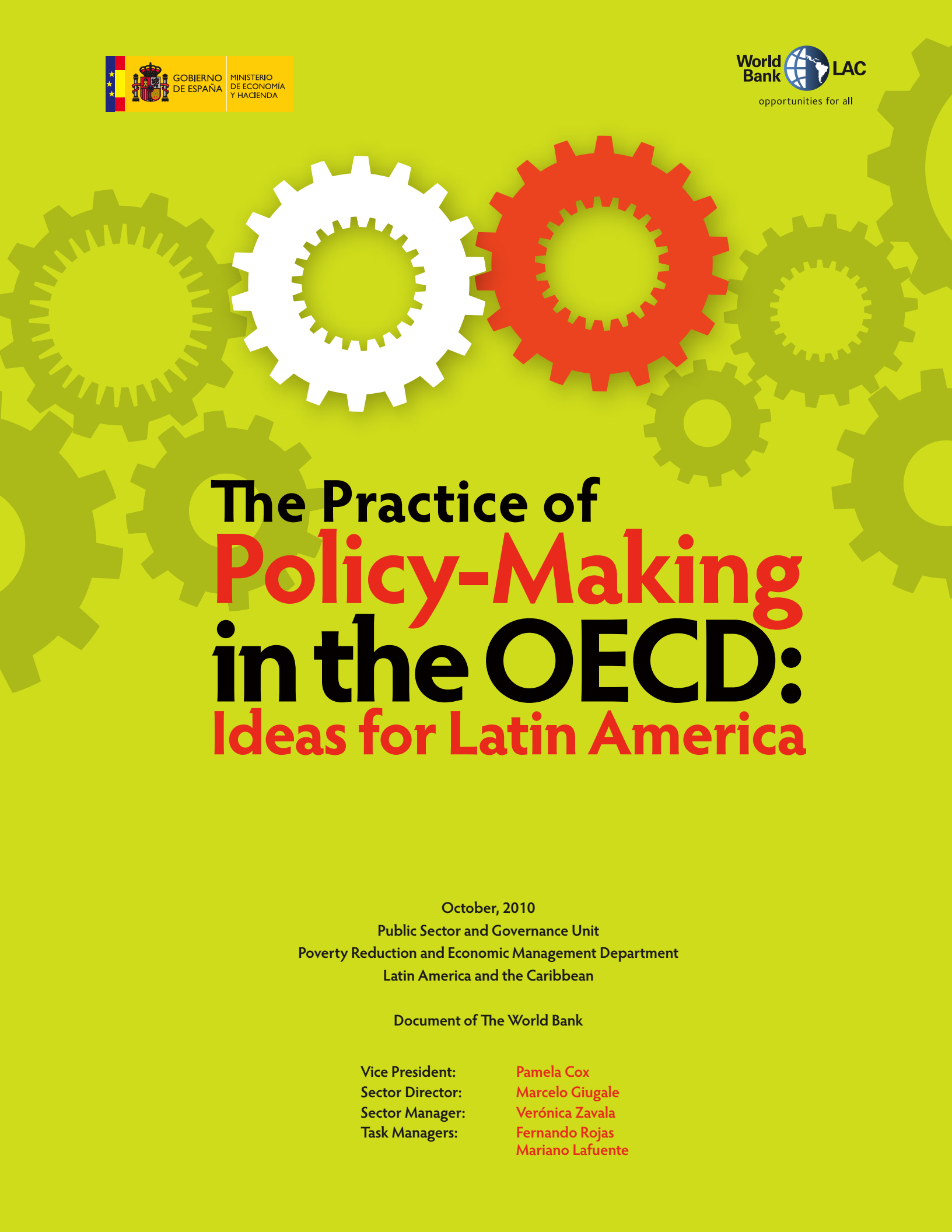GOBIERNO DE ESPAÑA | MINISTERIO DE ECONOMÍA Y HACIENDA

World Bank LAC

opportunities for all

The Practice of Policy-Making in the OECD:
Ideas for Latin America

The Practice of Policy-Making in the OECD:
Ideas for Latin America

Vice President:	**Pamela Cox**
Sector Director:	**Marcelo Giugale**
Sector Manager:	**Verónica Zavala**
Task Managers:	**Fernando Rojas**
	Mariano Lafuente

Contents

Boxes

Figures

Tables

Annexes

Boxes

Tables

List of Acronyms

AEVAL	Agencia de Evaluación de Políticas Públicas y Calidad de Servicios (Spain)	Agency for Public Policy Evaluation and Quality of Services
CBO	Congressional Budget Office (US)	
CNDP	Commission Nationale du Débat Public (France)	National Commission for Public Debate
DPMC	Department of Prime Minister and Cabinet (New Zealand)	
EOP	Executive Office of the President (US)	
EU	European Union	
GAO	Government Accountability Office (US)	
IEPSQD	Dirección General de Inspección, Evaluación y Calidad de los Servicios Públicos (Spain)	Inspection, Evaluation and Public Service Quality Directorate
IGAE	Intervención General de la Administración del Estado (Spain)	State Administration General Intervention
IGAS	Inspection Générale des Affaires Sociales (France)	General Inspectorate of Social Affairs
MAF	Management Accountability Framework (Canada)	
NAO	National Audit Office (UK)	
NGO	Non-governmental organization	
OAG	Office of the Auditor-General (New Zealand)	
OECD	Organization for Economic Cooperation and Development	
OMB	Office of Management and Budget (US)	
PART	Program Assessment Rating Tool (US)	
PCO	Privy Council Office (Canada)	
PMDU	Prime Minister's Delivery Unit (UK)	
PMO	Prime Minister's Office (Canada)	
PMSU	Prime Minister's Strategy Unit (UK)	
PSA	Public Service Agreement (UK)	
RGPP	Révision Générale des Politiques Publiques (France)	General Review of Public Policies (GRPP)
SNCF	Société Nationale des Chemins de Fer Français	French National Railway Company
SOI	Statement of Intent (New Zealand)	
SPEAR	Social Policy Evaluation and Research Committee (New Zealand)	
TBS	Treasury Board Secretariat (Canada)	

Team Members for this Report and Acknowledgments

Executive summary

1. Different studies show that trust in public institutions in Latin America tends to be, on average, the lowest in the world.[1] While in some Latin American countries the introduction of performance management appears to be the prevailing lever to reconstitute this public trust, increasing the quality of public policies is a key stepping-stone which contributes to the same objective. This study summarizes the practice of policy-making in selected OECD countries and provides ideas for improving the quality of public policies in Latin America.

2. Most Latin American governments are eager to improve their policy-making process, but they typically face, at least, five important challenges: (i) insufficient technical capacity at the center, or summit, of government to formulate policies or evaluate them ex-ante or ex-post - by center of government we refer to the political authority at the summit of the executive power, usually located in the prime ministerial or presidential office, but central secretariats (for example, cabinet offices) and ministries (for example, Finance) provide vital administrative support to the center; (ii) poor coordination across policies coming from the sectors, leading to inconsistent and incoherent policies; (iii) low levels of contestability during policy formulation, whether within the executive, from the legislature, or from outside the public sector; (iv) a disconnect between policy-making and the implementation of these policies; and (v) while politics shapes policy-making in all countries, Latin American countries tend to have a much greater distance between proposals from different political parties as compared to the OECD .

3. While some of these challenges are strongly affected by the political reality of Latin American countries, such as their concentrated presidential systems, or are perceived to be shaped by cultural aspects, which may take a very long time to change, there is clearly room for improvement in the practice of policy-making. In this context, an analysis of the experience of some OECD countries, which are known for having achieved relatively better results from their public policies, may be a good starting point, not only to get ideas on what road to choose but also alerts on which options to avoid. These pointers can help Latin American governments in the process of improving policy-making.

The Latin American pursuit of more technically sound policy-making.

4. Developing countries tend to be weak in promoting policy processes that are technically driven and technically sound. Latin America appears to be at a turning point in the balance between a very political and a more technically determined policy-making process. Citizens are ever more demanding of clear and relevant government priorities, precise goals, outputs and outcomes that give value for money, reliable monitoring, disclosure of performance information, adequate financing to secure policy implementation, and objective evaluations. Governments and congresses are increasingly aware of the need to substitute former input-based clientelistic political strategies with fresh, citizen-focused results.

5. In response to these demands, Latin American governments are under pressure to inform the population of policy options, systematically discuss

---

1   See for example Blind (2006) and Arizti et al. (2010)

policy alternatives at a technical level, and justify their priorities on the basis of a technically sound cost-benefit analysis. Sophisticated universities, sharp private sector think-tanks, and articulate NGOs are better equipped than in the past to hold governments accountable. These local actors, together with a more engaged international community, have come to expand the traditional international interest in financial sustainability broadly defined. Today such an interest is at the forefront in analyzing value for money and interpreting the perceptions of the citizen-client.

6. As part of their movement towards performance management, Latin American governments are increasingly resorting to a more rational policy cycle – and enhancing technical capacity to this effect – although the process remains largely weak. Governments have not usually been strong in designing, analyzing, or coordinating policy proposals. While policies are normally driven by an incoming President's agenda or a national development plan, concrete policy formulation may not follow or may not be based on a technical process. Policy proposals may be so far apart from what other strong parties would agree to, or not technically convincing, that public or Congress support may not be obtained. Analytical capabilities may reside in planning agencies, but these agencies do not currently have strong influence on either presidential offices or budget policy. Cabinets play a subordinate role and presidential offices tend to be more political than analytical. Few agencies have policy design expertise.

7. Up till the arrival of performance budgeting, budget processes used to be typically inertial, rather than attuned to accommodating policy priorities. Where program monitoring and evaluation (M&E) capacity has developed, it has usually been circumscribed to specific projects and programs; therefore, it has not fed very effectively into the process of making new policies or correcting old ones. Parliaments are usually technically weak, though they too are becoming more transparent and more responsive to voters' demands in terms of products and outcomes. Civil society initiatives, both institutionalized and spontaneous, to monitor and assess the governments' major policy programs are growing in numbers –though they may not yet be sufficient to importantly influence policy making and adequately monitor policy implementation.

8. Technical weaknesses at the policy level impact negatively the quality of the performance management systems that Latin American governments are warmly embracing. As practiced in Latin America, those systems have largely remained at the program and project level. However, program and project performance indicators are predominantly based on process and output information and they are, in any case, only superficially linked with higher government goals or the new priorities of an incoming administration. Program evaluation is usually circumscribed to program goals; as such, it has little or no say in relation to *policy* intent.

9. Though improvement is noticeable, presidential offices often do not do a good job in technically specifying core government performance indicators or indicating the way executing agencies are expected to contribute to those goals. As a result, the policy monitoring and evaluation functions located at the apex of government-wide performance-based systems are not yet as credible as they need to be. Neither do they consistently contribute in practice to fighting budget inertia or securing the overall consistency of government programs. On paper, ministries and independent agencies align their actions to overall government goals or standardized capacity strengthening programs, but in practice they observe their own performance targets and tailor organizational development measures to their own perceived needs. This discrepancy is exacerbated in the case of inter-government programs for joint action at sub-national levels. In the end, the entire performance management system is weakened by multiple sets of performance targets and an array of different incentives that are not consistent with each other or with government priorities.

10. The current challenge is to strengthen control of the quality of public policy through a better delineation of the way ministries and agencies are to contribute to the country's priority development goals (and an accompanying specification of indicators of expected results). Further integration of the entire policy cycle is needed to adjust budget priorities and regularly create fiscal space for the government's core program. It is also necessary to fine-tune the relation between ministries, politically responsible for sector contributions to the core goals of each administration, and the executive agencies that are technically responsible for executing government policies. Further clarification of individual responsibilities is most important when it is necessary to coordinate actions between central and sub-national levels of government.

11. In view of these challenges, the core administration of the central government (typically presidency, planning, finance) often over-reacts, directly imposing its own goals and intruding with micro-

management that violates agency specialization and hinders the autonomy and creativity of executing agencies. Attempts to over-extend the scope of policy decisions to detailed implementation end up by confusing the mandates and roles of government units, further blurring accountability. Therefore, protecting the essential boundaries between government units has become a parallel challenge at the policy level in Latin America.

12. It is against that background of problems and challenges of Latin American governments that this study has been prepared. It is the expectation of this study that ideas drawn from the OECD countries' drive towards higher consistency and effectiveness in government actions can shed light on the pros and cons of a given approach to enhancing the quality of policy making and its connection with implementation. Reducing the risk of poor policies and lack of government cohesion is more likely when governments compare their own vision against the mirror of governments that have had a long and serious experience with performance management.

13. Clearly, this is an area where there are no standard recipes. The scope and quality of the policy process are highly dependent on each country's idiosyncratic bridge between politics and administration or the particular national balance between political calculus and technical assessment. The process of controlling the quality of public policies will vary according to each country's institutional arrangements. Therefore, this report cannot emphatically recommend adoption of this or that institution, process, or instrument. Nevertheless, controlling the quality of policy making appears to demand a certain technical and political empowerment at the central level and among key government and non-government players without which no country seems to reach effectiveness and cohesion in policy making. It is those basic – yet not sufficient— features that this report selectively identifies in OECD countries. Chapter 1 provides the framework for identification of key features and chapter 2 summarizes the findings from six selected OECD countries.

14. Once those key common traits among OECD countries, and the reasons behind them, have been identified, the report moves on to quickly compare the basic common features of quality control of public policy with the problems and challenges for Latin American countries that have been summarized above. This leads to some broad recommendations that are directly targeted to present-day Latin America. This is the task of chapter 3.

15. Evidently, the reference to Latin America as a whole conceals a huge variety of institutional arrangements, technical capacity and base-line developments in the policy and performance-management areas. The report's recommendations will likely fit better those Latin American countries that have a higher technical capacity and are more advanced in building a performance management system throughout the administration. Still, the listing of Latin American challenges and the study's recommendations are so broadly formulated that they might fit, to a greater or lesser degree, most countries in the region.

16. Having said that, the report is not about Latin America. It is about the ideas that can be identified from the policy making, policy implementation, and policy evaluation cycle in six OECD countries. There is no attempt to present the policy process in a single Latin American country. That exercise lies ahead, as part of a future research agenda. If and when that comes, the analytical framework proposed in chapter 1 may prove valuable to study country cases and draw lessons from the Latin American experience. The next section summarizes the main findings from the analysis of the selected OECD countries and the application of those findings as pointers for improving public policy making in Latin America.

The Practice of Policy-Making in the OECD: Ideas for Latin America[2]

17. Policies are blueprints for public action. These blueprints then need be implemented, evaluated and, where necessary, corrected. Such an ideal policy process – or cycle – of "planning-doing-checking-acting" is, of course, subject to strong political influences, some good, some bad. Politics needs to be balanced with technical process and technical expertise. There is a gap in the public-management literature on drawing lessons on good practice in policy making.[3] This paper tries to start filling this gap by providing a summary description of what the policy process looks like in six OECD countries – to what extent it is organized, technically rational, performance-focused and expert-based. But generalizing is difficult: the policy process is not highly routinized; patterns vary from country to country because political

regimes and institutional arrangements differ; and policy-making practices change continuously. A principal reason for change has been the growing size and complexity of government. This has made it increasingly difficult for the center of government to get the agencies to comply with its policy goals. And attempts to improve performance have sometimes unintendedly worsened the cohesiveness of policy.

18. Notwithstanding the differences among OECD countries, there are common features to the policy process that are of long standing. First, a strong political coordinating authority at the center of government is responsible for: making policies consistent across sectors (and ensuring that public agencies cooperate to this end); and ensuring that agencies implement policies as planned. This authority is a cabinet (in the case of many parliamentary regimes), a prime-ministerial office, or a presidential office. Second, a strong (but not necessarily large) technical secretariat provides technical advice and support to the central political authority. Third, a complex organizational system has emerged to deal with complex and large government: traditional hierarchical structures are now complemented or partially replaced by devolved instances (semi-autonomous and autonomous agencies, local governments) and special arrangements to coordinate policy and implementation (cross-agency commissions, information and audit systems, and so on). Fourth, strong cadres of senior public servants – most of them career professionals – provide a crucial bridge between politics and technical expertise and between policy making and policy implementation. Fifth, the agencies themselves generally have a strong policy-design and -assessment capacity, though this can vary between agencies.

19. In addition, two important common trends in policy management are emerging. First, a growing performance culture is helping clarify the link between policy and implementation. Related to this, a number of instruments are strengthening the links between policy making and the budget. These include spending reviews, performance contracting, and M&E systems. Second, along with the growth in government, alternative and contesting sources of policy discussion and advice (advisory commissions, think tanks, interest groups, and so on) have become important. While this movement is more important in some countries than others (the US more than France, for example), it betokens a long-term – and pretty much universal – shift from a "monopoly-of-advice" model of policy making to a "market-for-advice" model.

20. But there are also important differences among OECD countries. Most notably, in parliamentary regimes, political authority is, de facto, monopolized by the executive. As a result, cabinets and their secretariats dominate policy coordination. In the US, policy-making authority is, in practice, shared by Congress and the executive branch; the cabinet and government agencies, though placed within the executive branch, are also influenced by Congress. For this reason, the President has built up a large powerful secretariat, the Executive Office of the President, to oversee policy. To mirror this power, Congress has also built up its own strong policy-process bodies. (In comparison, the policy-process bodies in the legislatures of other OECD countries are weak.) There are also differences among the Westminster parliamentary regimes: the UK has developed a policy-design and -assessment capacity at the center, while Canada and New Zealand are more inclined to use the center to implement processes that encourage the agencies to follow good policy-management practices.

21. Two concluding observations about OECD experience are relevant for other countries that need to improve policy management. First, the policy process in OECD countries does not and cannot constitute a tight process like the budget system. This reflects the heterogeneous nature of "policy" and the political nature of policy making (and the somewhat abrupt break between the sphere of politicians and the sphere of administrators). One sign of this is that policy-management initiatives can often have short and unsuccessful lives. Second, the policy process is complex. Not only does it depend on the overall architecture of government – lines of authority, agency structure and incentives, civil-service arrangements. There are also multiple policy-related instances and routines – research and planning instances, M&E systems, spending reviews, etc. This may seem like redundancy, but in fact it reflects the challenge function inherent in the market-for-advice model.

22. Any of the six country cases presented in the annexes will describe policy instruments and processes that may prove useful to Latin American governments wishing to improve their policy cycle. Practitioners and analysts may therefore review the annexes of the report to provoke ideas or draw their own inference from individual cases and comparative analysis. Those individual cases notwithstanding, this report focuses on common ideas arising from the OECD experience. It is in the common lessons, not in country-by-country variations, that the most solid substance can be found. As seen from the previous paragraphs,

those common ideas lie in the realm of core policy actors, their responsibilities and their capabilities.

23. A voice of caution is needed before summarizing common lessons from the OECD experience. Obviously, those lessons need to be tailored to the particular institutional framework of each country before they are transplanted and adopted in Latin America. In addition, policy makers need to be aware of the timing and the political risks involved. The recommendations listed below cannot be completed in a short period and they will require leadership and political will as much as a good dosage of expertise and reform continuity. However, taking heed of the lessons from OECD countries in these areas is needed if trust in the Latin American state is to be rebuilt. Enhancing public sector credibility requires building the proper institutional and instrumental bridges between political announcements, government priorities, flexible financing, execution capacity, delivery of quality services, and citizen satisfaction. At this point in the region's drive towards a results-oriented relationship between the public administration and the citizen-client (voter and taxpayer), these bridges are essentially needed to strengthen transparency, accountability and performance. The following six ideas summarize the application of those common elements of OECD country experience to the challenges that Latin American countries often currently face.

24. *(i) Political authority and technical expertise at the center-of-government.* The OECD country examples indicate that good policy making begins with the combination of effective political authority and technical expertise at the center of government. The political authority – a prime ministerial, cabinet, or presidential office – is responsible for the government's program as a whole, overseeing the conception of policy ideas, deciding which policies are to go forward, coordinating between sectors, and overseeing that policies are implemented as intended. In a complex, modern economy, the political authority could not possibly carry out these functions without the support of a strong technical secretariat. This secretariat is expert in administering the operating processes that promote or vet policy ideas, ensure their coordination and consistency, and attend to their implementation.

25. The single most important step to improve the policy-making process in the countries of the region would be to strengthen the center of government, in terms, first, of a political capacity for managing policy and, second, of a technical

secretariat to support this function. First, the office of the President is typically strong in political matters, including managing relations with other branches and levels of government and coordinating political support. And it is increasingly committed to demanding results from ministries and executing agencies. But this office typically possesses little policy expertise. Obviously, it is not appropriate for this report to propose political solutions – for instance, it is simplistic and unrealistic to mandate strong cabinets in presidential regimes. On the other hand, presidents can (and already do in some countries) convene effective political bodies for sector coordination, akin to cabinet committees, for economic and social affairs, security issues, and so on.

26. Second, technical secretariats in the presidential office are generally weak or non-existent. To take charge of policy, the President would need such a secretariat. Almost any of the OECD cabinet and presidential offices covered in this report provides useful information for the design of a technical secretariat. The Executive Office of the President, provides perhaps the most relevant example for presidential regimes, though the countries of the region would be expected to start out on a much smaller scale. The UK's Cabinet Office or France's Prime Ministerial Office are also interesting examples because they are pro-active in looking at policy problems and proposing solutions.

27. *(ii) An organizational system that coordinates policy making.* Policy-making in the OECD is anchored in organizational structures, and in coordination and control mechanisms. Organizational structures determine who does what tasks and organizational hierarchies and boundaries set up particular sets of incentives. Coordination mechanisms, such as cabinets or more ad-hoc committee formats (or "lead ministries" in the New Zealand case and "super-ministries" in Australia) are designed to counter the effects of public agencies pursuing their own agendas, and instead make them focus on the goals cascading down from the center of government into a particular policy area. Control mechanisms are the means by which the principal at the center seeks to have his/her priorities carried out by the agent in the line ministry. There is an evident problem of policy vulnerability in Latin-American countries, risking cohesion and effectiveness in the uncertain transition from government priorities to expected results. This makes this broad topic clearly central for an agenda of better policy-making in the region which involves such issues as: setting up a technical secretariat at the center of government (and the implications of this for the roles of

Ministries of Finance which, until now, have been expanding); opening up, where this does not exist, a process of stronger contestability within the executive by establishing adequate standard procedures to test policies, politically *and* technically, at cabinet meetings; creating a super-ministry or lead agency to coordinate policy-making in a particular policy area; working through inter-ministerial committees; and other techniques for "joining-up" the distinct parts of the administration.

28. *(iii) Senior public servants who provide expert policy advice and coordinate between policy making and implementation.* Senior public servants are appointed according to both political and "hybrid" (political mixed with technical) criteria in OECD countries, depending on the country. Their role in bridging the world of politics and policy making and the world of implementation is crucial. They play this role both at the center (in center-of-government secretariats, notably) and at the top of the ministries. With a small number of exceptions – particularly Brazil and Chile – these professional cadres are more notable for their absence than their presence in Latin America. This is a broad reform, in many ways beyond the scope of this paper, because it is one of the keys to better public management more generally. But it also has a particular importance for better policy making, principally because senior public servants provide the link between policy making and implementation and many of them are policy experts.

29. *(iv) Strong capacity of the line ministries.* Line ministries in the OECD tend to have strong analytical capacity in specialized units or departments. In addition to their own financial, human resource and asset management units, which are also common among line ministries in Latin America, OECD ministries also sometimes have management information systems at the sector level to inform the policy-making process. Many ministries in Latin America have a weak capacity to manage their own policy-making activities and/or coordinate the policies of the agencies they oversee. To improve this capacity, in a first stage, the ministries might (with help from the center) concentrate on improving the level (amount and quality) of information available to the minister to inform policy-making. This would enable ministries to better harmonize the broad presidential priorities they are responsible for with the specific programs that they and the agencies that are attached to them are designing and, later, implementing. To this end, strengthening the ministerial planning offices would give ministries a greater capacity to gather and analyze information and to use it for strategic planning. More ambitious organizational initiatives (such as ministerial research units) might be considered later.

30. *(v) Strong capacity of the legislature.* The US Congress – the closest example to Latin American presidential systems – plays a key role in shaping policies and has a strong budget office and technical committees to do so. The technical capacity of Latin-American parliaments to develop policy ideas and shape and evaluate policy proposals coming from the executive is not very strong. Despite not being as technically and politically empowered as the US Congress, they do have a mandate to shape policy and are politically stronger than the legislative branch of most parliamentary systems. Therefore, giving congresses a more solid technical basis for making policies or assessing proposals could reinforce contestability and improve policy-making in Latin America. The Congressional Budget Office and the Committees of the US Congress provide possible models that go in this direction. Many Latin American congresses are already part of a worldwide movement that is driving for results, and this will push them to demand a greater policy-making and -evaluation capacity of their own.

31. *(vi) Active alternative channels of policy advice exist.* Finally, the development of alternative channels of policy advice, when capacity is available, clearly represents another option for strengthening policy-making in Latin America. Following the review of OECD countries, there is a range of possible alternative institutional formats that could reinforce technical analysis by opening up the policy-making process to expertise in academia and, more broadly, the non-government sector. Such initiatives can also encourage the participation of stakeholders—not as experts or evaluators, but rather as part of the debate—in the consideration of different policy alternatives. This process can bring viable policy alternatives to light, and it can minimize resistance from interested parties.

1 Introduction: A Framework for Describing the Policy Process

32. This section suggests a simple, yet not perfect framework on policy processes. It has the intention to provide the reader with theoretical background and analytical focus related to the information on the OECD country examples that will be presented.[4]

33. In summary, the framework proposes to:

- **conceive** *policies* as ideas and plans for action, i.e. something that occurs before implementation and is (conceptually at least) distinct from implementation;

- **see** policies as sitting within a *policy process* – a cycle of activities from plan and design to decision, to implementation and evaluation;

- **argue** that there are three *drivers of the policy process:* institutional arrangements, competition (contestability) among ideas, and policy expertise; and

- **provide** some tentative suggestions about how good *outcomes of the policy process* might look like.

34. *What are policies?* A policy is a plan to reach a public-interest objective. The term is used somewhat loosely: policy can range from an idea (broadly-stated intentions and, sometimes, methods to achieve them) to a blueprint (more precise objectives and methods of a further elaborated policy design). Policies are largely identified and decided on in the political sphere.

35. Policies can cover "larger" or "smaller" areas, e.g. education policy versus sports policy. Narrower policies can nestle within broader policies, e.g. military procurement within defense policy. While in general, it is difficult and (for present purposes at least) not very profitable to distinguish between different policy types, the focus of this report's interest will be on the policy process involving, typically, "larger" policies that target higher level government goals, require greater public spending and evoke greater political interest. An important distinction is between policies that achieve their ends through public services (typical education, health, security policies, and so on), hence require substantial bureaucratic resources of money and people, and those that achieve their ends through regulation (macroeconomic, fiscal, and trade, notably) or taxation, hence require fewer public resources.[5] This report covers both policy types.

36. *The policy process.* This is the set of routines whereby policies are identified, decided on, implemented, and evaluated. For clarity of presentation – to provide some conceptual order in a complex world – this report starts out by positing a particular "ideal type" of policy process (see Table 1). Of course, the reality is far messier: this ideal type is not to be observed in any OECD country, but it is an aspiration, in some form or other, in these countries. In a first phase

---

4   Our framework has been influenced by Althaus, Bridgman and Davis (2007), who use a three-pronged framework for discussing the Australian policy process: political arrangements – how the distribution of power affects the locus of policy making; functional responsibilities within government, in particular between politicians and civil servants; and the policy cycle.

5   Some policies mix these different modes: for instance, a policy of CO_2 reduction might include a program of railway investments, but also a carbon tax and modified building codes.

Table 1. The Policy Cycle

Phase	Stage *		
1. Policy-making	*Policy identification:* Identification of issues Policy analysis Policy instruments	←	Work on policy alternatives also occurs here, inside and outside the government (see Table 2).
	Policy decisions: Consultation and coordination Assessment and Design Decision Program formulation	←	This is the main area where policy choices are assessed and new policies are planned, the principal focus of this report.
2. Program administration	*Program implementation:* Execution Monitoring	←	Policy outcomes can also be monitored here.
	Program evaluation: Evaluation Correction of programs or policies	←	Policy outcomes can also be evaluated here.

