# Chapter 7

# Enhancing the capacity of Chile's public administration

***Main recommendations***

*Chile has the governance institutions in place to maximise the potential of its public administration and to deploy resources in pursuit of its economic and socio-economic aims. As it moves to modernise the state Chile should pay attention not only to structures and processes but also to planning horizons and co-ordination of actors to achieve effective and efficient policy design and implementation. To this end, it should:*

- *Complement its short- to medium-term strategic planning mechanisms with longer-term planning, which can further increase preparedness for "discontinuous" events.*
- *Reinforce inter-ministerial co-ordination and incentives for programme- or planning-based policy approaches to increase synergy in the use of financial and human resources, and to optimise policy outcomes.*
- *Further enhance resource flexibility in budgeting, and consider a medium-term budget or expenditure framework to identify funding sources to implement or further build public policy programmes.*
- *Link staffing levels not only to budget availability but also to future needs to improve flexibility and competences in human resource management.*
- *Take a comprehensive approach to administrative simplification to facilitate growth of multiple sectors and minimise ad hoc ministerial initiatives.*
- *Ensure adequate time, resources and mechanisms to make proper use of information arising from citizen engagement, as a demand or "citizen" driven use of funds can improve policy outcomes.*
- *Be sensitive to the different roles of government and adapt reform approaches accordingly to improve sustainability. (For example, the government's role in product market or pro-growth tax reform is likely to differ from its role in education or healthcare or administrative reform.)*

Chile's public finance statistics place the government and public administration on solid financial ground to implement the current policy

agenda. This is evidenced by the fact that, relative to other OECD countries, Chile has successfully maintained low general government expenditure levels over the period 1995-2008 (Figure 7.1). It should be noted, though, that spending has increased strongly during the recession of 2008-09, and expenditure is somewhat underestimated relative to other OECD countries, as the main pensions system and parts of the health care system are private. Due primarily to high copper prices total revenues have expanded over the period 1995-2008 (Figure 7.2) and the government became a net creditor.

Finances alone, however, are not enough for success. A country's public governance and management practices, together with its public administration, play a critical role in promoting and supporting its ability to meet complex policy challenges, including sustained growth. Chile's strong governance institutions have helped establish a framework for economic growth and a leadership position over the past decades. The country's current economic slowdown, which is a result of external factors such as the global economic crisis, as well as internal dynamics, including a decline in productivity,[1] sets the stage for introducing policies to re-invigorate and diversify market approaches and enhance the business environment.

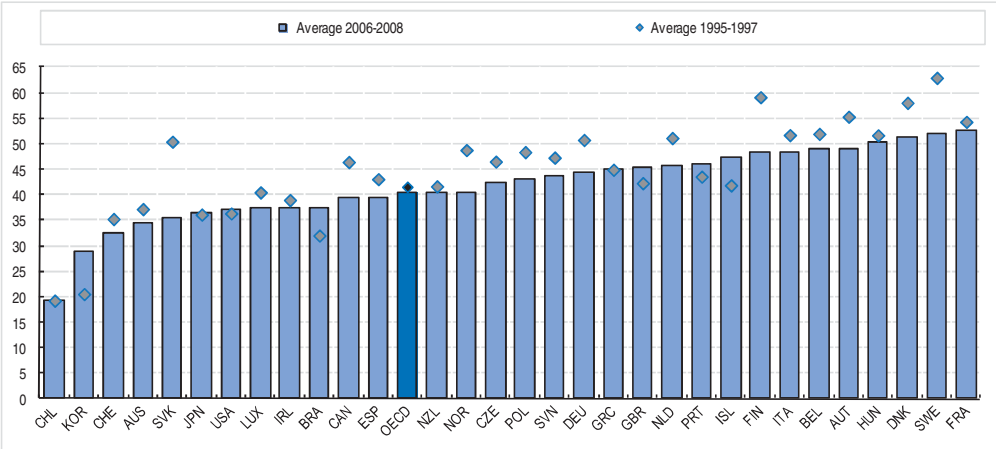
This context also provides the public administration with an opportunity to shape and implement lasting initiatives that advance the government's agenda, particularly in areas requiring horizontal and coherent policy initiatives, including raising employment levels and addressing internal security, social cohesion, democratic participation, health care and quality education. Seizing this opportunity requires an evaluation of where the government can capitalise on its strengths and where it needs to perform better. This entails longer-term perspectives in strategy formulation, as well as a continued focus on a capacitated and co-ordinated public administration, effective and efficient public spending, and an ability to create sustainable change.

## Aligning government priorities and administrative capacity through strategic agility

Achieving Chile's comprehensive and ambitious policy agenda for the current presidential term will demand ensuring that both political and administrative actors are aligned. Building "strategic agility" through a balanced combination of strategic insight, collective commitment and resource flexibility can help accomplish this (see Box 7.1).

