

Unclassified

GOV/PGC(2005)10

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

31-Oct-2005

English - Or. English

**PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE
PUBLIC GOVERNANCE COMMITTEE**

Cancels & replaces the same document of 28 October 2005

**MANAGEMENT IN GOVERNMENT:
FEASIBILITY REPORT ON THE DEVELOPMENT OF COMPARATIVE DATA**

**32nd Session of the Public Governance Committee
29 November 2005
Van Kleffenszaal, Ministry of Foreign Affairs, The Hague**

This document is presented to the Committee for discussion and approval.

For more information, please contact Nick MANNING:
Tel: +33 1 45 24 16 45; e-mail: nick.manning@oecd.org

JT00192960

Document complet disponible sur OLIS dans son format d'origine
Complete document available on OLIS in its original format



GOV/PGC(2005)10
Unclassified

English - Or. English

TABLE OF CONTENTS

| | |
|---|----|
| SUMMARY | 3 |
| Measuring government | 5 |
| The objectives of better measurement of government | 5 |
| Limitations of existing data | 6 |
| What can be measured? | 7 |
| Current data availability | 9 |
| Modest new data collection | 9 |
| A phased proposal | 10 |
| Overview: Harnessing demand for improved data | 10 |
| Proposed coverage of Working Paper Edition 1 (November/December 2006) | 12 |
| Focus of the publication | 12 |
| Proposed contents | 13 |
| Key implementation considerations | 14 |
| Internal and external collaboration | 14 |
| Building on OECD/GOV comparative advantage | 14 |
| Staff resource implications | 15 |
| Conclusion | 16 |
| ATTACHMENTS | 17 |

Boxes

| | |
|---|---|
| Box 1. Characteristics of useful data | 7 |
|---|---|

Tables

| | |
|--|----|
| Table 1. Proposed key steps | 11 |
| Table 2. Staff months required for 2005/6 | 15 |
| Table 3. Staff months required for 2007/8 | 16 |
| Table 4. Proposed cumulative publication of datasets within Working Paper editions | 17 |
| Table 5. Datasets for Inclusion in Working Paper Edition 1 | 18 |

Technical Annexes (available separately)

| |
|--|
| Technical Annex 1: Developments in Output Measurement |
| Technical Annex 2: Developments in Outcome Measurement |
| Technical Annex 3: The Key Dimensions of "Government" |
| Technical Annex 4: Relevant OECD Datasets |
| Technical Annex 5: Relevant non-OECD Datasets |
| Technical Annex 6: Data Quality and Relevance |
| Technical Annex 7: Annotated Bibliography |
| Technical Annex 8: Comparable OECD Publications |

**MANAGEMENT IN GOVERNMENT
FEASIBILITY REPORT ON THE DEVELOPMENT OF COMPARATIVE COUNTRY DATA**

Summary

1. As part of its work programme for 2005-2006, the Public Governance Committee of the OECD has mandated the Public Governance and Territorial Development Directorate (GOV) to assess the feasibility of developing comparable data and indicators of good government and efficient public services. This report sets out the key steps proposed in implementing a project under the working title “Management in Government: Comparative Country Data”. It recommends a phased approach towards gathering better data on efficient government and public administration. On low cost assumptions, it proposes annual working papers in 2006, 2007 and 2008, and the suggested first publication of “Government at a Glance” in late 2009.

2. This report concludes that this is an important area in which GOV can make a distinctive and much-needed contribution, and that the costs are manageable. The suggested approach and programme of work draw on an extensive initial review of potentially relevant data available inside and outside OECD. This report seeks the views and support of OECD member countries and invites them to review and revise the proposed approach and programme of work and to note that the project timetable could be accelerated if further voluntary contributions are made available.

3. Analysis of public management reforms has been hampered by the lack of good quality comparative information, resulting in a situation where assessing progress made and learning from other countries’ experiences remain limited. In consequence, public management reforms have been driven significantly by assumptions concerning “best practices” rarely specified with any precision. Although there is a significant growth in broad measures of “governance”, most of these data are based on subjective assessments, and have little relevance for public management. There are few terms and definitions applied consistently, further undermining public administration debate.

4. Against this background, the principal objective of the “Management in Government: Comparative Country Data” project is to provide robust empirics with which to assess the impact of public management reforms, and progress made in their implementation. A set of key indicators of good government and efficient public services would provide easy access to data for OECD member countries, which would allow:

- empirically grounded assessment of national reforms and other countries’ reforms;
- more specific measurement of the changes introduced;
- assessment of the internal consistency of public management reforms;
- greater focus in public management discussions;
- improvements in policy design and evaluation.

5. GOV would utilise these data in its own work programme by improving the quality and depth of its peer reviews, ensuring that budget, regulatory, territorial and HRM reviews are informed by relevant metrics and facilitating the movement towards an integrated set of public management or governance reviews.

6. In addition, publication of such indicators would assist governments in their own search for improved measures of outputs and outcomes.

