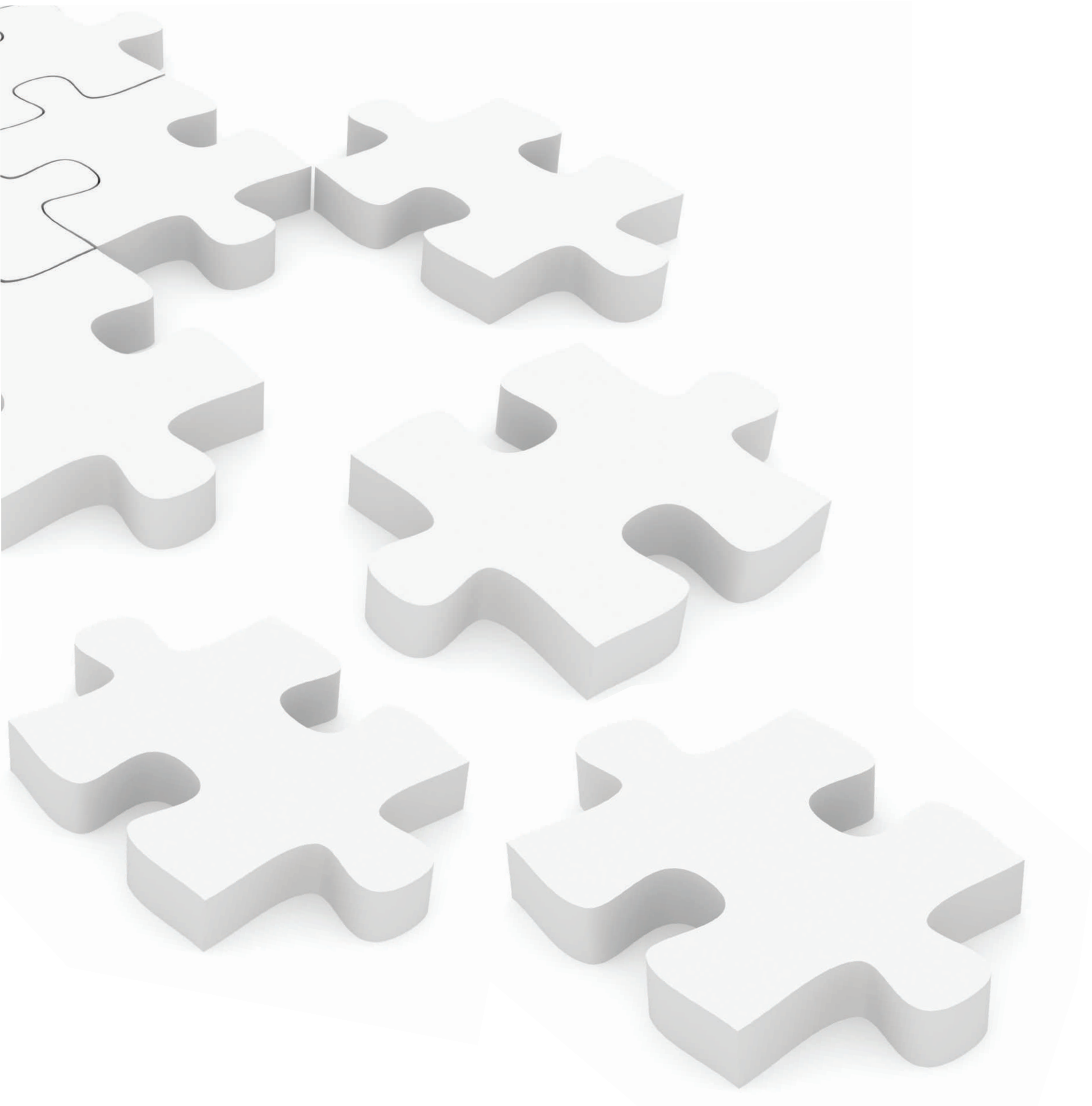
Para uma Reforma Abrangente da
ORGANIZAÇÃO E GESTÃO DO SECTOR PÚBLICO

Towards a Comprehensive Reform of Public Governance



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Para uma Reforma Abrangente da

ORGANIZAÇÃO E GESTÃO DO SECTOR PÚBLICO

Towards a Comprehensive Reform of Public Governance

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PREFÁCIO

It may be hard for an egg to turn into a bird: it would be a jolly sight harder for it to learn to fly while remaining an egg. We are like eggs at present. And you cannot go on indefinitely being just an ordinary, decent egg. We must be hatched or go bad.

C. S. Lewis (escritor britânico, 1898-1963)

Em períodos de crise profunda, quando se exige um novo olhar para avaliar a realidade e uma nova compreensão para nos adaptarmos a ela, a sociedade civil tem de mobilizar-se para que uma mudança de paradigma tenha condições de concretizar-se. As Conferências da Gulbenkian da segunda metade da década de 1970 estiveram no cerne da transformação do modelo de política económica que então se operou, tendo para isso recorrido ao debate dos problemas com reputados especialistas internacionais que permitiram abrir os novos horizontes que se impunham. Decorridas décadas em que o mundo à sua volta evoluiu rapidamente a todos os níveis – político, demográfico, tecnológico e cultural – Portugal está, mais uma vez, à procura de um novo fôlego que lhe permita superar uma grave crise e voltar a encarar o futuro com confiança.

Inspirando-se e adaptando aquele modelo, a Conferência "Para uma Reforma Abrangente da Organização e Gestão do Sector Público", organizada pelo Banco de Portugal, o Conselho das Finanças Públicas e a Fundação Calouste Gulbenkian, procura ser a primeira etapa de uma iniciativa de debate aberto dos problemas de um conjunto de sectores onde se tornou clara a necessidade de reformas que exigem um pano de fundo consensual e compreendido por toda a sociedade civil.

O primeiro tema abordado – a administração pública, vista numa óptica abrangente, incluindo a totalidade do sector público e referindo-se tanto aos seus problemas de organização, como de gestão financeira e de recursos humanos – impunha-se como uma prioridade. Com efeito, ao longo de décadas, apesar de ter sido alvo de inúmeras denominadas "reformas", a administração pública portuguesa só muito parcialmente se adaptou às mudanças de enquadramento que foram ocorrendo. Em particular, a ausência de uma visão abrangente e de gestão eficiente de recursos acabaria por torná-la financeira e operacionalmente pesada, ao mesmo tempo que lhe retirava a autonomia que devia garantir a continuidade e eficácia de gestão indispensáveis num regime democrático.

A Conferência permitiu analisar diferentes experiências de reforma bem sucedidas, realizadas em condições de stress financeiro, e que se revelaram duradouras, através de diferentes conjunturas. Se bem que nenhum exemplo possa ser copiado, vários princípios podem ser esboçados com vista a orientar a definição de um modelo de reforma eficaz, eficiente e sobretudo capaz de pôr fim à noção de que uma reforma não é mais que um mecanismo de redistribuição de recursos, aumentando ou reduzindo os meios à disposição da administração pública, consoante a conjuntura política e económica mais ou menos favorável, mas pouco ou nada alterando quanto aos métodos de organização e gestão que determinam a ligação desses meios aos fins a atingir.

Os textos que se seguem desenvolvem estes pontos e podem servir de base a uma discussão mais aprofundada das diversas áreas a reformular com vista a dar corpo à reforma positiva da administração pública, uma condição necessária a uma gestão financeira eficiente do Estado. Esta será aplicável a qualquer opção política quanto ao papel e à dimensão do Estado e, mais do que isso, constituirá um fundamento essencial ao seu bom funcionamento. Nesta linha, o Banco de Portugal, o Conselho das Finanças Públicas e a Fundação Calouste Gulbenkian irão, por várias formas, dar sequência à iniciativa de que esta Conferência constituiu o primeiro passo.

Assim, organizar-se-ão, a nível mensal, seminários temáticos, com assistência tanto por convite como por inscrição via internet (com número limitado de vagas), e abertos à comunicação social. Estes seminários, incluídos num ciclo intitulado "Sextas da Reforma", terão lugar nas instalações da Fundação Calouste Gulbenkian, a partir de setembro ou outubro próximos, na tarde de uma sexta-feira de cada mês e incluirão apresentações e comentários por convidados especialistas nas matérias seleccionadas, seguidos de discussão alargada com a assistência. Os temas a discutir incluirão áreas como a organização e partilha de informação na administração pública, a liderança e motivação de recursos humanos, os indicadores de desempenho na administração pública, a modernização administrativa, a articulação entre sector público e sector privado na provisão de bens e serviços (saúde e educação), a avaliação da reforma da Segurança Social, além de outros que serão oportunamente anunciados.

Anualmente realizar-se-á uma Conferência, nos moldes da que teve lugar em Janeiro e de que este volume dá conta. A estas caberá acompanhar os progressos entretanto realizados e propor novos temas de reflexão, na linha da constatação de que uma reforma bem sucedida é um processo contínuo.

Finalmente, ao longo do ano poderão ter lugar outras iniciativas, nomeadamente aproveitando a presença em Lisboa de personalidades de relevo em domínios de interesse para o debate em curso.

Artur Santos Silva, Carlos da Silva Costa e Teodora Cardoso

DISCURSOS

I

DISCURSOS DE ABERTURA E ENCERRAMENTO

DISCURSO DE BOAS-VINDAS

Artur Santos Silva
(Presidente da Fundação Calouste Gulbenkian)

Senhor Governador, Senhora Presidente do Conselho Nacional das Finanças Públicas, Senhores Embaixadores, Senhores Secretários de Estado, Caros Colegas, Senhoras e Senhores Conferencistas, Senhoras e Senhores Participantes,

É com o maior interesse que a Fundação Calouste Gulbenkian retoma a organização, em parceria com o Banco de Portugal, de conferências sobre grandes questões da nossa economia.

Permito-me recordar quando em 1973 entrei pela primeira vez na Fundação Calouste Gulbenkian para assistir a um memorável debate entre Jacques Rueff e Guido Carli, moderado por Vasco Vieira de Almeida, cujo tema foi a reforma do sistema monetário internacional.

Mais tarde, em 1976 e 1979 a Fundação promoveu duas importantes conferências internacionais sobre a economia portuguesa, em associação com o *German Marshall Fund of the United States of America*, tendo papel relevante na Comissão Executiva de tais conferências o então Governador do Banco de Portugal, Dr. José Silva Lopes, a quem uma vez mais presto as minhas homenagens.

Mais tarde, o Banco de Portugal realizou aqui a generalidade das suas conferências sobre o desenvolvimento económico português no espaço europeu.

Outras iniciativas do Banco de Portugal tiveram lugar nesta casa, tal como foram concretizados projectos de investigação co-financiados pela Fundação Gulbenkian e pelo Banco de Portugal.

Lembro ainda que o primeiro presidente da Fundação, Doutor José de Azeredo Perdigão, foi também o primeiro presidente do Conselho de Auditoria do Banco de Portugal, tal como, mais recentemente, aconteceu com o Doutor Emílio Rui Vilar.

A conferência que hoje se inicia, é ainda co-organizada pelo Conselho Nacional das Finanças Públicas. Agradeço ao Doutor Carlos Costa e à Doutora Teodora Cardoso todo o empenho posto nesta iniciativa, cujos primeiros passos foram ainda dados na presidência do Doutor Emílio Rui Vilar.

Em nome das entidades organizadoras, queria manifestar todo o reconhecimento aos Profs. Pedro Pita Barros e Maximiano Pinheiro, que organizaram esta iniciativa com elevada competência e o maior rigor.

Devo ainda agradecer a participação de conferencistas estrangeiros e portugueses altamente prestigiados, bem como dos responsáveis de alguns dos mais importantes *media*.

Finalmente, devo ainda sublinhar todo o apoio prestado pelas equipas directivas das três instituições promotoras da Conferência.

Foi escolhido um tema de decisiva importância perante os desafios que Portugal tem de enfrentar na crise mais complexa e profunda que as nossas gerações viveram - a reforma abrangente da organização e gestão do sector público.

O sucesso desta reorganização tem uma importância determinante para o nosso futuro, não apenas pela necessidade de se impor a sustentabilidade das nossas finanças públicas como ainda para dispormos de forma convenientemente estruturada de uma organização capaz de proporcionar serviços com melhor qualidade e mais baixo custo.

O acordo celebrado com as autoridades responsáveis pela gestão da ajuda externa a Portugal deu já lugar a um inegável sucesso na correcção do desequilíbrio externo, até mais rápida que do que se antecipava. Porém, devo sublinhar que se estima uma redução acumulada do PIB durante o período recessivo de 2009 ao final de 2013 superior a 7% e que o desemprego, em apenas dois anos, aumentou de 10,8 para 16%.

É pois, agora, de fundamental importância que o cumprimento dos objectivos do défice público e da evolução da dívida pública em relação ao PIB possa ser articulado com políticas económicas que favoreçam o crescimento, dinamizado pelo aumento do investimento privado. Só assim será possível combater de forma sustentável o dramático aumento do desemprego e voltar a convergir com a Europa.

A análise dos bons casos de gestão de finanças públicas como foram nos anos 90 a Suécia, o Canadá e a Austrália, tal como no mesmo período aconteceu com a Finlândia, ajudar-nos-á a compreender que o saneamento das finanças públicas tem que ser feito através de políticas de grande profundidade, cuidadosamente preparadas, elaboradas com elevado consenso político e social e, em especial, com a decisiva contribuição das comunidades académicas.

Por outro lado, no nosso caso, importa aproveitar esta oportunidade para reforçar de forma estável os quadros da administração pública com técnicos de elevada qualidade, capazes de preparar com rigor e segurança as políticas orçamentais e lançar os processos que garantam uma execução bem-sucedida, cumprindo metas e objectivos anteriormente assumidos e fixados.

Esta é, aliás, uma condição indispensável para que, num período em que se exigem elevados sacrifícios a todos, se reforce a confiança e se mobilize a sociedade para um futuro com maior coesão social e melhor desenvolvimento económico.

MENSAGEM DE BOAS-VINDAS

Teodora Cardoso

(Presidente do Conselho das Finanças Públicas)

A organização e gestão do sector público em Portugal têm partilhado diversas características:

- A frequência e variedade de reformas;
- A ausência de avaliação dos seus resultados (ou da falta deles);
- A inexistência de um pano de fundo consensual que lhes assegure continuidade e sustentabilidade e que promova o envolvimento activo dos agentes que nelas participam.

As consequências que daí resultam fizeram sentir-se muito negativamente, num tempo em que o país se confrontou com alterações de fundo no seu enquadramento – a adesão à União Europeia, a integração na moeda única e o rápido aprofundamento da globalização. Portugal viveu, assim, repetidos períodos de crise orçamental, a que se somaram a perda de competitividade da economia e o forte endividamento externo, público e privado. O país colocou-se, deste modo, numa situação de grande vulnerabilidade que culminaria na crise que exigiu o recurso à assistência financeira da União Europeia e do FMI. Mas, como sabemos, as crises são também oportunidades para repensar o que precisa de ser corrigido, com vista a acelerar a saída da crise e sobretudo a garantir que as mesmas circunstâncias não voltarão a ocorrer.

Nesta Conferência teremos ocasião,

i) Em primeiro lugar, de ouvir enunciar princípios conceptuais que devem ser tidos em conta nas reformas da organização e gestão do sector público;

ii) Em segundo lugar, de ouvir descrever e analisar experiências iniciadas em situações de grande stress financeiro e cujos resultados levam a classificá-las como bem sucedidas.

Portugal não pode replicar essas experiências, tal como não pode limitar-se a importar reformas decididas no exterior. O objectivo desta Conferência consiste em fornecer ferramentas e estudar experiências que ajudem a traçar uma estratégia e um percurso de reformas adequadas às condições do País.

INTERVENÇÃO DE ABERTURA

Carlos da Silva Costa
(Governador do Banco de Portugal)

Minhas senhoras e meus senhores, muito bom dia.

É com enorme satisfação que me dirijo a vós nesta sessão de abertura da conferência co-organizada pela Fundação Calouste Gulbenkian, o Conselho de Finanças Públicas e o Banco de Portugal, dedicada à reforma da organização e gestão do setor público.

Nesta alocução inicial, proponho cobrir três tópicos. Começarei por vos apresentar a motivação para a decisão, tomada durante o verão passado, de promover esta iniciativa e por clarificar o seu âmbito. Dedicarei depois alguns minutos àquilo que distingue o exercício da gestão pública quando comparado com a gestão das atividades privadas e aos desafios que isso coloca para a definição de um modelo de governo do setor público. Terminarei com uma breve referência a alguns fatores que considero críticos para o sucesso de uma reforma abrangente do setor público em Portugal.

1. Motivação da conferência e clarificação do âmbito

Há cerca de dois anos, a incapacidade de refinanciamento da dívida pública nos mercados financeiros obrigou o Estado português a recorrer – pela terceira vez em menos de quatro décadas – à assistência financeira internacional e a negociar e executar um vasto programa de ajustamento económico.

A consolidação orçamental e a criação das bases para uma sustentabilidade duradoura das finanças públicas constituem, como sabemos, um dos três pilares fundamentais do programa de ajustamento acordado com a União Europeia e o FMI.

