Strengthening the Evidence Base on Public Governance and Supporting Policy makers with Comparative Evidence: The Way Forward

Issues for Discussion

45th Session of the Public Governance Committee

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This issues paper is intended to support the Committee’s thematic discussions in the special session held on 12 April.

Committee Delegates are invited to:

• DISCUSS challenges and country experiences in generating and using evidence on public governance for effective policy making.
• PROVIDE GUIDANCE on how the OECD could best support public policy making with evidence and comparative data on public governance practices.

Mr. Stéphane Jacobzone, tel. +33-1-45-24-85-56, email: stephane.jacobzone@oecd.org

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This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.
1. The economic crisis that started in 2008 has revealed a pressing need for reform in the public sector of many countries. The State has been often called upon to undertake major responsibilities at short notice. In some cases, this included keeping the financial sector afloat; in others, stimulus packages were swiftly introduced to cushion the impact of the crisis on economic activity and jobs. Both types of measures left a significant impact on the government’s balance sheet. Budgetary pressures have intensified, as many countries now grapple with the need for fiscal consolidation. The latter has demanded bold responses, sometimes a series of austerity packages where across-the-board cuts on operational expenses have been very common. The resources available to provide core public services have become scarce, and governments are forced to make painful choices and to revisit the management of their public sector as a whole.

2. In some cases public governance reforms are needed to address longstanding problems of fiscal sustainability; in others, they may be aimed at accommodating rushed fiscal measures and respond to new priorities. However, the new environment will not make these reforms any easier. Fiscal pressures make it more necessary than ever to justify every penny spent in public programs; politicians are not prepared to run further risks, and citizens are less prepared to support reforms on trust alone. More educated citizens who are increasingly mobile and connected keep demanding greater quality services. For all these reasons, evidence is more necessary than ever to support policy decisions, especially in the governance area.

3. Under the current environment, governance policies cannot be sustained on beliefs alone. If so, policymakers will see their proposals confronted by competing beliefs, prejudices and ideology—or disbelief altogether—and urgent governance reforms may get derailed or lose priority against other urgent needs. The current challenge is to build the right evidence base for action, to address data gaps and overcome the fragmentation to make the case for better governance policies and reforms. On the delivery side, it is necessary to ensure value for money in the public sector, pushing efficiency and reforms through innovative practices and increasing the satisfaction of clients. But even satisfaction from direct beneficiaries may not be sufficient: as reforms get implemented rebuilding trust will require to measure and communicate progress to the broader community of government stakeholders and the public at large.

4. The purpose of this PGC special session is to assess these needs, identify what OECD countries are doing to support governance policies with stronger evidence, how they are making the case for further reform and how they are communicating—or planning to communicate—progress to stakeholders. In an area where statistics and methodological tools have been scarcer that in other policy areas, Delegates are invited to take stock of good practices in their countries and contributions from the OECD, and to identify further experience and needs that could be incorporated into the PGC agenda.

The challenges of building evidence on governance

5. This session will provide an opportunity for Delegates to share their experiences on challenges faced in constructing and consolidating evidence in key areas of public governance for effective policy making. Governments face many challenges in assembling and gathering the right evidence on governance. Governments themselves are often fragmented, organised through silos, with responsibilities devolved to
local levels, which sometimes overlap. At the same time, not all information gets collected, as often, public sector information processes follow financial flows or result from strict regulatory requirements.

6. Some of the dilemmas faced in building evidence for sound governance policies are not so different from those faced in other policy domains in the past. Many of the current standard statistics in areas like health, education or human development are the result of transforming qualitative information into quantitative data. This required a substantial effort at standardising information, collecting data and using it to generate actionable evidence. The current needs in the area of governance may be seen as an expression of a lag in the statistical development of this area that needs to be narrowed. Governments need to know not only the ‘what’ but also to invest in the ‘how’ in order to make decisions in accordance with the present challenges and to respond to the calls for change across OECD member countries.

7. To this end, building useful evidence on public governance for policymaking requires the following four elements:

(a) generating and gathering basic data;

This may involve gathering concrete and reliable data on issues such as leadership capacity, budgeting institutions and processes, integrity, transparency, innovative practices, public sector employment and compensation patterns, availability of e-government tools, and uptake of ICT technologies. This is critical as the role of evidence is important not only in defining policy but also in framing the issues and the challenges for policy-makers.