Figure 7.1. **General government expenditure in OECD countries**

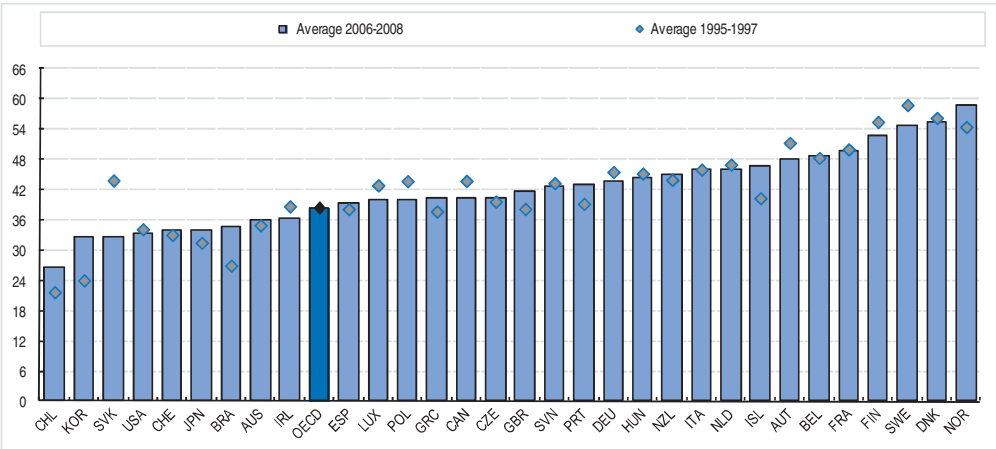
Percentage of GDP




*Source*: OECD (2010a), *OECD Factbook 2010: Economic, Environmental and Social Statistics*, OECD Publishing, DOI: *10.1787/factbook-2010-en*.

Figure 7.2. **General government revenue in OECD countries**

Percentage of GDP




*Source*: OECD (2010a), *OECD Factbook 2010: Economic, Environmental and Social Statistics*, OECD Publishing, DOI: *10.1787/factbook-2010-en*.

### Box 7.1. **Building strategic agility: some key concepts**

Strategic agility is the ability of the government and public administration to anticipate and respond quickly to increasingly complex policy challenges, to determine at what level action is needed and to use the mechanisms most appropriate for achieving desired results.

The OECD has adapted the work of Doz and Kosonen (2008) for use in a public sector context in order to identify three necessary components for developing strategic agility:

- *Strategic insight* is the ability to understand and balance government values, societal preferences, current and future costs and benefits, and expert knowledge and analysis, and to use this coherently for planning, decision making and prioritisation.

- *Collective commitment* is adherence and commitment to a common vision and set of overall objectives, and their use to guide public actors' individual work, as well as co-ordination and collaboration with other actors (both inside and outside of government and across levels of government) as needed to achieve goals collectively.

- *Resource flexibility* is the ability to move resources (personnel and financial) to changing priorities if and as needed; to identify and promote innovative ways to maximise the results of resources used; and to increase efficiencies and productivity for both fiscal consolidation and re-investment in more effective public policies and services.

*Source:* Adapted from OECD (2010b), *OECD Public Governance Reviews: Finland 2010: Working Together to Sustain Success*, OECD Public Governance Reviews, OECD Publishing, DOI: *10.1787/9789264086081-en.*

## *Developing and articulating strategic insight: vision setting and collective commitment*

Chile has clear and institutionalised mechanisms for setting its strategic vision and policy priorities. Among its primary tools are the *Programa de Gobierno* (Government Programme and its *Programación Gubernamental* (Government Programming). These have two additional advantages: transparency and accountability. The *Programa de Gobierno,* delivered as part of the Presidential Speech of May 21st, enables the government to be transparent about its policy priorities. This provides a forum for articulating the country's strategic direction in a manner that is accessible and clear to citizens, and enables citizens to hold the government accountable throughout the electoral term and at the next election. By articulating ministerial objectives and how they relate to programme priorities set by the president, the *Programación*

*Gubernamental* is a roadmap for ministries and agencies of how the country's strategic aims will be achieved sectorally. Published on line, these activities are available to citizens, thus promoting transparency. They also serve to hold the implementing body accountable both to citizens and to the government through an established monitoring system.

Chile's strategy setting covers a combination of medium-term (four-year) planning and short-term (one to two year) strategic objectives (see Table 7.1). Thus, prioritised objectives may change after 12 months, and there is no guarantee that a programme that is no longer part of a strategic objective will be permitted to take root. Care should be taken to ensure that government priorities requiring time for results to be apparent, for example, in education or policies linked to social cohesion, receive the same level of attention throughout the policy cycle regardless of their continued level of prioritisation in the annual *Programación Gubernamental*. Here is where policy planning over the short, medium and long term, with clear and integrated performance measures and evaluation mechanisms, can be valuable, as progress then may be seen over time.