7. The overall strategy proposed is to improve the array of data available gradually, publishing all relevant data regularly and highlighting the demand for more robust measures of the government sector by provoking debate on their implications. By moving in a cautious phased approach towards a publication which might be called "Government at a Glance", the OECD will create a high profile locus which brings together all relevant comparative data of appropriate quality. Through such a publication the OECD will encourage the widest possible informed debate on the impact of public management reforms and their contribution to efficiency and productivity improvements within government and to the achievement of overall policy objectives. This development would also highlight gaps in available data, encouraging governments, professional bodies, research institutes and other academic institutions to undertake further data collection.

8. The approach proposed is incremental, starting from existing data and statistics and gathering new data when and if necessary and at minimum cost. The initial step proposed is to publish a working paper which would include all currently available data, highlighting gaps, at the end of 2006.

9. An initial assessment of available data has been undertaken, supported by a comprehensive literature review. Using the quality framework for OECD statistical activities, the review of existing data has assessed the major sources of cross-country data concerned with inputs, processes, outputs and outcomes in government (central/federal government, state governments and local governments) at the whole-of-government level, in key sectors (education, health care, law and order and public administration) and in some central agencies. Sources include GOV's own databases, National Accounts, OECD-wide databases such as the Labour Force Surveys, Health and Education, and other sources outside the OECD. The initial assessment served to determine which existing data could be appropriate for this project, and to initiate a dialogue with data owners.

10. A modest set of new GOV data has been identified which would complement the available data at low cost.

11. The data compiled for the proposed 2006 working paper would mainly concern inputs and processes, as these are most readily available and build on the significant comparative advantage of GOV. Inputs and processes concern mostly issues of costs, human resources, and institutions (budget processes, nature of the civil service, structure of government, intergovernmental relations, transparency, etc.). These data will allow a more nuanced understanding of the functioning of governments.

12. Data concerning outputs and outcomes will be more difficult to gather. Output measures include considerations of volume (nature, number and scope of public services) and quality (such as processing time, customer/citizen focus, and accessibility). These data can be partly drawn from existing sectoral studies in the OECD where public services are core such as education, health and transport. Other data could be gathered from specific sectoral studies by GOV covering horizontal functions such as finance and public administration/personnel. The coverage of these categories of data will gradually improve in subsequent annual publications.

13. In implementing this project, it will be important to maximise consensus concerning the key measures and to ensure complementarity between GOV's work, other related work within the OECD, and work undertaken at national and regional levels. The project has been reviewed thoroughly within the OECD, and the views of ECO, STD and other directorates are incorporated within this proposal. GOV has held preliminary discussions with national statisticians and sectoral specialists in public management in a number of countries and with Eurostat. Over time, some aspects of the work might also take into account the interest of the IMF and the World Bank in ensuring consistency in key metrics between OECD member countries and non-member countries.

14. An informal Government Indicators Editorial Group, comprising members of the PGC, interested government officials and senior researchers, and representatives of other OECD Directorates, with special interest subgroups to provide technical guidance concerning the proposed discussion of output and outcome measurements, is proposed to offer guidance on the Working Papers and on the eventual contents of "Government at a Glance".

Measuring government

The objectives of better measurement of government

15. The wave of public management reforms undertaken by member governments over the last two decades as reflected in OECD and other reviews such as *Modernising Government* (OECD, 2005) have little empirical basis.¹ In the absence of robust data, public management reforms are driven significantly by assumptions concerning "best practices", which are rarely specified with any precision – making it hard for country A to evaluate the changes that country B has introduced.

16. Concern about the lack of comparative data has been growing for some time. An early expression was noted in the Report of the PUMA Expert Group Meeting on Measuring Productivity in the Government Sector (STD/NA/RD(99)1) which observed that, although statistical and budgetary agencies have made efforts to measure general government productivity, these efforts are generally made in isolation, often employing different methods.

17. Improved availability of cross-country data on the dimensions of government will allow a more informed reading of other countries' reforms. Regularly updated data will allow countries to benchmark their own developments – assessing the progress that they have made in their own reform programmes. The data will also enable practitioners to review internal consistency of reforms and the inter-relationships between process reforms and inputs used (is performance-related pay associated with higher wage bills, etc.?).

1. A recent comprehensive and influential publication reviewing government performance (Public Sector Performance: An International Comparison of Education, Health Care, Law and Order, and Public Administration, 2004. Social and Cultural Planning Office, The Hague) noted that "After mining some of the most outstanding sets of international comparative data on public sector performance, our main, sobering conclusion is that policymakers can draw no quick and easy lessons from our analyses of these data. This is not to say that international comparisons can shed no light on the cost effectiveness of government interventions in individual policy areas... We should note, though, that – at the present stage – it seems difficult to perform in-depth analyses, given the limited quality of and lack of detail in the data available."

18. Improving data collection in this area will also have important side benefits. It will open up the field of public administration for broader review – including specialists from other disciplines. It will also encourage the standardisation of terms and definitions, improving the quality of international public management discussions. In the longer term, improved data availability will lay the foundations for a more robust assessment of the impact of different types of public sector reforms.

19. GOV would use the data to leverage greater impact from its own work, by benchmarking developments in public management in its current peer reviews (budget, regulatory, territorial and HRM reviews), facilitating the movement towards an integrated set of public management or governance reviews.