(b) using methodologies to turn data into evidence that is actionable in terms of relevance for policy making, accuracy and timeliness;

While the basic data is useful, it may not always offer the right responses. Was the policy effective in reaching its impact? What were the real effects? What is the cost to benefit ratio? When can we expect benefits? Who bears the cost? What is the impact in terms of citizens' satisfaction and perception? These are the practical questions that leaders may have. The basic data may have to be combined with data on the cost of policies, with their impact in terms of economic outcomes, and in terms of social and well being outcomes, measuring citizens' perception and satisfaction. It may require ex post evaluation, to assess the actual impact of public governance practices and guide future reforms. In addition, given the time frame of elected officials, the timeliness of the results and the capacity to predict future outcomes will be crucial. All of this will require additional analytical tools, surveys and statistical and econometric work to assess results, and turn them into actionable policy recommendations.

(c) actually using the evidence in key decision making processes,

This means that opportunities should be offered for integrating the data in policy making processes, both within the government, during consultation phases among ministries, and involving political advisors. To this end, the evidence must be acknowledged as valid, reliable, and the results have to be presented in a way that they can be understood even by non-technical audiences.

(d) disseminating evidence and involving stakeholders to sustain reform implementation

When the evidence is available, policies may need to mobilise stakeholders and confront entrenched interests. The evidence needs to be shared with the public, involving stakeholders in participatory processes to sustain reform implementation. This requires authoritative reports, supported by active communication strategies and tools to disseminate the results.
8. The Committee discussion will be aimed at sharing country experiences in these areas, facilitating a high level policy debate. The goal is to assess what we know, but also what we may need to know to support policy making and implementation. Knowledge exists now on governance practices, but does this mean that countries understand fully the impact of these practices, their benefits and limits? Countries need to identify the actionable policy levers so that they can build the right agenda for action in terms of rolling out reforms of their public governance apparatus.

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<th>Questions for discussion</th>
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<tr>
<td>- How much has the current economic and political environment stepped up the need for more evidence-based policies? Can more and better quality evidence on public governance help face the current challenges faced by policymakers?</td>
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<td>- What are the requirements for information on public governance to become actionable evidence for policy making? How can ex post evaluation close the policy cycle and help assess the impact?</td>
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<td>- What good practices are being developed by countries in terms of data gathering and analysis on public governance? How much is this evidence facilitating policymaking?</td>
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<td>- What are the countries' experience in disseminating the evidence and involving stakeholders to sustain reform implementation?</td>
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Supporting policy makers with comparative evidence: the way forward

9. The second round of discussion will address how the OECD can support policy makers with evidence and comparative data on governance and on the efforts that governments do to generate evidence on governance. The outcomes of the discussion will also feed into the discussion on the Committee’s Programme of Work for 2013-2014.

10. Across OECD-member countries many governments have been struggling with the need to provide stronger evidence for policy decisions and sometimes their efforts have reached the area of governance. In some cases this has led to the identification of new sources of data, the generation of new information and the development of analytical tools. The evidence is highly developed in some areas, such as public employment and financial management. In others, it exists but remains patchy, such as in terms of integrity in the public sector, or the actual use and cost effectiveness of public sector ICTs. In some areas, abundant information exists, but it is not systematised, and not always shared, such as in the case of public sector innovation or staff turnover.

11. The OECD has attempted to contribute to this effort by building and extending the comparative knowledge base on public governance, which is integrated and disseminated through Government at a Glance and other reports (Box 1). Clear progress has been made in terms of providing evidence on several fronts while gaps remain in key areas. These often reflect the availability of data at national level, as well as the historic tools that have been developed, such as the OECD working parties and networks of senior officials that have supported the sharing and harmonisation of comparative data.
Key areas for action in terms of public governance policy levers

12. Several areas of action, in terms of public governance policy levers, are presented below in terms of the options for furthering comparative evidenced and defining the way forward:

Providing strategic information for co-ordination, policy coherence and risk management

13. In many cases, the crisis has highlighted the implications of the lack of co-ordination between public sector agencies, between the regulatory and policy making sides, between different government areas. The OECD Public Governance Programme should offer countries opportunities to reflect on how to mobilise the information needed for strategic co-ordination. At this level, evidence for decision-making needs to meet a number of requirements on timeliness, accuracy and selectivity, as strategic management cannot be based on unmanageable volumes of data. Some countries have developed special devices to this end, like program implementation or delivery dashboards, scorecards and strategic indicators. Finally, countries need to strengthen their capacity for strategic foresight, planning for the unexpected, and understanding that every policy action is subject to risks. This requires building evidence for risk assessment, management and mitigation. The High Level Risk Forum intends to propose the mapping of risk assessment policies.

Supporting countries in their steps towards fiscal consolidation

14. In the current context, there is a particular need to know what concrete steps countries are taking for fiscal consolidation and for strengthening fiscal rules and institutions in order to improve fiscal sustainability. Furthermore budget transparency is increasingly recognised as a key variable in promoting government accountability and prudence, and in educating citizens as to the trade-offs required to restore public finances. Further information on government guarantees, contingent liabilities, tax expenditures and long-term commitments may be necessary to complete the picture of fiscal sustainability. For example, the OECD has developed the budgeting database which includes information on budget transparency to assess the comprehensiveness of fiscal information. This may involve the presentation of clear frameworks for fiscal accounting and the presentation of complementary information.

Ensuring that the public sector delivers value for money in a tight fiscal context

15. There is a need to monitor the efforts by the public sector to ensure value for money, at a time where public expenditure represents anywhere between a third and half of the economy in many countries. Different tools have been used for this purpose, such as performance budgeting systems. The OECD is currently collecting information on performance budgeting systems, analysing spending review methodologies, and conducting comparative studies of administrative savings initiatives in the context of the Value For Money project.

Fostering innovation and efficiency in public sector management

16. There is still limited evidence on how and the extent to which the public sector innovates as well as on the impact of innovation. Measurement tools are still under development. One challenge is that innovation is hardly institutionalised in government budgets, roles and processes making it difficult to identify what needs to be measured. Difficulty in measurement also relates to the nature of public sector activity (e.g. provision of intangible goods such as public order) and to the absence of market drivers and incentives. Internationally agreed concepts and comparable metrics for analysing innovation in the public sector do not yet exist, however some efforts at national and international level have been undertaken to develop frameworks and instruments to measure public sector innovation. This includes assessing inputs to innovation, innovation processes, outputs of innovation, and outcomes of innovation. Examples of these initiatives include the Nordic MEPIN (Measure Public Innovation) project, the EU Public Sector
Innovation Scoreboard, and the NESTA’s Public Sector Innovation Index in the UK. At the national level, the Australian Public Sector Innovation Indicators Project is one of the most significant examples of efforts to build up indicators in the area of innovation to help organisations obtain a better understanding of innovation performance and capability, and to drive decisions to better achieve organisational outcomes. Korea has also developed a Government Innovation Index to gauge the level of innovation in the Korean public sector administration.

17. The OECD Observatory on Public Sector Innovation can serve as a platform to share and promote innovation within the public sector, helping countries to identify good practice, and to maximise the potential for innovation.

18. At organisational level, data and indicators can help organisations obtain a better understanding of innovation performance and capability. At project level, better data and instruments would help assess the impact of public sector innovation, weighting costs against benefits. Strong business cases for innovative solutions can help avoid the risk of investment failures and help assess the real added value of innovation. Further information on the cost and benefits of information appears to be very useful.

Supporting openness and integrity in the public sector

19. In the post crisis context, government leaders need to “put their house in order” to maintain public trust. In particular citizens demand that public funds are spent wisely and that political leaders show the example. Some of the governments have taken steps to increase transparency and accountability in the public sector. However, existing data remains principally based on perception, but concrete comparative information on actual policy implementation and impact is extremely limited. This creates challenges for governments to monitor and demonstrate progress against objective benchmarks. The construction of comparable evidence at the international level would benefit from further sharing of cross country comparable methodologies following some of the existing pioneering efforts. For example, in the area of monitoring procurement, the Italian Central Purchasing Agency Consip conducted applied procurement research drawing upon existing government procurement data sets that have been automatically generated using the federal government’s e-procurement platforms in order to enhance the efficiency and integrity of the system. In the United States, the Office of Government Ethics carries out regularly integrity climate surveys to help adjust integrity management policies for public officials in the federal government. In Korea, the Anticorruption and Human Rights Commission assesses the integrity of public organisations based on the experience of citizens with public services through an index. Another promising approach for mapping and mitigating risks to corruption and fraud has been adopted by few countries which cross procurement expenditure data with other government sources to identify atypical situations that warrant further examination.

20. Open Government has become a major priority on the international agenda, thanks to the growing power of social networks, the pervasive use of ICTs in society, and the strong citizen pressure for more open and inclusive policies around the world. An increasing number of countries is responding to the need for increased transparency, inclusion and empowerment of stakeholders and for better evidence based policy making through ICT-enabled “open data” initiatives. Despite efforts at national level to increase the transparency of government data, for example through setting up open data portals (e.g. Brazil, Mexico), the actual evidence remains limited. While availability of data can be compared and measured, actual take up and use remains limited or even unknown, making it almost impossible to assess the impact of such policies.

