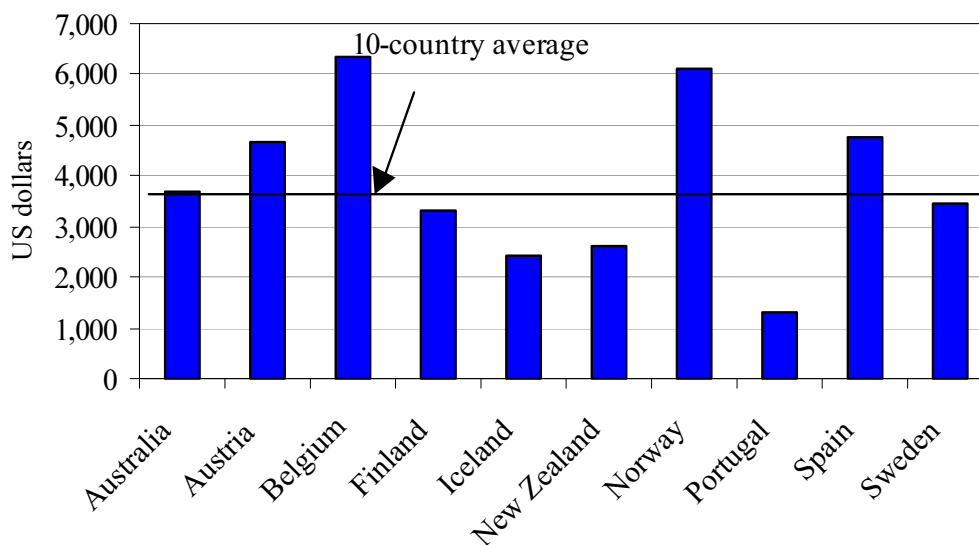
Well-defined regulations and government formalities are important tools used by governments to carry out public policies in many areas, including taxation, health, safety, and environmental protection. However, poorly defined regulations and formalities may impose unnecessary costs at all levels of society in the form of decreased competitiveness of companies, restricted economic growth, and depressed levels of new job creation.

Governments in a number of OECD countries are aware of these problems and have taken steps to try to reduce the compliance costs of regulations on companies. Some have introduced programmes to reduce the quantity of regulations, while others have introduced initiatives to

improve the quality of regulations and their administration. However, the basis of empirical evidence to support and focus such initiatives is weak. There is a lack of cross-country and cross-policy-area comparative data and benchmarks.

Therefore, the OECD launched the OECD/PUMA Multi-Country Business Survey to develop and implement a new methodology to enable cross-country comparisons of administrative costs and to capture business' perceptions of regulatory quality. The survey focused on the administrative cost of compliance of SMEs in the business sector, which includes all firms employing between one and 499 employees.

Total compliance costs - Average per firm per country



Data from 1998-1999
Source: OECD

The Survey shows that average administrative compliance costs are significant in the 10 countries surveyed (Australia, Austria, Belgium, Finland, Iceland, New Zealand, Norway, Portugal, Spain, and Sweden; although Mexico also participated in the Survey, quantitative information for that country is not available). On average, SMEs declared spending US\$30,000 per year to comply with the administrative requirements of tax, employment and environmental regulations. This equates to an average cost of US\$4100 per employee.

However, administrative compliance costs per company vary widely among countries. While costs per employee in Portugal (US\$1300) fall well below the 10-country average, those in Belgium (US\$6400) and in Norway (US\$6100) exceed the average.

Further results of the Survey will be published in *Benchmarking Regulatory Business Environments: The OECD/PUMA Multi-Country Business Survey*, to be released later this year. ■

OECD Reviews of Regulatory Reform

Since 1999, several OECD countries have requested a broad review by the OECD of their national regulatory practices and domestic regulatory reforms. These Reviews present an integrated assessment of regulatory reform in framework areas such as the quality of the public sector, competition policy and enforcement, and market openness. They also contain chapters on sectors such as electricity and telecommunications, and an assessment of the macroeconomic context for reform. Policy recommendations present a bal-

anced plan of action for both the short and longer term based on best international regulatory practices. Reviews of Hungary and Spain have recently been published, and a Review of Denmark will be released this Autumn. Previously reviewed countries are Japan, Korea, Mexico, the Netherlands and the United States. All Reviews are available for purchase from the OECD Online Bookshop (<http://www.oecd.org/bookshop/publicmanagement/>).