* Loosely based on Figure 13.1 of Bridgman, and Davis (2007).

Figure 1. The Policy Cycle

Policy Assessment and Design → Policy Decision → Program Formulation → Program Implementation → Program Evaluation
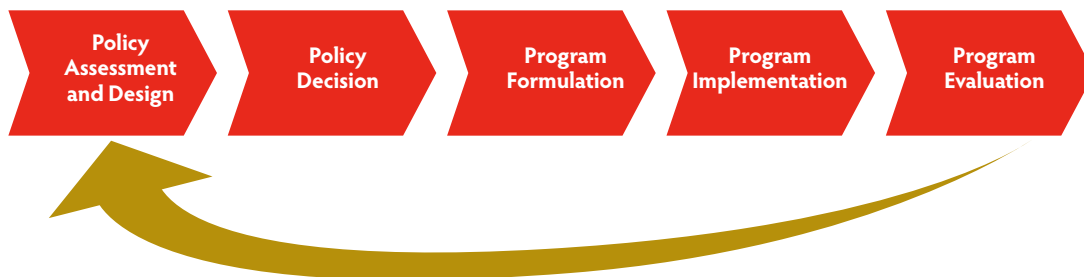
Source: Authors

of ideal-type policy-making, policies are identified (inside and outside the government) and the government then agrees, through intra-governmental routines, on which policies to design, adopt and implement. In a second phase of program administration, the public sector executes these policies through programs, then evaluates whether the programs achieved what was intended. Evaluation is not only an important part of the linear process cycle, but it also contributes through its findings to the design of new policies or corrects policy implementation (Figure 1). In this report, we use "policy process" and "policy cycle" interchangeably. Clearly, specialization and role differentiation are critical to protect transparency and accountability, particularly during the second phase of the policy cycle.

37. The policy process is a loose concept, not strict in content, sequence, or timing. This stands in contrast to the highly-defined budget cycle, on which the idea of a policy process is partly based and itself a particular sub-set of the policy process. It is also an idealized concept. In the real world, as described by political scientists, government policy-making is not, or not only, a linear set of technical routines, but a considerably more untidy process subject to many exogenous influences.[6] First, this process has inputs coming from all directions, including private interest groups. Second, the nature and the complexity of subject matters differ widely and the methodologies for identifying and designing policies are

---

6   There is a substantial political-science literature on policy making (see, for instance, Allison and Zelikow, 1999; Fischer, Miller, and Sidney (2007). The thrust of this literature is to understand who influences policy making and how. There is abundant evidence that policy making is not dominated by neutral expertise. The views in the literature of how policy making *actually* works emphasize policy networks (communities that discuss and advocate policies), political processes, and political discourse. Different views of how policy making *might* best work emphasize pluralism (broad consultation, information sharing, participation, consensus, "extended peer review" of citizens) *or* competing advocacy (policy contests), thus downgrading (not eliminating) expertise.

broad, ranging from technical analysis to imitation of policies adopted elsewhere to postulates that build on ideology. Third, the precise dividing line between policy and implementation is hard to define. Fourth, many governments have adopted little in the way of formal policy cycle routines, other than the traditional differentiation of roles between the executive, legislature and external auditing or control units, or the requirement of presidential review and approval of those policies that need to be submitted to the legislature. Programs and program evaluation do not always feed back into policy decisions. Therefore, the notion of a rational policy cycle is much disputed. Nonetheless, the policy cycle, however messy, does exist, and well-governed countries aspire to make it as effective as possible for their particular circumstances. This long standing aim usually intensifies as governments advance towards performance-based management.

38. The two big phases of this idealized process are policy making and program administration. This distinction between *policies* and *programs* is vital. A program is a detailed set of targets and arrangements to implement a policy. Programs are mostly implemented in the administrative sphere of government. Obviously, policies shade into programs, but the important distinction for present purposes is that policy making is *ex-ante* and program implementation *ex-post*.[7] By the same token, we use the terms *policy analysis* (see below) to refer to an ex-ante analytical activity within the policy-making phase and *evaluation* to refer to an ex-post activity within the program-administration phase.

39. *Policy analysis* is the systematic analysis (or assessment or scrutiny) of alternative policies to provide information to public officials (mostly to politicians, but also to senior civil servants) to help them make better policies and program choices. Public policies require public scrutiny for three reasons. First, given the prevalent influence of private interests in government, policy proposals are not always in the public interest and must be subject to testing. Policy analysis can help to challenge private interests. Second, public sectors have grown substantially in size and complexity, so policies require analysis on account of their complexity. Third, there are always alternatives, and politicians and the public need to be informed as to which alternatives have been considered. Policy analysis is

mostly undertaken in the earlier part of the policy process, both when policies are being identified and designed and when it is time to make decisions on them. Policies can also be evaluated when lessons are drawn (through M&E activities) during or after the implementation of these policies. These evaluations may then affect future policies.

40. ***Drivers of the policy process: institutions***. At its simplest, the policy process is a statement of an obvious linear progression: decision follows idea and design, implementation follows decision; lesson-learning (sometimes) follows implementation. At a more complex level, the policy process is an institutional construct involving formal decision-making organizations and procedures (cabinet, budget, etc.), a formal division of labor (e.g. politicians lead in identifying policies, civil servants in implementing them), and a set of institutions that help determine the behavior of actors in the process. There are institutional similarities and differences among OECD countries. This diversity is the result of important variations in political arrangements and paths of historical evolution.

41. ***Drivers of the policy process: contestability***. Contestability is an additional institutional feature of the policy process. A competition among ideas occurs when alternative sources of policy advice and ideas, whether inside or outside the government, have gained, or can gain, the ear of the government in the policy process. The policy process can go on outside the government—through the work of independent think tanks, for example—or in a grey area between the government and the non-government world—in commissions, advisory councils, or public research institutes, to name a few (Table 2). In OECD countries, the channels of policy making have multiplied, thus sharpening the competition of ideas.

42. ***Drivers of the policy process: expertise***. This study concentrates primarily on institutions and secondarily on contestability. It was able to gather relatively little information on expertise. Expertise is vital, but strong differences do not seem to exist between countries. This is an important area where more work is urgently needed. Box 1 suggests that policy expertise can be viewed in terms of outcomes, methods, inputs, and institutional context.

43. ***Outcomes of the policy-process***. To judge the outcomes of particular institutional arrangements, contestability attributes, and the availability and organization of policy expertise, there must be a sense of what "good" policy-making looks like.

---

7   Another formulation – not the one we have adopted – is to see programs as smaller units (and projects as even smaller units) nested within larger units which are policies (and, similarly projects nested within programs), for instance: a public health policy, a national child immunization program, a school-district immunization project.

Table 2. Alternative Sources of Institutionalized Policy Advice and Expertise for Government

	Government	Intermediate	Civil Society
Policy advice central to mission	Central policy review and advisory organizations within the executive Legislative support agencies Legislative committee staff Independent government audit agencies	Temporary blue-ribbon government commissions Permanent independent advisory bodies Contract research and ministerial think tanks	Academic think tanks Advocacy think tanks
	Central banks Treasury and Finance ministries	Political party think tanks and research bureaus	Research-oriented NGOs
Policy advice peripheral to mission	Government statistical agencies	Consulting firms to government International lending agencies Supra-national organizations	Corporate think tanks Interest groups University research centers Action- and service-oriented NGOs Professional associations Personal staff of legislators

Source: Weaver and Stares (2001), page 9.

The following criteria might provide the basis for a discussion.[8] Good policies are those that are:

i. Consensus-built among key stakeholders;

ii. economically sound, i.e. they respond to a public need in a cost-efficient manner;

iii. implementable politically, i.e. the likely veto points in congress or parliament can be managed;

iv. implementable technically, i.e. not over-ambitious given capacity in the line departments, etc. Policy design should be consulted with executing agencies and include broad guidelines as to the way these agencies are expected to contribute to higher level performance indicators or otherwise align their own actions with government priorities,;

v. technically responsive, i.e. when implemented they will address the political/technical concern that led to their preparation;

vi. sustainable, i.e. not leading to exponential costs and adjustable in the light of experience; and

vii. stable, i.e. not easily abandoned.

---

8   These are loosely based on the IDB study by Stein et al (2005).

44. Within the scope of this report, the assumption is made (but with no intention to demonstrate it) that the policy processes of OECD countries that have been surveyed tend to have generally reasonable outcomes. This is clearly not true in every particular case, but this report assumes that these OECD countries, however imperfect their policy processes and some of their results, have generally produced outcomes in terms of growth, equity, sustainability, and responsiveness to citizens that other countries would wish to emulate.

45. *Topics outside of the scope of this report.* There are some important aspects of the policy-making process which were excluded from this report. First, the analysis of how policies are passed - i.e. the legislative cycle - is obviously relevant but is a specialized topic ancillary to the main focus of this study work. The report does make reference to the legislative branch, but it does so when analyzing the actors who may be involved in the development or formulation of policies as opposed to their approval. Secondly, the report does not touch upon the role of the judiciary – e.g. how broad policy laws are then interpreted by courts - which can also have significant effects on the cohesiveness of government's policies and actions. The latter is illustrated, for instance, by the growing role of the courts, particularly the constitutional courts or highest judicial authority in the definition of social rights that are protected by some Latin American constitutions. Third, the report makes reference to but does not analyze exhaustively aspects related to the influence of political structure of OECD or

Box 1. Policy Expertise – the Issues

What do the attributes of good policy analysis and advice look like?

Does good policy analysis and advice have specific attributes? In the early 1990s, for instance, the Australian government gave weight to the following attributes of analysis: accuracy, comprehensiveness, timeliness, responsiveness, clarity, practicality, appropriateness, fairness, cost-effectiveness, and consultation. The government also envisaged processes that: canvassed a full and comprehensive range of realistic options; provided options to support the Government's clearly-expressed policy priorities; outlined the pros and cons of each option; ensured ministers were provided with a whole-of-government perspective; and struck an appropriate balance between brevity and comprehensive detail. - The approach of economists would be to look at other attributes. Is there a public-goods issue to solve? Is regulation or public production the more appropriate response? Is the proposed solution cost-effective? - In any case, policy problems are not homogeneous: they may be large or small, cases of emergency or non-emergency; they will respond to different public-interest issues. Clearly no single standard of policy analysis will suffice.

What methods of policy analysis work best? At the more general level there is a number of desirable steps in policy analysis, from identifying the issue through to presenting trade-offs. Here is a possible list of these steps: identification of the issue to be address; identification of alternative ways to address the issue; estimation of the future environment within which the policy or program will be used; estimation of the future financial costs of each alternative (including both investment and operating costs); estimation of the future results of each alternative (including both intended and possible unintended effects) and corresponding monitoring indicators; estimation of the feasibility of alternative ways to implementing each alternative (such as potential political or technological barriers); presentation of the tradeoffs among the alternatives to public officials.

There are also many different tools and instruments. Examples of tools that can be useful include: extrapolation of recent historical data, including time trend statistical analysis; simulation modeling; establishing standard sets of financial cost elements; use of surveys to provide insights into likely citizen behavior; use of expert judgment; use of pilot testing of at least elements of the policies or programs being considered. Examples of instruments are: cost-benefit analysis, cost-effectiveness analysis, and the Logical Framework. There are different ways of handling uncertainty and risk. Because policy problems are not homogeneous, the sophistication (and data-intensity) of the analysis will vary according to the time cycle in which the problem must be solved and the size of the problem.

What are the resources required? Policy analysis requires resources that must be paid for. These resources include skills (including evaluation, statistics, drafting, and social, economic, administrative, engineering, legal, and communication disciplines). In addition, the quality (accuracy and timing) and availability of information feed directly into the accuracy and comprehensiveness of policy advice, so the quality of program monitoring and, more broadly, statistical services is vital.

What are the institutional conditions (within the policy process) that best support effective policy analysis? This might depend on several factors:

- How are policy issues identified? For instance, the issues might enter through the country's national development plan, the cabinet or the budget process, or might simply be the emergency product of crisis.

- What constraints might specific attributes of the policy process put on the demand for policy analysis? This might depend, for instance, on the quality of political decision makers or political incentives (incentives for clientelism, for instance) and on transparency and accountability requirements.

- What are the appropriate organizational formats for policy analysis? There are many possibilities: specialized units or departments within ministries, *ad-hoc* studies, financing of external research, central resource centers to help the ministries, cabinet level or presidential reviews.

Latin American countries in policy formulation. For example, when proposing ideas for improving policy-making, the report does take into account the fact that most Latin American countries have strong Presidential systems and that these differ notoriously from Parliamentary systems, but we do not focus on the differences in the policy-making process when a country has a coalition government *vis- à-vis* a one-party majority in a Parliamentary system. Fourth, and notwithstanding the increasingly important context of decentralization, this report confines itself to the policy-making process in central governments. Finally, the report does not explore political and institutional variations among Latin American countries. Clearly, there is visible asymmetry when it comes to institutional development, technical capabilities or political arrangements of Latin American countries. However, this report is not about policy making in Latin America. Rather, it is focused on extracting ideas – especially common ideas—from OECD countries that appear to be relevant to common challenges faced by Latin American governments committed to strengthening the quality of public policies.

46. This introductory chapter discussed definitions and concepts related to the public policy process and describes the scope of this report. Chapter 2 examines the policy processes of six OECD countries, including federal countries, such as Canada and the US, and unitary countries. The United Kingdom, New Zealand, and Canada have "Westminster" forms of government and were among the earliest of the reformers within the "New Public Management" school. The United States is of particular interest because of the way the presidential system of government affects options in the policy process. France and Spain are civil code countries where policy-making is more constrained by legal fiat. These six country experiences are analyzed in more detail in Annexes 2 to 7. Chapter 3 takes the OECD context as background to offer a number of possible directions that Latin-American countries might consider as a means of strengthening the public policy cycle.

2 The OECD Policy Process: Characteristics and Challenges

47. This chapter summarizes the policy process in six OECD countries—Canada, France, New Zealand, Spain, United Kingdom and United States—that might provide useful policy pointers for improving the formal policy process in other countries. Because the policy process is itself ill defined and because comparative study of the policy process is sparse, the information on OECD country-specific experiences is, inevitably, partial and incomplete. Nonetheless, the pattern of policy processes—and in particular policy assessment—described in this chapter (and, in more detail, in Annexes 2 to 7) offers a range of experiences and techniques that other government may find illuminating and relevant.

Common Challenges

48. The policy process in OECD countries faces common challenges. In many OECD countries, a century ago, policy-making was a closed system centering on the political center (cabinet or President) and senior civil servants. Then experts recruited into the civil service, and thereafter external experts and organizations, became more important. This "thickening" of the policy-advice function was driven by the growing complexity and volume of tasks in government (and the corresponding growth of a technocracy and formal research routines). Increasing complexity, the growth in the size of government, the accompanying fiscal pressures (to "do more with less"), globalization and integration, and a growing public demand for more open and results-accountable government, among other factors, are combining to make the policy process more difficult. At the same time—

and perhaps as a result of these developments—the tensions between politicians and technocrats have sharpened. Democracy, too, is forcing the policy process to become much more complex and pluralist.

49. Of course, different countries have also faced different challenges. In particular, the policy process in Westminster-system countries seems to have deteriorated more than in other countries. In Westminster-system countries, the concentration of political power in the executive and the looser legal framework permitted more daring public management reforms. Indeed, in the UK and New Zealand in particular, reforms separating policy-making from implementation (notably, through the creation of executive agencies) had the unintended consequence of undermining policy coherence across government. Thus, in the name of efficiency, organizational reforms undermined policy coherence and eroded the skills and the standing of the civil service. Efforts in the United States since the middle of the last century to build up a corps of neutral expertise at the center of the executive have been partially frustrated by the felt need of modern presidents to maintain political control through political appointments.

50. By the 1990s the countries that had led the managerial revolution were sensing a crisis of policy capacity. "Concerns about declining policy capacity have been expressed by ministers, senior public servants and scholars. Prime ministers from Australia's John Howard, to New Zealand's Helen Clark to Britain's Tony Blair have stated publicly that they have been underwhelmed, and at times let down, by advice from their bureaucratic advisers. The

Australian Wheat Board (AWB), Iraq weapons intelligence and 'children overboard' controversies are recent cases in point. In Queensland, Premier Peter Beattie, has complained bitterly about the quality of advice provided to him by public service departments and agencies. Public service leaders have also expressed concern about declining policy advising skills and competencies ...." (Tiernan, 2007).

51. No-one has measured policy capacity, but there is a perception of a systematic decline in this. There is a number of reasons (see Peters, 1996; Tiernan, 2007).

- **Public** affairs have become increasingly difficult to manage on several accounts. Their growing complexity not only demands high skill levels, but also requires "integrating" policy-making across sectoral boundaries. Globalization – and for European countries the integration dimension – adds to the complexity. The public is growing more pluralist and more demanding. Inputs-focused administration has been replaced by outputs and outcomes-based accountability.

- **There** is said to have been a general erosion of the skills and standing of the public service and, along with it, policy capacity. This is the result of not only fiscal limits, but also of politicians in some countries moving to curb the power of senior civil servants. These issues have been salient in the UK and Australia in recent decades.

- **Structural** reforms, including marked separation between policy planning and execution, have also contributed: governments have become better at implementing, but often at the cost of strategic coherence. This was the case with the early New-Public-Management reforms of the UK and New Zealand.

52. The challenges to the policy process, and the way some governments are responding to them, make it possible to talk in terms of the partial shift from one policy process paradigm to another. The old "monopoly-of-advice" model, a closed and somewhat centralized quasi-system dominated by the cabinet (or presidency) and technocrats, is gradually giving way to a "market-for-advice" model. In this new model, policy responsibilities have become more decentralized to the line agencies; there are multiple possible overlapping administrative routines within the government; external policy advisory organizations (including contracted research and think tanks) play an increasing role; and there is a growing role for citizens' consultation. Multiple internal routines and external policy advisory organizations create contestability in policy ideas and allow conventional thinking to be challenged (Weaver and Stares, 2001). Related to this, client or user consultation is being increasingly built into the process. (See OECD, 2003, on engaging citizens online.) The market-for-advice model has developed more quickly in some OECD countries (such as the US and the UK) than others (France, for example).

Common Elements in the Policy Process

53. The policy process is political and heterogeneous. Policy ideas come from many directions and these ideas may be debated and tested in many ways. So it is very difficult to identify a policy-making system, i.e. a set of formalized routines. And what routines there are vary from country to country. At the same time, there is what might be called a quasi-system with typical political and economic routines at the center of government and, to a lesser extent, typical and largely technical routines in the line agencies, all within the common policy cycle of policy identification, policy planning and design, policy decision, program formulation and implementation, and program evaluation.

54. How functional responsibilities in the policy process are divided between the center of government and the line agencies is crucial in characterizing national approaches to policy-making. Table 3 distinguishes between three types of routine at the center of government (political, technical-administrative, and budget) and routines in the line agencies (largely technical-administrative). Insofar as available information permits, the country-by-country presentation of OECD experience with policy assessment will broadly follow the characterization of the policy process included in Table 3 (see Annexes 2-7).

55. Not all routines are carried out by all governments. But most governments, of both the parliamentary and presidential variety, have constitutional arrangements that subscribe to a broadly similar set of political-authority structures and administrative structures that drive, respectively, the policy-making and program-administration parts of the policy cycle. These are the core common elements of the policy process in OECD countries:

Table 3. The Policy Cycle and the Main Policy Instruments

The policy cycle		The array of instruments assessing and coordinating policy and implementation within the government			
		2.1 Politics: at the center of government	2.2 Technical: at the center of government	2.3 Budget: at the center of government	2.4 Technical: in the ministries
Policy making	**Policy identification:** - **Identification of issues** - **Policy analysis** - **Policy design, objectives and instruments**	Proposals by the executive (President, Prime Minister, or cabinet) Proposals by the legislature	Center-of-government secretariats Specialized research/ policy agency *Ad-hoc* studies Financing of external research Technical support to ministries (information, methodology)		Specialized research/ policy agency *Ad-hoc* studies Financing of external research
	Policy decisions: - **Consultation and coordination** - **Assessment** - **Decision** - **Program formulation**	Cabinet deliberation Parliamentary deliberation Public consultation, surveys		The budget decision cycle Program/ project appraisal Expenditure reviews	
Program administration	**Program implementation:** - **Execution** - **Monitoring**	"Political" management information systems ("early warning")		Performance monitoring Value-for-money reviews	Ministry-level management information systems
	Program evaluation: - **Evaluation** - **Corrective actions**		Performance audit and evaluation	Performance evaluation systems	Evaluation system or *ad-hoc* studies

■ **Policy-making** at the center is dominated by political considerations. The chief authority of government (column 2.1 of Table 3) takes in, assesses, and sounds out ideas; then it decides on main policy design: the objectives and instruments. This chief authority could be an individual (President or Prime Minister) *or* a collective (cabinet). In presidential systems the legislature also plays a role. Given the primacy of politics, the process can be *ad-hoc*, especially for larger decisions and those involving newer issues.

■ **Nonetheless,** technical support plays an important role in political decisions at the center (column 2.2). Over time, center-of-government technical secretariats – typically cabinet secretariats in many parliamentary countries, the Prime Minister's office in France or the White House staff in the US – have become more important. So too has specialized technical support in the form of dedicated research or advice bodies, or *ad-hoc* commissions and studies. (France is a country with a number of these bodies at the center – see Annex 6)

■ **The annual** (now, in many OECD countries, multi-annual) budget cycle, is also part of the policy cycle at the center of government (column 2.3). Funding those programs that require public money, the budget cycle is a mix of political decision-making and technical routines. In OECD countries, and many others, the cycle is extending from the policy-making phase into program implementation and performance (through results-informed budgeting, spending reviews, monitoring, and, often, evaluation).

■ **The ministries** (and other government agencies), at the periphery, are very important, quasi-independent policy makers and, of course, they bear the main responsibility for program implementation (column 2.4). The ministries are connected to policy making at the center largely through cabinet or budget processes. While they are politically-led and politically-instructed, the ministries typically have a mixed political-technical role in policy making and a more technical role in implementation. Like the center, the min-

istries have also, over time, supported their policy-cycle routines through specialized research functions, management-information systems, and evaluation systems.

56. Comparing Table 3 with similar matrix tables prepared for each of the countries in annexes 2 to 7, broad similarities emerge. Of the countries analyzed, all except for the United States have parliamentary systems (though in practice some of them, like France, have elements of presidential systems). Thus, it is not surprising that the United States looks quite different from the others.

57. Common among the elements of this quasi-system in OECD countries is a notable break between the policy-making and program implementation phases of the process. In the policy-making phase, politics and technical analysis are mixed together, organizations external to government (political parties, think tanks, etc.) may be important, and there is comparative lack of routinization. The implementation phase is more dominated by technical considerations, and routinization may, depending on the country, be quite advanced.[9] Notably, ex-post evaluation results tend not to feed back, as they are supposed to according to the "linear model", into policy-making—they feed back into better implementation and, more rarely, budget decisions. An obvious reason can be adduced why there is little feedback from program implementation into policy-making: such feedback implies an encroachment of the technical-administrative sphere of civil servants on political prerogatives.[10]

58. Current policy processes in the countries analyzed can be characterized by several common features, some long established and others developing. These features, seen most clearly in parliamentary systems but also seen in the United States presidential system, are summarized as follows.

59. *The center of government coordinates and leads the policy process.* First, there is a clear division of labor between the center of government and the line agencies. The center uses its political authority to coordinate the policy process. The center also tends to the "big picture"—the broad lines of national strategy—or else it becomes directly involved in the more important or more contentious policies. In rarer cases, it may play a role in the line agency policy process by providing advice, information, or second opinions. Even rarer is a central intervention in managerial decisions at the agency level: in OECD countries the adage of "let the managers manage" serves as a rule of thumb for the division of labor between the center of government and the line agencies.

60. At the heart of the coordination process is the cabinet (or its equivalent such as the council of ministers), a collective body for managing the policy process. The cabinet is supported by standing sub-committees. These political organs are supported by a cabinet or prime-minister's office that manages the administrative routines of the policy process, but also provides a permanent body of neutral technical expertise for the coordination and assessment of policy proposals. Additional methods of coordinating among line agencies include inter-ministerial committees or organizational modifications (for instance, the creation of mega-ministries in Australia or the designation of lead agencies in New Zealand).

61. *The line agencies identify detailed policies and design their implementation.* Recognizing that the line agencies are the repositories of technical expertise, the center leaves the more detailed shaping of policies and their implementation to the line agencies. This study's review has not uncovered any dominant policy routines at the agency level. In some cases, planning/strategy departments sit as the "brains" at the top of the ministry and may serve as bridges between national strategies and managerial autonomy at the agency level, including monitoring and alignment of agency performance goals with overall government priorities. Elsewhere, line ministries may utilize policy-oriented commissions and councils appended to ministries, research departments, or external policy advice.

62. *Institutional mechanisms manage the supply of expertise and the interface between politicians and the bureaucracy.* Politicians in the government dominate the policy-making process and are voted in and out of office. The civil service is a permanent, professional bureaucracy that dominates the *program* implementation process and provides politically neutral expertise to the government, even at the policy-making stage. Politicians are

---

9   Australia had a centrally-directed evaluation system in the period 1988-96. Chile's monitoring and evaluation system, as led by the Budget Direction, is a prominent example of routinization in the implementation phase. Various OECD countries have established periodic spending reviews (United Kingdom, France, Italy, and others). These routines are the exception rather than the rule and most of them are, in practice, geared more to better implementation than to better policies. As examples of routinization of ex-ante policy instruments, France and Chile's Mideplan have institutionalized cost-benefit analysis for projects.

10 There may also be a less obvious, if related, reason: it is difficult to match the "tidy" categories of implementation with the "untidy" processes of policy-making. For instance, politicians have to package policy objectives and pronouncements in terms of what sells to electors; these are not necessarily categories that are convenient for administrators. Yet the current drive towards results-based accountability is demanding an alignment of policy and project results, from the top level of government to implementing agencies.

Box 2. The Technical-Political Balance in the Royal Commissions

In Commonwealth states, a royal commission is established by the government as an advisory committee to inquire into a matter of public concern on an *ad-hoc* basis. Royal commissions are called upon to look into matters of great importance and controversy. Royal commissions have at least an educative impact, and may contribute to policy proposals that are considered by the cabinet. At worst they are used as vehicles for diffusing political problems or are overtaken by the need to respond to events more rapidly. They have been used in countries such as the United Kingdom, Canada, Australia, New Zealand and most other Commonwealth countries.

Royal commissions are set up by the head of state. In practice, once a commission has been established, the government cannot end it. Commissions may last many years and even outlast the government that created them. Royal commissioners have considerable power; however, they must stand by the terms of reference of the commission. Therefore, governments are usually very careful when defining the scope of the commission's work and generally include an ending date in the terms of reference.

The results of royal commissions are published in reports of findings containing policy recommendations. Some of these are quite influential, eventually becoming law. However, many of them have been completely ignored by governments. Australia's attorney general recently commissioned a revision of its Royal Commissions Act of 1923, which was to be completed by the end of 2009. Among the reasons for initiating this review it was stated that "Royal Commissions have been an important means of inquiry and source of advice to government since Federation. But they have tended to be highly technical, time consuming and expensive [...] While there will always be a need to be able to establish a Royal Commission, it is timely to consider whether faster and more flexible inquiries may be appropriate in some cases".

Some of the latest commissions in the OECD Commonwealth states are: the Auckland Governance Commission (New Zealand, 2007-2009), the Victoria Bushfires Commission (Australia, 2009), Royal Commission on the Future of Health Care in Canada (Canada, 2000-2002), and the Royal Commission on Long Term Care for the Elderly (United Kingdom, 1998).

Sources: Australian Attorney General Department www.ag.gov.au ; UK Parliament www.parliament.uk

---

either elected or serve as delegates for elected officials, subordinated to government and political platforms. Civil servants respond primarily to bureaucratic incentives. Therefore, ensuring the presence of high-level civil service expertise, as well as a smooth interface between the two groups, is central to a policy process which is able to align government priorities and implementation.