Table 7.1. **Analysis horizons: strategic and decision-making needs by planning timeframe**

| Analytical needs | Characteristics | Requirements | Examples |
|---|---|---|---|
| Foresight (Long term: >10 years) | Anticipation of and preparation for both foreseeable and disruptive /discontinuous trends and capacity needs; include future costs of today's decisions | Continuous scanning and consultation; pattern recognition; analysis of "weak signals"; futures studies; consensual views | Futures reporting; horizon scanning; long-term budget estimates; scenario planning |
| Strategic planning (Medium term: 3-10 years) | Anticipation of and preparation for foreseeable changes and capacity needs; prioritisation; include future costs in today's decisions; risk management | Analysis of historical and trend data; comparable information and analysis across government; consultation on values and choices | *Programa de Gobierno* at the beginning of a presidential term; medium-term budget frameworks; workforce planning; spatial and capital investment planning; innovation strategies |
| Decision making (Short term: 1-2 years) | Responsiveness; rapidity; accountability; ability to determine at what level decisions need to be taken | Quick access to relevant information and analysis; capacity for re-allocation; overview of stakeholder preferences | *Programación Gubernamental*; executive action; annual and mid-term budgets; crisis response |

*Source*: OECD (2010b), *OECD Public Governance Reviews: Finland 2010: Working Together to Sustain Success*, OECD Public Governance Reviews, OECD Publishing, DOI: *10.1787/9789264086081-en*.

In the near term, Chile will need to ensure that its strategic capacity is matched by collective commitment. While a contract between the government and citizens, the *Programa de Gobierno* is also a political document. Therefore it risks being considered subjective and with limited "buy-in" rather than reflective of broader society. Here is where collective commitment becomes critical. Although not equated to consensus, collective commitment does require fostering an understanding among internal and external stakeholders as to the government's common vision. In the public sector, this is best realised by aligning incentives and values around overall strategic vision (OECD, 2010b).

In addition to accountability, the strength of the *Programación Gubernamental* is that it establishes the road for the public administration's execution of the government agenda and national objectives. The system is comprehensive and appears to be structured to support a "whole-of-government"[2] platform for implementation. In practice, however, ministerial silos are reinforced together with a project-based, rather than programme- or planning-based, implementation of approaches. This is compounded by ministries accustomed to building a portfolio of "approved-for-implementation" projects. While this approach can facilitate flexibility in prioritising project implementation, it can also result in inefficiencies, as the identification of project synergies that arise through inter-ministerial dialogue may be missed. The result can be an inefficient use of government funds, misplaced human resources and the development of infrastructure that is not aligned or associated with a broader vision. It can also be counterproductive to building collective commitment.

### *Developing and articulating strategic insight: the role of the centre and complementary actors*

As an established co-ordination and monitoring body, the General Presidential Secretariat Ministry (SEGPRES) helps ensure the coherent design and implementation of government policies. Together with Chile's ministries and agencies, it creates a framework that can support developing, implementing, co-ordinating and monitoring of policy results.

Structurally, therefore, Chile is well positioned to effectively set and articulate its strategic policy aims, and harness the capacity of its public administration. Yet Chile faces co-ordination challenges that can affect a whole-of-government perspective. SEGPRES plays a critical role in co-ordinating and monitoring the government's programme of work. Such co-ordination plays an important role in building a "whole-of-government" approach to policy. Overall planning, however, is more sectoral which can reinforce vertical programming and a focus on a short-term programme of work. It can lead to a project-oriented approach and does not necessarily foster a medium- to long-term perspective promoting a coherent use of resources. This renders

SEGPRES's role even more pivotal and thus, inter-ministerial co-ordination needs to be enhanced and supported.

Chile should consider increasing its capacity in medium- and long-term strategic planning. This could help it prepare for unpredictable and/or "discontinuous" events (*i.e.* those not based on historic patterns). In addition, it could improve ministerial co-ordination in policy design and co-operation in policy implementation by promoting programme- and plan-based initiatives as a balance to those that are project based. This could capture the synergies that can be associated with policy design by ministries, including more efficient and effective use of resources, and promote greater cohesion in ministerial initiatives. Improving capacity in longer term planning and ministerial co-ordination would help the government achieve complex strategic aims that demand a multi-disciplinary approach, such as overcoming delinquency, which requires a concerted effort by various sectors, including the education, labour, health, security and social spheres.

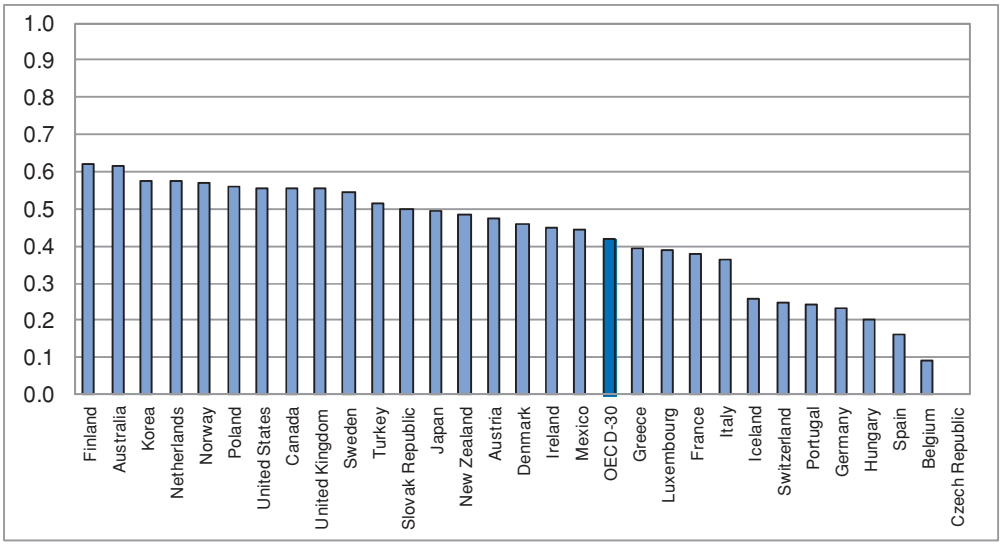
## Efficient and effective public sector spending through resource flexibility