OECD Reviews of Regulatory Reform: Regulatory Reform in Denmark

OECD, Forthcoming Autumn 2000

Denmark's large welfare state and its open market economy have successfully delivered relatively high standards of living. Danish regulatory reform has proceeded with many pragmatic steps that have contributed to solid economic performance, management of economic and social adjustment to changing conditions, and improved efficiency of government services. However, sheltered sectors (including service industries) still suffer from co-operation and price-fixing, contributing to high consumer prices. The competition regime is weaker than in many other countries, and so are regulatory regimes in areas such as energy. Further supply-side and market reforms can help sustain good economic performance, while wider use of competition in public services can help sustain the level and quality of services.

OECD Reviews of Regulatory Reform: Regulatory Reform in Spain

OECD, August 2000

Regulatory reform has been crucial to Spain's high economic growth in recent years. Spain has implemented far-reaching trade and investment liberalisation, privatised almost all state-owned enterprises, liberalised state controls, engaged in sectoral re-regulation and institution-building, and strengthened competition policy. Spain has gained significant economic benefits from these measures: lower prices and interest rates, increased supply-side flexibility, wider consumer choice, and higher quality of services. With labour market reforms, regulatory reforms have contributed to large falls in unemployment. Yet Spain still faces problems attributable to supply side rigidities: high unemployment rates, high inflation (mostly due to the service sector), and lack of innovation. Continued improvement of Spain's regulatory regimes, combined with vigilance by competition authorities, will further boost the competitiveness of the Spanish business sector and minimise domestic obstacles to growth and job creation, while improving regulatory effectiveness in meeting key social policies.

OECD Reviews of Regulatory Reform: Regulatory Reform in Hungary

OECD, July 2000

After ten years of determined reform, Hungary has constructed the legal and policy frameworks consistent with market democracy, and is nearing completion of an historic economic transition. This challenging process required extensive regulation and institution-building, as well as massive deregulation, and has generated significant economic benefits. Today, convergence with the EU and achievement of OECD best practices still represent daunting tasks. But in most areas, Hungary faces challenges much like those of other OECD countries in establishing the quality regulatory regimes needed to support good government and sustainable economic growth. Hungary's main objectives now are to bring market performance into line with its peers through strengthening competition and improving regulatory governance and social protections. Further reforms will bring important gains in creating jobs, improving sectoral and regional performance, and reducing the costs of public policies.

Forthcoming November 2000: *OECD Journal on Budgeting*

This Autumn, the OECD is launching a *Journal on Budgeting*, which will be published twice a year. It will contain a selection of recent work carried out by the Working Party of Senior Budget Officials (see page one), as well as contributions from finance ministries of Member countries. It is designed to be a unique resource for officials and researchers in the field of public sector budgeting. The first issues will include papers on such topics as greater independence for fiscal institutions, budgeting in a time of crisis, voucher programmes, and budgeting in a surplus environment. Subscriptions to the Journal will be available through Source OECD, the OECD's online publications service (<http://www.oecd.org/sourceoecd/>).

Forthcoming October 2000: *Trust in Government: Ethics Measures in OECD Countries*

Public service is a public trust. Citizens expect public servants to serve the public interest with fairness and to manage public resources properly on a daily basis. Fair and reliable public services inspire public trust and create a favourable environment for businesses, thus contributing to well-functioning markets and economic growth. Public ethics are a prerequisite to public trust and a keystone of good governance.