21. The issue therefore is to assess the practices and the impact of open government policies rather than to focus on the institutions and rules defining accessibility as it was the case a decade ago. At the heart of this change there is the idea that individual and societal choices, expectations, and interests constitute
one major source of public value and that most pressing public policy issues (e.g. climate change) cannot be solved by government acting alone. Governments need to understand the results and impact of their interaction with citizens. The current OECD data compares the legal and institutional settings of access to information frameworks, but is not in a position to assess their impact, and whether they fulfil the expectation of citizens and users. Therefore, this area would warrant further progress.

Managing the adjustment in the civil service

22. Countries need strategic tools to monitor their civil service. For example, employment and compensation statistics often support national strategies for human resource management. They can be comprehensive in many countries, for example as is the case with the annual overview of the Austrian Federal Civil Service. Some countries may have such publications but they are not always updated, while others even monitor this on a monthly basis, as is the case of Brazil. However, these approaches are often heavily reliant on national institutional frameworks and there is a lack of standardisation of concepts at the international level. While for the general employment statistics, employment surveys have been subject to thorough standardisation for a long time, public employment statistics still face challenges at the international level, such as accounting for different contractual arrangements and institutional coverage, as well as compensation structures, (including the issue of public sector pensions which are often integrated in national budgets). Turning these statistical reports into actionable evidence in terms of policy also requires some more elaborated data, for example in terms of actual qualifications, staff turnover, absenteeism, socio-demographic profile and gender balance at various levels of seniority. It may also require behavioural and attitudinal data that may help to understand better the motivations of public servants, entry and exit motivation, and design better incentive schemes. For example this is very important in the case of nurses, where many countries have a deficit, and where actual participation in the profession shows a significant rate of attrition.1 However, this can affect several key public sector professions, such as judges, professors or policemen.

Assess the impact and cost effectiveness of E-government and new information and communication technology policies in the public sector (ICTs).

23. ICTs are seen by OECD governments as important enablers to facilitate the establishment of agile structures, improve the management of public sector internal processes, and enhance the quality and accessibility of public services. Information is readily available on the supply of e-government services, and some evidence on use and take up is also available, at the international level. However, information on user satisfaction and on the cost effectiveness of such policies still remains to be developed. For example, the OECD is currently starting to collect information on expenditure on e-government programmes. Information on expenditure, combined with impact could provide a powerful policy instrument. Still, ICT policies are also used to achieve broader goals, in terms of facilitating information flows and defragmenting governments, linked to the overall objective of ensuring policy coherence and co-ordination. Similarly, mobile and agile government are currently high priorities, but information on the availability of mobile e-government services and their actual take up and use still remains to be developed at the international level.

Building comparative knowledge: defining priorities

24. The discussion of the Committee will focus on the priority areas for knowledge management and for the development of comparative knowledge, considering the various tools and strategies that the OECD can offer:

1. As evidenced by the OECD studies on the Human Resources in Health Care project.
Actual comparative data, on factual and institutional processes, collected through surveys and questionnaires;

Online policy platforms that provide comparative evidence on policy practices, for example in terms of supporting public sector innovation;

Country reviews that represent an opportunity to dig in a country's stock of knowledge and that, in some cases, help to build some comparative evidence;

Committee and expert meetings. These may help to share policy practices through roundtables, and through circulating country profiles and other documents, facilitating a cross sharing of practical recent experience.

25. Government at a Glance is a key tool, and a long standing priority of the Committee. However, other mechanisms could also be mobilised to generate evidence. In some cases, partnership with external institutions and partners may also help to increase further the stock of actionable knowledge. During the discussion, representatives of the Committee’s Networks will briefly highlight examples efforts to develop an international knowledge base in specific areas of public governance at recent events (covering issues such as GAAG, innovation, budgeting, E-government and ICTs, and public employment).