The importance of resource flexibility can be seen in Chile's response to the 2010 earthquake, as well as the mining accident that same year. Such flexibility enables the direction of human and financial resources to strategic priorities, identification and promotion of innovative ways to maximise the use of resources, and an increase in efficiencies and productivity to take the strain off of the budget and deliver more effective public services (OECD, 2010b). Public management tools, including budget practices, human resource management, regulatory management and citizen engagement, can all contribute to public sector effectiveness, efficiency and capacity through resource flexibility.

### *Budget management*

Countries develop and use performance budgeting, which links funds to measurable results, to varying degrees. Figure 7.3 illustrates the degree to which central governments in OECD member countries have systems for developing and using performance information in the budget process. Countries with a higher score have created comprehensive, government-wide frameworks for developing performance information, integrating the information into budget and accountability processes, using it in decision making, and monitoring and reporting on results. However, this is not a measure of how successfully the systems are operating; nor does it indicate whether this information is used in decision making or whether it is aligned with budget allocation. Success is better evaluated by determining if reforms are achieving their stated objectives, which is not captured in the table (OECD, 2009a, 2010b).

Figure 7.3. **Use of a performance budget system at the central level of government, 2007**




*Notes*: Index goes from 0 (no performance budgeting) to 1 (high performance budgeting level). This index examines the degree to which OECD member countries have put a performance budgeting system in place. However, it does not measure how successfully these systems operate in practice.

*Source*: OECD (2009a), *Government at a Glance 2009*, OECD Publishing, DOI: *10.1787/9789264075061-en*.

Performance budgeting practices in Chile are advanced, which can help policy makers in informed, evidence-based decision making – assuming the information is used effectively. Such use in Chile might be hindered by the fact that there is no automatic link between performance information and appropriations. Rather, during budget negotiations with Congress, and between the Ministry of Finance and line ministries, performance data are used in conjunction with financial and other data. While the government does share performance information with the legislature, congressional use of such information has been limited.

There is a degree of "managed flexibility" in Chile's budget practices, permitting it to adjust financial resources (with certain restrictions) through cuts, cancellations or rescinding spending, once the budget has been approved by Congress. Thus, the ability of ministers to reallocate funds between line items with Ministry of Finance approval allows for a degree of sectoral discretion. However, establishing greater autonomy on the part of ministries in managing their budgets, particularly with respect to line item reallocations, could increase resource flexibility.

Another point to consider is the degree to which a medium-term framework is used in budget practices. Since 2002 Chile includes

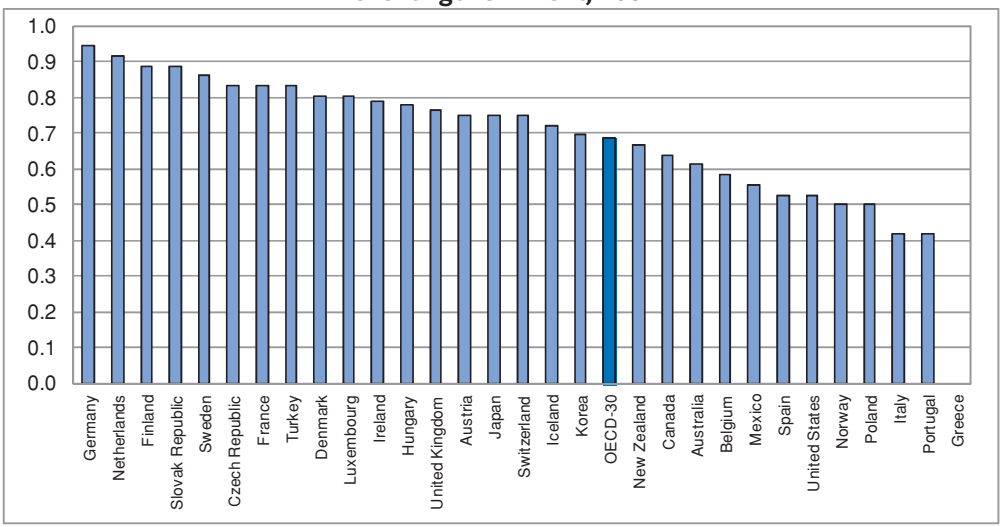
medium-term (three-year) fiscal projections in the Public Finance Report sent to Parliament as part of the budget process. This is at an aggregate whole-of-government level, and thus is not a developed medium-term framework as discussed below. As part of the fiscal rule there is also monitoring and reporting on contingent liabilities, although some have argued more could be added to this area (Dabán, 2011). The current macro-economic projections in the Public Finance Report are not as detailed or as integrated in the budget process as would be best practice. Medium-term frameworks should include rolling base line projections and/or ceilings based on both immediate spending expectations as well as demographic and other macro trends. The framework should be subject to stress tests and sensitivity analysis on an annual or *ad hoc* basis. For the estimates to be valid they need to be based on input from line ministries and should be updated in "real time" in the Ministry of Finance. The effect is for government and Parliament during the budget discussion to be able to have a full overview of the current fiscal direction and thus make appropriate tradeoffs in advance if needed. This provides a link between a fiscal rule and the annual budget process. An updated credible medium-term framework enables line managers to execute their programmes prudently in that the development in appropriations over the medium term are predictable thus ensuring more efficiency and effectiveness of spending. Figure 7.4 illustrates the use of medium-term perspectives in central level budget processes among various OECD countries.