At a time when there is a growing consensus among governments on what should constitute the essential elements of an effective and comprehensive ethics strategy, this book constitutes a unique source of comparative information on ethics management measures in OECD countries. It is designed to facilitate mutual learning and to support the development of modern ethics strategies in both OECD and non-member countries, by providing, for the first time, a comprehensive overview of ethics measures in all 29 OECD countries, including overall trends and promising practices. The book will be available for purchase from the OECD Online Bookshop (<http://www.oecd.org/bookshop/publicmanagement>). A PUMA Policy Brief outlining the main findings of the OECD ethics survey carried out in 1999-2000 is available on the PUMA website (<http://www.oecd.org/puma/ethics/pubs/PB7Trust.pdf>).

Forthcoming October 2000: *Government of the Future*

What keeps governments awake at night?

- How can governments best prepare themselves for current and future reform challenges?
- How can the public sector develop a culture that is responsive to change and makes the most of it ?
- What types of leaders are needed?
- How can governments better communicate with citizens?
- How can they avoid "reform fatigue"?

Given the challenges and opportunities posed by globalisation, rapidly evolving technologies, changing demographics, rising citizen expectations, and competition from the private sector, governments need to continue to explore and exploit new ways of working. This book (based on the proceedings of the OECD Symposium "Government of the Future: Getting from Here to There") looks at the way public administrations have been reformed over the last two decades and draws lessons for a new generation of reform. It will be available for purchase from the OECD Online Bookshop (<http://www.oecd.org/bookshop/publicmanagement>).

Les indicateurs de performance et le service à l'usager

Ministry for the Public Service and the Reform of the State, France, June 2000 (55 pages)

This publication is a summary report of a workshop held in December 1999 on performance indicators and service to the client. Participants included representatives of the French public administration and a French consumer interest group, as well as Danish and German counterparts. The workshop discussed the client's point of view, the question of evaluation indicators, and the process for negotiations and performance (communication services). Available only in French from:

Direction générale de l'administration et de la fonction publique
32, rue de Babylone F-75700 Paris
<http://www.fonction-publique.gouv.fr>

Gestion dynamique de la fonction publique : une méthode

General Planning Commission, France
May 2000 (173 pages, ISBN 2-11-091886-1)

To develop a method for dynamic management of the public service, the French Working Group on Forward Employment Planning (tools and structures) had several tasks: identify the effects of changes in the field that apply to the state public service; see how the French public service can respond in line with its values and principles; give an operational definition of forward planning; and propose methods that will ensure that this tool becomes and remains a priority instrument for personnel managers. Using lessons learned from successful experiments, this report proposes a method for dynamic management of the public service applicable to policies for mobility, training and recruitment in the state administration. Available only in French from:

Commissariat général du Plan
18, rue de Martignac F-75007 Paris
Tel:+33-1-45565100
<http://www.plan.gouv.fr>

The Swiss confederation: A brief guide

Swiss Federal Chancellery, 1999 (72 pages)

This brochure is designed to inform the reader briefly yet thoroughly about the institutions of the Swiss Confederation. Details are given of, *inter alia*, people's rights, the election of Parliament, how a new law is enacted, and the organisation of the federal administration. Available in English, French, German, Italian and Rhaetoromansch from:

Information Service, Federal Chancellery
BBL BUKU/EDMZ CH-3000 Berne
Tel:+41-31-3255050 Fax:+41-31-3255058
<http://www.admin.ch/edmoz>

Central government reform of Japan: For Simple, Efficient, and Transparent Administration Towards the 21st Century

Headquarters for the Administrative Reform of the Central Government of Japan, 2000 (33 pages)

This brochure explains the re-organisation of the central government of Japan planned for January 2001. The reform is structured around four pillars: establishing a system with more effective political leadership; restructuring national administrative organs; more transparent administration; drastic streamlining of the central government. Available only in English from:

Headquarters for the Administrative Reform of the
Central Government of Japan
1-18-1 Toranomon, Minato-ku
Tokyo 105-0001
<http://www.kantei.go.jp/jp/cyuo-syochou/>

Profile of the Portuguese Public Administration

Ministry of State Reform and Public Administration, Portugal
January 2000 (22 pages)

