



BETTER POLICIES FOR BETTER LIVES

Strengthening Public Administrations across All Levels of Government

Governance Perspectives from the OECD

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Citizens and Government

a relationship under pressure...

Enormous expectations:

- Recovery, competitiveness, job creation, fiscal stability

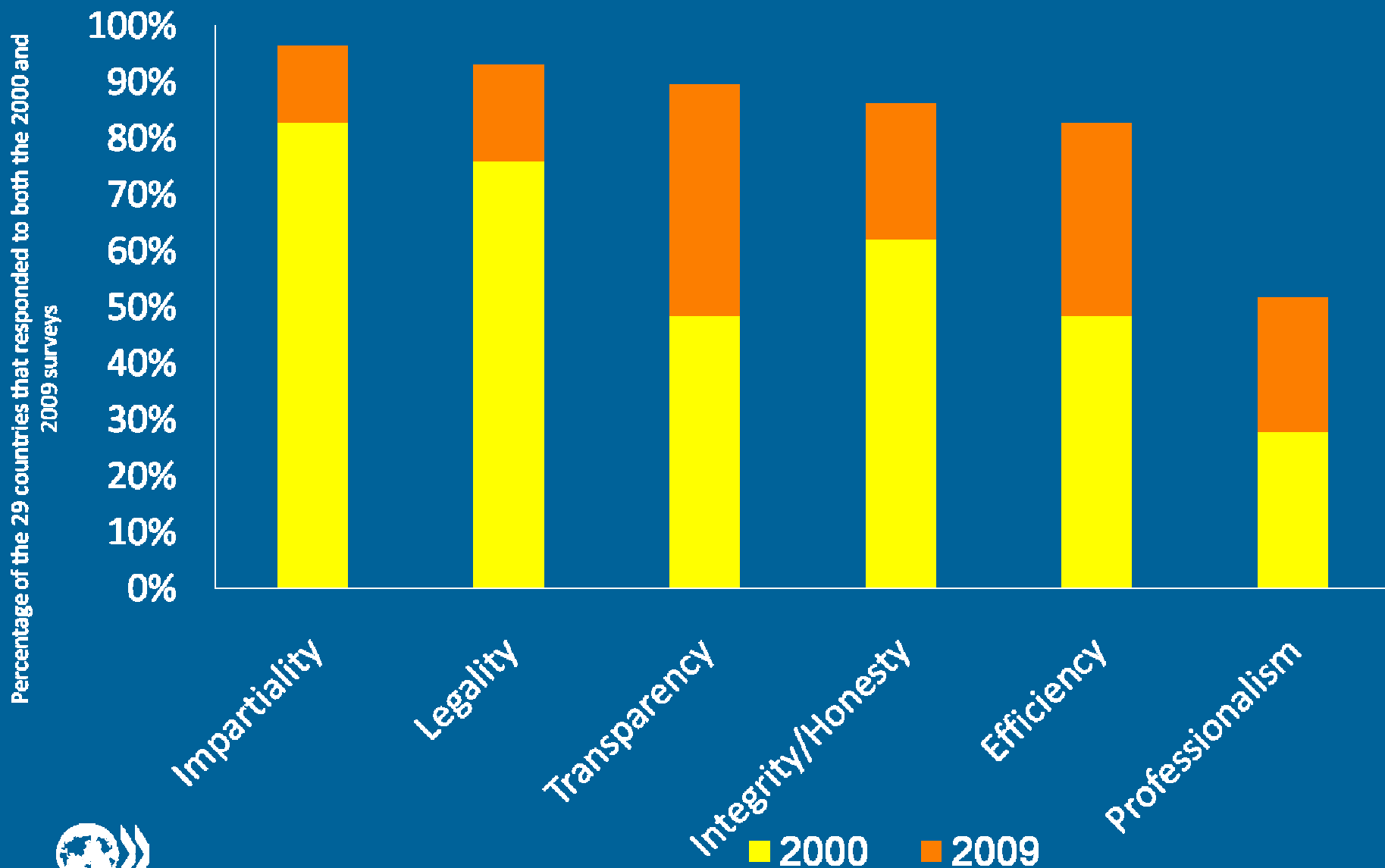
Diverse pressures:

- Scarce resources
- More vocal and demanding civil society
- Reduced trust and confidence in public authorities
- A decision-making “deficit”

New priorities for government?

- Demonstrate that the public sector can lead and deliver
- Strengthen dialogue between government and citizens

Public service values remain the underlying basis



Maintaining service quality will be a challenge

Staffing targets:

Greece: 20% of retiring employees replaced, fewer than short-term contract employees

Spain: 10% replacement of vacant positions between 2011-2013

United Kingdom: 330 000 public sector jobs by 2014

Wage reductions:

Canada: 2012 -- 10% cuts in operating expenditure for all departments

Czech Republic: 10% wage cut in the public sector (excluding teachers)

United States: Two-year wage freeze, expected savings of up to USD 28 billion over 5 years.



Dramatic impact on capacity at local level

Innovative approaches will be needed if level of service is to be maintained...

The priorities for government seem clear...

- Strengthen strategic decision-making capacity at the centre
- Follow through on fiscal commitments
- Open up to users and civil society to drive innovation
- Reach out to and work better with the local level

But Partner with private sector providers

Scope for experimentation is limited, no time for trial and error, emphasis on measurable results, motivation may be low...