Chile already uses a number of best practices in the budget process. Expenditure ceilings are annually set for both ministries and agencies in a top-down way. There are also mechanisms that permit increasing expenditures for initiatives that have been established in previous years and are being phased in. Additionally, the review of performance and results can lead to an adjustment in funding levels for certain programmes. Integrating these budget practices and procedures with a more robust medium-term perspective will thus be attainable for Chile within a relatively short period of time.

### *Human resource management*

Resource flexibility includes ensuring that the public administration's key assets – its staff – have the capacity to implement the government's strategic priorities. This includes staff skills and training, leadership and mobility (OECD, 2010b). Among the challenges Chile faces in this arena is the ability to attract qualified staff, due in part to low remunerations for technically complex jobs.

Figure 7.4. **Use of medium-term perspective in the budget process at the central level of government, 2007**




*Notes*: Index goes from 0 (no MT budget strength) to 1 (high MT budget strength level). This index measures the extent to which countries have developed a medium-term perspective in their budget process. However, it does not evaluate whether this perspective has been effective in achieving budget outcomes such as fiscal discipline or allocative efficiency.

*Source*: OECD (2009a), *Government at a Glance 2009*, OECD Publishing, DOI: *10.1787/9789264075061-en*.

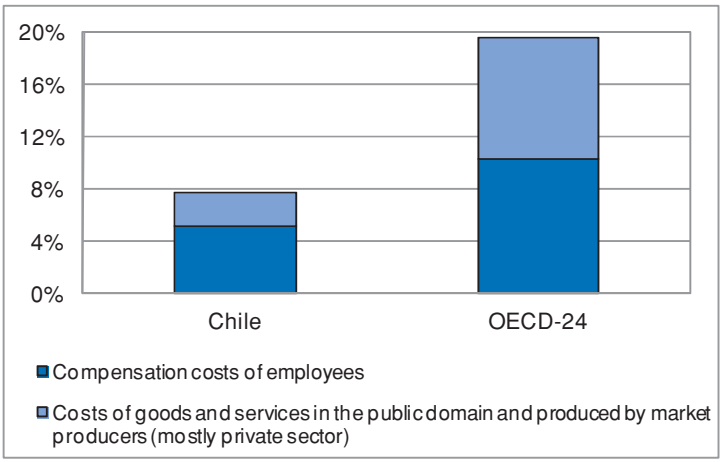
Chile's *planta, contrata* and *honorarios* systems of human resource management provide flexibility but also compound issues of professionalisation in the civil service. The *planta* system is predominantly career based and inflexible, extending at times to slightly over 50% of government workers. The *contrata* system extends to the remaining 50%. Employees hired under the *contrata* system are employed with one-year contracts, which can be renewed an unlimited number of times. The *contrata* system can make up for the inflexibility of the *planta* system. This is also true of the *honorarios* mechanism which was developed as a means to overcome the legal and practical rigidities of Chile's civil service system. While a multi-faceted system does provide for flexibility both in staff levels and in ensuring the right mix of skills and competencies, it can also mean easy loss of institutional knowledge, and inefficiency associated with a contract work staff, *i.e.* the risk that once they are familiarised and operational in their positions, they are the easiest to cut if and when necessary.

Chile may wish to consider different ways of building flexibility into its workforce in order to attract qualified civil servants and encourage accountability. The idea is not to emulate private sector practices, but rather to give public sector managers the same ability as their private sector peers to adapt working conditions to the needs of their organisation and to the merits and performance of individual

employees. Doing so would enhance the human resource flexibility of Chile's public administration.

Another consideration is the production costs in the public domain as a percentage of GDP. In Chile, these are significantly lower than the OECD average[3] (Figure 7.5). This means that Chile spends less in terms of direct and indirect public goods and services compared to other member countries. While more spending is not always the answer, the question to ask is: does this reflect a weakness in the provision of public goods and services by the public sector in terms of quality or availability, and can it be addressed at least in part through human resource management systems? The *contrata* system compensates in part for any gaps in the production of public goods and services. It reflects, however, "short-termism" focused on operational decisions rather than on long-term strategic workforce planning that considers the competencies and staff levels required to meet strategic priorities over time.

Figure 7.5. **Production costs in the public domain as a percentage of GDP**




*Notes*: The use of goods and services was taken from Government Finance Statistics of the IMF and was used as a proxy of costs of goods and services in the public domain and produced by market producers in Chile, Chile data refer to 2005 and OECD average refers to 2006. OECD average does not include Australia, Greece, Hungary, Iceland, Japan and Turkey.

*Sources*: OECD National Accounts Statistics, IMF Government Finance Statistics and Central Bank of Chile.

Regardless of turnover rates, the system's design limits flexibility in practice as it links workforce levels to budget availability, thereby restricting the ability to meet changing labour needs, and to detecting and preparing for future changes in the skills and competencies required

by individual organisations. Reforming the rules behind the management of the *planta* and *contrata* staff and linking staffing levels to future needs could help structure the workforce with the necessary skills and competences with a whole-of-government approach.

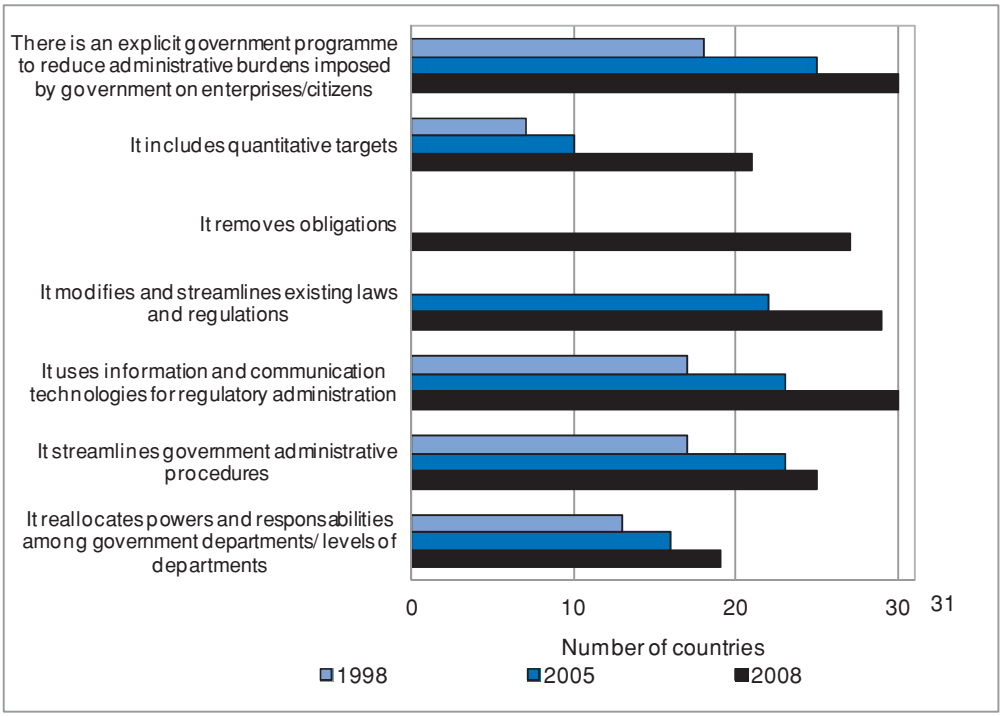
### *Regulatory management*

One important regulatory management consideration, particularly given Chile's economic growth objectives, is promoting administrative simplification. Figure 7.6 provides some general characteristics of programmes adopted by different governments to reduce administrative burden. For many OECD countries, reducing the burden of government regulations on businesses and citizens is a significant part of their strategy to improve economic performance and productivity. "Red tape" can be particularly burdensome to small businesses, and in some countries it may result in greater levels of informal activity. Within the regulatory management strategies of OECD members, tools for administrative simplification have become central to improving administrative efficiency of regulations and reducing time and money spent on compliance. Member countries have taken numerous steps to reduce administrative burden, such as establishing "one-stop-shops" and undertaking programmes to review and reduce the number of licenses and permits required by the national government. Chile has focused its administrative simplification efforts on specific sectors, such as SMEs and international trade and health issues, rather than taking a comprehensive approach. This can limit the benefits associated with administrative simplification by favouring certain sectors, and can create administrative inefficiencies and incoherence if government institutions undertake such reform independently and/or on an *ad hoc* basis.

Public consultation in regulatory management consists of the interaction between government and citizens and other stakeholders in the creation or improvement of regulation. It is a key policy tool for improving the transparency, accountability, efficiency and effectiveness of regulation. Public participation in rule making can support better informed regulatory management and promote public trust in rules, thereby improving regulatory compliance (OECD, 2009a).

There are a variety of ways OECD countries, including Chile, undertake public consultation in the regulatory arena. In Chile, some of it is based on electronic applications targeting improved transparency via an electronic registry of regulations. Some of it also appears to be *ad hoc,* through working groups or informal consultation. While private sector consultation has been encouraged in the past, other stakeholders in Chile have not been as actively engaged. This can limit perspective and buy-in when developing and applying regulations. The lack of a strong institutional framework for systematic and generalised public consultation may contribute to this, and have its roots in traditionally low levels of citizen engagement.

Figure 7.6. **Characteristics of central government programmes to reduce administrative burdens, 1998, 2005 and 2008**




*Source*: OECD (2009a), *Government at a Glance 2009*, OECD Publishing, DOI: *10.1787/9789264075061-en*.

### *Citizen engagement*

The relationship between citizens and governments has been expanding in OECD countries, with citizens participating as partners in the design, delivery and evaluation of government services. As policy issues become ever more complex, partnerships with citizens, business, civil society organisations (CSOs) and other stakeholders are needed to achieve whole-of-society objectives when tackling national and global policy problems. Engaging citizens and allowing them to actively participate with government in addressing these issues increases opportunities for strategic insight and is a critical step in shifting the focus of public administration towards a stewardship role (see Box 7.2) (OECD, 2010b, 2009a).

Participatory democracy is a key policy area of the Chilean government's agenda. Over the past decades, the country has made remarkable progress in introducing a series of legislative and policy measures that support transparent and open government. The practice

of engaging citizens in consultation and participation, however, is not yet widespread in Chile, and this may be due in part to discrepancies in the preparedness of ministries to open their policies to public scrutiny.

### Box 7.2. **Citizen engagement: some key concepts**

Citizen engagement includes three areas: information, consultation and participation.

In citizen information, information is conveyed "one way" from the public administration to the public; there is no involvement of the public (*e.g.* public feedback is not required or specifically sought), and there are no mechanisms through which to respond. Examples include: access to public records, official gazettes and government websites.

In citizen consultation, information is conveyed "one way" from members of the public to the public administration following a process initiated by the public administration, but no formal dialogue exists. Examples include: public opinion surveys, comments on draft legislation, public hearings, focus groups, workshops/seminars, and comment and notice periods.

In citizen participation, information is exchanged "two ways", between members of the public and the public administration through a dialogue, where opinions of both parties are transformed. Citizen engagement also involves the "two-way" information flow between citizens and the public administration. Examples include consensus conferences, citizens' juries, dialogue processes and citizen fora.

When discussing citizen engagement in the context of public governance, the term "citizen" has a wide and all-encompassing definition which includes individual citizens, CSOs, businesses and municipal and regional authorities.

Governments can benefit from wider public input when deliberating, deciding and DOIng. In addition to helping governments to achieve greater strategic insight, effective citizen engagement can also facilitate:

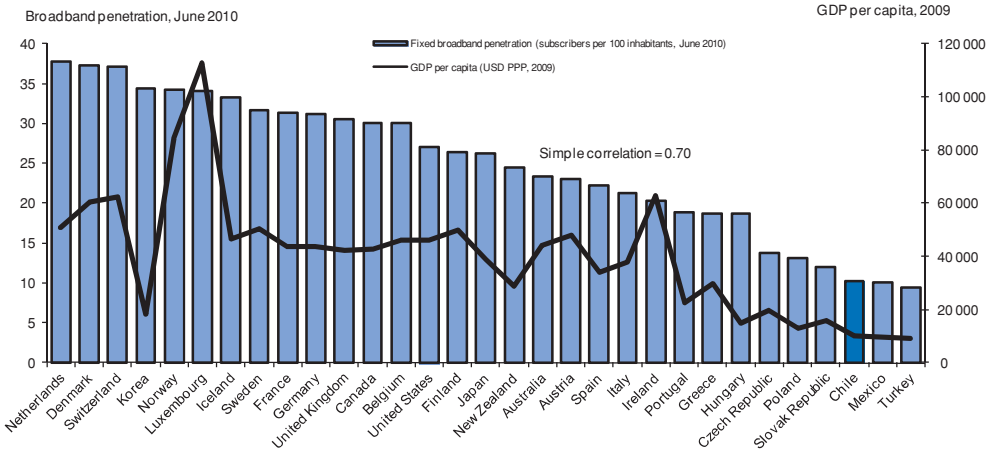
- greater trust in government;
- better outcomes at lower costs;
- higher compliance levels with decisions reached;
- equity of access to public policy making and services;
- leveraging of knowledge and resources; and
- development of innovative solutions.

*Source:* OECD (2009b), *Focus on Citizens: Public Engagement for Better Policy and Services*, OECD Studies on Public Engagement, OECD Publishing, DOI: *10.1787/9789264048874-en;* OECD (2010b), *OECD Public Governance Reviews: Finland 2010: Working Together to Sustain Success*, OECD Public Governance Reviews, OECD Publishing, DOI: *10.1787/9789264086081-en.*

Understanding when and why to engage citizens is a key component of participatory democracy. It can promote a feeling of being involved and increase buy-in on policy initiatives and programmes, thereby enhancing the possibility of policy or reform success. It is also at the centre of a closer relationship between citizens, businesses and the state. Citizens, however, want feedback on what happens following their input, and Chile must be prepared to invest the time and resources required to make proper use of information arising from consultative and engagement processes. This said, the investment may have significant value added, as it can be critical to ensuring greater trust in government and better outcomes through enhanced strategic insight (OECD, 2010b).

OECD countries use a variety of means, including citizen assemblies, panels, polling, petitions and town meetings, to build citizen engagement and participatory democracy. Often information on draft laws and initiatives under development is made available for public access and consultation via the Internet. Relying strictly on the Internet, however, is often insufficient, as the information flows can be in one direction only. In addition, the success of the Internet for citizen engagement depends on access by citizens to computers and networks, as well as to the type of information shared, how feedback is solicited, etc. While Chile is a leader in Latin America in terms of ICT readiness, it still lags behind other advanced countries in terms of connectivity. Broadband penetration per 100 inhabitants in Chile was 10.2 in June 2010 compared to the OECD average of 24.2 (Figure 7.7).

Figure 7.7. **OECD broadband penetration and GDP per capita**




*Source*: OECD (20010e), "OECD 2010 broadband penetration and GDP per capita", *www.oecd.org/dataoecd/21/57/39574824.xls*.