20. Publication of these indicators would also assist governments in their own search for better improved measures of outputs and outcomes. A recent Eurostat directive on price and volume measures for government output (see *Technical Annex 1*) has generated extensive work across the European Union in improving output measures and is leading towards the development of measures of productivity and efficiency. It is, of course, important to keep two points in mind. First, efficient delivery of services is just one aspect of governments' tasks. Second, government is also responsible to a significant degree for efficiency in the private sector as public policies play an essential role in shaping competitiveness and growth in an economy through its share of government employment, through tax policy, through spending on areas such as education, research and development or infrastructure, and through economic regulation.

21. This project will also complement an increasing focus on measuring outcomes at national and international levels (see *Technical Annex 2*).

Limitations of existing data

22. There is a significant growth in broad measures of “governance”, including some comparative data concerning public sector bureaucratic quality. However, most of these data are based on subjective assessments, and were not initially collected with comparative analysis of public management as a principal aim. Recent reviews of these data have assessed the policy relevance of indicators such as government effectiveness in the World Bank Governance Indicators, the European Central Bank's Public Sector Efficiency Study, the World Economic Forum's Public Institutions Index in the Global Competitiveness Report, and the “Government Efficiency” Indicator developed by the International Institute for Management Development in the World Competitiveness Yearbook. Reviews of these data note that these indicators incorporate significant methodological problems.² The data often do not adequately measure what they claim to measure, and can aggregate many diverse indicators, achieving statistical quality at the price of significant loss of conceptual precision. Often data amount to broad subjective evaluations combined with service-specific performance indicators. The former can be excessively impressionistic and the latter cannot be aggregated in any meaningful way.

2. See, in particular, Steven Van De Walle, “Measuring Bureaucratic Quality in Governance Indicators”, Paper for the EGPA Annual Conference, Study Group on Productivity and Quality in the Public Sector in Bern (CH), 31 August – 3 September 2005 (draft 31/07/2005).

Box 1. Characteristics of useful data

OECD defines data quality as "fitness for use" in terms of user needs. This definition is broader than has been customarily used in the past when quality was equated with accuracy. It is now generally recognised that there are other important dimensions and quality is recognised as a multi-faceted concept. The OECD Quality Framework for Statistical activities comprises seven dimensions, which can be summarised as follows:

1. Relevance of data products is a qualitative assessment of the degree to which they serve the purposes for which they are sought by users. Data can be well-recognized in the field and cited in government reports (high policy relevance) or little used beyond academic papers (lower policy relevance).

2. Accuracy is the degree to which the data correctly estimate or describe the quantities or characteristics they are designed to measure. Data can derive from well-accepted classifications and procedures, validated by reference to independent data sources (high quality) or from *ad hoc* classifications and procedures with no cross-checking against other data (lower quality).

3. Credibility refers to the confidence that users place in the data products. It is determined in part by the integrity of the process through which the data is generated. Data can be based on standard, replicable procedures capturing unambiguous data (highly objective), or include survey-based data (less objective) or expert assessments (least objective).

4. Timeliness reflects the length of time between data availability and the event or phenomenon they describe. Key questions include: is time series available, how frequently is the data produced, and what is the planned future availability of the data?

5. Interpretability concerns the ease with which the user may understand and properly use and analyse the data. It is determined in part by the adequacy of the definitions of concepts, variables and terminology, information describing the limitations of the data. Key questions include: have the questions the same meaning for all countries, and is the underlying data clearly defined?

6. Coherence is the degree to which data are logically connected and mutually consistent – within a dataset, across datasets, over time and across countries.

7. Accessibility reflects how readily the data can be located and accessed. Key considerations include the source of information and the ease with which the user can gain access to the data.

Technical Annex 6 provides further details.

What can be measured?

23. "Government" is a particularly slippery term, presenting many difficulties in classification. The common assumption that it comprises all the agencies that provide public services points to the complexities involved as, for example, many health services are publicly funded but provided by private agencies, and local government can be a major provider of social services. *Technical Annex 4* sets out a full description of the possible dimensions of measurement. The key is to use the robust foundation provided by the System of National Accounts (SNA) which reflects a well-established consensus concerning the components of the public sector. The institutional sector classification provides the most practical approach to defining the dimensions that can be measured, providing categories of organizations which, taken together, constitute what is generally regarded as government.

24. In principle, for each group of organisations, three types of measures can be identified:

- *Inputs* – for example:
 - government wages and salaries;
 - government final consumption expenditures;
 - numbers/characteristics of staff employed by type.
- *Processes*³ – for example:
 - measures which characterise the budget and financial management systems (such as the degree of detail to which the budget is appropriated, or restrictions on parliamentary amendments to budget proposals, or the proportion of expenditures accounted on a full or partial accruals basis);
 - measures which characterise the civil service management and oversight arrangements (such as staff mobility, openness of recruitment to lateral entry);
 - wages, salaries and pensions levels;
 - measures which characterise the arrangements for determining intergovernmental fiscal transfers;
 - measures which capture the structure of government (its division into sectoral ministries, and numbers and types of autonomous bodies).
- *Outputs* – for example:
 - numbers of children in full time education;
 - numbers of older people receiving full time nursing care.

