



# OECD Public Governance Reviews

## **SPAIN** **FROM ADMINISTRATIVE REFORM** **TO CONTINUOUS IMPROVEMENT**

### **EXECUTIVE SUMMARY**



**OECD PUBLIC GOVERNANCE REVIEWS**  
**SPAIN: FROM ADMINISTRATIVE REFORM TO CONTINUOUS  
IMPROVEMENT**

**\*\*\*\*\* Executive Summary, Key Findings and Recommendations \*\*\*\*\***

On 26 October 2012, the Council of Ministers of Spain published the Agreement to create the Commission to reform the public administrations (CORA) with a mandate to produce proposals to make public administrations more austere, useful, and effective. The objective of this review is to assess the CORA reform agenda vis-à-vis good practices and experiences in OECD countries by providing a gap analysis discussing reforms in different fields such as public finance, ICT management, multi-level governance and better regulation. A main focus of the report is to identify potential synergies, both within the CORA reform agenda, and with other reforms under way on public financial management, transparency and integrity.

Spain shares with other OECD countries the need for a whole-of-government approach to reform. This is especially needed given Spain's high degree of decentralisation and institutional fragmentation throughout the public sector. The experience of OECD countries with administrative reform is that it is successful when it is not perceived as a one-off exercise, but rather as a process of continuous improvement to constantly identify waste, shortcomings, and opportunities to do things better. This is particularly relevant for the public administration to become a positive influence for growth and overcome the effects of the financial crisis Spain has been through.

## EXECUTIVE SUMMARY

### Administrative reform in Spain and the OECD context

1. On 26 October 2012, the Council of Ministers of Spain published the Agreement to Create the Commission to Reform the Public Administrations (*Comisión para la Reforma de las Administraciones Públicas*, CORA) whose mandate is to produce proposals to make public administrations more austere, useful and effective. The administrative reform was already underscored in the inauguration speech of President Mariano Rajoy in December 2011 and had been considered for some time a necessary component of structural reforms aimed at fostering efficiency and competitiveness for a sustained economic recovery.

2. The commission organised its proposals in four areas, namely: *i*) administrative duplicities; *ii*) administrative simplification; *iii*) service delivery and shared services; and *iv*) institutional administration. The final CORA report was presented by the President of the government on 19 June 2013. It includes 217 proposals, 139 of which concern the central administration and the autonomous communities (*Comunidades Autónomas*, CCAAs) and 78 only the central administration. These proposals were generated by senior civil servants from key areas of the central government, who also received suggestions from citizens through an electronic box and from an advisory council with representation of unions, the private sector and academia.

3. Although the CORA proposals emerged in a context marked by the need to balance fiscal consolidation and foster economic growth, the drivers of the reform go beyond this objective, incorporating strategic objectives with a broader scope. The economic crisis that started in 2008 resulted in high levels of unemployment, which in turn hindered public revenues. At the same time, fiscal targets have required cutting public expenditures. But the public sector should also contribute to revitalising the economy. Hence, beyond the need to spend less, Spain needs to spend better, minimising waste and duplicities and making sure that every cent is invested in the best possible way to facilitate growth and productivity. As the CORA put it: “fiscal urgency should not determine the path of reform, but public imbalances are the alarm highlighting its need”.<sup>1</sup>

4. During the course of the economic crisis and the government’s responses to it, public governance has moved to center stage of the reform agenda. While, arguably, the economic crisis did not originate in the public sector, fiscal constraints and the search for a more structural response to the long-lasting problems of the Spanish economy have increased the pressure for bolder responses from the public sector. Public administration reform is also necessary to minimise the social cost of adjustment and to rebuild trust in institutions. This challenge applies both to the central and sub-national governments. In consequence, the CORA reform agenda aims at serving as a means to achieve long-term results for the country based on a strategic vision for its growth, including a framework for the role of government in implementing it and going further than short-term ends (i.e. cost-savings, downsizing).

5. Such ambitious goals underscore that administrative reform should not be conceived as a one-off exercise, but as a way to develop incentives, processes and organisational arrangements that generate continuous improvement in public management, and therefore better social outcomes. Similarly, administrative reform should be seen as an important component of structural reform, with its impact depending on consistency with other reforms that are under way.

