Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development

OLIS : **13-Aug-1999**
Dist. : **16-Aug-1999**

_____
Or. Eng.

PUBLIC MANAGEMENT SERVICE
PUBLIC MANAGEMENT COMMITTEE

**SYNTHESIS OF REFORM EXPERIENCES IN NINE OECD COUNTRIES:
GOVERNMENT ROLES AND FUNCTIONS, AND PUBLIC MANAGEMENT**

GOVERNMENT OF THE FUTURE: GETTING FROM HERE TO THERE

Symposium to be held in Paris, 14-15 September 1999

For further information, please contact Anne-Marie Leroy, Tel: (33-1) 45 24 93 59; Fax (33-1) 45 24 17 06; E-mail: anne-marie.leroy@oecd.org or Jeanette Schollum, Tel: (33-2) 45 24 16 37; Fax: (33-1) 45 24 87 96; E-mail: jeanette.schollum.@oecd.org

80561

SYNTHESIS OF REFORM EXPERIENCES IN NINE OECD COUNTRIES:

GOVERNMENT ROLES AND FUNCTIONS, AND PUBLIC MANAGEMENT

Part I.   Background and Context for Reform

Introduction

1.   The last two decades have seen many OECD countries fundamentally reviewing the state's roles and functions, reappraising the extent and form of state intervention in society and the economy and carrying out an impressive number of public management reforms. The re-examining and reforming of the state's roles and functions has been carried out as a component of a wider suite of governmental and public management reforms. Active reformers include countries with vastly different geographical locations, populations (size and composition), income levels as well as different cultural, historical, political and constitutional make-up. The nine countries[1] in the study represent a mix of reform experiences and cover most, though not all, of these categories. Most notably outside the scope of the survey are Asian as well as Eastern European countries.

Background to Reform - Internal and External Pressures

Governments: overextended and unaffordable…

2.   Without exception, in the countries in the study, government roles and functions had expanded dramatically during the 1960s and 1970s as a means to improve the infrastructure, to strengthen the welfare state or to provide employment. As a result, the reach of government came to extend into almost every sphere of activity in the lives of citizens, and the business and community sectors. Governments set policy, determined regulation, subsidised certain activities, and owned, funded and delivered services as diverse as finance and insurance as well as welfare services including almost all education and health services. Energy, environment, agriculture, housing and many other services were also covered, including those associated with developing the basic infrastructure (such as railways and roads). The service provision by the state extended well beyond what might once have been considered the traditional 'core' activities such as law and order, personal and public safety, and national security – into many with commercial objectives.

3.   The extent of welfare provided by the state had grown steadily in all countries in the study, and in some more than others, especially where governments had taken on massive social security functions to renew obsolete social structures or to mobilise the economy where countries lacked sufficient capital for instance after the Second World War. Besides a lack of domestic, private capital, risk of foreign domination of the economy, and monopolistic tendency of some sectors motivated the level of government involvement.

---

[1] Canada, Finland, Germany, Ireland, the Netherlands, New Zealand, Norway, Portugal, the United Kingdom.

4.   Public expenditure mushroomed as a result of increased production of public - mostly welfare - services focused on consumption. In one case, the volume of public consumption expenditure grew in the 1980s at a rate of almost 4 per cent per annum, with the state funding most welfare services according to obligations in sector-specific legislation. As a result, public spending outstripped all other areas of expenditure, and as a percentage of GDP, public spending was greater than the average for all other OECD countries.

... leading to mounting fiscal pressures

5.   The expansion of state activities resulted in strong growth of the public sector, with sizeable increases in the cost and numbers of public employees. The growth in public expenditure led to mounting fiscal pressures. By the mid-1980s, the contraction of economies strained the ability of governments to meet the mounting cost of welfare.

6.   In some countries a view gradually emerged that welfare functions had expanded even at the expense of the core functions. Welfare policies had achieved significant gains in the health and education status of citizens but fell short of the promises of economic and social prosperity. Not all had benefited (nor benefited equally), and the welfare state was neither as cost effective nor as liberating as people had expected. The state was often thought to have taken over many basic care roles that were once provided by family and communities and this was thought to have weakened certain social values and norms. For some, welfare acted as a disincentive to work and diminished individual responsibility.

Shift in thinking on the role of the state

7.   At the same time, a discernible shift was occurring in the perceptions about what should be the scope and scale of the state activities vis-à-vis citizens, markets, private and community sectors. In some countries, the role of the state was being questioned by Parliament and other actors even though no formal discussion might have been underway in government at the time.

Optimum state size?

8.   Questions were raised as to what size public sector was required, and at what cost, for national economies to perform well and be more competitive in globalising markets. Ideologies asserting "smaller government as better government" had a certain appeal for encouraging reduced public spending and exposing the public sector to competition. At the same time, however, voices were heard questioning the value of the issue of an optimum state size, the argument being that more important than size was the question of what the state did, and how well it did it.

Global influences and the international environment

9.   With the onset of globalisation, decisions on roles and functions that were previously a domestic responsibility were greatly influenced by the international arena, raising concerns about sovereignty being impinged. Even so there were benefits, as the policy influence of governments could then extend beyond national borders. At the same time this increased pressure on policy-making capacities. Governments were criticised for their lack of capacity to respond quickly and effectively to strategic issues and for failing to leverage off opportunities in emerging markets offered by, among others, new technologies. Conflicts inherent in combining multiple roles (for instance, policymaker, regulator, monitor, competing service provider, funder), often with conflicting objectives, became obvious. Governments were also criticised for

not focusing their efforts on functions that no other actor could legitimately undertake and to which they could add highest value. There were also pressures for governments to take on new, more strategic functions with broad and long-term implications, even though their attention and resources were already fully absorbed - and thinly stretched - in coping with the day-to-day business and issues of immediate concern to the public.

10.   Increasingly countries realised they could not continue to isolate themselves from the effects of globalisation in which capital, information, ideas, technologies, goods and services, as well as people (including labour) were moving at an unprecedented volume and speed across national boundaries. Especially the globalisation of markets and labour, accompanied by the pressure on the interest rates, increased the need for competitiveness. The accelerating rate of change and the introduction of complex, new technologies put governments and the private sector under new pressures to become more efficient. Also, overuse of as well as poor-quality regulation imposed high costs and impeded business efforts in domestic as well as external markets. The greater complexity, interconnectedness and volume of issues made it too difficult for governments to cope alone; fresh thinking was needed.

11.   More and more, government policymaking needed to better take account of business concerns and be more attuned to changing economic circumstances. In determining whether or not government should intervene through regulation, service provision, or other means, market failure considerations usually dominated decisions with little or no consideration given to the possibility and cost of government failure. Yet instances of government failure clearly had occurred in areas such as education, equity, health, and redistribution of wealth.

The cumulative effect of economic and fiscal pressures

12.   In all countries in the study, reform of government roles and functions was launched not because of any one single identifiable pressure, but as a result of the cumulative effect of a number of pressures, internal as well as external. Nevertheless, global economic and domestic fiscal pressures were the most consistent and determining trigger for reform without which only minimal change occurred. The greater these pressures, the more extensive the reform. The countries that experienced least pressure appear to date to have undertaken least reform of roles and functions, but have pursued initiatives to improve the performance of their administrations. In some cases, there were signs that strategic management initiatives underway and growing pressures to expose the public sector to competition might have pushed reform of roles and functions higher up the government agenda.

International and internal pressures

13.   Yet other pressures came from international bodies that exerted direct and indirect pressure and played in many countries a decisive role in getting reform started, contributing to a climate of reform by communicating a rationale for reform to governments through expert reviews, reports and international comparisons. For example the European Union, in particular through the implementation of the third phase of the European Monetary Union, put pressure on a number of the EU countries to improve economic efficiency and in this context to review the state's roles and functions.

14.   External bodies, such as the OECD and WTO, often influenced the direction of reform and supported it through the publication of comparative information about countries. This provided objective information to politicians and the public alike, challenged the status quo, revealed different ways of operating, and put pressure on governments to respond. Even where a country lacked economic imperatives to reform, and had the luxury of not doing so, reputation-conscious governments, sensitive to unfavourable comparisons with others, initiated albeit moderate change. Alternatively, reform-minded

4

governments or individual ministers championing reform were able to use rankings to raise awareness and build a critical mass to support reform agendas.

15.   Reforms in other OECD countries often gave an impetus by providing information and models on problem solving. Early reformers were particularly important in this regard through sharing both the lessons learned and the pitfalls to be avoided. Although lessons derived from successful – as well as unsuccessful – country experiences were not directly transferable to other countries, they did play an important role in illuminating the questions faced in different countries, the conditions under which success or failure took place, and the kind of capacities needed to achieve success. Equally importantly, sharing these experiences made known good or promising practices and stimulated new thinking, often assisting in the reform in other countries.

Sources of learning

16.   For some countries, research institutes (private and public, domestic and external) and the private sector challenged existing thinking on roles of government and influenced public opinion. In some countries, bodies of industry and commerce actively promoted change, and bodies with representatives from different fields were likewise influential in promoting reform. On occasion, opposition parties and governments commissioned private bodies to research or develop policy ideas on options for reform. Also the pressures from the private sector and international competitors to expose the public sector to greater competition provided a powerful stimulus to raise this issue, albeit often indirectly.

17.   Ideas derived from theoretical developments, for instance institutional economics, public choice theory, agency theory, transaction cost economics, psychology (insights on drivers of behaviour) and general systems theory, challenged existing thinking and offered new insights on what a government should do and how it should do it, and influenced the thinking of key politicians and officials in some countries. Several countries commented that the contribution of universities was limited to providing *ex-post* analyses of reform rather than influencing reform *ex ante*; however, this was not a case in all countries where university expertise was drawn upon.

Citizens' expectations

18.   An additional pressure for reform came from a widening gulf between the citizens' expectations and the capability of governments to meet those expectations. Too often government was seen as incapable of delivering on promises made, overly bureaucratic, resource hungry, inefficient, and delivering services not well targeted to changing needs and preferences. Citizens showed reluctance to accept increased taxes. As customers and tax-payers, citizens wanted better value for money and demanded better focused, more efficient services at less cost. Governments were expected to be more market oriented and function more efficiently and effectively without cutting the level of services.

19.   A growing disenchantment with government performance added further pressure for reform. New technologies were opening the way for new methods of service delivery and gave citizens immediate access to information sources and services available elsewhere. Comparisons were quickly made when domestic services failed to match those of other jurisdictions, and governments were often judged too slow in mining the gains from new technologies. The private sector had become more client-oriented to remain viable and competitive and in doing so had contributed to raising public expectations and reduced tolerance for substandard services. A more educated, articulate and diverse citizenry expected services tailored to meet their particular needs and were no longer prepared to accept a one-size-fits-all approach.