25. There are two further dimensions which can be measured but which are not readily mapped on to individual government organisations.

Outcomes include, for example:

- public and business perceptions of “trust” in government;
- firm perceptions of the competitive environment;
- regulatory quality.

3. It is important to note that *processes* in this context are distinct from *activities*, a topic given much consideration in agency- or industry-specific analyses of productivity. *Processes* refer to cross-cutting institutional or managerial arrangements (e.g. types of civil service arrangement). *Activities* refer to a mechanical step in producing outputs (e.g. a specific surgical procedure or outpatient appointment).

Antecedents or constraints that contextualize government efficiency are factors that are likely to have an impact on the relationship between outputs and outcomes. They include for example:

- scale (population size, GDP);
- scrutiny environment (media, civil service qualifications, public education and literacy, breadth of tax base);
- competition for skilled staff (labour market participation, wage levels);
- private investment in the sector.

Current data availability

26. Three reviews of potential sources of data have been undertaken, broadly using the OECD data quality framework. An internal review has been undertaken of potentially relevant OECD data on government, and the Social and Cultural Planning Office of the Netherlands (SCP) has been commissioned to identify and review existing available non-OECD data relevant to the project. *Technical Annex 4: Relevant OECD Datasets* and *Technical Annex 5: Relevant Non-OECD Datasets* provide the results of these reviews. The initial assessment served to determine which existing data could be appropriate for this project, and to initiate a dialogue with data owners.

27. In addition, SCP were also commissioned to undertake a comprehensive literature review to identify potential additional sources of data and to assess any other significant work which advanced the measurement of public sector inputs, processes and outputs, or improved cross-country comparability of data on public sector performance, or which were facilitating the construction of policy relevant government indicators. As outlined in *Technical Annex 7: Annotated Bibliography*, no significant additional sources of data or analysis were found.

Modest new data collection

28. In the light of the distinctly patchy picture that the overall review indicated, GOV has undertaken to extend its current work and institute follow-up surveys in some key areas to complement the available data. Data, those from new surveys and from new analyses of existing data will contribute to a proposed set of core GOV datasets.

- Input measures:
 - updated Public Sector Pay and Employment (PSPE) data;
 - new analysis of government consumption expenditures.
- Processes
 - regulatory quality indicators (processes used for generating regulatory outputs – automatic triggers and sector vs. government-wide responsibility);
 - updated budgetary institutions database – subset of indicators that measure the nature of the budget process (multi-year or not, level of appropriation, etc.);
 - new analysis of data on contracting out.

- Outcomes
 - new analysis of data on trust in government (acceptable measures of public trust in government).
- Antecedents or constraints that contextualize government efficiency:
 - key territorial indicators (the degree to which skills are concentrated in central regions as a proxy for government challenges in hiring qualified staff, and accessibility of public services at the regional level pointing to likely additional costs of service provision);
 - key indicators from the database on multilevel governance (degree to which revenues and expenditures are decentralized).

29. These developments entail the development or improvement of additional datasets that meet the following criteria:

- respond to identified interest from member countries;
- illustrate how data collection can be done well in core areas of public management;
- can be available by October 2006;
- are complementary to existing datasets maintained within the OECD.

A phased proposal

Overview: Harnessing demand for improved data

30. The overall strategy proposed for the “Management in Government: Comparative Country Data” project is to *foster demand* for robust measures of the government sector and to *provoke debate* on its implications. The OECD collects much data – particularly in core areas of public management and in the health and education sectors – but cannot by itself launch and sustain the scale of data collection necessary to fill the massive empirical gaps in tracking developments in public management. Similarly, the OECD can provide some expert interpretations of trends and their significance for efficiency improvements within government – but there is, as yet, limited consensus on causal relationships and it is important that there is an active debate within the wider field on the significance and transferability of particular reforms.

31. By moving in a cautious phased approach towards a publication which might be called “Government at a Glance”, the OECD will create a high profile locus, which brings together all relevant comparative data of appropriate quality. Through such a publication, the OECD will encourage the widest possible informed debate on the impact of public management reforms and their contribution to efficiency and productivity improvements within government and to the achievement of overall policy objectives. This development would also highlight gaps in available data, encouraging governments, professional bodies, research institutes and other academic institutions to undertake further data collection. This would provide incentives for the development of new datasets as inclusion of the data within the publication series would be a significant public acknowledgement of data quality and relevance.

32. In implementing that strategy at lowest cost, the proposal is to prepare annual publications which combine a presentation of available data with some discussion of “frontier” issues where there is, as yet, limited consensus on approaches to measurement. The balance between discussion of the frontier issues and the presentation of the data would change over time – as discussions “ripen” and as technical consensus is reached.