6. Spain is not alone in this effort. Several OECD countries have included administrative reforms in their structural response to the economic crisis. Slovenia, for example, has until quite recently enjoyed successful economic development, but now faces an urgent need to consolidate its fiscal position and get the economy back on the path to sustained growth, putting the spotlight on the efficiency and effectiveness of the public administration.(OECD, 2012c). Likewise, Poland is struggling with the prospect of slower growth, a tighter fiscal space, persistent regional disparities and an ageing population, so the window for its government to complete governance reform is closing relatively quickly (OECD, 2013). Similarly, in Greece, the government has been developing administrative reforms under the EU Operational Programme “Administration Reform 2007-13”, and the internal public administration reform – “Reforming the State: Towards a Strategic State” – which the government took forward over 2011 (OECD, 2012b). Austria, Belgium, Hungary, Italy, Japan, Mexico and the United Kingdom have also promoted important reforms in the public sector since the beginning of the economic crisis.

7. Spain shares with other OECD countries the need for a whole-of-government approach to reform. This is especially needed given its high degree of decentralisation and institutional fragmentation throughout the public sector, as illustrated in this report. This was a key focus of the *OECD Public Governance Review of Estonia* (OECD, 2011) a country with a hybrid governance structure, combining strong vertical silos and formal, legalistic arrangements with many personal and informal networks. A whole-of-government approach, where horizontal co-ordination and integration are embedded in the process of policy design and implementation, helps a government respond to complexity. Whole-of-government approaches can recalibrate systems that have moved too far into sector-based silos, have become fragmented or that suffer from poor co-ordination and co-operation. Such an approach, however, requires high-level guidance to set expectations and ensure overall accountability, as well as cross-sectorial management and cultural change, as illustrated in the *OECD Public Governance Review of Finland* (OECD, 2010a).

8. Indeed, the experience of OECD countries with administrative reform is that it is successful when it is not perceived as a one-off exercise, but rather as a process of continuous improvement to constantly identify waste, shortcomings and opportunities to do things better. In Canada, for example, “Programme Reviews”, initiated in 1994 and formally finished in 1998, detonated a series of reforms and initiatives that provided continuity to the effort. Likewise, in France, the General Review of Public Policies has been underway since July 2007 to enhance central government organisation and operation, modernise services through innovation and the use of information and communication technologies (ICTs), and reform human resources management (OECD, 2012a).

9. Governance reform is not an end in itself; it is a means to achieve public policy results for citizens and businesses efficiently and effectively. Good governance is about building a better national and regional environment in which people can live, learn and work; in which entrepreneurs can innovate and commercialise the results of their creativity; and in which businesses can invest to create wealth and jobs. Good governance is about enhancing trust in government, its institutions, the quality of its services and decisions, because they are perceived to be made in the general public interest.

10. In this context, a potential trade-off may emerge. On the one hand, public servants are under pressure to deliver better services, while on the other, they face tougher fiscal constraints. The role of administrative reform is to solve this puzzle. To this end, it should maximise the opportunities for synergies, co-ordination and appropriate sequencing. For example, administrative simplification and service delivery cannot be understood as isolated matters, but need to be connected to maximise benefits for citizens, business and the administration itself.

## Objective and scope of this review

11. The objective of this review is to assess the CORA reform agenda *vis-à-vis* good practices in OECD countries by providing a gap analysis. In other words, this report will discuss reforms in different fields (i.e. public finance, ICT management, multi-level governance, transparency, Better Regulation, human resources management) and put them in the context of the challenges, experiences and good practices in OECD countries. This will involve combining the administrative approach of the CORA with a functional approach based on the building blocks of good governance developed by the OECD. This review will highlight the reforms that follow good practices and standards, including OECD instruments, but it will also indicate weaknesses, shortcomings and missing elements that ought to be considered to make reforms more comprehensive and long lasting, as well as to support implementation.

12. Despite the fact that the OECD was invited to carry out this work once the CORA report was finished, part of the objective is still to identify shortcomings to strengthen the reform agenda. In consequence, this review will provide recommendations to avoid common pitfalls and adjust the institutions required to undertake reform successfully. The approach of the review is strategic, in the sense that it analyses policies, not individual measures, although some sections may incorporate detailed discussions of particularly relevant initiatives which deserve special treatment.

13. A main focus of the report is to identify potential synergies, both within the CORA reform agenda and with other reforms under way on public financial management, transparency and integrity. Better Regulation, budgeting and human resource management are featured as areas that can contribute to continuous improvement in public management. Multi-level governance and the use of ICTs cut across the reform agenda and should be seen as essential to a long-term effort at articulating a more responsive and inclusive public administration. This feature is important to address the “trust deficit” that public institutions are experiencing in Spain. Confidence in national government moved in Spain from 48% to 34%, well below the OECD average of 40%, during the period of the crisis.<sup>2</sup> The OECD has argued that restoring trust is essential to increase the effectiveness of public policies, at the macro and micro level.

