

Executive summary

Slow growth, high unemployment and widening inequalities are at the heart of the policy debate in many parts of the world. Central to this debate is the ability of governments to achieve inclusive growth: that is, to put in place policies that deliver stronger economic growth together with a more even distribution of the benefits of increased prosperity among social groups. These benefits go beyond income to include outcomes across the different dimensions of societal well-being, such as jobs and health.

Public governance, through the principles and mechanisms driving decisions, underpins sound, sustainable policy making for inclusive growth. While many tools and processes are already in place to help policy makers in this endeavour, a more co-ordinated approach is needed to strengthen public governance for inclusive growth. New approaches to policy making are needed that allow governments to better manage complexity, identify policy trade-offs, and promote policy complementarities across sectors (economic, social, environment etc.) and levels of government.

Pursuing inclusive growth outcomes requires a whole-of-government approach that aligns vision, incentives and delivery mechanisms across the policy-making cycle. A strong centre of government, medium-term budgetary considerations and comprehensive tools for assessing the distributional impact of policies are among the key requirements for policy making for inclusive growth. Moreover, inclusive institutions are vital for shaping policies that meet society's needs. Openness and accountability in decision-making ensure that the needs, preferences and concerns of stakeholders, including underserved populations, are taken into account. Efforts to ensure that policies reflect public, rather than special, interests also help achieve inclusive growth objectives.

Many countries are developing frameworks to identify policy objectives that cross traditional sectoral boundaries, but their use in policy making remains limited at both the national and subnational levels. For example, well-being-based frameworks help define policy objectives based on factors that matter for people's life satisfaction, such as income, jobs, health, social capital and participation in public life. But translating these multidimensional objectives into concrete policies and services requires co-ordinated efforts that straddle policy areas, administrative boundaries and levels of government.

The centre of government plays a strong convening and steering role, which is essential in such a multidimensional framework. However, the centre's influence varies significantly across countries, with only a minority exercising high influence over line ministries. There is potential to enhance this leadership and co-ordination role to strengthen concerted government-wide action for inclusive growth.

While many countries have bolstered the evidence base for policy making, more can be done. Some governments already use key national indicators to guide priority setting and policy design. However, more information is needed on the distributional impacts of policies across different social groups and locations, so that a broader set of indicators can be identified for policy design and implementation in the pursuit of inclusive growth.

Several policy instruments are available for aligning inclusive growth objectives with resource allocation over different time horizons. They include medium-term expenditure frameworks and performance-related budgeting, as well as evaluative tools, such as budget and regulatory impact assessments, and expenditure appraisals for both current and capital spending. These instruments are already used widely in many countries, but can be used in a more concerted, systematic way to help identify trade-offs and complementarities and evaluate impacts on a wide variety of social groups. Making the most of these tools, through guidelines, methodological frameworks and capacity building, is particularly important.

New approaches to service delivery, for example using digital technology or partnerships with non-government actors, are especially useful for attaining inclusive growth objectives and can be used more widely. These approaches can help make public services better and more accessible while empowering beneficiaries and communities. However, to fully exploit the potential of these innovative approaches, governments need to ensure that they work together, and that the public sector has (and develops) the right skills and competencies. Key among these are strategic planning and partnership management, supported by better data on access to services.

Strengthening available evaluation techniques and extending them into broader areas of public social and economic policy are essential to assess and communicate progress in achieving inclusive growth outcomes, and to know and understand what works and what does not. In addition, work remains to be done to promote a holistic approach to evaluation that integrates ex ante and ex post dimensions, and includes inputs from a broad range of institutions, including independent bodies. Multidimensional ex post evaluations have a particular role to play in strengthening accountability for inclusive growth and generating lessons and insights that can inform further policy developments.

Inclusive institutions are essential for shaping inclusive growth policies and outcomes. Countries are increasingly consulting and engaging with the public at different stages of the policy-making cycle. Public engagement, and open government initiatives more broadly, can lead to more effective policies, better-targeted services and stronger accountability. Despite important advances, challenges remain, including under-representation of relevant stakeholders, consultations that occur too late, incomplete processes and weak administrative capacity to carry out participatory processes. More evidence is also needed on the impact of engagement efforts on inclusive policy making.

Averting policy capture – where certain special interests exert undue influence over the policy-making process – is crucial for achieving and sustaining inclusive growth. Governments are making progress in this area, and have much to gain from continuing efforts to secure unbiased and inclusive policy making, for example by increasing transparency and integrity in lobbying and conflict of interest management.

Despite laudable initiatives in many countries, more action is needed to make the public sector more inclusive. An inclusive, more diverse public sector can better represent and address the needs of society, offer greater opportunity, and leading to higher levels of public sector engagement and innovation.

The building blocks for policy making for inclusive growth are present, to various degrees, across OECD countries. The principal challenge is to align these building blocks into an integrated framework that sets a new vision for the public sector and enables the delivery of ambitious, whole-of-government policies for inclusive growth outcomes.



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