This brochure describes the characteristics of Portugal (Portugal within Europe; brief history; facts and figures) before going into more detail on the country's political and administrative structures. Sections are devoted to the financial administration of the state (public expenditure) and the structures and human resources management of the public administration (recruitment and selection, legal employment relationship, pay scheme, rights and duties, etc.). Available in English and French from:

Directorate-General for Public Administration
Avenida 24 de Julho, 80 a 80J
P-1294-084 Lisboa
Tel:+351-21-3972160 Fax:+351-21-3900148

Clean and Transparent

Seoul Metropolitan Government, Korea, 2000 (20 pages)

This brochure describes the anti-corruption programmes of the City of Seoul, including preventive measures, punitive measures, ensuring transparency in the administration, and public-private partnership. One initiative is the Online Procedures Enhancement for Civil Applications (OPEN), which enables citizens to monitor application procedures via the Internet (see *Focus* No.14, page 8). A description is also given of the citizen Ombudsman system and the Seoul Institute for Transparency. Available only in English from:

Seoul Metropolitan Government
31 Taepyung-Ro 1-Ga, Chung-Gu, Seoul 100-744
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<http://www.metro.seoul.kr>

Knowledge Management and Intellectual Capital Statements within the State

Ministry of Finance, Denmark
March 2000 (92 pages, ISBN 87-7856-336-2)

This booklet introduces the two concepts of knowledge management and intellectual capital statements in a public sector context. Knowledge management supplements existing management tools by working to improve an institution's capacity to develop, codify, personalise and utilise knowledge. Intellectual capital statements are tools for evaluating knowledge management and for laying the groundwork for continuous adjustment and direction of its goals. The booklet offers advice on how state institutions can meet the challenges of "working smarter, not harder" and also presents a model for working with knowledge management and intellectual capital statements. Available in Danish and English (summary only) from:

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<http://www.fm.dk/uk/pubuk/summary14032000/>

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Performance measurement: Getting Results

Harry P. Hatry
1999, The Urban Institute Press, United States
(286 pages, ISBN 0-87766-692-X)

Methods for government agencies in the United States to measure the performance of their programmes have included systems analysis (cost-effectiveness analysis), programme budgeting, planning-programming-budgeting systems (PPBS), programme evaluation, value-for-money auditing, and — through the impetus of the Government Performance and Results Act of 1993 — performance measurement. This book synthesizes more than two decades of work into a comprehensive guide to performance measurement. Every component of the process is explained, from identifying the programme's mission, objectives, customers and trackable outcomes, to finding the best indicators for each outcome and identifying sources of data and how to collect them. Available only in English from:

The Urban Institute Press
2100 M Street, N.W.
Washington, D.C. 20037
<http://www.urban.org>

Public sector human resources management OECD working group looks at leadership development, professional ethics, skills shortages and knowledge management

The OECD Working Party on Human Resources Management in the Public Sector held its annual meeting on 3-4 July 2000. The participants represented the civil services of 20 OECD Member countries.

Leadership development

The first day of the meeting focused on public sector leadership. Four countries presented their leadership development strategies:

- The **United Kingdom** government recently established a new leadership development model.
- The **United States** government uses a set of key characteristics and leadership competencies to select members of the Senior Executive Service.
- **Germany** has developed a four-phase system of leadership training.
- The role of leaders was crucial in the recent reform of the **Mexican** civil service.

A survey carried out by the OECD Public Management Service (PUMA) shows that countries take a variety of approaches to developing their public service leaders. Some countries set up systematic strategies for leadership development. For example, the **Norwegian** government is now in the process of renewing its strategic plan for leadership in the civil service. Other countries, such as **Sweden** and the **United States**, have created new institutions for identifying future leaders. Meanwhile, many countries are expanding their existing management development programmes to encompass leadership development. A number of countries emphasise the role of training in developing leaders. For instance, **Austria, Belgium, Finland, Japan, Korea, Netherlands, Poland** and **Portugal** have established new training courses for top executives or senior managers.