14. The assessment of the reforms proposed in the four areas of the CORA report is supported by information collected via a questionnaire applied to autonomous communities and a series of interviews that took place during three fact-finding missions of OECD staff and peer experts from other OECD countries, specifically from Canada, the Czech Republic, Denmark, France, Germany and the United Kingdom. These missions included interviews with public officials from the central administration and the autonomous communities, as well as with stakeholders of the reform, such as business representatives, trade unions and academia. Two seminars were held to discuss the contents of the CORA report, its implications for implementation and good practices in OECD countries.

15. It is important to note that while the review team tried to incorporate the views of all the autonomous communities, giving them the chance to answer the questionnaire, only a handful of them were directly interviewed. The same statement applies to municipalities. Nonetheless, the experiences described throughout this report do provide important lessons for sub-national governments as to how the different thematic reforms will help them achieve growth and upgrade public governance. In addition, the timeline of the project did not allow incorporating much information as to how the different line ministries and agencies are progressing with implementation. Hence, the findings and conclusions of this review will have to be complemented and contrasted with the information that the progress reports produced by the Office for the Execution of Administrative Reform (*Oficina para la Ejecución de la Reforma de la Administración*, OPERA) will provide every three months.

## RECOMMENDATIONS: CREATING AN ENVIRONMENT FOR CONTINUOUS IMPROVEMENT

16. The CORA reform package is the result of a rigorous process of data collection, dialogue among practitioners and diagnosis about the weaknesses of Spain's public administrations. The reform package is substantial, evidence-based and consistent with the ongoing process of modernisation. The number of policy issues included in the CORA reform (i.e. e-government, multi-level governance relations, Better Regulation, budget reforms) together with parallel initiatives adopted in the last two years in areas such as budget stability, transparency or democratic regeneration, talk about one of the most ambitious processes of governance reform in OECD countries. While Spain is not the only OECD country in search of new sources of growth, fiscal consolidation and competitiveness, few others have articulated such a broad public administration reform plan.

17. Concerning administrative structure and rationalisation, while the CORA measures will certainly achieve savings and rationalise policy making and service delivery, they ought to be implemented within a whole-of-government strategic assessment of the direction the government needs to adopt to sustain efficiency and equity gains for Spain and its citizens over a long-term planning horizon. Engaging in administrative consolidation and downsizing outside of a long-term strategic vision of where the country should be in, say, 20 years, and of the nature and scope of the role that the government of Spain and the autonomous communities are to play to help implement this vision, can rapidly turn into a disappointing, and potentially counterproductive, exercise.

18. Regarding administrative simplification and Better Regulation, the CORA initiatives tackle the need to rationalise the stock of regulations, but would benefit from measures to review and improve the mechanisms to control the flow of regulations and develop a culture of Better Regulation throughout the public administrations.

19. On ICTs and e-government, the CORA reform agenda recognises the importance of reaping the untapped potential of government data and information to improve performance, increase trust and foster cultural change in the administration; the need to focus on achievements made as a result of investments made in e-services; and the priority need to enable the new CIO and governance structure to be operational as soon as possible to also allow stronger co-ordination.

20. Concerning public finance, the CORA proposes reforms on budgetary issues, such as the introduction of a new technique to budget operational expenditures in the central administration and the creation of an independent fiscal institution. These budgetary policies will promote transparency and efficiency in the allocation of public resources and will help restore the credibility of public finances and reinforce its sustainability in the long run. To increase the government's effectiveness in reducing budgetary imbalances, spending reviews could be integrated in the budget cycle and extended to sub-national governments.

21. Likewise, the CORA introduces key reforms dealing with public procurement, such as the use of the State Centralised Purchasing System (*Sistema de Contratación Centralizada Estatal*) by regional governments and the establishment of the General Directorate of Procurement Rationalisation and Centralisation (*Dirección General de Racionalización y Centralización de la Contratación*) as a unique central purchasing body.

22. Regarding human resources management, the public employment measures proposed by the CORA report point in the right direction, but would benefit from further integrating them into a strategic HR management system based on a common competency framework and embedded within a robust organisational performance measurement system.