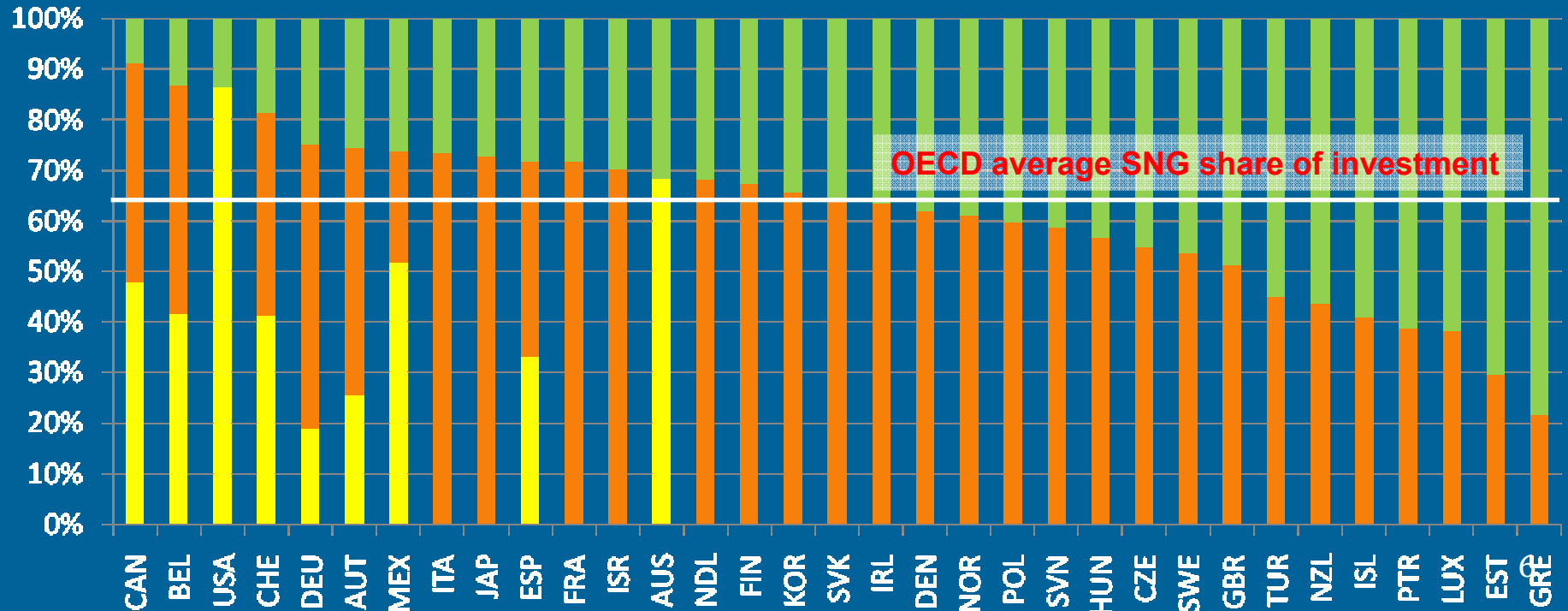
Sub-national governments have a key role to play to bridge the “governance deficit”

Sub-national governments account for

- 22% of public revenues
- 31% of public expenditures on average in the OECD...and
- 66% of public investment

SNG as share of public investment in 2010

■ Central ■ Local ■ State



13 key levers to strengthen sub-national capacities

the case of public investment

Critical sub-national governance capacities

1. Strategic planning, oversight and budgeting
2. Integrity and transparency (public procurement)
3. Quality of multi-level regulatory framework,
4. Performance monitoring & evaluation

National conditions to establish an enabling environment for public investment

5. Investment prioritization & selection
6. Strategic resource management
7. Engaged citizens and firms
8. Integrity and transparency
9. Public employment capacity
10. Monitoring and evaluation

- 11. Vertical coordination
- 12. Horizontal coordination (across jurisdictions)
- 13. Contractual design and enforcement

Critical coordination mechanisms

Examples from non-OECD countries:

learning from good practices

Brazil

- Financial incentives to sub-national governments: the case of the 'Bolsa Familia' programme: Financial incentives for municipalities to participate in the programme and to update the national single registry database on poor families.
- Use of performance indicators to benchmark municipalities and identify training needs for this Bolsa Familia programme.

South Africa

- Improved strategic planning at local level: since 2000, every municipal council must adopt a single, inclusive plan for the development of its municipal area [Integrated development plan enshrined in the Municipal Systems Act]
- Increased level of citizen engagement in municipal policymaking

Conclusion: *a challenging trade-off*

Being more cost effective at sub-national levels...

- Fiscal reforms (e.g. tax reforms)
- Reallocation of competences across levels of government
- Reconsidering territorial organisation

...while enhancing the quality of local public service delivery and strengthening trust with citizens...

- Reforms linked to integrity, transparency and enforceable commitment
- Improving local public employment
- Better performance monitoring

...and preserving long-term growth

- Fiscal space for investment spending at sub-national level
- Especially for green investments and human capital development



Requires even more effective multi-level governance in a more difficult context

The role of the OECD:

How can we help the search for better policies?

- **Key action: Contribute to international policy dialogue!**
- Build recognition (politicians, media, citizens) that good governance at all levels is crucial
- Strengthen the evidence base
- Share international experience on good practice
- Develop standards and benchmarks to assess progress

Example:

OECD Observatory of Public Sector Innovation

- To map and categorise innovative practices
- To assess results and identify what works and what does not
- To promote and diffuse innovation in the public sector