20.	Even so, some governments continued to provide services which were no longer necessary or more appropriately the responsibility of individual citizens, and others which could have been better provided by markets or communities, putting governments thus in direct competition with the private and community sectors.

Pressures: not to be ignored

21.	The mounting pressures on governments to reform could not be ignored. Some relied on reform of their public administrations to achieve efficiency savings, but alone this measure was seldom enough, leaving unanswered the fundamental question about what the role and functions of a modern state should be.

22.	This kind of questioning was profoundly challenging to governments and demanded sustained political determination to bypass powerful vested interests wanting to secure and protect privileges and entitlements - no easy task for any government and often politically risky. Constituencies commonly viewed change as a threat and disturbance, overlooking the opportunities it afforded. But where there was convergence in public and political views about the seriousness of economic and fiscal realities, governments felt mandated to make comprehensive, transformational change to its activities which continued even after the economic situation had improved. Where countries had less compelling economic circumstances to undertake change, reform was more generally *ad hoc*, slower to emerge and more incomplete by nature. On the other hand, on-going, occasional or incremental changes did in totality amount to more considerable change.

Part II. Redefining the Roles and Functions of Government

23.	The pace and scope of reform varied between countries, with the actual reforms often being interrelated (for instance budget cuts, termination or reduction of certain functions, privatisation and corporatisation with exposure to competition, improvements to service quality, accountability and transparency). In ideal circumstances, the reforms were mutually reinforcing and were used to leverage further reform. Increasingly governments withdrew from ownership in favour of working within framework policies. The public sector was exposed to competition and introduced market mechanisms such as user fees and contracting out. Many functions were shed to the private or community sectors or, where appropriate, shifted to lower levels of government. The boundary between the public and private sectors became more blurred, and the co-operation and partnership between the two was strengthened, along with a trend towards decentralisation and deregulation.

24.	As a result, many countries became less involved in production and actual service provision, which meant that they could focus more on core activities and strategic concerns. Thus rather than "shrinking in functions" – often thought what the government ought to be doing – government may in fact have been shedding functions better attended to elsewhere and taking on other, more strategic ones.

25.	Reform of roles and functions often meant that citizen choice was expanded, both with regards to the range of services that could be accessed and the alternatives for accessing. At the same time, the role of the community and non-profit sectors were emphasised. More than before, governments sought to work in co-operation with the community and private sectors through partnerships, participating for example in the production of formerly state-run public services and in caring for the less privileged. Many countries affirmed policy making and its co-ordination as critical 'core activities' and sought to strengthen this aspect of government activity.

26.   There were many instances where changes to the roles and functions of government were undertaken in tandem with reviews of machinery of government and public management reform in general. For example, in looking at the allocation of functions to particular departments, questions were addressed about whether a government still regarded these as activities that the government should continue to provide.

Approaches taken by countries in the study to changing roles and functions of government

27.   Competition pressures also raised awareness of the need to address questions on state roles, even in governments reluctant or opposed to facing such questions directly. In countries in which the goal was to reduce expenditure growth rather than to reduce the public sector there emerged an awareness of the importance of clarifying government's role over the short and medium-term in order to plan effectively for the future. This step can help avoid having change imposed by pressures in the national and international environment.

28.   Eventually, pressures to re-evaluate state roles and functions led to different actions taken in this direction. In some countries, government decisions or resolutions calling for an evaluation of the state functions, greater citizen responsibility, and enhancement of state's steering role with state-owned companies and state associate companies were issued. In others, initiatives on strategic management provided a logical step for systematically questioning the allocation of resources to various priorities and leading towards consideration of the roles and functions of the state.

29.   In many countries, comprehensive reform of the state sector coincided with wider economic and structural reform and a move towards a liberalised economy. Approaches taken to changing government roles and functions can be roughly categorised in the following way:

- *Ad hoc, one-off reviews* -- often opportunistic, fiscally driven and aimed at reducing expenditure and public debt.

- *Incremental change* -- decisions taken within a certain sector and rolled out to other sectors (use of windows of opportunity).

- *Comprehensive and fundamental review* -- based on criteria or principles set down to guide review decisions across whole of government.

- *Continuous ongoing reform.*

30.   Although one approach often dominated, a blend of approaches for redefining government roles was evident in several countries in the study. In some countries, a lack of incentive to reform initially saw little change to roles and functions. In others, reform was a reactive response to fiscal pressures. But over time a number of countries adopted a wider set of considerations that included a fundamental reconsideration of the roles and functions of government within the economy and society, raising questions such as effectiveness, strategic priorities, where government was able to add most value, and what activities would be most appropriate for the state to be involved with in the future. Even in countries with low economic or fiscal incentives to reform, a trend towards redefining roles and functions began to emerge.

Ad hoc, one-off reviews

31.   Ad hoc, expenditure-based reviews tended to be opportunistic and launched as an immediate response to budget crisis and fiscal pressures in general. Changes to government functions were initially

largely reactive, driven by the need to reduce, restrain, and control government spending. Early reform efforts emphasised dramatic reductions to expenditure through budget cuts which were at times untargeted, across-the-board, and relied heavily on organisational downsizing. Generally, this approach involved only a limited reconsideration of what the state's roles or functions should be. A basic problem of the approach was the dominance of economic, fiscally driven factors, with little account taken of a wider set of objectives; consequently, the reformers had repeatedly to come back to deal with the same problems.

32.   Yet at times this was not the case; governments did consider broader objectives with the result that functions no longer considered necessary or a priority were terminated, while others were severely reduced or better targeted (for instance, welfare activities). A positive outcome was that many decision makers became more conscious of the need to make ongoing adjustments and prepare for the future.

33.   There were many examples of successful ad hoc reviews, with success depending on aspects such as good timing, strong political support, and public opinion; in other words, on a widespread acceptance that there was a problem.

34.   Privatisation was one of the means that was sometimes successfully used to respond to the crisis situation. In retrospect, this kind of a "responsive" use of privatisation might sometimes have included an overtly negative view of government capability and led governments to privatise without adequate consideration of other options. At times the rationale stemmed from a negative or deficit view of government competency, identifying what governments had a reputation for doing least well. Slogans such as "smaller government is better government" and "give it to the private sector because they manage it better" supported the shedding of activities that government had a reputation for doing least well. The experience, though, showed that this approach was not altogether the best way; instead, a proper analysis of each situation was needed to consider and to analyse the various choices. Several countries noted that in retrospect businesses might have been undervalued and sold for less than the real value (telecommunications) or without considering all the options (energy).

Incremental change

35.   Incremental change involved a more cautious approach to reform. Basically, it had to do with a more systematic use of "windows of opportunity", waiting and preparing for an opportunity and making use of it once it was at hand. Typically, decisions taken in one sector and based on certain principles were in due course rolled out across other sectors.

36.   In countries that adopted incremental approaches to change, no fundamental review of government roles and functions was undertaken; instead, a set of principles was developed to apply to decisions with implications for roles and functions. This approach may have been evident, for instance, in the use of market mechanisms linked to policy implementation; the question whether the use of market mechanisms added value to policy implementation was considered on a case-by-case basis.

37.   In one country, incremental change involved a programme which had as its leading principle the restriction of state activities to the core functions. Core tasks were regarded as sovereign tasks which could not be transferred to the private sector and had to be performed by the state. These tasks were to be decided on a case by case basis by the legislator. Reforms carried out to put this principle into practice included measures in the fields of, for instance, performance measurement, deregulation, assessment of the impacts of regulation, privatisation, and structural change - each being carried out when the opportunity presented itself, that is, when the time seemed ripe for the change.

Comprehensive and fundamental review

38.   This approach was characterised by the application of frameworks comprising a set of principles or criteria allowing a systematic examination of the roles and functions of government. These frameworks addressed issues such as the core tasks of a government seeking an effective and efficient state; a government's comparative and strategic advantage over other actors; the activities to which government was able to add most value; tasks that were thought to be more efficiently and effectively performed by other actors (market, private or community sectors); other tasks government might have wanted to do but that could be done as well or better by a different provider; roles and functions that government might have wanted to perform in the short term, but move out of over the medium to longer term; and questions of whether there were new, more strategic functions that government might have wanted or needed to take on immediately or in the near future.

39.   Furthermore, principles were adopted that emphasised a better definition of departmental functions. Departments were to have clearly specified, non-conflicting functions; in some countries, policy and service functions were to be separated where practical. Managers were to be made fully accountable for the efficient running of their organisations and directly responsible to ministers. Policy functions that related to the full range of the government's interests and responsibilities and regulatory and service delivery functions that related to the state's constitutional and coercive powers were to be located in departments. The costs of state activities were to be fixed as far as possible by real market factors. Corporatisation with fully commercial functions remained the responsibility of the state to operate in private sector forms under the governance of boards, paying tax and dividends, and trading enterprises were to be structured along the lines of private sector business to be able to operate most effectively and efficiently. state agencies were to have unambiguous and transparent purposes and clear goals, and cease other activities.

40.   In comprehensive reviews, each decision on the location of a function generally involved an analysis on where it would be best located. This analysis involved consideration of questions of capability of the public sector and the private and community sectors.

41.   Within the framework of comprehensive review, reform of functions and roles was generally carried out simultaneously across all areas of government activity. Decisive factors for the success included elements such as strong ministerial commitment and support as well as the application of analytical tests and the previously discussed principles to the expenditure and other questions.

42.   Ministerial support was commonly promoted by goals of reducing spending and the fiscal deficit. A sense of urgency and a common commitment were achieved by means such as introducing budget targets for each department, with no exceptions allowed. Having a ministerial committee including ministers from social as well as economic policy areas set the target served to achieve buy in across government.

43.   To evaluate all budgets and programmes, a set of analytical tests could include questions relating to the public interest (whether the programme or area of activity serves the public interest), the role of government (whether there is a legitimate and necessary role for the public sector in this area), partnership (the activities or programmes that were best provided, in whole or in part, by the private or voluntary sector), efficiency and effectiveness (how the programme or activity could be improved if continued), and affordability (whether the activities or programmes were affordable within the fiscal parameters of the government). Where ministerial interest was low, changes were at times incremental and at the margin. Yet the approach, the clarification of mandates across government, led in general to a clearer definition of the government role.

44.   Other approaches within the comprehensive review involved actions such as systematic reviews based on law of the executive agencies and non-departmental public bodies. Sometimes, based on a set of principles such as those discussed above, an ongoing review process was built to the policy agenda of the government.

45.   Under the comprehensive review, all commercial activities were generally to be privatised, or corporatised where the government still wished to pursue social objectives.

Continuous ongoing reform

46.   The evolution in reform of government roles and functions was towards ongoing, continuous review. This was the case for countries that initially carried out extensive "big bang" reforms as well as for those countries in which the circumstances throughout the reform process favoured incremental change. Thus in countries in which there had been a need to carry out extensive "big bang" reforms, there was a shift towards a slower-paced reform and in countries that had adopted incremental reform the mindset continued to be towards ongoing change. The culture of change had become more a part of the reform mentalities.

