Governments are there to establish sound economic, social and political frameworks for citizens and business. After years of policies driven by the crisis, governments need to restore trust and demonstrate their capabilities as stewards of the public interest. It is a huge task to repair the social contract. The policy-making processes must become more open, inclusive and fair, and the delivery of public services must be efficient and innovative.
What is the OECD?

The Organisation for Economic Co-operation and Development (OECD) is an international body that promotes policies to improve the economic and social well-being of people around the world. It is made up of 35 member countries, a secretariat in Paris, and a committee, drawn from experts from government and other fields, for each work area covered by the organisation.

The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. We collaborate with governments to understand what drives economic, social and environmental change. We measure productivity and global flows of trade and investment.

OECD Directorate for Public Governance

Our mission is to be the leading international source of policy solutions, data, expertise and good practice for governments and other stakeholders seeking to strengthen public policymaking in the face of unprecedented economic, social and fiscal pressures.

We strive to:

- Highlight the crucial role of public sector economics and governance for economic and social well-being.
- Promote the strategic capacity of government.
- Review the role of the state and its choice of policy instruments.
- Improve the efficiency and transparency of public service design and delivery, focusing in particular on innovation, trust and citizen engagement.
- Foster balanced, inclusive growth that maximizes the potential of cities and regions as drivers of national performance.
Given the governance failures that contributed to the financial crisis and against a background of increasing unemployment and widening inequalities, governments need to rebuild trust in public institutions. Restoring trust in the ability of government to regulate markets, manage public finances, deliver the services that citizens expect and ensure access to opportunity for citizens in all parts of the national territory is a key element of a return to sustainable and inclusive growth.

The Directorate for Public Governance works with governments to help them improve the quality of government. It helps national and local administrations to design and implement evidence-based and innovative policies that will strengthen public governance, enable them to respond effectively to economic and social challenges, and deliver on commitments to citizens.

The current economic and fiscal crisis makes it urgent that these broad aims are applied to a host of specific problems.

These include:

- Helping return member states to fiscal health.
- Improving the quality of regulation.
- Improving health outcomes for an ageing population at a time when public budgets are under pressure.
- Enabling states to meet infrastructure needs at a time when money for capital spending is short.

Governments will for the foreseeable future have to do more and better with less. The Directorate’s role is to help them accomplish this.

Overview

We support policy makers in both OECD member and non-member countries by providing a forum for policy dialogue and for the creation of common standards and principles. We provide policy reviews and practical recommendations targeted to the reform priorities of specific governments. Through published reports, we provide comparative international data and analysis to support innovation and reform. Our partners include government officials acting as peer reviewers of each other’s work, as well as experts from the private sector, civil society organisations and trade unions.

The work programme is decided and monitored by two committees made up of senior government officials from every OECD member country: the Public Governance Committee and the Regulatory Policy Committee.

Networks

These Committees also draw on networks of specialised practitioners in the following areas:

- Senior Budget Officials
- Public Management and Employment
- Public Sector Integrity
- E-Government
- Senior Officials from Centres of Government
- Global Network of Schools of Government
- High-level Risk Forum
- Economic Regulators

Publications

We publish our findings in key “flagship” publications such as Government at a Glance and Restoring Public Finances; in national and regional reviews on topics such as public governance, regulatory reform, integrity, human resources management, e-government and budgeting; and in cross-cutting thematic reports.
Inclusive Growth

Why public governance for inclusive growth?
How can we work better together across the policy cycle?
How can we shape a new vision for the public sector?

Societal well-being should be at the core of policy making. Inclusive institutions and policies, along with effective service delivery, can help bridge multiple social and economic gaps. Public governance for inclusive growth requires a whole-of-government approach throughout the policy cycle, leveraging informed decision making and giving a voice to all stakeholders.

Co-creation and co-design with citizens can be strengthened for inclusive outcomes. Our Public Governance Ministerial Meeting in Finland, 2015, examined how implementation can be leveraged through new behavioural insights and how evaluation can be upgraded for greater impact.

Our work focuses on how administrations can work together to strengthen policy performance. We aim to improve policy frameworks that maintain and build trust, and how they can improve the competence of the civil service, reinforce public values and achieve inclusive policies. We work to help governments commit to integrity, diversity and gender balance in creating public value, and how this can contribute real change through fully implemented policies.