Norway has set up a four-year plan to increase the number of women in top and middle management.

A publication on leadership, which will include the country case studies presented at the meeting, is planned

for release in the coming year.

The second day of the meeting dealt with strategies for enhancing professional ethics, combating strategic skill shortages in the public sector and adapting knowledge management in public organisations.

Professional ethics

Approaches taken by Member countries to enhance professional ethics in the civil service can be grouped into four broad, but not mutually exclusive, categories:

- Upgrading the legal framework;
- Professional socialisation;
- Incentive creation;
- Performance measures.

During this session, the **French** delegate presented the system of codes of conduct in the French civil service. Currently 11 OECD countries apply either a code of conduct, a code of ethics or a civil service code. Several countries are preparing codes of conduct.

Critical skills shortage

Most Member countries are faced with critical skills shortages in their public sectors. In some countries this problem stems from recent demographic changes, in particular an ageing population. Other countries reported concern about the government's competitiveness in recruiting and retaining personnel during a period of economic growth.

The **Netherlands** case study presented strategies used to combat critical skills shortages in the Dutch civil service. Government sector employers have launched labour market communication programmes to improve the image of government sector work. Some employers have also implemented "à-la-carte" labour agreements that can be tailored to individual preferences.

Many sectors have had to adopt special strategies to secure workforce supply. For example, a career path has been created that leads from the military to the police force, supported by additional training.

Policies and practices for resolving critical skills shortages:

- Providing performance-based pay;
- Emphasising the benefits of public employment;
- Improving the image of the government sector;
- Encouraging exchanges between the public and private sectors.

Knowledge management

At this session, the **Danish** delegate presented a plan for managing knowledge in the Danish Ministry of Finance. The overall aim is to introduce new employees to their tasks more quickly and effectively, and to improve job substance to help retain employees. (See also the From the Bookshelf item, page 7.)

Work on knowledge management has already been carried out during the past few years in the OECD Centre for Educational Research and Innovation (CERI - see <http://www.oecd.org/cer/>). Some results have been published in a book entitled *Knowledge Management in the Learning Society* (OECD, February 2000). This publication analyses and compares concretely the processes of knowledge production, dissemination and use in several sectors: engineering, information and communication technology, health, and education. It can be purchased from the OECD's Online Bookshop (<http://www.oecd.org/bookshop/>). CERI and PUMA are planning joint activities to support governments' efforts in managing knowledge.

More detailed information on the meeting will be available on PUMA's website later this Autumn: see <http://www.oecd.org/puma/hrm/>. ■

● New national agreement

In **Ireland**, the social partners (government, employers, trade unions, farmers, and the community and voluntary sector) have negotiated a new national agreement on pay and related matters. The new agreement, known as the *Programme for Prosperity and Fairness* (PPF), will be in effect for the public service from 1 October 2000 until June 2003. It includes key public service modernisation objectives to be achieved:

- further embedding the strategic management approach;
- designing and implementing performance management systems;
- putting in place integrated human resources management strategies;
- improving organisational flexibility;
- better targeting training and development; and
- strengthening organisational capability.

The PPF establishes clear linkages between public service pay and the implementation of the modernisation programme at sectoral and organisational level. A Quality Assurance Group will be set up for each sector to review performance indicators as well as each organisation's outcomes against these indicators. See <http://www.irlgov.ie/taoiseach>.

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● Reforming the civil service

The **United Kingdom** is reforming its civil service with the aim of making it more modern and diverse. In December 1999, the Head of the Civil Service published his report to the Prime Minister outlining a far-reaching programme of work for the entire civil service. The reform programme is built around six key themes:

- Stronger leadership with clearer sense of purpose;
- Better business planning;
- A sharper performance management;
- A dramatic improvement in diversity;
- A more open service to bring in and develop talent;
- A better deal for staff.