63. Expertise has traditionally been ensured through a merit system emphasizing competitive entry into the civil service, reasonable compensation, job tenure, and so on. The career system, as practiced in France and Spain (and Brazil), represents a particular approach to anchoring policy in expertise. Traditionally, Westminster systems have relied more on generalists, though this has been changing. The US, in contrast, relies heavily on a mix of political appointments (in large numbers) and civil-service appointments to secure this expertise.

64. Countries with parliamentary systems have managed the interface between government and civil service through various forms of "hybrid" appointments in which senior civil servants are selected to serve in the most senior posts under ministers. In the last three decades, OECD governments have tended to become increasingly concerned with getting a civil service more immediately responsive to their political programs (Manning and Shepherd, 2009). As a result, an increasing (though still modest) numbers of appointees to senior posts are from outside the civil service, and there is an increasing tendency to base senior appointments on fixed-term contracts that define the expected performance of the incumbent.

65. *Other instruments in the policy process: panels, royal commissions, program evaluation and audit institutions.* Other long-standing elements of the policy process fairly common to the countries looked at include ad-hoc "blue ribbon" panels to assess and propose policies (see Box 2 on Royal Commissions in Commonwealth countries); parliamentary commissions to review policy proposals; external audit institutions attached to parliaments to carry out

performance reviews of programs that have been implemented; and ex-post program evaluation carried out by the government (usually by the line agencies). Perhaps with the exception of the "blue-ribbon" panels, these additional instruments have not proven very important in the policy process. Parliaments have lacked resources to do a better job. External evaluators have typically looked at efficiency and effectiveness in implementation and are typically enjoined not to question the original policy intention. Ex-post evaluation within the executive has, *de facto*, had a greater impact on implementation than on policy design. The exception is the United States, where Congress has played an active role in policy-making, mainly through its committees and the Congressional Budget Office (see Annex 5).

66. *Market-for-advice and spending reviews as new features in the OECD policy process.* As part of the shift towards a "market-for-advice" model, there has been a proliferation of alternative policy advice organizations, dedicated to providing more specific technical inputs into the policy process, inside and outside government (Weaver and Stares, 2001). The United States has long had such organizations outside the government, but their growing importance in the United Kingdom and Germany is also noteworthy. Meanwhile, some governments are creating new instruments at the center to generate policy ideas and provide information and methodologies for the line agencies. The United Kingdom is a leading example of this (see Annex 2). Mexico's extended discussions for the recent reform of that country's financial sector demonstrated the volume and sophistication of external agents able and willing to provide external advice in this particular area of policy reform. Chile's committee of experts responsible for providing critical calculations for the application of that country's fiscal rule, the social security reform or the early

childhood development reform might be taken as an advanced example of external advice for implementation of a fundamental policy.

67. In addition, many OECD countries are promoting systematic spending reviews as part of the budget-preparation process (Box 3). These reviews are largely meant to address efficiency and effectiveness in implementation, and the findings about "good" and "bad" programs can then be used to adjust new budget appropriations. This tool does not appear, so far at least, to have provided a forum for discussing the substance of policies, and it remains to be seen how far links between the budget and policy processes will develop in OECD countries.

68. A short mention should also be made of policy-making in Scandinavian countries (Box 4), which has, for decades, required the active involvement of social actors (Rokkan, 1967; Hoefer, 1994). The logic for involving social actors is both political and to mobilize expertise. Even though the Scandinavian approach to policy-making may not be appropriate for all societies, the basic concepts of concerted involvement of social actors with their expertise in policy-making is an important model of governing and assessing policy.

69. This model has in recent times occasionally been practiced in Latin American countries. In Chile, for example, the pension reform of 2008 involved an inclusionary engagement of actors with different political views (Box 5).

70. Participation of civil society has also been used at the phase of ex-ante policy assessment by countries such as France. For example, this type of civil society engagement has the potential to deal with public resistance to large investment projects (Box 6).

Box 3. Spending Reviews in OECD Countries

Line ministries conduct program reviews (some of these formalized as ex-post evaluations) as part of their normal business. Some countries have systematized program reviews at the center of government through so-called "spending reviews". These reviews ask whether given outcomes could be achieved with a different mix of programs or working across different sectors. Spending reviews are special forms of program evaluation in the context of the budget process under names such as "Strategic Policy Reviews" (Australia), "Expenditure Reviews" (Canada), "General Review of Public Policies" (France), "Interdepartmental Policy Reviews" (the Netherlands), "Spending Reviews" (United Kingdom), and the "Program Assessment Rating Tool" (United States). These procedures are devices to support the allocative (priority setting) function of the budget. There are three main differences with the program reviews conducted by line ministries. First, spending reviews look not only at effectiveness and efficiency of programs under current funding levels, but also at the consequences for outputs and outcomes of alternative funding levels. Second, the Ministry of Finance or Planning holds final responsibility for the spending review procedure. Third, the follow up to spending reviews is decided in the budget process.

Box 4. Involving Social Actors: The Scandinavian Model

In the Scandinavian countries, involvement of social actors may occur in a variety of ways.

All ministries have powerful advisory boards with broad membership of social actors and other government organizations that provide advice and monitor the decisions of the ministries.

Most major legislation in Sweden and Norway is prepared by commissions composed of experts and political representatives, which do research to support the proposed legislation. These commissions often take months or years to complete their work, hence this model may not be appropriate for many political systems, but it does provide a model for broad deliberation and expert involvement. This OECD precedent was particularly relevant for the analysis of policy design and implementation of the 2008 pension reform in Chile, and its replication to policy reform and evaluation in similar areas.

For less significant decisions, civil society groups are consulted through petitions, allowing them to provide their views and expertise to inform decisions. These petitions are circulated widely among interest groups so that a broader range of views is included in the process.

The separation of policy-making—by the ministries—and implementation—through the agencies—allows the ministries to focus on policy. This is the case of Sweden in particular and to some extent of the other Scandinavian countries. This model has, of course, been copied in other systems but has not been institutionalized with the same degree of expertise. Again, this precedent is widely discussed in the core section of the report since Chile is the Latin American country that has most faithfully adopted the separation between policy making/coordination (ministries and presidency) and execution (services).

Finally, in Denmark and to some extent in the other Scandinavian cases, a large number of policy decisions are made through networks composed of public and (mostly) private actors (Sørenson and Torfing, 2007). Again, the logic is to involve the expertise of the social actors directly in the process, but this also means that a number of decisions are delegated to these structures.

Differences among OECD Systems

71. The most fundamental difference we have observed is between parliamentary democracies and the United States system of checks-and-balances. The United States policy process is thus the exception: both the President and Congress make policy, and the struggle between the Congress and the President for control of the agenda of the line agencies means that the President does not exercise full control over his cabinet (see Annex 5). As a result, the President has had to build up his own office—the Executive Office of the President—to strengthen his influence over the policy process.

72. The core of the policy process in the parliamentary systems is the cabinet, which ensures a collective approach to vetting policies, resolving differences, and making sure that policies are implemented. One of the most important variants to the policy process is a function of voting systems. First-past-the-post voting systems (such as in the United Kingdom) tend to give considerable power, for the duration of the political mandate, to one particular political party and its leader (the Prime Minister). The cabinet then becomes a powerful coordinating mechanism. Proportional representation voting systems tend to result in governing coalitions. These systems make policy-making a slower process because coalitions have to be built and the ongoing potential for disagreement has to be managed. This became evident in New Zealand when it adopted proportional representation in 1994. The system also tends to reproduce some of the inter-party competition, normally seen in elections, as potential political divisions within the cabinet, somewhat akin to what United States presidents face. For instance, ministries that fall into the hands of junior coalition partners tend to become policy fiefdoms that the Prime Minister and the cabinet have difficulty controlling.

73. Additional differences in the practice of parliamentary governments that have emerged from the study are:

■ **In the United Kingdom** (see Annex 2), the center of government (especially the

Box 5. Chile's Pension Reform: Political Consensus Based upon Commonly Shared Technical Information

One of the first steps of President Bachelet after taking office in March 2006 was to establish a high-level technical council, the Advisory Council for Social Security Reform, to draft proposed adjustments to the Pensions System adopted in 1980 that would prevent shortfalls that could affect current and future generations of workers. The 15 members of the Council, led by former Budget Office Director Mario Marcel, represented the entire political spectrum, including technical staff close to the Workers' Confederation (Central Única de Trabajadores, CUT) and one former minister from the Pinochet government. They had been chosen by the President because of their unquestionable technical qualifications and because of their readiness to engage in dialogue. Many of them had studied the Chilean social security system since the early 1990s and had managed over time to absorb a large stock of studies and evaluations pointing to the need to adjust the pensions system. Moreover, none of them had put forward a reform proposal of his or her own, a fact that would supposedly render them more receptive to ideas emerging from the series of hearings.

After six weeks of hearings with civil society organizations, business organizations, representatives of the financial sector, research institutes, international organizations and experts, the Council drafted its proposals before the three-month deadline imposed by the President. This in itself strengthened the message that the reform was urgent and set a precedent for compliance with the technical and political deadlines needed to achieve it.

The proposal prepared by the Advisory Council was reviewed by a committee of ministers established by the President. That committee, which included the Minister of Finance and the Minister of Labor, and the Budget Director as technical secretary, analyzed the report from both a technical and political standpoint. The Budget Directorate set the technical agenda and presented issues to the political team for them to decide on. Those issues were related to implementation and also to very specific cases that the Advisory Council had not resolved in its proposal. The technical team behind the committee was in charge of crafting the law and leading the negotiations with parliamentarians as well as with the Comptroller General's Office for clearance of the regulations. After about five months of intense work, the bill was submitted to Congress in December 2006.

The process by which the reform was crafted helped generate the technical-political consensus needed to ensure a prompt and unanimous passage of the bill in the House and a majority approval in the Senate, considering the controversial topic and the adverse political climate at the time. During legislative proceedings, which lasted a little more than one year, the executive actively participated in parliamentary debate, explaining aspects of the law to Congress. Led by the ministers of finance and labor, with a key role of the Budget Directorate, it helped build consensus and engaged in the political negotiations to achieve the adoption of the law in March 2008.

Cabinet Office) has sought to complement the policy process in the line agencies and align government goals at different levels by promoting methodologies, providing information, and filling gaps (for instance, developing policies in some areas that cut across line-agency responsibilities).

- **The New Zealand** and Canadian governments have proven less "interventionist": the center has largely stayed out of the substance of detailed policy-making, instead seeking to ensure that departments have good incentives to manage themselves. New Zealand is noteworthy for seeking to clarify which agency is in charge of policies that overlap departments (the lead agency concept – see Annex 3). Canada, in its evaluation system,

grants the line agencies broad flexibility to perform evaluations, while the Treasury Board Secretariat at the center of government provides the general framework (see Annex 4).

- **Operating** in a less malleable administrative environment, the center of government in France and Spain has less ability than in Westminster-system countries to steer or influence the line agencies. Cabinets of ministers do not play such a powerful role. In France, the center concentrates on the big picture, creating consensus, and influencing public opinion (see Annex 6). But the line agencies are not left to their own devices: the technocratic networks (the Corps) support an orderly policy process and, to an extent, the inspectorates police it. In

Box 6. Public Acceptance of Large Projects: the French CNDP

The National Commission for Public Debate (Commission Nationale du Débat Public—CNDP) was created in 2002 as an independent administrative agency at the national level to organize "public debate" for all public investment projects of more than €300 million (about US$450 million at present exchange rates). For each project, it creates (or decides not to create) a specific, ad-hoc committee in a decentralized process. Some 40 such committees have been created in the past six or seven years. They consist of independent members, often retired senior civil servants, who have a quasi magistrate status. Most of the projects concerned have been transport infrastructure projects.

The committee organizes a "debate" on the project open to whoever wants to participate; in practice, that often means interested (and opposing) NGOs. The debate is related to the justification and existence of the project, as well as to its details and implementation. Project promoters present their analysis. But participants can—and do—ask for counter-evaluations or expertise by independent experts, selected by the committee, and paid either by the promoter or by the CNDP. The debate cannot last more than four months (exceptions are possible, but there have been very few of them). The cost of a debate is estimated to range from €0.5 million to €2 million (US$0.7 to 3 million), much less than 1 percent of the infrastructure cost.

The committee is not a decision-making body: it merely organizes and structures the debate, then summarizes it without taking sides and positions. The outcome of the debate is not binding on the project promoter. However, the project promoter must, within three months, make public the conclusions they draw from the debate.

This soft and *ad-hoc* procedure has proven rather effective. In some cases, the project promoter abandoned the project. A case in point is a 400,000-volt aerial power line between France and Spain; it was later decided to bury the line (at a much higher cost). In other cases, the project was very significantly modified. The proposed rail link between Paris city and Paris airport was initially to be a 12 km long tunnel, and was transformed by the debate into a re-use of existing rail lines plus a 2 km long tunnel, a much cheaper solution. In nearly all cases, it had a positive "upstream" impact on the initial project. It induced or forced the project promoter to better examine and formulate the project, to make the effort of considering possible or likely bones of contention, and to modify the project in order to minimize opposition or maximize acceptance. In most cases, the misunderstandings and fears that had motivated opponents were substantially reduced, if not eliminated. The practice has shown that public or private infrastructure project promoters do not have a monopoly of good ideas, and that a fair and well organized debate does enlarge the choice of solutions, helps find a better one, and facilitates public acceptance.

Spain, the "President of the Government" (equivalent to the Prime Minister in other countries) has significant powers that make him the key player in the policy-making process (see Annex 7). However, the larger line ministries have significant autonomy for policy-making in their areas, which limits the central government's reach and requires a larger infrastructure for policy coordination.

74. Some of the routines and organizations that support the policy process at the center of government come and go: the politicized nature of the policy process at the center means that these routines and organizations do not have a guaranteed long life. With this caveat, the country cases have produced some examples of instruments worth further study:

■ **In the United Kingdom,** the Strategy Unit, attached to the Cabinet Office, uses small teams of analysts to undertake a broad range of policy-oriented studies at the request of the Prime Minister or ministries, and it also provides methodological support to the policy process in the line agencies (see Annex 2). The studies are made public, though they are predominantly addressed to the government.

■ **France's** prestigious Council for Economic Analysis, under the Prime Minister, follows a different model: a standing body of prominent economists oversees studies undertaken by individual (and equally prominent) economists on particular economic topics (see Annex 6). These studies are predominantly intended to inform the public.

- **France's** Center for Strategic Analysis, also under the Prime Minister, bears a greater resemblance to the United Kingdom's Strategy Unit. It uses in-house expertise as well as commissioned research to assess policies and policy proposals and to help build public consensus on directions for policy (see Annex 6).

- **The United States** President has a very strong source of policy advice from the Executive Office of the President (EOP – see Annex 5). Divided into 13 specific policy areas, this is a larger structure than any of the cabinet offices in parliamentary systems. Within the EOP, the Office of Management and Budget is particularly important as an example of a budget office charged with program and management review. Notwithstanding considerable advances in the use of neutral technical expertise in the EOP in the last half-century, modern presidents have preferred to use it partly as a political instrument.

- **The United States** Congressional Budget Office also has functions that transcend those of the usual budget offices in other countries, and provides significant input on policies from a resource-management perspective (see Annex 5). [11]

- **In Spain,** the newly created Evaluation and Quality Agency (Agencia de Evaluación y Calidad—AEVAL) could at some point gain more influence in the policy assessment process— its formal functions allow for this (see Annex 7). Its evaluations adopt a very flexible approach. However, it is still too early to ascertain the impact of the agency, especially considering that, in its first year, it has focused on the ex-post evaluation of programs.

Systems and Agencies dedicated to Policy Assessment and Evaluation in OECD Countries

75. The different formal systems (rules and routines) and agencies with a significant government-wide mandate for ex-ante or ex-post policy and/or program evaluation identified in the six OECD countries can be subsumed, almost without exception, under a five-way classification (see Table 4, and Annex 1 for more details). The similarities and differences in patterns across the six countries are summarized below.

76. *Ex-ante policy assessment* (column 3 of Table 4): This tends to be about policy choices and not necessarily about the details of program implementation. There is no example in the six countries of an evaluative *system* for ex-ante policy evaluation.[12] But there are some cases of center-of-government *agencies* dedicated to selective ex-ante policy evaluation. These include the United Kingdom, the United States, and France. New Zealand, Canada, and Spain, on the other hand, have no formal processes for ex-ante evaluation of policies.

77. *Ex-post program evaluation*: Ex-post program evaluations can be carried out systematically through government-wide systems (column 1) or through dedicated agencies (column 4). Evaluation under either of these arrangements tends to emphasize effectiveness, efficiency, and management, but does not usually centrally address the appropriateness of the policy itself. All the countries, with the possible exception of Spain, have established some elements of a systematic approach, but in different ways and to different degrees. In all cases, the systems are substantially decentralized: the center sets the framework, coordinates, and provides support, while the agencies do the actual evaluations. In some cases, the center might advise on methodologies, but in none of these countries are specific methodologies imposed. In several cases, the evaluation function is a part (often modest) of a broader management-control or management-promotion tool.

- **In Canada's** well-articulated system, the center actively ensures that the agencies have an evaluation function. It provides a framework for evaluation, and it provides support to the agencies.

- **In the United States,** as a modest part of a broader management-control system (the Program Assessment Rating Tool – PART), the center ensured that the agencies had an evaluation function, and it worked with the agencies to rate that function and, if necessary, to identify a program to improve it[13].

---

11 Anderson (2009) describes the growth in recent years of specialized budget research offices in various other countries, notably Belgium, Finland, Italy, Korea, Mexico, Netherlands, Poland, Portugal, and the UK.

12 All countries use the coordination and vetting functions of cabinets. This is certainly a system, but since it does not systematically use formal analytical techniques, it does not figure as evaluation. France has an articulated system for ex-ante evaluation of projects, but project evaluation was not considered in the cases presented in Annex 1.

13 The PART program has been discontinued. Some doubts were created, in Congress (which had not participated in PART reviews) and elsewhere, about the rigor and independence of the evaluations and the quality of efficiency measurements. In November 2009, the Obama administration announced plans to implement a new performance management framework.

Table 4. A Classification of Government-Wide Evaluation Systems and Agencies in Selected OECD countries

	Government-wide system		Center-of-government agency		External agency
	Ex-post program evaluation	Ex-post program spending reviews	Ex-ante policy assessment	Ex-post program evaluation	Ex-post program evaluation
	1	2	3	4	5
United Kingdom	Elements of a decentralized system	Spending Reviews	PMSU		NAO
New Zealand	Limited elements of a decentralized system	Spending Reviews (planned)	SPEaR (social policy)	SPEaR (social policy)	OAG (limited role)
Canada	Decentralized system	Elements of a system			
United States	Elements of a semi-centralized system (PART until 2009)	PART (until 2009)	CBO (economic and budgetary issues)		GAO (also some ex-ante policy evaluation)
France	Limited elements of a decentralized system	Revision Generale des Politiques Publiques	Center for Strategic Analysis Council for Economic Analysis (Economic Policy)		Court of Accounts
Spain		IGAE		AEVAL (nascent system)	

Source: Distilled from Annex 1. See List of Acronyms on page vii.

- **In New Zealand,** the center ensures that the agencies have an evaluation function as part of an annual strategic planning exercise (though evaluation is not a high priority in this exercise).

- **In the United Kingdom,** the center lays down guidelines and provides support for evaluation, but does not otherwise control or supervise the evaluation activities of the agencies.

- **France** does not even have the rudimentary elements of a program evaluation system as seen in the United States, New Zealand, and the United Kingdom[14]. On the other hand, it does have ministry inspectorates, one of whose tasks is evaluation.

- **Spain** does not have a program evaluation system. Instead, it is the only country in the OECD sample with a dedicated central agency that actively evaluates (and which might become the nucleus of a nascent government-wide evaluation system).

78. *External ex-post program evaluation* (column 5): All countries have supreme audit institutions, but only some of these carry out substantial evaluation functions beyond their traditional tasks of conducting legal and financial audits. In this report's sample, the supreme audit institutions of the United Kingdom and the United States do undertake substantial evaluation exercises. The United States Government Accountability Office (GAO) carries out the broadest range of evaluative activities (including some ex-ante policy assessment). This reflects the particular role that the United States Congress plays (see Annex 5).

79. *Ex-post spending reviews* (column 2): As already observed, OECD countries have tended to move towards this specialized form of program evaluation.

80. Another way to read the OECD experience with institutionalization of policy assessment is to divide the field, beginning with broader, multi-sector policies, moving on to more narrowly defined sector policies and ending up with the level of policy implementation (see Table 5). Policies concerned with the "Whole of Government" level or Higher Political Issues —such as, for example, country strategy in respect to global warming or other major multi-sector issues— need to be dealt with in a broad way, usually by the Legislature or the central units of the Executive, including the Ministry of Finance. The center's role in policy making is to: (i) coordinate, i.e. ensure consistency with government's goals, provide second judgments, give advice, and decide/bring policy proposals to congress

---

14 France has an evaluation agency in the Prime Minister's office, but it appears to be virtually defunct.

Table 5. OECD Policy Assessment Framework

Type	Organization	Objective
Whole of Government	Executive/Cabinet Congress/Parliament Central unit Treasury	Outcomes - high level political concerns (multisectoral and global issues)
Sectoral Policy	Congress Ministries and agencies Budget offices Advisory bodies to departments and agencies	Program definition
Service Delivery	Implementing agencies	Performance improvement

when legislative approval is required; and (ii) market and seek citizens' approval for reforms of major impact on daily life of ordinary citizens (i.e. health reform). The "Sector Policy" level includes decisions typically taken by actors such as ministries and agencies, where programs are designed. The third level, "Service Delivery", is where programs are implemented by agency staff. It is the agencies, not the center, that carry out the detailed design of policy and its implementation, but there is no set pattern – no "best practice" – to how they do this.

81. The proposed diagram is a first approach to select the level of government unit primarily responsible for policy making and policy assessment as a function of the level of participation ("competence") of each government unit. As such, it is a useful reference for the proposals of chapter 3. Still, this reference diagram should be supplemented with other lessons from OECD experience. These particular features include, *inter alia*, the complementary roles of the Legislature and the Executive in policy assessment and the need to produce some evaluations led by non-government experts.

3 Some Considerations for Institutionalizing the Policy Process in Latin America

82. This is a study about OECD practices. It is not a study about Latin American practices. It does not attempt to present the policy process in a single Latin American country. That exercise is a research agenda that lies ahead. For such an exercise, the analytical framework proposed in chapter 1 may prove valuable to analyze country cases and draw lessons from the Latin American experience.

83. Still, the study is intended to offer ideas taken from the OECD experience as references for Latin American countries. The more those references fill in the gaps or fit the challenges currently faced by Latin American governments, the more relevant the study will be. For this reason, the study needs to provide a summary presentation of some of the weaknesses of current policy making and evaluation in Latin America. Such a presentation will serve as the background against which Latin American governments may connect with and assess the relevance of the recommendations of the study. Admittedly, the documentation and analysis of OECD countries was selectively focused on those issues that appear to have the most relevance for Latin America.

84. It is evident that, in Latin America as a whole, there is a huge variation of institutional arrangements, technical capacity and base-line conditions in the policy and performance-management areas. In addition, the roles and the capacity of institutions that are involved in the policy cycle change over time. The Colombian National Department of Planning (DNP), for instance, played a pivotal role in policy making in the 1960s, 1970s, and 1980s. Though the DNP is still a major player in policy making, the Presidency itself has gained ground in

recent years. Similarly, the Budget Office/Ministry of Finance in Chile now appears to be sharing with the Ministry of the Presidency some of the extraordinary influence it has had in the last two decades. In Peru, the Presidency of the Cabinet (*Presidencia del Consejo de Ministros* – equivalent to the Prime Minister's office) may have more or less influence depending on presidential and prime-ministerial styles. The balance of influence and the coordination of policy making between Uruguay's Office of Planning and Budget (*Oficina de Planeación y Presupuesto*), which is attached to the Presidency, and the Ministry of Economics and Finance also appears to change as a function of presidential style, politics and personalities.

85. The recommendations summarized at the end of this chapter are likely to better fit those Latin American countries that are more advanced in technical capacity and in building a performance management system that permeates the entire administration. It is within this group of countries that the issues related to controlling the quality of major public policies are being raised. For example, Chile has been actively debating institutional and instrumental options for policy evaluation since President Bachelet first took office. The situation is similar for Mexico under Presidents Fox and Calderón. Having said that, it is nonetheless true that the listing of Latin American challenges and the study's ideas for better policy-making are so broadly formulated that they might fit, to a greater or lesser degree, most countries in the region.

86. The following paragraphs propose a list of policy and institutional gaps that appear to jeopardize the quality of public policy in Latin America. Immedi-

ately afterwards, the study will present conclusions and recommendations from the OECD experience that may help fill in those gaps.

Extracting ideas from the OECD experience applicable in the Latin American context

87. This brief tour of policy-making experience in selected OECD countries is not the last word: rather, it is an initial attempt to look at the policy cycle. There does not appear to be a single "best practice"; institutionalization of policy making is and will continue to be idiosyncratic, i.e. it will remain largely dependent on each country's own institutions and political culture. Moreover, the practice of six countries does not exhaust the possibilities of defining different formats and instruments in the policy process. But the review does suggest some common features that may serve as reference points for Latin America's current drive towards strengthening the quality control of public policies. Policy-making tends to be a creative and messy process using multiple sources and modes of information, while implementation is a tighter process governed by the (quasi-) science of management. No strong formal feedback links were found from implementation (M&E) to policy-making. Policy making is a deeply political process and the OECD experience suggests that there are limitations on the extent to which the policy-making process can be routinized in any democracy.

88. Nonetheless, there are broad common institutional patterns. These include: coordinating mechanisms at the center of government that are supported by technically (and politically) strong secretariats; adequate policy-making expertise in ministries and agencies; a clear separation of policy making and program implementation; and various other support institutions, including *ad-hoc* policy advice. And there are changing features of the landscape that are important. In particular, OECD countries are moving from a form of policy making which was politically monopolized to one where competition between ideas, from both inside and outside the government, is becoming more important. Table 6 seeks to summarize, both for the different OECD countries surveyed in this study and for Latin American countries, the nodal points in national policy processes and to give a sense of where country types are institutionally strong or weak.

89. A first impression is that policy-making institutions do not work as well in Latin America. Cabinets are not arenas of policy discussion, coordination, and

decision, as they are in many OECD countries. Latin American presidents tend to have secretariats for coordination and support that are strong in political matters and are just beginning to strengthen their technical capacity. Chile's previous attempt to establish a technically strong group of experts on the "second floor" of the Presidency or its current drive to create a "Delivery Unit" and an ex-ante policy evaluation unit at the *Secretaría General de la Presidencia* (SEGPRES) is a case in point (Box 7). Another example is former Colombian President Uribe's decision to exercise tighter control over the system for monitoring the administration's priority programs (SIGOB). So is the drive of two successive Mexican administrations, those of Fox and Calderón, to strengthen the Presidency's capacity to identify and monitor indicators of their key presidential programs (Box 8).

90. Ministries of Finance are often relatively strong on policy matters, but they tend to have a predominantly fiscal viewpoint (as compared to a broader public-interest viewpoint). In some cases, Ministries of Planning make up for this, but they often lack political authority. Still, as Latin American countries move from first-generation to second- and third-generation reforms, and from input-based to results-informed administration, Ministries of Finance and/or Ministries of Planning are expanding their range of interests to include effectiveness and efficiency of government programs, particularly budget programs. As those ministries, as well as sector ministries and agencies and parliaments, strengthen their technical capacity, government goals will be better aligned and evaluation results will be seeds sown in fertile soil. It will also be necessary to strengthen ministerial control of the quality of results of executive agencies, as a means to stimulate policy and program alignment as much as linkages.

91. If Latin America is to look to OECD experience on the policy cycle, should it pay more attention to parliamentary or to presidential systems? Latin American political arrangements in some ways lie between the parliamentary and United States systems and, in other ways, may lie outside. Latin American constitutions most commonly give significant power to the President. Cabinets as such generally do not play an important role in the policy process. Rather, it is a few influential ministers, agency directors or presidential advisers who have privileged participation in the selection of policy priorities and/or are in charge of monitoring their results. Formal or informal attempts to create ministerial committees for policy coordination at the sector level, or the social, infrastructure,

Box 7. Coordinating Policy-Making in Chile: The Budget Directorate and the Second Floor

Chile did develop a powerful machinery for committing each government agency (the "*Servicios*") to precise targets, including policy alignment with the sector, with other sectors and with government priorities. In the case of Chile, the whole performance machinery has been linked to powerful salary incentives that are in turn reflected in budget decisions. Since this machinery is primarily routinized and tied to the Budget Directorate, some recent Chilean presidents felt the need to strengthen their own capacity to influence policy and implementation.

In addition to monitoring presidential goals, these presidents strengthened the advisory role of the so called "second-floor experts" (referring to their location in the presidential palace). This group was generally composed of technically solid professionals with some political expertise. In the end, the second floor proved to be too informal for systematic improvement of policy making. Also, it was not clearly linked to (and did not make much use of) the performance information produced by the Budget Directorate.

In turn, the performance information was increasingly undermined by sectors and agencies misrepresenting their priority goals or the way they effectively served inter-sector or presidential priorities. As a matter of fact, government agencies felt the need to accommodate goals and results to the strict areas and indicators approved by the Budget Directorate while in practice developing their own individual strategic programs.

In view of nearly a decade of learning the skills of performance control, Chile is now advancing towards (i) strengthening ex-ante policy evaluation and monitoring capacity at the Secretariat of the Presidency and the projected Ministry of Social Development, and ex-post policy evaluation at an independent agency; (ii) also strengthening sector coordination, broadly defined, through inter-ministerial committees; (iii) controlling the quality of agency goals and performance through more decentralized means at the sector level; (iv) using new, primarily non-monetary incentives to secure policy alignment, control, and rewards at the executive level.

Box 8. The Challenge of Coordinating Policy-Making in Mexico

The Fox administration in Mexico developed a sophisticated system for monitoring presidential as well as sector (ministerial) goals. The *Secretaría de la Función Pública* was technically responsible for monitoring a large number of indicators and periodically reporting progress to the President and his cabinet. In addition, the President had *commissioners* in charge of each of the areas of presidential priorities. These experiments were discredited over time and finally abandoned. Sector secretaries did not find their own challenges well represented in selected performance goals and presidential priorities did not provide enough guidance as to each sector's contribution to the objectives of the administration. Autonomous or semi-autonomous executing agencies were either ruled by inertia or by their own particular goals. Priority goals were not necessarily reflected in the budget. In the end, the whole exercise did not seem to have contributed to strategic cohesion of government actions. Rather, it appears to have led to frustration with performance management – and more fragmentation than integration. As a result, the Calderón administration is attempting to develop a lower-profile monitoring of presidential goals that is linked to monitoring and evaluation of budget programs (Secretary of Finance) and social programs (Secretary of Social Development).

---

or finance committees that have been practiced elsewhere in the region, have generally failed and have been short-lived. It seems that, without direct presidential involvement, ministers do not make an effort to coordinate among their peers. It remains to be seen whether the ongoing attempts by the Chile's current administration to recreate such sector ministerial committees –or the new Ministry of Social Development in charge of coordinating

Chile's social policy —will prove to be effective and sustainable in the medium term.

92. Congresses typically have greater powers than parliaments (such as powers of veto), yet in most cases not the powers to initiate policies or appropriate budgets that the United States Congress enjoys. Political parties tend to be neither strong nor durable, power is often monopolized by their lead-

Table 6. Technical Strengths and Weaknesses of Government Actors in the Policy Process

Country	Executive branch						Legislative branch
	Center of Government	Cabinet	Ministry of Finance/ Planning	Line Ministries	Evaluation		
OECD Westminster countries	STRONG (supported by technical secretariat)		MoF: STRONG, but subordinate to Cabinet	STRONG	Decentralized systems, with varying central control		WEAK
United States	STRONG (supported by OMB)	WEAK, subordinate to President	MoF: STRONG, but subordinate to President	STRONG	Decentralized systems, with some central control		STRONG (supported by CBO)
OECD European civil-law countries	STRONG (supported by technical secretariat)	Somewhat WEAK	MoF: STRONG, but subordinate to Center	STRONG	Decentralized systems, with efforts to establish strong central agency		Somewhat WEAK
Latin American countries	STRONG in political coordination, mostly WEAK in policy coordination	WEAK, subordinate to President	MoF and/or MP: often STRONG in policy coordination	WEAK in many cases	Generally WEAK, but varies by country		WEAK

ers, and there can be many parties. These features reduce the parties' ability to represent the public interest and discipline presidents and legislatures, but congresses are often left with substantial veto powers that can create powerful divisions of purpose between the legislature and the executive.

93. In most (but not all) Latin American countries, cadres of senior civil servants are too weak in technical skills and/or too politically dependent on governing politicians to play a role as a politically neutral, management-driven source of expertise. It is only in a few countries of the region that programs exist to encourage senior professional cadres.[15]

94. Latin American countries have proven to be a fertile ground for policy ideas. After all, Latin America has seen a ferment of policy innovations in the last two-to-three decades. But these characteristics do seem to have led to a significant breach between ideas and implementation. We have noted the institutional gap between policy making and implementation in the OECD countries, but this gap is effectively dealt with through organizational

mechanisms, notably coordination through the cabinet, central secretariats, and senior public servants.

95. In Latin-American countries, on the other hand, there is a deeper sense that execution is not consistent with policies. Even in the more advanced countries of the region, policy proposals may be quoted in the media and may be influential inside and outside government, but unless they are explicitly brought down to the program level (and, in many cases, introduced as a program in the budget), they remain a dead letter. As a result, government agencies often feel that the center (i.e. the office of the President) does not give implementable instructions. Interestingly, Ministries of Finance have partially filled this technical policy void in recent years, but like their equivalent ministries in the OECD, they have a narrower mandate of budget control and program implementation that is not well-suited to the broader policy role of the center of government. Nor are finance ministries sufficiently informed by management experience to facilitate alignment between agencies' reachable goals and higher level government goals.

96. There is also the opposite case where the center of government feels that the agencies are not complying with the mandates given them. Hence,

15 "Sistema de Alta Dirección" in Chile; "Sistema de Direçao e Assessoramento Superiores (DAS) in Brazil", among other regimes

apparently good policies (such as cash transfers) can often lead to poor results on the ground. Another aspect of this breach between policy making and implementation is the failure of the results of monitoring & evaluation to feed back into policy making, though this phenomenon is little different in OECD countries. As Latin America advances towards more definite separation of policy planning and implementation, those top-down implementable instructions will necessarily expand and become stronger. The latter move is illustrated, among others, by the ongoing drive of the Piñera administration to consolidate the monitoring and coordination role of ministries *vis-a-vis* executing agencies in Chile.

Ideas for Better Policy-Making in Latin America

97. The above features of the region undoubtedly provide obstacles to "rational", knowledge-based policy making and implementation that appear to be initially greater in Latin America than in the OECD countries. Still, as also indicated above, Latin America is advancing towards more openness to technical expertise and more consistent in the coordination of policy and implementation. In this spirit, this study can propose six main ideas that might be considered if the goal is to improve the efficiency of the policy cycle in Latin America. These six ideas have been selected because, first, they clearly draw upon some of the lessons learned from the evolving picture of OECD countries and, second, they appear to be implementable under the main political and institutional arrangements that prevail in the region.

98. *(i) Political authority and technical expertise at the center-of-government.* OECD country examples indicate that good policy making begins with the combination of effective political authority and technical expertise at the center of government. The political authority is responsible for the government's program as a whole, overseeing the conception of policy ideas, deciding which policies are to go forward, coordinating between sectors, and overseeing that policies are implemented as intended. In many countries with parliamentary systems, the political authority is constituted by the cabinet. In the US system of presidential government, the President incorporates much of that political authority within his own office, the White House, but also shares some of the authority with Congress.

99. In a complex, modern economy, the political authority could not possibly carry out these policy-making functions without the support of a strong technical secretariat, typically a cabinet office (in Westminster-system countries), a prime-ministerial office (France and Spain), or a presidential office (the Executive Office of the President in the US). These offices are expert in administering the operating processes that promote or vet policy ideas, ensure their coordination and consistency, and attend to their implementation. This requires a minimum of sector-specific policy expertise, but some technical secretariats (the UK, but above all the US) incorporate greater technical expertise than others (such as Canada and New Zealand).

100. The center of government in Latin-America – i.e. the office of the President – is typically strong in political matters, including managing relations with other branches and levels of government and coordinating political support. In addition, it is increasingly committed to demanding results from ministries and executing agencies. However, the political authority possesses little policy expertise – and, very often, has a weak commitment to technically sound policy making. Cabinets are not used as deliberative or decision-making bodies. And technical secretariats in the presidential office are virtually non-existent. (To the extent there is expertise near the center, it is in Ministries of Finance and planning, but this is at some remove from the political authority of the President.)

101. The single most important step to improve the policy-making process in the countries of the region would be to strengthen the center, in terms both of a political capacity for managing policy and of a technical secretariat to support this function. If performance management is to come of age in Latin America, a presidential office capable of effectively providing strategic directions as well as securing internal coherence, corporate discipline, and alignment of outcomes is essential in the region. Obviously, it is not appropriate for this report to propose political solutions – for instance, it simplistic and unrealistic to mandate strong cabinets in presidential regimes. On the other hand, presidents can (and already do in some countries) convene effective political bodies for sector coordination (akin to cabinet committees) for economic affairs, for social affairs, for security issues, and so on.

102. The President and any such political authorities under the presidency would need to be supported by a presidential policy secretariat. Almost any of the OECD cabinet and presidential offices covered in this report would serve as a useful starting point for the design of a technical secretariat. The Executive Office of the President provides perhaps the most relevant example for Latin America, though

the countries of the region would be expected to start out on a much smaller scale. The UK's Cabinet Office or France's Prime Ministerial Office, also provide interesting examples because they are pro-active in looking at policy problems and proposing solutions. Within the UK Cabinet Office, for instance, a Strategy Unit studies specific policy issues and an Implementation Unit (jointly overseen by H.M. Treasury) attends to problems of policy implementation.

103. *(ii) An organizational system that coordinates policy making.* Policy-making in the OECD is anchored in organizational structures, coordination mechanisms, and control mechanisms. Organizational structures determine who does what tasks and organizational hierarchies and boundaries set up particular sets of incentives. Coordination mechanisms, such as cabinets or more *ad-hoc* committee formats (or "lead ministries" in the New Zealand case and "super-ministries" in Australia) are designed to counter the effects of public agencies pursuing their own agendas, and instead make them focus on the goals cascading down from the center of government into a particular policy area. In the Westminster countries, coordination by cabinet can be fairly "tight" because of the doctrine of collective responsibility. Control mechanisms are the means by which the principal at the center seeks to have his/her priorities carried out by the agent in the line ministry. Traditionally, the mode of control in the public sector was to command, but command has increasingly become mixed, to the extent feasible, with contractual formats (performance agreements) and incentives.

104. There is an evident problem in Latin-American countries that the uncertain transition from government priorities to expected results puts the cohesion and effectiveness of policy making at risk. Among other things, an agenda for improving the transition from policy to implementation involves such issues as: setting up a technical secretariat at the center of government (and, perhaps changing the roles of Ministries of Finance which, until now, have been expanding); opening up, where this does not exist, a process of stronger contestability within the executive by establishing adequate standard procedures to test policies, politically *and* technically, through collective deliberation (cabinet meetings, for example); creating a super-ministry or lead agency to coordinate policy-making in a particular policy area; working through inter-ministerial committees; and other techniques for "joining-up" the distinct parts of the administration. Super-ministries have been temporarily tried in the region, but their role has been more

limited to sector coordination than goal-alignment or channeling agency programs towards higher government priorities. Otherwise, experiments with super-ministries have been short lived in Latin America.[16] This has also been the case for ad-hoc sector committees at the ministerial level, where a particular challenge is to maintain the motivation to participate for those ministers who are not leading. Innovative governments have tried a wide array of incentives (institutional, collective, individual) to enhance agency performance; but those incentives have had little effect on the quality of agency goals, including goal alignment or performance-enhancing goals.

105. *(iii) Senior public servants who provide expert policy advice and coordinate between policy making and implementation.* Senior public servants are appointed according to both political and "hybrid" (political mixed with technical) criteria in OECD countries, depending on the country. Their role in bridging the world of politics and policy making and the world of implementation is crucial. They play this role both at the center (in center-of-government secretariats, notably) and at the top of the ministries. With a small number of exceptions – particularly in Brazil and Chile – these professional cadres are more notable for their absence than their presence in Latin America. This is a broad reform, in many ways beyond the scope of this paper because it is one of the keys to better public management more generally. But it also has a particular importance for better policy making, principally because senior public servants provide the link between policy making and implementation and many of them are policy experts.

106. *(iv) Strong capacity of the line ministries.* Line ministries in the OECD tend to have strong analytical capacity in specialized units or departments. In addition to their own financial, human resource and asset management units, which are also common among line ministries in Latin America, OECD ministries also sometimes have management information systems at the sector level to inform the policy-making process. Many ministries in Latin America have a weak capacity to manage their own policy-making activities and/or coordinate the policies of the agencies they oversee. To improve this capacity, in a first stage, the ministries might (with help from the

---

16 Chile is currently trying to create a Ministry of Social Development that leads and coordinates all social ministries, evaluates their performance, and plays a prominent role in priority and programmatic alignment of social policies, including health and education. The government recently submitted a bill to Congress, and discussion within the Legislative was still pending at the time this report was written.

center) concentrate on improving the level (amount and quality) of information available to the minister to inform policy-making. This would enable ministries to better harmonize the broad presidential priorities they are responsible for with the specific programs that they and the agencies that are attached to them are designing and, later, implementing. To this end, strengthening the ministerial planning offices would give ministries a greater capacity to gather and analyze information and to use this information for strategic planning. More ambitious organizational initiatives (such as ministerial research units) might be considered later.

107. *(v) Strong capacity of the legislature.* The US Congress – the closest example to Latin American presidential systems – plays a key role in shaping policies and has a strong budget office and technical committees to do so. The technical capacity of Latin-American parliaments to develop policy ideas and shape and evaluate policy proposals coming from the executive is not very strong. Despite not being as technically and politically empowered as the US Congress, they do have a mandate to shape policy and are politically stronger than the legislative branch of most parliamentary systems. Therefore, giving congresses a more solid technical basis for making policies or assessing proposals could reinforce contestability and improve policy-making in Latin America. The Congressional Budget Office and the Committees of the US Congress provide possible models that go in this direction. Many Latin American congresses are already part of a worldwide movement that is driving for results, and this will push them to demand a greater policy-making and -evaluation capacity of their own.

108. *(vi) Active alternative channels of policy advice exist.* There is a range of possible alternative institutional formats that could reinforce technical analysis by opening up the policy-making process to expertise in academia and, more broadly, the non-government sector. Such initiatives can also encourage the participation of stakeholders—not as experts or evaluators, but rather as part of the debate—in the consideration of different policy alternatives. This process can bring viable policy alternatives to light, and it can minimize resistance from interested parts. These initiatives are common in many OECD countries and are being adopted in Latin America as the critical mass of experts expands and civil society organizations become more vocal and more technically capable. Examples of successful stakeholder involvement are the French Commission Nationale du Débat Public (Box 6)

and the Chilean pension reform (Box 5). The range of alternatives includes the following:

- **An institution** setting up panels of non-government experts on a case-by-case basis (for example, the US National Academy of Sciences or France's Council for Economic Analysis).

- **An institution** to contract out policy-oriented research to non-government entities on a case-by-case basis (e.g. the National Science Foundation in the US or, at some point, Colombia's Colciencias).

- **The creation** of a more permanent corps of expertise within an autonomous government agency to carry out policy studies on a case-by-case basis. (A version of Spain's AEVAL, but one more explicitly devoted to ex-ante policy problems, might be a model for this.)

- **The appointment** of commissions of experts to carry out policy studies on a case-by-case basis. This could institutionalize a practice somewhat like the Royal Commissions in Commonwealth countries (Box 2) or replicate, to the extent possible, Chile's pension-reform model (Box 5).

109. Neither the review of the organizational structure for coordination of policy goals nor improving technical capacity for policy making are steps that can be completed in the very short term. They require leadership and political will, as well as good dosage of expertise and reform continuity. However, further consolidation of Latin America's achievements, as well as selective importation and adjustment of the lessons from OECD countries in those two reform areas are badly needed if trust in the Latin-American state is to be rebuilt. Enhancing public sector credibility requires building the proper institutional and instrumental bridges between political announcements, government priorities, flexible financing, execution capacity, delivery of quality services and citizen satisfaction. At this point in the region's drive towards a results-oriented relationship between the public administration and the citizen-client (voter and taxpayer), those bridges are essentially needed to strengthen transparency, accountability and performance.

Annex 1:
Government-Wide Evaluation Systems and Agencies: Common Features and Differences Across OECD Countries

Table 1-1. United Kingdom: Formalized Evaluation Routines

	Internal Evaluation: Ministerial Evaluations	Internal Evaluation: Prime Minister's Strategy Unit	The Budget Cycle: Spending Reviews	External Evaluation: National Audit Office
Type	Elements of a system: guidance from the center for ex-post and ex-ante evaluation	Agency for ex-ante policy evaluation	System for ex-post program evaluation (spending reviews)	Agency for ex-post program evaluation
Institutional arrangements	Policy formulation and evaluation are largely decentralized and not part of a system.	The PMSU is a central unit (i.e. not a system) attached to the Cabinet Office.	The Treasury carries out, currently on a three-year cycle Comprehensive Spending Reviews (CSRs). Related to this, it oversees departmental spending reviews.	The NAO is an independent supreme-audit institution reporting to Parliament.
Purpose, scope, and impact	In addition to the coordinating and vetting role of Cabinet mechanisms (including a large and powerful Cabinet Office), the role of the center is to provide some methodological guidance (from the Treasury) and analytical support (from several sources).	As part of a broader task of support to the Prime Minister and the ministries in policy-making (and associated methodologies), the Unit carries out policy-oriented studies (i.e. ex-ante policy evaluation) in a relatively modest number of areas.	CSRs analyze spending across all ministries, as well as the allocation of spending. Departmental spending reviews, undertaken for each ministry, review the results achieved and their cost. Spending reviews are the basis for three-year (medium-term) forward expenditure estimates (covering some 59% of all spending).	The NAO carries out a range of audit and evaluation functions. Evaluations are of implementation (efficiency, effectiveness, etc. (not of the policy itself). "Value-for-money" audits (produced at the rate of about 60 a year) feed into the Spending Reviews. The NAO also regularly validates agencies' data systems as part of the CSR cycle.
Methods	Analytical methods and sources of expertise vary widely. Quality assurance is the responsibility of each department. Departments publish many of their studies on their websites.	The PMSU and the Cabinet Office select policy areas for study. Expertise is largely in-house. There is no dominant analytical methodology. Studies are published on the website.		Expertise is largely in-house. Evaluation studies, plus occasional compendia of data-validation reports, are published on the website.

Table 1-2. New Zealand: Formalized Evaluation Routines

	Internal Evaluation: Ministerial evaluations	Internal Evaluation: SPEaR	The Budget Cycle: Spending Reviews	External Evaluation: Office of the Auditor General
Type	Elements of a system for ex-post program evaluation	Local system for ex-ante and ex-post evaluation	System for ex-post program evaluation (spending reviews)	Agency for ex-post program evaluation
Institutional arrangements	While Cabinet vets and coordinates policy-making, policy formulation and evaluation are largely decentralized and not part of a system. However, the center of government requires and coordinates a departmental routine for strategic planning: agencies' strategic plans are contained in a Statement of Intent (SOI), submitted annually with the budget. The center also designates "lead agencies" for cross-departmental policy issues.	The Social Policy Evaluation and Research Committee (SPEaR), led by the Ministry of Social Development, is a small group that attempts to coordinate and promote social-policy analysis across relevant agencies.	The government is planning to institute a system of spending reviews overseen by the center and carried out by the departments.	The OAG plays no role in policy evaluation and a limited role in program evaluation.
Purpose, scope, and impact	The SOI sets out the department's goals and evaluation strategy (though, within this, the evaluation function remains somewhat underdeveloped).	SPEaR provides support for government researchers, undertakes its own analyses, and seeks to incorporate research results into the policy-making process. Its impact has so far been limited.		In addition to its traditional audit function, the OAG audits the performance data that departments provide in their annual reports. It also carries out a limited number of performance audits (but the policy itself is taken as given).
Methods	The SOIs are available online.	SPEaR commissions some reports from experts. These are published online.		OAG has its own staff and also uses the services of accounting firms.

Table 1-3. Canada: Formalized Evaluation Routines

	Internal Evaluation: The Treasury Board Secretariat Evaluation System	The Budget Cycle: Spending Reviews
Types	System for ex-post program evaluation	Elements of a system for ex-post program evaluation (spending reviews)
Institutional arrangements	The Treasury Board Secretariat (the unit responsible for public administration) oversees a decentralized system for ex-post evaluation. There is no such system for policy formulation – beyond the normal coordinating and vetting function of the Cabinet and of the Privy Council Office, a powerful secretariat to the Cabinet.	The Cabinet has an Expenditure Review Committee, but this monitors, rather than undertaking formal analyses.
Purpose, scope, and impact	The system is concerned to evaluate the implementation of programs (or larger sets of programs), taking the policy intent as given. The TBS defines policy and program evaluation standards, supports the activities of the departments, oversees their work, and feeds evaluation results into the policymaking and spending-review processes. The departments are free to identify the programs to be evaluated and define evaluation processes.	
Methods	The TBS maintains an Audit and Evaluation Database containing and linking information on a wide range of analytical results (not online). Outside technical advise is sought mainly by each agency according to their needs. The TBS does not use outside experts.	

Table 1-4. United States: Formalized Evaluation Routines

Type	Evaluation by the Executive: Program Assessment Rating Tool, PART — Elements of a system for ex-post program evaluation	Evaluation by Congress: Congressional Budget Office — Agency for ex-ante policy evaluation	External Evaluation: Government Accountability Office — Agency for ex-ante and ex-post evaluation
Institutional arrangements	PART was a management and results evaluation tool administered by OMB, involving the collaboration of the agencies but with no participation from Congress or other actors outside the executive branch. In addition, the Government Performance and Results Act (GPRA) defines government policy on evaluation and sets the evaluation methodology. But there is no government-wide evaluation system as such.	CBO is an independent, non-partisan office working for Congress.	GAO is an independent, non-partisan office working for Congress.
Purpose, scope, and impact	PART was a tool to help identify a program's strengths and weaknesses in order to inform funding and management decisions. The adequacy of evaluation is one of several topics covered. OMB and the agency develop a plan to improve performance and management and then track the progress that is made. The process can occasionally result in steps to terminate a program. Between 2004-2008 PART has evaluated 98% of government programs, accounting for 90% of the budget.	CBO provides analysis, information, and estimates that help Congress make economic and budgetary decisions. This includes studies and briefs on policy issues (ex-ante evaluation), with particular reference to economic and budgetary issues.	GAO performs a wide range of tasks including legal and performance audits and, at the request of Congress, ex-post evaluations, and analyses of policy options.
Methods	PART was based on a standardized questionnaire covering the purpose and design of the program, strategic planning, program management, and results. Responses were prepared by each agency and approved by OMB, The results, available online, consisted of numerical ratings, as well as a brief commentary for each question.	CBO relies mostly on its own staff. Its reports are published online.	GAO relies mostly on its own staff. Its reports are published online.

Table 1-5. France: Formalized Evaluation Routines

	Internal Evaluation: Ministerial evaluations	Internal Evaluation: Center for Strategic Analysis	Internal Evaluation: Council for Economic Analysis	The Budget Cycle: General Review of Public Policies	External Evaluation: Court of Accounts
Type	Elements of a system for ex-post program evaluation	Agency for ex-ante policy evaluation	Agency for ex-ante and ex-post policy evaluation	System for ex-post program evaluation (spending reviews)	Agency for ex-post program evaluation
Institutional arrangements	Most policy and program evaluation takes place at the level of the ministries and the agencies they control. Sometimes the ministries have specialized bodies (planning departments, inspectorates, commissions) to do this. There is no national evaluation system.	The CSA works on behalf of the Prime Minister, but also provides expertise to ministries.	This is a Council of prominent economists chosen by the Prime Minister.	This is a new spending review process under the authority of the Council for Modernizing Public Policies (chaired by the President). The reviews are carried out by the ministries.	The Court is an independent, quasi-judicial body.
Purpose, scope, and impact		The CSA provides expert advice to the government on public policies, specifically on the implementation of government strategies (ex-ante policy evaluation).	The Council's mission is to provide a diversity of expert views on economic policy choices. Its studies provide a mixture of ex-post and ex-ante policy evaluation. The studies are often influential.	The Review examines the justification for and cost of public programs and proposes changes, where justified.	The dominant work of the Court is traditional audits, for which it has a high reputation. The Court has recently entered the field of ex-post evaluation of selected programs and policies.
Methods		The CSA uses internal and external experts and a broad range of evaluation methodologies. All its studies are published online.	The Council selects topics for study and commissions studies (from Council members or other experts). These are then published under the names of the authors (and made available online).	The Review uses internal and external auditing expertise.	The Court uses internal expertise. Its reports are published on its website.

Table 1-6. Spain: Formalized Evaluation Routines

	Internal Evaluation: Evaluation and Quality Agency (AEVAL)	The Budget Cycle: IGAE
Type	Agency (and nascent system) for ex-post program evaluation	System for ex-post program evaluation (spending reviews)
Institutional arrangements	Evaluation in Spain has hitherto been mostly an *ad-hoc* activity of public agencies, without any formal framework or regularity. AEVAL is a newly-formed agency linked to the Ministry of the Presidency and directed by a Governing Council (which has government, union, and expert members). AEVAL is intended to initiate the process of institutionalizing evaluation in the public sector.	IGAE is an agency under the Ministry of Economics and Finance.
Purpose, scope, and impact	AEVAL's objectives are to support monitoring and evaluation in the public sector, to support the improvement of public services, and to promote transparency and a better use of public resources. Its main activities are policy evaluation and the promotion of quality management.	IGAE carries out ex-post evaluations of programs (i.e. spending reviews) with a view to analyzing effectiveness and performance.
Methods	The Governing Council defines the evaluation program, and AEVAL coordinates evaluations with the relevant ministries. AEVAL takes a pragmatic and eclectic approach to methodologies. Evaluations are mostly conducted by AEVAL's internal staff. AEVAL undertook its first evaluations in 2007 and publishes the results online.	

Annex 2:
The United Kingdom

2.1 In the last century, policy-making in the UK[17] has become a much more complex business as government has grown bigger and more complex. (This is a common phenomenon across the OECD; see Box 2.1.) The construction and vetting of policies, formerly the preserve of the Cabinet and senior civil servants, has now itself become a complex business. The government has been gradually opening up to outside ideas and expertise in the last century (Stone, 2001), and in the last four decades, more or less, formal public institutions have been built outside the Cabinet to support the policy process.

2.2 By the later 1990s there was a sense of crisis about the UK's policy capacity. (This crisis was felt in other Westminster-system countries; see Box 2.) This was especially evident in the flurry of activity (for a few years at least) to improve the process under the Blair (Labour) Government of 1997.

2.3 The UK's system of parliamentary government and its lack of a written constitution vest considerable political powers in the government. There is a sense that these arrangements have made the UK "the fastest gun in the West" in the introduction of new policies, and it is this that has helped lead to policy fiascos such as hastily-introduced legislation in 1991 to control the breeding of dangerous dogs.

Public Management

2.4 The UK was part of the vanguard of New Public Management reforms, first emphasizing the use of performance-oriented-management tools to improve efficiency, then, more recently, seeking to place more emphasis on policy consistency across government.

2.5 Reforms under a radical Conservative government (1979-97) largely emphasized efficiency: at first, quick value-for-money managerial changes (the Efficiency Unit); then the separation of government functions into clear cost centers, with managers held accountable for outputs (the Financial Management Initiative, established in 1982 and overseen by the Treasury). The most important reform, Next Steps (initiated in 1989), was to separate policy-making from policy-implementation by hiving off most of central government into separate executive agencies and contractualizing the relationship of these agencies and their sponsoring departments (ministries).

2.6 The Labour government, in power from 1997 to 2010 generally maintained and developed the system of performance-oriented management, while introducing a more explicit system of performance planning and budgeting. From 1998, departments were given medium-term budgets and allowed to carry forward unspent money to the next year. Public Service Agreements between departments and the Treasury set out the departments' objectives and targets. From 2000, there was a shift from setting a large number of outcome and process targets to a smaller number of mainly outcome targets. From 2002 departments had to identify their most ineffective areas of spending, where spending would then be wound down. The reforms since 1997 were also intended to counterbalance the unintended consequences of *Next Steps* by emphasizing a more strategic vision and "joined-up" government.

Main Routines of the Policy Process

2.7 The UK government has a dense web of activities that are designed to contribute, directly or indirectly, to the policy process. For ease of presentation these activities are divided into "main" and "subsidiary"

---

17 See: Davies (2004); House of Commons, Public Administration Select Committee (2007); National Audit Office (2001); Stilgoe, Irwin, and Jones (2006).

Table 2-1. The Policy Cycle and Public Policy Instruments in the UK

The policy cycle	Politics & policy: at the center	Budget: at the center	Technical: at the center	Technical: in the departments
Policy identification			Prime Minister's Strategy Unit	
Policy decisions	Cabinet, Cabinet committees, Cabinet Office, Prime Minister's Office, including Policy Directorate Parliamentary Select Committees		Ad-hoc policy reviews, enquiries The Government Social Research Unit The National School of Government The Government Office for Science Government-funded Research Councils	Strategy directorates Research function (some Departments) Independent inspectorates or regulators attached to some Departments Ad-hoc policy reviews Non-Departmental Public Bodies
Program implementation		Public Service Agreements monitored via: (a) H.M. Treasury Spending Reviews; (b) Prime Minister's Delivery Unit		
Program evaluation			National Audit Office "Value-for-Money" audits (feed into Spending Reviews); ex-post evaluation of selected programs and processes (but not of policies) cc	*Ad-hoc* evaluations

routines. The main routines are related to the Cabinet, the government's performance-management system, or the line agencies own arrangements. They form the core of a web of activities that support the policy-making process. (See also Table 2.1 which presents the main routines according to the schema of Table 3.)

2.8 Presided by the Prime Minister and bound by collective responsibility, the Cabinet remains the ultimate arbiter of policy. The Prime Minister's Office includes a Policy Directorate, whose job is primarily one of political coordination. The Cabinet Office supports the work of the Cabinet.

2.9 It was a Conservative government in 1970 that first introduced a technical policy capacity at the center of government with the creation of an internal think tank (the Central Policy Review Staff) attached to the Cabinet. This unit lost its focus when it was forced to move from longer-term strategy into crisis management later in the decade, and it was closed in 1983. A number of different policy units were born and died from 1998 onwards. These have been responsible for proselytizing the departments about better ways to make policy and have also themselves been engaged in some policy work. (Box 2.1 summarizes guidelines for good policy-making produced by one of these units.)

2.10 The Prime Minister's Strategy Unit was formed from parts of previously-existing policy-oriented units in 2002[18]. Located in the Cabinet Office, it provides strategic advice to the Prime Minister, supports Departments in developing policies (including strategic capacity), and identifies emerging issues. Thus it provides broad methodology guidelines and training on policy-making, but also carries out policy-oriented studies in specific areas (often where issues are cross-departmental). The Unit has few day-to-day responsibilities and its work is organized around clusters of domestic policy such as education and health. Small teams are formed to meet the needs of each project and then redeployed to new work upon its completion. Recruitment focuses on those with outstanding generic analytical skills, and staff is a mix of permanent civil servants on loan from government departments and others from outside the government on fixed term contracts or secondments. The Unit works across the range of public-policy issues from the big picture – for instance, "future strategic challenges to Britain" – to the little picture – for instance, helping the

---

18 The Unit was set up bringing together the Performance and Innovation Unit (PIU) and the Prime Minister's Forward Strategy Unit (FSU).

Box 2-1. A Methodology for "Good" Policy-Making

Professional policy-making for the twenty first century, (Cabinet Office, 1999) was produced by the Centre for Management and Policy Studies, a forerunner of the Prime Minister's Strategy Unit. The document identified nine features of good policy-making:

Forward Looking - Defining policy outcomes and taking a long term view

Outward Looking - Taking account of the national, European and international situation; learning from the experience of other countries; recognizing regional variations.

Innovative, Flexible - Questioning established ways of dealing with things, encouraging new and creative ideas, identifying and managing risk.

Joined Up - Looking beyond institutional boundaries; setting cross-cutting objectives; defining and communicating joint working arrangements across departments; ensuring that implementation is part of the policy process.

Inclusive - Consulting those responsible for implementation and those affected by the policy; carrying out an impact assessment

Evidence based - Basing policy decisions and advice upon the best available evidence from a wide range of sources; ensuring that evidence is available in an accessible and meaningful form.

Evaluated - Systematic evaluation of the effectiveness of policy is built into the policy-making process.

Reviews - Existing/established policy is constantly reviewed to ensure it is really dealing with problems it was designed to solve.

Lessons learned - Learning from experience of what works and what does not

---

Department for Children, Schools and Families to develop programs to train teachers. (Box 2.2 provides some examples of the recent work program.) The Strategy Unit does not have close equivalents in other governments, though it shares some of the functions of the Executive Office of the US President.

2.11 Budget-related routines are also, though more tangentially, part of the policy process. Public Service Agreements (PSAs) were the Labour government's performance contracts between departments and the center of government (Her Majesty's Treasury, the UK's Ministry of Finance). PSAs set out clear targets for achievements in terms of public service improvements and a *Delivery Agreement*[19]. Performance is are systematically monitored in two ways. First, the Treasury does this routinely through regular Spending Reviews. These Reviews are also sup-

ported by hard information, including "Value-for-Money" audits conducted by the National Audit Office (NAO). Second, but on a less routine basis, the Prime Minister's Delivery Unit (PMDU, a cooperative endeavor of the Cabinet Office and the Treasury) "trouble-shoots" in the education, crime, health, and transport sectors. These monitoring activities relate more to service delivery (implementation) than to policy design, but, of course, implementation problems can lead back to design problems.

2.12 Each PSA identifies who is responsible for monitoring compliance. This is usually the most relevant Secretary of State (Minister) while a senior official is nominated to be responsible for managing the Delivery Agreement and chairing the PSA Delivery Board, comprising all the lead Departments. A Cabinet level Committee will also usually monitor progress and hold Departments and programs to account for their deliverables. There are no automatic sanctions for failing to meet the PSA targets, although this will likely trigger additional scrutiny—by

---

19 The Deliver Agreements explain how the government aims to deliver its high-level targets under the PSAs.

Box 2-2. Current Activities of the Strategy Unit (UK)

- Education, children and families: ongoing work with the Department for Children, Schools and Families

- Health: ongoing work with the Department of Health

- Care: ongoing work with the Department of Health on the care and support system

- Home Affairs: ongoing work with the Home Office and the Ministry of Justice on youth crime and other issues

- Public Service Reform - the Unit has a small team taking forward work on cross-cutting public service reform issues. The Government's overall approach to improving public services was recently set out in "Excellence and Fairness: Achieving world class public services"

- Welfare reform, skills and life chances: ongoing work with the Department for Work and Pensions and the Department for Innovation, Universities and Skills

- A cross-cutting project on food and food policy

- An ongoing seminar program

Source: http://www.cabinetoffice.gov.uk/strategy/

HM Treasury, the PMDU, Cabinet Office and perhaps even a relevant parliamentary committee—and discussion.

2.13 Departmental Spending Reviews are at the heart of the UK's performance management system and are probably the most comprehensive type of evaluation. SRs take place every three years and are agreed between the UK Treasury and each spending ministry, with the aim of reviewing current government priorities, the outcomes being achieved and at what cost. One important outcome of the SRs is an agreed set of budget forward estimates for the next three years. While the review of spending covers the entire budget envelope, the nominal forward estimates cover around 59 percent of expenditure, known as "Departmental Expenditure Limits", and excludes the remaining demand-led spending (social security, debt service, tax credits) that is managed annually. Since 1998, three Comprehensive Spending Reviews (CSRs) have analyzed spending, costs, and results across all ministries and have taken a significant look at the allocation between programs. During each CSR cycle the NAO aims to validate each data system that measures progress toward a PSA's target over its life cycle. Over the 2005-08 period, the NAO examined 237 data systems operated by 17 Departments.

The NAO periodically produces a compendium of its validation reports[20]

2.14 The bulk of the work on policy development is largely decentralized, going on at the level of the line agency. Every department has a strategy directorate; some have a research function;[21] some have attached to them independent inspectorates or regulators. The departments often commission policy studies from outside experts. Ministers often create Non-Departmental Public Bodies (more colloquially known as "Quangos" – quasi-non-government organizations) to perform various functions, including providing policy advice (for instance, the Sustainable Development Commission, English Heritage).

2.15 There is no single system of evaluation, nor type of evaluation, for government activities and therefore no simple metric for measuring coverage. The type of evaluation and organizational unit to be evaluated can vary enormously depending on the purpose of the evaluation. The high level evaluation of PSAs can involve a number of different organizations (i.e. across Departmental boundaries) while

---

20 For more information on the 2007 spending review process see: http://www.hm-treasury.gov.uk/sr_csr07_index.htm
21 See for instance the *Department for Environment, Food and Rural Affairs:* http://www.defra.gov.uk/evidence/index.htm

program evaluations may be more narrowly focused on individual organizational units. Evaluations and reviews may be coordinated by the central budget agencies (e.g. HM Treasury or the PMDU), the line ministries, the National Audit Office (NAO) or by specially convened Commissions or Reviews. (See below for more on the NAO.)

2.16 The departments carry out ex-ante appraisals and ex-post evaluations according to the (broad) precepts of a centrally established methodology. The main "bible" for this is the "Green Book" produced by the Treasury, but other (online) material from the center also provides support[22]. The center of government can provide support for the policy work of the departments, but does not vet it. And no doubt there is a substantial variance in the quality of policy work – both policy development and evaluation – among departments.[23] Given the wide variety of evaluation practices in proportion to the scale of the impact of a policy, program or project, and to some extent on the level of public interest, the use of external experts and stakeholder consultation varies considerably. For example, guidance for the 2007 CSR encouraged stakeholder consultation in the review and development of all PSAs. Also, the departments will often contract out impact evaluations of politically significant programs that are led by a prominent "expert" in the particular field.

2.17 There is no systematic quality assurance process from the center of government for evaluations; although most departments and agencies have developed their own quality assurance processes (e.g. independent review committees etc). Most evaluation reports are published on the government's websites.

Changes under the 2010 coalition government

2.18 In May 2010, a coalition of Conservatives and Liberal Democrats came to power, the country's first coalition government in over 60 years. Faced with a deep fiscal crisis, the government announced a program of unprecedentedly deep public-spending cuts, but it also outlined a bold program of reforms, many of them designed to limit the role of the state and devolve power to front-line service providers and citizens (in health and education, notably).

Whether stringent cuts and bold reforms, once designed in detail, can be implemented together, especially under a coalition government, remains to be seen. Nonetheless, there has been a sense in the UK that, particularly in a climate of deep economic crisis, the coalition is ushering in a new style of government.

2.19 How the instruments of public management, including those for policy making, will change is so far not clear. PSAs are to be replaced by Structural Reform Plans, but the substance of this change is not yet evident. There may, however, be a movement towards moving some of the policy expertise out from the Cabinet Unit to the departments (a move, perhaps, towards the more decentralized policy making models of Canada and New Zealand?). By July, 52 Quangos (including nine of the 10 Regional Development Agencies) had been abolished or lost their funding.

2.20 On the budget side, the spending reviews remain a central policy tool. In addition, the new government created in May 2010 an Office for Budget Responsibility. Three independent experts, supported by a small secretariat drawn from the Treasury, will assess the public finances and the economy for each budget and pre-budget report. The OBR is an example (somewhat akin to an independent central bank) of using a body independent of the government to oversee or regulate a particular area of government policy. But the OBR has had a shaky start, its independence having been questioned on account of its reliance on Treasury personnel and methods.

Subsidiary Routines of the Policy Process

2.21 A host of other institutional organizations and systems adds to the density of the UK policy process. Some examples of evaluation and other policy processes are provided below:

2.22 *The National Audit Office* is responsible for the financial audit of all government departments and agencies as well as a wide range of other public bodies, in addition to reporting to Parliament on the economy, efficiency and effectiveness with which these bodies use public money. The NAO carries out ex-post evaluations of selected programs and processes, but it is not mandated to evaluate the policies themselves. The NAO also carries out and has produced guidelines for Value-for-Money audits. The subjects to be audited range from entire program areas to specific components. The NAO takes a risk management approach to select the

---

22 See http://www.hm-treasury.gov.uk/d/green_book_complete.pdf
23 Examples of evaluations can be seen on all Departmental websites, e.g. the Department of Health produced a report on the National Health Service in 2008: http://www.dh.gov.uk/en/AdvanceSearchResult/index.htm?searchTerms=Final+report+of+the+NHS+next+Stage+review.

areas to be audited, along with consideration of the views of Parliament's Public Accounts Committee (PAC), the Departments and other stakeholders or interested parties. The NAO presents around 60 reports a year to the PAC on the Value-for-Money with which Government departments and other public bodies have spent their resources.

■ **Performance** Reports. Government Departments are required to publish two performance reports a year – the Annual Performance Report and the Autumn Performance Report. These reports should clearly set out the level of performance achieved and the Departments' progress towards its PSA and other objectives.

■ **Evaluations** at Ministries. Ministries also produce their own evaluations, which can cover individual programs or reviews of strategic areas. Evaluations can be conducted internally, sometimes using separate evaluation units, or contracted out. The evaluation method is expected to be proportional to the importance (financial or strategic) of the area to be evaluated. Guidance for appraisal and evaluation is provided in the UK Government Green Book.

■ *Ad-hoc* expert policy reviews by experts or by prominent citizens are also commissioned by the Treasury and other parts of the Government.[24] Such external reviews are favored where the topic is highly technical or where it is controversial (and where the Government may want to keep itself at a distance).

■ *Ad-hoc* within-government policy reviews: in 2006, for instance, the government undertook a series of "futures" reviews related to broad social and economic issues.[25]

■ **The** Government Social Research Unit (Cabinet Office and the Treasury) provides strategic leadership and runs a research network for government social researchers. It runs, with the National School of Government, a portal on policy-making called the Policy Hub.[26]

■ **The National** School of Government is a (non-ministerial) Department) that provides training on policy-making and strategy (and supports the Policy Hub).

■ **The Government** Office for Science (in the Department for Innovation, Universities, and Skills) conducts various "futures" activities through its "Foresight Programme" and its "Horizon Scanning Centre".[27]

■ **Government-funded** Research Councils in the economic and social (ESRC), medical (MRC), and engineering and physics (ESPRC) areas fund non-government research.

■ **Parliamentary** Select Committees are cross-party bodies that evaluate and advise on government actions. They can take evidence from ministers and the public and require information to be given. But they tend to be poorly staffed, a reflection of political centralization.

2.23 Substantial policy-related activities go on outside the government, in think tanks, interest groups, NGOs, professional associations, and consulting firms. And a lot of research occurs outside academia – in health authorities, market research firms, the voluntary sector, and local government, for instance. According to Stone (2001), these alternative policy-advice organizations create, along with the institutions inside government, a vibrant "market for advice" in UK. And it may also be that, to an extent, these alternative organizations have made up for the apparent secular decline in policy capacity within the government.

Concluding Comments

2.24 It is difficult to know how well the different government agencies and processes work, but they generally have a good reputation for effectiveness. It also seems that various agencies, notably the Cabinet Office and the Treasury work well across organizational boundaries. To the extent that present practices constitute a system, these are the main elements of that system:

■ **The policy** process remains considerably decentralized and un-routinized, as it must, given the characteristics of policy-making. (Monitoring of PSAs is routinized, but the

---

24 From 1999 58 reviews were carried out (and published on the Web Site). A prominent recent example is the Stern review on the economics of climate change: http://www.hm-treasury.gov.uk/Independent_Reviews/independent_reviews_index.cfm
25 See http://www.cabinetoffice.gov.uk/secretariats/economic_and_domestic/policy_review/
26 See http://www.nationalschool.gov.uk/policyhub/

27 See http://www.foresight.gov.uk/index.asp

impact of monitoring on the policy process is subsidiary.)

- **The center** (Cabinet Office and the Treasury) suggests methodologies that range from the specifics of statistical modeling to the generalities of how to make good policies. These methodologies are broad, and the departments are free to choose what they want to do. (While there are standardized routines – short of detailed methodologies – for ex-post evaluation and monitoring, there are no standardized routines – only broad methodologies – for ex-ante policy-making/evaluation.) The departments apply these methodologies (if unevenly), in part because the performance-management system demands it, but more generally because there is a growing managerial culture.

- **But diverse** though the policy-making instruments may seem, they are sometimes woven into each other (for instance, Value-for-Money audits feed into the monitoring of PSAs[28]).

- **The center** also fills in with explicit policy work where it sees policy-making gaps, typically on whole-of-government issues.

- **The diversity** of routines permits more of a "challenge" function – the ability to question conventional thinking or provide alternative explanations to fit the same facts – within government.

- **Policy** institutions can often have a limited life: in particular agencies inside the Cabinet Office have changed regularly. Institutional diversity and impermanence may well reflect the prevalence of political considerations, or else the need for recently invented institutions to evolve (especially when solving one problem creates another).

- **The UK government** has been careful, albeit under intense public pressure, to conduct formal post-mortems on major policy mistakes.

---

28 Following a Value-for-Money audit the Public Accounts Committee publishes its own report and the Government responds formally to say what it will do to implement the Committee's recommendations. Where appropriate, the recommendations maybe incorporated in to PSA and Service Delivery Agreements.

Annex 3:
New Zealand

3.1 New Zealand is a small country (population of 4.1 million). It has a Westminster system of government in which parliament chooses the Prime Minister. In general terms, this system tends to lead to powerful governments with relatively limited checks and balances and the exclusion of permanent minorities. However, the system was substantially modified in 1993 when the "first-past-the-post" electoral system was replaced by proportional representation, a voting system which favors coalition government and greater representation of minorities. The change requires constant negotiating with the minority parties, and any policy changes involving legislation receive very detailed scrutiny from parliamentary committees, with minorities often extracting a lot for their support.

The Formal Public-Management Model

3.2 New Zealand's public sector reforms commenced with a series of major reforms in the late 1980s. (The model and its subsequent evolution were similar to the UK's, but more consistently applied.) The reforms were based on a model separating outcomes from outputs, with the former perceived as the prime responsibility of ministers and with limited involvement of civil servants in policy issues. The budget for individual government organizations became a "purchase agreement" between the Chief Executive and the Minister for the provision of *outputs* of an agreed quantity, quality, timing and cost. It was for ministers to determine what *outcomes* were desired. Departments and ministries were reduced in size by separating service delivery activities into separate agencies, leaving only a small residual core to advise ministers on policy issues. With policy development and evaluation left to ministers this area became degraded and unsystematic, despite attempts to link outputs and outcomes to government policies through a system of key results indicators.

3.3 The original model has been significantly transformed since then. A number of reviews commissioned by successive governments had identified a significant degrading of the policy development and evaluation function. There was perceived to be a lack of focus on government wide objectives, with each minister approaching outcomes in relative isolation to the outcomes of other public service organizations or desired government wide outcomes.

3.4 Since 2003 the formal system has changed to one of "budgeting for outputs and managing for outcomes" as provided for in the Public Management Act of 2004. This new approach recognizes that chief executives (the equivalent of the permanent secretary or general secretary in other governments) are responsible for managing their organization so as to contribute to the achievement of outcomes. They also advise ministers on the possible outcomes to be sought, their relative priority and which outputs may be most appropriate to achieve those outcomes. Of course, some ministers have shown no interest in policy development and evaluation.

3.5 This new management approach is reflected in a Statement of Intent (SOI), which is a public planning document prepared by each organization setting out its goals over the next 3-5 years and its evaluation strategy. The SOI is presented to Parliament at the same time as the budget and is intended to form part of the budget dialogue. It must be endorsed by the responsible minister and is reviewed by the three central agencies – the Department of Prime Minister and Cabinet (DPMC), the Treasury (equivalent to the Ministry of Finance), and the State Services Commission (the central personnel agency) – in terms of consistency with government policy.

Table 3-1. The Policy Cycle and Public Policy Instruments in New Zealand

The policy cycle	Politics & policy: at the center	Budget: at the center	Technical: at the center	Technical: in the departments
Policy identification				
Policy decisions	Cabinet, Cabinet committees, DPMC, Policy Advisory Group Mandated system of system of inter-departmental consultation. Parliamentary Select Committees	Treasury: selective involvement in development and evaluation of policies The Statement of Intent.	State Services Commission (civil service regulator): minor role.	Lead agency concept Advisory bodies to departments and other agencies The Statement of Intent.
Program implementation				
Program evaluation		Committee of Expenditure Control	Office of the Auditor-General (OAG)	Advisory Bodies

---

Box 3-1. Two Examples of Policy Development in New Zealand – Economic Transformation and Skills

The Government has adopted an economic transformation agenda which comprises various elements and is led by the Ministry of Economic Development with major input also from the Treasury. Within such a broad policy a number of discrete policies have also been developed. For example a sub-agenda in this area is a draft strategy on research, science and technology, which is the prime responsibility of the Ministry of Science and Technology, but again with major input from other ministries such as Agriculture (much research is focused on the agricultural sector) and Economic Development.

A "skills strategy" to improve workforce skills has recently been adopted by the Government. The Ministry of Labour has been the lead agency in developing this strategy, but it has involved other ministries such as Economic Development and Education, as well as major inputs from business and trade union representatives.

For a number of other sectors discrete policies or strategies exist. For example in the education sector there are explicit policies which have been adopted by cabinet on the following issues

- Tertiary education, aimed at improving quality of and access to tertiary education, and to fund tertiary institutions on their role and performance, rather than as previously to provides funds based on number of enrolments

- The Maori education strategy, based on improving participation and achievements of the indigenous Maori community

Both of these policies were initiated by ministers but detailed work on them involved the Ministry of Education and Treasury, with input also from DPMC and other agencies such as the Tertiary Education Commission.

3.6 *The Policy Process.* New Zealand does not have a highly centralized system of policy development and evaluation. Policy development and evaluation is relatively decentralized but with individual ministries and agencies playing a key role as the "lead agency" in their area. (Table 3.1 provides a guide to the main routines.)

3.7 *The Articulation of Government Policies.* Policies are set out in a general way in the governing party's election manifesto. However given the existence of coalition governments in New Zealand since the introduction of proportional representation systems in 1993, these may be modified by a formal published agreement signed with coalition parties. Typically, policies are made and evaluated in a

decentralized manner, with fluid forms of institutional participation (see two sector examples in Box 3.1).

3.8 The policy development and evaluation process in New Zealand thus involves a system of coordination through joint working groups involving a range of departments, ministries and agencies, depending on the sector or topic area. But major initiatives or strategies are led by the relevant department, ministry or agency based on a "lead agency" concept. Policies or strategies are set out in the SOI of each lead agency and other participating organizations in terms of their contribution, by way of outputs, to the common desired outcomes. Thus coordination mechanisms are therefore important.

3.9 *Advisory Bodies.* In development and evaluating policies the government also makes use of an extensive network of advisory bodies, comprising individuals and representatives of key business and commercial organizations. For example the Growth and Innovation Advisory Board provides independent advice to the government on the implementation of its economic transformation agenda.

3.10 *The Central Agencies.* As in other Westminster systems, the Cabinet is the primary forum for policy decision. Eight Cabinet committees, coordinating policy development and management at the highest levels, meet regularly to provide the "engine-rooms" of the Cabinet (State Services Commission, 1999).

3.11 Three central agencies overview the policy process to varying degrees - the DPMC, the Treasury, and the State Services Commission. But their policy role is limited (and this is reflected in their small staffing numbers).

3.12 The *Department of Prime Minister and Cabinet* provides policy advice and analysis to the Prime Minister, although this tends to operate on a reactive rather than proactive basis. The Department also services the Cabinet Policy Committee which reviews policy proposals before they are considered by Cabinet. The DPMC has a Policy Advisory Group providing strategic advice to the Prime Minister and other ministers, coordinating advice from other departments, and contributing to policy development across the range of government issues. But this Group is small – a director and 13 advisors – and plays a limited role in generating policies or assessing policy proposals.

3.13 Because it manages the government's budget and has a key role in advising on structural economic issues, the Treasury plays a major role in the development and evaluation of policies. However, given staffing shortages it has in recent years been necessarily selective in the depth of its involvement in particular policy areas.

3.14 Although it is not a policy agency per se, the State Services Commission has a major role to ensure the civil service is functioning effectively and is able to "deliver" in the area of policy development and evaluation.[29] It has an indirect "policy" involvement in three major areas:

- **Managing** the performance contracts of public service chief executives and evaluating their performance. This performance includes the provision of policy advice to the government.

- **Reviewing** public satisfaction with the quality of public services through surveys.

- **Reviewing** the operation of the "machinery of government", in particular the extent to which different state agencies are working in an integrated and coordinated way in managing their outcomes and shared accountabilities across "clusters" of public sector organizations.

3.15 Monitoring and Ex-Post Evaluation. This is primarily the responsibility of each agency, as reflected in its SOI. In other words self evaluation is the basis of evaluation. There is no formal requirement for evaluation, only an expectation that this will be done as the SOI is developed each year. The extent to which the central agencies review the SOIs is limited by their small staffing numbers. Overall it appears that the SOI has yet to fully develop as a vehicle for evaluation and that progress towards an outcomes focus has been slow.

3.16 There is a small internal cross agency evaluation group, the Social Policy Evaluation and Research Committee (SPEAR), led by the Ministry of Social Development, which attempts to coordinate and promote evaluation across social policy issues.

---

29 The State Services Commission evaluates public officials' performance and carry out surveys to evaluate clients' satisfaction with public services. It showed a flurry of interest in the policy process in the late 1990s and it created a policy network providing information and guidance to policy staff, but in practice this has remained a limited effort. See http://www.ssc.govt.nz/display/document.asp?NavID=176

3.17 The key roles of SPEAR are to:

- Identify and disseminate information needs in the social policy area,

- Develop a research and evaluation agenda to meet these needs,

- Provide quality assurance for government social policy research and evaluation,

- Assist in integrating the results of such research and evaluation into government social policy decisions.

3.18 The SPEAR, established in 2001, is a technical rather than a policy-making institution. The Ministry of Social Development provides the full-time secretariat and reporting is through the chief executive of that same ministry. There is also close liaison with the Strategic Social Policy Group of senior officials working in the social policy area. There is an independent or external chair, from outside the civil service. Close collaboration with Universities and other research institutions is also an important part of the SPEAR's work. The arrangements for its work to input into decision making on evaluations is not yet clear.

3.19 SPEAR's focus is on reviewing existing policies and its use is to decide where new policies may need to be recommended. As a technical group of social policy evaluation officials, it has issued good practice guidelines. It also seeks to develop evaluation capacity in social policy evaluation and research. However, its impact so far appears to have been limited. For instance, no evaluations have yet been carried out.

3.20 Parliamentary oversight. The New Zealand Parliament has up to 13 subject-area select committees which report on policy issues to the House.[30] In principle Parliament, which receives the SOIs, could also undertake ex-post evaluation, but in practice it has not done so.

3.21 Office of the Auditor-General (OAG). The OAG is established by the Public Audit Act 2001. The general role of the OAG is to provide independent assurance that public sector organizations are operating and accounting for their performance in accordance with what Parliament intended. It operates on the basis of its own professional auditing standards.

3.22 The Auditor-General is appointed by and reports to the Parliament and has considerable stature and authority in its review of government operations. In addition to its traditional financial and compliance auditing role, it audits reported information on outputs in public service organization's annual reports. The Auditor-General employs staff in two business units - the Office of the Auditor-General and Audit New Zealand - and contracts with private sector accounting firms. The total staff of OAG numbers around 300.

3.23 It also has a broad performance auditing role under which it may report on the efficiency and effectiveness of operations of government organizations. However this mandate does not extend to reviewing "the merits of policy objectives". The Auditor-General may evaluate the extent to which policy objectives are being achieved, but does not comment on the policy objectives themselves. In addition, the performance auditing role comprises a relatively small part of the audit activities. Thus, the National Audit Office does not play a significant role in policy evaluation.

3.24 The performance auditing role of the OAG is based on a mandate to audit the performance of all public entities. The proposed program of performance audits is published in the OAG Annual Plan. Around 15 performance audits are completed every year, making this activity a relatively small part of OAG work compared with its financial auditing role. All performance audit reports are publicly available and may be discussed by the Finance and Expenditure Committee of Parliament or other parliamentary committees relevant to the subject matter of the report.

3.25 A performance audit can examine:

- **How** effectively and efficiently a public entity is working,

- **Whether** it is complying with its statutory obligations,

- **Any** act or omission that might waste public resources,

- **Any** act or omission which might show or appear to show lack of probity or financial prudence.

3.26 This broad mandate is limited by the OAGs' inability to question or comment on policy (which includes questioning the objectives of government

---

programs). The focus of performance audit reports is on identifying opportunities for performance improvement.

3.27 This focus of performance improvement is also reflected in the OAG issuing a number of good practice guides. So far, 19 good practice guides have been issued covering topics such as reporting on performance, procurement, setting of fees and charges, the role of audit committees within government organizations, codes of conduct and severance payments.

3.28 In addition to the performance auditing role and as part of its audit of the annual report and financial statements, OAG comments on the adequacy and reliability of performance measures. These comments are reported in the annual statement of service performance, which sets out the outputs delivered by the organization as set out in the output based budget appropriation. These are part of the annual financial statements.

Recent Changes

3.29 There are three major initiatives among the latest changes undertaken by New Zealand in the area of policy process and policy assessment:

3.30 First, line by line expenditure reviews have been carried out by chief executives, feeding into the May 2009 budget. These reviews were aimed at identifying:

- **savings** that could be freed up for the 2009 budget

- **programs** that are inconsistent with the new government's priorities and should be discontinued

- **programs** and expenditures that are not effective or efficient

- **areas** where performance information is insufficient to make judgments about efficiency and effectiveness

3.31 As a result, the 2009 budget saw some significant reallocations of expenditure particularly to major infrastructure expenditure and the health and justice sectors, and away from the education sector.

These reviews were undertaken by chief executives and then provided to their minister for consideration. A panel of chief executives also reviewed the completed reviews to ensure that they met the requirements laid down by Cabinet. These were then reviewed by the Minister of Finance and considered by the Cabinet Committee on Expenditure Control.

3.32 Second, there is an intention to develop a system of in-depth spending reviews to examine the efficiency and effectiveness of expenditures in particular sectors. It is recognized that such reviews are resource intensive and time consuming so they will be carried out as rolling reviews over a 3-4 year time period. Initially a limited number will be undertaken. The government intends to proceed cautiously and adapt procedures as lessons are learned. Each review is expected to take 3-6 months to complete.

3.33 Terms of reference for each review will be approved by the Cabinet Committee on Expenditure Control[31] on the recommendation of a Committee of senior officials. Each review will be managed by the chief executive of the agency under the direction of a steering group, chaired by an independent external person. The Treasury and other outside experts will also be part of this steering group, which will report to the agency minister, the Minister of Finance and the Minister of State Services. These ministers will then submit the completed reviews to the Cabinet Committee on Expenditure Control.

3.34 The line-by-line expenditure reviews referred to above will assist in identifying topics for these reviews. However, no decisions have yet been made on the timing, number and subject matter of these reviews, nor has a formal methodology been developed. These will be ex post reviews.

3.35 Third, the Government has initiated efforts for improving the quality of performance information. Reports by the Auditor-General on the performance information contained in the annual reports of each agency (specifically in their State of Service Performance, which is audited by the Auditor-General) have identified a number of deficiencies including a lack of clarity on the relationship between output indicators and the overall outcomes sought by government. As a result, Treasury and the State Services Commission have looked closely at the performance indicators contained in the 2009/10 Statements of Intent (which include forecast statements of service performance) as part of

---

31 The Cabinet Committee on Expenditure Control is formed by ministers. See: http://cabguide.cabinetoffice.govt.nz/context/definitions/cabinet-committees/ecc

an ongoing program of improvement. The government has indicated a particular concern for greater clarity on the impact of government expenditures on broad social indicators such as life expectancy and child poverty.

Concluding Comments

3.36 It is generally agreed that New Zealand's public-management model, as originally construed in the reforms of the 1980s, emphasized efficiency in reaching outputs at the agency level, at the expense of outcomes and of the coherence of policies across government. There has also been a separate criticism of policy capacity, though this has not been at the center of reformers' concerns. This criticism – that the agencies themselves are not well equipped to make good policy – was expressed by the State Services Commission in a 1999 report and can be summarized as follows:

> "Policy analysis and design of delivery instruments - based largely on theoretical frameworks - process coordination, and the design and management of implementation appear to have absorbed most of the attention and time of Ministers and officials. Other processes have suffered as a result. Particular gaps exist in areas such as evaluation, issues identification (including anticipation of emerging problems), the notion of long-term and forward-looking research-based policy analysis, public consultation, and strategic analysis and management." (State Services Commission, 1999)

3.37 In responding to perceived failings in the policy process, New Zealand has followed its own particular path. It has deliberately kept the center of government small and the policy-making process decentralized. Unlike the UK, for instance, New Zealand has not sought to create its own policy-assessment capacity in the center or to promote, from the center, a network of support to policy-making in the agencies. Instead, the center has worried about better processes for coordinating policies. And even here, the principal answer has not been better center-led processes, but the concept of the "lead agency".

Annex 4:
Canada

Political Routines at the Center of Government

4.1 As in most Westminster-style governments, the Cabinet is the supreme policy-making body in Canada. All major government policy matters are forwarded to it for decision. Cabinet ministers make decisions together, and bear collective responsibility for them. The Prime Minister has broad discretion as to the specific structure of the Cabinet decision-making process, including the committee system. As a rule, discussion about policy proposals takes place in committees, whose mandates most often pertain to a particular policy sphere (e.g., economic, social, foreign affairs and defence) and whose recommendations are ratified by Cabinet. Ratification authority may also be delegated to a committee; for example, under the current system, committee recommendations may be ratified by the Priorities and Planning Committee, which is chaired by the Prime Minister. Cabinet may also engage in broader strategic discussion.

4.2 The formal decision document in the Canadian system is the Memorandum to Cabinet. This document is the basis for discussion in Cabinet committees and normally, committee recommendations are placed on the full Cabinet's agenda for decision. A committee recommendation may be placed on Cabinet's agenda as an annex item which is usually affirmed without discussion.

4.3 The link between policy and implementation is a responsibility of the deputy ministers, who are the pre-eminent source of public service advice to their ministers on all matters and have day-to-day management of ministerial departments. Deputy ministers are appointed by the Prime Minister on the advice of the Clerk of the Privy Council (who is Head of the Public Service) and are generally drawn from the ranks of the senior public service. Their responsibilities include helping to build the horizontal mechanisms needed to support the development and implementation of policy, consistent with their minister's agenda and the agenda of the Government as a whole. This will require a base of support in central agencies, part of whose function is to ensure such consistency. In this regard, it is worth noting that deputies are not appointed directly by the ministers for whom they work, but by the Prime Minister on the advice of the Clerk of the Privy Council, which reflects the fact that they are accountable not only to their own ministers but to the Government as a whole.

4.4 In general, Canadian policy-making styles have varied over time. Prime ministers' choices of decision-making styles and systems have reflected both their personal styles and the broader political environment. The temper of the times has played a role too. Budget constraints or public support for Government play a major role in shaping the Prime Minister's style of policy-making. (Schacter 1999).

Budget and Expenditure Management Routines at the Center of Government

4.5 Traditionally the budget process has been coordinated by the Department of Finance, particularly in a context of fiscal constraint. The Minister of Finance must work closely with the Prime Minister, whose approval is required for all budget measures.

4.6 A significant step, although not strictly a budget function was the creation of the Expenditure Review Committee within the Cabinet in 2003, which was set up "to conduct a fundamental review of all programs and expenditures".[32] This committee was chaired by the President of the Treasury Board and included other senior ministers. The current compo-

---

32 See Department of Finance of Canada http://www.fin.gc.ca/toc/2005/sdsplan05-06-eng.asp

Table 4-1. The Policy Cycle and Public Policy Instruments in Canada

The policy cycle	Politics & policy: at the center	Budget: at the center	Technical: at the center	Technical: in the departments
Policy identification			Privy Council Office Treasury Board Secretariat Department of Finance	Deputies
Policy decisions	Prime Minister and Cabinet Committees	Prime Minister; Minister of Finance		
Program implementation				Departmental public service
Program evaluation			Treasury Board Secretariat	Evaluation functions within departments

sition of Cabinet no longer includes an Expenditure Review Committee. However, its establishment is a reflection of the committee system's flexibility, as specialized and *ad-hoc* committees can be set up to deal with specific issues or priorities as they arise.

4.7 Since that time, the Government of Canada has introduced a new expenditure management system designed to ensure value-for-money for all government spending. A key pillar of this system is the ongoing assessment of all direct program spending, known as strategic reviews. Strategic reviews are assessments of all direct program spending to ensure programs are managed effectively and efficiently. These reviews support a rigorous results-based approach to managing taxpayer dollars responsibly and delivering effective and efficient programs that can better meet the priorities of Canadians. As part of the strategic review process, departments review their direct program spending and the operating costs of their major statutory programs on a four-year cycle to assess how and whether these programs: (i) are effective and efficient; (ii) meet the priorities of Canadians; and (iii) are aligned with federal responsibilities. Through the strategic review process, departments also determine whether there are any lower priority, lower performing programs for possible reallocation of funding to higher priority, higher performing programs within the department or government.

Technical (Administrative) Routines at the Center of Government

4.8 Currently three central agencies provide public service support at the center of government in Canada: the Privy Council Office (PCO), the Treasury Board Secretariat (TBS) and the Department of Finance (Finance).

4.9 The Privy Council Office. While the Prime Minister has his own staff in the Prime Minister's Office (PMO) to provide policy advice and other support from a partisan orientation the PCO is the Prime Minister's public service department and his leading source of non-partisan advice, including professional, technical policy assessment.

4.10 The PCO's role is, broadly, two-fold. As the Prime Minister's public service department it provides advice to the Prime Minister, through the Clerk of the Privy Council, in all policy areas – e.g., economic, social, intergovernmental – including a number of areas that are distinctive prime ministerial responsibilities such as the organization of government, certain types of appointments and constitutional advice provided by the Prime Minister to the Governor General.

4.11 Additionally, PCO serves as the secretariat to the Cabinet. In this capacity, it assists the Ministry as a whole in managing the Cabinet agenda. It reviews all policy initiatives forwarded to the Cabinet, ensuring the quality of policy proposals that are put before ministers as well as their consistency with the government's broader agenda (the "challenge function"), and ensuring that committee chairs are appropriately briefed on policy proposals. Once decisions are made, PCO communicates them to Departments. PCO is staffed by politically neutral public servants. The years have firmly established PCO's role as a major actor in the policy development and decision-making process in Canada. This office has also developed a reputation for being home to some of Canada's "best and brightest" public servants (Schacter 1999).

4.12 Another critical function of PCO is to ensure that all Ministers and their officials interested in a policy proposal are given an opportunity to consider it in advance and to express their views, and all Ministers and their officials interested in a policy proposal are operating from a common base of sound information. A significant dimension of the Cabinet process is to ensure that appropriate interdepartmental consultation has taken place, including meetings among the central agencies as well as among implicated departments.

4.13 The Treasury Board Secretariat is a committee of the Cabinet whose existence has been mandated in statute since the early days of Canadian Confederation. The Treasury Board Secretariat, provides secretariat support for the Board in a manner analogous to PCO's support for other Cabinet committees. Treasury Board is the government's management board and as such sets guidelines and policies for administrative practices across government. Subsequent to approval of initiatives, Treasury Board approval is usually required to access funds to ensure that implementation is consistent with policy and funding approvals. Among other responsibilities, TBS sets standards for policy and program evaluation and provides support and guidance in this matter. It is also responsible for making evaluation information available and to assist the Treasury Board in using this information for decision-making. The Treasury Board plays a lead role in the Strategic Review Process, although final decisions are made by the Prime Minister and Minister of Finance as part of the budget process.

4.14 *Policy and Program Evaluation in Canada.* As in the UK, Canada's evaluation system is decentralized, the agencies being responsible for selecting which programs to evaluate, and developing the required capabilities for this task, according to TBS standards. One important aspect that sets Canada apart from general Latin American experience (or, for example, Spain) in evaluation is that outside technical advice is sought mainly by each agency according to their needs. The TBS does not use outside experts.[33] On the other hand, program evaluation is implemented mostly ex-post. According to

Schacter's (1999) findings, "neither the cabinet nor PCO concerns itself greatly with implementation. There is a strong and well-founded assumption in cabinet that a department sponsoring a policy initiative will carry through and implement it, and that no form of close regular oversight is required."

4.15 However, Canada's policy and program evaluation process has gone through significant changes since it began in the 1970s. Among the most significant changes are the conceptual separation between policy and program evaluation, and the development of more flexible tools to allow for wider range of evaluation targets.

4.16 Program evaluation was introduced in Canada in the 1970s to help improve management practices and controls. Since then many changes have taken place. The original approach involved creating evaluation units in the ministries to provide deputies with recommendations to improve the decision – making process. The results were uneven. "The definition of program was imprecise and Ministers were largely outside the process, often viewing evaluation and review as an internal bureaucratic process. For lack of direction or interest, evaluation units languished. (Treasury Board Secretariat, 2004).

4.17 According to Schacter (1999), highly formalized systems for "policy management" and decision-making have not succeeded in Canada because they were perceived as inefficient means for transmitting information and ideas to cabinet. The paperwork and meetings they generated were rejected as an unproductive use of ministers' time.

4.18 Latter, there was an attempt to combine program evaluation with traditional audits. The emphasis was put on having managers use performance information in decision making (and to demonstrate this). However, in 2000 a study revealed that this approach didn't have enough of an impact, and that evaluation and audit functions needed to be separated.

4.19 Based on these past experiences, in 2001 the Treasury Board approved the Evaluation Policy and Standards for the Government of Canada. With a renewed focus on performance management, this policy separated internal audit from evaluations, and extended the scope of evaluations to differentiate evaluations of *policies, programs, and initiatives.*

4.20 However, even though the new evaluation framework is intended to separate criteria for policies and program evaluation, the approach to policy evaluation is different from the one proposed in this document. The new approach in Canada focuses on

---

33 The TBS maintains an Audit and Evaluation Database where it keeps, highlights, and/or provides internet references for completed audits, evaluations and similar studies: (i) Departmental and government performance reports are electronically linked to each other and to more detailed information on audits and evaluations and their findings.; (ii) Several hundred records of findings are added to the database each year, including information from evaluations, audits, manager-led reviews, self- assessments and continuous performance measurement systems. This information is always being updated; and (iii) Records on studies are linked, where useful, to departmental strategic outcomes, to government administrative policy interests and to horizontal issues. TBS staff is notified regularly of studies relevant to their work.

program evaluation, including its consistency with government policies, and also ex-post evaluations of policies conceptualized as a series of related programs (or "bigger" programs). It does not consider assessment for policy formulation, considering the intent (problem to be solved, objective), in contrast to implementation, which is effectively done through programs.

4.21 In short, evaluation capacity is being rebuilt in the departments. The establishment of "program activity architecture" has assisted evaluation by helping departments identify exactly what programs they actually have as well as how much they actually spend. The strategic review process mentioned above has increased the relevance of evaluation to individual departments, since the process forces them to prioritize program spending.

4.22 The Management Accountability Framework (MAF) is a tool developed by the Treasury Board Secretariat (TBS) in 2003 to assess management capacity in federal departments and agencies and provide them with guidance in order to attain a high level of management performance.[34] It brings together different TBS management improvement initiatives in a wide reaching, but simple framework. The MAF is also used to help assess the performance of deputy ministers.

4.23 The MAF consists of ten areas for which departments must examine, report, and improve:

- **Public** Service Values

- **Governance** and Strategic Directions

- **Policy** and Programs

- **Results** and Performance

- **Learning,** Innovation and Change Management

- **Risk** Management

- **People**

- **Stewardship**

- **Citizen-focused** Service

- **Accountability.**

4.24 For each area, the MAF suggests ways to measure progress and provides indicators. It uses and supports the information generated by the evaluation units in each ministry as an input. Agencies conduct self-assessments using the framework that TBS has distributed to all federal departments and agencies. In each department/agency, the deputy is responsible for establishing an appropriate evaluation capacity tailored to the needs and resources of their organization, and evaluating policies, programs and initiatives, including those of an inter-organizational nature. In each department or agency, the deputy appoints a senior head of evaluation, forms an evaluation committee, and is responsible for giving the TBS access to evaluation plans, and communicating early warnings based on the evaluations findings. During MAF Round VI - from September 2008 to April 2009- over 52 departments were to be assessed, including the Privy Council Office and the TBS.[35]

Concluding Comments

4.25 Canada has gone through different stages for program and policy evaluation. From more rigid and process-driven program evaluation, it has moved to a more flexible, more holistic approach. A tool like the MAF could be considered as a reference point for implementing policy evaluation according to general criteria. Canada is also characterized by a rather decentralized approach, where a lot of the responsibility for evaluation lies in the departments, which even select the programs to be evaluated.

4.26 Also, in Canada, as in other Westminster type of governments, the office that supports Cabinet policy-making decisions can also be considered a source of experience in ex-ante policy assessment. In this case it is the PCO, which performs a filtering of policy initiatives information, manages disputes over policies and provides policy assessment assistance to Cabinet.

---

34 See http://www.tbs-sct.gc.ca/maf-crg/index-eng.asp and Dantzer (2009).

35 See http://www.tbs-sct.gc.ca/maf-crg/assessments-evaluations/2008/departments-ministeres-eng.asp

Annex 5:
The United States

5.1 The OECD is dominated by parliamentary systems of government. In these systems, a hierarchical power structure leaves the Prime Minister and cabinet with substantial power in the policy process as long as the parliamentary majority continues to support the government. Cabinet government represents a collective approach to managing the policy process: policy alternatives are vetted through this process, and the discipline of collective responsibility is strong enough to resolve differences. Cabinet members have typically served a political apprenticeship as members of parliament, then junior members of the government. Supporting cabinet government is an army of permanent senior civil servants with technical and administrative skills. And there are relatively few political appointees.

5.2 The United States is an outlier.[36] American government is one of checks and balances – of many veto points. The executive and legislative branches of government share policy-making powers (and often the judicial branch also gets into the act). The legislature legislates, but the President can veto legislation. The President makes a large number of political appointments, but the Senate must vote to confirm the appointment of the most senior of these and Congress can impeach the President. The President has a cabinet to advise and assist him, but it is not held under the same convention of collective responsibility as in parliamentary governments. Congress, with its power of the budget and its power to monitor management in the Executive (by vetting senior appointments and calling senior officials to account), exercises considerable countervailing power over the agencies in the Executive. Thus cabinet members are somewhat strung between the President and Congress. Deprived,

in large part at least, of a cabinet mechanism for developing, assessing, and coordinating policies, the President has had to build up his own staff to do this, or else find more *ad-hoc* ways of doing it.

5.3 Presidents and cabinet ministers, in turn, have not served the same kind of fairly standard political apprenticeship as their parliamentary equivalents. Presidents come to office as individuals, rather than part of a team, and they wield considerable powers of patronage to install their own confidants into the most senior positions in the executive. There is a professional and permanent civil service in the US but it does not have the standing of its parliamentary equivalent; and, though non-partisan, it can sometimes be eyed with mistrust by an incoming administration. The Senior Executive Service, SES, a group that sits at the top of the civilian ranks, is part of the professional and permanent civil service.[37]

Policy Routines at the Center of Government

5.4 Given that the US cabinet is a fairly weak body, most decisions are made in the Executive either bilaterally between the President and his ministers (secretaries) or in trilateral arrangements between the President, the secretary concerned, and senior congressional figures.

5.5 The largest and most powerful central body is the Executive Office of the President (EOP), an organization with approaching 2,000 employees that provides an umbrella for more than a dozen staff agencies.[38] White House staff is responsible for

---

36 For a useful comparison of the US style of policy process with the parliamentary style see Rose (2006).

37 According to the Office of Personnel Management, OPM, in 2006 there were less than 7,000 SES out of a total of 2.7 million civil service employees.

38 The EOP is the functional equivalent of parts of the cabinet system in parliamentary regimes, containing the equivalent of both the cabinet/Prime Minister's office and of some cabinet committees.

Table 5-1. The Policy Cycle and Public Policy Instruments in the United States

Policy cycle	Politics: at the center	Budget: at the center	Technical: at the center	Technical: in the ministries
Policy identification: **- Identification of issues** **- Policy analysis** **- Policy instruments**			Executive Office (13 departments) Think-Tanks and consulting firms Special task forces Congressional Committees staff	Specialized policy research agencies *Ad-hoc* studies Financing of external research
Policy decisions: **- Consultation and coordination** **- Assessment** **Decision**	Executive Office of the President (specially the Chief of Staff and National Security Adviser) Congress / Congressional Committees	Office of Management and Budget Congressional Budget Office		
Program implementation: **- Execution** **- Monitoring**		Office of Management and Budget		
Program evaluation: **- Evaluation** **- Correction of programs or policies**		Office of Management and Budget (OMB) Government Accountability Office (GAO)		*Ad-hoc* evaluations

some of the senior appointments down to several levels in the bureaucracy, depending on the agency. The Office of Management and Budget, an executive office within the Executive consolidates budget proposals from the line departments and presents them to Congress, which includes setting spending priorities and assessing resource disputes among agencies. In this way the White House has significant control over both personnel and the budget.

5.6 The individual departments are responsible for policy-making in their areas of competence, and depending on the will and focus of the White House in specific areas, present a significant level of flexibility to do so. A great deal of policy-making authority can be centralized in the White House (Beschel and Manning, 2001).

5.7 Nevertheless, while the Executive typically concentrates significant amounts of power, the US Congress has enough policy assessment capacity to fulfill its role as check and balance of the Executive. The analytic infrastructure of Congress—including individual legislative staffs, committee staffs, the Congressional Budget Office, and the Congressional Research Service, among others—is far larger than any comparable legislative support system elsewhere. Though there is generally more technical capacity in the executive than the legis-

lature in the US, the analytical strengths of the US Congress constitutes a significant contrast with Latin American congresses, which, generally, have considerably less of the technical expertise required for assessment of policies.

5.8 Furthermore, the powers given to Congress by the Constitution in the areas of budget and of approving senior appointments provide further contestability. The majority of policy initiatives come from the Executive, and Congress plays a reactive role in assessing and voting on them. However, the US Congress is also characterized by a strong control function for which it has different resources than does the executive.

5.9 On the subject of technical support for policy assessment, the United States presents a wide and complex net of policy assessment sources, also probably bigger than anywhere else. According to Weaver and Stares (2001), there are more than a dozen government research agencies, around 1,000 government advisory committees, more than 300 independent public policy think tanks, more than 500 university-affiliated research institutes, and dozens of interest groups and consulting firms.

5.10 These institutions support government policymaking in different ways and with different level of

involvement. Some of them are permanent like the Council of Economic Advisors, or the Advisory Committees, while others are created for specific policy issues, like the task forces for healthcare reform during Clinton's administration or federally-funded R&D. The Legislature receives policy advice from different sources, from more traditional and grounded institutions like the Government Accountability Office (GAO), the Congressional Budget Office (CBO) and Congressional Committee staff, to more *ad-hoc* advice, for example private sector specialists when it conducts hearings on a particular policy issue. [39]

Policy (and Program) Assessment in the Executive

5.11 The Executive Office of the President includes 13 departments[40] that provide policy advice in subjects that range from economic policy (Council of Economic Advisers) and domestic policy (Domestic Policy Office) to the environment (Council of Environmental Quality) and drug control (Office of Drug Control Policy). One very important source of policy advice related to the federal budget, assessment of policy legislation initiatives, regulation, and management improvement throughout the Federal Government is the Office of Management and Budget.

5.12 The OMB, initially called the Bureau of the Budget, was created in 1921.[41] In the first four decades, the emphasis of the agency was on budget expertise. However, in 1970, it was renamed and got more political control from Executive and Congress and now plays both a political and analytical role.

5.13 As normally happens with most senior government officials in the US, OMB authorities are appointed directly by the President. The OMB´s reach goes further than that of more traditional program/budget assessment agencies. OMB's formal mission is to assist the President in overseeing the activities of the Federal Government, specifically, in meeting his policy, budget, management and regulatory objectives. It has 480 full time employees, and is composed of four Resource Management Offices organized by agency and program area, four statutory offices, and seven offices that provide OMB-wide support. The vast majority of OMB staff remain from administration to administration; only about 10% of officials –mostly at the top—turn over and thus are direct Presidential appointments.

5.14 The OMB also assists the Presidency in assessing the effectiveness of agency procedures and in improving public management by developing better performance measures and coordinating mechanisms with the agencies on this matter. The OMB´s activities also involve setting funding priorities, evaluating competing funding demands among agencies, and ensuring that agency reports, rules, testimony, and proposed legislation are consistent with the President's Budget and with administration policies.

5.15 The OMB has a Legislative Reference Division which articulates the Administration's position on legislation. This division coordinates the review and clearance of the Administration's legislative proposals and statements on bills progressing through Congress. This responsibility frequently requires resolution of conflicting agency views on legislation and the negotiation of policy positions that respect the President's legislative priorities and program.

5.16 Other areas in which the OMB has influence in assessing policy are regulation and e-government. The Office of Information and Regulatory Affairs oversees and coordinates Federal regulatory policy, information collection and quality, government statistical policies and practices, and Federal information policy. The Office of E-Government and Information Technology develops and provides direction in the use of information technology and the E-Government management initiative.[42]

5.17 While the OMB provides routinized technical and political assistance in key areas of policy, there is no specific framework for policy evaluation. This is not the case for program and management evaluations, which are indeed formalized in specific initiatives. One example was the Program Assessment Rating Tool (PART), a collaborative process involving both agencies and OMB participants. Though now defunct, it is good to include PART in this annex for referential purposes. Used over the George W. Bush administration, the objective of the PART

---

39 A good example is the National Academy of Science, an honorific society of distinguished scholars engaged in scientific and engineering research that works outside the framework of government to ensure independent advice on matters of science, technology, and medicine. US governments have often turned to the NAS for advice on the scientific and technological issues that frequently pervade policy decisions. The NAS is a highly prestigious independent body, established by law. More details at: http://www.nasonline.org/site/PageServer

40 For a complete list: http://www.whitehouse.gov/administration/eop/

41 Before 1921, cabinets played a larger role than they do now. The creation of OMB strengthened the President vis-à-vis the agencies and Congress, but weakened the cabinet (Apfel, 2010).

42 See OMB organization chart: http://www.whitehouse.gov/omb/assets/about_omb/omb_org_chart.pdf

was to help identify a program's strengths and weaknesses in order to inform funding and management decisions aimed at making the program more effective. PART consisted of a series of questions in four categories, including program purpose and design; performance measurement, evaluations, and strategic planning; program management; and program results. Each agency prepared the PARTs related to their programs in coordination with a policy analyst from OMB assigned to that particular agency. The primary OMB contact was the program examiner, who received the first draft from the agency and worked with it to perform consistency checks in different iterations. If disagreements remained, agencies could request an appeal process to a high level appeals board. Only OMB had the ability to edit the final assessment results. Agencies relied on a variety of personnel both from the programs being reviewed and from central Department offices to complete the PART reviews.

5.18 OMB, through the PART, evaluated and looked at factors that affected program performance including program purpose and design; performance measurement, evaluations, and strategic planning; program management; and program results. These assessments of existing evidence were not impact evaluations. In terms of PARTs quality control, OMB's internal management and the agency's management checked all assessments. Agencies could appeal the rating.[43] However, there was no review of these ratings by Congress or other actors outside of the executive branch. This factor created some doubts regarding the rigor and independence of the evaluations, something that did not help to promote the use of PART during the budget discussions in Congress[44]. In addition, PART's methodology to measure efficiency was also questioned.[45]

5.19 There was no particular percentage of the budget covered each year by number of programs. PART evaluated on average close to 200 programs per year, representing approximately 20% of the number of federal programs. PART was introduced in fiscal year 2004 and as of July 2008 it had as-

sessed 1,015 programs or about 98% of the federal programs, accounting for about 90 percent of the 2008 federal budget. OMB received funding for 528 full-time-equivalent positions for fiscal year 2010 (the same as in fiscal year 2009).[46] All PART evaluations are published on the website Expect-More.gov. Internally, the OMB worked with each agency to prepare improvement plans to follow up on findings identified during the assessment process with the objective of improving program performance. These plans were updated twice a year, in the spring, to be used during the budget formulation process, and in the fall, for release with the President's budget (budget discussion approval in Congress).

5.20 During the Bush administration, the OMB also implemented a scorecard to measure advances in the President's management agenda throughout the Departments. It rated Departments on five categories: human capital, management of commercial services, financial performance, e-government, and performance improvement. In all cases, the OMB provided the guidelines for evaluation, and the Departments were responsible for implementation.

5.21 As of November 2009, the Obama administration called into question the use of the PART instrument and announced plans to implement a performance management framework of its own to examine a selected set of programs each year. The reasons for discontinuing PART point to the main weaknesses of the program mentioned above and, in particular, the lack of interaction with Congress[47]. In the 2011 budget (February 2010), the administration unveiled part of its own management agenda, which included a requirement for high-priority performance goals and an emphasis on rigorous and independent program evaluations.

Policy Assessment in Congress

5.22 Between the Senate and the House of Representatives the US Congress has a total of 38 Committees (four of them joint), with their respective Subcommittees. Both chambers are supported in the area of evaluation by two main non-partisan technical institutions, the Government Accountability Office (GAO) and the Congressional Budget Office

---

43 See OMB's chart at the Annex

44 "By routinely incorporating agency performance issues into its deliberations and oversight, Congress can send an unmistakable message to agencies that they are expected to manage for results. As we have noted in our earlier work, however, Congress needs to be actively involved in early conversations about what to measure and how to present this information. We previously reported that the PART process used by the prior administration did not systematically incorporate a congressional perspective and promote a dialogue between Congress and the President. As a result, most congressional committee staff we spoke to did not use the PART results to inform their deliberations" Source: GAO. http://www.gao.gov/new.items/d091011t.pdf

45 See, for example, GAO http://www.gao.gov/new.items/d10394.pdf

46 For more information, see OMB Fiscal Year 2010 Budget at: http://www.whitehouse.gov/omb/assets/about_omb/fy2010_omb_budget.pdf

47 "It's crucially important we revamp and revise [performance measurement systems] in consultation with agencies and Congress." –Testimony of Peter Orszag, OMB Director, before the Senate Homeland Security and Governmental Affairs Committee, January 2009.

(CBO).[48] The Government Accountability Office (GAO) is an independent, nonpartisan agency that works for Congress with the mission to provide support in meeting its accountability function of the federal government. The head of GAO, the Comptroller General of the United States, is appointed to a 15-year term by the President from a slate of candidates Con*gress* proposes. Other senior leaders are appointed and serve at the pleasure of the Comptroller General.

5.23 At the request of congressional committees or subcommittees or as mandated by law, the GAO performs audits on the legality, effectiveness, and efficiency of the use of federal funds, and reports on how well government programs and policies are meeting their objectives. It also performs policy analysis and outlines options for congressional consideration and issues legal decisions and opinions, such as bid protest rulings and reports on agency rules. GAO evaluates ex-post as well, following requests by Congressmen. GAO conducts performance audits, which may look at the impact that federal programs are having on a particular problem, and traditional financial audits. GAO does not undertake impact evaluations. Although evaluations are conducted by GAO staff, GAO is authorized to bring in outside experts to consult and advise. External consultants, though, are not allowed to do actual audit work. The Comptroller General can be removed only by a vote of the Congress; the President has no authority to remove the head of GAO.

5.24 The Congressional Budget Office (CBO) began operating in 1975 with the specific mission to provide technical advice to Congress on subjects related to the budget and the economy, including the elaboration of economic estimates to assess the Executive budget proposal. The CBO has a panel of advisors, composed of some of its previous directors and eminent economists, who serve two-year terms. The panel meets twice a year to review and comment on CBO's preliminary forecasts for the economy and

provides advice to further improve the CBO's work. A Panel of Health advisers works in a similar way in matters related to healthcare policy issues.

Concluding Comments

5.25 As in most other cases, in the US, while program evaluation processes are more formalized and clearly associated with specific Executive and Congress offices (OMB and CBO), policy evaluation, especially ex-ante policy evaluation is a more informal, varied, and complex process that seems to depend mostly on the initiatives of the actors involved. Both OMB and GAO conduct qualitative evaluations. No impact evaluations are undertaken by any of these agencies. The CBO does baseline budget projections and cost estimates of the legislation. The majority of CBO expertise is vested in the staff itself.

5.26 One noteworthy feature is the importance that this country gives to technical support (within government and from outside sources) for policy implementation and evaluation. It probably has the most extensive network for technical policy advice, including long standing Executive and Congress offices, technical staff in councils and committees, and outside support from think tanks and consulting firms. As a presidential country, the US is characterized by a strong control of policy within the Executive. But in contrast to most Latin American experiences, it is better balanced by countervailing powers of Congress, a situation in which the latter's significant technical capacities for policy assessment play a major role.

5.27 The US has, in summary, many points at which policy contributions are made. This partly reflects the countervailing nature of US government, with its institutional pressures and counter-pressures. In some ways there is a free market of ideas, but in another sense the market is less free because institutional roles matter. Technical competence matters a lot, but the degree of neutrality in the advice provided depends on institutional setting (Apfel, 2010).

---

48 Until 1995 there was also an Office for Technology Assessment.

Annex 6: France

6.1 With more than 50 percent of GDP, France's public sector is one of the largest in the world. The way that the government decides on policies and then makes sure that, once implemented, these do the job efficiently and effectively becomes all the more important: it is by now widely realized that policy evaluation in the public sector plays the same role as the market in the private sector.

Politics and Public Management

6.2 Among the national political characteristics that influence the particular policy process in France are the following. First, the President and the Prime Minister provide the focus of political policy-making. (This is the equivalent to the role of the cabinet in Westminster-system countries.[49]) France's political system has been characterized as a unique one where President and Parliament share power. On those rare occasions of "cohabitation" when President and the parliamentary majority are of a different political hue, the President and the Prime Minister (elected by the National Assembly) share power. But in the more normal case, the President has control of both Assembly and Prime Minister and is therefore the political prime mover. But it is the Prime Minister's office that has control over the formal instruments of government coordination, hence policy-making (something like a ministry of the presidency in a Latin-American country).

6.3 Second, France follows the Napoleonic tradition of rule-of-law. A somewhat rigid set of rules centralizes political power, protects the structure and role of the state (thus making changes more difficult), and endows public servants with a strong role vis-à-vis politicians as guardians of the public interest. (This too has its parallels with Latin America.)

6.4 Third, senior public servants constitute a technocratic elite – a "mandarinate". The arrangements that provide the bridge between this technocracy and elected politicians – essentially the 600 political appointments (largely of technocrats) to the top posts below the rank of minister – create a blurred dividing line between politicians and technocrats. Indeed, there is a considerable integration of the public-service elite and politicians (to the point where many politicians are recruited from this elite).[50]

6.5 Table 6-1 provides a summary "map" of the principal institutions involved in the policy process inside the French government.

The Policy Process in the Prime Minister's Office

6.6 The Prime Minister plays a central role in policy-making, coordinating the different parts of the government, and maintaining a centrally-defined line of policy. His political arm is his cabinet (in the French usage of the word, his political staff – all political appointments) and his administrative arm is the Secrétariat Général du Gouvernement (mostly civil servants). Neither arm is large: they coordinate rather than get significantly involved in the technicalities of details of policy-making. The two arms work together, but to an extent also work in parallel. (This parallel structure is repeated in all the ministries.)

---

49 Correspondingly, the Council of Ministers (Conseil des Ministres), over which the President presides, is more an instrument of coordination, rather than one of collective decision-making.

50 Here, perhaps, the parallel with Latin America ends, though Brazil has some similarities.

Table 6-1. The Policy Cycle and Public Policy Instruments in France

The policy cycle	Politics & policy: at the center	Budget: at the center	Technical: at the center	Technical: in the departments
Policy identification	Conseil économique et social *Ad–hoc* Commissions		Centre d'Analyse Stratégique Conseil d'Analyse Economique Other Councils Conseil National de l'Evaluation *Ad–hoc* Commissions	Ministries and Inspectorates: project cost-benefit evaluations; policy assessments *Ad–hoc* Commissions
Policy decisions	Prime Minister: cabinet* and Secrétariat Général du Gouvernement Commissions Parlementaires			
Program implementation		Révision Générale des Politiques Publiques		
Program evaluation			Conseil National de l'Evaluation Cour des Comptes	Ministry Inspectorates: project and policy evaluations

* Cabinet in the French sense: a private political staff.

6.7 As for the more substantive side of policy-making, the Prime Minister draws on the expertise and proposals of a number of bodies, some under his direct control.

6.8 In 1948 France created a Planning Commission (Commissariat Général du Plan), answerable to the Prime Minister. The Commission was, for some time, a leading practitioner of indicative planning. The five-year plans that were issued were not binding, not even for the government. They were the support, if not the pretext, for policy-making and evaluation and consensus building. Over the course of time, the prestige and influence of the Planning Commission declined. In 2005, it was abolished, but immediately replaced by a Center for Strategic Analysis (Centre d'Analyse Stratégique) that fulfils similar functions.[51]

6.9 The Center assesses, at the request of the Prime Minister, the principal proposed government reforms. Its three main functions are: monitoring, providing expertise and assisting decision-makers in implementing and carrying out public policies. It works directly under the direction of the Prime Minister[52], but its advisory councils and bodies cooperate with line ministries and within the networks of national and European policy-research organizations. Research is performed both by the staff and by external researchers funded by the organization. Its staff consists of experts and researchers whose work is organized in five areas: institutions and society; social questions; economic and financial affairs; labor, employment, and training; and technologies. It also creates commissions or committees that prepare reports on various issues, evaluating current and possible policies. To take an example, it recently published an important report on energy policies.

6.10 The Center publishes its works in the form of written documents (points of view, notes, reports). It draws up an annual report which sums up the work carried out on the main strategic issues facing French public policy. The Center also conducts seminars and study days[53]. Its research includes quantitative, qualitative and impact evaluations.

6.11 The Council for Economic Analysis (Conseil d'Analyse Économique) was created in 1997.[54] Its mission is "to illuminate, by confronting different points of view and analyses, the government's economic-policy choices". It has about 30 members. All prominent economists, they are chosen, on a non-partisan basis, by the Prime Minister for their competence. The chairman, who is appointed by the Prime Minister, selects policy issues and commissions reports from members or non-members. The Council reads and comments on draft reports, and also designates a referee. Final drafts are presented to the Prime Minister and published, together with

---

51 See http://www.strategie.gouv.fr/.
52 See organization chart at http://www.strategie.gouv.fr/IMG/pdf/Organi-gramme_CAS_septembre_2008.pdf

53 See CSA Disclosure: http://www.strategie.gouv.fr/article.php3?id_article=167
54 See www.cae.gouv.fr

the referee's comments. They are published under the name of their authors and do not commit the Council, though they bear the imprimatur of the Council. Council members and report authors are not paid.

6.12 The council has been very active. In its ten years, it has produced 75 book-length reports. These include such themes as the sub-prime crisis, competition policy, employment of older people, and the international financial system. Many of the reports look at past policies and discuss future policies. These reports have generally been well received, widely quoted in the media and read in the ministries concerned. Because they are written by a single author (or at most three), they are clearer, franker, and more readable than reports produced by a Commission (whose findings must to an extent reflect diverse, possibly conflicting views). Because they are written by recognized and experienced specialists, they have a gravity that an evaluation report prepared by a rapporteur who is only specialized in evaluation might lack. The seal of the Council gives the reports added credibility and authority in the eyes of the media and the public.

6.13 Other policy-advisory bodies under the Prime Minister have perhaps played a less prestigious role. Such bodies include: the Council for the Analysis of Society (Conseil d'Analyse de la Société), drawing its 28 members from the world of research, artists and sports people; the Council for Retirement (Conseil d'Orientation des Retraites), concerned with the viability of pension regimes; the Employment Council (Conseil d'Orientation pour l'Emploi), studying issues and making policy proposals in the areas of unemployment, professional training, and employment creation and staffed by labor experts and with 50 members representing different economic interests.

6.14 In 1990, the government created an Interministerial Committee for Evaluation (Comité Interministériel de l'Evaluation), assisted by a scientific committee. This was housed in the Planning Commission and, similarly, worked through *ad-hoc* commissions created to evaluate particular policies. Its interministerial character was supposed to ensure that the selection and treatment of topics went beyond the concerns of a single ministry, and its scientific committee was supposed to guarantee that appropriate and reliable methodologies would be applied. The Committee was not successful and was abolished in 1998.

6.15 It was immediately replaced by a National Evalu-

ation Council (Conseil National de l'Evaluation) which functions in a very similar fashion.[55] It is also housed at the Planning Commission, has no full-time staff, responds to the Prime Minister's office, and creates committees to investigate policies at the request of various ministries. It is discrete and has not achieved visibility and authority.

6.16 The above policy-oriented bodies under the Prime Minister tend to dwell on the "big-picture" policy issues, rather than going to the detail necessary for implementing specific programs. These bodies provide a mix of expert advice, partisan advice, and consensus-building. Being at the heart of politics, they also tend not to have permanent lives.

The Economic Social and Environmental Council

6.17 The Economic and Social Council – now retitled the Economic, Social and Environmental Council (Conseil Economique, Social et Environnemental) – is a constitutionally mandated and independent consultative body.[56] Its somewhat corporatist objective is to promote a collaborative approach of different economic interests to economic and social policy. About two thirds of the 231 Council members are designated by professional organizations, cooperative associations, family associations, and the like. The rest are designated by the government to represent public enterprises, professional interests from the overseas territories, and prominent representatives of society. The work of the Council is carried out through designated commissions, whose work is open to the public and supported by designated experts. The commissions prepare reports or opinions, and the plenary of the Council votes on the opinions.

The Budget and the Policy Process

6.18 The budget is an important, if partial, expression of the government's policies under implementation. As in most countries, the French budget process has always been largely political, with the Prime Minister acting as arbiter between the competing demands of the budget ministry and the spending ministries. In 2007, the government launched a public-expenditure-review process, under the direct authority of

---

55 See: http://www.evaluation.gouv.fr/cgp/. The Council is formally composed of 14 members, who are assigned for three years and are either representatives of national and local bodies or chosen for their expertise in the field. Every year this Council proposes the evaluation program for the coming year and provides for methodological assistance and training. It also assesses the quality of evaluation reports and makes them public (biblio: Atlas).

56 See http://www.conseil-economique-et-social.fr/

the President. Entitled the General Review of Public Policies (Révision Générale des Politiques Publiques – RGPP), this is an effort to promote criteria of efficiency and effectiveness more formally and thereby to drive the process of public-sector modernization.[57] The RGPP will underpin the first multi-year budget exercise (2009-2011). The main intention is to effect a long-lasting fiscal adjustment (and to return to a balanced budget by 2012).

6.19 Government activities will be systematically analyzed through a list of questions: what is being done? for what reason? should it be continued? if so, by whom? and who will pay for it? how can it be done more cheaply? and how will the changes be made? External audit teams are working with the ministries to carry out the analysis. Reforms are being prepared by a staff of some 200 public and private auditors supervised by a committee co-chaired by the Secretary General of the President and the Director of the Cabinet of the Prime Minister and including all ministers and the heads of the finance commissions of both assemblies. All final decisions are taken by the Council for Modernizing Public Policies (Conseil de Modernisation des Politiques Publiques), chaired by the President.[58]

6.20 So far, the Council has approved 250 measures, predominantly in the areas of reorganization and process modernization. Thus, so far at least (and consistent with spending reviews in other countries), the actual content of policies appears to be a secondary issue.

The Policy Process in the Ministries

6.21 As in other OECD countries, most of the process of designing, implementing, and evaluating policies takes place at the level of the ministries and agencies associated with them. And in France as elsewhere, a number of bodies are involved in assessing (*ex ante)* and evaluating (*ex post)* policies. In many, not to say most, cases, analysis and studies mix the *ex post* and *ex ante* dimensions: they start with an evaluation of past policies and conclude with an evaluation of future policies.

6.22 Most French ministries have developed in-house policy capabilities. They take the form of planning departments and ministry Inspectorates. Planning departments routinely undertake studies of current policies and of proposed, envisaged or planned policies, at the request of the minister, but also

often at their own initiative. Such evaluations are usually not made public.

6.23 Ministry Inspectorates are somewhat more independent. Their functions include evaluation of past policies, and occasionally assessment of future policies. They also function as organs of internal control. The importance, sophistication, and independence of these various in-house evaluation bodies vary greatly from one ministry to another. They are particularly strong in the Ministry of Economy and Finance, and the Ministry of Equipment. But in recent years, ministries like Education or Social Affairs, where evaluation capabilities used to be low, have greatly improved their analytical skills (for an example, see Box 6-1). In many cases, the development of data bases and statistics related to the policy area of each ministry has played a key role in the development of evaluation practices.[59]

6.24 In addition, the French government, like many other governments, has often created *ad-hoc* commissions or committees to evaluate policies and produce recommendations. These commissions usually include a mix of senior civil servants, businessmen, trade union leaders, politicians (often including mayors), academics, and journalists. They are always non-partisan and their reports are published. Their recommendations are non-binding for the government, but they carry some social and political weight and cannot be ignored completely. Examples are: the commission on nuclear electricity in the 1970s which proposed the French civil nuclear program; and the 2007-08 commission, chaired by Jacques Attali, that evaluated the obstacles to growth and how they could be removed.[60]

The Particular Case of Project Evaluation

6.25 Project appraisal (*ex ante* project evaluation) in France has a long history.[61] France's traditional technical strengths in public investments are closely associated with the role of two historical, and prestigious State Corps (civil-service Careers): the bridge and road engineers (Ingénieurs des Ponts et Chaussées) and mining engineers

57 See http://www.fonction-publique.gouv.fr/rubrique231.html and http://blog-pfm.imf.org/pfmblog/2008/05/frances-rvision.html

58 http://www.rgpp.modernisation.gouv.fr/

59 Although there can be statistics without evaluations, there cannot be evaluations without statistics. It is interesting to note the role played here by the powerful and highly qualified National Statistical Office (INSEE): the chief statistical officer of each ministry is always seconded by the National Statistical Office, to ensure quality and uniformity of statistics produced.

60 See: http://www.liberationdelacroissance.fr/files/rapports/rapportCLCF.pdf

61 This report pays particular attention to the case of project appraisal in France because this country carries it out substantially more systematically than other OECD countries (and somewhat like Chile) and, by this token, French project evaluation represents the nearest thing that exists in the OECD to a system for (*ex-ante*) policy assessment.

(Ingénieurs des Mines). The two Schools (Ecoles) from which these engineers graduate have attracted the best students in the country, and have enjoyed a virtual monopoly of top positions in the public agencies, state-owned enterprises, and private enterprises involved in infrastructure, energy and industry. These Corps were responsible for major decisions in transportation, urbanization, housing, energy and industry, at a time when elected politicians had less weight. The engineers were pioneers in developing evaluation techniques to help select investments in the public interest. These techniques have subsequently been formalized and refined.

6.26 Cost-benefit analysis is, in principle, required for all major public investment projects. This is particularly so for transportation projects, a siz-

able part of public infrastructure investments. The powerful Ministry of Equipment (now renamed Sustainable Development), a stronghold of Ingénieurs des Ponts, issues methodological directives. These indicate the values of the parameters (discount rates for lives, environmental factors, and so on) to be used. Deciding on these values is essential but contentious, and from time to time, various commissions are created to discuss or revise the value of some parameters. All is in place therefore for a widespread use of project evaluation in France.

6.27 Yet, to all appearances the role of project evaluation has declined in France in the past two decades. A first reason for this is decentralization. Many projects that used to be decided by the central government are now decided by regional or local govern-

ments. Project evaluation is legally compulsory and widely practiced at the central level, but not at the regional or local level. At this level, the technical skills and/or the political will to undertake investment appraisals are often absent.

6.28 Second, there is a so-called "optimism bias" in many evaluations. Of course, there are great uncertainties about the future, but these do not explain the fact that costs are usually underestimated and benefits overestimated. This "optimism bias" probably occurs less in France than in other countries, but it might be on the increase. In France, it is the agency promoting the project that analyzes the cost and benefits. These agencies tend to enjoy a growing autonomy, they have their own agendas, and they function like lobbies. They do not always resist the temptation to "massage" their evaluations. In principle, these evaluations are overseen by civil servants, but in practice the asymmetry of information is blatant. The problem is compounded by the growing complexity of megaprojects. (Project complexity argues for a new, more adversarial evaluation process, as Box 6.2 suggests. This is consistent with strengthening the challenge function within the policy process.)

6.29 Third, decisions have become more political. Technocrats no longer have the substantive monopoly over decisions, and elected politicians are less inclined to listen to the outcomes of project evaluations. It is, of course, normal that elected politicians have the final word on major public investments. However, when evaluations are systematically overruled by political considerations, they become useless. In 2002, a new government came to office. There were 23 major transport investment projects in the pipeline, considerably more than could be financed. The new Prime Minister asked a group of six senior civil servants to appraise these projects. Some projects, the experts showed, had high internal rates of return, others much lower ones. At the end of 2003, the Prime Minister convened an inter-ministerial meeting at which all but one of these 23 projects were approved.

6.30 The *ex-post* evaluation of big public investments was mandated in 1982, but was not enforced till more recently. Like *ex-ante* appraisal, these evaluations suffer partially from self-evaluation (though they are also supervised). The evaluations also only ask whether the objective was effectively carried out, not whether it was right. Things are beginning to change in this respect, in part thanks to the law. The same 1982 Law on Transport also prescribes *ex post* evaluation of large transport projects, though it does not specify when (i.e. after how many years)

these *ex post* evaluations are to be made. For about two decades, this prescription was largely ignored, and only a handful of evaluations were conducted. Then the General Council for Bridges and Roads (Conseil Général des Ponts et Chaussées), the Inspectorate of the Ministry of Equipment, decided that the law had to prevail, and started to undertake these *ex-post* evaluations. Presently, four or five evaluations per year are produced and published by the Ministry of Equipment.

6.31 The evaluations have two important features. First, they are produced by the Agencies in charge of the project, under the surveillance of their inspectorate. As with the *ex ante* appraisals, these Agencies are tempted to embellish the record. The surveillance of the inspectorate is effective and imposes a reasonable degree of fairness, but a sharper distinction between those evaluating and those evaluated may be desirable. Second, the evaluations are primarily aimed at finding out whether the *ex ante* appraisal was well done: were cost estimates correct? Were traffic forecasts correct, and when not why? This may improve appraisal practices, but it does not address broader policy questions.

Parliamentary Vetting of Policies

6.32 The two chambers that make up the Parliament, the Senate and the House of Deputies, have always been, in principle, involved in evaluating policies embodied in draft laws. In practice, however, their activities in this domain have for long been modest. As in many other OECD countries, this situation reflects the dominance of the executive in the law-making process and, correspondingly, the lack of appropriate skills and time on the part of legislators.

6.33 But recent decades saw some attempts at change. The members of both chambers want to be more involved in policy formulation and to exercise greater control and influence on the executive. In 1982, they created a Parliamentary Office for the Evaluation of Scientific and Technological Choices (Office Parlementaire d'Evaluation des Choix Scientifiques et Techniques), then in 1986 a Parliamentary Office of Public Policy Evaluation (Office Parlementaire d'Evaluation des Politiques Publiques). These offices never took off, probably because they were not sufficiently funded and/or because they failed to attract staff of a sufficient caliber. France does not have a non-partisan, well-staffed institution at the service of its Members of Parliament, like the Congressional Budget Office in the US.

6.34 Special reports prepared by Parliamentary commissions on a large number of specific topics are becoming an increasingly important tool of policy assessment. Both chambers have permanent commissions (Finance, Family and Social Affairs, etc.) that examine draft laws, including the budget law. To this effect, the Commission often entrusts one or several of its members to prepare a report on a special topic. This can involve hearings. Senior Senate or House staff members prepare these reports, under the guidance of the commission member. The parliamentary reports, which are published, usually examine, in detail and with a critical eye, past and present policies and discuss policy options for the future. The views expressed are not politically oriented or biased: their authors know that this is a condition for the report to be used by their fellow members of Parliament.

The Court of Accounts

6.35 For 200 years, the Court of Accounts (Cour des Comptes) has been auditing the accounts of the public administration, including those of local governments, and of public enterprises. It is an important and respected institution. Its yearly report on public accounts is widely commented by the media and feared by administrators. Well staffed and attracting some of the brightest products of the French academic system, the Court is a quasi-judicial body that is entirely independent from the government: its members have the status of magistrate with life-time tenure. A significant number of them are seconded to ministries or public enterprises in high-level positions or go into politics, but they can always come back to the Court when they want.[62]

6.36 For a long time, the Court saw itself as an accountant and guardian of legality, not as an evaluator. In recent years, the Court has been entering the field of policy evaluation. But it did this with prudence and moderation, not sure whether it was exceeding its mandate. It also lacked the necessary skills. Some of its first evaluation-type reports were rather weak. In a report of the late 1990s, for instance, the Court expressed concern about whether the highway companies, still at that time largely public, could ever repay their debts. Six years later, these highway companies were privatized, and the market valued them – with their debt – at about US$30 billion. More recent reports (on airport policy, or on ports policies, for instance) seem much better informed.

6.37 The Court is well placed to make an important contribution, based on its reputation for independence and seriousness and the quality of its staff. On the other hand, the Court seems keen to evaluate any policy – from rail policy to cancer policies to university library policies, to take the subjects of recent reports – and it is not clear that it can muster the expertise needed to evaluate in depth such diverse topics.

6.38 The Court conducts *ex-post* procedure and management audits, and it also deals with cost-effectiveness analysis. Its mission is to ensure a proper use of public funds. It also controls the management of all public agencies as well as all the public or semi-public entities and some private entities benefiting from public transfers. It also advises both the Parliament and the Government on issues related to the implementation of budget and social security laws. Audits are performed by magistrates and staff from the Court. The list of publications of the Court of Auditors is available on its website.[63]

Alternative Policy-Advice Organizations

6.39 In many countries, particularly in the US, but also the UK and Germany, a lot of policy assessment and evaluation is carried out by think tanks and academics. There is very little of that in France. The only two properly funded think tanks are not in the policy area, but in the business of short-term macro-economic forecasting (Office Français de Conjoncture Economique, funded by the government, and COE-REXECODE, a research center funded by business). Other institutions with the vocation to be think tanks are under-funded and usually commission outside experts to write reports. The picture is not much better with universities. Most academics are, and want to remain, quite distant from the real world of policy, and few are involved in actual policy evaluations. Things might be beginning to change. For instance, the Toulouse School of Economics and the Paris School of Economics are much closer to the world of business and of public policy and are beginning to contribute to the policy process.

---

62 See: http://www.ccomptes.fr/fr/CC/documents/divers/OrganigrammeQP19Senat2007v2.pdf

63 See: http://www.ccomptes.fr It can also be purchased in bookstores, all reports being published by La Documentation Française. Some reports are published by the Parliament as an appendix to the Reports of committees that have requested to the Court, and they are available on the website of the Assemblies.

Concluding Comments

6.40 The arrangements for collective decision-making about policies at the center of government are limited. This may be typical in regimes that are presidential, but without a strongly independent legislature. In any case, government agencies are substantially separate entities with substantial discretion – within broad policy directions set and coordinated by the center – to make their own policies. The center makes little effort to control the policy process (including evaluation practices) in the ministries. Instead it is the function of the inspectorates to oversee, ministry by ministry, the policy process.

6.41 The center of government does somewhat invest in "big-picture" policy futures. This prospective work is not done, as it is partly in the UK, through in-house expertise, but through consultative bodies and contracting known experts. The main intent may be to build political consensus – a continuation, to an extent, of the tradition of indicative planning. Some of the consensus-building has a corporatist tinge (in the Economic and Social Council notably); some is partisan (in some *ad-hoc* Commissions); and some is addressed more to public-opinion formation than to the ministries. The Council for Economic Analysis is a notable success, the result of the high quality of its experts, the readability of papers, and the political standing of the Council. The Center for Strategic Analysis provides an example of partially in-house policy work that can be compared to the UK's Strategy Unit.

6.42 The technocracy, constituted by elite Corps of Senior Civil Servants, a dominant players in a series of "policy networks". These networks constitute a system of communication and a community of practice. And they provide something of an alternative to the more political networks of ministers and their (political) cabinets. The technocratic networks have promoted various technical approaches: formerly indicative planning, now cost-benefit analysis and policy assessment and evaluation. This policy work is partly done in private (i.e. not addressed to the public); it sometimes tends to be compromised by defensiveness (permitted, notably, by self-evaluation); and it may not be strongly addressed to learning from mistakes.

6.43 In all, there is less of a sense of crisis in policy-making than in the Westminster-system countries. This may be because France's political system has not permitted the same rapid ("shoot-from-the-hip") reforms, where the unintended consequences of changing the ways the agencies went about their business have been to undermine the policy process.

6.44 Nonetheless, this review suggests other challenges to the policy process in France. There is a sense that politics are undermining the technocratic approach. This is happening in the traditional areas of technocratic strengths, notably in the application of cost-benefit analysis to infrastructure projects. But it may also be the case that as public services move increasingly into other, technically less amenable areas such as social services and as public-service provision generally becomes more complex, this challenge of retaining technical criteria in the policy process will rise.

6.45 If so, France may need to make its policy process more amenable to handling complexity, as well as the increasing demands for public consultation. In this respect, France might look more to the US model (and, to an increasing degree, the UK), where the multitude of alternative policy-advice organizations has moved the government away from the traditional policy-process model of a "monopoly of advice" and towards the newer model of a "market for advice".

Annex 7:
Spain

The Policy-Making Framework

7.1 Spain is a Constitutional Monarchy, with a bi-cameral parliament (the Cortes Generales). The executive branch consists of a Council of Ministers and is run by a President selected by the National Assembly following legislative elections.

7.2 Spain is one of the most decentralized countries in Europe, formed by subnational entities (Comunidades Autónomas) with their own authorities and Parliament, and endowed with resources.

7.3 The President is the equivalent of the Prime Minister in other parliamentary systems. He has significant faculties that contribute to make him the major policy maker: he selects the Presidents of the House of Representatives and Senate, and proposes nomination of heads of important state institutions. In relation to the Legislative, the President can propose the dissolution of Parliament, and request a parliamentary vote of confidence.

7.4 The Council of Ministers (equivalent to cabinets in Westminster-system countries) is the other main body involved in policy-making at the center of Government. Its main function is to formulate and approve national policies over the whole area of the ministries, especially preparing draft bills which have normally been drawn up in ministries or departmental committees, and are then sent to Parliament.

7.5 To support policy formulation at the center of government, the President and Council of Ministers count on a series of entities that provide different levels of technical advice.

7.6 The Ministry of the Presidency, run by the First Vice-President (there are two other Vice-Presidents, the second one being the Finance Minister whereas the third one deals mostly with territorial issues), is in charge of providing political and technical advice to the President, coordinates the agenda of the Council of Ministers, and presides over the meeting of secretaries and undersecretaries in which the matters to be taken to the Council are decided. The Ministry also functions as a liaison with Congress.

7.7 The Economic Office of the President (Oficina Económica del Presidente) provides the President with information on the economic situation and related advice on policy proposals. Among periodic reports on Spain's economic situation, the Office also works on the Government's Economic Development Strategy and the President Economic Report.

7.8 Lastly, Spain's Government has also an advisory institution in the State Council (Consejo de Estado), created in the XVI century. It provides advice on general policies to the President, Ministers, and the Presidents of the Autonomous Communities, with emphasis on compliance with legality. The advice of the State Council is not mandatory, except when a particular law indicates. The State Council has a variety of members that provide advice on different matters, such as health, credit entities, public teachers' career, regional budget structures, and private insurance, among others. However, since the Council's advice is centered on legality and administrative issues of proposed new legislation, its role on policy-making is mostly a formal one.

7.9 Regarding the different areas of the Executive, in practice, the real capabilities of intervention from different areas of government depend more on elements such as budget availability, capacity for political mobilization, access to information, or technical resources available, than on formal attributions granted by the normative framework. The cooperation and coordination dynamics end

up being more the result of complex processes of interaction and bargaining within the Government (Comisión para el estudio y evaluación de la creación de la AEVAL 2004).

7.10 Within the ministries, an important position in relation to specific area policies is the General Technical Secretariat (Secretario General Técnico), in charge of drafting the Ministry's general plans and programs, providing technical and administrative assistance (including statistics), and recommending reforms to improve services and organizational reforms. Although the Minister has his or her own cabinet of political appointments, the technical secretariat is quite likely to have a heavier weight in ministerial decisions. However, within the ministries an explicit source for policy formulation advice does not appear to exist.

Policy and Program Evaluation in Spain

7.11 Since the late 1980s the Government of Spain has implemented different reforms to improve public management and to develop evaluation frameworks. The management improvement initiatives have involved Total Quality implementation and, more recently, two standardized management assessments frameworks: European Foundation for Quality Management (EFQM) and Common Assessment Framework (CAF), in line with other European Union (EU) countries initiatives.

7.12 From an evaluation perspective, Spain has made various attempts focused mostly on program evaluation, and specifically on financial management and civil service performance. Even though policy evaluations have been commissioned in the central government and agencies, these evaluations have been mostly *ad-hoc*, without a general framework or regularity. In many cases the notions of policy and program evaluation has overlapped when the mission of units in charge of evaluation has been defined, generally leaning towards more focused program assessment.

7.13 However, there have lately been at least two initiatives that show government interest in expanding the scope of evaluation to include policies, and both are related. The first is the creation of the Evaluation and Quality Agency (AEVAL) which specifically has policy evaluation among its objectives, while at the same time it explicitly removes itself from processes or other kinds of micro evaluation of agencies. This agency also favors a non-dogmatic methodology, with multiple approaches according to the specific needs of each particular evaluation.

7.14 The other concern that has brought policy evaluation to the center, involves the particular set of policies related to regulation. This growing concern is shared among EU countries and seems to be a defining factor in the demand for a better quality of *ex-ante* policy evaluation in order to implement better regulations, and *ex-post* analysis to assess the cost-benefit relations of these.

7.15 This growing need for a more ambitious kind of evaluation has produced a situation in which more traditional expenditure and management performance reviews are contrasted with more innovative approaches. In some cases these new approaches develop as new assignments for existing agencies, or as is the case of the creation of the Evaluation and Quality Agency, involve the development of new institutions.

7.16 Table 7-1 provides an overview of instruments in Spain's policy process. Currently, Spain's most important program and policy evaluation entities include the following.

7.17 The Court of Accounts: this agency answers to Parliament, and has the function of auditing financial management through the Central Government for legality, economy, and efficiency and overseeing compliance with accounting standards. It also coordinates auditing functions in autonomous municipalities by defining general criteria and standards. Its twelve members – Account Counselors, designated by the Congress and the Parliament – have the same independence and stability as the judges. They are elected for a nine-year period and their profiles include: lawyers, court of account auditors, juries of accounts, academics and public officials, among others. Recognized professional experience of no less than 15 years is required to be elected. The President of the Court of Account is appointed by the King for a period of three years.

7.18 *State Administration General Intervention* (Intervención General de la Administración del Estado – IGAE): this agency was created in 1988 under the Ministry of Economics and Finance with the objective of "ending with the existing incremental routine for budget formulation throughout the public sector" (Comisión para el estudio y evaluación de la creación de la AEVAL, 2004). It performs program evaluation with emphasis on effectiveness and efficiency from a financial point of view. However, the recently sanctioned General Budget Law widened IGAE's scope of action, which had traditionally been associated mostly with financial aspects, to supervising the fulfillment of program

Table 7-1. The Policy Cycle and Public Policy Instruments in Spain

The policy cycle	Politics & policy: at the center	Budget: at the center	Technical: at the center	Technical: in the departments
Policy identification			Ministry of the Presidency The President's Economic Office State Council (legality and administrative advice)	Sectorial Commissions: - ANECA and INECSE (education) - Agencia de Calidad del Sistema Nacional de Salud (health) - Sistema Nacional de Empleo (labour) - Subdirección General de Planificación y Eval. de Políticas de Desarrollo (development and integration)
Policy decisions	President and Council of Ministers Ministry of the Presidency	Ministry of the Economy and Finance		
Program implementation				Agencies staff
Program evaluation		State Administration General Intervention Budget Directorate	Agency of Evaluation and Quality	*Ad – hoc* evaluations

objectives and management performance reports. This puts IGAE more in line with the expenditure reviews approach used in countries like the UK.

7.19 *The Budget Directorate:* is involved with the detailed monitoring of budget execution and evaluation. It has also the task of strengthening the objectives–based budget formulation mandated by the General Budget Law, in order to support budget relocation decisions. Lastly, the Budget Directorate also performs an *ex-ante* financial cost-benefit assessment of proposed legislation.

7.20 *Observatory for the Quality of Public Services:* this is a not-for-profit association established by several public managers. It has among its objectives the periodic analysis of the quality of public services, as well as the coordination of information and citizen participation. It is responsible for informing periodically on the quality of the provision of public services, for which it presents and disseminates an Annual Report on the Quality of Public Services.

7.21 *Sector Commissions:* Ministries in specific areas of policy are supported by different commissions, which provide technical assessments of policies and programs. The activities of these commissions range from very specific tasks mandated by law to more open policy-evaluation processes. For example, the National Health System Quality Agency (Agencia de Calidad del Sistema Nacional de Salud) is responsible for issuing quality stan-

dards for public health institutions mandated by law and monitoring its evaluation. The National Employment System on the other hand is tasked with the evaluation of labor policy in Spain. Other examples of commissions in specific policy areas are the National Institute for the Evaluation and Quality of the Education System (INECSE) and the National Agency for Quality Evaluation and Accreditation (ANECA) for Education.

7.22 *Inspection, Evaluation and Public Service Quality Directorate (Dirección General de Inspección, Evaluación y Calidad de los Servicios Públicos – IEPSQD):* IEPSQD was mapped the former Ministry of Public Administrations and was dissolved. Its staff were transferred to AEVAL. During its existence, among its most relevant functions were to formulate, develop, and monitor quality-improvement programs throughout the public sector. It applied methodologies, certified, and incorporated optimal public management practices. It also developed specific policy or institutional evaluations for any agency that demanded these. These evaluations included outcome and impact assessments, consistency with the objectives set for a program or agency and public service performance.

7.23 These evaluations later evolved, starting with evaluations focused on efficiency, followed by senior-management improvement and performance-evaluation programs, and then citizen involvement. IEPSQD focused on policy evaluation, assessment of the im-

pact of public regulations, and the quality of public services. The 2004 Commission that studied the creation of the new policy evaluation agency (AEVAL) described the IEPSQD as a basic platform for developing the activities of the new agency.

Recent Reforms to Improve Public Policy Evaluation: the Agency for Public Policy Evaluation and Service Quality (AEVAL)[64]

7.24 The creation of AEVAL in 2007 was part of a wider set of reforms to modernize public management in Spain. It was created within the framework of the Agencies Law passed in 2006 which established "agencies" as new models of public organization, with greater flexibility in organization and management, similar to other OECD countries. The creation of the agency was included in the current administration's campaign program in 2004, and was publicly supported afterwards in speeches from the President and the Ministers of Economics and Finance and Public Administrations. Initially, AEVAL's evaluation universe will be the municipalities under the common regime. However, it is foreseen that it will establish evaluation agreements with autonomous communities. In addition, it should be noticed that the Ministry of Public Administrations (Ministerio de Administraciones Públicas) does no longer exist. It was eliminated in 2009 and its functions were distributed between a new ministry of Territorial Policy (Política Territorial) for matters pertaining to cooperation with local governments and Comunidades Autónomas, and the Ministry of the Presidency for matters pertaining to public administration and the Función Pública.

7.25 According to AEVAL´s website, its objectives are:[65]

- **To promote** a culture of evaluation and service quality within the public sector.

- **To develop** and propose methodologies for the implementation of quality indicators and standards for public services.

- **To assess** agencies´ activities related to their commitment to improve public services and report annually to Congress on this.

- **To improve** the transparency of the impact of public services on society and increase the accountability of public servants to citizens.

- **To promote** increased rationality in the use of public resources.

- **To favor** economic productivity and competitiveness by reducing excessive levels of government bureaucracy.

7.26 AEVAL is linked to the First Vice-President and Minister of the Presidency. The governing body of AEVAL is formed by a Governing Council (Consejo Rector) with representatives from the Ministries of Economics and Finance (Budget's Office Secretary General), Foreign Affairs, the Presidency, and from representatives of unions, and recognized experts in specific policy areas. The agency is structured in three departments, of which the Department of Evaluation is in charge of performing program and policy evaluations.[66] Neither the Ministry of Finance nor the Budget Directorate have a role in the evaluation of programs and policies, however, they can request evaluations from AEVAL.

7.27 For its evaluations AEVAL has defined very flexible criteria. There is no structured framework for the evaluations regarding methodology or scope of evaluation. In fact, the agency has explicitly stated its intent of not using doctrinaire methodological approaches. It will search for quantitative and qualitative tools from the social sciences, using a pragmatic approach. In this way the methodology employed will acknowledge the underlying complexities of policy evaluation.

7.28 The policies and programs to be evaluated and the scope of the evaluation are mainly defined by the Agency's Governing Council, based on a performance contract signed every year with the First Vice-Presidency, the Ministry of the Presidency, and the Ministry of Economics and Finance. The specific terms of the evaluations are coordinated with the corresponding ministry or public entity, with regard to initial work plans, timeframe, procedures, the recipients of the evaluation, etc. The agency conducted nine policy assessments in 2007 and four in 2008. These evaluations are published online at AEVAL's website.[67]

7.29 In all cases, the evaluations are performed by the AEVAL staff, relying on occasional outside technical support when needed. Lastly, while the AEVAL regulations allow for *ex-ante* evaluations, until now it has focused on ex-post evaluations and monitoring. AEVAL does not perform auditing.

---

64 See http://www.aeval.es/es/index.html
65 See: www.aeval.es

66 See http://www.aeval.es/es/la_agencia/organigrama/
67 http://www.aeval.es/es/evaluacion_de_politicas_publicas/evaluaciones_de_la_agencia/

Box 7-1. Evaluations undertaken by Spain's Quality and Evaluation Agency in 2007

Effect of measures taken to rationalize pharmaceutical spending (evaluation of the Strategic Plan for Pharmaceutical Policy designed to contain the increase of drug spending growth).

Efficiency of energy security policies (evaluation of reforms to secure energy supply through improving coordination, reforming regulated tariffs, and improving infrastructure).

Programmes to foster research, development and innovation – Ingenio 2010 (evaluation of this program designed to reduce the technological gap between Spain and the rest of Europe).

Financial facilities to foster entrepreneurial activities (evaluation of government subsidies to new business initiatives).

Concluding Remarks

7.30 Spain's policy-making process is characterized by the central role of the President. However, many different actors are involved to different degrees, and the larger ministries have significant autonomy to propose policies for specific area. The existence of autonomous communes with significant independence to govern themselves adds to this complexity.

7.31 Although Spain's Government seems to be quite structured, with different layers that mix traditional and more modern institutions, it has since the 1980s undergone a series of reform initiatives to improve public management. These reforms seem to have also created a series of layers that influence policy capacity and evaluation, the newest impulse being the Agencies Law – a new model for public management similar to that widely used in other countries like New Zealand – and the creation of AEVAL within this framework.

7.32 In this sense, special attention should be placed on Spain's AEVAL, given that in contrast to the other country experiences which rely on existing agencies, this is a new agency explicitly created to implement a new view of program and policy evaluation in Spain. In an attempt to move away from more structured approaches, this new agency is characterized by a very flexible view of policy and program evaluation. This constitutes an innovative approach to evaluation in Spain, in line with a tendency of other OECD countries to expand the scope of evaluations to include more complex policy matters.

7.33 This perspective is given all the more emphasis since AEVAL was created on the basis of the political campaign statements of the current admin-

istration and constitutes the first entity under the new management approach of the Agencies Law of 2006.

7.34 The main risks for AEVAL are probably related to its capacity to become a relevant source of policy assessment information, which depends in part of the technical quality of its evaluations, but also on the degree in which the agency can establish its place within the policy-making process. Additionally, this more open approach to evaluation will be tested in a public sector generally used to more structured financial evaluations and legality audits.

7.35 Until now AEVAL has focused on evaluating specific programs or policies (defined as a series of interrelated programs). This is different from the conceptualization of policies used in this document, which sees policy as a set of intentions which are implemented through programs. Also, although AEVAL´s flexible approach allows it to perform *ex-ante* evaluations, the focus until now has been on evaluations during implementation.

7.36 Only time will tell the extent to which this agency is actually institutionalized within Spain's complex policy-making process, and accomplishes its goal to further spread an evaluation culture within the different government structures. It is an effort that merits watching.

Bibliography

Adolino, Jessica R. and Charles H. Blake. 2001. *Comparing Public Policies: Issues and Choices in Six Industrialized Countries*, Washington, D.C.: CQ Press

Agencia Estatal de Evaluación de las Políticas Públicas y Calidad de los Servicios (2007). Informe General de Actividad 2007. Ministerio de Administraciones Públicas, Gobierno de España.

Allison, Graham, and Philip Zelikow (1999), *Essence of Decision: Explaining the Cuban Missile Crisis*, Second Edition, New York: Longman

Althaus, Catherine; Bridgman, Peter, and Davis, Glyn (2007). The Australian Policy Handbook, 4th edition, Sydney: Allen & Unwin

Anderson, Barry (2009), "The Changing Role of Parliament in the Budget Process", *OECD Journal on Budgeting*, Volume 2009/1

Apfel, Kenneth (2010), *Policy-Making Capacities in the USA: Relevant to Latin America?*, Powerpoint presentation at the Seminar on "Strengthening Policy-Making Capacity in Latin America: What can be learned from the OECD?", June 1-2, 2010, World Bank, Washington, D.C.

Arizti, Pedro, James Brumby, Nick Manning, Roby Senderowitsch and Theo Thomas (2010), *Results, Performance Budgeting and Trust in Government*, Public Sector and Governance Unit for Latin America and the Caribbean, World Bank, Washington, DC.

Beschel, Robert P. Jr., and Nicholas Manning (2001). "Central Mechanisms For Policy Formulation and Coordination", Chapter 2 of Salvatore Schiavo-Campo and Pachampet Sundaram, eds., *To Serve and Preserve: Improving Public Administration in a Competitive World,* Asian Development Bank, Manila

Blind, P.K. (2006), *Building Trust in Government in the Twenty-First Century: Review of Literature and Emerging Issues*. Paper presented at the 7th Global Forum of Reinventing Government: Building Trust in Government, June 2007. Vienna, Austria. http://unpan1.un.org/intradoc/groups/public/documents/UN/UNPAN025062.pdf

Bouckaert G., G. Peters and K. Verhoest (2009). *Policy Coordination in OECD Countries 1980-2000*, Basingstoke; Palgrave.

Bridgman, Peter & Davis, Glyn (1998). The Australian Policy Handbook, Sydney: Allen & Unwin

Brudnick, I. (2008). *The Congressional Research Service and the American Legislative Process*, CRS Report for Congress.

Buchs, M (2007). *New Governance in European Social Policy. The Open Method of Coordination*. Palgrave-Macmillan

Cabinet Office, Strategic Policy Making Team (UK) (1999), *Professional Policy Making for the Twenty First Century*, London: Cabinet Office, September

Centre of Excellence for Evaluation (2004). *Policy Evaluation System for the Government of Canada.* Treasury Board Secretariat of Canada.

Comisión para el Estudio y Creación Agencia Estatal de Evaluación de la Calidad de los Servicios y de las Políticas

Publicas (2004), Informe, Ministerio de Administraciones Públicas. http://www.aeval.es/comun/pdf/Informe_co-mision_expertos_esp.pdf

Dantzer, Ruth (2009), *Management Accountability Framework (MAF) and the Way Forward*, Powerpoint presentation at the seminar "Improving Public Service Performance in the OECS in Times of Crisis", Treasury Board of Canada, http://siteresources.worldbank.org/EXTLACREGTOPPUBSECGOV/Resources/Day2-Panel1-Ruth-Dantzer.ppt

Davies, Philip (2004), *Policy Evaluation in the United Kingdom*, Government Chief Social Researcher's Office, Prime Minister's Strategy Unit, UK Cabinet Office, Paper to be presented at the KDI International Policy Evaluation Forum, Seoul, Korea 19-21 May 2004. http://www.nationalschool.gov.uk/policyhub/docs/policy_evaluation_uk.pdf

Evans, Gord, and Nick Manning (2003), *Helping Governments Keep Their Promises: Making Ministers and Governments More Reliable Through Improved Policy Management,* The World Bank, South Asia Region-Internal Discussion Paper, Report No. IDP-187, April

Fischer, Frank, Gerald Miller, Mara S. Sidney (2007), *Handbook of Public Policy Analysis: Theory, Politics, and Methods*, CRC Press.

Garde Roca, Juan Antonio (2007). *La Agencia de Evaluación y Calidad de la Administración Española: Un Reto Institucional en el Espacio Público*, XII Congreso Internacional del CLAD sobre Reforma del Estado y Administración Pública, Sto Domingo, República Dominicana, 30 otc.

Geva-May, I. (2005). *Thinking like a Policy Analyst. Policy Analysis as Clinical Profession*, Palgrave Macmillan.

Hoefer, R. (1994). "Corporatism, Pluralism and Swedish Interest Group Influence in Social Welfare Policymaking", *Governance 7*, 165-181.

House of Commons, Public Administration Select Committee (2007), *Governing the Future*, Second Report of Session 2006–07, Volume I. Report, together with formal minutes, Ordered by The House of Commons to be printed 22 February 2007, HC 123-I, 6 March, London: The Stationery Office Limited *http://www.la-moncloa.es/Espana/EspaniaHoy/default.htm* http://www.notre-europe.eu/uploads/tx_publication/Semi22-en.pdf

Kraan, Dirk-Jan (2009). *Programme Budgeting in OECD Countries*. OECD.

Manning, Nick et. al. (1999). *Strategic Decisionmaking in Cabinet Government – Institutional Underpinnings and Obstacles.* Sector Studies Series, The World Bank, October, No. 19935

Manning, Nick, and Geoffrey Shepherd (2009), "Reforma de la Gestión Pública: ¿Qué Debe Aprender América Latina de la OCDE?", *Revista del CLAD Reforma y Democracia*, Nᵒ. 44, Junio

McGann, James (2004), *Scholars, Dollars and Policy Advice*, www.fpri.org

McGann, James, and Stephen Boucher (2004), T*hink Tanks in Europe and US: Converging or Diverging?*, report of Seminar organized in Paris, December 13, 2004

Moran, Michael, Martin Rein, Robert E. Goodin, Eds.(2006), *The Oxford Handbook of Public Policy*, Oxford University Press

National Audit Office (2001), *Modern Policy Making: Ensuring Policies Deliver Value for Money*, Report by the Comptroller and Auditor General, HC 209 Session 2001-2002, 1 November

Newton, Michael T., and P. J. Donaghy (1997), *Institutions of Modern Spain: A Political and Economic Guide*, Cambridge University Press

OECD (2003), *Engaging Citizens Online for Better Policy-making*, Policy Brief

Ongaro, E. (2008), "Introduction: the Reform of Public Management in France, Greece, Italy, Portugal and Spain", *International Journal of Public Sector Management*, Volume 21 Issue 2, Pages 101-117.

Page, E. C. and B. Jenkins (2006). *Policy Bureaucracy*, Oxford: Oxford University Press.

Painter, Martin, and Jon Pierre, eds. (2005), *Challenges to State Policy Capacity: Global Trends and Comparative Perspectives*, Palgrave Macmillan

Peters, B. Guy (1996), *The Policy Capacity of Government*, Canadian Center for Management Development Research Paper 18 (June), http://www.csps-efpc.gc.ca/Research/publications/pdfs/p62e.pdf

Porter, R. B. (1980). *Presidential Decision-Making: The Economic Policy Board*, Cambridge: Cambridge University Press.

Prabjakar, R. (2006). *Rethinking Public Services. Government Beyond the Centre*, Palgrave-Macmillan.

Rokkan, S. (1967) "Norway: Votes Count but Resources Decide", in R. A. Dahl, ed., *Political Oppositions in Western Democracies*, Yale University Press.

Rose, Richard (2006), "Giving Direction to Government in Comparative Perspective, Chapter 3, pp. 72-102, of Joel D. Aberbach, Mark A. Peterson, eds., *The Executive Branch*, Oxford University Press

Schacter, Mark (1999), *Cabinet Decision – Making in Canada: Lessons and Practices,* Institute of Governance, Policy Brief Nº 1, April.

Secretaría de Estado de Comunicación (2008). *España Hoy,* Ministerio de la Presidencia, Gobierno de España.

Shaw, Richard, and Chris Eichbaum (2005), *Public Policy in New Zealand: Institutions, Processes and Outcomes*, Pearson Education New Zealand

Sørenson, E. and J. Torfing (2007). *Theories of Democratic Network Governing*, Basingstoke; Palgrave.

State Services Commission(1999), "State Services Commissioner's annual report on the State services", Government of New Zealand. Available at http://www.ssc.govt.nz/display/document.asp?NavID=82&DocID=5002

Stein, Ernesto, Mariano Tommasi, Koldo Echebarría, Eduardo Lora, Mark Payne, eds. (2005), *The Politics of Policies: Economic and Social Progress in Latin America 2006 Report,* Harvard University Press for the Interamerican Development Bank.

Stone, Diane (2001), "Guidance for Governance in Great Britain", Chapter 4 of Weaver and Stares (2001)

Stein, E. H., M. Tommasi, P. Spiller and C. Scartascini, eds. (2008). *Policymaking in Latin America. How Politics Shapes Policies*, Inter-American Development Bank, Chapter 5.

Stilgoe, Jack, Alan Irwin, Kevin Jones (2006), *The Received Wisdom: Opening up Expert Advice,* London: Demos, http://www.demos.co.uk/files/receivedwisdom.pdf

Theodoulou, Stella S. (2001), *Policy and Politics in Six Nations: A Comparative Perspective on Policy Making*, Upper Saddle River, NJ: Prentice Hall

Tiernan, Anne (2007), "Building Capacity for Policy Implementation", Chapter 10 of Wanna, John, ed. (2007), *Improving Implementation: Organisational Change and Project Management*, ANU E Press, http://epress.anu.edu.au/imp_citation.html

Treasury Board Secretariat (2004), "Canada's Performance Annual Report to Parliament", Governemnt of Canada, Ottawa.

Verhoest, K. et. al (2010), *Autonomy and Control of State Agencies – Comparing States and Agencies.* Public Sector Organization Series, Palgrave Macmillan.

Weaver, R. Kent, and Paul B. Stares, eds. (2001), *Guidance for Governance: Comparing Alternative Sources of Public Policy Advice,* Tokyo: Japan Center for International Exchange

World Bank (2001), Webpage "Center of Government", last updated 8 February 2001, http://www1.worldbank.org/publicsector/civilservice/center.htm

World Bank (2009). *Case Study on the Management of Chile's Social Security Reform*, Washington, DC.