

Chapter I

OECD 50th Anniversary

Leveraged Governance: Avoiding Fracture and Getting Results

by
Allen Schick

Throughout its 50 years, the OECD has been a government-centred organisation. Representatives of member countries approve its budget, work programmes, codes and standards, and policy pronouncements. At the more than 1 000 meetings convened under OECD auspices each year, delegates present their government’s position on a broad range of economic and sectoral issues. OECD experts compile dozens of country-based statistical reports, conduct regular peer reviews of national policies, and carry out numerous analytical studies of government policies and actions. The flagship publication in which this essay appears is appropriately titled *Government at a Glance*.

It may be surprising, therefore, that the OECD Directorate responsible for government management is labelled “Public Governance”. Although of old provenance, “governance” is very much in vogue and has displaced “government” in many organisations as the umbrella term for public-oriented policies and activities. The OECD’s 1996 Ministerial Meeting on Public Management viewed governance “in terms of relationships, and thus includes more than public administration and the institutions, methods and instruments of governing”. The seemingly minor shift in wording signals two actual or anticipated developments in policy and management: 1) government does not have a monopoly on public authority and resources; and 2) contemporary governments govern most effectively in concert with others. These developments sometimes are cast as statements of fact – government grip on power has weakened – and sometimes as normative positions – governments should purposely co-operate with other public, voluntary and even private power holders. More often, they refer to trends and tendencies, to a future in which the public map is more differentiated than it once was.

When it recast its Public Management Service (PUMA) into the Public Governance Directorate (GOV) a decade ago, the OECD recognised the importance of these trends. Although it (and others) are still adjusting to the age of governance, the OECD comprehends that government can be more effective by being open and accessible, by widening the circle of participants in policy making and service delivery, and by using a much broader range of tools to steer society.

The OECD is not alone, for now there is pervasive recognition in strong democracies that to govern is to share authority, ideas and information, often with partners, sometimes with rivals. National governments extend their reach or compensate for weakness by enlisting others in mobilising citizens and responding to their expectations, defining issues and options and translating them into workable policies, and delivering public services to diverse recipients. From the vantage point of government, governance is about leveraging; from the perspective of partners, it may be more about openness and inclusion. The two outlooks are not synonymous, but they need not be antagonistic. As befits the OECD’s role and structure, this essay focuses on leveraging government to achieve public ends.

Leveraging takes many forms: opening once-closed meetings to non-government participants; transferring revenues to sub-national governments and mandating the provision of services; participating in regional and international policy-making forums; contracting with commercial vendors to supply public goods; and entering into formal

arrangements, such as public-private partnerships (PPPs) to finance, build and operate infrastructure projects and other public activities. Though not formally part of government, the parties at the other end of these relationships are active, often influential participants in governance.

The signposts of a world in which governments network and share power and resources in order to govern are visible and ubiquitous. They can be found in the rise of non-governmental organisations, which are increasingly referred to as civil society organisations. The older term defines them by what they are not, the newer term confers legitimacy on non-elected power holders. They can be found in contemporary trends to both globalise and decentralise, with national governments sandwiched between these powerful forces, and in the capacity of multinational enterprises to easily move money, production and goods, often in disregard of national boundaries. They can be found in new forms of cyber governance spawned by the Internet and its seamless webs of googles, tweets and text messages, and in the 24/7 news machines which continuously bellow out their messages, even when government is in repose. They are in the modernist elevation of the individual above all collective institutions, and by the withdrawal of trust and confidence in government and leaders.

A logical response of governments to these powerful contemporary forces is to leverage their authority by drawing external actors into the orbit of governance. But, as in markets, there is risk that they will become over-leveraged by generating expectations and taking on commitments beyond their capacity to perform. One obvious risk is that the government's partners will have interests of their own, along with advantages such as elevated legitimacy and superior access to information that enable them to chart an independent course.