Citizen engagement can improve the effectiveness and efficiency of government by providing decision makers with insight into the needs, desires and mood of its constituents. In this way it can avoid making costly mistakes when developing and implementing initiatives such as large-scale infrastructure projects, changes in healthcare insurance schemes or social service funding. Engagement should, however, be in balance with the types of decisions that need to be made. Thus, consultation may not always be appropriate for short-term decision making because of the need for rapid response or the sensitivity of a particular topic. In such cases, however, it is important that decision makers have information regarding citizen preferences (OECD, 2010b).

## Implementing and sustaining change

In any domain – be it economic, social, political or administrative – broad-based policy initiatives introduce change. Thus, government faces a series of challenges, especially with respect to scope, scale and complexity, time lags, co-ordinating among different levels, and a need to ensure the support of stakeholders who will be affected by the change. Adjustments to public sector practices in order to enhance efficiency and effectiveness, and the capacity to better achieve policy objectives, face the traditional obstacles associated with any reform, but also a series of their own special challenges. These include a lack of social demand for administrative reform; public resistance to forms of change; a requirement to "reform the reformer"; and managing the interdependence between political and administrative institutions and actors (OECD, 2010c). Efficient, effective, accountable and transparent public administration can boost legitimacy, trust and commitment to the economic and political reform agendas, as well as improve the quality of policy design and implementation. However, public sector reforms are often complex, unpopular, contested and risky. They require time to produce results and prove their benefit.

Administrative reform can benefit from a variety of tools (see Table 7.2). These may often be simultaneously applied, as reform processes are nonlinear and long-lasting, usually characterised by a planning phase, a project management phase and a sustainability phase.

### *Sustainability*

The key challenge facing reform in any sector is reversibility. This can be caused by a change in political priority – leading to less political attention placed on the reform – or to a political decision made by a newly elected government to reverse the reform of the previous government. This may be managed at least in part through monitoring and evaluation. Effective mechanisms for *ex post* evaluation can help embed reform and also adjust them as necessary. Institutional solutions, either through existing or new institutions, are also valuable. Often,

putting reform in the hands of a leading and permanent organisation is the only way to avoid the reform process being captured by existing organisations and lobbies. This does not mean that the reform must be centralised. In fact, OECD studies indicate that the centralisation of strategic issues can go hand in hand with the devolution of responsibilities to line ministries (OECD, 2010c).

Table 7.2. **Public administration reform challenges and possible policy tools**

| Key challenges | Possible policy tools |
|---|---|
| • Bridging information gaps and developing a clear roadmap with measurable intermediary targets and final outcomes.<br>• Creating support for the reform among both citizens and civil servants.<br>• Building on leadership and political commitment to the reform.<br>• Overcoming resistance to change and creating a sense of ownership for reforms.<br>• Capacity and knowledge.<br>• Avoiding policy reversals.<br>• Evaluating reform and assessing success. | • Independent systems of expertise and preliminary evaluations.<br>• International organisations.<br>• Public debates and consultation strategies.<br>• Seize the moment: take advantage of crises.<br>• Clear electoral mandates.<br>• Compensating "losers" of reforms.<br>• Implementing complementary reforms.<br>• Contracts and experimentation.<br>• Training plans and public administration schools.<br>• Communication.<br>• Evaluation mechanisms.<br>• Independent and permanent institutions.<br>• Ombudsmen and high-level committees. |

*Source:* Adapted from Chapter 8, "Modernising Government" in OECD (2010c), *Making Reform Happen: Lessons from OECD Countries*, OECD Publishing, DOI: *10.1787/9789264086296-en*.

### *Sectoral responses in sustainable reform*

Sensitivity to the role of government in various sectors can help increase the potential success of public policy and reform. For example, in some instances the state acts as a "referee", regulating activities of independent agents. This is the case in competition policy, labour and product market regulation. By contrast, in areas such as education and healthcare, the state is directly engaged in providing services to citizens, and thus its role in policy-setting reform will be different. Where change directly affects how the state functions, as with public administrative reform, there are some additional challenges, as the state is being asked to reform itself.

At the moment, Chile has several factors working to its benefit if it elects to undertake administrative reform as a means to achieve its economic and socio-economic aims. Among these is the fact that since administrative reform represents a break from accepted practices, policies and processes, it often helps to have a newly elected

government with a clear mandate for reform in place (OECD, 2010c). In addition, Chile has well-established and respected institutions that can serve as a platform for realising strategic agility. The challenge now is to ensure that decision makers at the political and administrative level have the resources, information and methods to systematically and coherently undertake the strategy setting, planning, implementation and consolidation of the government's agenda.

## Notes

1. See Chapter 3 of this publication.
2. "Whole-of-government" is an umbrella term for the promotion of horizontal co-ordination and integration in policy design and implementation, as opposed to vertical silos.
3. The public domain includes goods and services produced by: *i)* government-owned or controlled organisations; *ii)* private actors when funded directly or indirectly by government for the delivery of goods and services, with a direct link between these goods and services and funding; and *iii)* monopolistic concessions of legal monopolies. For further information, see Pilichowski and Turkisch (2008).

## Further reading

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