Measures Carried Out in the Context of Changing Government Roles and Functions

Corporatisation and privatisation of activities with commercial objectives

47.   Many former state functions were corporatised, or privatised if they had commercial objectives, were seen as having no clear government role, or were thought to be best left to the private or voluntary sectors.   Many governments withdrew from banking, rail and air services and some infrastructure provision, and some governments withdrew from postal services. In some instances, Corporatisation was a step towards privatisation, but not necessarily so. Activities with commercial objectives but which the government wished to retain in public ownership were corporatised and expected to perform under private sector conditions – i.e., expected to show a profit. Where government wished to achieve social objectives these were made explicit and "purchased" by government.

Shedding roles and shifting functions to lower levels of government

48.   Some countries shifted functions to lower levels of government to reduce or avoid overlap with other jurisdictions or levels of government as well as to achieve more responsive services made possible by placing delivery closer to the client/citizen group. In others, the decentralisation of authority from the national level of government to lower levels took place in tandem with more result-oriented management though no explicit connection was drawn between the two. In some countries with a history of extensive state subsidies to municipalities, a severe recession forced a rationalisation within the system, with the self-government of the municipalities made stronger so that the municipalities could more than before prioritise subsidies according to the local needs even if still having to fulfil law-based obligations.

Role of different stakeholders

Ministers and Legislature

49.   In all countries achieving successful reform of roles and functions, the commitment and continuous support of the **political leadership** was crucial for providing direction and continuity for the reform and defining the roles of the various actors, including the public service, as well as ensuring

protection of the public interest. Without continuous political support reform tended to be piecemeal, difficult to sustain, prone to political whim and discontinued at times of changes of government.

50.   The naming of a key **minister or ministers** responsible for the reform was often critical for successful reform. The strong role and commitment of the Prime Minister generally proved to be an essential factor; yet the key minister needed not necessarily be the Prime Minister. The commitment of an influential minister or ministers in charge of the reform to oversee reform and implementation varied from country to country and was influenced by factors such as the culture, traditions and the Constitution of the country. Leadership and buy-in of senior ministers was critical especially in discouraging exceptions to decisions on investments and savings across sectors.

51.   To ensure continuity of reform across electoral cycles, sufficient consensus and networks across **political parties** were often decisive. This was especially so when subsequent elections led to a change of government. Timing issues were important. To try and drive through reform at the approach of an election usually resulted in wasted effort and created cynicism about the willingness and capability of governments to achieve change.

52.   The establishment of an **oversight committee** was a useful mechanism in a number of countries for achieving broad government buy in for reform. It provided a forum for ministers to raise concerns and formed an effective means of seeking consensus or support for reform. Several countries reported that to give responsibility to what was perceived as an existing low-status committee could be the death knell of a reform programme. Coalition agreements were another way of tying ministers to a reform pathway.

53.   The role of Parliament did not seem to be linked to the Constitutional arrangement of the country. Ministerial responsibility to **Parliament** was, in parliamentary systems, the traditional way of engaging politicians in reform. The role of politicians through this mechanism varied in different cases and countries. In reforms such as expenditure management system, the role of Parliament was relatively strong, leading to a more open information delivery to Parliament, a broader set of reports on priorities and performance measures, and a more active involvement of Parliamentary Committees in scrutinising the reform. In some cases, Parliamentary Committees' role was very central in, for instance, enabling opposition politicians to influence the state sector reform or to review reform programmes. In consensus cultures especially, the more relevant the change politically, the more carefully Parliament needed to be informed and consulted. Discussions in Parliament and the attention by the media were likewise traditional ways for politicians to influence the reform processes. In Federal countries, the Members of Parliament could use the experience they have gained at the local level (Länder).

54.   The establishment of a special Parliamentary Committee with cross party involvement could give added status to a programme of reform. The use of legislation was an important means for ensuring that reforms were implemented and maintained. The experiences in some countries showed that winning Parliamentary support called for maximum openness and information with Parliament, citizens and in general those affected.

55.   If the role for **politicians outside cabinet or government** was very limited, little or no cross political party support was normally achieved. With a change of government a reform initiative was likely to be discontinued. Sometimes, a new government might have felt tempted to seek popularity by engaging in activities known to be strongly supported by public and across the different political parties. These kinds of reforms were also easily picked up and continued by the following government, even if under a different heading. The more difficult issues, such as questions of principle related to the role and functions of state, were easily pushed aside in favour of popular politics designed to hold public favour; government policy then was reactive rather than proactive. Lack of a sufficient support might also have hindered the

achievement of critical long-term objectives and failed to achieve a mandate for change. (e.g. difficulties of introducing more competition and easing regulatory control) .

56.   The role of a key **Public Service agency** was in some cases decisive in supporting the Prime Minister, the responsible minister(s) and/or cabinet to stay strong on reform decisions, embedding reform into long-term decision-making processes, and securing continuity of change.

Departments and agencies

57.   **Central agencies and line departments** might have been important drivers of reform, especially during the implementation phase. Where the public service worked closely with the ministerial level the reform was strengthened. The role of a certain Ministry, for instance that of Finance, the Interior, or the Office of the Prime Minister, sometimes played a strong role in the reform. To accomplish wide across-government, horizontal support, special organs were often useful to co-ordinate within the government, to support the lead minister, and/or to assume responsibility for government-wide communications about the reform. In general a clear drive from the centre was essential to achieving success. Yet without the commitment of the line departments real change was difficult to achieve. In some countries central agencies worked closely together, performing the functions of a corporate office for government and working together with line departments.

58.   In yet other countries a **sectoral ministry** bore the overall responsibility for reform of the appropriate sector, with in some cases a general role for certain Ministries, such as those of Finance, of Government Administration and the Office of the Prime Minister. Even with a division of labour as clear as this, real change was generally accomplished through close consultation and co-operation between the ministers and ministries. This was so especially in countries where the tradition of consensus politics was essential and where strong support of all the central ministries was needed for reform.

Involving the public

59.   Public consultation was considered essential in achieving broad reforms in order to build understanding and support for reform. Transparency was important not only for buy-in but also for continuity of reform and the commitment across a wider spectrum of actors; sometimes the elections led to the end of the central programme of the previous government due to what was felt to be insufficient involvement in the development of the programme.

60.   Sometimes consultation had a long tradition of being "built in" to the culture of the country and imposing decisions by government was only done when considered absolutely unavoidable. Some countries had legislation in place obliging government to consult citizens and organisations whose interests were affected. While this sometimes restricted the action by government and took time, it did generate support for reform across a wider audience.

61.   Two country examples highlighted instances in which public perception proved to be decisive for a reform failing or succeeding. In the first, a failure to involve the major stakeholders, including the public, and the subsequent failure to carry out the intended reform led to the adoption of a wide consultation process when carrying out reform. The second involved major changes to delivery of basic services (banking and postal) previously undertaken by government. In this case the public was not adequately informed about the alternative way that was to be put in place to replace the delivery of these services by government. Public opinion especially in the rural area reacted strongly and could have become a major setback for the reform. Subsequently, the need to inform and involve the public more

fully about reform - particularly when it concerned matters that touch the day-to-day life of citizens - was recognised as essential.

Part III. Public Management Reform

Introduction

62.   The pressures - mainly the economic and social pressures stemming from the changing domestic and external environments - that pushed governments to review and redefine the roles of the state were largely the same as those that led governments, in the surveyed countries, to launch significant public management reforms. In this part of the paper, these pressures will be discussed from the point of view of the influence they had on public management reform. Besides pressures, this part will address issues such as reform context, the reforms carried out, strategies and decision-making frameworks, public management review and evaluation, the role of different stakeholders, communication and consultation with the public, and lessons learned from public management reform.

63.   Overall, the greater concentration of reform efforts was on public management reform though at times the two aspects of reform - public management reform and review of state roles - were undertaken simultaneously especially where redefining and refocusing areas of government business coincided with policy changes and the restructuring or establishment of new organisations or organisational forms. These could bring with them a flow of changes in areas such as information technology, accountability arrangements, management systems and styles, and human resource policies and practices. Ideally, the changes could be mutually reinforcing where careful sequencing of reform efforts had occurred.

64.   Countries in the study were able to identify several factors that might have accounted for the greater emphasis on public management reform. Politicians often found it difficult to coalesce the necessary broad support (within government, Parliament, and the public) to sustain the commitment required to overcome the inevitable resistance that occurred when redefining the state roles and to drive through the changes associated with the redefinition. To make progress on reforms of public management was for governments less difficult. Special emphasis was often given to improving service quality; governments, Parliament and the public alike wanted better organised, more efficient and responsive services. In general, politicians tended to be more interested in reform if it delivered on their immediate portfolio interests or priority areas in the government agenda – or if the strong need and sufficient political support for reform already existed.

65.   Public management reforms were by nature more limited in scope than a redefinition of the state activities and thus generally easier to carry out. Often they offered quick and visible gains in the short term and were less likely to attract negative attention of the public; on the other hand, reforms such as those in public service delivery often received positive attention.

66.   Countries in the study noted that senior civil servants undertook the major role in implementing public management reforms. Once political intent to reform and the direction of public management reform efforts were clearly established, the senior civil service could effectively lead the implementation process even though it was highly desirable that political support be sustained throughout the reform process.

Crisis – a welcome guest?

67.   The achievement of significant reform, whether it was about redefining the state roles or improving public administrations, was easiest where there was a widespread sense of crisis - economic, fiscal, performance or other. It was then easier for governments to counter opposition of the various parties with a vested interest in maintaining the status quo. A new political leader could draw support from the public perception of disillusionment with public sector performance, or outright failure, and turn these circumstances into powerful motivators and arguments for widespread change. At times new leaders portrayed themselves as "rescuers" ready to set about correcting the inefficiencies and deficiencies of the public sector.

Future public administrations

68.   The kind of public administrations that will emerge in the future depend, to a large extent, on the roles governments decide to undertake. At the same time, a discernible trend towards a more strategic approach to management will inevitably raise key questions about what the state priorities should be; what it should and should not do; how best to perform its functions and identify barriers to performance; and how to develop strategies for achieving high-performing organisations.

Reform Context

Why initiate public management reform?

69.   The *economic and fiscal pressures* loomed in the background of both public management reform and the need to redefine government roles and functions. To guarantee durable growth in the competitive international environment demanded a considerable improvement of the decisiveness and vigorousness of public management.