Efetivamente, a evolução das contas públicas portuguesas nos últimos 40 anos mostra, de forma inequívoca, que a indisciplina financeira tem sido a regra: défices totais e primários elevados e persistentes, desorçamentação, desvios da execução orçamental face aos objetivos traçados, políticas orçamentais pró-cíclicas, reformas falhadas ou adiadas, falta de eficiência na provisão de serviços públicos, ausência de avaliação de políticas públicas são problemas recorrentes e há muito conhecidos.

A indisciplina financeira do setor público atravessou diferentes conjunturas e regimes de política económica, bem como configurações políticas muito diversas. A situação não se alterou com a integração da economia portuguesa na área do euro.

Este panorama traduz um fracasso inequívoco do regime financeiro do Estado e, de uma forma mais geral, leva-nos a questionar todo o modelo de organização e gestão do setot público em Portugal – um modelo que mostrou não conter mecanismos endógenos que impedissem o aparecimento de desequilíbrios, ou promovessem a sua correção atempada.

É precisamente este o foco da conferência que nos propusemos organizar.

Não se trata de debater o âmbito das funções do Estado, ou o nível de provisão de diferentes bens públicos. A escolha sobre a amplitude das funções do Estado e sobre a quantidade de serviços públicos que a sociedade está disposta a pagar, de forma sustentável, através de taxas de utilização e de impostos é um debate fundamental, mas situa-se num outro plano.

Esta iniciativa conjunta com a Fundação Calouste Gulbenkian e o Conselho de Finanças Públicas pretende, antes, alimentar a reflexão sobre o enquadramento institucional que, independentemente do perímetro das funções do Estado, melhor possa assegurar que a redução do défice público não será um fenómeno meramente transitório. Em simultâneo, uma organização e gestão do setor público que promova a utilização mais racional dos recursos disponíveis poderá contribuir significativamente para a própria consolidação das contas públicas.

Por outras palavras, as decisões políticas sobre os bens e serviços aos quais o Estado garante acesso, ou sobre quais as falhas de mercado a regular, estão numa esfera diferente das decisões relativas ao modelo de governo das entidades encarregadas do fornecimento desses bens e serviços ou das tarefas de regulação.

Nesta última esfera, aquela que nos propomos debater, colocam-se, entre outras, questões como:

- Quais as vantagens e riscos da contratualização de funções públicas a entidades não públicas?
- Qual o grau de especialização desejável dos objetivos e das funções das entidades públicas?
- É desejável separar em entidades diferentes as funções de aconselhamento aos decisores políticos e as funções de natureza operacional? (Devemos, por exemplo, separar o aconselhamento sobre política fiscal da cobrança de impostos?). Em caso afirmativo, devem estes diferentes tipos de entidades estar sujeitos a regras diferentes no que se refere ao grau de autonomia de gestão e correspondente responsabilização pelos resultados?
- Que modelo orçamental nos garante resultados compatíveis com a sustentabilidade de médio e longo prazo das finanças públicas e melhor promove soluções eficientes na produção dos bens e serviços públicos?
- Como assegurar que as políticas públicas são definidas e executadas de forma consistente com os objetivos anunciados?
- Que modelo de gestão de recursos humanos permite criar um corpo de funcionários públicos independente, altamente qualificado, motivado e respeitado pela sociedade e, ao mesmo tempo, garante uma evolução das despesas com pessoal compatível com a capacidade produtiva do país?

2. Desafios que se colocam à gestão no setor público por comparação com o setor privado

Estas são questões difíceis com que todos os países se confrontam e para as quais têm sido tentadas diferentes soluções. São questões indissociáveis das características intrínsecas dos bens e serviços públicos e da forma como a produção do setor público é financiada. Vale a pena debruçarmo-nos brevemente sobre estas características diferenciadoras e sobre os desafios que delas decorrem para a gestão das entidades públicas – desafios que não se colocam às entidades privadas que produzem bens e serviços para o mercado.

Desde logo, a produção do setor público enfrenta dificuldades de medição muito consideráveis. Este é, por exemplo, o caso das funções de regulação económica ou das funções de soberania, como a justiça, a defesa, segurança interna ou os negócios estrangeiros. Nestas, e noutras áreas da atividade do setor público, a produção é indivisível e é obrigatoriamente consumida pelos cidadãos independentemente da procura que lhe seja dirigida, não estando, desta forma, sujeita a qualquer tipo de "teste de viabilidade" pelo mercado.

Adicionalmente, no caso de bens providos pelo setor privado através do mercado, o custo e o benefício associados ao consumo de um determinado bem recaem sobre o agente que o consome. Já no caso dos bens providos pelo setor público, verifica-se uma divergência entre o custo/benefício privado e custo/benefício social. Com efeito, uma vez que a produção do setor público é financiada pelos contribuintes através de impostos (presentes e futuros), os seus custos são repartidos por toda a sociedade. No entanto, os benefícios tendem a ser apropriados por um número muito mais reduzido de agentes. Por exemplo, a construção de uma ponte é financiada por toda a sociedade, mas beneficia sobretudo os habitantes de uma determinada zona e as empresas envolvidas na sua construção. Esta situação leva a que os agentes que beneficiam de determinados programas de despesa pública tenham incentivos para se organizarem no sentido de promover a realização dessa despesa; por outro lado, e uma vez que os custos de financiamento são muito diluídos, o escrutínio da racionalidade económica e social da despesa tende a ser insuficiente. Cria-se, desta forma, um enviesamento para o crescimento excessivo da despesa pública.

Um terceiro aspeto relaciona-se com os efeitos intertemporais das políticas. Como sabemos, muitas decisões de política têm os seus efeitos sobre a despesa ou a receita do setor público diluídos no tempo, ou concentrados no médio e longo prazo. Na medida em que o horizonte relevante para os agentes políticos está inevitavelmente associado a ciclos eleitorais, gera-se aqui um incentivo para a tomada de decisões em que o retorno para os decisores ocorre no presente e os custos para a sociedade são adiados para o futuro. Por exemplo, várias decisões que no passado conduziram a regras generosas na atribuição de benefícios ou à expansão das parcerias público-privadas não podem deixar de ser analisadas nesta perspetiva.

As características que aqui enumerei – e que, repito, são inerentes à produção de bens e serviços pelo setor público – geram, como vimos, um conjunto de incentivos perversos que se traduzem em ineficiências e problemas de adequação entre aquilo que é produzido pelo setor público e os objetivos que se pretendem alcançar com essa produção.

É hoje consensual que estes incentivos podem ser contrariados por modelos de organização e gestão do setor público que tenham como preocupação central promover a eficiência, a eficácia e a transparência na utilização de recursos pelo setor público. Como noutras áreas, também aqui não há modelos únicos nem soluções mágicas. Há que procurar as soluções que, sendo consistentes com aqueles princípios, melhor se adequem à realidade de cada sociedade.

3. Fatores críticos de sucesso para a reforma do setor público em Portugal

Se é crucial conhecer e compreender os modelos de organização e gestão pública suscetíveis de promover uma afetação eficiente de recursos e a eficácia das políticas públicas – aquilo que os anglo-saxónicos designam por *value for money* –, não é menos importante perceber quais os fatores determinantes para que a mudança de paradigma seja bem-sucedida.

Em Portugal, como em muitos outros países, foram já tentadas reformas abrangentes do setor público, algumas delas inspiradas nas melhores práticas internacionais, incluindo a aproximação aos modelos de gestão do setor privado. Sem prejuízo de casos pontuais de inegável sucesso – e há casos concretos de excelência, por exemplo, nos setores da saúde ou do ensino superior, onde o progresso foi notável e Portugal compara favoravelmente no plano internacional –, as reformas empreendidas não permitiram alterar decisivamente os níveis globais de eficiência e eficácia no funcionamento da administração pública portuguesa.

Gostaria, por isso, que desta conferência saíssem também elementos de reflexão sobre o que poderá estar na origem de muitas tentativas de reforma "falhadas". E destacaria, a este propósito, alguns fatores que me parecem particularmente relevantes.

Em primeiro lugar, as mudanças de paradigma exigem tempo, método e recursos. Procurar corrigir num curto espaço de tempo fragilidades acumuladas ao longo de muitos anos é simplesmente irrealista. Há que fazer um diagnóstico aprofundado dos problemas existentes antes de avançar com a implementação de soluções. Há que construir uma visão – saber onde queremos chegar – e definir uma estratégia para a alcançar. Há, finalmente, que estabelecer um plano de ação e reunir os recursos que permitam concretizar, no terreno, a estratégia definida.

Em segundo lugar, as mudanças de paradigma exigem liderança, determinação e perseverança, não sendo compatíveis com alterações frequentes de rumo. Os riscos de fadiga e o poder da resistência passiva não podem ser menosprezados. Há, por isso, que promover e alimentar uma apropriação contínua dos objetivos e dos instrumentos da reforma por parte dos atores relevantes, aquilo que habitualmente designamos por *ownership*. Uma comunicação intensa e eficaz e a procura de um amplo consenso em torno da visão e da estratégia são elementos críticos.

Em terceiro lugar, há que garantir uma efetiva capacidade de decisão (*empowerment*) de todos aqueles que desempenham um papel de relevo na definição e execução das reformas. Delegação e responsabilização efetiva dos gestores e chefes de projeto são princípios importantes a acautelar.

4. Notas finais

Permitam-me que conclua.

A indisciplina financeira e os problemas de eficiência e eficácia na captação e na utilização de recursos pelo setor público têm sido fenómenos permanentes das últimas quatro décadas. Como referi, a situação não se alterou de forma fundamental com a participação na área do euro, o que mostra que não houve uma apropriação por parte dos agentes políticos, económicos e sociais dos princípios e regras de disciplina subjacentes ao projeto da moeda única.

Este é o momento para corrigirmos o rumo.

É necessário um novo contrato social, assente no desenvolvimento de instituições inclusivas, que subordinem a despesa pública ao esforço tributário socialmente aceitável e uma hierarquia de prioridades politicamente legitimada.

A sustentabilidade deste processo depende da nossa capacidade para desenvolvermos um modelo de organização e gestão pública que promova a sustentabilidade, a eficiência e a eficácia das decisões de afetação de recursos. O debate abrangente e participado que aqui terá lugar ao longo dos próximos três dias dará seguramente um contributo inestimável para a construção deste novo paradigma.

Muito obrigado.

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DISCURSO DE ENCERRAMENTO | Artur Santos Silva (Presidente da Fundação Calouste Gulbenkian)

Senhor Governador,

Senhora Presidente do Conselho Nacional das Finanças Públicas,

Senhores Secretários de Estado,

Senhoras e Senhores Embaixadores,

Caros Colegas,

Senhoras e Senhores Conferencistas,

Senhoras e Senhores Participantes,

Portugal teve que recorrer a um processo de ajuda externa, o terceiro em quatro décadas, no qual foi assumido o compromisso de promover reformas que conduzissem a um equilíbrio económico e financeiro sustentável.

A reforma da organização e gestão do sector público é, sem margem para dúvida, uma das mais importantes e difíceis reformas estruturais que Portugal tem de fazer para enfrentar com sucesso a profunda crise que atravessa. Isto porque só um sector público eficiente consegue melhorar a vida dos cidadãos e das empresas, estimular investimento (nacional e estrangeiro) e contribuir para o crescimento e desenvolvimento económico.

Uma reforma do funcionamento do sector público não é uma tarefa fácil nem rápida. Por um lado envolve um conjunto importante de alterações institucionais, que implicam um novo enquadramento legal, a redefinição e delimitação de responsabilidades e, em suma, a alteração da orgânica interna do próprio Estado.

Mas não basta um bom desempenho apenas nesta dimensão. É também necessário reformar a própria forma de gestão do Estado, transformando a Administração Pública numa administração moderna e eficiente, através de uma alteração dos processos e dos serviços. Importa, aliás, sublinhar que Portugal realizou já relevantes reformas com notáveis progressos na Administração Fiscal e com o Registo Civil e Predial, bem como com o Notariado.

Tem pois que ser adoptada uma *new public management* introduzindo uma abordagem mais empresarial da sua organização e processos. Esta reforma será seguramente mais visível, alterando a forma como a Administração Pública se relaciona com os cidadãos, com as empresas e com o sector social. Este conceito não põe, naturalmente, em causa as funções nucleares do Estado, como são a garantia da equidade e da justiça social ou o exercício do imprescindível poder coercivo e regulador do Estado, que se manifesta, por exemplo, na atividade legislativa, na regulação das diversas atividades, na cobrança de impostos, no licenciamento.

A questão de saber como fazer uma reforma da organização e gestão do sector público desta dimensão não tem resposta fácil. Antes pressupõe políticas públicas cuidadamente preparadas e executadas, baseadas em diagnósticos sólidos com a decisiva participação das comunidades académicas, embora com a consciência de uma resistência cultural à mudança. Igualmente importante é evitar lançar reformas sem assegurar, a montante, suficiente capacidade de implementação.

Por outro lado, é necessário estimular a difusão de uma nova cultura moderna de métodos de trabalho, depositando confiança nos atuais responsáveis na Administração Pública, cujo conhecimento deve ser aproveitado e valorizado sempre que possível. A reforma tem que se fazer com eles e não contra eles. Tal como me parece estar a acontecer com a ação do atual Ministro da Saúde quanto à gestão do sistema público de saúde. Outros fator importante para o sucesso de uma reforma desta dimensão são a necessidade de a mesma se ancorar num amplo consenso, porque estas são reformas cujos resultados não são imediatos, devendo se evitadas decisões pressionadas por tempos irrealistas.

Ainda outra questão relevante, quando se fala deste tipo de reformas é a da sua solidez e da capacidade para obter resultados de longo prazo, proporcionando soluções que sejam sustentáveis.

Durante esta conferência muito pudemos aprender com as experiências bem-sucedidas de gestão de finanças públicas e de reformas do sector público que foram empreendidas, nos anos 90, na Suécia, no Canadá e na Austrália.

Seja-me permitido lembrar outro caso de sucesso muito interessante e que aqui não foi abordado, o da Finlândia. A Finlândia é um país que, quando entrou na União Europeia, se apresentava, tal como Portugal, em desvantagem relativamente à média europeia. Igualmente um país periférico, de dimensões reduzidas, com um mercado doméstico bastante limitado e, então, com limitadas infra-estruturas. Embora tenha partido de bases semelhantes, a Finlândia soube potenciar da melhor maneira as oportunidades que a União Europeia lhe deu e hoje encontra-se entre os países mais competitivos do mundo.

Com efeito, no início dos anos 90, com a queda do bloco soviético, a Finlândia perdeu o principal destino das suas exportações e sofreu uma profunda crise, caracterizada pelo descontrolo das contas públicas, provocado pelo elevado peso da administração pública, bem como por uma elevada taxa de desemprego (ca. 20%), quando a carga fiscal não oferecia margem de manobra.

Foi nesse momento de crise que se tomaram decisões estratégicas cruciais. Por um lado, a Finlândia elegeu como principal fator competitivo a qualificação da mão-de-obra e a sua reorientação para o sector de produção de bens de elevado valor acrescentado. Por outro lado, promoveu a consolidação orçamental através de uma forte redução da despesa pública. Foi realizada uma profunda reforma do Estado, essencialmente orientada por preocupações de eficácia dos serviços prestados ao cidadão, valorizando práticas de transparência que sempre proporcionam baixos níveis de corrupção, gerando elevados níveis de confiança nas instituições, reforçando, também por isso, as condições de atratividade do investimento internacional.

Podemos tirar da história financeira de todos estes países várias lições.

A reforma da Administração Pública tem que ser uma das principais prioridades da ação do Governo e da supervisão do Parlamento a par do saneamento das Finanças Públicas para o qual tal reforma pode dar um determinante contributo - e da criação de condições para o crescimento económico. Prioridade coletiva do Governo e de cada Ministério.

Deve haver um membro do Governo com grande autoridade, cuja única responsabilidade deveria ser a execução da reforma, perante o qual devem responder todos os Ministérios.

Uma primeira preocupação será a de atrair, escolher e motivar as pessoas certas.

As Direções-Gerais devem ser lideradas por pessoas escolhidas por concurso público e inamovíveis durante um longo período.

Além dos orçamentos anuais, deve haver orçamentos plurianuais (a 2 ou 3 anos), legitimados pelo Parlamento e que condicionem a elaboração dos orçamentos anuais.

A gestão dos recursos humanos será um fator crítico motivação, avaliação e reconhecimento pelo desempenho a todos os níveis.

As lideranças deverão atuar para que as coisas sejam feitas, isto é, deverão saber descentralizar e responsabilizar. A participação ativa das lideranças intermédias será fundamental.

Haverá que transformar burocratas em gestores e importa investir em fatores organizacionais.

Os cortes de custos não deverão ser transversais, sem critérios qualitativos e não deverão ser feitos todos de uma só vez.

As políticas têm que estar apoiadas em valores e criar cultura.

As estratégias deverão ser desenhadas com pragmatismo, tal como a execução deverá ser flexível, sabendo ajustar o caminho às situações concretas que enfrenta.

As intervenções que são bem compreendidas levam mais facilmente as instituições para os ambicionados novos caminhos.

Tudo deve ser feito para que um país que sofreu já três crises sérias não tenha outra. Há que manter viva a memória desta crise para que seja uma vacina para novas tentações.

Como foi salientado nesta Conferência, uma reforma bem-sucedida precisa de prudência, escala, velocidade e sorte.