Income inequality in OECD countries
Gini coefficients of income inequality, 1985 and 2013, or latest date available

Source: OECD Income Distribution Database

Income growth for selected social groups

Source: The Governance of Inclusive Growth, OECD 2016

Regional disparities in life expectancies at birth

Source: The Governance of Inclusive Growth, OECD 2016
The crisis strained the relationship between government and citizens, and this in turn reduces the ability of governments to act. Only around 40% of citizens in the OECD say they trust their government. Dissatisfaction with the performance of public actors and institutions has led to global street protests and huge-volume social media campaigns. These movements have questioned the notion of the state as the careful and competent steward of the public interest, heightened by serious concerns about fairness in fiscal consolidation and the sacrifices involved in structural adjustment for growth.

Trust is now recognised as a key determinant of policy effectiveness, reduced uncertainty and low transaction costs. In the current context, marked by unpredictability and tense relations among economic actors, the importance of trust in economic and social outcomes has undoubtedly increased. Citizens and businesses are less likely to support ambitious reform-minded policies in situations of low trust; similarly compliance with regulation and tax obligations can also be affected.

OECD has wide experience with analysing aspects of public trust through its work on strategic policymaking at the centre of government, risk management, public sector integrity, regulatory policy and open government.

Confidence in national government in 2014 and its change since 2007
Arranged in descending order according to percentage point change between 2007 and 2013

Correlation between confidence in national government & perception of government leadership, 2014

Correlation between confidence in national government and perception of government corruption, 2014

Source: Gallup World Poll
Sound public budgets and finances

How can countries strengthen fiscal governance, combat deficits, and tackle debt sustainability issues?

How can countries address rising health care costs while trying to meet their fiscal objectives?

How can governments harness private expertise and financing to deliver public infrastructure services more cost effectively?

Through its network of Senior Budget Officials (SBO), GOV supports countries in sound and sustainable fiscal management through objective analysis of policies and data. The OECD promotes greater budget transparency on the part of governments, as the best way to retain crucial public support and international confidence. The OECD Network of Parliamentary Budget Officials and Independent Fiscal Institutions (PBO) contributes to transparency efforts and promotes better budget oversight.

A joint venture of the SBO and the OECD’s Health Committee, the OECD Joint Network on Fiscal Sustainability of Health Systems looks at how to rein in costs while delivering improvements in access, service quality, and capacity for innovation.

If used right, PPPs can be a cost efficient way to deliver public services and meet infrastructure demands. The 2012 Principles for Public Governance of PPPs provide road tested guidance on how to ensure that a PPP represents social returns and is the most cost efficient mode of delivery (value for money), is affordable for users and the public budget, and that any fiscal risks stemming from PPPs are managed prudently and transparently.

www.oecd.org/gov/budgeting

Source: Government at a Glance, OECD, 2015


Source: Government at a Glance, OECD, 2015

Structure of central government revenues, 2013 and 2014

Source: OECD National Accounts Statistics (database)
Public sector innovation

How can governments keep improving their services in the face of budget cuts?
How can they use data to improve their performance?
Can the public sector increase its agility and flexibility through e and m-government?

Across the OECD, the public sector faces a dilemma: how to meet increasingly diverse demands with shrinking resources. Finding better ways to do more with less is one answer. The Observatory of Public Sector Innovation collects, analyses and shares innovative practices from across the public sector, via an online interactive database.

Policy makers are seeking evidence of their performance relative to other countries, and Government at a Glance provides this, with indicators on an increasing range of subjects as diverse as e-government, human resources and freedom of information. Indicators show, for example, which countries have the largest public sectors, which government workers take the least sick leave, and which member states have the highest and lowest teachers’ salaries.

E- and m-government are crucial tools for improving the efficiency of government and its responsiveness to its citizen clients. Mobile Technologies for Responsive Governments and Connected Societies looks at how mobile internet devices can sustain public sector innovation and transform public service delivery.

www.oecd.org/gov/public-innovation
Businesses using the Internet to interact with public authorities by type of activity (2013)

Source: OECD, ICT Database; and Eurostat, Information Society Statistics (database)

Individuals using the Internet to interact with public authorities by type of activity (2013)

Source: OECD, ICT Database; and Eurostat, Information Society Statistics (database)

Citizens using the Internet to interact with public authorities by age group (2012)

Source: OECD, ICT Database; and Eurostat, Information Society Statistics (database)
Open government

Does good government make people feel measurably better about their lives?

How can the private sector use government data to create value?

Citizens in OECD countries are calling on governments to be more open about the way they design and deliver policies, and expect their views to be taken into account when policies are designed. The OECD Guiding Principles for Open and Inclusive Policy Making are based on the conviction that open government produces happier outcomes. The eight principles include clarity, commitment and time: public consultation and active participation should be undertaken as early as possible. This will allow a greater range of policy solutions to emerge, boosting the chances of successful implementation.

Countries are moving forward with the implementation of open government policies and these efforts have resulted in an international movement, the Open Government Partnership, in which 19 OECD Member countries have commitments. The MENA-OECD Open Government Project assists the Governments of Morocco, Tunisia, Jordan and Libya in reviewing and assessing their institutions, policies and practices supporting the implementation of Open Government principles at central and local level. The project also coordinates mechanisms across levels of government and with national civil society. The project contributes to improving both Open Government policies and practices and to meeting the OGP eligibility criteria and prepare and implement the required country action plans through ad-hoc support and capacity building.

www.oecd.org/gov/open-government.htm
OECD OURdata Index: Open, Useful, Reusable Government Data, 2014

Central government ICT projects with a total project value greater than USD 10 million, 2014

Percentage of individuals who have taken part in an online consultation or voting

Source: Government at a Glance, 2015

Source: Eurostat, Information Society Statistics (database)
How can citizens’ trust in government be restored?

How can political finance be reformed so that a country’s leaders can be elected fairly?

How can public procurement be made to build projects that improve people’s lives, rather than white elephants?

In some countries, citizens’ confidence in government has been battered by the crisis. In others, a belief that corruption is common has eroded trust. Without the trust of citizens and confidence of markets, governments will be unable to make the structural reforms required to tackle the continuing fiscal crisis. OECD work on Integrity in the public sector addresses these problems. It looks at how to improve the transparency and integrity of decision-making, and sets out global standards for budget transparency and safeguarding integrity in the public sector.

Past scandals have made citizens particularly concerned about political financing. OECD countries are strengthening the control of private funding in response to new risks, such as third-party financing, which offers new ways for contributors to distribute their donations and circumvent existing regulations. However, these measures are not in themselves enough to create a fully open political finance system. OECD is working to explore how countries can go further.

Public procurement has the power to boost economic growth, but also - if badly handled - to waste billions of dollars through the massive misallocation of resources. The OECD formulates Principles for Enhancing Integrity in Public Procurement, drawing from the lessons learned in country reviews. These include transparency, good management and purpose - making sure public funds are used in public procurement for the object originally intended.

www.oecd.org/gov/ethics/
Percentage of businesses using electronic procurement systems (2013)

Introduction of lobbying regulation, 1940-2014

Legal protection of whistleblower in OECD member countries, 2014

Source: Eurostat

Regulation

Can good regulation prevent another financial and economic crisis?
Can we make regulation so good that it boosts economic growth?
How can ‘choice architecture’ improve people’s decisions without taking away their freedom?

Poor regulation is seen as one of the main causes of the credit crunch, and therefore of the continuing financial crisis. OECD Work on regulatory Policy addresses problems in regulatory systems, including the weakness of regulatory bodies, the misalignment of incentives and the lack of adequate enforcement and compliance. High-quality regulation creates certainty and promotes the rule of law, but also has important economic effects such as levelling the playing field for businesses. It has created a list of principles for good regulation - calling, for example, for consultation and impact assessments in the early stages of the policy process.

At the same time, – reducing “red tape” and excessive regulation is also important. The OECD has studied the successful administrative simplification programmes of The Netherlands and Portugal, and continues to monitor this theme actively.

There is an acute need to understand the links between good regulatory quality and sustainable growth. The GOV has organised a series of roundtables on the theme of Regulatory Reform for Growth, including the role of various actors of change across government and their unexplored potential for furthering growth, and taking stock of pro-growth regulatory measures in times of crisis.

One of the most exciting new areas in regulation is the use of behavioural economics. If done well, this can improve outcomes without using traditional command and control mechanisms, by allowing citizens and business to retain choices but gently nudging them in a particular direction. The key phrase is “choice architecture”: a structure that changes behaviour without diminishing choice.

www.oecd.org/gov/regulatory-policy
Stakeholder engagement in developing primary laws

Regulatory Impact Assessment for developing primary laws

Ex post evaluation for primary laws

Source: OECD Regulatory Policy Outlook 2015
Cities

How can national policies help “get cities right” for job-rich growth?

How can cities more effectively tackle climate change and achieve greener growth?

How can better governance of urban areas improve residents’ well-being?

Cities of all sizes are critical to economic progress. Across the globe, cities are motors of growth and innovation. Overall, they are characterised by higher levels of productivity and income and, across the OECD, productivity and wages increase with city size. While in some countries the largest cities make the biggest contribution to aggregate growth, the contribution of small and medium-sized cities is very significant. Large cities have enormous potential for job creation, innovation and green growth, as do dynamic medium-sized cities. Cities are the hubs and gateways in global networks, such as trade or transport.

However, while productivity, wages and the availability of many important amenities generally increase with city size, so do pollution, housing prices, congestion, inequality and crime. These negative effects of “agglomeration” can reduce trust and well-being. They can be substantially mitigated by national and city level policies that ensure access to jobs and employment, equal opportunities in education, decent housing, adequate healthcare, efficient transport and safe neighbourhoods.

What policies can help cities and metropolitan areas become more competitive, sustainable and inclusive over the long term? The OECD conducts in-depth analyses of national-level policies related to urban development, as well as reviews of cities and their greater metropolitan areas, to evaluate current policies and propose strategies for boosting economic growth, improving environmental performance and fostering social inclusion. Thematic research on cities covers a wide range of topics: climate change and green growth; water and cities; demographic change; metropolitan governance; rural-urban linkages; and more.

The OECD Metro Database and Metro eXplorer provide comparable international data for urban and metropolitan areas relating to GDP, CO2 emissions, sprawl, innovation and more. This unique database helps compare “apples to apples” across the OECD through measurement approach that defines cities in terms of the density of settlement and activity rather than as administrative units.

The OECD Roundtable of Mayors and Ministers is the pre-eminent international forum for policy dialogue on urban issues between local and national leaders.

www.oecd.org/regional/regional-policy/urbandevelopment.htm
http://measuringurban.oecd.org/#
Small and medium-sized urban agglomerations (50 000-500 000)

Urbanisation levels across OECD countries, 2012

Share of population living in metropolitan areas, urban agglomerations and outside urban agglomerations.

Economic growth increases with proximity to large cities
Multi-level governance and decentralisation

How to ensure that different levels of government work together to deliver public services and investment?

How to make decentralisation work?

In the OECD area, sub-national governments (i.e. states, regions, provinces and municipalities) are responsible for 40% of total public expenditure. Most of this is spent on areas with a direct impact on citizens’ well-being, such as local public services and promoting economic growth and sustainable development.

To make decentralisation work, subnational governments need adequate capacity and resources. Also, responsibilities should be allocated in a balanced way, and the central government needs effective monitoring systems. OECD provides guidance on how to make decentralisation and multi-level governance work effectively through its series of country- or region-specific multi-level governance reviews and thematic reports. It also has data on subnational finance in 101 countries.

The OECD Recommendation on Effective Public Investment Across Levels of Government helps governments assess the strengths and weakness of their public investment capacity. An online Toolkit provides good practices, pitfalls to avoid and indicators to help implement these principles.

www.oecd.org/effective-public-investment-toolkit
FIGURE 1. Sub-national share of country’s public investment

FIGURE 2. Regional and local governments invest in areas critical for growth and well-being

FIGURE 3. Public vs. private investment as a % of GDP


Source: OECD National Accounts (2012)

Effective Public Investment Across Levels of Government: Principles for Action
Women in Government

Gender equality is necessary for sound government.

What are the obstacles to empowering women in public life?

How can we address these challenges?