70.   In some countries, bureaucratic organisational forms in governments, criticised for lacking responsiveness, transparency and accountability, were in need of invigoration and modernisation in order to be able to guarantee durable growth in the international environment. A greater contribution from the civil service to national development was needed. In these countries, a first step to improve public administrations often involved a modernisation of the public sector through structural changes, reducing overlap between central or federal and local level, and in general finding new ways to collaborate on policies and programmes. There was a general need to target shrinking resources to the highest priorities. In the EU countries, the reforms were affected by the recession of the early 1990's which coincided with the pressures arising from the third phase of the European Monetary Union and the need to fulfil the EMU criteria.

71.   Besides economic and fiscal pressures, a number of pressures stood out that were noted as having been important drivers for both review of state roles and public management reform. The general pressures pushing for reform included dissatisfaction of the general public with the *quality of services* provided.   There was a demand for higher-quality services and for more services to be delivered locally. The advent of new technologies with the potential to revolutionise service delivery, and the need to address complex emerging policy issues with broad social and economic implications were also among central pressures driving reform. Not only did policy capacities need to be enhanced, but also the co-ordination and coherence in decision-making processes and delivery of services needed to be strengthened.

72.   The *expectations and dissatisfaction of citizens* - as well as business life or other actors - often affected change. The dissatisfaction might have arisen also from within administration, with the senior civil service increasingly dominating public management reform efforts. In one country, it was noted that civil servants were considered to a greater degree having adopted the role of politicians as participants in the review of public administration because of the growing number of internal reviews within administration compared to reviews by committees representing a broad group of interests. The power of *new ideas*, including the new or changed public management theories, was not to be underestimated, either. Reform sometimes also arose from a conscious reflection of the existing structures and systems and their retarding effects on more effective management.

73.   *Social factors* were especially important in the public management reform context. Solving them demanded improved performance in social policy and social service delivery. Public management needed to be able to deal with issues that extended across individual departmental portfolios. This was one of the factors calling for better cohesion between government departments in addressing cross-departmental issues. The changing composition of population also called for measures to be taken. In some countries, the need to address the demands of immigration or of various cultural sub-groups had a huge impact on the public management reforms.   Demographic change, the ageing population and the simultaneously shrinking tax base, demanded attention from public sector reformers. The structure of society was also changing because of developments in technology, communication, education, secularisation, and the growth of wealth. The erosion of the formerly existing social organisations and a diminishing respect for law by citizens were in some countries forcing institutions to become more flexible and responsive, and more inclined to change. The need to have reforms based on the demands of society, or at least its acceptance, was felt strongly in some countries while still in others the needs to strengthen the citizens' rights was on the forefront. At the same time, the changed state functions led to the need to revise the outdated, sometimes welfare state based, legislation - and the concept of the welfare state itself.

74.   *Internal and international pressures* played an important role in public management reform. Independent reports of universities, research institutes and other bodies functioning outside government (for instance, general auditors or national ombudsmen) highlighted problems in some countries and at times triggered change. Also call for greater local autonomy and increased flexibility supported by international signals acted in some cases as drivers for change.

75.   At times, reforms undertaken in other countries highlighted the possible benefits of reform, triggering an interest at the political level in particular reforms as the gains of reforms became evident. Senior civil servants recognised that many aspects of management were outdated and pressed for change. There were several instances where the latter proposed far-reaching reform which failed in the early stages of implementation as they were unable to attract sufficient political support to ensure credibility and viability. Other examples could be found of reforms that were at the margin only and produced little visible change.

76.   The international influences brought about a better understanding of the public service role in performance of the economy generally. The international rating agencies and other bodies were sources of information but also of "peer pressure", urging countries to aim towards better performance. The limited success of earlier reforms, if not their failure, and situations in which governments were being continuously embarrassed by poor public sector performance reaffirmed politicians about the need for significant change (the "fed-up" factor). In some countries, the influence of the international bodies such as the OECD and especially thinking on "New Public Management" might have been stronger than the effects of administrative traditions and culture.

77.   As the use of *strategic management* increased, the potential for strategic management initiatives to highlight the need for and initiate public management reform generally grew. Strategic management

highlighted the need for modernisation and made possible to more clearly determine and articulate that need. For new public management approaches arising from business approaches, it had a role in providing guidance when developing the organisational management and client-driven services. According to the experiences in several countries, however, it was important to remember the basically different functions of the private and public sector. The risk involved was that the management approaches based on business approaches risked pushing "client" agendas in management planning to the extent of excluding the "public interest".

Reform goals

78.   The goals being sought by government, the public, and other stakeholders have not changed drastically over the past decade. The emphasis has commonly been on *economy and effectiveness*. The 1990's based reform on quality and functioning of the public sector as crucial for the "survival of the nation", with public operations bringing added value to society. Other objectives common to most countries in the survey included factors such as accountability, transparency and consistency. In most countries in the survey, the reform line of reform-minded previous government was continued by the following government.

79.   According to the experience of the countries surveyed, it was important that the reform goals be adapted to as circumstances changed during the reform process. A large-scale structural and legislative change might be followed by a slower-paced, evolutionary change and fine-tuning of newly established systems of public management once major "big-bang" adjustments had been made. Following major reforms, the goal shifted to ensuring that the public sector was capable of delivering the government strategic priorities; accordingly the emphasis shifted from outputs to outcomes, requiring a more strategic approach to review and reform the public sector. Reform that had involved fundamental public management reform and redefinition of the roles of government and other major players in economy and society was often followed by emphasis on the efficient delivery of the actual policy agenda.

Failure – a step on the ladder towards successful reform?

80.   Every country in the survey had examples of public management reforms initiated in the past that were not fully implemented or fell short of goals sought. These experiences sometimes taught valuable lessons from which learning was drawn in subsequent reform efforts; failure at one reform stage may in fact have been a predecessor for subsequent successful reform.

81.   Failed reform attempts often produced considerable amounts of data that went largely unused. In retrospect, failures were thought to have occurred for a variety of reasons. For example, reform was not grounded in a clearly understood vision of the government roles or the objectives were unclear, ambiguous, or conflicting. At other times reforms were thought to have been too ambitious for the strategy adopted and the resources available for implementation or not extensive enough to have made a discernible difference. In some instances of reform by a newly formed government, the reform process was driven through in great haste and it was not sufficiently transparent, which created an impression of a "hidden political agenda" and consequently tended to reduce buy-in and commitment. This said, in some instances swift, decisive action by a new government could be an effective means of "shaking up" the status quo and getting reform underway before resistance had time to block change.

82.   Sometimes a reform considered not to have delivered on the reform agenda at the time of its implementation subsequently quietly delivered a substantial amount of management reform and came eventually to be considered as an essential precursor for subsequent reform. Reasons for failure at the time the reform effort was initiated included in one case a conflict between the stated objectives and the actual

results, the objectives being described as people-based, while the results were mainly management-systems based. The actions taken conflicted with the objectives stated, and not enough consideration was taken of the fiscal constraints. In another example, structural changes sought were considered essential to subsequent reform programme by the public sector manager concerned, but not so by the public service. The positive outcome of the structural changes made - which at the time appeared to be unsuccessful - provided in the end the degree of centralised leadership required for subsequent reforms which proved critical to the delivery of broad public service reforms as many of the subsequent management challenges were – and continue to be - horizontal or corporate and relied heavily on centralised leadership.

83.   At times, the problems that led to unsuccessful reform were in retrospect simple to address, the failures showing, for instance, a lack of an overall picture of the existing situation. Examples of such cases can be found in some of the countries in the survey, mostly dating back to the 1970's. One example of a reform programme never implemented involved a reform effort proposing organisational change without any connection to the key problems needing to be addressed (the range of services provided, output delivery problems and the effectiveness of the administration). In another example, a radical reform effort of the early 1970's met with such strong resistance by civil servants and politicians alike that finally it was abandoned. Here the lesson related to the need to involve major stakeholders. In this country, reforms are today characterised by extensive consultation with and involvement of management across the civil service; reform is considered more a collegial effort and initiatives are developed by interdepartmental working groups consisting of civil servants at all levels as well as the private sector.

84.   In general, experiences such as those discussed above pointed out the importance for an extensive reform to have the commitment at the highest level and for management to assume responsibility for the processes initiated. The nature of reform as a means to an end was emphasised – with the end having to be clearly defined and broadly understood as well as having sufficient buy-in.

Public Management Reforms Undertaken to Modernise Structures, Systems, and Processes

85.   Countries undertaking public management reform drew from a shared list of reforms to improve performance but no two countries undertook exactly the same set of reforms. The reform process was country-specific, having to be adjusted to the cultural, historical and political realities of each country.

One size no longer fits all

86.   After the dramatic expansion of the public service, to attain a smaller, less costly and at the same time more efficient public service was felt necessary; a public service that would be more citizen- and service oriented, more responsive, and targeting delivery to meet the needs of different groups. A "one size fits all" approach was rejected. Management approaches and practices, previously associated with the private sector, were introduced. These were characterised by more businesslike values, greater transparency and accountability as well as more efficient use of resources. Traditional notions of service and values needed to be reinterpreted. As a result, government services and policy processes became, to varying degrees, more accessible and citizen oriented. The notion of providing high-quality services took on a high profile in many countries.

Range and speed of reform

87.   In general, the approaches adopted by the surveyed countries to changing government roles and functions were very similar to those used to carry out public management reforms. The approaches to reform ranged from ad hoc reforms to incremental or comprehensive change. Some governments

introduced major changes across a large number of the government activities, while others found that changes could more easily be achieved within a certain sector and expanded later to a larger number of sectors. In the latter case, past experiences had shown that reforms through overall policy plans tended to fail for different reasons, for instance, in the face of a united front of vested interests; consequently, reform measures were taken step by step when and where needed in reaction to demands and stimuli from the environment, not by policy steering. In incremental reform, individual ministers or even heads of department were in some countries responsible for determining the reforms in their respective areas of responsibility - with, at the most, a political agreement on the goals but with no central steering or guidance. Reforms achieved were then sometimes not evident and difficult to even catalogue. Whatever the approach, the general trend was towards gradually developing a mentality favouring continuous ongoing reform. Besides the adopted approaches, a difference could also be drawn between reforms that were by nature proactive and those that were more reactive to the emerging circumstances.

88.   The public management reforms undertaken covered areas such as improved service quality and information technology, financial and performance management, structural changes, human resource management, and regulatory management and reform. There was considerable variation in the actual range of reforms undertaken in these areas. Some areas such as regulatory reform extended easily across government as a whole as, for instance, deregulation or work to ascertain high-quality legislation was being carried out in most if not all ministries simultaneously. Regulatory reform offers a useful example of a reform type that involved review of roles and functions as well as public management reform. When, for instance, deregulation was carried out to decrease the provision by the state of health services, clearly the state's functions were affected. On the other hand, when guidelines were developed to encourage a better assessment of the impacts of laws, this involved public management reform. While regulatory reform often extended across the whole of government, performance management practices were an example of a reform type in which changes could more easily be achieved within a certain sector and expanded later to a larger number of sectors.