Apesar do sucesso destes e de outros modelos de reforma do sector público, nunca é demais alertar para o facto de eles não se deverem sem mais. Cada país tem as suas particularidades e diversidades do ponto de vista cultural, social e económico que devem ser tidas em consideração. Isto, naturalmente, sem prejuízo de se poder retirar das reformas realizadas noutros países lições adaptáveis à nossa situação.

A adaptação em vez da importação de modelos é essencial para garantir que a reforma da gestão do sector público terá solidez e produzirá resultados a longo prazo. Será ainda importante criar alguma pressão para que haja resultados permanentes tal como no sector privado, sendo o desempenho da Administração Pública medido e avaliado de forma transparente, proporcionando um escrutínio permanente sobre a sua atuação, pois só assim se pode conquistar a confiança dos cidadãos.

Um outro aspeto que me parece muito relevante é a gestão dos recursos humanos através de lideranças fortes e empregando estímulos adequados. Como ontem sublinhei, em Portugal dever-se-ia aproveitar esta oportunidade para reforçar de forma estável os quadros da administração pública com técnicos de elevada qualidade, capazes de preparar com rigor e segurança as políticas públicas necessárias à consolidação orçamental e à reforma do sector público.

Atingir metas e cumprir objetivos publicamente assumidos no orçamento de Estado constitui uma condição indispensável para, num período em que se exigem elevados sacrifícios a todos, se reforce a confiança dos cidadãos pela convicção de que as políticas estão a dar resultados, assim se mobilizando a sociedade para a construção de um futuro com maior coesão social e que venha a proporcionar melhor desenvolvimento económico.

Para terminar, gostaria, uma vez mais, de agradecer às entidades co-organizadoras desta conferência, nas pessoas da Drª Teodora Cardoso e do Doutor Carlos Costa, todo o empenho posto nesta iniciativa que, estou seguro, constituiu um importante contributo para o debate em torno da tão necessária e inadiável reforma da organização e gestão do sector público.

Estou certo que esta parceria e o tema desta Conferência recomendam que saibamos continuar a desenvolver esta agenda.

A existência e o reconhecimento da solidez das instituições são fundamentais. Quer a Drª Teodora Cardoso, quer o Dr. Carlos Costa, pela sua integridade e competência, contribuem decisivamente para alicerçar, no caso do Conselho das Finanças Públicas, e reforçar, quanto ao Banco de Portugal, a credibilidade de pilares da arquitetura do nosso sistema financeiro.

Muito se espera do papel de relevo que deve assumir o Conselho das Finanças Públicas, no sentido de supervisionar, de forma independente, as políticas financeiras públicas.

Tal como o Canadá, a Suécia, a Austrália e a Finlândia o fizeram, Portugal tem que ser capaz de conciliar a criação e manutenção de finanças públicas sãs com uma reforma inovadora da Administração Pública e que deverão constituir os principais sustentáculos do nosso desenvolvimento social e económico.

Em termos históricos, temos que demonstrar que o equilíbrio orçamental pode e deve conviver com o nosso regime democrático, a quem todos tanto devemos quanto ao progresso que conseguimos nas últimas décadas.

Finalmente, é com o maior gosto que desejo aos participantes no *workshop* que se realiza amanhã, um frutuoso trabalho.

CONFERÊNCIA 2

PARA UMA REFORMA ABRANGENTE DA ORGANIZAÇÃO E GESTÃO DO SECTOR PÚBLICO

CONFERÊNCIA
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Introdução

A atual situação orçamental em Portugal torna particularmente relevante a questão da produtividade dos serviços públicos e os custos envolvidos na sua produção. Essa discussão é diferente do debate sobre a dimensão desejada para o Estado, isto é da amplitude das suas funções e dos serviços públicos que a sociedade está disposta e tem condições para pagar, de forma sustentável, através de taxas de utilização e de impostos. As decisões políticas sobre quais os bens e serviços aos quais o Estado garante acesso, ou sobre quais as falhas de mercado a regular, estão num plano diferente das decisões sobre o desenho das instituições encarregadas do fornecimento desses bens e serviços e das tarefas de regulação. De facto, sejam quais forem as escolhas a esses níveis, é indispensável rever o desenho e a aplicação de mecanismos de gestão que aumentem a eficácia e a eficiência do sector público. Foi este segundo plano o escolhido como tema para a conferência organizada conjuntamente pelo Banco de Portugal, Conselho das Finanças Públicas e Fundação Calouste Gulbenkian, que teve lugar nos dias 28 e 29 de janeiro, nas instalações da Fundação. O desafio do bom funcionamento do Estado português, qualquer que seja a amplitude de intervenção que a sociedade deseje, está e permanecerá sempre presente.

A conferência foi iniciada com as boas-vindas dos responsáveis máximos das instituições organizadoras e uma intervenção de abertura pelo Governador do Banco de Portugal. Os trabalhos propriamente ditos foram estruturados em três partes. Na primeira parte, foram abordadas questões conceptuais sobre a organização e gestão do sector público, com intervenções principais a cargo de reconhecidos especialistas internacionais em administração pública: Christopher Pollitt e Geert Bouckaert, da Universidade Católica de Lovaina, e Giovanni Valotti, da Universidade Bocconi.

A segunda parte da conferência foi dedicada à apresentação e análise de experiências bem-sucedidas em países que enfrentaram situações orçamentais complicadas e que, através de reformas adequadas, conseguiram resolvê-las de forma duradoura. Foram escolhidos para o efeito os casos da Austrália, Canadá e Suécia. Cada uma destas experiências nacionais foi apresentada na conferência por um especialista com valia reconhecida no meio académico internacional e com ligações estreitas à reforma implementada, ou por nela ter intervindo directamente ou por ter vasta obra de avaliação da mesma: John Halligan (Universidade de Canberra, Austrália), Evert Lindquist (Universidade de Victoria, Canadá) e Lars Jonung (Universidade de Lund, Suécia).

A terceira e última parte da conferência assumiu o formato de mesa redonda, sob o tema "Lições para Portugal". O debate foi moderado por Teodora Cardoso, Presidente do Conselho das Finanças Públicas, e participaram Luís Campos e Cunha (Nova School of Business and Economics), José Leite Martins (Inspector-Geral de Finanças) e Marco Cangiano (Universidade de Nova Iorque e FMI).

Os trabalhos da conferência foram concluídos com uma intervenção de encerramento proferida pelo Presidente da Fundação Calouste Gulbenkian.

Reforma do sector público: aspectos conceptuais

A primeira sessão foi presidida por Guilherme Oliveira Martins (Tribunal de Contas), contemplando duas apresentações de Christopher Pollitt (Universidade Católica de Lovaina) e de Giovanni Valotti (Universidade Bocconi), comentadas por Pedro Santos Guerreiro (Jornal de Negócios) e António Correia de Campos (Parlamento Europeu).

Na sua apresentação, **Christopher Pollitt** referiu o crescente interesse que o estudo da reforma do sector público tem suscitado ao longo das últimas décadas junto de académicos, de consultoras internacionais e de várias instituições como a OCDE, o Banco Mundial e o Fundo Monetário Internacional. No entanto, apesar da aplicação desses recursos, o conhecimento sobre o que pode explicar o sucesso da reforma ou sobre os seus efeitos permanece escasso. Através de uma avaliação abrangente dos inúmeros estudos produzidos, foram realçadas três grandes conclusões.

Em primeiro lugar, existem muitas dificuldades em avaliar as alterações que as reformas tiveram na vida dos cidadãos em nome dos quais foram efectuadas, bem como os efeitos no output das organizações do sector público. A pouca produção científica em estudos sobre a relação entre as medidas adoptadas e os ganhos de eficiência realça que as convicções têm um papel importante no lançamento das grandes reformas das administrações públicas. Não há um corpo de evidência científica que sem ambiguidades trace relações de causalidade de medidas de reforma para resultados. A dificuldade em encontrar regularidades que identifiquem inequivocamente factores de sucesso ou de fracasso não permite a produção de um roteiro único pra a reforma e modernização do Estado.

Em segundo lugar, a generalidade dos estudos disponíveis evidencia a importância do contexto em que a reforma é implementada. A cultura de administração pública, a estrutura do sistema político, as competências da administração pública, a complexidade dos assuntos a reformar e a força dos outros stakeholders são factores que podem explicar a diferença entre o sucesso e o insucesso das reformas.

Finalmente, em terceiro lugar, a evidência disponível nos estudos permite identificar alguns erros frequentes. Entre eles podem destacar-se a falta de um diagnóstico prévio, a inexistência de um consenso social suficientemente alargado, a incapacidade de implementação (motivada, por exemplo, pela desqualificação técnica dos recursos humanos disponíveis no sector público para o desenho e aplicação de contratos legais), a falta de persistência na aplicação de reformas cuja avaliação de resultados exige tempo, a utilização excessiva de consultores externos relativamente a peritos com forte conhecimento local e a não consideração dos factores culturais.

Estes factores críticos são válidos tanto para períodos de crescimento como de crise. A actual crise pode facilitar a aplicação de reformas pelo facto de funcionar como elemento agregador de vontades. No entanto, implicará menos recursos para suavizar o ajustamento e poderá não permitir tempo para um bom diagnóstico. De qualquer forma, Christopher Pollit considera que a reforma do sector público é um processo inevitável que está a decorrer em muitos países da União Europeia. De acordo com Christopher Pollitt, a maior parte da variação observada nos resultados das reformas do sector público está associada com o contexto em que estas ocorrem. Os elementos mais relevantes são a cultura pública e administrativa, a estrutura do sistema político, a capacidade técnica dos funcionários públicos e a força de pressão de outros intervenientes.

Giovanni Valotti, na sua intervenção, destacou como elemento crítico para o sucesso o estabelecimento de uma boa relação entre as reformas das instituições que estabelecem um quadro legal e definem responsabilidades para os diferentes níveis do governo e do sector público, e as reformas de gestão que estão relacionadas com mudanças no funcionamento de uma instituição ou organização pública. A não existência dessa relação origina muitas vezes um défice de implementação, isto é, um desvio entre o desenho da reforma e a sua implementação. Das justificações identificadas para esse desvio, destacam-se várias relacionadas com a gestão de recursos humanos. As reformas podem ter sido mal desenhadas, não criando incentivos, responsabilização e accountability, assim como podem existir fenómenos de resistência relacionados com burocratização, politização e faltas de competência de gestão.

Giovanni Valotti referiu a importância de se perceberem as diferenças entre os sectores público e privado. No entanto, ao mesmo tempo, salientou a necessidade de se colocar pressão sobre o sector público para a obtenção de resultados em linha com o que acontece no sector privado, identificando cinco pontos-chave, particularmente focalizados na gestão de recursos humanos no sector público:

i) Medição do desempenho, não só da produção do sector público como também dos efeitos que as instituições têm na vida dos cidadãos, utilizando como referencial os resultados obtidos por organizações equivalentes (nacionais e/ou estrangeiras) e recorrendo a entidades externas de certificação e auditoria;

ii) Aumento da transparência do funcionamento e do desempenho das instituições, reconhecendo não só os sucessos como os insucessos, e promovendo um maior envolvimento entre os cidadãos e todos os interessados;

iii) Motivação dos funcionários públicos, um desafio particularmente difícil, pois as reformas tendem a ocorrer em períodos de contenção da despesa pública, sendo fundamental atrair, selecionar e motivar as pessoas certas, melhorando a imagem das instituições públicas, tendo uma atitude pró-activa no mercado de trabalho com recurso a novas tecnologias, aumentando a mobilidade interna e reconhecendo a importância dos incentivos não-monetários;

iv) Promoção do aumento da confiança dos cidadãos no Governo, definindo regras claras de funcionamento, combatendo a corrupção e sancionando-a quando necessário;

v) Melhoria da liderança, a propósito do que foram apresentados os resultados de um estudo em que se evidenciam os ganhos de produtividade quando a liderança se pauta pela motivação, honestidade, adesão ao código de comportamento e castigo dos maus comportamentos.

Deixou, no final, um desafio: o de transformar burocratas em líderes, promovendo a capacidade de gestão e fomentando percursos profissionais que passem pelo sector público e pelo sector privado.

António Correia de Campos, nos seus comentários, enalteceu a apresentação de conclusões de uma forma organizada e fundamentada em estudos, salientando que, em Portugal, a administração pública não é objecto frequente de análises e não existem escolas de preparação de dirigentes.

Correia de Campos referiu também que, apesar das dificuldades, são necessários referenciais para medir a produção dos serviços públicos, como por exemplo, o número de dias necessário para criar uma empresa ou o tempo de espera por serviços básicos. Portugal não está mal posicionado em muitos indicadores, tendo sido mencionados exemplos de sucesso como a loja do cidadão, o cartão de cidadão e o documento único do registo automóvel. No entanto, estes resultados são muitas vezes utilizados na propaganda política, criando a tentação para constantes alterações, as quais acabam por cometer muitos dos erros identificados nas apresentações.

Realçou, por fim, a importância de dar uma especial atenção à gestão dos recursos humanos, que constitui um aspecto fundamental para o sucesso das reformas, e relativamente à qual faltará ainda um longo caminho a percorrer em Portugal.

Pedro Santos Guerreiro deu como título provocatório ao seu comentário "A reforma do Estado vai ser feita à sorte". Fez questão de salientar que alguns dos erros mais frequentes apontados nas apresentações, tais como a falta de tempo e de consenso alargado, um sistema político centralizador, com volatilidade de governos, um excessivo recurso a consultores externos ignorando a cultura e experiência locais, podem estar a acontecer em Portugal, aumentando a probabilidade de insucesso.

Santos Guerreiro realçou a necessidade de maior envolvimento dos cidadãos, da aplicação de práticas de gestão do sector privado à administração pública e de uma reforma não exclusivamente justificada pela necessidade de diminuição do défice orçamental. No final, sublinhou a audácia dos portugueses ao longo da história, desejando que a "sorte proteja os audazes".

Ao encerrar a primeira sessão, **Guilherme Oliveira Martins** salientou que as intervenções, em linha com o referido pelo Governador do Banco de Portugal na sua intervenção de abertura, alertaram para a necessidade de tempo, método e compreensão dos meios. Neste contexto, frisou que a Conferência procura compreender todos estes elementos e, desta forma, ajudará a enfrentar com a cautela necessária a reforma que tem de ser efectuada.

A segunda sessão, que foi presidida por **Vítor Bento**, compreendeu uma apresentação por **Geert Bouckaert** (Universidade Católica de Lovaina), e os comentários de **Francisco Sarsfield Cabral** (Rádio Renascença) e de **Rui Nuno Baleiras** (Conselho das Finanças Públicas e Escola de Economia e Gestão da Universidade do Minho).

A apresentação de **Geert Bouckaert** foi centrada na importância da medição de desempenho na administração pública, a qual está inserida num processo mais global, que abarca também a avaliação do comportamento macroeconómico e das políticas económicas. Um aspecto por vezes esquecido é que esta avaliação serve para assegurar a legitimidade da própria administração pública e, deste modo, para aumentar a confiança da sociedade no sector público.

As inúmeras dificuldades que se colocam à medição da produção do sector público não devem servir como desculpa para não efetuar essa avaliação. Em rigor, existe sempre mais informação do que se pensa. Encontrar e combinar da forma mais adequada essa informação é o grande desafio, sendo imprescindível assegurar que se está a medir o importante, e não apenas a manifestação de actividade para a qual seja mais fácil obter informação.

No mesmo sentido, é fundamental encontrar referenciais e promover comparações. Frequentemente, o argumento de que o serviço tem especificidades únicas é utilizado contra a realização de comparações. Apesar das limitações, não deve existir medo de efetuar comparações, com outros países ou intertemporais.

A medição de desempenho deve ser realizada a três níveis. Ao nível micro, deve-se procurar medir o desempenho respeitante à actividade de cada organização. Ao nível meso, que é o nível das políticas sectoriais, pretende-se medir o funcionamento de várias organizações que interagem entre si. Este nível meso extravasa claramente a soma de desempenhos individuais das várias organizações em causa, e coloca dificuldades próprias. Por último, é fundamental medir também o desempenho ao nível macro, que diz respeito à avaliação do impacto global das políticas económicas.

Além da medição do desempenho propriamente dito, o desafio é gerir a informação conseguida com o fim último de utilizar os resultados para melhorar o desempenho. Convém ter a noção que para todas as soluções existem vantagens e desvantagens. A criação de agências, o uso de mecanismos de mercado ou as parcerias com o sector privado podem ser instrumentos bons ou maus, consoante as circunstâncias do seu desenho ou utilização, não sendo por isso aconselhável a imitação cega de outros modelos.

Geert Bouckaert referiu ainda a importância de desenvolver três tipos de confiança: da sociedade no sector público, do sector público na sociedade e dentro do próprio sector público.

Isso não invalida a importância de estudar as experiências de outros países. Relembrando o discurso do Governador do Banco de Portugal, Geert Bouckaert reafirmou que o aumento da eficiência e da eficácia é independente da escolha da dimensão do Estado, a qual é feita pelo processo democrático de decisão social. Existem bons e maus exemplos de Estados de pequena como de grande dimensão.

Geert Bouckaert terminou a sua apresentação salientando que não existe a solução perfeita e que todos os países que encetaram reformas da administração pública enfrentaram problemas. Por isso, é importante continuar a tentar medir o desempenho da administração pública e a promover um debate abrangente sobre como melhorar o processo, com as universidades a terem um papel relevante.

No seu comentário, Francisco Sarsfield Cabral salientou algumas características estruturais de Portugal que certamente terão importância em qualquer reforma da administração pública. Portugal é um país dependente do Estado há muitos séculos. Pede-se a ajuda do Estado para resolver todos os problemas, mas quando se pode tenta-se enganá-lo. Por exemplo, é conhecido que em Portugal não existe censura social relativamente ao não pagamento de impostos.

De uma forma geral, existe falta de confiança no sector público. A este propósito, referiu os sistemáticos atrasos dos pagamentos por parte de entidades públicas, que são um péssimo exemplo e minam as relações dos cidadãos com o Estado, ou a excessiva politização dos cargos da administração pública.

Sarsfield Cabral lembrou ainda que, em Portugal, as contas públicas nunca foram equilibradas em democracia, com a excepção do ano de 1913.

Rui Nuno Baleiras, no seu comentário, procurou transpor alguns aspectos da apresentação para o contexto português, considerando importante definir a profundidade da reforma: Dever-se-á apenas melhorar a eficiência, ou almejar também melhorar os efeitos do sector público na vida dos cidadãos?

Rui Baleiras referiu a importância de definir os protagonistas, para permitir atribuir responsabilidades, bem como de criar consensos alargados desde o início da reforma, em especial com os agentes mais directamente envolvidos.

Considerou que Portugal precisa de reformas nos três níveis identificados (micro, meso e macro), o que supõe resolver problemas de coordenação. No mesmo sentido, a excessiva verticalização da administração pública em Portugal dificultará essa coordenação.

Por fim, referiu a importância de alterar os procedimentos de controlo orçamental, que é bastante complicado e que origina o desperdício de recursos. O processo de alterações orçamentais pode ser tomado como exemplo de um aspeto de funcionamento do Estado que é transversal à dimensão do Estado e à abrangência da sua intervenção.

Vítor Bento encerrou a sessão realçando a importância da eficiência e da eficácia independentemente da dimensão do Estado, a necessidade da confiança nos próprios modelos de avaliação, dada a sua relevância para o envolvimento de todos os interessados, e a importância de evitar imitações cegas de modelos aplicados noutros países.

As experiências de sucesso de alguns países

O caso da Austrália foi discutido no final do dia 28 numa sessão presidida por **João Ferreira do Amaral** (ISEG). A apresentação deste case study foi efectuada por **John Halligan** (Universidade de Canberra), tendo como comentadores **António Costa** (Diário Económico) e **Diogo de Lucena** (Fundação Calouste Gulbenkian e Nova School of Business and Economics).

Na sua apresentação, **Jonh Halligan** começou por referir algumas razões que tornam interessante a experiência australiana. A Austrália é um país que tem efetuado uma reforma abrangente desde os anos 80, implementando um modelo de gestão da administração pública, e conseguindo ao mesmo tempo um crescimento económico sustentado. Apesar disso, este país continua a procurar implementar novas alterações a nível da organização e gestão do sector público, o que salienta o carácter contínuo deste tipo de reformas. Aliás, ao longo de toda a apresentação de John Halligan, esteve subjacente esta noção de que uma reforma tem de estar em permanente discussão e desenvolvimento.

Algumas características próprias da Austrália devem ser tidas em conta quando se estuda esta experiência. Nomeadamente, é um país de tradição anglo-saxónica, com governos maioritários e fortes, com uma visão pragmática sobre o papel do Estado, e com um sistema federal de governo e um Estado relativamente pequeno para os padrões da OCDE.

Nas últimas três décadas a reforma da administração pública australiana passou por várias fases. Até ao início dos anos 80, existia uma administração pública tradicional. Até ao final dos anos 90, a reforma passou essencialmente pela aplicação de técnicas de gestão mais eficientes, nomeadamente, a nível da gestão financeira, do aumento da responsabilização e de uma preocupação com a medição do desempenho. Nos últimos dez anos, avançou-se para um conceito mais amplo de organização e gestão (*governance*) do sector público, procedendo-se a alterações mais profundas do que a mera implementação de novos mecanismos de gestão.

Um dos aspectos destacados por John Halligan foi o aprofundamento das relações entre o sector público e o sector privado, através de privatizações, parcerias público-privadas e outsourcing. A criação de instituições centrais fortes e a necessidade de construção de mecanismos de supervisão das actividades do sector público e das parcerias público-privadas foram igualmente destacados.

A importância dos mecanismos de supervisão é crucial, pois a reforma é do modelo de gestão pública e não apenas uma mudança de legislação. Como forma de motivar os funcionários públicos para a liderança do processo de reforma, a Austrália adoptou uma solução radical – a revisão geral dos postos mais seniores da administração pública, em que foram demitidos os titulares e abertas candidaturas para essas posições, sem restrições quanto à participação dos demitidos. Os candidatos, novos ou anteriores funcionários, tiveram que demonstrar a sua valia e ideias para o bom funcionamento dos serviços.

John Halligan concluiu expressando a sua opinião de que, sendo o processo de reforma necessariamente longo, a discussão aberta de ideias, o acompanhamento das experiências de outros países bem como a capacidade de renovar e adaptar o modelo, têm sido elementos fundamentais para o sucesso da experiência australiana.

No seu comentário, **António Costa** destacou as diferenças entre a Austrália e Portugal. Após três décadas de reforma, a Austrália continua a tentar introduzir melhorias na gestão e organização do sector público. Portugal, no mesmo período, teve de pedir três vezes apoio ao FMI e continua sem encetar um verdadeiro processo de reforma. Referiu também que a actual emergência da situação financeira portuguesa constitui uma restrição. Por um lado, pode não existir tempo para uma discussão alargada do modelo de reforma. Por outro lado, não é fácil assegurar recursos humanos qualificados na administração pública. Por fim, destacou a importância de criar instituições fortes, de serem estabelecidos compromissos com os resultados, permitindo a responsabilização dos agentes envolvidos, e de serem criados mecanismos de supervisão interna e externa às actividades de toda a administração pública.

Diogo de Lucena iniciou o seu comentário considerando-se optimista, apesar de Portugal não ter uma cultura anglo-saxónica, cuja importância foi realçada para o caso da Austrália. Os problemas da Austrália eram os mesmos que hoje Portugal enfrenta, e as pessoas, apesar de serem diferentes, acabam sempre por reagir aos contextos.

Em Portugal fizeram-se muitas alterações avulsas, mas nunca com uma lógica coerente de reforma, o que explicará o grau de heterogeneidade na função pública. Existem áreas do sector público onde têm de ser introduzidas técnicas de gestão, enquanto noutras áreas já se progrediu nessa área.

Em termos conceptuais, Diogo Lucena considerou que o problema da reforma consiste em escolher a quem se confia a decisão, numa lógica de descentralização, e em criar incentivos (prémios e castigos) para que os objectivos sejam alcançados. Para o efeito definiu dois critérios importantes: (i) quem tem informação é capaz de decidir melhor; (ii) dar autonomia, para que sejam feitas experiências que, se avaliadas positivamente, possam ser transpostas para uma escala maior.

Referiu ainda que o exemplo da Austrália mostra que não existem reformas to tipo big bang, e que as mudanças têm de ser graduais e contínuas.

Os casos do Canadá e da Suécia foram apresentados numa sessão que ocupou a manhã do dia 29 de janeiro, presidida por **João Salgueiro**. A experiência do Canadá foi apresentada por Evert Lindquist (Universidade de Victoria), tendo como comentadores **Nicolau Santos** (Expresso) e **Luís Valadares Tavares** (Instituto Superior Técnico).

Na introdução da sessão, **João Salgueiro** realçou que perante o mesmo tipo de problemas a reacção dos países é diferente. Nuns países, existe impaciência perante a própria situação de desequilíbrio, enquanto noutros, como em Portugal, a impaciência é geralmente contra as medidas de correção.

Na sua apresentação, **Evert Lindquist** começou por enunciar algumas características do Canadá que certamente foram importantes para os resultados alcançados. É um país que atribui muita importância à administração pública (que está fora da jurisdição política), tem instituições fortes e não tem uma tradição de corrupção. Foi igualmente realçada a natureza permanente da reforma no Canadá ao longo das duas últimas décadas.

A implementação de uma reforma é um processo abrangente e complexo, cobrindo níveis diferenciados (macro, meso, micro), que podem exigir velocidades de actuação diferentes. Assim, por um lado, é fundamental ter uma estratégia consistente e saber por onde começar. Por outro lado, é igualmente essencial recolher experiências à medida que a reforma vai sendo aplicada, e ir corrigindo o rumo se necessário.

Um aspecto crucial, que foi mais do que uma vez referido, prende-se com a importância de assegurar os recursos humanos adequados para levar a cabo a reforma. E neste aspeto, mais relevante do que a quantidade será a qualidade das pessoas que lideram o processo de reforma. Apesar da complexidade, algumas poucas pessoas podem fazer claramente a diferença entre o sucesso e o insucesso.

Evert Lindquist salientou dois períodos distintos no processo de reforma no Canadá. O primeiro diz respeito às alterações introduzidas entre 1993 e 1998. Após vários falhanços anteriores, neste período foram implementadas importantes alterações na administração pública, nomeadamente nos procedimentos orçamentais. As medidas foram aplicadas após diversas consultas públicas e num contexto de forte compromisso com a obtenção de resultados. No final do período, a economia canadiana começou a registar excedentes orçamentais, e os ganhos de reputação foram de tal modo significativos que, contrariando todas as expectativas iniciais, o governo acabou por ser reeleito para novo mandato.

O segundo período diz respeito à resposta que foi dada à actual crise global. O Canadá estava bem preparado, registando excedentes orçamentais, um sistema financeiro bem regulado e um mercado imobiliário sem bolhas especulativas. Apesar de alguma instabilidade política relacionada com a existência de governos minoritários, existiu o cuidado de estabelecer um forte consenso para introduzir no orçamento um estímulo fiscal baseado em infra-estruturas.

Atualmente, os meios políticos e económicos do Canadá discutem a necessidade de um novo ajustamento para fazer face a um mercado imobiliário demasiado aquecido. Esta situação reforça o caracter contínuo do processo de reforma mencionado por Evert Lindquist no início da sua intervenção.

Luís Valadares Tavares, ao comentar a experiência do Canadá, referiu a importância de se ter tempo para aplicar a reforma, e de esta ser realista face aos tempos de implementação política. Existem em Portugal alguns casos de sucesso, com destaque para a redução da taxa de mortalidade infantil e para o aumento do acesso das populações à educação. Como aspectos negativos, destacou dois factores que diferenciam Portugal do Canadá. Neste último país, o processo de decisão está muito localizado em agências públicas, e existe uma excelente escola de administração pública. Por fim, Valadares Tavares realçou a necessidade focalizar e de tratar de forma diferenciada os vários níveis de Estado: (i) administração pública; (ii) autarquias; (iii) Estado social; e (iv) empresas públicas.

Nicolau Santos, de forma irónica, alertou para a possibilidade da forma como a reforma está a decorrer em Portugal corresponder ao que os Conferencistas convidados apontam como erros a evitar. Para o efeito, enunciou um conjunto de exemplos demonstrativos da desadequação do processo de reforma português.

João Salgueiro finalizou a discussão sobre o caso do Canadá realçando que as crises podem ser aproveitadas para resolver os problemas e desafiando a organização a dar continuidade ao espírito de discussão alargada da Conferência.

A experiência da Suécia foi apresentada por **Lars Jonung** (Universidade de Lund), tendo como comentadores **Teresa de Sousa** (Público) e **Isabel Mota** (Fundação Calouste Gulbenkian).

Contrariamente à análise das experiências da Austrália e Canadá, a apresentação de **Lars Jonung** olhou para a reforma do sector público de uma perspectiva macroeconómica, estando particularmente focada no papel do Conselho de Finanças Públicas sueco, do qual Lars Jonung é o atual presidente. No início dos anos 90, a Suécia encontrava-se numa crise profunda, com quebras de rendimento, taxas de desemprego muito elevadas, situação orçamental em trajectória insustentável e crise no sector bancário.

Em termos gerais, a Suécia do início dos anos 90 tinha dois desafios principais. Um desafio para a política monetária, caracterizado por uma tendência para uma inflação demasiado alta. E um desafio para a política orçamental, caracterizado por uma propensão para o défice das contas públicas, conduzindo as finanças públicas a uma trajetória insustentável. Ambos os desafios fazem parte de um problema de política económica com que se confrontam as sociedades democráticas: como criar instituições adequadas para a formulação da política económica.

A nível da política monetária, a redução da tendência para a política monetária gerar inflação (na Suécia como em muitos outros países) passou por conceder ao banco central maior independência e mandatos explícitos para controlar a taxa de inflação. Do lado da política orçamental, optou-se pela criação de um Conselho de Finanças Públicas independente (sob várias formas, existem atualmente instituições semelhantes em 15 países).

A par com algumas outras alterações no processo de elaboração dos Orçamentos e na fixação de objectivos para o défice e despesa pública, a criação do Conselho de Finanças Públicas terá contribuído para o sucesso das reformas implementadas na Suécia. Este país teve um desempenho económico brilhante na última década, mantendo, mesmo no actual contexto de crise, uma situação de sustentabilidade orçamental. A apresentação de Lars Jonung centrou-se na possibilidade do Conselho de Finanças Públicas recentemente criado em Portugal poder vir a desempenhar o mesmo papel de relevo.

A manutenção de independência e a construção de credibilidade são muito importantes para a edificação de um Conselho de Finanças Públicas. A ocorrência de uma crise pode ser uma oportunidade para a afirmação de uma tal instituição, que possa funcionar posteriormente como a memória viva dessa mesma crise e, desta forma, como uma vacina para dificuldades orçamentais futuras. Mas a construção de instituições fortes depende igualmente da confiança da sociedade no sistema político, no processo democrático e no cumprimento das leis. A este propósito, e recorrendo a dados da Comissão Europeia (sobre a opinião pública em relação ao sistema político) e do Banco Mundial (no que respeita a indicadores de desempenho do sector público), Lars Jonung evidenciou a grande distância que ainda separa a Suécia de Portugal.

Nos seus comentários, **Isabel Mota** destacou a profundidade da crise sueca dos anos 90, que terá marcado o povo e tornado possível que os vários governos, os partidos políticos e os parceiros sociais tenham sido capazes de tomar decisões muito audazes mas consensualizadas, nomeadamente, a saída do Sistema Monetário Europeu, a resolução da crise bancária, alterações profundas no sistema de reformas e o aumento da importância da tributação indirecta sem agravar a carga fiscal sobre as empresas. Como ilações para Portugal, salientou a necessidade de um período de aprendizagem, relembrando que a reforma na Suécia dura há quase duas décadas. Destacou ainda a necessidade de, paralelamente ao ajustamento orçamental, reabrir as perspectivas de crescimento e salientou a importância de tornar o Conselho de Finanças Públicas num guardião do consenso que emergirá com a resolução da actual crise.

Teresa de Sousa começou por realçar as diferenças entre Portugal e Suécia, relembrando duas experiências pessoais passadas na Suécia: (i) o acesso de jornalistas às instalações do primeiro-ministro e à sua correspondência; (ii) a abertura à discussão dos temas mais polémicos, nomeadamente a adesão ao euro. Estes exemplos destacam a importância dos aspectos culturais, que explicam que a mesma receita possa ter resultados diferentes em países distintos.

Teresa de Sousa salientou ainda duas questões-chave para garantir o sucesso da reforma. Em primeiro lugar, é essencial aumentar a confiança dos portugueses, cuja desconfiança é estrutural, não podendo ser explicada apenas pela crise actual. Em segundo lugar, é necessário assegurar o consenso político. Tal poderá passar por um debate público participado pela sociedade civil, baseado em princípios de racionalidade e com uma maior intervenção da academia.

A sessão foi finalizada por **João Salgueiro**, que relembrou as Conferências realizadas na Gulbenkian na segunda metade dos anos setenta. Estas conferências reuniram economistas internacionais de grande reputação e apontaram soluções alternativas para os problemas do país. João Salgueiro expressou votos de que o mesmo possa acontecer com a conferência sobre a organização e gestão do sector público.

Mesa redonda "Lições para Portugal"

A discussão foi moderada por T**eodora Cardoso**, Presidente do Conselho das Finanças Públicas, tendo participado **Luís Campos e Cunha** (Nova SBE), **José Leite Martins** (Inspector-Geral de Finanças) e **Marco Cangiano** (Universidade de Nova Iorque e Fundo Monetário Internacional).

Teodora Cardoso introduziu a mesa redonda que teve como objetivo retirar lições para a reforma do Estado das discussões anteriores e com base da experiência dos três intervenientes, Luís Campos e Cunha, José Leite Martins e Marco Cangiano. A mesa redonda não poderá cobrir todas as lições e conclusões que se retiram das diversas apresentações, sendo antes um ponto de partida para essa reflexão.

Luís Campos e Cunha manifestou a preocupação com as implicações da descapitalização humana da administração pública para a capacidade de realização da reforma, face às exigências decorrentes, por exemplo, de novos instrumentos de ligação com o sector privado. Comentando a abordagem atual para a consolidação orçamental, Luís Campos e Cunha referiu que a opção por cortes horizontais serve para mostrar que todos contribuem para o esforço. Mas os cortes horizontais não resolvem o problema da reforma do Estado. Adicionalmente, os cortes horizontais têm o potencial de minar a motivação para fazer qualquer reforma. Para isso, é necessário cortes verticais. Realizar cortes verticais na despesa pública implica conhecer onde se faz mal. Para realizar cortes verticais é necessário conhecimento detalhado da situação, não sendo possível defini-los de forma centralizada, sem conhecer a realidade de cada serviço ou departamento. Outro aspeto crucial focado é o da confiança entre a sociedade e o Estado, que é mais baixa em Portugal do que era nos outros países que encetaram reformas bem sucedidas do Estado. Luís Campos e Cunha expressou, a este propósito, a visão de que previamente à reforma do Estado deve ocorrer uma reforma do sistema político.

José Leite Martins começou por afirmar que a reforma do Estado é um processo contínuo, em curso há vários anos, mesmo se atualmente é maior a intensidade e atenção sobre esse processo. Retomou igualmente a noção, mencionada em várias comunicações, da necessidade de ajustamento ao contexto de cada país, e que uma reforma do Estado não se resume à publicação de legislação. O contexto português tem dois grandes obstáculos a uma reforma efetiva do Estado: a atenção excessiva ao formalismo legal, mais do que à substância do funcionamento; e, o nominalismo, adoptando soluções que têm funcionamento eficaz e eficiente noutros países, mas apenas nominalmente, não em termos do modo de funcionamento. A Administração Pública portuguesa tem na sua legislação os instrumentos que outros países também possuem, mas estas soluções legais não têm o necessário impacto nas suas consequências. Leite Martins elencou alguns passos fundamentais para realizar uma reforma do Estado: gerar grande consenso político, começando por fazê-lo dentro do próprio Governo; ter uma abordagem positiva de construção sobre o que já está feito; ter cautela sobre a abordagem incremental, que não poderá ser feita em passos muito pequenos pois há atrasos a recuperar; alterar a concentração de controlo da execução orçamental deixando de o focar em minudências; por fim, assegurar um princípio de continuidade ao nível da administração pública.

Para **Marco Cangiano**, como ponto essencial há que aprender com os erros passados. Antes de se avançar, deve-se colocar a questão de saber se o problema anterior ficou resolvido, e também identificar que problemas novos, não antecipados, surgiram. Outros dois aspetos são a retórica das reformas e o papel dos peritos externos. Sobre a questão da retórica, é importante ser claro na utilização de termos, pois caso contrário se contribuirá para uma menor transparência dos objectivos que se tem para a reforma da Estado. Essa menor transparência dificulta também a avaliação dos efeitos das reformas. Quanto ao papel dos peritos externos, não pode ser o de mera importação do que foi feito noutros países. A importação de soluções de outros países é também potencialmente enganadora, uma vez que se aproxima mais do caso em que se tem uma solução à procura de um problema, em lugar de se estar a procurar uma solução para o problema real. Deve-se ter em mente que não existe uma solução mágica e única. Há que tentar e pensar no problema concreto de cada país. Qualquer reforma deve procurar solucionar um problema concreto.

Marco Cangiano mencionou um aspecto que cria uma diferença crucial entre as experiências de países que foram revistas na conferência e a situação de Portugal. Cada um desses países não tinha problemas de controlo de despesa pública, nem surpresas com compromissos de despesa pública não registados. Esta informação, crucial, para saber quanto custa prestar serviços públicos à população não está totalmente disponível em Portugal, e era um dado adquirido nesses países. A construção de uma base de informação fiável, e de cumprimento das disposições de controle orçamental, são pré-condições para se conseguir fazer uma reforma abrangente do Estado.

Teodora Cardoso encerrou a mesa redonda referindo a possibilidade de um Estado poder funcionar bem independentemente da sua dimensão, o que é demonstrado por países com um Estado "pequeno", como a Austrália, ou com um Estado "grande", como a Suécia". Sublinhou a importância de uma visão de médio e longo prazo para as decisões orçamentais, uma característica presente nas situações de sucesso. Como ponto adicional, mencionou a igualmente importante capacidade de estabelecer metas temporais realistas. Quando em Portugal se estabelecem metas para realização de reformas, elas são frequentemente irrealistas, e o seu não cumprimento acaba por descredibilizar e até mesmo inviabilizar a reforma. Concluiu sublinhando que na conferência não houve um sentido político da reforma do Estado, mas sim uma discussão de princípios de organização e aspectos técnicos que devem estar presentes em qualquer Estado que funcione bem.

Considerações finais

A reforma do Estado, no sentido de melhoria dos processos de funcionamento – decisão e realização –, é um problema complexo, e a revisão das experiências de outros países ajuda a completar a visão que se obtém de uma análise de princípios que a devem informar.

Vários ensinamentos podem ser recolhidos das apresentações e discussões conceptuais da conferência. Duas observações passaram por praticamente todas as intervenções: a reforma do Estado é um processo mais do que um momento de intervenção, por um lado, e a reforma do Estado demora tempo a aplicar e a mostrar resultados. Juntando estas duas observações, a reforma do Estado deve ser vista como a criação de um processo de melhoria contínua, respeitando a necessidade de equilíbrio financeiro.

A tentação de tratar apenas do fenómeno conjuntural não pode impedir que se trate do problema permanente. O problema permanente é, na sua forma mais simples, como criar mecanismos endógenos de mudança e adaptação do Estado, que permita a este cumprir os papéis que a sociedade pretende num quadro de equilíbrio financeiro.

A procura da reforma do Estado não deve ser apenas guiada por objectivos financeiros e mecanismos subjacentes, como é o caso dos mecanismos de orçamentação, de auditoria e de controle da despesa pública. Um processo de reforma do Estado também significa preservar e melhorar os serviços públicos que a sociedade deseja manter.

Um condução política adequada, e não apenas técnica, é crucial para o sucesso de um processo de reforma do Estado. É imprescindível dar o tempo necessário para que as reformas produzam efeitos. Num quadro de alternância política democrática na condução do Governo, "dar tempo" significa que há necessidade de um consenso alargado sobre que caminho que se pretende seguir. Há que evitar a pressa na decisão e a urgência em querer observar resultados. O facto do processo ser longo exige que a reforma do Estado seja iniciada o mais cedo possível.

A reforma no modo de funcionamento do Estado tem que gerar processos que exerçam pressão para que sejam obtidos resultados no sector público. É preciso definir o que é desempenho do sector público (ou de cada serviço ou departamento dentro do sector público) para de seguida se especificar a forma de medir e avaliar esse desempenho. A medição de desempenho, aliada a uma boa estrutura de motivação dos funcionários públicos, gerará essa pressão para uma melhoria permanente na Administração Pública.

Um compromisso político alargado para a mudança do Estado é um factor-chave, pela liderança que é necessário conferir ao processo e pela persistência na ação que terá de ser assegurada.

Encarando a reforma do Estado como a passagem para um processo de melhoria contínua, há que destacar a importância das pequenas mudanças, incrementais, frequentes, que assegurem a confiança da população no sector público, mas que politicamente têm menor visibilidade face a anúncios de transformações radicais. A própria comunicação da reforma tem que acomodar o tempo longo da sua realização.

Uma reforma do Estado é sempre uma reforma abrangente, com fortes desafios de coordenação de diversos níveis de funcionamento da administração pública. Necessita de uma estratégia global, que coloque um rumo, equilibrando pensamento estratégico com decisões que se vão ajustando ao longo do percurso de reforma. Em Portugal, é fundamental assegurar que não se fica paralisado quando for preciso rever decisões. É fácil ficar-se submerso na complexidade dos detalhes de uma reforma abrangente. É preciso uma visão de longo prazo com a consciência de que não se poderão planear todos os detalhes desde o início. É fundamental estabelecer princípios, que depois orientarão as decisões concretas, mantendo-as alinhadas com as prioridades e objectivos estabelecidos.

Há que compreender que anteriores tentativas de reforma foram realizadas com aumento de “camadas” de decisão e de regras, gerando uma complexidade muito grande na estrutura dos organismos da administração pública. A existência de sobreposições dilui responsabilidades. Qualquer nova tentativa de reforma do Estado deverá retirar “camadas” de complexidade organizacional, em lugar de acrescentar outras. Finalmente, os instrumentos de gestão da administração pública que venham a ser definidos terão de evitar a tentação do excessivo formalismo legal, que é um obstáculo à melhoria contínua e, no limite, à própria eficácia da lei.

A comissão organizadora,
Teodora Cardoso, Pedro Pita Barros, Maximiano Pinheiro e Paulo Soares Esteves

WHAT DO WE KNOW ABOUT PUBLIC MANAGEMENT REFORM? CONCEPTS, MODELS AND SOME APPROXIMATE GUIDELINES

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Introduction

For the last 30 years I have been studying public management reform in different countries, comparing and contrasting the experiences of governments with their various programmes of improvement. When I began there was only a small number of scholars who were principally comparativists, but now there is a whole healthy community, and many international management consultancies also. So there are more ideas, more stories and more proposals and slogans than ever before. It would be easy, therefore, to assume, that we had now accumulated a lot of solid, reliable information about what works and what does not in public management reform.

In this presentation I will attempt to show you that this is not the case. Our knowledge of what works when management reforms are launched is patchy and often fragile.

What do we know?

Two main messages emerge from the research I have referred to. The first message is that contexts matter. What is conceptually supposed to be the same technique or model (e.g. performance budgeting, Total Quality Management, Regulatory Impact Analysis) may turn out very differently in different contexts. What is nominally the same technique works tolerably well in this sector in this country but fails completely in another sector or country or at another time (for a standard comparative text, see Pollitt and Bouckaert, 2011).

The second message is that we know remarkably little about the final outcomes or impacts of reforms on the clients receiving public services or on civil society as a whole. In fact often we do not even know whether a major reform has had a positive effect, a negative effect or no effect at all on organizational efficiency. More typically, we will have a lot of information about how structures and processes have changed inside the reformed organizations, but not much hard evidence as to what (if any) changes in outputs and outcomes all this change has produced.

What evidence do I have to support these generalizations? In one short presentation I cannot give you the full range of sources, but I can indicate some important examples. These will be drawn mainly from the aspects of public management which I have studied most - the organization and delivery of public services. It is possible that different lessons could emerge from other aspects, such as regulation or diplomacy – but I cannot go into those areas here.

First, back in 1994 I looked for evaluations of the first wave of New Public Management (NPM) reforms in the Anglo Saxon countries. I found that, in most cases, reforms had not been evaluated at all, and that, where they had (as in Australia and New Zealand) the results were inconclusive (Pollitt, 1995). Even where there was some evidence of efficiency gains, these could not be confidently attributed to the reforms concerned.

Much more recently I had the privilege of being the co-ordinator for the first module of the big EU COCOPS research programme (Pollitt and Dan, 2011). We built up a database of 518 studies of the impacts of NPM from almost all the EU member states, plus Norway. These studies were selected as significant ones by university teams in 10 countries, and by a literature review of leading scientific journals. They included official reports, audits and evaluations as well as academic studies, the latter category accounting for 68% of the total database. The findings as to the character of this literature were clear. First, only just

1 Acknowledgement: Some of the research on which this paper is based received funding from the European Community's Seventh Framework Programme under grant agreement number 266887 (project COCOPS – see www.cocops.eu)

over a quarter (26.6%) contained any data at all about changes in outputs or outcomes. Furthermore, if we narrowed the focus to studies with information about changes in outcomes (the final impacts of reform on citizens and society) the percentage falls to just 8.7% So more than 90% of what are seen by experts as the most significant and relevant studies contain no data at all on outcomes.

The second main finding was that, if one examined those studies which did actually report changes, the results were highly variable. Some studies reported more than one category of change (activities/processes; outputs; outcomes) so Table 1 (below) shows the number of entries rather than the number of studies. What is dazzlingly clear is that the results of NPM reforms were, according to these studies, rather hit-and-miss. Only 44% of the entries reporting on outcomes found they had improved, with 53% of entries reporting improvements in outputs.

Table 1: Database entries for NPM reform impacts

TYPE OF IMPACT	ENTRIES (N)	IMPROVED	WORSE	UNCHANGED
Outcomes	57	44%	23%	33%
Outputs	163	53%	20%	27%
Processes/activities	639	58%	19%	23%

Note: Studies may contain (and in some cases have contained) more than one entry for processes/activities, outputs or outcomes or any combination of these. Therefore an entry is not the same as a study – there are more of the former than the latter.

The third finding from the COCOPS database was that many studies indicated that contextual factors had had an important influence on the fates of different types of reform, and that these contextual factors seemed to be part of the explanation for the considerable variations between reports of improvements, deteriorations, and no change. Important contextual factors included a) the politico-administrative culture, b) the structure of the political system (centralized/ decentralized, majoritarian/consensual, etc), c) the volatility of governments, d) the current level of administrative capacity, e) the complexity of the tasks undergoing reform (standardized/ professionalized and discretionary, etc.) and the strength and role of other stakeholders, including legislatures, public service trade unions and so on.

In another EU-financed study Verhoest et al (2012) studied government agencies in 30 countries (23 of them in Europe), relying on a mixture of documentary study, original surveys, building databases on organizational changes, and some more intensive cases studies. Among the findings of this massive international research effort were, first, that there was no one best agency model that could be applied in all contexts and, second, that research into agency performance was scarce (Verhoest et al, 2012, pp414 and 430). '[E]mpirical evidence of such effects [i.e. performance improvement] is still inconclusive' (*ibid*., p430).

A few years before the COST study of Verhoest et al, I had, together with colleagues, completed a UK Economic and Social Research Council-financed research project examining in detail the performance management arrangements in central government agencies in the same four functional sectors in four countries (Finland, Netherlands, Sweden and the UK – Pollitt et al, 2004). We found plenty of performance indicators and other performance management arrangements, but in no case was an agency able to produce systematic 'before and after' data showing how specific structural or process reforms had improved their efficiency or effectiveness. This more or less exactly echoed the findings of an even earlier ESRC-financed project looking at 12 newly 'autonomized' schools, hospitals and housing associations in the UK (Pollitt et al, 1998).

Close academic study sometimes unsettles even what we have previously taken to be well-established truths about reform. For example, in the UK the Conservative governments of Mrs Thatcher and Mr Major (1979-1997) drove through a long series of major reforms aimed mainly at improving the efficiency of government. They were famous for their oft-stated beliefs that the civil service could and would become more cost-conscious and efficiency-minded. Only recently, however, have academics gone carefully back over the relevant official statistics concerning departmental inputs and outputs. What these seem to show is that, despite all the effort, pain and controversy, there is no evidence of any sustained and systemic improvement in central government efficiency during this period (Hood and Dixon, 2012). What is equally surprising is that there seems little evidence that those governments were particularly interested in knowing whether their grand reform programmes had actually achieved the predicted improvements in productivity. The lack of sustained attention for productivity is also demonstrated and investigated in a new study by Dunleavy and Carrerra (2013).

Finally, I would like to mention another recent UK study – the UK is of special interest because it has styled itself as a world-leader in public management reform, and because it has carried through so much reform over such a long period of time. I looked at five key public management reform white papers spanning the period from 1970 to 2011. All of them are full of promises for better-co-ordinated, more efficient, more responsive public services. However, none of them sets clear quantitative targets. None contains any costings of the proposed reforms. And only one of the five(John Major's *Citizen's Charter* of 1991) includes any provision for evaluation to see if the reforms actually worked out (Pollitt, 2012b; 2013). This makes it very hard for both scholars and civil servants subsequently to try to work out whether the reforms have succeeded or not.

Let me pause for a moment to be as clear as I can be about what is being said here. The claim is NOT that many of the organizations in many of these studies are naked of performance information – on the contrary, they often have rather a lot of it. Neither is the claim that there is no improvement. In some cases the organizations are able to produce rather convincing evidence of year-on-year gains along some particular parameter – speed of service, unit costs or whatever. What they cannot convincingly or usually do, however, is to show how changes in their performance may or may not be related to management reforms which they have undergone. Nor can they show systemic improvement resulting from the larger, more programmatic reforms that affected many departments and agencies simultaneously. Furthermore, they hardly ever have solid information about the final outcomes or impacts of management reforms on their clients or on the wider society. Either there is no information about this (often because no-one has seen it sufficiently important to collect it) or, if there is some data, it cannot be reliably attributed to specific reforms.

Thus, public management reform has not been a scientific exercise where programmes were launched with defined aims, and the results were then carefully measured. On the whole it has been a hit-and--miss affair, coloured by strong doctrines, fashions and political preferences. W e did not enter the present international fiscal crisis with tried and tested recipes for improvement. We still do not possess a solid basis of knowledge.

Some common mistakes

If reliable, scientific knowledge about 'what works' is not available there are nevertheless other approaches that should be more intelligent than just abandoning the search for rational and beneficial change. An obvious one is at least to try to avoid some of the disappointments and disasters of the past.

There have been many failures in the history of public management reform – even in what might be thought of as the best-equipped countries. Six of the most common seems to have been:

- *Prescription before diagnosis*. No good doctor would ever do this, but politicians, civil servants and management consultants do it frequently. The reason may be an be an ideological or doctrinal predisposition, as when market-style reforms were so rapidly implemented in transitional CEE countries after the fall of their Communist regimes. Or it may be a slavish adherence to whatever are the fashionable ideas of the day - so 'governance', 'participation', 'transparency' or contracting out' or 'performance budgeting' are reached for immediately. They are 'solutions in search of problems' – 'magic concepts' (Pollitt and Hupe, 2011). They are sometimes applied without reform leaders bothering to investigate exactly what the roots and mechanisms of the local problems are, and therefore without knowing whether the fashionable technique would be likely to remedy them. A proper diagnosis means much more than just having a general impression of inefficiency or ineffectiveness (or whatever). It means a thorough analysis of what mechanisms, processes and attitudes are producing the undesirable features of the *status quo* and an identification of how these mechanisms can be altered or replaced. Such an analysis constitutes a model of the problem. This kind of modelling is probably far more useful to practical reformers than the highly abstract discussions of alternative models of governance with which some academics have been more concerned (e.g. Osborne, 2010). [For a full exposition of this realist approach to programme logic, see Pawson, 2013. For an explanation of why very general models of governance, are of limited value in practical analysis see Pollitt and Bouckaert, 2011, pp11-25 and 208-221]

- *Failure to build a sufficient coalition for reform*, so that the reform is seen as just the project of a small elite. This is particularly dangerous in countries where governments change rapidly, as in some parts of the CEE. Once a government falls or an elite is ousted, the reform has no roots and dies.
- *Launching reforms without ensuring sufficient implementation capacity*. For example, it is very risky to launch a programme of contracting out public services unless and until there exists a cadre of civil servants who are trained and skilled in contract design, negotiation and monitoring. Equally, it is dangerous to impose a sophisticated performance management regime upon an organization which has little or no previous experience of performance measurement. And it is also hazardous to run down the government's in-house IT capacity and rely too much on external expertise (Dunleavy et al, 2006). In each of these cases in-house capacity can be improved, but not overnight.
- *Haste and lack of sustained application*. Most major management reforms take years fully to be implemented (Pollitt, 2008, pp16-29; 159-178). Laws must be passed, regulations rewritten, staff re-trained, new organizational structures set up, appointments made, new procedures run and refined, and so on. This extended implementation may seem frustrating to politicians who want action (or at least announcements) now, but without proper preparation reforms will more likely fail. Endless reforms or 'continuous revolution' is not a recipe for a well-functioning administration (see, e.g. Pollitt, 2007).
- *Over-reliance on external experts rather than experienced locals*. As management reform has become an international business, international bodies such as the OECD or the major management consultancies have become major players. A fashion has developed in some countries to 'call in the external experts', as both a badge of legitimacy and a quick way of accessing international 'best practice' (National Audit Office, 2006; Saint-Martin, 2005). Equally, there is perhaps a tendency to ignore local, less clearly articulated knowledge and experience. Yet the locals usually know much more about contextual factors than the visiting (and temporary) experts. In organizational matters in particular, the sometimes unarticulated, yet complex and nuanced understanding of experienced 'locals' can often be crucial (Tsoukas, 2005)
- *Ignoring local cultural factors*. For example, a reform that will work in a relatively high trust and low corruption culture such as, say, Denmark's, is far less likely to succeed in a low trust/higher corruption environment such as prevails in, say, some parts of the Italian public sector. In the EU there are quite large cultural variations between different countries and sectors (Pollitt and Bouckaert, 2011, pp61-66; 144-148).

Some approximate guidelines

As you might expect, the more obvious guidelines concern the avoidance of the most common mistakes (see previous section). I will mention just seven.

First, reforms should be based on detailed diagnosis, not just broad impressions. One needs a clear statement of the problems that are to be remedied. This statement should be backed up by hard empirical analysis showing, as clearly as possible, which specific practices or attitudes currently produce the undesirable problems. It should also show how far these undesirable processes are embedded in/connected to wider contextual features (political patronage; local cultures; the pattern of institutions etc). Such an analysis is, in effect, a process model of the problem. Any proposed reform should be tested against this analysis – how, exactly, will the reform disrupt or put an end to these undesirable processes and substitute more desirable ones?

Second, management reform is not just a technical adjustment but rather, almost always, also a bureau--political action, and it therefore requires a coalition of support. Ideally this support would usually include both senior politicians and at least some part of the civil service leadership. So work needs to be done, in advance of reform announcements, to build the strongest and widest possible supportive network. Reforms which are not embedded in such networks are frail flowers, likely to shrivel at the first touch of frost.

Third, reformers should assure themselves that the administration posesses the requisite set of skills to implement the new reform. Many types of reform require leadership skills. Performance management reforms require measurement skills. E-government reforms require technological skills. Contracting out requires contracting skills. Does the public service yet possess these skills? If not, how can they most rapidly be acquired?

Fourth,it is important to try to give a reform the time it will need to come to fruition. This has several aspects. One is that a realistic timetable should be set out at the beginning – no promises of instant improvement. Another is that some sort of monitoring apparatus will probably be needed over a period of months or years. And another is that attempts to arrive at very quick judgements – after a few weeks or months – should be anticipated and resisted. Reforms involve learning – usually by a range of stakeholders – and that process has to be given time to take place.

*Fifth, maximize the use of **both** internal and external expertise and experience*. The people who know most about your organization are usually in your organization. External experts - 'guns for hire' - certainly may bring an extra dimension, and knowledge of happenings elsewhere, but by itself this is not a substitute for local knowledge. Reformers need both kinds of knowledge, and one should not be privileged over the other – instead the bearers of the two types of knowledge should be encouraged to work together, challenging and supplementing each other.

Sixth, try to assemble an accurate picture of the culture(s) of the organizations which are to undergo reform, and use this to stress points of compatibility with cultural norms, whilst also identifying likely points of cultural resistance. Plans can then be made to 'soften' these points of cultural resistance, although this is likely to require action over considerable periods of time (cultures do not change overnight). It is almost always important to try to offer the public servants directly involved in reform some vision of how their situation will be improved once the reforms are 'up and running', and this should be a vision that resonates with positive features in the existing culture.

Seventh, be aware that reform can (however unintentionally) undermine existing strengths in the public service, and strive to minimize any such negative effects. For example, some kinds of reform can undermine trust between civil servants,or between civil servants and their political masters. If existing trust levels are good this would be a very high price to pay, since trust makes all sorts of actions easier (lower transaction costs). Once trust is destroyed, it takes time and effort to re-build it. Another common problem is where contracting out is taken so far that the remaining in-house expertise falls below the critical mass required to design, negotiate and monitor contracts.

In conclusion, let me say that all the above warnings and suggestions apply ***both*** in times of fiscal plenty and, as today, in periods of fiscal austerity. Some of the findings I have cited come from previous periods of austerity, such as the early 1980s or early 1990s. One might say that austerity makes the task facing reformers both easier and more difficult. In some respects austerity eases reform, because it can be used by astute policymakers to create an atmosphere of crisis in which it becomes possible to consider a wider range of more radical reforms than would usually be admissable in 'normal times'. However, in most respects austerity makes reform more, rather than less difficult. It reduces the resources available for smoothing change and buying off opposition. It increases the temptation to rush into some 'quick fix' without due diagnosis of the underlying problems. And it heightens the insecurity of public servants and thereby often renders them less willing to take the risks which are inevitably associated with innovation. In many EU countries public management reform is currently inevitable, and will, inevitably, be painful (cuts of 20% plus cannot be absorbed without real damage to the quality of services, and anyone who suggests otherwise, as some politicians have done, is, to put it charitably, mistaken). To pretend otherwise is to invite mistrust. This makes it all the more important that the lessons of the past are studied, that there is honesty about the present situation and its sacrifices, and that a credible yet positive vision of the future is communicated to all concerned. Public services are widely popular in most EU countries, and lie close to the heart of the legitimacy of modern governments (Pollitt, 2012a, pp10-13). There has to be a recognizable future for them, beyond austerity.

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REFORMING THE PUBLIC SECTOR: HOW TO MAKE THE DIFFERENCE

Giovanni Valotti and Alex Turrini (Bocconi University)

Introduction

Modernizing government has been an imperative in the last decades for almost all countries in the world (OECD, 2005). Public sector reform has been a priority in the political agendas of governments since the beginning of the Eighties (Pollitt and Bouckaert, 2004) and still now in Euoropean countries reform processes are still ongoing (Valotti, 2012). Public sector reforms have been considered relevant not only because of the extreme change of citizens' needs or to introduce efficiency and effectiveness in bureaucracies. Since Adam Smith's *Wealth of Nation*, 'good government' has been paralleled to faster 'economic development' and enhanced 'competitiveness' for a country. In a globalized world efficiency and effectiveness of the public sector are, in fact, relevant determinants of investment attractiveness, better human capital, better quality of life.

Despite the increasing effort in modernizing governments in Western countries there is a general lack of systematic evaluation of the effects and outcomes of these reforms. Casual empiricism, however, grounds the consideration that different institutional reforms have impacted differently in different countries: in some countries like Italy the delay in implementing some important institutional reforms, like the introduction of pay for performance incentive systems for public executives, has produced an increasing disillusion about the effectiveness of institutional reforms (Cristofoli et al., 2010). However, the width of the implementation gap occurring between approved reforms and real change has been emerging as a problem not only for laggard countries like the Latin ones but also for those belonging to the *Rechtsstaat and Common Law* tradition (Ongaro and Valotti, 2008) .

The economic and financial crisis and new claims emerging from society are pressing governments not only in accelerating reforms implementation but also in formulating new public sector reforms that make the difference and further modernize governments. In other words, nowadays reforming the public sector means not only filling the implementation gap and make change occur, but also re-think the ways governments perform their role in contemporary societies.

The aim of this paper is to explain why this reform implementation gap occurred in almost all Western countries, how it is possible to fill this gap and, above all, what are the main pillars according to which government can make the difference in implementing reforms.

Less reforms, more change

When speaking about public sector reform implementation gaps fundamental distinctions should be highlighted. Institutional reforms are in fact different from managerial reforms. Institutional reforms typically concerns an overall improvement of the legal framework including simplification [2], a clearer definition of the responsibilities of different government levels, a redesign of the system of relations within the public sector, a qualified empowerment of public agencies, a requalification of competitions' rules and of the role of markets. These issues are typically not tackled by managerial reforms whose focus is on improving efficiency and effectiveness within bureaucracies, on ways and tools to implement the institutional reforms, on the definition of reforms control and safeguards.

A first step in order to accelerate change and, above all, make change happen is to build a bridge between these two types of reforms trying to find coherence between the two and avoiding contradictions. Insti-

2 Governments are typically very ineffective in writing understandable law and in making simplification possible. European regulations are in fact particularly long in a useless way: taking Italian law which banned smoke in public spaces as an example, one can notice that it counts 24,942 words. Much more effective norms are shorter: Pythagorean theorem is made by 24 words, Archimede's principle is made by 67 words, the Ten Commandments include 179 words and U.S. declaration of independence is made up by 300 words.

tutional reforms are in fact often designed without considering public sector organizations' economic constraints and without thinking on mechanisms to control organizational change.

Reform implementation gaps, however, are partially explained by legal incoherence or emerging contradictions. One can highlight three set of main drivers of the implementation gap of public sector reforms (Fig. 1):

a. Inadequate policies and structural reforms

Reform implementation has been delayed because of an implicit assumption: once a reform has been approved by the national or regional legislature, suddenly all the actors would have comply to it and implemented it. In particular, both institutional and managerial reforms have been only prescriptive: they have often imposed or prohibited certain behaviors or targets without much emphasis on designing incentives. An example can better explain the difference in approach. In many countries institutional reforms have usually defined which minimal standards regional or local governments should comply in terms of cost cutting, service quality, management capacity, prescribing the goals to achieve. In many cases the definition of these standard has not been accompanied by the definitions of sanctions for regional or local governments which do not meet the standard or by linking the achievement of given performance to national grants or funding.

Fig.1. Explaining the implementation gap

In many cases no individual responsibilities have been allocated in case of delays in reform implementation. In this perspective, the failure in the implementation of public executives' pay for performance incentive reform in Italian local governments stands as an outstanding case. According to Cristofoli et al. (2011a) analysis Italian city managers have, in fact, resisted in implementing this reform at a local level also because no sanctions have been foreseen for such a resilient behavior. The reform law did not design any real incentives for local government to change. As a matter of fact even the need for legitimacy and accountability has been enough: when reforms cannot easily be sold in the electoral market (i.e.: they are not perceived as critical), it is very likely that public sector organizations would reject managerial reforms.

b. Resistance to change due to the dominant culture

Red tape and bureaucratic behaviors have been fundamental obstacles to reform implementation. In the last ten years, however, also the dominant political culture has worsened. After the fall of the Berlin wall and the change of political parties structure, political professionalism and political culture has been worsened favoring the implementation of short-sighted and electorally profitable policies rather than long term and somehow unpopular reforms. This lack of long term perspectives is not only linked to the collapse of traditional parties as collectives for elaborating and reinforcing ideas and ideologies, but it can be related to their 'lean' organizational structure which weakened their role as strong gatekeeper and 'schools' for the political leaders of tomorrow.

c. Weak organizational capacities

Despite the new public management propaganda managerial capacities are still rare or underdeveloped in governments in many countries. Management capacity includes different skills: being able to implement shared public decision-making processes (i.e.: 'open governments'), being able to enact management control systems, being able to modify organizational structures to make public administration more streamlined and flexible, being able to innovate human resource management practices and to use information technology to improve the internal processes of single administrations (Turrini et al. 2010). As noticed before, usually these skills are weak above all when looking at internal organizational dimensions. Public sector organizations seem to be most receptive to innovation when the reform ensures public visibility and external endorsement. This phenomenon probably hides the prevalence of an old political culture over a managerial culture in public sector organizations.

The three above mentioned aspects represents only some determinants of the reform implementation gap that make institutional and managerial reforms remain only paper. It is very difficult to ascertain what are the solutions to fill this gap and to remove these constraints. As mentioned change would however occur if more space and attention is given on designing incentives to persuade public sector actors change and on creating a real pressure on results.

From filling the implementation gap to reforms making the difference: the 5 pillars

Filling the implementation gap between designed reforms and real change is not enough nowadays. Accelerating the speed in implementing reforms in the public sector is only the first step of a long term strategy coalescing elected representatives and administrative heads aiming at improving governments. Actually, in most Western countries the need of passing from filling the gap in the implementation of reforms to a new generation of public sector reforms (i.e.: reforms that make the difference) is urgent. We identify five pillars on the basis of which future reforms should rely on (see Figure 2)

Fig.2 Reforms that make the difference: the 5 pillars

a. Measuring performance

The development of performance measurement and evaluation systems in government meets several needs spanning from enabling politicians to improve the quality of their policies thanks to the information emerging from evaluations to sustaining public executives in the implementation and control of government actions. Performance measurement and evaluation systems are also important, as they represent the first step for governments to be more accountable toward citizens and toward different external stakeholders about the achieved results of their actions. Finally, when politicians and executives are aware of the performance achieved and the organizational strengths and weakness they might sensibly act in public networks and collaborative governance arrangements. Discussions about which performance to measure have been extensively influenced public management studies. However some doubts about the 'what-and-how to measure' are left to policy-makers and practitioners. Typically public sector executives favor measurement precision and accurateness, while politicians rely on poor information in launching programs. Disaggregated and extensive performance measures dominate over aggregate and selected performance measures.

Figure 3 illustrate how aggregation around 4 main performances areas might occur. Following the input--output-outcome model, traditional performance measurement systems have highlighted the importance of monitoring performance related to service delivery (i.e.: quality, capillarity, coverage, etc), financial and organizational health related measurements (i.e.: debt ratio, level of autonomy, span of control, etc…) and results in terms of outcomes and impacts over the population served. Measures regarding the 'relational' capital of public sector organizations and the degree to which strategic programs are implemented have been overcome so far.

The first measure is related to the need of governments to be open. Being open is more than being transparent. It involves exchanging information with main stakeholders, consulting them on public decisions, and encouraging their active involvement in the public decision-making process. Information, consultation and joint decisions represent different strategies for open government, which can be classified from a lower level of involvement (information) to a higher level (joint decision-making) (OECD, 2005)

Fig. 3 Dimension of performance measurement and evaluation

Getting information about the degree of realization of strategic programs resembles what in private business practices we regard as 'strategic control systems. Strategic control systems concern two different types of 'controls' and 'evaluations': on one side there is a need to check the working progress of programs that governments have started. Measuring if deadlines are respected or conformance checks are the main indicators for this type of activity. On the other side strategy implementation controls regard also qualitative evaluation on how a program is implemented in terms of early effects and impacts it is producing. Above all, these controls include a 'reality double-check' consisting in assessing whether the program, after some time, is still strategic, it satisfies needs that are still actual for the main stakeholders of the organization.

Two final observation regarding performance measurements and evaluations concern the 'how to evaluate?' and 'who evaluates?' questions. Building aggregate KPI indicators for each dimension previously described is fundamental. However once this piece of information is available, it is necessary to compare actual performances with the ones achieved in the past to evaluate the rate of change the organization is sustaining, to reward managers being responsible of getting results and to program better future activities. In this perspective the use of KPIs in planning, programming and budgeting systems is crucial.

Information about achieved performance might also be used to ground benchmarking exercises and workshops among practitioners (Valotti and Turrini, 2006). Assessing 'best' performers and 'worse' performers on a given organizational aspect enables practitioners to discuss about the determinants of these results and about which managerial practises have to be adopted or which risks have to be avoided in running organizational units. In other words, information about performances should serve as a way to self-evaluation of mistakes and as a basis for discussion within communities of practices devoted to benchmarking exercises.

As mentioned before reforms are effective and conducive to change only if incentives systems are designed in order to leading behaviours toward change. In this perspective information about public organization performances should be used by independent bodies that perform an auditing role, by those agencies that rate and certify organizational quality or management capacity, by government departments in charge of using achieved performances as a parameter to decide the amount of funds to grant.

b. Enhancing transparency

Transparency and accountability has been advocated as imperatives in public management reforms in different countries. Numerous tools have been developed at different governmental levels in order to inform external constituencies and citizens about government activities. Circulating brochures and information reports, establishing public relations office, developing web-communications campaign have been the main actions taken by governments at any level of responsibility. Also in this case, however, public sector reforms willing to make a difference should not only advance in this direction (implementing and further advancing these communication practices): real transparency should be granted by informing more and better about achieved performance, by increasing the user-friendliness of information and communication systems (which means, for example, increasing immediacy, selecting right information, letting user use this information) and above all actively promoting citizens and stakeholders' involvement in government activities. Discussion panels, working groups, workshops, participative planning are methods that can be implemented both for consulting stakeholders about future decisions to take and for taking joint decisions with stakeholders. In this perspective President Obama's open government strategy (http://www.whitehouse.gov/open) stands as a benchmark in the ways in which a national administration can make citizens' participation and engagement happen (Fig. 4.)

c. Boosting motivation of civil servants

In times of deficits and cost cutting, civil servants empowerment might appear as an illusion. It is true that public management reforms making a difference will have to find a balance between cost saving needs and personnel quality enrichment. It is however true that, like all investments, improving civil service skills might be expensive in the short run, but it grants cost-savings in the medium-long term. Among the different actions to focus on when thinking about how to empower public sectors human resources, government should tend to three main objectives enabling them to make change happen and to profit from better human capital in the next future: attracting the right people, selecting the right people and motivating the right people.

Fig. 4 Welcome Webpage of Obama's administration Open government initiative.

- Attracting the right people

  The first step in improving government's human capital starts from raising an internal and external awareness about the fact that the public sector is a great place to work. Provocative at it may seem, actions related to increase the attractiveness of working in the public sector is fundamental in order to have a large pool of talents among whom to choose the best. This aspect of people recruitment strategy has been always overcome and downplayed by public sector organizations. The traditional portrait of civil servants has in fact been one of employees who are not very efficient, working in a boring environment but having the benefit of a secure job and looking forward to a comfortable retirement package (Cristofoli et al. 2011a, 2011b), which does not seem to be attractive for young and dynamic talents. Government as an employer should leverage on how important public sector organizations are for society, how complex and wicked are public problems and policy issues, how much creativity and intelligence are required to solve these problems. Changing or repositioning government branding value proposition as an employer does not only have an important positive impact on recruitment and selection strategies. As a matter of fact a stronger and positive branding as an employer might help governments in re orienting existing identity and culture, boosting motivation of civil servants already employed in the public sector, increasing their sense of belonging and, in the end, increasing their productivity.

- Selecting the right people

  Reforms improving selection processes and recruitment mechanisms is strategic first of all because the future of public sector organizations depends on choosing the right individuals, and second of all because through selection processes public agencies communicate to citizens in their role of employers. The latter aspect has been always underestimated when designing public administration selection processes: typically public sector organizations have favored procedures that are sometimes too bureaucratic and long (even if they are aimed at granting transparency and parity of conditions to all in accessing to government jobs and positions). Recruitment and selection processes, however, should also be efficient, effective (i.e.: able to select the right person) beside being able to grant impartiality and transparency. For this reasons recruitment and selection processes should include collateral actions such as a proactive search in the labor market (i.e.: by communicating job offers in mailing lists or newspaper, by employing headhunters to look for candidates that fits the need of the public agency, by adopting e-recruitment strategies) or such as a search among the already employed civil servants. Actually, internal mobility processes might be useful to improve the goodness of fit between competence needed for a given job position and competence possessed by a public employee. Internal mobility process are successful, however, only if public sector organizations track employees' existing and developed competencies: the *dossier de presentation des acquis de l'expérience professionnelle* created in different French public agencies stands as a benchmarks among the tools created to record all the competencies (relevant to the job description) developed during the professional life of public executives.

In designing recruitment and selection process it is also fundamental to identify and work on skills competencies rather than on knowledge. Too often, for example, public agencies select people only on the basis of tests and oral exams aiming at ascertaining basic or specialist knowledge of candidates without looking at skills, abilities or capacities. The risk is that the way in which the selection process is designed favors those candidates that know a lot but that have no ability to put their knowledge at work. As a matter of fact at the European Commission candidates skills are assessed through a computer-based test only in the pre-selection stage; during the selection process, skills are assessed by dedicated assessment centers and at the end of the selection process, all candidates receive their competency passport with the comprehensive assessment of the demonstrated skills. For selected applicants it becomes the basis for future training and development.

- Motivating the right people

  Motivation at work has been always a problem in public sector organizations. Dissatisfaction and low level of motivation have their roots either in the high amount of red-tape and procedures civil servants have to comply (which frustrates individual entrepreneurship and willingness to change) or in the burn out that front office professionals experience as everyday they have to manage complex relationships with public services users. Managerial reforms have not tackled the problem of sustaining civil servant motivation giving incentives to public executives to implement actions in this direction. As a matter of fact boosting motivation is ultimately in the end of human resource managers or public executives having wide responsibilities on organizational units.

Fig. 5 The motivation cycle

As Figure 5 shows, public managers might sustain the motivation of their employees before, during or after task achievements. Traditionally motivation has been linked only to economic incentives: the better the compensation, reward and evaluation system are designed, the higher the general level of motivation of the employees working in a given organizational unit. This approach should change. Nowadays it is important to leverage on organizational wellbeing and civil servants' identity. Actions like listening to employee's needs, planning and co-deciding the job to perform, contributing to develop a positive environment, managing expectations and improving reputation, identity and employer branding seem to be more effective as they leverage on symbolic rewards and meanings which are very important in public service delivery organization.

d. Increasing trust in government

Corruption, scandals and bribery decrease trust in governments or international organizations. This problem is seriously threatening many countries in the world and it seems that no measures work to fight corruption. Fighting corruption is an important issue for governments not only from the legal point of view: more frequent misbehaviors and increasing corruption of the ruling class make costs for citizens and service users rising (according to the World Bank the cost of corruption is estimated in about 770 billion all over the world), they damage the investment attractiveness and competitiveness of a country, they destroy motivation and sense of belonging of civil servants, they put at risk the relationships between citizens and institutions in general.

These insights suggest that combating corruption is not a matter of strengthening the enforcement and compliance to existing rules. Traditionally, administrative reforms have embraced a compliance-based approach (i.e.: an approach based on the enforcement of standards, rules, controls and more regulations). Reforms making a difference should complete this approach and measures with an integrity-based approach which leverage on aspirations, values, and social control.

As a matter of fact corruption is hard to fight because it infects officials, who are well aware of the normative framework designed to prevent corruption: they are skilled to plan and commit with impunity the crimes that laws and regulations are meant to punish. On these grounds regulations and rigid sanctions are very important but they are not enough. Corruption should combine dissuasive and sanctioning legal and procedural norms with solid training in ethics and morality for civil servants (and hopefully to business leaders as well). Actually, since 2000 OECD has been proposing a combination of measures which compose what OECD calls the 'ethics infrastructure' for governments (See Figure 6)

Fig. 6 The OECD ethics infrastructure (OECD, 2000)

This infrastructure includes four set of actions spanning from emphasizing positive values (like impartiality, legality, integrity, efficiency, transparency) , strict monitoring and reporting on legality and measures regarding transparency and anti-corruption, defining ethical standards and introducing sanctions and penalties for those civil servants that break the rules.

e. Improving leadership

In the private sector discussion about leadership has been a very vivid topic for ages. The same, unfortunately, is not true for the public sector probably thanks to a widespread belief that administrative leadership does not exist to an appreciable degree as many forces are beyond the control of administrative leaders. In the early Nineties, however, recurrent waves of administrative reforms in most Western countries have increased public sector executives' autonomy and empowered administrative heads in leading governments. Leadership is a complex process in the public: it involves the development of numerous and necessary leadership traits and skills (such as integrity, self-confidence, a drive for excellence, and skill in communications and influencing people), the refinement and modifications of one's style for different situations, the achievement of predetermined goals and the continuous self-evaluation of one's performance and one's potential development. Also in the public sector leadership is different from management: "management is about doing things right while leadership is about doing the right thing" (Nanus and Dobbs, 1999).

However, public sector leadership practices differ from other type of leadership styles in a great extent (Orazi et al., 2013). First of all leading public sector organizations is more complex as in public sector organization goals are more ambiguous than those stated for other organizations such as private companies: public sector organizations good performance cannot be synthesized in a single economic measure. Second of all leaders' turnover in the public sector is higher than in private sector organizations, often because of governmental changes (Baldwin, 1987). Another striking difference between public and private sector organizations is related to the higher levels of formalization and regulations the former typically evidence. (Rainey et al., 1995) Further relevant differences might also be highlighted when one thinks that public sector organizations are funded by taxation with less exposure to the market and customers (Morris and Jones, 2004) and, finally, as they are obliged to higher levels of transparency and accountability toward society. In these regards Kunthia and Suar (2004) provided evidence that Indian public sector leaders are pushed to be more 'ethical', especially when they have to deal with business: an integrity leadership styles seems to be very powerful in governments effective.

Table 1. Leadership style and civil servants' effort propensity (Turrini and Valotti, 2012)

LEADERSHIP STYLE	CHANGE IN EFFORT PROPENSITY (%)
Working for a leader who motivates employees urging them to achieve the result **(Task oriented leadership)**	+ 0,3% (omitted)
Working for a leader who motivates employees being careful to personal relationships and to skills development of employees **(Relations oreinted leadership)**	+ 1,5% (p=0.736)
Working for a leader who motivates employees by supporting their creativity and developing their ideas **(Change oriented leadership)**	- 5,0% (p=0.247)
Working for a leader who motivates employees being attentive to diversity / uniqueness of each and respecting gender differences **(Diversity oriented leadership)**	+ 3,0% (p=0.419)
Working for a leader who motivates employees by giving an exemple of Honesty, promoting complience, punisshing misbehavior **(Integraty oriented leadership)**	+ 8,0%* (p=0.057)
	N=142

In these regards we recently conducted a quasi-experiment among Italian civil servants in order to test which leadership style is more effective among the following: task-oriented leadership (defined as a leadership behavior focused on defining and organizing the group's activities, setting and communicating goals and performance standards, coordinating followers, monitoring compliance with procedure and goal achievements, providing feedbacks, etc), relation-oriented leadership (which includes a deep concerns by leaders about followers' welfare and wellbeing by establishing good interpersonal relations among subordinates, treating them as equals, involving them in the decision making process, providing opportunities to personal development), change oriented leadership (which has much in common with transformational leadership as it stresses the importance of fostering change and creativity among employees), diversity-oriented leadership (including behaviors directed to increase the quality of decisions by leveraging on followers' diverse skills, knowledge and background) and integrity-oriented leadership (imposing strong attention by leaders for legality, fairness, and equitable treatment of employees and service recipients) (Fernandez, Perry, Cho, 2010; Turrini and Valotti, 2012). As Table 1 shows an integrity leadership style seems to be more effective in increasing effort propensity among civil servants.

This reinforces the idea that strong leadership programs for public officials should include a solid training in ethics and morality. It is not only fair: it boosts government productivity.

The agenda for reforms that can make a difference

A lot of work has to be done by governments both to fill the implementation gap and to develop reforms that can make a difference. Revolutionary institutional change is always harmful: governments would better adopt an incremental approach which, however, should include at least the following actions (see Fig. 7):

1. "The right people doing fewer things while exposed to real or simulated competition"

The starting point of any reform depends on the history, structure, configuration and environment where government operate. Realism and strategic thinking (i.e.: focusing on what matters) are, however, essential in implementing change. However, general actions such as introducing elements of competition and merit within the organization (in order to fight corporatism) and strengthening citizens' power of choice and voice (in order to increase government accountability) might be common to different public sector organizations.

Fig. 7 Agenda for public sector re forms that make a difference

1. THE RIGHT PEOPLE DOING FEWER THINGS WHILE EXPOSED TO REAL OR SIMULATED COMPETITION
2. REVOLUTIONIZING ORGANIZATIONAL MODELS
3. TURNING BUREAUCRATS INTO MANAGERS
4. INVESTING IN SOFT ORGANIZATIONAL FACTORS
5. THE PUBLIC SECTOR AND THE PRIVATE SECTOR WORKING HAND IN HAND
6. MORE POLICIES, LESS POLITICIZATION

2. Revolutionizing organizational models

Simplifying organizational structures, improving job descriptions and professional profiles, trimming organizational levels, decentralizing decision-making processes, increasing civil servants mobility, reviewing the traditional methods used for recruitment and selection are all actions that cannot be delayed by most public sector organizations involved in reforms that make a difference.

Public sector organizations must be perceived as interesting workplaces, where it is possible for employees to do a good job but also to grow professionally, to pursue a brilliant career based on their merits, and to build up a body of experience and knowledge that they can use in other sectors.

3. Turning bureaucrats into managers

As in any organization, in the public sector the quality of results is closely linked to the quality of the managerial staff. As a matter of fact it is the manager's responsibility to implement policies, make efficient use of resources, develop the organization's skills, build a collaborative atmosphere and a motivating workplace, and safeguard correct administration practices. All public sector organizations can do a lot in increasing the quality, autonomy, and conscientiousness of their managerial staff by redesigning the architecture and brief of their management, by defining and applying innovative rules for the assignment of managerial duties and the conditions for their renewal and withdrawal, by introducing credible salary mechanisms and incentives that are truly capable of rewarding performance.

4. Investing in soft organizational factors

Investing in "soft" organizational aspects (i.e. building new systems of values and promoting in-house socialization processes) becomes crucial in order to carry out a project for change. Individuals have to give themselves a stake in the change. It is essential to invest in in-house communication: instead of common and useless paper announcements and documents, organizations should organize big events, including celebratory events, as well as meetings, work groups, project teams and workshops. Public sector organizations should focus on the handling of manager-employee relationships, the provision of new communication tools, and greater transparency regarding conduct, expected performance, related bonuses and regular updates about the process of change they are carrying forward.

5. The public sector and the private sector working hand in hand

There is a common belief that those professionals entering the public sector remain "trapped" because there is no appreciation of experience they have acquired in the private sector. This highlights a general requirement of reforms: making private sector working conditions and public sector working conditions more similar. Aligning the two employment system means both standardizing some working conditions (such as the maximum amount of hours worked per week) to change salaries and social security contributions to make them more alike. The removal of cultural barriers between managers working in business companies and executives working in public agencies might occur if mutual knowledge and relationships between public and private employees is boosted. This means, for example making public sector managers complete part of their professional training in private companies and vice versa.

6. More policies, less politicization

For a long time politicians have exercised a direct influence on the actions and choices of managers. Nowadays politicians are required to resume their "higher" role, namely the ability to express an innovative and long-term vision, conveying the emerging needs of the community and designing far-reaching strategies that lay down the direction to be followed by public agencies and monitor implementation, with the aim of driving ongoing improvements in the efficiency and quality of services delivered.

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PERFORMANCE MEASUREMENT AND BUDGETING IN THE PUBLIC SECTOR

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When the OECD was taking stock of public sector reforms in 2005 for its ministerial conference, it summarised six shifts in the practices of its member-countries and it put trust on its agenda. Governments became open governments, enhancing public sector performance, and modernising accountability and control. They were also reallocating and restructuring tasks and organisations, using market-type-mechanisms (MTM), and they were organising and motivating public servants as part of modernising the public employment function. There was an awareness that trust was a key driver and an objective of public sector reform policies, even if the causal linkages were not clear and rather indirect.

The economic and financial crises has pushed Western OECD countries to cutback management and to savings, but pushed also to an awareness that trust in the capacity of governments and its public sector to realise effective policies is a crucial element in a performing society and economy. At the 2010 OECD ministerial conference a key starting point was that "trust, built on openness, integrity, and transparency, remains an overarching goal to foster an effective and performance-driven public sector, delivering better public services more efficiently, and promoting open and transparent government ". Building and keeping trust remains even more an objective in a period of crises where the public sector needs to be a stronghold in the economy and in society.

1. Performance in the public sector

In the spectrum of public sector reform, it seems that there are three pure models which are co-existing: New Public Management (NPM), Neo-Weberian State (NWS), and New Public Governance (NPG) (Pollitt and Bouckaert, 2011).

NPM relies more on a market-type-mechanism in a competitive culture. NWS is a reformed Weberian system, and is therefore more connected to hierarchy-type-mechanisms and control systems. However, this model has been blended with elements of performance and elements of citizen participation, thus creating new types of public sector system, especially in continental Europe. Finally, NPG is relying on network-type-mechanisms and promotes co-production, chain management, open access systems, and bottom-up initiatives. It is clear that these models imply different cultural contexts, and hence, different cultural features. One of the challenges is to avoid imitation such that a mechanism from one type is transferred to an incompatible context or system with contradicting features. E.g. when there is an individualistic culture one should not import a collective performance related pay system. When there is a collectivist culture one should not import an individualistic performance related pay system. When there is a culture of general interest, with a strong public service motivation, and a stable and loyal civil service, it may be culturally incompatible to install performance related pay, at all. Culturally incompatible systems and mechanisms create dysfunctions (see also Bouckaert, 2014a).

This leads to cultural features of public management systems which affect the functioning of these systems and hence of the reform efforts.

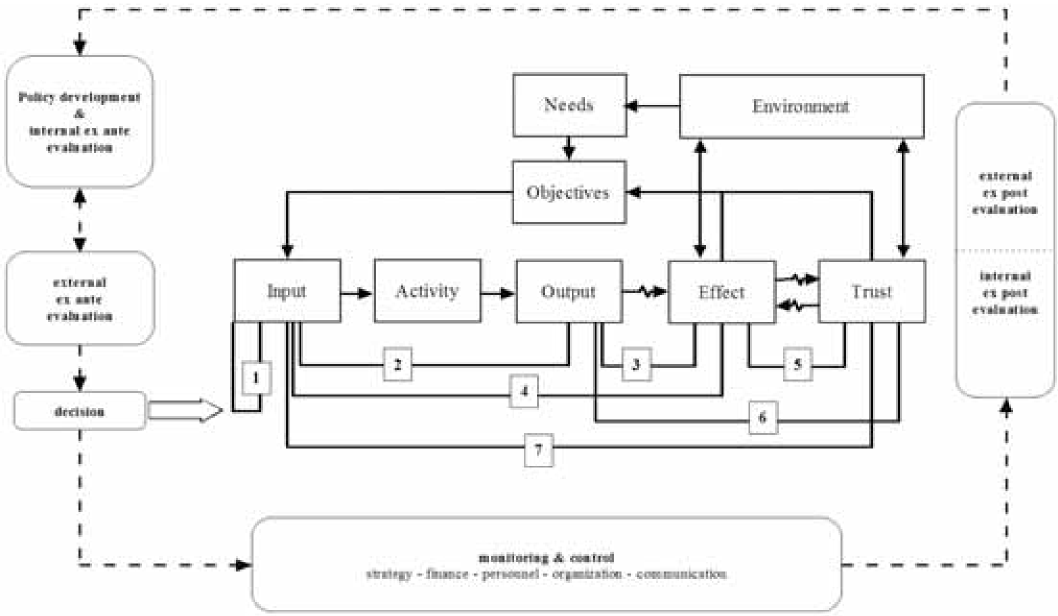
There may be a culture of change, or not. Patterns of change are quite different and may vary significantly according to the process (gradual, or abrupt), and the result (within path/incremental, or radical/transformational) (Pollitt and Bouckaert, 2009). Cultures of classic incrementalism (like a 'tortoise'), radical conservatism (like a 'boomerang') are different from gradual change which suddenly creates a fundamentally different result (like a 'stalactite) or a sudden, radical change (like an 'earthquake'). It is relevant to be aware of what type of culture of change is possible, and under what circumstances change is occurring or could occur: wanted or unwanted, accepted or not. Elite conviction that change is not just necessary but also feasible becomes and important element.

There is a culture of autonomy, and of granting autonomy, in certain countries, and in others there is a culture of centralization and control. It is clear that in countries such as the UK, New-Zealand, and the Netherlands massive numbers of agencies have been created and that a culture of autonomy and granting responsibility has been present. However, there is also a significant number of countries, such as the federal level of Belgium, France, and Italy, that have not done so, and have refrained from doing so. The related concept and practice of control and coordination, and also its types (hierarchy, market, and/or network) are also part of a cultural set of features that organize responsibility and accountability through granting autonomy and using or keeping strong control (Bouckaert, Peters & Verhoest, 2010). "Uncertainty avoidance", a cultural feature, probably is not facilitating a culture of granting autonomy, rather it will support strong control systems.

A performance culture can be developed and is evolving. Managing performance could start in an administrative context and result in performance administration. Reforms may easily change the performance culture to move to management of performance or even performance governance (Bouckaert and Halligan, 2008). The practice of measuring performance, embedding information on performance in documents and procedures, and using this information to take decision, take responsibility and be accountable, is a cultural feature of a system. A culture of openness and transparency on data, including performance data, is supporting reforms.

There are a number of levels at which performance measurement can operate – it may refer to the measurement of inputs, outputs or outcomes, and it may focus on economy, efficiency or effectiveness. We can integrate these concepts in an input-activity-output-outcome-trust model of the policy and management cycle (see figure 1).

Fig. 1: Managing performance cycle



Source: G. Bouckaert and J. Halligan, Managing Performance: International Comparisons (London: Routledge, 2008), p. 121.

The input-activity-output-outcome-trust model gives a systemic view of the functioning of an organization. These are general 'end purposes', 'aspirations' or 'high level' objectives that are usually derived from the organization's mission statement or general policy documents. The next step in the policy cycle is to infer operational objectives, which are more specific and measurable, from these general strategic guidelines. Next we enter the management cycle, i.e. the daily operations of the organization. The management cycle consists of the inputs that go into the organization, the activities for which the inputs are used and the output that is realised by the activity. Personnel, infrastructure, finance and premises are some typical inputs. With these inputs, activities are undertaken. For example, a school will organize lessons and a library will shelve books that may be lent out. The activities result in outputs (e.g. number of students passing exams or number of books on loan). Management should be concerned that the inputs yield the right amount and quality of outputs by organising the activities in the best possible way. Therefore, the manager's feedback loop focuses primarily on inputs and outputs. There is a common conviction that outputs are not easily measurable in the public sector. However, in several countries there is a strong culture of measuring performance. There is probably no need to have a full coverage (100%) of all 'deliveries' of a public sector (e.g. New Zealand, at one moment in time). Public goods, common goods, shared goods, are not easily assessed. However, several countries have made regulations to measure what is considered to be useful to measure (e.g. Scandinavian countries). And some countries also have made it a principle to measure, but they are pragmatic. You comply with the measurement principle, if not, you explain this (The Netherlands).

When the outputs, i.e. the policy and management products, leave the internal organization, they go into society. The crucial question is whether and what outcomes result from the outputs. A sharp distinction must be made between outputs and outcomes. Outcomes are events, occurrences, or changes in environments, conditions, behaviour or attitudes. Outcomes are not what the programme or organization itself did, but the consequences of what the programme or organization did, in interaction with this environment. This relates to the welfare, quality of life or payoffs experienced by different stakeholders affected by the policies. Typically, outcomes are influenced by environmental factors and by the activities of other organisations. Therefore, outcomes normally cannot be attributed to a single organisation but rather to a network of organisations.

Some academics make a distinction between intermediate outcomes and end outcomes. This is a pragmatic but important division between the ends ultimately desired and the interim accomplishments which are expected to lead to those end results (although, of course, they may not). Since a long time may elapse between the delivery of outputs and the occurrence of the end outcomes, the causality between the output and end outcome may be difficult to establish. The impact of environment should be assessed. It should be the policy makers' concern that the desired outcomes are achieved. The policymaker's feedback loop is the confrontation of the outcomes with the objectives which closes the circle.

The combination of the boxes in the input-activity-output-outcome-trust model allows to connect indicators (see figure 1):

- Economy is an input/input connection, e.g. the cost per employee (linkage 1).
- Productivity is the output divided by one specific input, e.g. bus hours on the road per employee (for public transport), closures per inspection (for food inspection), crimes cleared per police officer day (linkage 2).
- Efficiency (as used in Data Envelopment Analysis, or Free Disposal Hull) is linking a (multi-vector) input (space) to a (multi-vector) output (space). Usually the only index of all inputs which is available is cost, which leads to the specific efficiency indicator of unit cost (e.g. cost per discharged patient, cost per crime cleared). Since all the costs of all the inputs used to obtain an output need to be calculated in financial terms, this can only be properly calculated if the organization has a high quality analytical financial system. Inefficiency could then be input-inefficiency or output-inefficiency, or a combination of both (measures as the distance to the efficient envelope) (linkage 2).

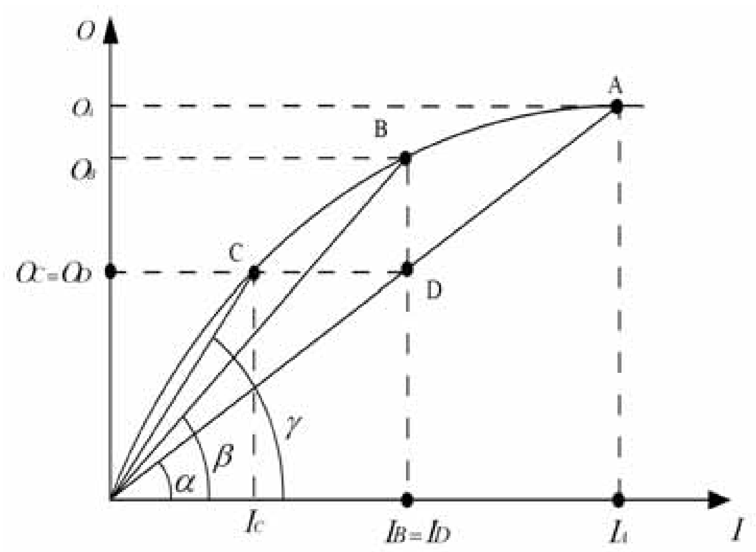
- **Effectiveness** is outcome linked to output, e.g. number of complaints received about dirty streets per km of streets which receive regular cleaning (linkage 3).
- **Cost-effectiveness** is outcome linked to cost, e.g. cost per successful college graduate (linkage 4).
- **Trust related indicators**: increasingly there are efforts to connect trust based indicators to inputs, process, outputs, and outcomes. Here, a new issues is raised. Trust is then not just part of performance. Trust could also generate a positive performance cycle (or distrust could trigger a negative performance spiral) (linkage 5, 6, 7).

Figure 2 provides a graph with four observations, A, B, C, and D with a certain input and a certain level of output. The meaning of these input-output relations depends on the context of the models used. There is a productivity model that is based on a ratio that divides output by input (O/I), and there is an efficiency model that measures the distance to a dominant observation (or DMU, decision making unit). As a consequence, conclusions are rather different, depending on the models chosen.

According to the productivity model C has the highest productivity (the highest ration O/I, and also the highest angle Gamma), then B has the second highest ratio (proportional with angle Beta), finally, A and D have the lowest productivity ratio (proportional with Alfa). The conclusion is that C is better than B, which is better than A, that equals D.

According to the efficiency model, all DMUs which are dominant and which are not dominated, that is the set A, B, and C, are efficient. However, D is inefficient. It is output inefficient for the distance BD compared to B, and it is input inefficient for the distance CD compared to C.

Fig. 2: Measuring efficiency (as a distance) versus productivity (as a ratio)



Source: Bouckaert in Pollitt (2014)

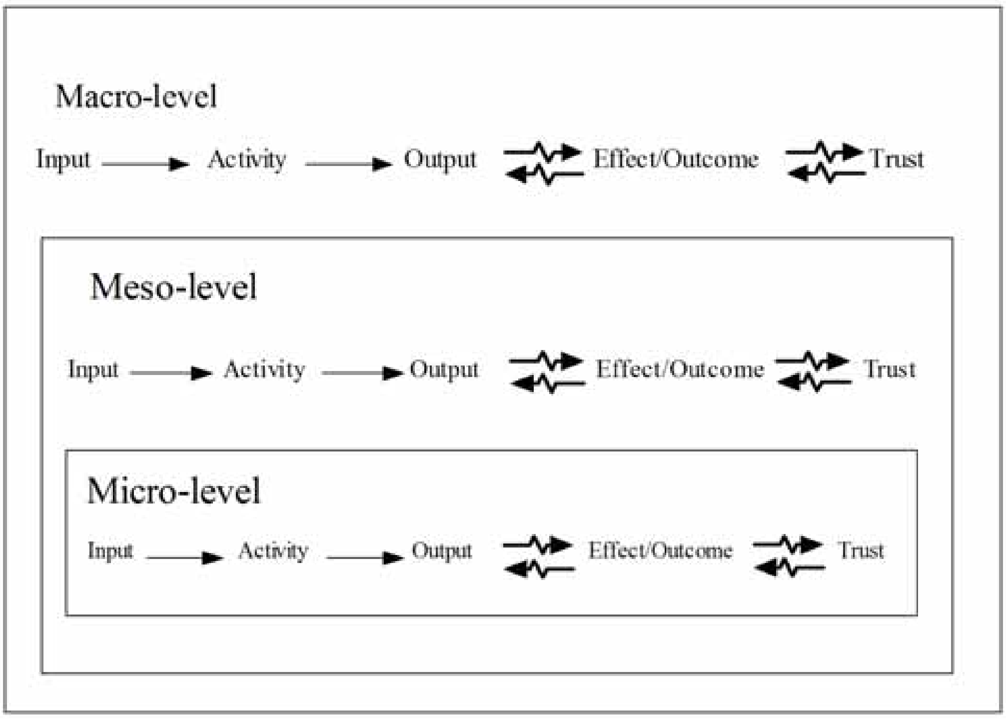
As a consequence the context of the model provides quite different meanings on good and bad performance according to the productivity/efficiency debate.

In many countries there are predominantly three levels of government: local, intermediate, and central government. Obviously, reality is more complex with, for example, administrations that are organised inter-locally and distinguished from intermediate levels. In some areas there is also an important supra--central government level (e.g. Europe), which has a significant impact on the three other levels.

Whatever the mapping is of levels (and administrative and political organisations within levels) or of inter--level activities, there is an issue of how these levels are related to one another. Even if there is a (constitutionally) protected political and/or administrative autonomy, these levels are related and constitute an entity, which in its parts, in its relations, and in its entirety has responsibilities for which it is accountable.

Whereas span of performance is a horizontal expansion of the results dimension, depth of performance is a vertical dimension (see figure 3). It includes a micro, a meso, and a macro layer. A possible operationalisation is as follows. Micro performance is at the level of an individual public sector organisation and its interface with citizens or other organisations. Meso performance is at the level of a consistent policy within a country, involving a range of different organisations. Finally, macro performance is government or even governance wide, at an international level.

Fig. 3: Span and Depth of performance



Source: Geert Bouckaert and John Halligan, "Managing Performance across Levels of Government: Lessons Learned or Reproducing Disconnections?" In Policy, Performance and Management in Governance and Intergovernmental Relations: Transatlantic Perspectives, edited by Edoardo Ongaro and others (Cheltenham: Edgar Elgar, 2011), p. 249.

Depth of performance: Micro performance

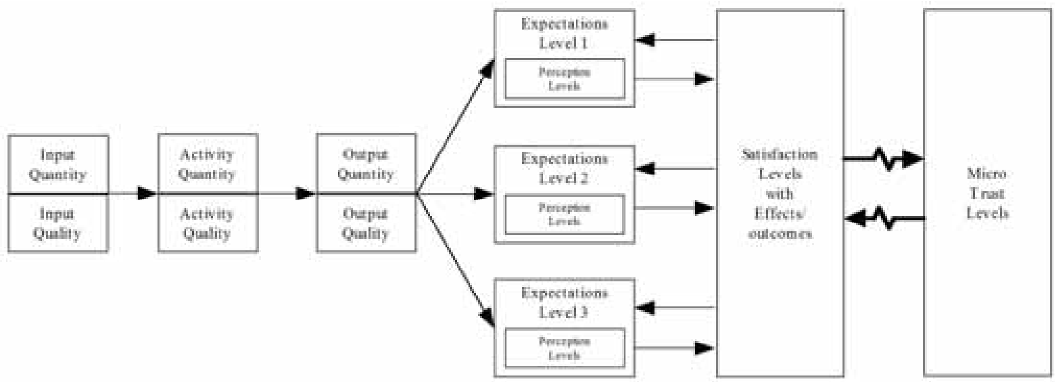
From a systemic point of view Figure 4 provides an analytical framework to handle the complexity of micro public sector performance.

There are inputs (quantity and quality), which are processed into activities (quantity and quality), which result in outputs (quantity and quality). These outputs, services or products, leave the black box and enter society. This is the micro and organisational level with a direct transfer of an output to a user/customer/citizen. These outputs are sometimes directly consumable (permit, subsidy, information). In many cases outputs just concern the degree of availability (e.g. using a resurfaced highway), sometimes even for the next generation (e.g. water purified), or they are indivisible public goods (e.g. a legal framework). The quantitative aspect may be expressed in financial or in physical terms, number of full time equivalents or budgets approved, number of inspections or transactions processed, and number of services delivered.

Resources and activities also have a qualitative dimension (e.g. skills and competencies of civil servants, or internal waiting time, or internal error rates). The focus on output quality has gained momentum as part of a citizen/customer focused performance definition. Increasingly, quality is linked to managerial models used by organisations, such as generic models like International Standard Organisation, Balanced Score Card, the European Foundation for Quality Management model, or the European Common Assessment Framework. Other quality models are country specific like the Management Accountability Framework in Canada, which then became a guarantee, safeguard, and proof of qualitative output itself. It is tempting to assume a direct, almost linear relationship between resources as inputs, activities as throughputs resulting in products and services as outputs, almost in a mechanistic, machine based, routine featured production function.

Increasingly control systems monitor quantity and quality as output features. But this is not sufficient. Citizens as customers receive and perceive these outputs with levels of expectations. