

Introduction

Objectives

The main objective of the *Government at a Glance* series is to provide reliable, internationally comparable data on government activities and their results in OECD member countries. By broadening the scope to other regions of the world, in particular to Latin America and the Caribbean, the publication allows LAC countries to benchmark their governments' performance within the region and in relation to the OECD. In addition, it allows governments to track their own and international developments over time, and provides evidence to their public policy making.

Government at a Glance: Latin America and the Caribbean 2014: Towards Innovative Public Financial Management recognises that governments are major actors in modern societies. Every citizen throughout his or her life interacts with governments at several stages; from the issuance of a passport to the provision of health, education and social benefits. Furthermore, as societies reach higher development levels, demands and expectations from governments tend to increase, while at the same time becoming more complex. Good governance is critical to long term economic, social and environmental development. The ability of governments to operate effectively and efficiently depends in part on their management policies and practices. For instance budget practices that support fiscal sustainability, public procurement that is conducive to an efficient use of public resources and a level of compensation of public employees that is crucial for the competitiveness and quality of public services. Among others, this publication provides insight into these fields of public governance.

Indicators on government activities and public management practices

LAC countries are primarily interested in collecting data and information to identify how public governance and, more specifically, public management practices contribute to a government's ability to achieve its objectives. This report is built on the following framework, which describes the public "production" process and identifies five types of indicators: 1) contextual factors; 2) inputs; 3) processes; 4) outputs; and 5) outcomes.

1) Contextual factors

Annex C presents contextual information describing some key features of the political and administrative structure in each of the LAC countries included in the publication. Situating policies and indicators within this contextual background can help us better understand differences among countries, and identify those with similar structures that might serve as better comparators for benchmarking purposes.

2) Inputs

Input indicators include data on government revenues, expenditures, employment and workforce characteristics. These are the main components of the government production function and provide insight into the incentives and constraints that governments face in determining what types of goods and services to provide. Furthermore, this data allows for a comparison of the proportion of the economy devoted to producing different goods and services, as well as the difference in the mix of inputs used for production. For instance, as labour is a key input in the government production process, the compensation of the public workforce may affect government productivity and its capacity to provide goods and services.

3) Processes

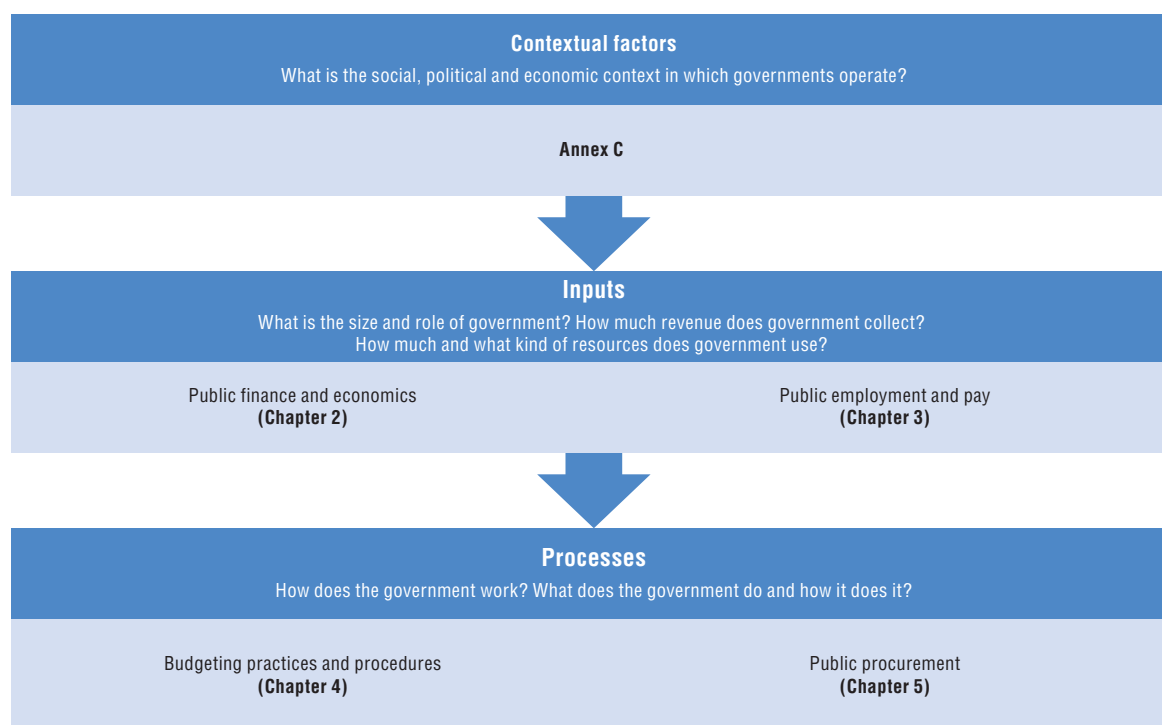
Process indicators refer to the public management practices and procedures undertaken by governments to implement policies. They describe how governments implement policy and how inputs are transformed into outputs and outcomes. Information on processes such as budgeting and public procurement allows countries to begin the evaluation of the effects of recent reforms, and identify new strategies to improve productivity. For instance, the use of multi-year expenditure estimates in budgets can improve fiscal discipline and help to ensure that government resources are allocated productively and efficiently. Open and competitive procurement processes can reduce the incidence of corruption, increasing the resources devoted to producing goods and services and improving public trust in government.

4) Indicators of outputs and outcomes

The dividing line between outputs and outcomes can be blurry; while outputs refer to the amount of goods and services produced by governments, outcomes show the effects of policies and practices on citizens and business. The success of a given policy should be measured, at a first stage, by outputs but should ultimately be judged by the outcomes it achieves. This first edition of *Government at a Glance: Latin America and the Caribbean 2014: Towards Innovative Public Financial Management* does not include output or outcome indicators. To start, it is difficult to develop valid indicators that truly measure the outputs and outcomes of public administration. In addition, little internationally comparable information on outputs and outcomes exists for the LAC region.

Figure 0.1 presents the conceptual framework for *Government at a Glance: Latin America and the Caribbean 2014: Towards Innovative Public Financial Management*.

Figure 0.1. **Conceptual framework for Government at a Glance: Latin America and the Caribbean 2014: Towards Innovative Public Financial Management**



Structure

This report starts with a policy chapter analysing the recent budgetary innovations in the LAC region and the implications on the fiscal sustainability for the region. Chapters 2-5 include data on the following areas of public administration: “Public finance and economics”, “Public sector employment and pay” “Budgeting practices and procedures” and “Public procurement”. Finally, there are two indicators that are included as special features, addressing topical issues such as non-renewable resources as a source of revenue and sustainable procurement within the “Public finance and economics” and “Public procurement” chapters respectively.



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