In a leveraged world, national governments still are potent centres of public authority and vast repositories of financial and other resources. By most standard measures, governments have significantly expanded their footprint during the OECD's half century. In 1960, the OECD's first year, government outlays of member countries averaged less than 30% of GDP; excluding recently added members, the average now is well in excess of 40%. In fact, no member country now has a lower outlay (or revenue) to GDP ratio than 30 or 50 years ago. Although the pace of expansion has slowed in most countries and a few have moved to reduce the relative size of government in response to the Great Recession, big government is here to stay. Yet, enlarged government itself provides evidence of increased reliance on leverage. Since the OECD was established, most of the increase in public spending has been in social security and other income transfers. In some countries, escalating health care expenditures have accounted for approximately half of the total rise in relative spending. Hospitals, physicians and other providers are vital cogs in national governance, even in the many countries where they are outside government.

Enlargement of the state has made it more dependent on others, both to mobilise support for public policies and to satisfy the rising expectations of citizens. The corporatist political model that emerged in Europe's largest welfare states established quasi-formal means for major social and economic institutions to partner with government in making national policy. Governments with different political orientations have tended to rely more on market-based institutions, principally for service delivery rather than policy formation. However, the spread of leveraged government owes much more to the problem-solving acumen of political leaders and public managers than to a coherent ideology. Leveraging is a pragmatic response to limits on government capacity. Governments leverage because they do not possess all the IT skills required to run highly-developed economies, or because they do not want to operate complex

health care systems. Many governments have turned to partners to ease pressure on their budgets or to improve the efficiency or quality of public services. Promotion of decentralisation by international organisations has also spurred leveraging, as have the profound impacts of globalisation and other trends mentioned earlier.

Although it has been driven principally by practical considerations, leveraging government has drawn impetus from parallel developments in business management and from steep declines in citizen trust. The market and public sectors have never been tightly walled off from one another; ideas and practices in currency flow between them. During the first half of the 20th century, when vertical integration was deemed the paragon of industrial organisation, functional integration was regarded as the model of competent government. Just as vertical integration combined production of all of the components assembled into the final product in a single firm, functional integration fused all the activities contributing to the same public objective in a single Ministry or Department. However, integration came to be viewed as an impediment to business efficiency in the last decades of the century, and firms increasingly outsourced production and decentralised operations, thereby recasting top management into strategic units which defined the firms' aims and the means of attaining them. In other words, large, successful enterprises were transformed into leveraged entities that exploited relationships with others to produce and market their wares.

The migration of this new concept to government was propelled by Peter Drucker, the century's most influential management eminence. In an article published in 1969 when the postwar economic boom and government expansion were nearing an end, Drucker asserted: "There is mounting evidence that government is big rather than strong; that it is flat and flabby rather than powerful; that it costs a great deal but does not achieve much."

Rather than urging shrinkage of government, Drucker urged its fundamental transformation, along the lines of modern business practices: "The purpose of government is to make fundamental decisions, and to make them effectively... The purpose of government, in other words, is to govern. This, as we have learned in other institutions, is incompatible with 'doing' ... If this lesson were applied to government, the other institutions of society would then rightly become the 'doers' ... It would rather be a systematic policy of using the nongovernmental institutions of the society – the hospital as well as the university, business as well as labor unions – for the actual 'doing'".

Terms such as "leveraged government" and "governance" do not appear in Drucker's article, but these were precisely the reforms he was urging. His argument gained traction in the new public management (NPM) prescription that government "should steer, not row", but has had a more difficult time penetrating government practice. A few OECD countries, most notably New Zealand, remodeled themselves along new political-management lines, but most found their public administration hardened into administrative silos that were protected by law, inertia and self-interest. NPM-inspired leveraging made the greatest headway in the "agencification" movement that restructured government operations in the United Kingdom, the Netherlands and a few other countries.

Other pressures, however, have impelled many countries to adopt piecemeal reforms that stop far short of the NPM model, but introduce elements of leveraging into national governance. One is lower economic growth which has spurred many OECD governments to seek more efficient means of delivering public services. Another has been a steep downturn in citizen regard of government. One prominent study of 16 member countries found that trust in government or political leaders had declined in all but one country during the period from the late 1960s (or earlier in a few countries) to the mid 1990s. Commenting on this trend, the distinguished sociologist Ralf Dahrendorf warned that

“political democracy is historically, and perhaps institutionally, linked to the nation-state. Thus, democracy itself is at risk to the extent that the nation-state loses significance”. His concern can be restated as: when democratic governments leverage, citizen influence through elections and other conventional means may be weakened.

