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Summary of Conclusions of the Experts Meeting on “Devolving Power to and Controlling More Autonomous Public Bodies: the Governance of Public Agencies and Authorities”

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Summary of Conclusions of the Experts Meeting on “Devolving Power To and Controlling More Autonomous Public Bodies: The Governance of Public Agencies and Authorities”
Held in Paris at OECD Headquarters on 19-20 April 2001

Background

1. While some countries like Sweden have had a long history of using relatively more autonomous public bodies to deliver services, prepare and implement new regulations, or even make policies, there has been an explosion of agency creation since the mid-80s during the search for efficiency, additional savings, improvement in service delivery, and getting citizens closer to public decision making. These “agencies” function at arms-length (or further) from the main hierarchical “spine” of central ministries/departments of state, operating with some degree of independence from political direction by the minister or political leader and/or enjoying autonomy in their administrative affairs. There has also been a significant increase in the number of “independent” bodies allowing “independent” experts, as well as affected citizens to be drawn into the decision making process in specific areas, and sometimes make regulations.

2. Since this generally successful wave of “agency” creation, the widespread willingness to unbundle the state have been slowly replaced by concerns over the loss of political control, possible weakened public accountability, the fragmentation of policy making, as well as an increasing danger of unethical conduct in the public sector.

3. The goal of the project is to help OECD Member countries strengthen the governance arrangements of their “agencies”, by better balancing autonomy and accountability requirements.


5. The meeting gathered experts from 12 OECD Member countries, including, Canada, France, Germany, Iceland, Korea, the Netherlands, New Zealand, the Slovak Republic, Spain, Sweden, the United Kingdom, and the United States. All participating countries except Iceland, Korea, and the Slovak Republic provided a country report and specific agency case studies following guidelines that the Secretariat had prepared and gave a presentation on the respective governance arrangements in their respective countries.

Conclusions of the Meeting and Future Areas of Work for PUMA

Building a common language and understanding on the agency issue: streamlining agencies’ taxonomy and drawing out the rationale for different organisational forms

6. Country reports as well as country presentations and discussions showed that the types, the forms, the legal statuses, the numbers, the employment rules and the governance arrangements of agencies are many in each country. Experts underlined that it was crucial for PUMA to define a common language and a common understanding of the organisational forms of agencies by preparing a “taxonomy” and a conceptual framework for understanding organisational issues. They also underlined the need to gather data on the machinery of government to compare the types, the numbers, and governance arrangements of most semi-autonomous public bodies. This will make further comparisons between countries more meaningful.
7. PUMA will carry out this work in the next few months by gathering facts and data on the organisation of the state in Member countries. It is likely that PUMA will have to prepare a fact-finding mostly qualitative survey in order to be able to gather comparable data. In a second stage, PUMA will be able to define a taxonomy and a common framework for the understanding of state organisational issues. PUMA will publish the results of this research and taxonomy before the end of 2001 in a formal publication and on the Internet.

The governance structure

8. The governance structure of agencies seems to be the most important concern of countries which have recently gone through a major wave of agency creation (as opposed to the product of the natural evolution of the institutions), including New Zealand and the United Kingdom. The governance structure includes topics such as the role and appointment of board members and CEOs (as well as the different kinds of boards), the rules of their remuneration and other incentives, the relationship between the reporting minister(s) (including Ministry of Finance), the Board’s chairman, and the CEO of the agency.

9. PUMA will continue its research in this area and map out internal governance arrangements for the different types of agencies. Results of this work will be published before the end of 2001.

Reporting to central ministries on performance

10. The issue of the type and quality of performance reporting as well as the capacity at central government level to monitor performance is an issue of concern to most countries.

11. An expert meeting will be held in the Autumn 2001 focussing on the implementation and experience with results based budgeting and management at agency level. Representatives from Ministries of Finance or central public management departments will be invited together with agency directors or units with responsibility for budgeting and management systems within concrete agencies. This will enable a dialogue about the actual implementation and challenges in regard to performance focussed budgeting and management systems at the non-central level of national government. The meeting will result in an issues paper (10-20 pages) and country reports from participants to the meeting. The paper will be printed as an article in the OECD Journal on Budgeting. The country reports will be published on the Internet. The results and insights will feed into the stocktaking international conference in summer 2002 on results based management and budgeting in OECD countries - evaluating 10 years of reform.

Policy making and agencies

12. The issue of the capacity at central level to monitor the agencies without managing them (including financially), and to report to whole of government on the activities of the agencies is the main concern of many countries with a traditionally more centralised central government. It also relates to the question of what level of policy making should be delegated to what types of agencies and how central government maintains a whole of government perspective on its activities and on its organisation (e.g. differentiated status for public agents).

13. PUMA will start a new sub-project on this topic. It is envisaged that a meeting will be organised in 2002 to do an in-depth review of mechanisms of central ministries’ monitoring and “pilotage” mechanisms of agencies. Participants will include high-level civil servants in charge of state reform, or from cabinet offices and general public management departments. Conclusions from the meeting will be published before the end of 2002.
Transparency and accountability of agencies to Parliaments, representative bodies, civil society and citizens.

14. In the overall governance framework, it was noted that the agency system and accountability arrangements are unclear to citizens, and their representative bodies (including local assemblies and parliaments). PUMA will look at problems encountered by countries in this area, as well as efforts at making the system and accountability arrangements more transparent and improving the relationships with Parliaments and citizens. It will also address issues related to the capacity of Parliament to analyse data provided on the activities, the performance and the accountability arrangements of agencies.

15. Part of this project will be built into PUMA’s project on government-citizen connections. The part of the reporting mechanisms to Parliament will be integrated into PUMA’s project on Parliament.

Conference for Agency Heads

16. PUMA is considering holding a major governance symposium for agency chief executives in the first half of 2002. A complete publication gathering the results on all the above sub-themes should be ready by the end of 2002.