33. The key steps proposed in implementing that strategy are as set out in Table 1.

Table 1. Proposed key steps

| | |
|----------------------------|---|
| November/ December 2006 | <p><i>Publication of Working Paper Edition 1</i> Issuance of a two part publication under the working title of "Towards Better Measurement of Government"</p> <ul style="list-style-type: none"> • Part 1 would set out all currently available data in core areas where data are readily available and where interest is high (central government inputs and processes, and key outputs in the education, health and social protection sectors). • Part 2 would offer an expert-moderated discussion of key developments in areas where there is intensive technical and governmental activity – but where consensus has not yet been reached on best practice: <ul style="list-style-type: none"> ○ measurement of government outputs and their significance for tracking efficiency and productivity improvements within government ○ measurement of progress towards key government outcomes, and the contribution of government outputs |
| December 2006 | <i>PGC decision to continue working towards subsequent editions</i> |
| November/ December 2007 | <p><i>Publication of Working Paper Edition 2</i> A second edition of "Towards Better Measurement of Government"</p> <ul style="list-style-type: none"> • Part 1 would continue the publication of core datasets, and would supplement this with additional datasets in areas where data is available but more demanding to collate and interpret (key government bodies: measures of inputs and processes; sectors other than health, education and public safety: measures of inputs, processes and outputs). • Part 2 would continue the expert-moderated discussion of key developments concerning: <ul style="list-style-type: none"> ○ measurement of government outputs ○ measurement of progress towards key government outcomes |
| November/ December 2008 | <p><i>Publication of Working Paper Edition 3</i> A third edition of "Towards Better Measurement of Government"</p> <ul style="list-style-type: none"> • Part 1 would continue the publication of core datasets, and would supplement this with additional datasets (outputs of general government, and a range of data on outcomes and on antecedents or constraints). • Part 2 would contain an expert-moderated discussion of key developments concerning filling key data gaps and improving data quality. |
| December 2008 | <i>PGC decision to institute the annual publication of "Government at a Glance" (provisional title)</i> |
| November/ December 2009 | <i>Publication of "Government at a Glance" Edition 1</i> |

34. Two key decision points are envisaged:

- following the publication of the first edition of the Working Paper, the Public Governance Committee may wish to take a decision that confirms its intention to continue with the preparation of subsequent editions;
- following the publication of the third edition, the Public Governance Committee may wish to take a decision that confirms its intention to move towards the annual publication of “Government at a Glance” (provisional title).

35. The cumulative implications for the content of each Working Paper are summarised in Table 4 in the Attachment.

36. An informal Government Indicators Editorial Group, comprising members of the PGC, interested government officials and senior researchers, and representatives of other OECD Directorates will be established to offer guidance on the Working Papers and the eventual contents of “Government at a Glance”. It is proposed that special interest subgroups of the Editorial Group are established to provide technical guidance concerning the proposed discussion of output measurements, and of outcome measurements.

Proposed coverage of Working Paper Edition 1 (November/December 2006)

Focus of the publication

37. The Working Paper series, in building up to a possible future publication series of “Government at a Glance”, should encourage an informed debate and guide national policy development around a series of key topics in public management.

38. The first edition will set out the key areas which the publications will cover – and will invite comment and discussion on the selection of data included and on its presentation. It will set the scene for the publication series – noting that it is not the intention of the OECD, or indeed within its capacity, to provide definition and answers to key questions of institutional design in the public sector. Rather, in providing the best current comparative data on government, the series will provide some perspectives for studying changes to the environment within which government departments and other public sector bodies operate – and the degree to which these have an impact on efficiency. The publication will emphasise that the goal is to highlight process changes such as those entailed in the systems for managing public expenditures, including moves to multi-year plans for public spending and end-year flexibility, the use of service or performance agreements, and changes to accounting and budgeting systems which have placed an emphasis on asset management and estate rationalisation in departments. As data become available, the publication series might also encompass such diverse process topics as the use of information and communications technology (ICT), streamlining of the delivery of services to the public, and the degree of data-sharing within human resources management functions. Institutional arrangements for procurement within government, and the use of e-government, will also be flagged as important areas for sustained data collection.

39. The first edition will also note that:

- the inclusive scope of “government” proposed for the publication series will, over time, provide insights into the way in which services can best be delivered through devolved, autonomous or independent bodies including not-for-profit, or for-profit, schools and health facilities;
- time series data will allow some analysis of such issues as the absorptive capacity of government organisations, allowing cross-country comparative analysis of the much-discussed impact of softer budget constraints following significant increases in sector expenditures;

- the inclusion of discussion of outcomes will, over time, provide an opportunity to review the balance between different outputs aimed at delivering a similar overall objective, ultimately allowing consideration of allocative efficiency.⁴

Proposed contents

Part 1 – Data

40. The data compiled for the proposed 2006 working paper would mainly concern inputs and processes, as these are most readily available and build on the significant comparative advantage of GOV. Inputs and processes concern mostly issues of costs, human resources, and institutions (budget processes, nature of the civil service, structure of government, intergovernmental relations, transparency, etc.). These data will allow a more nuanced understanding of the functioning of governments. Part 1 will set out all currently available data in these core areas, accompanied by key outputs in the education, health and social protection sectors. Table 4 in the Attachment sets out the datasets that are the most promising for inclusion and the relevant division within the OECD that is responsible.