89.   Factors determining the range and speed of reform included aspects such as the Constitution of the country, the resources available, leadership capacity and practices adopted to implement change, for instance, piloting preceding the actual reform as a preliminary step. The gravity of a situation (perception of crisis) being addressed could determine the speed of implementation: the deeper the crisis, the swifter action it called for. Reforms carried out in response to a crisis situation often had more specific goals addressing the most urgent issue(s) at hand.

Areas of reform

90.   *Improved service delivery* was an important area of reform in all countries in the study. Civil service was expected to make a greater contribution to national development, to provide excellent services to the public and make effective use of the available resources, making sure that civil service did not adversely affect economic competitiveness – and all this in the environment of limited financial resources.

91.   *Information technology* was an area of active reform in the countries and yet an area in which differences between the countries were considerable. Developments in this field were rapid and extensive and included technologies with the potential to transform approaches to citizen access to information, and to affect policy development and service delivery approaches. Government databases could provide citizens with up-to-date information on their rights and duties, or on administrative procedures and formalities. Citizens were enabled to provide information electronically to governments for instance on tax returns. In at least one country in the survey, digital signature and identity cards were about to be introduced, the goal being for citizens and enterprises to be able to attend electronically to several application, license and notification matters.

92.   *Financial and Performance Management* were important areas of reform. Public management reforms tended to start with efforts to increase economic efficiency; in this, budget reforms and performance management were commonly used tools. In the environment of limited resources, more had to be accomplished with less. The tools to reach this goal varied according to the stage of reform and circumstances in each country.

93.   Reform of *financial management* and budgetary processes were characterised by a shift from accountability for inputs towards accountability for results, the actual outputs and outcomes. The concepts of outputs and outcomes have in different contexts been defined slightly differently. In this paper, outputs are the definable products and services that can be quantified with quality aspects attached. Effectiveness refers to the relevance of the actual products to achieve the outcomes, i.e., the overall results of the outputs from the government's point of view.

94.   Expenditure management systems were enhanced, and frameworks were developed to support government priority setting; performance information was increasingly used to inform budget decisions. A high level of political support was generally experienced to be important in providing overall direction and monitoring of progress, as was setting up a government-wide strategy to improve the financial information provided to the central stakeholders (for instance, Parliament, ministries, departments, and central agencies).   The integration of financial and non-financial information promoted a better understanding of past performance and served to support planning. In several countries, full accrual accounting was among the most important initiatives. Sometimes the budgetary system established limits for net public spending for a certain period, dividing the budget into different sectors (e.g. the central government budget in the narrow sense, social security, and the health care sector). The aim of the result-oriented management was to make more visible the relationship between the invested funds and the results achieved.

95.   *Performance management* reforms were common in the countries in the survey as well in a majority of the other OECD countries.   The main objectives besides increased efficiency included promoting the accountability frameworks between and within governmental ministries, departments, agencies and other institutions.   Transparency, making the processes and government and Parliament reports systematic and more public, was a high reform priority.   In many countries Parliament received periodical reports on the progress of the results-based management across government. Sometimes the practice started at the local level and was implemented at national level wherever possible.   In some countries the trend was to cascade reporting from the central level down to the agencies, the goal being to extend the practice across the entire public sector. Sometimes performance agreements were used between ministers and departments, and different tools and instruments such as business practices from the private sector were introduced to make performance management come alive.

96.   Performance management was strengthened in several countries through the use of Service or Citizens' Charters as a way of making explicit the expected standards of service. Service Charters were sometimes used as part of the performance management contracts between the central level and the service providers and could form a focal point in productivity discussions between the ministries and service providers; these agreements were public and accessible to service users.   Charters represented one approach to reach better performance and cost savings; poor-quality services tended eventually to be more expensive than those of a high quality.

97.   The public sector, previously "safe" from competition, was more and more expected to perform at least as well as the private sector. The exposure to competition pressures was used to push up performance levels and sometimes as an alternative to putting functions into the private sector. Although mainly applied in service delivery, it was also used for some aspects of policy development. Ministerial

dissatisfaction with the performance led in one country to a function (service or policy advice) being moved to another government agency or it being contracted for from the private sector.

98.   *Restructuring of institutions* was frequently used as a step to improve service delivery, but the extent to which this occurred was country-specific It could coincide with a reconsideration of issues such as transparency, accountability and responsibilities.   Sometimes ministries and other parts of public administration were reorganised or restructured to create a structure with fewer levels to reduce bureaucracy, improve flexibility and responsiveness and strengthen service-orientation.   One approach, motivated, for instance, by a need to bring more focus on service delivery, was to create distinctive units within departments to carry out executive functions as distinct from the policy advice. This approach was also linked to a belief that real improvement depended on individuals being held personally responsible for achieving results.

99.   When restructuring was carried out to make significant improvements to state sector performance, it was in practice initiated by first redefining the state's roles so as to remove from the state any functions no longer considered appropriate to the state and, consequently, making sure the agencies responsible for the remaining functions were structured in a way to secure as efficient a service production as possible. Departmental restructuring was aimed at rationalising the core Public Service, especially by separating policy advice, service delivery and regulatory functions.   In practice, however, this clear separation of functions was not always totally carried out; many hybrids or variations existed.

100.   Principles such as improved efficiency and service delivery often motivated the restructuring process. Yet, at times, political realities rather than a systematic analysis of the problems and assessment of the available options dictated the change.   This approach could generate considerable costs for government, businesses, and human resources.

101.   At times restructuring was undertaken concurrently with policy changes. Though the potential gains to be had were significant, the risk that failure might occur increased with the complexity and scope of the change sought, particularly if the changes were contentious. In these circumstances a single reform could require multiple changes for instance to human resources, accountabilities, and management. For example, where a government wanted to keep an activity within its ambit and retain ownership of the organisation producing a service, while at the same time placing it at arms length from direct ministerial intervention, and where the quantitative and qualitative dimensions of the goods and services were definable within quasi contracts, specialised agencies were established.

102.   *Lessons learned on restructuring.* In some countries, restructuring was particularly comprehensive and continued to be used throughout the reform process. A lesson drawn from some of these experiences was that restructuring as a means to improve responsiveness should be considered carefully and in the broadest context. Restructuring could prove costly, and it did not always result in the expected improvements in responsiveness. There was also a limit to the amount of change in restructuring institutions that bureaucracy could absorb at one time without losing its strategic focus. The structural remedies did not necessarily result in reduced costs of government, in fact sometimes quite the opposite. This kind of experience suggested that before going ahead with restructuring, there was a need to carefully consider the non-structural options and the consequences for the entire state sector, recognising how the new structure will fit into the existing structures. According to one country experience, structure should be the "option of last resort" as a means to build a public service more responsive to the government's strategic objectives.   Experiences such as this led to a recognition of the relative benefits of both restructuring and capability improvement.

103.   In public sector environments characterised by continuous change and growing demands on the public sector performance, the importance of *human resources management* became very evident.

Consequently, human resource management received considerable emphasis in the public sector reform context.

104.   The approaches adopted in the surveyed countries stretched from more centralised models of HRM to decentralised models, in which each agency was in practice responsible for the management of its personnel.   Where decentralisation took place, using a set of commonly shared principles within a framework developed by an oversight body, the actual decision-making power was lessened at the centre. The trend was towards more flexibility and decentralisation, with the accountability for results by the heads of ministries or agencies increasing at the same pace as greater decision-making powers were devolved.

105.   Often more flexible arrangements involved a freedom for the ministries or agencies to negotiate pay settlements with employees, generally in accordance with a public sector pay policy. Sometimes this involved recruiting people from outside the internal resources, and paying market rates, in skill areas where there was a shortage of suitably qualified personnel.

106.   In some countries, greater mobility of personnel was encouraged. The exchange of civil servants between different ministries was encouraged in one country by employing them in general service of the government instead of in a single ministry, the rationale being to thus provide the civil servants with a wider perspective. Sometimes a general framework involved a government's general personnel policy, and the definition of the legal position of the personnel, the general terms of employment and overall responsibility for the maintenance of harmonious labour relations. At the same time the employer agencies at the local level were in charge of the personnel policy within general guidelines. Career development and training were commonly used in the countries to support human resources management.

107.   As a result of changes in a number of countries, public service could no longer be self evidently a life-time career; there was more mobility both within the public sector and between the public and private sectors. When more decision-making power was delegated to the agencies, the incentives of behaviour tended to change. Previously, with less manoeuvre and no budget responsibility, the incentive was to increase numbers of people available to manage the work load. In the new more flexible situation accountability and getting the right quality at the right price were emphasised. The incentives to appoint the right people shifted to the agency level, and performance management was increasingly used as a means to improve the agencies' results.

108.   Given the dramatic changes that occurred in public sector operating environments, countries in the survey were reviewing approaches to ethics management in public service Many of the changes introduced, such as greater accountability and transparency, were thought to have reinforced ethical practices. At the same time, the introduction of new practices, such as contracting out, adopted from the private sector were challenging traditional notions of public service practice.

109.   *Regulatory management and reform* were generally being carried out in the surveyed countries. Some countries were working especially to reduce the number of regulations, while others had moved on to consider the overall regulatory quality, including regulatory management. The general move was from deregulation to regulatory quality. Consistent examination of the impacts of regulations (e.g. economic, environmental, employment) was being carried out in many countries.

110.   *Decentralisation* took place in a number of countries, sometimes even in those with a traditionally strong self-government in municipalities. Central aims included improvements to democratic decision-making in service production, increasing the effectiveness of public services, and in general devolving authority and accountability. At the same time, decrease in the number of municipalities by continuous mergers took place in a number of countries. Decentralisation efforts were in some countries

hindered or prevented by the fact that a major part of the municipalities' financial resources remained in fact dependent on the grants of the national government.

Co-ordination of horizontal issues: a challenge now and in the future

111.   A growing number of policy issues that administrations had to deal with extended across different sectors and ministries. This trend is likely to continue and if anything strengthen in the future, and it poses challenging demands to effective co-ordination across administrations. In some countries, effective management of cross-cutting issues was one of the key reform initiatives. How this was done within each country depended on the existing structures and flexibilities. Sometimes a co-ordinating group of senior civil servants from several departments was established to oversee and direct the process and report to the government on progress. In other countries, task forces or committees representative of the major stakeholders were set up to strengthen policy capacity and create greater co-ordination and collaboration between the ministries and the different levels of government. Spending reviews were sometimes used by governments to bring public spending programmes into line with its priorities and a coherent set of objectives, setting plans for the medium and long term.

Trend towards strategic thinking

112.   Strategic thinking increasingly characterised public management reform in many but not all countries in the survey. The strategies adopted were country-specific; there was no single recipe to strategic reform even if some common ingredients could be found. In some countries the strategy was to proceed with comprehensive change, in others the approach was more incremental. In the experience of the countries in the survey, more important than the actual machinery in reform was often the ability to work within the existing flexibilities. Government involvement and drawing up medium to long-term plans were central elements in many of the strategic approaches. Greater co-ordination and collaboration across departments and levels of government was generally experienced as extremely important. At the time of the survey, at least one country was developing a framework, mechanisms and capacity for adopting a strategic focus across the whole of government business.

113.   A strategic approach generally emphasised the ability of the ministries and departments to maintain a coherent view of the likely developments in the internal and external environment in medium to long-term plans and to build in mechanisms to be able to respond to the changing environment. Sometimes continuous reviews were used to make the necessary adjustments and to maximise effectiveness and efficiency as well as the implementation of plans. Government involvement was often secured, for instance, by establishing a high-level co-ordinating group to oversee the process and report to the government.

114.   Sometimes the public management reform strategy was based on a set of principles responsive to the changing environment. In one country, the principles were based on an evaluation of the reforms of the recent governments. Decentralised management came to be emphasised instead of centralised regulation, which made departments more responsive to the government objectives and to their clients. In the initial phases of reform, insufficient attention was sometimes given to the longer-run interests of the government in relation to short-term output targets of the individual departments. In response to this problem, strategic management emphasised the creation of closer connection and co-ordination between the government priorities and departmental commitments pursuing these as well as centralised co-ordination and review of performance against departmental commitments. To set priorities for the departmental level, higher-level "key results" for government as a whole were determined that were included in the performance

agreements between the responsible ministers and the departmental heads. More concrete expression was given also to medium-term steps to achieve the set long-term vision.

115. In some countries, strategic frameworks for public management reform remained quite modest. Even in these countries, however, ministries and decentralised authorities have in recent years come to recognise the importance of strategic policy planning and implementation. Sometimes the best ways to reach the policy goals set on the political level were then determined independently within ministries.

116. As far as *further changes* are concerned, sustainability of the initiated reforms was regarded as being among the priority objectives To ensure that system changes were complete and the underlying success factors understood and that programmes and policies continued to be adapted as needed was thought to be essential.

Decision-Making Frameworks

117. A more strategic reform was generally based on a conscious analysis of the situation and the goal aimed at, and it was characterised by more consistency and analysis including prioritising and sequencing of reform. A decision-making framework that could be described as strategic was noted to call for, among others, a profound understanding of the existing realities, a clear vision and understanding of the direction of the reform, and a determination of the roles and responsibilities of those carrying out reform so that the actions taken have a good potential to lead the reform towards the stated objectives.

118. According to the country experiences, the political level often had an implicit rather than explicit interest in the public sector reform, so reform mainly rested within the public service. The politicians were generally interested in the reform if it served their interests, at which time more political support and guidance was brought in. Thus reforms were mainly prepared in ministries with the involvement by the political level varying according to both the cultural context and the political situation. Yet a successful extensive reform demanded the input and commitment of both. It was important also to involve the other major stakeholders. The capability to co-ordinate between different ministries in order to address issues that cut across a range of them is a question that will need to be increasingly developed in the globalising environment.

Decision-making frameworks in overall public management reform

119. In most - but not all - of the countries surveyed, a formal programme or a network was put in place to direct and manage public management reform. The amount of responsibility left to the individual ministries varied accordingly. Whatever the decision-making framework, the common experience of the countries surveyed emphasised the importance of political support for reform.

120. Some countries involved a wide number of stakeholders. This could take place through a permanent ministerial committee on public management reform guiding and monitoring reforms, with a central ministry co-ordinating the general reform(s). The political commitment to public management reform was located in this committee and supported, in a search for consensus, by large-based working groups. Another way to have a large number of stakeholders active in reform was to bring them into reform process ranging from the government through, among others, a co-ordinating group of secretaries general (extended to include academic, business and trade union interests) to heads of offices and civil servants. The formal decision-making process was then based on formal submissions to the government by the co-ordinating group.

121.   The importance of having a clear vision for reform and a key understanding of the existing realities leading to action were emphasised in some situations, with visible progress having to be shown against the stated objectives. The responsibility for the vision and the public service reform rested within the public service, under the direction of the head of the public service who gave annual reports to the Prime Minister.

122.   A set of principles and objectives were applied, by some countries, to shape policy decisions related to the roles and functions of government and public management reform, with an existing move towards more efficiency to achieve the government's strategic goals. Identification of strategic objectives that cut across portfolio responsibilities was emphasised, and networks of departments were formally established involving a lead minister convening a group of network ministers, and a lead department mandated and resourced to co-ordinate the related departments and wider state sector agencies. Representing targeted priority areas, they were considered the main drivers of strategic management. In another case, the problem of cross-cutting issues going beyond the portfolio of any one particular department was addressed by employing, as the central actors, a task force for co-ordination of policy, the unit for co-ordination of communications as well as joint work for better services.

123.   Sometimes policy formulation was a matter for internal governmental groups with the ministerial employees as the central actors – or there might have been an inter-ministerial network for administrative modernisation that in no way substituted or prevented any action for internal reform at the ministerial level. The latter model involved also the secretary of state for public administration and administrative modernisation being directly answerable to the deputy minister responsible for modernisation and co-ordinating with other stakeholders.

124.   And yet sometimes, neither overall government programmes nor overall programmes for each separate ministry on public management reform as a whole were drawn up. Ministerial responsibility for reform was strongly emphasised, and reforms were normally planned only at departmental level. A governmental broad-scope programme might have set the political goals, but not the ways to achieve them, and each minister retained responsibility for good public management of his or her ministry. Even if no formal network was created to consider issues related to reform, this approach could still involve a wide range of consultation among different stakeholders.

Decision-making frameworks determining specific areas of public management reform

125.   Among the countries surveyed, the decision-making frameworks sometimes varied between determining the overall public management reform programme and the specific areas of reform. Sometimes the strategies relating to specific actions derived from the common vision but were applied individually across the departments, taking into consideration their particular needs, and with room for flexibility that was meant to allow reforms to proceed at a pace and in a way best suitable to the departments. In countries lacking governmental or even ministerial overall programmes, the decision frameworks, key ideas and principles differed even within a single ministry. Problem solving was based on the opinion of the minister but also of the management, the personnel and the external advisors that were normally called into the process. Each ministry was independent and responsible for reform within its policy area, but parts of public management were the responsibility of certain ministries mainly, and the Prime Minister level was generally involved in "politically touchy" matters only. In some countries, the policy documents were formulated by the central administrative units, and individual ministries and state agencies carried them out.

Sequencing reform efforts

126.   There was no conscious sequencing of the reforms in many of the countries surveyed. More sequencing tended to take place where the extent of the programme demanded implementation be phased in over a period of time. Sequencing was basically viewed as positive – when successful – but carried the risk of creating an impression of the superiority of some reform(s) in relation to others even in cases where in fact all initiatives were addressing problems identified to be major barriers to more effective management. In these situations, a balance needed to be found between the need to implement the key initiatives as quickly as possible and to have the capacity at the centre and in line departments to effectively support and implement the initiatives.

127.   Sequencing was perhaps most notable in countries where there was an outspoken consciousness of proceeding from vision to action; the way leading, for instance, from defining roles to the actual mechanisms of reform; from cuts and consolidation to renewal of the system; and from horizontal objectives to their individual application. Yet according to some experiences, it was not the sequencing of particular action that mattered but rather the linkages between the actions, that is, between the roles and policy and support as well as facilitation of these by the public service.

Barriers to reform

128.   One of the toughest barriers to reform was the very difficulty of sequencing reform. If public management reforms were well planned and sequenced, they were in the ideal case mutually reinforcing which could not – or could only accidentally - be achieved by ad hoc reform. For instance, the question of human resources should not be treated only on the basis of business approaches.

129.   A difficulty met with by some reformers consciously aiming from vision to actual reform was that of actually translating the vision into action. This required, in addition to the issues already identified, a clear delineation of the underlying success factors. The latter might easily be rather assumed than actually clearly understood and articulated.   Other specific problems related to understanding accountabilities and especially the existing flexibilities, the challenges of coherence and integration as well as problems of timing and of building relationships after periods of distrust or cynicism (for instance the management-union -relations) and creating a process of citizen engagement.

130.   Country experiences suggest that the barriers encountered depended on time and the sector concerned. As regards the sectoral reforms, the traditional fights between ministries and agencies of their competence or authority may have hindered reform. A further obstacle was simply the human reluctance to adapt to change. To create cultural change tends to take a long time.

131.   Also a lack of urgency or of resources created problems. Sometimes, success was found where the change was already dynamic and the management showed its commitment by giving the reform adequate resources.   The problem of inadequate resources was sometimes solved by having change management budgets in each department or office, possibly backed up by a central change management fund to subvent the local budgets. A problem crossing borders between countries where reform was continuous or extensive was "change fatigue" – to overcome this obstacle required managers to maintain commitment and keep organisations capable to continue absorbing change over a lengthy period of time.

Role of evaluation in determining future agendas

132.   Evaluation of reforms previously carried out was often regarded as critical for pointing the way ahead to further successful public management reform. The extent to which information from systematic

or ad hoc evaluations was made available and used by governments in determining forward-looking agendas for change was, however, in many cases inadequate. In many countries the reviews concentrated more on short-term outputs than long-term ones. Public servants might have been more focused on public service administration than developing policy. The analytical capacity for public management policy might also have been weaker than for public policy formulation; consequently, administrative reforms often neglected to build in support for future analytical capacity and focused on the more traditional administration issues, rules, roles and responsibilities. In one country in the survey, planning for future reform was based on an extensive evaluation of the public management reforms of the preceding three governments.

Ongoing Systematic Review of the State of Public Management

133.   The introduction of performance management brought with it a mechanism of review and more systematic evaluation in many countries. In some countries the result reports and performance measurement made possible a move from traditional centralised "evaluation roles" in the direction of self-evaluation. In the individual ministries, then, systems related to expenditure management and reports to Parliament were building evaluative capacity. Sometimes, a certain ministry or ministries were made responsible for ensuring that the processes were followed. An important tool for monitoring the organisational performance may have included the annual departmental performance assessment. In others, the individual ministries were committed to controlling, to quality management and cost-to-performance accounting without any control by another ministry. Even in some countries where monitoring and control of performance measurement was being carried out, a future aim was to improve departmental capability to self assessment.

134.   Reviews of public management were faced with the difficulty of addressing cross-cutting issues. This question was in some countries addressed by having a high-level organ (for instance, the deputy minister community) participate in a number of task forces, making it thus easier to address the questions related to the cross-cutting reforms. The question was addressed also by having several bodies from the government to the departmental or office level involved in the review process, including co-ordinating and cross-departmental groups, and reports to Parliament. Also a combination of systematic reviews and self-assessment were made use of.