23. The multi-level governance aspects of the CORA suggest improving co-operation bodies between different levels of government. This can be achieved by ensuring the relevance of these bodies, adopting a minimum frequency for their meetings, establishing permanent secretariats for organisation and follow up purposes, and by developing the capacity to lead to concrete and significant outcomes.

24. Finally, transparency and integrity are important components of the reform agenda of the Government of Spain (GoS). The Draft law regulating senior public officials in high positions of the State General Administration and the Organic law for the control of the economic and financial activity of the political parties, recently approved by Council of Ministers, are in line with international good practices to promote transparency and fight corruption. The GoS should advance decisively towards the approval by the Parliament and the implementation of these laws.

25. In addition, the Law on Transparency, Access to Public Information and Good Governance has gathered great expectations. However, the Law can be improved to set a solid foundation for the institutionalisation of transparency as a core value of the future public administration. Further attention to providing the necessary supporting guiding elements for its full institutionalisation, building upon extensive comparative experience, will be necessary. Likewise, while the reforms in principle can be considered closer to first generation access to public information reforms, implementation may provide additional opportunities to advance confidently towards an open government model, following the trend of OECD countries.

26. Despite the wide scope of the CORA and the other reforms, some additional steps could be considered to fully exploit the potential and synergies among them. The recommendations outlined below refer to the different reforms addressed in the CORA package. They identify potential synergies and gaps that may need to be filled with additional initiatives, according to the best practices and principles of OECD countries. Legal synergies are not enough, but the real challenge is to link in practice and build on the strengths of the different initiatives. The horizontal nature of the recommendations encompasses the different thematic areas in which the CORA reforms aim to have an impact (i.e. human resources management, procurement, Better Regulation and transparency). In addition, the recommendations must be understood in the context of other, already ongoing reforms, which complement the CORA agenda and make it much more comprehensive, such as the implementation of Law 7/2007 on the Civil Service Basic Statute, Law 11/2007 on Citizens Electronic Access to Public Services, Law 22/2009 that regulates the financing system for the Autonomous Communities, Organic Law 2/2012 on budget stability and financial sustainability, Organic Law 6/2013 on the creation of the Independent Authority on Fiscal Responsibility (AIREF), the Democratic Regeneration Plan (*Plan de Regeneración Democrática*, DRP), Law 19/2013 on Transparency, Access to Public Information and Good Governance, Law 20/2013 for Market Unity, Law 14/2013 to Support Entrepreneurship and Internationalisation, Law 27/2013 on Rationalisation and Sustainability of the Local Administration, the Draft law regulating senior public officials in high positions of the State General Administration and the Organic law for the control of the economic and financial activity of the political parties.

### **Develop a long-term multi-stakeholder vision of reform through dialogue and consensus-building**

- Good governance requires forward-looking governments with a clear strategic vision that goes beyond immediate actions and the present context. Going beyond the current context calls for a permanent dialogue with stakeholders of reform. Dialogue and consensus-building is still perceived as

insufficient by specific stakeholders, despite the ongoing efforts of the Spanish administration to reach out and consult on the CORA proposals. Dialogue must continue through the implementation process, and even for evaluation purposes, which would support the definition of priorities and the communication of “quick wins”. The intensified dialogue that the Office for the Execution of Administrative Reform (OPERA) is advancing with the CCAA and the open door for stakeholders to continue providing feedback are definitely steps in the right direction. Hence, developing such a robust communication and engagement strategy should ensure that all potential partners are made aware of the developments throughout the government, creating opportunities to participate and provide feedback. This could also be part of the mitigation strategies put in place to advance the continuity of reform.

- One of the main challenges for the CORA reforms to move forward is to achieve buy-in by the sub-national governments, mainly by the CCAA. It is clear that there is no strategic reform in the area of public governance in Spain that can be successfully achieved without strong participation and leadership of the CCAA. As a result of ongoing dialogue, some CCAA have developed their own reform agendas, consistently with the CORA. This dialogue has also been helpful to come up with alternative solutions to current duplicities. These developments represent evidence that disagreements over specific measures will not necessarily block the spirit of the CORA reforms, as long as a constructive dialogue is maintained.
- An inclusive consensus-building approach, also at political level, calls to pursue evidence-based features and the technical nature of the CORA exercise. In the near future, it will also be important to decrease fragmentation and break the “silos approach” by making connections among the different areas addressed in the CORA. Indeed, they build on each other, creating synergies that maximise impacts.
- The CORA reform package should not be regarded as a “one-off” exercise, but as a first and critical step to lay the foundations for continuous improvement, so that public administration reform initiatives are linked and guided by medium- and long-term strategic objectives for Spain’s economy. The Spanish government should focus on optimising the role of the central administration on an ongoing basis by extending systematic reform to the mission of the government itself, to programme spending, particularly social transfers, and to the organisation of government action at the sub-national level.

### **Prioritise and further support reforms in the CORA agenda that can contribute the most to continuous improvement**

- The package of the CORA reforms, while comprehensive, risks not having a clear set of priorities and an idea of the best sequence for implementation. Even though, in principle, there are no fixed impediments to advance simultaneously on every CORA measure, according to its own implementation schedule, international experiences suggest that political support weakens with time, calling for a concentration of resources and political leadership. This is important as the impact of the different initiatives can be prioritised and it would be extremely difficult, if not impossible, to move forward on all 217 proposals at the same time and pace. Prioritisation is also due to make the best use of political, financial and human resources and to concentrate them on those reforms that deliver the best cost-benefit balance.
- There are well-established mechanisms for reporting on progress, mainly the OPERA. Adding capacity to its oversight and monitoring functions, for example by ensuring the right number of staff and organisational structure, could support the effectiveness of implementation efforts. In addition, periodic review of milestones and achievements by outsiders (i.e. the OECD, think-tanks or

independent experts) could provide objective advice and enable the government and its leadership to prioritise and advance corrective measures.

- The OPERA leadership has advanced a much more comprehensive approach than that explicitly described in its mandate by, for example, engaging in a permanent dialogue with ministries, and most recently with CCAA to support their reform agendas and document their progress. Still, OPERA's mandate could be extended (in time and scope) to concentrate its activity on the impacts of reforms (outcomes), while assessing the fulfilment of the measures (outputs).
- While some initiatives have a relatively short time span impact (i.e. supressing a specific agency and transferring its functions to another one), others represent more structural changes in the way public administrations conduct their day-to-day activities and provide mechanisms for continuous improvement. Such reforms, such as the Law for Market Unity; the Law for Transparency, Access to Public Information and Good Governance; the Law on the Civil Service Basic Statute; the implementation of a system to measure productivity and efficiency; the normative review; the centralisation of procurement activities; and the Organic Law on Budget Stability and Financial Sustainability, should have priority over more limited ones and will require significant political back up.

#### **Adjust and complete the reform agenda to fully exploit synergies**

- The body of this document has made a clear case on the need to complement different thematic reforms with other initiatives that would strengthen public governance, including the strategic ability of the government to become a positive factor to overcome the effects of the financial crisis.
- A whole-of-government approach to reform requires upgraded co-ordination and communication, breaking the tendency of bureaucratic organisations to fragmentation and lack of integration. The CORA implementation strategy is gaining leverage and obtaining interesting results in a short space of time, even in areas that were previously to CORA in a situation of relative stagnation, as the initiatives towards performance assessment and strategic management of human resources (HR) undertaken at the Ministry of Finance and Public Administrations (MINHAP), which have been considerably revitalised. The rapid development of the HR measures of the CORA into a complete HRM strategy is key for the success of the whole process.
- Evaluation should become a key element to adjust reform over time. The different institutions performing evaluation exercises (i.e. OPERA, the Evaluation and Quality of Public Services Agency – AEVAL, the Independent Authority on Fiscal Responsibility – AIREF) should work together to build on their strengths and find complementarities so that their work is useful to steer public administration reform and develop a whole-of-government evaluation culture that ensures, *inter alia*, that evaluation integrates short-term output-based measurement within longer term outcomes-based performance assessment linking reform performance to the achievement of the government's strategic results for the country.
- In this sense, OPERA could be mandated to work on an ongoing basis with the Ministry of Presidency, the MINHAP, the audit and control agencies, AEVAL and the Civil Service General Directorate to “join up” performance-assessment tools from across the government as a means of defining and implementing a comprehensive, integrated whole-of-government framework that links spending, civil service performance and policy results together within short-, medium- and long-term planning horizons, and communicate it transparently through regular reporting of how government activity is achieving strategic results for Spain and its citizens.

- Another key element that needs to be reviewed is the institutional one. An inadequate institutional set up would hinder the chances of success for reform and make it easily reversible. While institutional reform can aim at short-term ends (i.e. cost-savings, downsizing), it should also serve as a means to achieve long-term results for the country based on a strategic vision for its growth, including a framework for the role of government in implementing it. Sound institutions require adequate political backing, sufficient resources to carry out their missions, and a clear distribution of powers and responsibilities, along with a governance framework. This seems to be more of an issue in some areas (for example, concerning the regulatory oversight functions) while it is clear that the Spanish administration has given more thought to other areas (the establishment of the CIO).
- The Spanish administration should be aware and mitigate potential risks that could hinder reform, such as lack of co-operation by key stakeholders, reform fatigue or insufficient resources. As argued by the OECD report *Making Reform Happen: Lessons from OECD Countries* (2010b), successful reform usually takes several attempts. Concessions to potential losers need not compromise the essentials of the reform: they may indeed be coherent with its overall logic, improving the prospects of particular groups that will be affected by the reform without contradicting its overall aims. Broader trade-offs may be possible, particularly when complementary reforms in different domains are undertaken in such a way as to allocate both costs and benefits more equitably.

### **Make technology and information work for reform**

- The CORA acknowledges the strategic importance of information and communication technologies (ICT) as a powerful enabler of reform. ICT can maximise the impact and scope of other initiatives, such as those dealing with transparency and Better Regulation. Indeed, technology can be an effective tool to correct the “silos approach” and overcome a situation of atomised initiatives by enhancing information-sharing; centralising common infrastructures, platforms and applications; and by allowing real-time updates and communication throughout the government and in its interactions with citizens and business.
- The Spanish government should ensure that all measures aiming to produce, collect and use new data to assess reform progress and performance are coherently managed and linked, and become permanent practices to support a sustainable change in the administrative culture. To this end, the government could consider the adoption of a “Government Data and Information Management Strategy”. This would favour the alignment of initiatives and consistency with ongoing reforms.
- Ensuring uptake of newly developed ICT services from a high number of citizens, businesses and local levels of government will be essential to reap the benefits of investments. This will require training, skills development and a communications plan on new available opportunities. Furthermore, in order to increase the uptake of services, both inside and outside of the administration, the government could consider making the use of some digital services mandatory. Common infrastructures are being used in some advanced entities, such as the National Tax Administration Agency (*Agencia Española de Administración Tributaria*, AEAT). It would be helpful to conduct a review of what conditions have enabled this mandatory nature to extend the experience to other key sectors (e.g. Social Security, traffic administration) and maximise the investments made so far.

### **Institutionalise transparency and integrity in the public sector**

- Good scrutiny supports good government. Transparency is particularly associated in the CORA with the quality and accessibility of the underlying information required to ensure budget discipline. In addition, transparency is contemplated in complementary reforms, as it is an important element of the DRP and a standalone objective of the Law for Transparency, Access to Public Information and Good

Governance. Taken together, these initiatives represent a bold step forward in the recognition of transparency as an important and necessary element of public administration reform. However, despite their complementarity and capacity to leverage on each other, these reforms have not been treated up to now as part of a single, comprehensive package. Moving forward, the government of Spain should ensure strategic co-ordination of these reforms, and the units and institutions responsible for their implementation, to maximise their potential and ensure consistency.

- Transparency should become a guiding principle underpinning the different initiatives of reform, from financial management and regulatory design to HRM and multi-level relations (including transfers). Transparency has the potential to set new incentives for public officials to perform their duties and manage budgets knowing that they are under continuous public scrutiny. Indeed, transparency is an essential element to prevent corruption and promote integrity in public management. This is critical to overcome the low levels of trust in government prevailing among the Spanish population. Furthermore, transparency interacts strongly and maximises the effect of other reforms, such as those dealing with financial management and Better Regulation.
- It is important to keep in mind that enhancing transparency in the public administration often requires a cultural change, which needs clear guidance, steady support and adequate incentives to become a reality. Comparative experience illustrates the imperative of investing in the attributes of the information disclosed – providing informed guidance, capacity and criteria to ensure that complete, objective, reliable, relevant and easy to understand information is made available and usable by stakeholders for different purposes, from holding governments to account, to proactively participating in the public policy discussion.
- Adequate supporting institutional arrangements will be needed to provide legitimacy to government efforts, advance feasibility and sustainability of the reforms, and achieve the necessary cultural change. For these purposes, the Spanish government should take full advantage of the sequenced implementation provided for in the Law for Transparency, Access to Public Information and Good Governance, using this time to invest in capacity building, standard setting, needs estimation and testing, as well as to identify and build implementation synergies with relevant components of administrative reform to shape a coherent, unified and complementary transparency reform package.
- The political reform package announced by the government and referred to as the DRP is particularly important. The DRP is both the recognition of the existing trust deficit in Spain and an ambitious plan to address it at the highest levels of decision making, including matters such as the finances of political parties, the exercise of public office, and criminal and procedural reforms to further combat corruption. Full implementation, beyond legislation, of these reforms is expected by citizens. Its results would go a long way in setting an example of decisive political action to protect and strengthen the foundations of the democratic system.
- Other high-risk policy areas at the intersection of the public and private domains will need to be addressed in order to consolidate a comprehensive and effective integrity framework in Spain, in particular lobbying, whistleblower protection and pre-post public employment risks. A number of instruments (i.e. the 2010 *OECD Recommendation on Principles for Transparency and Integrity in Lobbying*; the 2010 OECD report *Post-Public Employment: Good Practices for Preventing Conflict of Interest* or the *G20 Anti-corruption Action Plan: Protection of Whistleblowers*), can provide guidance to decision makers to address these critical issues.
- These measures could be further strengthened and complemented with a renewed mandate and capacity of external and internal control mechanisms moving from input-/output-oriented to outcome-

oriented audits to, in broad terms, promote integrity, enhance transparency and combat corruption more proactively, following the path of countries like Chile, Italy or the United States.

### **Develop a complementary agenda on budgetary reform**

- Although the current reform agenda does not intend to go over the whole budget making process, it offers additional opportunities to reconcile fiscal sustainability, government effectiveness and fiscal transparency in Spain. Budget is a very powerful tool of public management that should be fully used to support state reform. The following proposals would help in this regard:
  - Consolidate top-down budgeting by making the spending framework more predictable and communicating it at an early stage of the budget process, establishing criteria to define sector spending ceilings and developing authority to allocate resources within sector ceilings.
  - Strengthen the credibility of multi-year financial frameworks (MYFF) by using them to anticipate fiscal space constraints and prompt early decisions, further integrating risk analysis and complementing medium-term MYFF with long-term fiscal projections.
  - Ensure a good start of AIREF as a fully transparent institution, with links beyond the executive branch and an evaluation framework for its activities. Since AIREF reports will be issued under the “comply or explain” principle, there should be a track record of the responses provided to each report.
  - Build the generation of fiscal space into the budget process by establishing spending reviews as a regular input; developing benchmarking as a standard practice; revising and improving the performance evaluation/audit arrangements to increase their volume, relevance and timeliness; and including information on the performance of government programmes in the budgetary documentation.
  - Develop robust budgeting practices at the sub-national level by creating incentives for regional and local governments to meet their fiscal targets; sharing systems, methodologies and data across governments; strengthening networks of senior budget officers; and developing a working relationship of sub-national governments with autonomous bodies that support public financial management.

### **Develop multi-level dialogue, co-operation and commitment**

- Since the CCAAs are one of the main stakeholders of reform and key actors for ensuring an effective implementation (for example, in the cases of the Law for Market Unity or to embed transparency as a basic principle of the public administrations), multi-level dialogue should be continuously pursued and strengthened. During OECD field missions and in the survey applied to the CCAA, it is clear, as recognised by the CORA, that several sectorial conferences are not performing at their full potential. They need to become bodies for real exchange between levels of government on topics that are perceived as important. A minimum meeting frequency, a more formal agenda-setting mechanism and a permanent secretariat could also revamp their role. Ideally, they would serve as the platform to agree a common agenda to advance productivity and growth, as the Council of Australian Governments (COAG) did in Australia.
- Full agreement between levels of government on the CORA reforms and a wider agenda may be difficult, if not impossible. However, the central administration should ensure that disagreements about specific measures, which are considered by some CCAAs as hindering their autonomy, do not

impede implementation of the larger share of relatively uncontroversial initiatives. In this sense, it would be legitimate for the central administration to find a compromise in recognition of reiterated concerns by some CCAAs, for the purpose of managing opposition but without giving up high-impact reforms.

- It is advisable to leverage not only on the possibility to emanate authoritative orders, but also on the power of convincing the CCAAs to collaborate by providing them with incentives and strong business cases. Multi-level dialogue platforms should become fora for “champions” of reform to emerge, to develop success stories and peer learning, and exchange good practices to overcome common challenges. These would make a strong case that reform is not only possible, but also desirable. Likewise, horizontal co-operation among the CCAAs should be pursued so that they can find shared positions in negotiations with the central government and facilitate vertical co-ordination.