Questions for discussion

- What are the key priorities and gaps in terms of comparative evidence on public governance that need to be addressed at the international level?
- How can countries generate and use evidence on public governance to implement effective public policies? What are the implications in terms of data gathering at the international level?
- What are the best approaches for the OECD to help support those efforts? How can the OECD draw on its core strengths to build the right actionable evidence?
- How can the OECD develop synergies between core products such as GAAG, and other more thematic or country based approaches?
Box 1. The contribution of the OECD to date

Through Government at a Glance, and its two editions in 2009 and 2011, the OECD is in a unique position to provide comparative indicators of government performance, from fiscal consolidation and public finance, to a detailed assessment of public expenditure. This covers budgeting, public employment, management and compensation, E-government practices, or integrity related issues:

- **Budgeting indicators**: The OECD Budget Practices and Procedures Survey is carried out by the Secretariat approximately every four years - with the first survey executed in 2003 and a revised, more comprehensive questionnaire distributed in 2007. The questionnaire covers budget practices and procedures throughout the entire budgeting process - from budget formulation, to approval, execution and auditing. The data will contribute to Government at a Glance 2013. In addition to featuring heavily in the forthcoming Government at a Glance 2013, country-specific data from the survey are made publicly available online, in the International Budget Practices and Procedures Database and have formed the basis for evidence-based analysis and recommendations in upcoming volumes of the OECD Journal on Budgeting and Country Budget Reviews. The main areas of budget indicators include: Central budget authorities: roles and responsibilities, Top-down budgeting, Budget flexibility, Fiscal consolidation, Fiscal councils, Fiscal rules, Medium-term budgeting perspective, PPPs, Financial management practices, e.g. accounting and audit, Budget transparency, Performance budgeting, Effectiveness of budgeting process, e.g. supplemental budgets and accuracy of projections. In 2007, both OECD member and non-member countries took part in data collection efforts, but data quality issues need to be addressed if the survey continues to be distributed to an extended number of countries. Extending the questionnaire more broadly is one of the strategic initiatives under the Governance for Development Pillar of the OECD Development Strategy.

- **Public Employment, Management and compensation**: the data are dedicated by a corresponding PGC network, which has been seminal in supporting not only evidence-based policy decisions but assisting to get a better understanding of the information available across OECD member countries. The PEM Network has built a strong internationally informed knowledge base through surveys complemented by expert meetings:

  - The Strategic Human Resource Management Survey;
  - The Survey on Compensation of Public Employees; experts meetings on specific topics such as compensation and diversity policies; and discussions and presentations during the PEM meetings.

The results are feeding into GAAG and country reviews (Ireland (2008), Finland (2010), Mexico (2011), Estonia (2011), and Slovenia (2012)) as well as thematic reviews (Belgium (2007), Brazil (2010)). The network also produced a thematic reports underpinned by comparative evidence: Performance-related pay policies for government employees (2005); Ageing and the public service: (2007); the state of the public service (2008); Public servants as partners for growth: toward a stronger, leaner and more equitable workforce (2011). A symposium on strategic workforce planning is planned in 2012. Work is in progress to assess OECD countries’ experience with performance-related pay policies.

- **E-government performance indicators**: The PGC network on E-government is developing methodologies to appraise the national efforts to establish an environment enabling the use of ICTs within the public sector, and to relate these efforts to the delivery of public services and policy outcomes in a broader sense. By using administrative data and considering inward-oriented indicators, this work aims to contribute to the development of impact-oriented e-government indicators. A clearer view of the inside will help detect ways to effectively and efficiently use ICTs to achieve public policy objectives and to prepare governments for greater agility. For instance, collecting data on ICT public sector expenditures serves two main purposes: to provide governments with metrics to better understand, compare and optimise ICT spending; and to establish links between government use of ICTs and the achievement of public policy objectives, e.g. better public service delivery. The recent Workshop focused on the methodology proposed by the OECD to collect data on ICT expenditures and use in governments. In the future, work is planned to develop effective tools to monitor and evaluate the implementation of large ICT-enabled investments throughout their life cycle. CIOs in several OECD countries have taken the lead in advancing shared services, applying business intelligence to support government operations, consolidating data centres, and leveraging partnerships beyond government for public sector innovation.

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Political advisors and integrity frameworks

Political advisors are essential to help leaders make informed strategic decisions, keep up with different stakeholders and accelerate government responses. Still, evidence from a recent OECD survey suggests that political advisors have become a source of public concern in many OECD countries Media and government enquiries have pointed out their growing numbers, the opacity of their status and the lack of clear accountability structures in which they operate. The Public Sector Integrity Network has carried out two surveys on ministerial advisors, highlighting current gaps in the governance framework. Miniserial Advisors: Role, influence and Management 2011). Monitoring the implementation of integrity frameworks is essential to ensure a sound and efficient management of public funds. The Public Sector Integrity Network will address the development and monitoring of integrity frameworks at the political-administrative interface.

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2 http://www.oecd.org/document/61/0,3746,en_2649_34119_2494461_1_1_1_1,00.html