135.   In some countries no overall review of public management as a whole existed. Yet even in these countries, overall reviews of certain aspects of public management were sometimes in place, often as a result of the general result-orientation forcing to pay attention to effectiveness and productivity, to human resources, and the quality of regulation. In some countries, the superior ministry was responsible for its governmental sectors, but otherwise the responsibilities and mandates may have been unclear. Inadequate resources hindered sometimes the capacity of the existing institutions, systems, and processes to monitor or review the capability or health of the key systems, processes, and structures of public management. To improve this capacity, staff training and improved communication between management and staff (to know "what's in it for me") were important. Management needed to be able to explain and "sell" change. The review and monitoring process may have been central in creating capacity to monitor capability of the key systems, processes, and structures; capacity being understood as creating a mindset committed to constantly reviewing the effectiveness of the organisation in delivering the objectives and ensuring that the objectives were meeting the needs of the organisation's clients.

Capacities required of government to engage in strategic review and reform: lessons learned

136.   The experience of the surveyed countries showed that there were capacities required of government to enable it to engage in strategic review, reform, and monitoring public administration that quite easily apply across country borders.

137.   To begin with, it was generally felt important for the government to be clear about the problem to be solved as well as to understand the background and context of the problem, and the needs and insufficiencies requiring change. The different interests involved (the major stakeholders) needed to be identified and brought into the process at the right time to get their commitment. Based on the basic analysis of the problem, the government needed to set the priorities for the reforms – as well as assess how best to reach them. The appropriate organisational structures and capacities had to be in place to get the commitment of the major stakeholders and to take the necessary decisions. Furthermore, there had to be an understanding of the roles and responsibilities of these organisations or institutions – an understanding of the role of the government in economy and society and its relationship to the roles of the other players. The roles, responsibilities and powers of each institution involved in reform had to be clearly defined.

138.   According to several country experiences, the capacity to implement and sustain reform required strong policy capacity, and the political support for reform had to be strong and visible. Also the public service had to be committed to reform, the management as well as the staff at all levels. There needed, in other words, to be a critical mass supporting the reform. At all levels, sufficient capacity and expertise were necessary for carrying out reform – to make vision into a process towards change, and to transform the overall objectives and high-level goals into lower-level objectives and activities. Sometimes this required more or less intensive training. Also performance indicators were in some cases crucial to inform those carrying out the reform about the progress made – or not made.

139.   To have a realistic vision aim for requires an overall picture of the existing situation. On the way from vision to actual reform, an evaluative framework or a feedback system was in some cases useful so that the vision, or the measures needed to attain it, could be corrected or adjusted as the reform proceeded. Evaluation made it possible to adjust the reform program to the changing circumstances. This required certain flexibility both of the vision and of those carrying out the reform.

140.   During the reform, especially if it was a long or an extensive one, the momentum and the commitment of those involved needed to be maintained. This posed in certain situations quite a challenge and to be able to face this challenge successfully, continuous assistance, motivation, and support were needed. A strong competent centre leading the reform was not enough by itself. Furthermore, consultative and participative structures to provide both top-down and bottom-up approaches were useful to, among other things, keep the commitment alive and learn from each other. The possible risks and benefits had to be made known and shared. Communication skills were needed at all stages of the process to convince and motivate the stakeholders, including the general public. To overcome problems required openness as well as readiness to seek help from relevant sources – external assistance may have been beneficial where sufficient internal skills and expertise were lacking. This was not, however, to take place in a manner or to the extent that the internal commitment to and ownership of the reform process would be lessened.

141.   The role of the central stakeholders naturally relates closely to questions of capacity. These will in the following be discussed under a separate heading.

The Role of Different Stakeholders

The centre, departments and agencies

142.   In many countries, a strong competent centre to guide and monitor reform was considered crucial for successful public management reform, especially in facilitating the horizontal work and providing for co-ordination, as well as in gaining an overall perspective and promoting the proper integration of results. It was also seen as important in creating a link between policy formulation and implementation, and for looking at future opportunities and threats. The policy advice given may have validated the progress of reform, ensuring the momentum was maintained and risks properly evaluated and acted on.   Also important was to ensure that the interface between public management and policy management, and between the public service and elected officials was maintained. Furthermore, it was considered important also for the evaluation of the outcome and for promulgating best practice and innovation in government. The wider centre, i.e., the other central agencies besides the actual centre, often ensured the appropriate guidance and frameworks for departmentally delivered changes, doing for the individual departments what the actual centre did for the government at large.

143.   Several countries' experience emphasised the crucial role played by the central departments in developing and maintaining an overall perspective on the need for reform without which the initiatives would be likely to be more fragmented and isolated, and lacking the synergy of administrative wide initiatives.

144.   In some countries, the central agencies acted as a "corporate office" for government , giving an integrated perspective and providing government with the capacity to engage in strategic review and reform and, more precisely, the major issues of reform instead of less important details. It also freed government to monitor its public administration. Yet the emergence of the full potential of the corporate office concept may have been hindered by, for instance, the existing institutional barriers between the central agencies or the lack of disciplined procedures to reinforce the corporate office concept.

145.   The role of the centre was not as strong in all the countries and reform was organised in ways characteristic of each culture. In some countries, a ministerial committee on public management reform was the central actor, with a central ministry or ministries co-ordinating reform and acting, through information steering and advice, as a policy planning unit for the entire government. The emphasis in this kind of a model was more on decision-making in groups, with the committee representing the parties in the government and the actual work being carried out in large-based working groups.

146.   In some countries, each ministry conducted its affairs independently – sometimes within the common policy guidelines - and an approval of all the ministries was often required for reforms to apply to the entire administration. Reform generally emerged gradually from a series of decisions creating a certain framework but with no abstract reform concept valid for all authorities. A variation of this model involved several centres for national administration policy, with the sectoral ministry remaining as the most important one but with a number of important ministries playing a general role in reform. Sometimes, again, the ministries were very strong in deciding about reform in their area, and no "centre of government" existed from which the overall strategic reviewing, reforming and monitoring would take place.

147.   Whatever the role of the centre, the line ministries remained crucial for a successful reform in all of the countries. Without their commitment to and ownership of reform success was difficult to achieve. They had a crucial role in keeping up the motivation and commitment within the individual ministries and providing the necessary resources. They were also important in reporting to the centre or the leadership

the feedback they received or collected on the effectiveness of the reform. Furthermore, they guided the subordinate administration in reform.

Ministers, politicians and legislature

148.   The role of elected officials was basically that of building momentum for change. The support of the elected officials backed up by senior civil servants was critical throughout the public management reform process and especially when the reform focused on roles and functions of government.

149.   The interest of the elected officials in public management reform was often implicit by nature. Exceptions occurred in cases where the planned reforms were part of the political agenda or if they were important for ministers' own departments, politically urgent, or coincided with the elected official's personal interests and opinions.

150.   Basically, the political interest on public management reform was based on the nature of reform as a means to achieve policy ends. The elected officials acted as promoters and moderators of reform, for instance, by co-ordinating reform and pushing it forward. The details of the actual reform measures were left in the hands of the public service.

151. To be successful, public management reform required strong and visible political commitment and support. The more extensive or profound a reform was, the more support is needed. In the background of an extensive, comprehensive reform there was often cross-party support. On the other hand, where the government was reluctant to use extensive resources for public management reforms, the reforms normally remained limited and no comprehensive administration policy was reflected in the reform processes; even if sometimes there was even a government minister responsible for administration policy.

152.   A very central role for the elected officials lay in providing continuity for reform and supporting administration in its reform work. One way of doing this was trying to involve as many parties as possible in the reform process so that a reform initiated by one government was not automatically rejected by the next one. To promote this, the support of the citizens, the civil servants and in general the major stakeholders was important – sometimes sufficient support by the opposition was crucial for the continuity of reform.

153.   In most countries in the survey, Parliament had a clear role to play in public management reform. The government reports to Parliament on public management developments were one channel of influence. Opposition participated sometimes in Parliamentary Committees to review the government policy and other aspects of public administration even if it might have been difficult to involve them in significant discussion of the departmental reports.

154.   In far-reaching reforms, the appropriate minister consulted Parliament in a number of countries; in politically touchy questions the most concerned Parliamentary Committee was often consulted. In cases of coalition governments, the parliamentary groups supporting the government were normally informed. Sometimes Parliament interference resulted in public management reforms, and Parliament sometimes interfered when reforms had unexpected results. Obviously the power of Parliament was most evident if legislation was required to implement the reform.

155.   Politicians and political parties outside the government had in general limited possibilities to influence reform. In many countries their influence took place through their role as Members of Parliament. They might, for instance, have affected reform to the extent that they were represented in bodies issuing recommendations to the government. In many countries, however, the opposition participation in Parliamentary activities led to no significant discussions of the departmental reports.

156.   Yet occasionally the role of politicians and political parties outside the government was stronger. For instance, an all-party Parliamentary body was sometimes formed to work on extensive or very important (for instance, constitutional) reform or the opposition members participated in parliamentary select committee process – even if especially in the latter case maybe focusing mainly on less relevant details, not strategic review or actual reform.

The public service

157.   For public management reform, senior public servants played a pivotal role. Whereas the support of the elected officials was important for securing the continuity and direction for change, the senior civil service was critical in providing continuity as well as advice and analysis to government on the state of the state, and in giving advice on options and priorities for the next steps.

158.   In introducing change, the senior officials in line departments were important in supporting the ministers in setting the policy goals and being in charge of the human resources management or carrying out the detailed implementation of reform. In some countries with a centre to lead the reforms, the central department in the lead often brought together some wider forum of senior officials in line departments to discuss issues.

159.   The role of the public service in general was further accentuated in view of the fact that the general public was often not very interested in public management reform unless it directly affected their interests. Public interest tended also to be higher when something went wrong – for instance, a failure of some sort could provide an ad hoc opportunity for improving a particular aspect of public management (for instance, accountability). The interest by the public easily drew the attention of the elected officials to the issue at hand; the more so the closer the Parliamentary elections were.

Role of other players

160.   Besides the players in the field of public management reform discussed above, other significant players in the community often had a role to play in the game. To a varying degree these included e.g. the various interest groups, international bodies, think tanks, and universities.

161.   Citizens often played a lead role when the goal of the reform was to produce citizen-based policies and programmes. They were either directly consulted about reform or represented through various working or interest groups. The role of the interest groups varied from a minor to a decisive one.

162.   In some countries there was in general no significant role for interest groups in the reform work and the role of other actors, for instance internal or external think tanks or expert committees of national level, might have been accentuated instead.