Empowering and encouraging women to participate more fully in the public sphere is essential. Gender diversity in public institutions is particularly crucial, given that these decision making bodies create the rules that affect people’s rights, behaviours and life choices. Ensuring that governments reflect the diversity of the societies they represent guarantees a balanced perspective which enables an inclusive approach to policy making and service delivery.

There are major structural, legal and social barriers to women’s empowerment in public life. A lack of visibility and uneven work-life balance arrangements make it especially hard for women to be active in economic and political life. Women also face a lack of political encouragement to run for public office.

A whole-of-government approach is crucial to advancing the role of women in government. Holistic policy making will not only help bring more women in the public light, but will ensure that gender considerations are more systematically embedded in all policies. We are contributing to the worldwide effort to advance gender equality by helping to feed and stir the public policy debate and generate benchmarks that our member countries may adopt. We are strengthening our ability to identify good practices, build databases and provide opportunities for policy dialogue on the global and regional levels.

Women in general government compared to women in the labour force (2010)

Share of central government jobs filled by women (2000 & 2010)

Share of central government jobs filled by women, by occupation groups (2010)
Risk governance

How can governments ensure their responses to disaster are based on tried and tested principles rather than panic?

Should we consider corruption and cyber attacks as hazards on the same scale as natural disasters and pandemics?

What can we learn from crises that have hit OECD member countries?

Against a perception of increasingly frequent natural and man-made disasters, the High-Level Risk Forum was set up in 2011 to look at how to increase society’s resilience to global threats. The Forum, which brings together senior national policymakers, examines a broad range of potential hazards including natural disasters and pandemics, financial crises, terrorism and cyber attacks. It has produced practical tools to fight the global threat of corruption, which destroys local economies by reducing legitimate business revenues, fuelling conflict and worsening social conditions. The Forum works with the OECD’s Insurance and Private Pension Committee and the G20 on disaster risk management, including risk assessment and financing strategies.

OECD has set out Principles for Country Risk Management - policy recommendations that cover the full risk management cycle, starting with risk assessment and moving on to mitigation, crisis management and communication, and finally recovery. They are designed to inform and support country practices, to help develop systematic checklists in the public sector that will increase preparedness for major risks. OECD has also drawn up eight recommendations for Building Resilient Regions after a Natural Disaster, as part of a long-term programme of policy work following the 2009 earthquake that ravaged the Italian city of L’Aquila. The policy recommendations include fostering public participation in decision-making, and using lessons from a regional crisis to introduce reforms for the country as a whole.

www.oecd.org/gov/risk
Public administration reform

How can countries in transition achieve democracy and a free-market economy?
What political and economic reforms are needed to build trust in governments?
How can countries benefit from international experience to design their own systems of governance?

An effective public administration helps to provide citizens with high quality public services.

The Support for Improvement in Governance and Management (SIGMA) programme works with 19 countries, largely non-OECD member states, to assist reforms that will support their aspirations for democracy and the rule of law.

SIGMA provides advice and support in five professional areas of public governance, as well as evidence-based reviews of progress to identify areas for further improvement:

- Civil service and public administration organisation and functioning
- Policy making
- Public finance and audit
- Public procurement
- Strategies for public administration reforms.

While facilitating international co-operation with countries, SIGMA encourages partner countries to take ownership of the implementation of reforms and to build their planning and monitoring capacities.

www.sigmaweb.org

A joint initiative of the OECD and the EU, principally financed by the EU.
How can public policy help achieve positive outcomes for citizens and businesses?

How can governments steer implementation of public policies efficiently and effectively?

The global financial crisis has sharpened the importance of efficient and effective public governance, as governments grapple with complex and interlocking public policies in an often tight fiscal environment. OECD Public Governance Reviews provide governments with a 360 degree perspective on their performance, and where this needs to be improved, to strengthen a country’s potential for sustainable and inclusive growth.

Launched in 2007, Public Governance Reviews have helped strengthen public governance and leadership and facilitate positive change in OECD member and non-member countries. The Reviews highlight interactions between key building blocks of good governance in the context of the countries’ priorities and reform plans. They can address specific sectors or policies and their governance framework.

Supported by peer reviewers and experts, based on partnerships with requesting countries and tailored to their needs, the Reviews involve all relevant actors within and outside governments. They offer strategic diagnostic and actionable recommendations, as well as capacity building and implementation support.

www.oecd.org/governance/reviews