

Executive summary

Background of the study

The OECD Value for Money project was launched in 2008 at the request of the Dutch government. The OECD Secretariat was asked to conduct a comparative study on the organisation of central government from the perspective of Value for Money. The Dutch Government was interested in both quantitative and qualitative international data. In order to conduct the study, the OECD invited a number of countries to provide information to the project. The selection of countries took place in consultation with the Dutch Government. The countries that accepted to participate were: Austria, Australia, Canada, Denmark, Finland, France, Ireland, New Zealand, Norway, Spain, Sweden and the United Kingdom. Furthermore, some of those countries were interested in a specific country review next to a comparative international study and offered to contribute to the financing of the project (Australia, Denmark, the Netherlands, Norway and Sweden).

From 2009 to 2013 six reports have been published as products of the Value for Money project. The first report “Public Administration after New Public Management” (2009) provided internationally comparable statistical data about government employment and expenditures and explored current trends in administrative reform. The second to sixth reports (2010-2013) were country reviews. Each country review contained ten reforms that had occurred in other participating countries, but not (yet) in the country under review, and that were particularly interesting for the country under review. In the beginning of 2014, the current synthesis report “Building on Basics”, was completed.

The current report is not specifically focused on the Netherlands. This approach is in line with the aim to produce a comparative study that would be equally useful to all participating countries. It should be noted that, for the most part, the countries in this report share a common set of characteristics: a strong public service capacity developed over a long period of time with a shared ethos and tradition of public service; a rigorous and well-understood legal system in the common law or continental civil law tradition; and a solid experience in evidence based policy analysis and evaluation. For countries interested in replicating these reforms, it is essential that they first understand the pre-conditions and context that have supported the reforms presented here, and analyse their own potential costs, benefits and risks in their own organisational, legal and political contexts.

Aim of the study

The aim of the OECD Value for Money project is to describe recent reforms in the organisation of central government of the participating countries that are interesting for other countries from the perspective of value for money.

This aim implies that the study analyses the organisation of the central government. As far as financial resources are concerned, it is limited to the operational expenditures (compensation of employees, intermediate consumption, and administrative investment) for public administration. Programme expenditures (transfers, subsidies, programme

investment, social benefits, interest, etc.) are excluded. Similarly, expenditures for public in-kind service provision (education, health, social services, etc.) are excluded.

The perspective of value for money implies that reforms must lead to better quality of services for citizens and businesses or to savings, or to both. In view of the deteriorating economic circumstances during the course of the study, the emphasis has gradually shifted towards savings, but reforms leading to improvement of quality of services that do neither lead to savings nor to additional expenditures have been included.

The value for money perspective has also been interpreted in a more specific sense, namely as characteristic for a next phase in the development of public administration. Since the mid-2000s a new period of public administration can be observed. Some of the New Public Management reforms, which were characteristic for the period 1990-2005, are adjusted, revised or even abolished, and new trends come to the fore. These trends include:

- Smaller core ministries, focusing on policy development and policy evaluation;
- A more logical and transparent separation of tasks between central government and local government;
- Better integration of executive and professional expertise in policy making (vertical integration);
- Sharing of process units and amalgamation of executive agencies (horizontal integration);
- Integration of regulatory and supervisory units (inspectorates) and risk based supervision;
- Support service sharing;
- Concentration of standard-setting for operational management (finance, human resources and organisation, information and ICT, procurement, communication, internal audit, accommodation, real estate and facilities) in one or two ministries;
- Less politicians and political advisors at the top of ministries
- Better and more professional financing of agencies, focusing on the costs of required capacity (capacity budgeting).

A common feature of these trends is that the government should focus more on in-kind service delivery and less on administration, in other words: more front office, less back office, or as the Danes say: “more warm hands, less cold hands”. This implies not only shifting resources from administration to in-kind service delivery, but also building a simpler, more integrated, more compact administration, denoted in this study as a move towards “basic government”.

In view of the specific interpretation of the value for money perspective as characteristic for a new phase in the development of public administration, the reforms described in this report have been selected on the basis of whether they fit into the mentioned reform trends (next to the other criteria mentioned above). This way of selecting the reforms is intended to provide certain coherence to the report that would otherwise be lacking.

Structure and contents of the report

The report contains 12 chapters. The first chapter describes the background, aims and tools of the study and the sources of information. The second chapter provides statistical information. All other chapters describe the selected reforms. In total the report contains 42 reforms that have occurred in one or more countries participating in the study since 2005.

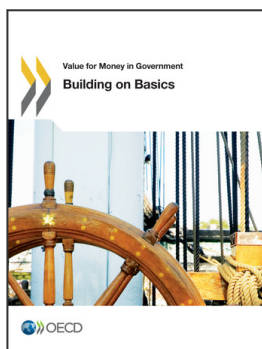
Four chapters focus on the four tasks of government that are distinguished in the study: Policy development (Chapter 3), Policy execution (Chapter 4), Administrative regulation and supervision (Chapter 5) and Support services (Chapter 6). Four chapters focus on separate support services: Finance (Chapter 7), Human resources (Chapter 8), ICT (Chapter 9), and Internal audit (Chapter 10). Two chapters focus on the government organisations: Core ministries (Chapter 11) and Arm's length and independent agencies (Chapter 12).

Each chapter starts with an introduction that mentions the most important developments in the subject area of the chapter in the participating countries then introduces the reforms described in the chapter and how they fit in the current trends. Subsequently, each chapter describes 3 to 7 reforms that have occurred in one or more countries and that are relevant for the countries where it has not (yet) occurred.

Each reform is described in four paragraphs. The first paragraph describes the essence of the reform. The second paragraph mentions the country (countries) where it occurred and provides some background on its adoption. The third paragraph provides an analysis of the reform. It mentions the aim of the reform, which problem it was supposed to solve, how the reform compares to alternative policy options and any empirical data on the impact of the reform in terms of costs or savings and effects on outputs and outcomes. The fourth paragraph pays attention to the feasibility of the reform in countries where it has not (yet) occurred. It mentions conditions that have to be met in order to implement the reform.

The Glossary of the report provides a list of the terminology used throughout the book to denote concepts that often have different names in the separate countries participating in the study.

Annex A contains a list of all 42 reforms described in the report.



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