Part 2 – Key debates

41. Data concerning outputs and outcomes will be more difficult to gather. Part 2 would offer expert-moderated discussions of key developments in areas where there is intensive technical and governmental activity – but where consensus has not yet been reached on best practice.

42. *Outputs* include measurements of volume (nature, number and scope of public services) and quality (such as processing time, customer/citizen focus, and accessibility). These data can be partly drawn from existing sectoral studies in the OECD where public services are core such as education, health and transport. Other data could be gathered from specific sectoral studies by GOV for horizontal ministries such as finance and public administration/personnel. The coverage of these categories of data will gradually improve in subsequent annual publications.

43. Developments in the measurement of progress towards key government *outcomes* will also be an important area in which to foster debate. Although the relationship between government outputs and outcomes is far from simple, there are three principal reasons why discussion of outcomes will be an important component of Part 2 of the publication. First, discussion of outcomes will attract a greater readership than might be achieved with discussion of inputs, processes and outputs alone. Second, such discussion of the overall impact of government activity (or lack of impact) will assist in maintaining a focus on the whole of government – avoiding the risk that the drive towards improved quantitative measurement is reductionist in attempting to characterise the tasks of government as a series of somewhat disconnected outputs. Finally, the quality component of output measures must ultimately stem from the contribution of the output to achieving specified outcomes.

44. Discussion about outcomes might include considerations of the validity and utility of the various surveys of public and business perceptions of “trust” in government. Similarly, it might also consider the usefulness and robustness of firm perceptions of the competitive environment as an outcome measure.

4. This point was made very clearly in a recent major efficiency review for the UK government (Sir Peter Gershon. 2004. “Releasing Resources to the Front Line: Independent Review of Public Sector Efficiency”, HMSO, London).

45. This discussion will also require some consideration of antecedents or constraints that contextualize government efficiency (e.g. population size, GDP, government scrutiny environment through the strength of the media, etc., labour market participation and so on) to develop some perspectives on factors that are likely to have an impact on the relationship between outputs and outcomes.

Key implementation considerations

Internal and external collaboration

46. First steps have been made in developing a consensus building strategy, recognising that the project has diverse audiences, ranging from public managers/policy makers to national accountants. Traditionally, these two groups are interested in public sector input and output measures for somewhat different reasons. The former are interested for budgetary, contractual and accountability reasons. The latter focus on the national accounts – and increasingly, on the search for measures of productivity in the non-market sector.

47. Public managers note that, with limited data, public management reforms are particularly hard to evaluate, and discussion of other countries' reforms are often not fully supported by an empirical understanding of the changes made. Practitioners do not have at their disposal internationally comparable data that might allow them to assess the significance of reforms, and the benchmarking of developments to track progress is difficult. The interest from national accountants stems from the interest in reflecting more accurate output data in the national accounts.

48. The development and implementation of an international indicator programme on measurement within government therefore requires strong commitment and support from a broad-ranging network comprising analysts, statistical practitioners and experts in all interested groups, both in OECD and non-member countries and among the OECD staff. A contribution to the World Indicators Forum 2007 in Istanbul would assist in building this network.

49. Discussions have been held with a range of National Statistical Offices and relevant government staff responsible for national public management reform programmes. There has been comprehensive support for the proposed activity and the many useful suggestions for shaping the direction of the work are reflected in this proposal.

50. Internally, extensive consultations have been held with other OECD Directorates. In particular, important synergies have been found with the new ECO work on public spending efficiency. Arrangements are in hand for this activity to be established within the OECD Statistical Work Programme. *Technical Annex 6* shows how this proposal is compliant with OECD procedures for a proposed new statistical activity.

51. Lessons can be drawn from the experience of other “At a Glance” publications. Linkages with other publications are set out in *Technical Annex 8*. In essence, the publication will likely refer to datasets from *Society at a Glance*, *Health at a Glance* and *Education at a Glance*.

Building on OECD/GOV comparative advantage

52. Traditionally, OECD work on public management has been well-regarded and it is seen as the major, and often the only, source of reliable data in an admittedly weak field. In the recent major review of government performance, commissioned by the Government of the Netherlands during the Dutch EU Presidency (*Public Sector Performance: An International Comparison of Education, Health Care, Law and Order, and Public Administration*, 2004, Social and Cultural Planning Office, The Hague) an extensive trawl was undertaken for cross-country comparative datasets offering measures of core aspects of

public management and government performance. In practice, the overwhelming majority were from the OECD. OECD datasets on health and education already offer insights at the sector level into inputs, government processes, outputs and outcomes.

53. The OECD is also at the forefront of new developments in data collection concerning public management. Examples include the current update to the PSPE survey, and the recently developed Database on Multilevel Governance (fiscal decentralisation). STD is well-recognised for its contribution to improvements in the System of National Accounts, and most recently has led the discussion concerning the implications of the current interest in improved output measures.⁵

54. The distinctively strong track record of the OECD in gathering and presenting data would contribute credibility to the proposed publications, ensuring that member countries can use the data more persuasively in support of arguments for policy change.