### **Adjust institutions and the processes to obtain regular feedback**

- Effective institutions are required to guide and monitor implementation. Many of the reforms proposed in the CORA require institutional adjustments to be effective (for example, the setting up of the CIO, ensuring sound fiscal management or advancing a Better Regulation whole-of-government culture). Indeed, institutions are one of the key elements highlighted in the OECD report *Making Reform Happen: Lessons from OECD Countries* (2010b). This issue should be dealt with in the early stages of reform; otherwise it would not be sustainable in the longer term, losing the investment made and reversing the gains achieved.
- Since reform is a dynamic process, obtaining regular feedback to make adjustments and correct mistakes is essential for its long-term success. As mentioned previously, on the one hand, dialogue and consultation with key stakeholders should be permanent to allow the continuous flow of feedback; on the other hand, public policy evaluation should be institutionalised and intensified. Institutions such as OPERA, the AEVAL, the General Intervention of the State’s Administration (*Intervención General de la Administración del Estado*, IGAE), the Court of Auditors and others should be strengthened for this purpose by adjusting their operational methods, increasing their capacities and allowing flexibility to adapt to the institutional adjustments required by the CORA.
- The production of knowledge and the mechanisms to anticipate policy challenges of social, economic or demographic nature is an important feature of strategic states. It is important to engage in a reflection about how to incorporate to the GoS’ decision-making mechanisms sound evidence and analysis. The CORA is in itself a formidable effort of data collection and evidence based policy making. Although the focus of the analytical effort was limited to the administrative functions addressed by the CORA, it is a good precedent to build sustainable approaches and systematically incorporate policy analysis in the Spanish public administration.
- If the government has not coalesced around an integrated reform strategy, it sends out mixed messages, and opponents are able to exploit divisions or disconnects between components of the reform along with any resulting incoherence in its implementation. Defeat is usually the result. OECD experience suggests that strong political leadership from the centre is often about winning consent and building alliances among key actors across the government rather than securing their compliance. Strong, top-level, political leadership should thus be sustained to ensure and maintain buy-in from key stakeholders of the CORA reforms.
- Leadership is also about illustrating solidarity among key government players with a sound communication strategy that focuses on a small number of strategic objectives to be achieved over the medium and long term, aimed both internally at all levels of the bureaucracy, and externally, to the

wider public. Hence, the Centre of Government (COG) institutions should define clear roles and responsibilities to facilitate co-ordination and avoid communication gaps between ministries. On top of that, whole-of-government performance monitoring can help COG institutions steer reform effectively and correct course if and when required.

### **Strengthen the involvement of citizens in the reform process**

- The Spanish government needs to go “the extra mile” to regain trust from its citizens, which is clearly in a downward trend. This is an issue that may have consequences in the future. Low levels of trust in government may hinder state revenues, rule of law and social fairness. Efforts should be made to explicitly increase social trust and to reinforce the confidence on the ability of public administrations to drive and sustain change for the benefit of the public interest. Administrative reform is necessary to address such lack of trust, but it is clearly insufficient. A comprehensive governance approach would anticipate the need to engage citizens in governmental functions, consult them on critical policy matters and communicate effectively its decisions. Such an approach would help the government identify social trends and potential future issues, so that the policies of today anticipate and provide remedies to the problems of the future. As mentioned throughout this review, the strategic link between the CORA reforms, the implementation of the Law on Transparency, Access to Information and Good Governance, and the package of democratic regeneration is a unique opportunity to improve governance frameworks in Spain.
- In this line of thought, the chapter on Better Regulation has recommended to review and standardise consultation practices by issuing guidelines with specific requirements as to when it should take place, its length, scope, methodologies, procedures and the feedback to be provided to participants.
- Involving citizens is much more than pure rhetoric; it is a requirement to realise the benefits of reform. Emerging technologies and technological platforms (e.g. social media) provide new opportunities to strengthen consultation, but these ICT-enabled channels will not have a strong impact if citizens do not make use of them in their interactions with public administrations. In order to facilitate uptake, user needs should be linked with the achievement of internal efficiencies. Likewise, the right of access to government information should be socialised, so that citizens make use of it and exercise control over the public administration. This may take time, but it can certainly become a strong incentive to advance integrity in the public service.

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## FROM ADMINISTRATIVE REFORM TO CONTINUOUS IMPROVEMENT

### EXECUTIVE SUMMARY