Each department will submit an Action Plan to the Cabinet Office, which is responsible for co-ordinating the overall reform agenda. Departments will be able to bid for funding from a Modernisation Fund set up to support the reform programme. To help effect the cultural change necessary for reform, the Cabinet Office has recently concluded a service-wide consultation exercise on a shared vision and values. For more information, including the full text of the report, see <http://www.cabinet-office.gov.uk/civilservice-reform/>.

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● Centre for Management and Policy Studies

In June 1999, the **United Kingdom's** Centre for Management and Policy Studies (CMPS) was established as an integral part of the civil service's Modernising Government agenda. It is sited at the heart of government within the Cabinet Office and incorporates the Civil Service College. Working with partners from the public sector, the private sector and academia, the CMPS seeks to:

- Ensure that the civil service cultivates the right skills, culture and approaches to perform its task;
- Provide policy-makers with access to the best research and international experience; and
- Help government to learn better from existing policies.

For more information on the CMPS, see [http://](http://www.cmeps.gov.uk/)

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● Public-private personnel exchange

In **Japan**, a law governing personnel exchanges between the national government and private enterprises came into force on 21 March 2000. The new law aims to enhance such public-private exchanges, to train national public employees to work more flexibly and efficiently, and to introduce private sector management methods in the national government. National public employees are sent to work in private enterprises, under employment contracts usually for three years or less. In exchange, the employees of private enterprises come to work in ministries or agencies, on the assumption that they will return to their home organisation within three years. The exchanges are made in accordance with criteria established by the National Personnel Authority.

● Public sector employment relations

A new Employment Relations Act will take effect in **New Zealand** in October 2000. Like the previous Employment Contracts Act, the Act does not differentiate between the state and the private sectors. Over the past decade, much of the industrial relations function was delegated to individual chief executives, with a move away from collective bargaining and towards individually agreed employment contracts. The new Act puts a heavy emphasis on a return to collectivism through union representation. The public service will be expected to lead in areas where "good faith bargaining" and worker participation are given particular emphasis. While the government does not want to return to central bargaining in the state sector, some multi-employer bargaining may lead to a degree of centralisation that may in turn affect chief executives' autonomy. For further information, see <http://www.dol.govt.nz/>.

● Promoting employment of seniors

In **Norway**, the government has recognised the need to promote the employment of seniors, or employees over 45 years old, in the second half of their working career. Following a request for support from the Center for Senior Planning, the government has granted a sum of one million NOK to the Center to examine what efforts should be made to retain, develop and recruit senior employees.

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● The Netherlands Senior Public Service

The **Dutch** Senior Public Service (SPS) was set up in 1995 for the senior cadre (the top 700 management positions in the central government) in order to guarantee the professionalism, integrity and quality of the central public service and to enhance its cohesion. The SPS seeks to achieve organisational quality through management development, focussing on interdepartmental mobility. To this end, an office for the SPS carries out the following activities:

- Vacancy filling;
- Career counselling;
- Individual development;
- Interministerial synergy;
- SPS Competence Management System;
- Research and development.

The initial development phase of the SPS is now complete, laying the foundations of a professional career policy for senior civil servants. Further adjustments to the policy will be made, including more vigorous promotion of mobility among senior civil servants.

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● Benchmarking Public Service Pay

The **Irish Programme for Prosperity and Fairness** (see article on page 9) provides for the establishment of a Benchmarking Body to examine pay and jobs in the public service and across the economy with a view to benchmarking public service pay to the market. The composition of the Benchmarking Body and its terms of reference will be discussed and agreed between the government and the trade unions. The Body will be asked to produce its report and recommendations by end 2002.

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● Benchmarking

The use of benchmarking has increased in the **Danish** public sector in recent years, both by central government to identify differences in efficiency between comparable public institutions, and as a tool for local learning and the spreading of innovative and efficient practices. The use of benchmarking in the public sector can be divided into three general categories:

- Benchmarking between institutions and administrative entities is carried out by the Ministry of Finance and used in formulating policies at the national level and in budget negotiations.
- International benchmarking is institutionalised in the “structural monitoring system”. Denmark is compared to some of the world’s leading countries in areas such as the labour market, the business sector, education, information technology and infrastructure. In each area Denmark’s position is assessed in relation to political objectives. The aim is to identify strengths and weaknesses in the economy and public sector and thus to provide guidance on policy formulation.
- A wide range of institutions delivering public services use benchmarking as a tool for improving performance.

The Ministry of Finance will continue to encourage and support the use of benchmarking and related tools to improve public sector performance and quality. The ministry is will publish a comprehensive manual on carrying out benchmarking of both processes and results.

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● Quality and best practices awards

Spain has initiated Best Practices Awards and Quality Awards in the general state administration. Up to 25 Best Practices Awards are given for quality improvement initiatives, while a single Quality Award is granted to the organisation or entity which has distinguished itself by raising the quality of its services overall; honorary mentions may also be granted. The winning organisations may report the awards in their publications for a period of three years, publish it for an indefinite period in their departments, and grant appropriate recognition to the persons who participated in the award-winning work.

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Costs, inputs, outputs and outcomes

During the past two decades, the focus of public sector management has been moving from inputs to outputs in most OECD countries. Important elements of input management remain, but generally output control has replaced tight central control of elements such as human resources management, procurement, classification systems, etc.

This development has enhanced the quality of management and increased effectiveness and efficiency. However, to strengthen their steering capacity, several OECD countries have been giving more attention to outcomes in recent years. Practitioners in central policy-formulating institutions, as well as managers in delivery agencies, are struggling to define, evaluate and manage outcome measures, just as they are struggling to establish links between policy formulation, political decision-making, management, audit institutions and evaluators.

The OECD Public Management Service is launching a project to analyse how outcome goals can be defined and used in public sector management, and how outcomes can be measured.

An expert meeting will be held at OECD headquarters in early 2001. At this meeting, representatives of invited Member and non-member countries will present and discuss country reports. A synthesis report and policy briefs highlighting the results of the meeting will be published during 2001. These publications should be of particular interest to ministries of finance, line ministries, centres of government and national audit offices.

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• AN EFFICIENT PUBLIC SECTOR •

● Assessing efficiency

Hungary's Government Control Office (GCO) has been carrying out efficiency audits on major public investment projects and programmes, budgetary expenditures and other government functions. The audits are performed by expert groups comprised of civil servants from ministries, often in co-operation with professionals from private or non-profit organisations affected by the subject of the audit. Following an audit, the GCO asks the audited organisation to prepare action programmes for the implementation of proposals made during the audit. An important outcome of some of the audits has been that ministries with contrasting technical or professional views have worked successfully together, preparing and/or adopting materials based on consensus.

Avoiding scandal in public IT projects

Most OECD Member countries have experienced and continue to experience problems with managing large investments in information technology (IT). Many large-scale projects are implemented successfully, but most government officials can point to two or three high-profile scandals in their country at any given time.

Management problems with regard to large IT projects lead to substantial direct and indirect costs, to discouraged staff and, from time to time, to a loss of public confidence in public sector management. The OECD Public Management Service has therefore launched a project aimed at creating a better understanding of what it takes for governments to succeed in managing of major public IT projects, and what lessons can be learned from past failures.

An expert meeting will be held at OECD headquarters on 26-27 October 2000. At this meeting, representatives of interested Member countries will present and discuss country reports. A synthesis report and a policy brief highlighting the results of the meeting will be published by early 2001. These publications should be of particular interest to ministries of finance, ministries with responsibility for IT policies (public works, central management units) and national audit offices.

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2nd Global Forum takes place in Brazil

Following the first Global Forum on "Reinventing Government" held in Washington, DC in January 1999 (see *Focus* Number 11), Brazil hosted the II Global Forum, "A Democratic State and Governance in the 21st Century" on 29-31 May 2000. Participants included representatives of the governments of various countries, international and non-governmental organisations and the business community. Several key reform figures addressed the Forum, including televised messages from United States Vice-President Gore and World Bank President Wolfensohn. In his opening remarks, Brazilian President Cardoso described his political and management reform initiatives ("Brazil on the Move"). OECD Deputy Secretary-General Sally Shelton-Colby outlined international trends in her speech, setting the scene for later presentations on individual country experiences.

