PUBLIC MANAGEMENT SERVICE
PUBLIC MANAGEMENT COMMITTEE

SUMMARY BY THE CHAIRMAN

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The increasing importance of the governance dimension of a number of pressing issues in Member countries will require that PUMA be prepared to address how countries can keep a whole-of-government perspective in their public sector and remain adaptable, while preserving public confidence in fairness and democratic accountability. A number of PUMA’s activities, debated during the Committee meeting, are already showing the way:

Modernising Government

4. PUMA is reviewing OECD experience of ten years of public sector modernisation, with a view to assisting Members build a more adaptable public sector able to support a strong and prosperous society, while preserving underlying governance values. This study covers the following areas with the strongest potential to influence the incentives of public officials:

5. **Budgeting for the Longer-Term Future**: Over the past ten years, reforms in national budgeting and accounting systems have played an important role in changing the behaviour of political and administrative decision-makers. With the strengthening of transparent medium-term control of budget aggregates, and the introduction of accrual accounting, considerable progress has been made across the
OECD in reducing public deficits and in improving efficiency. The paramount challenge for this decade is how to reallocate resources in response to the changing needs of society, and how to make financial provision for adverse inter-generational trends. The Committee previewed two forthcoming OECD meetings on this topic, to be held back-to-back in Washington in partnership with US Congressional Budget Committee, and the Office of Management and Budget of the Office of the President.

6. **Governing for Results:** Bringing information on the results of public sector activities into public management systems has been at the heart of modernisation in OECD Member countries. The Committee confirmed the importance of linking performance at the whole-of-government, sectoral, organisational and personal levels of management. It confirmed the strong links between the management reform agenda and good governance - especially in providing Parliament and the public with better quality accountability. An issue for particular attention is how to get more coherence in the functioning of strategy, budgeting, regulation, accounting, internal control, audit, evaluation and personnel management, in different cultures.

7. **E-Government:** The Committee strongly endorsed the case presented by Don Lenihan, of the Centre for Collaborative Government in Canada, for seeing e-government as an important driver of reform in public administrations, with implications that go far beyond the electronic delivery of services. By the same token, e-government is an important tool for promoting good governance, but only if good governance principles are embedded into e-government planning from the outset.

8. Members stressed the need for the Project to address the real challenges to implement and sustain e-government reforms: challenges such as understanding consumer and citizen needs; developing whole-of-government approaches across decentralised administrations; and assessing funding needs and potential impacts. The Committee also emphasised the need for the Project to produce intermediate outputs prior to the Final Report due in early-2003, in order to share early findings with Members.

9. **Distributed Public Governance:** The Committee saw a need for PUMA to pay more attention to the governance of those agencies, authorities and other public bodies which operate with some independence from the centre of government. More than half of the public expenditure and employment in OECD countries is through such bodies.

10. Such bodies are increasing as countries look for organisational forms which encourage sharper customer focus, more flexible management, client engagement, or independence from inappropriate political control. Over time however, some Members have found that the collective public interest has in some cases been impaired where the independence of these bodies has reduced co-ordination, transparency and accountability.

11. The Committee commended PUMA for crystallising the issues arising from “Distributed Public Governance”, and endorsed the work of helping Members identify and address governance problems involved.

**Horizontal approach and globalised impact**

12. PUMA’s work has also had broad relevance to issues being tackled horizontally by the Organisation.

13. **From Interventionism to Regulatory Governance:** Regulatory policies, located within a broad and coherent policy framework, can simultaneously improve economic efficiency and dynamism and improve governmental capacity to protect other important public interests. Countries welcomed the report on the implementation of the 1995 Recommendation of Council of the OECD on Improving the Quality of
Government Regulation. They also confirmed a basic message of the report that an effective regulatory policy is a mix of deregulation, re-regulation and better quality regulation, backed up by new or improved institutions.

14. The Committee agreed unanimously to submit the report to the Council as soon as it is finalised. They also recommended that PUMA should continue updating and monitoring the application of the Recommendation in the context of the ongoing activities of the Working Party on Regulatory Management and Reform.

15. **Sustainable Development:** Through its active contribution to the OECD’s work on sustainable development, PUMA has stressed the governance stakes of long-term and cross-cutting policies. In meeting this challenge, it has drawn on important aspects of its mandate and work programme, in particular on improving policy coherence. The Committee reviewed the results of the seminar on improving governance for sustainable development (22-23 November 2001), including a draft checklist with concrete criteria for improving policy-coherence and integration of sustainable development. The Secretariat (the Environment Directorate) presented the contribution from the OECD to the forthcoming world Summit on Sustainable Development (Johannesburg 2002) and beyond, and the Committee supported further contribution to horizontal efforts in this area. In particular, the Committee recommended that PUMA should continue to make a key contribution to the 2001 ministerial mandate on improving coherence and integration of economic, social and environmental policies. Committee members suggested the following priority areas: Including sustainable development concerns into the Budget process, fostering institutional co-ordination, applying a sound mix of policy instruments, and broadening public participation for sustainable development.