The ‘Centre of Government’ (CoG) is the body that provides direct support and advice to the Head of Government and the Council of Ministers. The CoG meetings began in the 1980s, and were consolidated into an annual event in the 1990s. CoG constitutes a forum for informal discussion and remains one of the OECD’s highest-level policy networks. The meetings are hosted each year by one of the members of the network.

The meetings serve three main purposes:

- To review issues of how to make the centre of national government work more effectively.
- To achieve a more in-depth understanding of decision and policymaking systems in the host country.
- To work on broad governance issues fundamental to achieving economic and social public policy objectives.
Introduction

More positive economic forecasts and reduced social tensions in many countries are cause for cautious optimism. Recent meetings of Senior Officials from Centres of Government have been dominated by the legacy of the crisis. There is perhaps now an opportunity to look farther ahead and plan more concretely for recovery over the longer term. At the same time, there are many risk factors, and the possibility remains that a generalised return to stable growth might be further delayed. Strategic thinking and leadership are required to identify the right policies to balance prudence with ambition. Centres of Government are at the core of this policy dilemma in their countries, facilitating effective decision-making in the face of diverse and often contradictory evidence and points of view. This meeting will explore how governments are charting a path to inclusive growth while seeking to restore confidence in markets, governments and institutions, and will examine the crucial role of the Centre of Government in this delicate process.

Session 1:
Strategic management of the state in challenging times

The first half of 2013 brought with it some encouraging signs for many countries. The improvement in the pace of recovery in the major advanced economies in the second quarter of 2013 was stronger than expected, although in many cases this was relative to a very poor preceding 12 months. The OECD Interim Economic Assessment (September 2013) predicts continued improvement in the second half of the year. This good news does not mean that a sustainable recovery is firmly established, however. The forecasts still assume that important risks remain and that extraordinary monetary policies, which have been crucial elements of fiscal stability in many OECD countries, combined with difficult structural reforms will still be necessary to ensure that momentum is maintained through 2014.

At the same time, as the consolidation effort continues for yet another year, countries are looking to refine and adjust the targets of consolidation in order to maintain public support, protect the most vulnerable groups and prioritise spending to help people get back to work. The brighter economic outlook will ease the strain on public finances, but it could also encourage citizens and businesses to question whether further austerity is necessary at all.

1 OECD Interim Economic Assessment (September 2013).
Unemployment has now emerged as the principal shared challenge for OECD countries and it is now taking on a more structural character in some countries. Nearly 48 million people are currently unemployed in the OECD area (15 million more than the figure immediately preceding the crisis), of whom nearly 1/3 are long-term unemployed. One of the most worrying legacies of the crisis is the rise in income inequality, which increased by more in the first three years of the crisis than it had in the previous twelve years. Given the slow pace of recovery and the sacrifices involved, a key issue is how governments can convince citizens that the reports of better economic performance will translate into greater well-being sooner rather than later.

* OECD Information on data for Israel: http://dx.doi.org/10.1787/888932315602.

Note: Countries are shown in ascending order of the incidence of long-term unemployment in Q2 2013.

a) Q4 2011 for Israel.
b) Data are not seasonally adjusted but smoothed using three-quarter moving averages. OECD is the weighted average of 32 OECD countries excluding Chile and Korea.


Longer-term challenges are also testing the capacity of governments. Efforts to combat climate change in particular have so far fallen short of both what is required and even what was agreed upon at international level. Demographic change is another area in which the impacts are probably foreseeable but for which mobilising a policy response is proving difficult. In both cases, the task is not the responsibility of a single ministry, but requires a whole-of-government response co-ordinated from the centre in order to anticipate future impacts and prepare for them.

**Key Questions**

- What do you see as the key policy challenges for the coming 12 months?
- What has the crisis taught about our economic, monetary and fiscal policy levers? Has the crisis brought a new public policy paradigm? If so, what should be the policy mix?
- How do you prioritise strategic reflection in a context of continuing economic and social pressure? Are longer-term challenges being crowded out? Would a more explicit exchange on long-term thinking/strategic foresight help?
Session 2: 
Building trust and confidence in government

There is evidence of a decline in trust in many OECD countries since 2007 (from already low levels). While fluctuations in trust - often related to economic cycles - are common, the current situation suggests a loss of trust in government that is deeper, more prolonged and more system-wide than in the past (in other words, it goes beyond mistrust of a particular leader or specific institution). The overall picture is alarming and has potentially serious consequences for economic recovery and long-term stability.

Figure 2. From low to very low: trust in government

Confidence in national government in 2012 and its change between 2007 and 2012 (Arranged in descending order according to percentage point change between 2007 and 2012)

Note: Data refer to percentage of 'yes' answers to the question: “In this country, do you have confidence in each of the following, or not? How about national government?” Data for Chile, Germany and the United Kingdom are for 2011 rather than 2012. Data for Iceland and Luxembourg are for 2008 rather than 2007. Data for Austria, Finland, Ireland, Norway, Portugal, Slovakia, Slovenia, Switzerland are for 2006 rather than 2007.

Source: Gallup World Poll
The creation of millions of new jobs, strong growth and an end to austerity would certainly help improve the figures for both trust in government and confidence in a country’s leadership. Unfortunately for the vast majority of OECD countries, none of these conditions are likely to come to pass for some time. As such, the question is how to improve trust without the luxury of rising living standards.

Figure 3. Leadership is the key to confidence in national government

Correlation between confidence in national government and leadership of the country (2012)

Note: Data for confidence in national government refer to the percentage of “yes” answers to the question: “In this country, do you have confidence in each of the following, or not? How about national government?” Data for perception of government corruption represent % of “approve” answers to the question: “Do you approve or disapprove of the job performance of the leadership of this country?” Data for Chile, Germany and the United Kingdom are 2011 instead of 2012.

Source: Gallup World Poll

Rebuilding trust involves demonstrating that governments have learned from past mistakes. Key areas for action include better anticipating risks and reducing uncertainty (reliability), providing innovative, efficient and citizen-oriented public services (responsiveness), strengthening the two-way communication with stakeholders (openness and transparency), and safeguarding the public interest while preventing corruption (integrity). As shown in the survey, Centres of Government monitor levels of trust closely and are active in all of these areas for action. None are sectoral in nature and to avoid becoming the responsibility of no one, they depend crucially on leadership from the centre. An important question is whether these diverse initiatives are being undertaken in isolation or whether there is a strategy that gives coherence to them.
Trust is not only about government. Social capital - the relations of trust that tie citizens together in society - must surely influence how citizens view their government as well and might also influence the kinds of policy responses that are required. Trust in certain private sector institutions - banks and financial institutions, as well as major corporations – suffered during the crisis as much as governments did. NGOs, on the other hand, benefit from a generally high level of trust. How can the wider dynamics of trust and mistrust guide policy responses?

Key Questions

- How important is monitoring trust and confidence? What methods do you use? Who uses the results?
- What steps are you taking to address problems of trust? Is there a specific strategy on trust?
- Are issues of trust viewed in the same way across OECD countries and globally? What about trust in society as a whole?
- How can OECD support efforts to rebuild trust?
Although Centres of Government are a product of diverse historical, cultural and political forces and have developed incrementally, and often haphazardly, it is striking that, according to the survey, their priorities are very similar. The geometry can vary (e.g., units in other ministries sometimes manage functions that come under the notion of the centre of government) but the same general needs are recognised across the OECD and beyond, in both presidential and cabinet-style political systems.

OECD Survey of Centres of Government 2013

This section draws on the preliminary results of a unique empirical survey of the structure, role and priorities of centres of government to which almost 30 countries have now responded. Summary results are presented in a separate document that will be distributed during the meeting.

The crucial issue is the Centre’s fitness for an ever expanding and high-pressure role. For example, does the Centre have the weight to work as an equal with other government institutions? In some countries, the head of the government office has Ministerial rank, in others not. Does this have an impact on the Centre’s ability to mobilise and influence? Continuity is another important issue. As guardians of strategic thinking at the centre, is it advisable, as in many countries, that the higher echelons of the Centre of Government are replaced with the arrival of a new government? What impact does this have on strategic capacity? According to the survey, strategic planning is often a relatively short-term vision statement similar to a government programme: is this adequate as ‘foresight’?

Being fit for purpose also means adapting to new circumstances and demands. The survey certainly suggests adaptability in terms of resources and structures. The survey indicates that most have grown in size over the past five years. But it is not only about budgets and staff numbers. Achieving a more effective Centre of Government can involve decreasing resources in cases where “non-essential” functions are reallocated to give the Centre a sharper focus on serving the head of government. Can we say that a streamlined Centre is more effective in serving the head of government, or does this risk losing critical mass in institutional terms?
While some of the core tasks of the Centre of Government are the sole responsibility of the Centre of Government, the survey demonstrates the obligation for the Centre to work in close co-operation with other bodies. How effective is responsibility-sharing in practice?

Co-ordination and monitoring functions depend on the ability of the Centre to translate a general mandate into real influence (e.g., clear guidelines and performance targets accepted by departments, not to mention the existence of incentives and compliance controls). The survey indicated that less than half of respondents consider that they exert a high level of influence on other departments. Some countries noted a distinction between de jure responsibility and de facto control. Is this a problem? In what areas is this diffused management approach helpful and where might it need to be rethought? Does whole-of-government policy coordination imply a culture change, and, if so, how successful have countries been in bringing about this change?
Three interlinked functions of the Centre of Government stand out from the survey: (1) facilitating evidence-based decision-making for the head of government and/or cabinet, (2) cross-government policy coordination, and (3) monitoring implementation. In a context of tight budgets and various types of spending reviews, these functions have taken on extra significance. This does not mean that these will always be the *raison d’être* of the Centre. Future challenges – increasing pressure from natural disasters and shocks, evolution of the international agenda (G20, post-2015 MDGs…), the influence of long-term evolutions (ageing, climate change, etc.) and other unknowns could push the Centre of Government in other directions over time.
Key Questions

• What are the key challenges for the CoG in terms of organisation, resources and structure? Is more, better? Can a leaner CoG deliver better results or could small mean less important?

• Are CoGs adaptable to dynamic new situations? Should they be more flexible? What do you see as the main innovations that have been successfully implemented to strengthen the CoGs “response capacity”?

• How can the strategic functions be improved (good practice in whole of government foresight, better use of international horizon scanning systems, more dedicated resources)?

• How can policy coordination be improved to help the CoG lead complex policy initiatives more effectively? Where are the bottlenecks?

• How can OECD follow up on the survey and/or provide specific support to CoGs (e.g., peer reviews, more analysis)?