Yet, in the nearly two decades since these trends appeared, national governments have neither lost significance nor regained public trust. Member countries are more overextended than before by legal commitments and elevated expectations, and more challenged by skeptical citizens who are wary of their capacity to perform. Recent data from Eurobarometer and the World Values Survey indicate that since 1980 there has been no clear trend across OECD countries, but only 15-30% of respondents trust political parties and 40-60% trust the civil service.

Although there is no explicit link between low levels of trust and leveraging, a solid case can be made that this trend has motivated governments to reach out to partners, sometimes in delivering public services, sometimes in building support for public policies. Additionally, governments pulled by international and global pressures are more dependent than in the past on supranational institutions.

Box I.1. Evidence of leveraged governance from the PGC 2010 Ministerial

Nowhere were displays of leveraged governance more apparent than at the recent Ministerial of the Public Governance Committee (PGC) held in Venice in November of 2010. With the financial and economic crises fresh in the collective conscious and fiscal consolidation plans looming, the importance of government stewardship – particularly in times of uncertainty and volatility – was certainly and rightfully stressed. However, Ministers quickly recognised that the tough choices facing them (e.g. where to cut, how to distribute the burdens) would not be made in isolation. Greater trust in governments would be paramount as the success of the pressing reforms needed to secure the recovery and restore long-term sustainable growth would require the backing and – more importantly – the active participation and involvement of citizens, firms and civil society. Ministers called on the OECD to provide further guidance for strengthening trust, openness and integrity, and in particular on how to raise citizens’ involvement. The *Venice Initiative for Dialogue with Civil Society Organisations*, pledged at the Ministerial, invited the OECD to open dialogue on best practices with civil society organisations with the goal of increasing the exchange over the challenges and opportunities of reform.

Also high on the Ministerial agenda was the need for greater innovation in the public service. Indeed, perhaps one of the most daunting challenges on the table at the Ministerial was avoiding that “*doing more with less*” lapse into “*doing less with less*”. Especially since renewed growth and trust in both governments and markets depends, in part, on an effective and efficiently functioning public sector. One key to achieving this, Ministers recognised, would be by promoting greater innovation, in short, “*doing things better*”. The OECD was asked to provide best practices that would create an environment conducive to innovation geared towards better performance and greater productivity at no additional cost. Again, Ministers recognised, this would require a leveraged governance approach, one in which the public sector would need to draw on the expertise and creativity of the private and non-profit sectors. At times, as has shown to be the case with the co-production and delivery of some public services, governments would have to consider ceding control or authority of some aspects of service delivery.

Finally, the principles of leveraged governance reared their head in Venice with louder calls for better global governance. The impact of the financial and economic (and later, fiscal) crises were due in part to the close economic linkages between countries, a result of the growing flows of people, trade and capital since the end of the Cold War. While the tide of globalisation brought riches for many, it also brought greater vulnerability. This was evident in the speed and the extent to which economic and fiscal woes spread across the OECD. One of the principal conclusions of the Ministerial, then, was the need to promote good public governance globally, including with non-member economies. In addition to welcoming new members (Chile, Estonia, Israel and Slovenia) and working closely with accession countries (the Russian Federation), the Public Governance and Territorial Development Directorate has increasingly embraced partnerships with other major economic actors (Brazil, China, India, Indonesia and South Africa). In the same spirit, *Government at a Glance* seizes the opportunity to expand the “club of best practices” and extend the debate on improving public sector performance to other important players on the world stage.

Governance as performance: OECD style

The cover of the OECD's report, *Government of the Future*, published in 2000, graphically portrays the organisation's concept of governance. With a globe of the world as background and a large steering wheel representing government in the foreground, the word "governance" appears on the periphery. The implied message is that in the future governments will be steering mechanisms for society. It is noteworthy, however, that the wheel is placed somewhat off-centre; in the future, government will not occupy all of the centre. Government, the report asserted, "has become just one player among many seeking to represent and serve the public. The loss of the government monopoly on services means that the public sector faces greater competition. Government is also exposed to a much greater array of outside forces... In order to understand and serve the public, national governments need to act as mediators, co-coordinators, policy makers and regulators, in concert with other centres of power, including international and sub-national levels of government, the media, industry, and non-profit groups".

Actualising this broadened agenda has been a challenge for the Public Governance Directorate, for the OECD remains a government-centred entity. However, the task has been greatly eased by its operating culture, which promotes an open and active exchange of ideas and experiences among member and partner countries. Congruent with this style, the Directorate offers advice and sometimes issues guidelines, but national governments retain the freedom to respond to changing ideas as befits their particular circumstances. For example, when the Directorate published a statement on "Best Practices for Budget Transparency" in 2002, it noted that the statement is "not meant to constitute a formal 'standard' for budget transparency".

Leveraging gives governments alternative means of fulfilling public responsibilities; they have multiple choices in selecting partners, as well as in the form of relationships, division of responsibilities and modes of accountability. They therefore need criteria to assess alternatives and construct relations with partners. In the watchman role that once defined its boundaries, government relied on its own administrative units and public employees to carry out limited responsibilities. Efficiency was regarded as a satisfactory measure of government performance. In contemporary welfare states, impacts on citizens and socio-economic outcomes are critical determinants of how well government is performing and in selecting appropriate instruments, including partners, to achieve public objectives. The OECD's work has paralleled this transition. Regulation converts enterprises and other affected entities into agents of the state; national budgets transfer most expenditures to outside recipients; modern management seeks to make the state more responsive, transparent and accountable; e-government connects public agencies to citizens and firms. In each of these areas, early public governance efforts focused on specific practices; the central aim was to modernise government systems or policies by disseminating data and ideas about the good practices of member countries. Over time, the Directorate has moved toward a whole-of-government approach, conducting country reviews and encouraging systematic rather than piecemeal reforms. Snapshots of the OECD's activities in public governance demonstrate its progressively broader agenda.

Public integrity. Good performance in these areas, and indeed in all facets of governance, rests on integrity in the public service. If this pillar is neglected, there would be substantial risk of misuse of public funds, weak accountability of public officials and low morale in the civil service. Combating fraud, corruption, and conflicts of interest has been a perennial OECD concern, but when governments contract with partners to purchase goods and deliver public services, build and operate public facilities, or design and manage

complex information systems the risk of malfeasance escalates. In the 19 member countries that are also members of the European Union, public procurement averages approximately 17% of GDP.

Two main threads run through the OECD's many initiatives to strengthen public integrity. One has been to make relationships between government and outside parties more transparent, the other has been to spur member countries to establish comprehensive systems and frameworks to manage these relationships. Data presented in this publication reveal a significant opening up of these relationships during the past decade. Almost twice as many member countries now have legally-defined procedures for reporting misconduct than a decade ago, and almost all now have laws governing access to public information and ombudsman institutions. The broader approach has been to assist countries in establishing and improving their "integrity frameworks" in accordance with OECD principles on ethics, integrity and procurement. These frameworks facilitate identification of "at risk" areas and appropriate corrective action.

Because leveraged governance brings new risks, upholding public integrity will continue to be a core OECD concern. It is essential, as the OECD has recognised, that countries nurture a culture of integrity, and that public officials internalise norms of ethical conduct. Without these supporting conditions, new procedures might not suffice.

E-Government. Although Public Governance's newest focus, e-government is most directly related to networking with partners. Launched early in this century, after most member countries had taken first (usually tentative) steps to make selected data or actions accessible through the Internet, the OECD issued a policy brief, *The e-Government Imperative* (2003) that made a strong case for countries to actively exploit the new technology. Beginning with the argument that Internet-based applications can generate significant efficiencies in mass processing tasks and administrative operations, the policy brief foresaw improvements in public services and policy outcomes. Although the plea for greater use of the Internet focused on internal operations, it also recognised the Internet's potential to change relations between citizens and government and to facilitate open government.

In retrospect, this was a winning argument. The rapid spread of the Internet, including broadband and search portals, was sufficient inducement for governments to publish vast amounts of previously-concealed information in electronic form. To the OECD, however, e-government often appeared to be old forms of government in a new format. Citizens and other stakeholders had more information, administrative tasks were performed more efficiently, but the business of government was conducted through the same mechanisms and relationships as in pre-Internet times. Half a dozen years after its initial policy brief, the OECD urged a shift in focus from a "government-centric" to a "citizen-centric" approach to actively promote use, simplify access and reorganise the delivery of services. Consistent with this emphasis, the OECD is developing basic indicators to monitor and measure progress in integrating e-government within each country. It has also published more than half a dozen country reviews that examine utilisation, efficiencies, services and other outcomes.

Although there are some notable exceptions, the new electronic technology still is more about disseminating information than about establishing interactive relations between outside parties and government. Citizens in efficient e-government countries can download forms and access much data with ease, but they still are passive participants in governance. One should not be surprised if 50 years hence, today's e-governments are seen as primitive first steps compared to the socio-political transformations that loom ahead.

Regulatory policy. Regulation has followed a similar trajectory in the OECD, beginning with checklists to stimulate reform and moving to country reviews. But unlike e-government, regulatory policy is inherently more leveraged because its effects depend in substantial part on the behaviour of those subject to regulation. The current state-of-the-art is “regulatory impact analysis” (RIA) which has been successfully promoted by the OECD and is now applied by most member countries. RIAs can be thought of as “efficient leveraging”, with government favouring policies that give enterprises and other affected parties incentive and flexibility to comply in a cost-effective manner.

The OECD’s first major pronouncement on regulation was a regulatory checklist (1995) in the form of ten questions, beginning with “Is the problem correctly defined?” and including “Have all interested parties had the opportunity to present their views?”. Two years later, the OECD moved from questions to recommendations, urging member countries to adopt comprehensive reform strategies. It insisted that: “All governments have a continuing responsibility to review their own regulations and regulatory structures and processes to ensure that they promote efficiently and effectively the economic and social well-being of their people.” In the context of the times, reform meant deregulation, stripping away rules and requirements that impair market efficiency. Regulatory reform was part of a larger package of market opening initiatives that included privatisation, removal of trade barriers, and use of market-type instruments in the public sector.

Yet the period has also been characterised as “the golden age of regulation”. Spurred by new environmental, consumer, health, safety and other rules, “No government activity in OECD countries has grown faster since 1980 than government regulatory functions”. The two tendencies fed one another. The more government regulated, the greater the demand for deregulation; and the more deregulation advanced, the greater the pressure for new restrictions. To reform, therefore, the OECD had to balance conflicting doctrines and interests. Reform, it declared in 1997 “means deregulation and better regulation”.

Regulatory impact analysis (RIA) is the main instrument promoted by the OECD and others to balance free markets and restrictive rules. RIA assesses regulations from the perspective of those impacted, both the entities subject to the rules and overall economic conditions. Although countries differ in their RIA implementations, they generally require regulators to justify proposed rules in terms of net benefits, to assess alternatives that may be less costly, and to estimate differential impacts on various sectors or interests. Although most frequently applied to proposed rules, RIAs have been adapted in some innovative countries to the existing stock of regulations. The OECD has actively encouraged this broadened scope in its country reviews.

RIAs have become the gold standard in regulatory policy, but they have not reversed the steady rise in the volume of regulation. The propensity to regulate depends more on political conditions than on economic analysis. To counter “regulatory inflation” it may be necessary to view regulation as one of several policy tools rather than as a stand-alone process.

Managing and budgeting. In government, managing and budgeting are intertwined; government cannot manage for results if it does not budget for results. Logically, therefore, the OECD’s efforts to modernise budgeting have been closely linked throughout the past three decades to broader administrative reform. Of course, public management sprawls well beyond budgeting to human resources, the reliability of internal controls, organisational capacity to learn and adapt, and much more. At times, this sprawl has made it difficult to establish a consistent work programme within available resources. Over the years, the OECD

has invested significantly in civil service reform and the use of market-type tools for delivering public services, but its constant focus has been on orienting public management and budgeting to performance and results.

When the OECD was established, centralised control of expenditures, personnel and other administrative actions was regarded as good public management. Almost all member countries had line item budgets that specified the inputs to be purchased, a central civil service agency that hired and set the pay of each public employee, and other central agencies to manage procurement, travel, office accommodation and other administrative needs. The job of a successful manager was to comply with detailed rules and procedures. In its heyday, during the first half of the 20th century, control-based public administration had truly extraordinary accomplishments – building the modern nation-state, achieving near universal literacy, extending life-expectancy, establishing efficient road and transport systems, and much more.

The expansion of government, rising citizen expectations and declining trust, slower economic growth accompanied by fiscal stress, transformations in business management and other factors, called control-oriented public administration into question in the final decades of the 20th century and concepts associated with new public management (NPM) gained currency. Although a significant number of member countries, including some of the largest, retained key features of traditional public administration, many countries embraced results-based management along the lines advocated by NPM. They accepted the central NPM argument that public managers and organisations can be held accountable for results only when they are released from most procedural controls and can apply their professional skills and public ethic to produce results.

NPM took root shortly after the OECD began to be recognised as the international centre for budget research and innovation. Although it (and many others) were captivated by the promise of better governance, the OECD was never captured by NPM. For one thing, the OECD's management and budgeting agenda included many issues and practices that had no bearing on NPM; for another, the OECD gave expression to the diversity of administrative orientations among member countries. The strongest and most lasting imprint of NPM has been the OECD's focus on results, not on particular practices. For various reasons, including the OECD's strong interest in economic and fiscal issues, budgeting has long been at the centre of its management agenda.

From modest beginnings in 1980 as an annual meeting of senior budget officials (SBO), the OECD's budget-related work has expanded into a vast network of regional and issue-based meetings, as well as to country reviews and specialised reports and studies, all of which are published in the *OECD's Journal on Budgeting*.

At the outset, the OECD's greatest challenge in establishing the SBO process was to overcome the insular, guarded demeanour of budget officials. They work the inside game in government, reviewing confidential bids for money, advising cabinet and privately negotiating expenditures with departmental counterparts. Few have a public profile. This cloistered style does not fit well with the governance trends discussed earlier. Leveraged governance means that many others outside the small circle of budget makers have stakes in expenditure decisions. SBO has broadened budget discussion, though mostly within the ambit of government.

When they met in the early 1980s, budget officials found that they had much to talk about: common problems and objectives, stories of success and failure, a shared sense that the machinery of budgeting needed renovation, and efforts to base allocations on substantive results. Three decades later, the concerns and issues are pretty much the

same: the impact of fiscal stress, linkage of current budget decisions to medium and longer-term prospects, making space in the budget for policy initiatives, integrating performance measures into the budget, and more. The recurrence of these themes is partly due to rising standards of good budget practice. The roster of innovations that have been mainstreamed into budget practice includes fiscal rules, medium-term frameworks, performance-based budgets and fiscal risk analysis. These techniques have significantly improved budgeting but have not insulated government finances from economic disturbances or political pressures. Moreover, some problems of budgeting are perennial, as if they were hard-wired into the process: imbalance between resources and demands, looking to the past to decide how much to spend in the future, time pressures, and the pervasive sense that decisions should be better informed.

SBO has greatly widened discussion within the community of budget practitioners and scholars. To the extent the process has been opened to “outsiders” it has been due mostly to closer monitoring of budget matters by the media, international organisations (including the OECD), and interest groups. There may be just cause for sequestering internal budget deliberations – a public process would likely stir more conflict and complicate the task of balancing demands and resources. But as leveraged governance becomes more widespread, budget officials will face increased pressure to widen the circle of participants.

Conclusions

Leveraged governance furnishes fresh challenges and opportunities, for both governments and the OECD. The key challenge for governments occurs when they steer in one direction and partners row in another. It is a big mistake to assume that governments and collaborators have identical interests and perspectives; they rarely do. Yet, political leaders remain accountable for the performance of others over whom they have limited, sometimes negligible, control. Worse yet, national governments have hundreds, possibly thousands, of partners with diverse, sometimes antagonistic interests. Fragmentation – by sector, region, socio-economic groups, etc. – is how governments work their ways through political and managerial minefields.

The OECD also faces risk of fragmentation, if only because its constituent units are siloed into different sectors and issues, each with its own ties to governments and Ministries. In the OECD, as in many complex organisations, compartmentalisation exists between and within Directorates. This common arrangement has several advantages, not the least of which are reducing conflict and strengthening relationships with counterparts in government and policy communities. From the vantage point of leveraged governance, there is, however, one significant disadvantage. The managerial justification for leveraged governance is that it improves results by giving governments a broader range of policy and delivery options. This case is undermined if fragmentation thwarts the generation and assessment of alternatives.

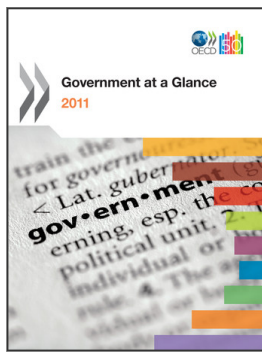
The portfolio of leveraged governance instruments includes government-provided services, grants, contracts, loans, guarantees, regulation, tax concessions and penalties, transfer payments, in-kind benefits, and vouchers. Although they may appear to be substitutes, different instruments produce different results, and have different distributive impacts. Selecting instruments is a political, not only an analytical, decision, for it determines who gets the benefit and who bears the cost. Compartmentalising instruments into different administrative entities impairs results-based decisions, for the focus shifts from who benefits to what each entity does, wants or needs.

The range of policy instruments within the purview of the Public Governance Directorate is narrower than that of national governments. Yet it illustrates how fragmentation may get in the way of a results orientation. Suppose, for example, that a government aims to improve health outcomes. One course of action would be to use more IT to inform citizens of available services and conditions requiring medical attention; another would be to regulate services provided by hospitals and others; a third would be for government to provide loans or grants to providers through the public budget; a fourth would be to restructure public management so that a government agency offers health. Each of these is in the jurisdiction of a different government authority, and most are in different divisions within the Directorate. Every defender has its own advocate within government; most have their own organisational homes in the OECD.

Note, however, that some of these instruments may be complements, not substitutes. In seeking to enhance health outcomes, government may invest in IT modernisation, regulate providers and subsidise their services, and operate government clinics. It is in the complementarity of these instruments that government generates cost-effective results. However, fragmentation isolates the complements from one another.

Thus, leveraged government both expands the menu of options and complicates the task of integrating public policies and services. The OECD is not the author of this predicament, but its organisational structures should not make matters worse. Solutions are not easy to come by because every instrument requires cadres of specialists to make informed judgments and recommendations. E-government and budget experts at the OECD are not interchangeable, nor are regulators and management experts. Much is heard about the virtues of inter-disciplinary work, but organisations need strong disciplines before they can productively interact with one another. The OECD certainly has critical masses of expertise in the facets of governance discussed in this essay.

It is therefore most appropriate at this 50th anniversary of the OECD for the Public Governance Directorate to have launched cross-disciplinary country reviews that combine IT, regulation, management and budgeting. The aim is not simply to broaden these reviews, but to focus them more sharply on substantive results. For example, comprehensive country reviews not only examine the regulatory framework, but inquire how regulation compares to other policy instruments and how it fits together with them. This is quite a challenge, but in a world of leveraged governance and proliferating options, it is a most worthwhile effort.



From:
Government at a Glance 2011

Access the complete publication at:
https://doi.org/10.1787/gov_glance-2011-en

Please cite this chapter as:

Schick, Allen (2011), "OECD 50th Anniversary - Leveraged Governance: Avoiding Fracture and Getting Results", in OECD, *Government at a Glance 2011*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/gov_glance-2011-5-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.