MAKING REFORM HAPPEN
A Horizontal OECD Project

(Presentation by Aart de Geus, OECD Deputy Secretary General)

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Policy reforms can be key to prosperity

- Realising the right policy reforms successfully can contribute to the growth and well being of our societies
- “Good” reforms can help unleash growth potential will move economies and societies forward
- This makes the CAPACITY OF GOVERNMENTS TO REALIZE REFORMS a comparative advantage in the global economy
...but achieving reforms is not easy

a) Progress in policy reform has been uneven across countries and sectors (e.g.: compare labour market, pensions, education or tax reform): this may be due to difficulties in implementing reforms

b) There are key factors that mediate between policy design and its realisation: resistance from special groups, administrative capacity, timing, communication etc.

c) Context matters: reform processes may differ depending on resource endowment, political systems, cultural background, and policy objectives

_Evidence shows that taking into consideration the “political economy” concerns can help to Make Reform Happen_

What counts in Making Reforms Happen?

- Evidence
- Costs and Benefits
- Institutions
- Timing
- Communication

reform dimensions
WHY OECD?

- Ministers discussed the need for OECD to further work on the area of policy reform (MCM 2006, 2007, 2008)
- As a forum for governments to compare and exchange policy experiences, answers and identify good and not so good practices, OECD can provide good data and evidence base analysis
- We have many key stakeholders in reform at OECD, including members of CoG, representatives of Trade Unions (TUAC) and Business Organisations (BIAC)
- We can provide a horizontal-multidisciplinary view through our specialised Committees and Directorates working in different fields of public policy, and our EDRC working on country studies

The Project Framework

The project looks to explore the factors that contribute to success and failure in different reform areas by looking at:

a) The existence of appropriate institutions to support reform from decision to implementation:
   - Formal and informal rules and institutions, and veto structures
   - The quality of institutions and leadership
   - Mechanisms for dialogue with stakeholders

b) The impact and reactions of those affected by the reform:
   - Uneven distribution of costs and benefits
   - Short term versus long term impact so some may want to resist reforms
   - How to build impact into strategies: compensation, information, bundling,...
The Project Framework

c) Agendas: timing and interactions across different policy areas
   - Evidence of complementarity: ie product markets/labour market reforms
   - 5% increase in probability of reform in one area when reforms in other areas already in place (Duval and Elmeskov, 2005)
   - But should reforms be introduced sequentially or as a package? “reforms are unpopular, so better do them all together…” vs. “intro of one reform will create pressures for additional reforms”

d) Role of evidence and international organisations in reforms:
   - Triggers in promoting reforms
   - Learning from reforms across countries and international cooperation also shape reform zeal
   - IE: PISA: peer pressure and benchmarking can help to advance reforms

Making Reform Happen: Objectives

1) Identify and better understand factors behind successful reforms
   • Analytical strand

2) Provide direct support to member countries in their domestic reform efforts
   • Action strand
The Analytical Strand

Analytical strand to provide analysis on approaches for achieving policy reform and strengthen OECD analytical capacity on PER.

- a report on “effective ways to realise policy reforms” to explore the PER in priority areas
- engagement with OECD Committees to encourage them to start new projects to explore and integrate the analysis of reform realisation in their own POW and activities
- an in-house seminar series for analysts on PER
- international conferences and workshops

“Effective Ways to Realise Policy Reforms”

Making Reform Happen in priority areas across OECD countries:

- Social Services, Social Security and Pensions (19/24)
- Education and Human Capital (14/24)
- Fiscal policy (14/24)
- Health systems (13/24)
- Labour Market (11/24)
- Public Administration (10/24)
- Product Market (9/24)
- Competition (9/24)
- Tax policies (7/24)
- Environment (7/24)
**Action Strand: a Partner in Reform**

**A country - demand - driven support strand:**
to strengthen OECD support to countries in their domestic reforms

- Publications, presentations, country visits by a high level representative of the OECD, seminars with key stakeholders, or direct engagement with countries to provide policy advice
- To develop an internal process that makes best use of the existing OECD knowledge in its different areas of specialisation
- Examples of work already undertaken:
  - Mexico: *Getting it right*, OECD, 2007
  - Finland: Special High Level Seminar on Migration and Pensions

**Mainstreaming Analysis (PWB, projects)**

OECD Committees to work on Making Reform Happen:

- **Analysis** of MRH concerns should be included in country visits or research of your specific area
- **Analysis**: MRH concerns should be included in relevant chapters in project/country study publications
- **Analysis** and discussion of MRH in Committee Meetings
- Specific publications on MRH in your area
Mainstreaming Action (PWB, projects)

- Programs and projects should include MRH in the planning phase:
  - **Action**: Including targeted dissemination of results as a key output of the studies
  - **Action**: Publication of a report should not be the end of a project – it should be at 60% of project and followed by different approaches to make report recommendations useful for countries (toolkits, domestic seminars, etc.)
- Potentially engaging with countries who can benefit specifically from our work through VCs

What is in it for your Committee?

More relevance by going beyond the WHAT of a reform to also support HOW to Make Reforms Happen in your area

Nice to give: Transmission of lessons learned in your area to other area’s of structural reforms

Nice to receive: learn from successes and failures in other area’s and other countries, bringing home concrete examples
## Annex: The calendar of events

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<tr>
<th>Timing</th>
<th>Analytical outputs</th>
<th>Meetings</th>
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<td>1-7 2008</td>
<td>Stocktacking</td>
<td>OECD Directors meeting</td>
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<td>Conceptual framework for 2009-2010</td>
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<td>8-12 2008</td>
<td>Discussions with Council, Committees and Directorate, BIAC and TUAC</td>
<td>Informal Council Discussion</td>
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<td>Data gathering from Directorates</td>
<td>CoG meeting, Mexico</td>
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<td>EDRC PER discussion</td>
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<td>OECD Network / BIAC / TUAC</td>
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<td>1-6 2009</td>
<td>Directorates present drafts</td>
<td>In house seminar series</td>
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<td><em>ECO PER case studies synthesis paper</em></td>
<td>ECO EDRC / EPC PER discussion</td>
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<td><em>Report with conclusions on current OECD and other service practices</em></td>
<td>OECD Network / BIAC / TUAC</td>
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<td>Progress Report to MCM</td>
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<td>7-12 2009</td>
<td>Enhancing PER at OECD: Practical examples for Directorates and Committees</td>
<td>OECD Network / BIAC / TUAC</td>
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<td><em>Handbook: Responding to PER demands</em></td>
<td>CoG meeting, Paris</td>
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<td>Int. seminar on PER</td>
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<td>1-6 2010</td>
<td>Draft report <em>Effective Ways to Realise Policy Reforms</em> (June)</td>
<td>OECD Network / BIAC / TUAC</td>
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<td>PGC / EDR joint meeting</td>
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<td>MCM 2010 Progress Report</td>
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<td>7-12 2010</td>
<td>Dissemination phase</td>
<td>Presentation of findings to countries</td>
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<td>Evaluation of impact: Analysis of POW 2010-2011 for PER outputs across directorates.</td>
<td>Final conference</td>
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