Discussions focussed primarily on issues facing Brazil and the wider region, and showed the contrast between the general approaches of developed and developing countries. Despite this diversity of outlook, the Forum produced an Agenda for the Future emphasising that "the state can no longer be an all-powerful state, but neither will it necessarily be a minimal state". For further information and documentation on the Forum, see <http://www.21stcentury.gov.br/>.

Public sector reform for the 21st Century Joint Korean/OECD forum held in Seoul

On 22-23 June 2000, a forum on "Public Sector Reform: Challenges and Vision for the 21st Century" was held in Seoul, Korea. The forum was held jointly by the OECD, the Korean Ministry of Planning and Budget and the Korean Institute of Public Finance. Participants came from the OECD and its Member countries, non-member countries in the Asian region, other international organisations, academia and the private sector.

The forum was organised around two themes: "Public Sector Reform: Lessons from OECD Countries" and "Future Agenda in Public Sector Reform", each of which covered three sessions. A general panel discussion concluded the conference.

Public sector reform in Korea

This session examined the progress of public sector reform in Korea since 1998 and discussed the future agenda.

In a first phase of reform, from 1998-2000, the administration has taken several measures to improve the productivity of the public sector, including: creating a Government Reform Office under the Minister of Planning and Budget, involving the parties concerned in the reform process, and inviting private consulting firms to help determine the scope and review the operation of central government ministries and some local governments.

The current reform is also comprehensive, covering central and local governments, state-owned enterprises and quasi-government organisations.

Although progress has been made over the past two years, there are still challenges ahead for the Korean administration, such as changing the organisational culture of the public sector and overcoming reform fatigue.

Lessons from Commonwealth countries

Session Two discussed the lessons that can be learned from public sector reform in Commonwealth countries, drawing on the case of Australia.

The Australian experience suggests that reform is more likely to be successful if it is:

- Underpinned by an explicit whole-of-government strategy championed by the budget agency;
- Strongly supported by ministers;

- Integrated into the budget process;
 - Sustained over an extended period.
- It is also important to implement reforms in the appropriate sequence.

Lessons from Nordic countries

This session reviewed public sector reform in Nordic countries, focussing on the Swedish experience of the past 25 years. The significant changes to public management and administration in Sweden were not the result of an overall strategy, but have been made in a series of incremental steps. Basic elements of the reforms are decentralisation, deregulation and delegation. Today, the main challenges for reform in Sweden are to adapt to changes following membership in the European Union, to improve performance management, and to continue to develop an electronic infrastructure and services.

E-government

Session Four looked at Singapore's three-year "eGovernment Action Plan". This Plan aims to enhance the use of information technology (IT) in the public sector to better serve citizens in the new knowledge-based economy. It includes six strategic programmes covering the workplace, electronic service delivery, experimentation, operational efficiency, information and telecommunications infrastructure, and education.

Engaging citizens

Session Five examined recent efforts in the United Kingdom to use IT to strengthen government-citizen connections. The UK's e-government strategy is based on four guiding principles:

- Building services around citizens' choices;
- Making government and its services more accessible;

- Social inclusion;
- Using information better.

It is planned that by 2005 all services should be available electronically (with exclusions for policy or operational reasons).

Fiscal transparency

This session discussed the recent recommendations announced by the OECD and the IMF to enhance fiscal transparency.

The OECD Best Practices for Budget Transparency specify the principal fiscal reports that governments should produce, their general content, the specific disclosures to be contained in the reports, and practices for ensuring the integrity of the reports.

The IMF's Code of Good Practices on Fiscal Transparency is structured around four principles: clarity of roles and responsibilities; public availability of information; open budget preparation, execution and reporting; and independent assurances of integrity.

For more information on the Forum, see <http://www.oecdforum.go.kr/>. ■

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