163.   Among the interest groups, the trade unions have traditionally been and still are strong in come countries – while not in others. In some countries, the unions have mainly participated in the reforms of personnel policies with the public debate remaining realistic and temperate. In others, their influence has been stronger than this. The trade union(s) – as well as academic and private sector interests – may have been heard in various working groups and project teams. The initial framework may in these cases have been set up by civil servants.

164.   The trade unions have remained considerably strong in some countries. Sometimes a direct access to the government has given a trade union an influential position particularly in matters concerning salary policy. On the other hand, in the formulation of more general reform programs the trade unions

might then have received fewer routine rights of participation. In countries of strong consensus culture, the external influences from society were very important in initiating public management reform. Different societal interest groups may have been influential, and close relationships with the ministries sometimes made it possible to directly influence those in a position to actually initiate reform. In such cultures, the ideas and influences may in fact have poured in from such a network of relations that it was often not possible to pinpoint which ideas came specifically from which source(s).

165.   Strong societal groups left less room for influence by other actors, including academics and universities. Generally the academics provided mainly ex post commentary – often critiques – rather than promoted reform by providing ex ante analysis. Yet in some countries, universities were used to provide ex ante analysis. Then the public management reform may sometimes in fact have been carried out in co-operation with universities, especially the faculties of administrative and social sciences, and the results of academic analyses were used in public management reform.

166.   International bodies and international best practices sometimes provided decisive peer pressure for public management reform in cases where the luxury not to reform still existed. In light of the discussions within international forums and the comparative analyses carried out by them, the government may have been able to validate its reform work. The influence of these bodies still remained quite modest in some countries where other actors were especially strong.

167.   Think tanks as well as private consultancy firms sometimes made a contribution to public management reform. In some countries, the private sector think tanks were quite active, providing information and evaluating public management reforms even if not systematically. In some countries they at times provided strong criticism afterwards, but did not participate in planning or implementing reform. Consulting firms were used in some countries to lead programmes in different areas of public sector management.

Communication and Consultation with the Public and Evaluation of the Impacts of Changes

Communication and consultation

168.   The country experiences emphasised the importance of distinguishing the roles of a person as a citizen on the one hand, and as a customer on the other hand. In the context of discussing public management reform, the latter was often more emphasised, probably due to the fact that public service reform was on the agenda of most of the countries in the survey.

169.   In several countries in the survey the extent to which public contributed to or was consulted or informed about changes to public administration or management remained limited, as did the information available on the public's perception of the changes. In general no systematic method to provide evaluative information on the effects of the changes was in use in the countries even if in some countries such practices were obviously emerging. On the other hand, communication and consultation of citizens prior to reform was in some countries relatively active.

170.   Sometimes the annual government reports to Parliament were considered to equal reports to the citizens. Even if explicit efforts might have been made to incorporate communications as part of the policy process, the citizens were sometimes considered informed about changes in public management by the impact it had on the government services. The departments undertook surveys "as needed", and no large corporate-wide effort to evaluate reform existed. Some countries relied on the information gained through the contacts of local authorities with the citizens.

171.   In some countries intensive consultation or communication took place before going ahead with reform. Before taking decisions about reforms concerning parts of the public service with direct contacts with individual citizens or social groups, an effort was made to find out what was in the best interests of the target group(s). Those supposedly having a direct interest in the issue were often consulted in advance (for example, through public hearings or surveys). Reform was most often accompanied by extensive communication. When citizens or groups of citizens did not agree with reform in which they had a direct interest, they sometimes had a legal right of appeal. More often than before there was some evaluation on citizens' perception of reforms.

Evaluation

172.   Yet few comprehensive - formal or informal - evaluations of the results or effects of public management reform were generally carried out in the surveyed countries even if there was a conscious need for it. In some countries there was a complete absence of official evaluation of the effects of public management reform. In one country, one was faced with what was called an "evaluation paradox", with a gap between the clearly articulated emphasis on the need for evaluation and little done in reality; in another country, the absence of good independent evaluation of policy results and impacts was a serious point of criticism, with no explicit and conscious evaluation of reforms normally taking place. This criticism was sometimes further sharpened by the fact that even when there were explicit evaluations by independent investigations, the results of the evaluation did not always lead to adaptations of policy due, for instance, to the existing networks between the public sector and society easily leading to biases and distortion: if the evaluation outcomes were not in accordance with the interests or opinions of those participating in the network, it was difficult to win acceptance for them.

173.   Partial evaluation was carried out in some countries in the survey. Sometimes the customer service section plans of the departments were partly evaluated, but no actual evaluation or assessment of impacts of reform was undertaken. In other cases, various aspects of reform programmes were evaluated even if there was no formal evaluation of entire reform programmes. This might have been due to, for instance, a pragmatic nature of the approach or the deficiencies in performance measures. The performance baseline might not have been initially properly established, and the targets might have been imperfect and subject to change, which made it difficult to track progress over a period. Easily also those aspects "easiest to count" were evaluated instead of the most important parts of the agencies' activities. The lesson then was to become more sophisticated in the use of performance measures.

174.   Examples of extensive evaluation programmes could nevertheless also be found. In one evaluation programme of public management reforms over the past ten years, a study was included on the effects of the reform of public services. The study showed the citizens to have considered the state services to be in general negative rather than positive, yet more positive in those state organisations having undergone reforms. This result was used when further developing services.

175.   In one country where extensive reforms were previously preceded by no overall evaluative information on public perception of the reform or its effects on the public, public advertisements were recently used to invite submissions from public or other interested groups on need for and type of reforms; no submissions directly from the public were received - instead, a few submissions were received principally from trade unions and private sector employers. In another country where several reform projects included substantial communication programmes, the response from the general public was likewise rather muted. Interest was shown mainly by citizens as service users and the private sector potentially involved in contracting out. These experiences support those of some other countries according to which the public tended normally to be more interested in reforms directly affecting their daily life (e.g. postal services, redivision of provinces) than in those on the general level.

176.   The late 1990's saw a systematic evaluation of the reforms of the three preceding Governments carried out in one of the surveyed countries, with training courses on the use of evaluation being subsequently provided for civil servants. The lack of exact goals for reforms were, however, leading to wide, multidisciplinary evaluation of the effects of the reforms on the state as well as regional level. What was emphasised was the importance of making a political evaluation of the state functions in order to make it possible for the public service to focus on the most significant issues. New systematic evaluation of the functioning and effectiveness of economic and social policies of the government, covering the government programme, the central issues of performance management, and all extensive reforms were being considered. The information gained from the evaluations was to be used in the government's general policy decisions.

Windows of Opportunity for Reform

177.   Among the most central factors for successful reform in the surveyed countries were the existence of a reform-minded government and the commitment of the major stakeholders. The country-specific nature of reform came out also when looking at conditions that promoted reform. Nevertheless, some conditions or opportunities can be mentioned that often seemed to help governments in reform. What were these windows of opportunity for reform and what kind of keys were used to open them?

178.   A strong government, united about what it wanted to accomplish, generally promoted reform as did the commitment of the senior ministers. In some countries, the Prime Minister appointed all the ministers so he or she could select to achieve as united a focus as possible, at least on the key issues. Also strong public concern over a need for reform promoted change in many cases. A reality or a public perception of a crisis, be it fiscal, social or some other kind, often opened the window to change while it was then politically easier to initiate and achieve extensive reform. In the absence of crisis, perception of one might nevertheless have sometimes been created out of a relatively minor issue.

179.   Public concern may have been in reaction to a crisis situation but it may also have been, for instance, about public spending in general extending beyond the affordable. The growing intergenerational debt was often perceived as unacceptable. Where no strong public support existed, reforms were sometimes carried out where the groups whose interests were affected supported change or at least did not oppose it. Where the government and public concerns coincided, the conditions for carrying out reform approached nevertheless an optimal situation.

180.   The ability to bring the public directly to support change and bypass deeply vested interests proved sometimes critical. Where there was a "champion of reform" talented at communicating the need for change to the different stakeholders - creating a sense of urgency and raising the expectations of public – change was easier to accomplish. Particular successes occurred also where there were some elected officials in the government with a strong understanding of society and a coherent view of what needed to happen or where intellectual and/or implementation support for reform was available in a key ministry(ies), department(s) or agency(ies). Sometimes the legislative systems gave an easier path for reform than others, for instance, where the government had a relatively strong power to legislate. This made it sometimes easier to make comprehensive and fast change; however, drawbacks might have occurred later. Also new ideas such as the New Public Management influenced bureaucracy and civil servants, whereas the politicians might sometimes have been more easily influenced by other countries' examples.

181.   Coalition agreements also softened the way to reform if there was a broad consensus across political parties of the need for reform, and agreements were formed across parties to support certain reforms. The existence of a weak opposition, especially if it was faced with a demoralising defeat and had not yet had a chance to reorganise, promoted change. Considerable change might also have taken place if,

for instance, immediately after the election, with the "honeymoon period" still continuing, those who wanted change moved quickly and maximised the opportunity.

182.   In strong consensus cultures opening the window to reform might often have been a relatively long process, but once the window was open there was huge commitment. Some political systems, on the other hand, made it easier to make fast and comprehensive change, for instance, by giving the government a strong position to legislate about reform.

183.   A politician championing for reform, who was not particularly concerned about a long-term political future, sometimes triggered reform. This personality was more willing to take action without worrying about the political consequences at the next elections if in fact he or she was aiming at a top leadership position outside of politics. Yet there were few examples of major changes made that were then unravelled by the next government. The new government often seemed to ride on the coat tails of the successes of its predecessor.

184.   In the experiences of the countries surveyed, to involve the central stakeholders was generally essential. Strong interest groups were among the obvious ones. Yet whenever change took place, there were winners and losers and the then prevailing status quo was disturbed which the governments needed to realise and to weigh up the costs. A crisis situation may have sometimes allowed the government a greater opportunity to take action.

185.   Timing was generally an important consideration for successful reform. Shifts in public opinions and preferences sometimes either contributed to reform or prevented it. A common experience was that reform launched shortly after a new government had entered office was less likely to be vigorously opposed. Along the same lines, a reform launched towards the end of a government's term of office was least likely to be carried through to full implementation. As in any reform situation, also here the convergence of circumstances sometimes promoted reform – for instance, through the existence of a reform-minded government supported by competent and committed public service.

186.   When a government had campaigned on a precise promise of a particular reform leading up to the election, it was possible to lose the next one if the reforms promised were eventually not carried out, for instance, because of opposition by a particular powerful group (for example, a large public service representing an influential group of voters and opposed to change especially where it threatened their interests).

187.   Carrying out successful reform was experienced in general to never be only about finding the right opportunity to open up the window - it was also about whether and how to use it. There were many examples where opportunity was there, yet the ideas on how to use the opportunity were absent – the window closed and the opportunity was missed. The country case studies emphasised the important role that civil servants could play in preparing ideas and thinking that the government could draw on when the right opportunity arose.