55. The OECD would itself gain by the further development of its “pathfinder” role, addressing innovative measurement and public management policy issues, serving as a “bridge” between EU, North American, Asian and Pacific regions, while also involving key non-members when feasible.

Staff resource implications

56. The anticipated utilisation of staff resources 2005 and 2006 are within the frame agreed in the GOV Programme of Work and Budget.

Table 2. Staff months required for 2005/6

| Year | Principal outputs | Programme of Work and Budget | | Actual | |
|------|--|------------------------------|------------------------|--------|------------------------|
| | | Part 1 | Voluntary Contribution | Part 1 | Voluntary Contribution |
| 2005 | Review of data availability, initial consensus-building and preparation of feasibility paper | 35 | 19 | 34 | 3 (see note below) |
| 2006 | Publication of Working Paper Edition 1 | 39 | 16 | n/a | n/a |

Note: An in-kind voluntary contribution of 8 000 Euros has been made by the Ministry of the Netherlands for the review of data outside OECD and review of literature by the SCP. The overall shortfall in voluntary contributions resulted in a postponement of the launch of the expert group and associated meeting. This is now programmed for 2006.

57. The voluntary contributions required on this assumed timetable are modest. With enhanced contributions for this exercise, it would be possible to move to the first publication of “Government at a Glance” in 2008.

5. In the October 2004 meeting of the Working Party on National Accounts (WPNA), the Advisory Expert Group to the International Secretariat Working Group on National Accounts agreed that the OECD should make concrete proposals concerning developments in the measurement of non market volume output. These proposals were presented by the OECD to the July 2005 meeting of the Advisory Expert Group.

Table 3. Staff months required for 2007/8

| Year | Principal outputs | Programme of Work and Budget | |
|------|--|------------------------------|------------------------|
| | | Part 1 | Voluntary Contribution |
| 2007 | Publication of Working Paper Edition 2 | 44 | 16 |
| 2008 | Publication of Working Paper Edition 3 | 46 | 16 |

Conclusion

58. The “Management in Government: Comparative Country Data” Project is an opportunity to support member countries in developing and using better quality information on the structure and performance of government, helping countries highlight and address problems in the efficiency and effectiveness of public services, and, ultimately, achieving a better understanding of the relationship between government activities and the economy and society. The distinctively strong track record of the OECD in gathering and presenting data would contribute credibility to the proposed publications. The phased proposal set out in this paper is manageable by some reprioritisation of resources within GOV. However, faster progress towards final publication could be achieved with additional voluntary contributions.

ATTACHMENTS

Table 4. Proposed cumulative publication of datasets within Working Paper editions

| | | Inputs | Processes | Outputs | Outcomes | Antecedents or constraints that contextualize government efficiency |
|--|---|---------------|---------------------------|---------------|---------------|---|
| Institutional classification⁶ | | | | | | |
| Public sector | Units within central government | W/P Edition 1 | W/P Edition 1 | W/P Edition 3 | W/P Edition 3 | W/P Edition 3 |
| | of which, central agencies: | | | | | |
| | <ul style="list-style-type: none"> • Ministries of Finance • Revenue Authorities • Statistics Offices • Supreme Audit Institutions • Chancelleries/ Executive Offices/ Cabinet Offices • Civil service HRM • Policy bodies | W/P Edition 2 | W/P Edition 2 | W/P Edition 3 | | |
| | Units within state government (for federal countries). Units within local government Social security (when possible) | W/P Edition 1 | W/P Edition 1 | W/P Edition 3 | | |
| | Other public sector | W/P Edition 1 | No planned data collation | W/P Edition 3 | | |
| Private sector in the public domain | | W/P Edition 1 | No planned data collation | W/P Edition 3 | | |
| Functional classification | | | | | | |
| Primarily individual goods and services | | W/P Edition 2 | W/P Edition 2 | W/P Edition 1 | W/P Edition 3 | W/P Edition 3 |
| Education | | | | W/P Edition 2 | | |
| Health | | | | W/P Edition 2 | | |
| Social protection | | | | W/P Edition 2 | | |
| Recreation, culture and religion | | | | | | |
| Mixed | | W/P Edition 2 | W/P Edition 2 | W/P Edition 2 | | |
| Economic affairs | | | | | | |
| Environmental protection Housing and community amenities | | | | | | |
| Primarily collective goods and services | | W/P Edition 2 | W/P Edition 2 | W/P Edition 2 | | |
| General public services | | | | | | |
| Defence | | | | | | |
| Public order and safety | | | | | | |

6. *Technical Annex 2* provides fuller descriptions of these classifications.

Table 5. Datasets for Inclusion in Working Paper Edition 1⁷

| Institutional classification ⁸ | | Inputs | Processes | Outputs |
|---|--|---|---|---------|
| Public sector | Central government State government (for federal countries). Local government Social security (when possible) | <p>OECD – STD:</p> <ul style="list-style-type: none"> Government final consumption expenditure – and new analysis Public expenditure as % of GDP Investment of general government <p>OECD – CTP:</p> <ul style="list-style-type: none"> Details of tax revenue Tax revenue as % of GDP Tax revenue as % of total taxation Tax revenue per capita <p>OECD – GOV/PSMP:</p> <ul style="list-style-type: none"> Updated Public Sector Pay and Employment (PSPE) data Breakdown by level and function Share of the public employment over the labour force Age structure, women participation Total compensation costs for public sector Funds dedicated to performance related pay <p>OECD – GOV/RCG:</p> <ul style="list-style-type: none"> Intergovernmental fiscal transfers <p>IMF - Government Financial Statistics</p> <ul style="list-style-type: none"> Government revenue, expense, transactions in assets and liabilities, and stocks of assets and liabilities for the general government sector and its subsectors | <p>OECD – GOV/ REG:</p> <ul style="list-style-type: none"> Regulatory quality indicators (processes used for generating regulatory outputs – automatic triggers and sector vs. government-wide responsibility) Whether explicit regulatory policy exists Co-ordination procedures on regulations Regulatory independent agencies (RIA) Institutional status of regulators Heads of regulators Institutional features to ensure independence <p>OECD- GOV/IIID: E-gov</p> <ul style="list-style-type: none"> Planning for e-gov cost/benefit indicators <p>OECD- GOV/IIID: Ethic measures and conflicts of interest policies</p> <ul style="list-style-type: none"> New analysis of data on trust in government (acceptable measures of public trust in government) Management measures to ensure high standards of conduct and assist prevention Human resources management measures to develop an ethical environment Information disclosure Bodies investigating misconduct and corruption in the public service The eight most frequently stated core public service values in each OECD country General framework and principles for avoiding conflicts of interest in every OECD country Mechanisms to prevent and resolve conflicts of interest | |
| Other public sector | | | | |
| Private sector in the public domain | | | | |

7. Although Working Paper Edition 1 will primarily focus on inputs, processes and outputs, core GOV datasets concerning *outcomes* (new analysis of data on trust in government) and *antecedents or constraints that contextualize government efficiency* (key territorial indicators showing government challenges in hiring qualified staff in regions and likely additional costs of service provision, and indicators on multilevel governance indicating the degree to which revenues and expenditures are decentralized) will be included.

8. *Technical Annex 2* provides fuller descriptions of these classifications.

| Institutional classification ³ | Inputs | Processes | Outputs |
|---|---|---|---------|
| | <ul style="list-style-type: none"> • Extra-budgetary expenditure – distinction between central and budgetary units | <p>OECD- GOV/IIID: Survey of government offices 2004</p> <ul style="list-style-type: none"> • Typology of government offices: constitutional, functional, single party vs. coalition • Structure of government offices and dimensions of coordination • Coordination of government programme <p>OECD- GOV/IIID: Open government</p> <ul style="list-style-type: none"> • Overview of current legislation and institutions for open government in OECD countries. • HRM policy formulation • Civil service classification and its status • Openness of government posts <p>OECD- GOV/BUD:</p> <ul style="list-style-type: none"> • <i>Updated budgetary institutions database – subset of indicators that measure the nature of the budget process (multi-year or not, level of appropriation, etc.)</i> • Mechanisms used to assess the efficiency, effectiveness and value for money of public activities • Performance results availability to the public • Existence of a central office for controlling and monitoring audits • Determination of audit subjects • Committee structure for dealing with the budget • Changing expenditure outside the budget process • Activities related to implementation of budget policies • Specialized recruitment and training programmes for procurement professionals • Existence of a medium term expenditure framework <p>OECD – GOV/PSMP: Human Resource Management</p> <ul style="list-style-type: none"> • <i>New analysis of data on contracting out</i> • HRM policy formulation • Civil service classification and its status | |

| Institutional classification ⁸ | Inputs | Processes | Outputs |
|---|--------|---|---------|
| | | <ul style="list-style-type: none"> ● Openness of government posts ● Collective bargaining ● HRM bodies and delegation of practices ● Classification of HRM systems ● Rules applying to different servants depending on function ● Characteristics of reforms of senior civil service systems ● Centralisation and decentralisation tendencies of reforms according to senior civil service types ● Size of senior civil service. ● Degree of performance related pay ● Degree of centralization/decentralization of performance related pay ● Dispersions of earnings in the public sector ● Knowledge management and e-government ● Transfer arrangements <p>ILO:</p> <ul style="list-style-type: none"> ● Wages | |

| | Inputs | Processes | Outputs |
|--|--------|-----------|---|
| Institutional classification⁸ | | | |
| Functional classification | | | |
| Primarily individual goods and services Education | | | <p>OECD – EDU:</p> <ul style="list-style-type: none"> ● Educational attainment ● Student performance ● Composite effectiveness score: educational attainment, educational achievement |
| Health | | | <p>OECD – ELS/HD:</p> <ul style="list-style-type: none"> ● Graduation rates ● Number of doctor consultations ● Vaccination rates against various infectious diseases ● Hospital activities: admissions/discharges, length of stays, surgical procedures ● Long-term care services/recipients in institution or at home |

Note: Italicised datasets refer to the proposed core GOV datasets.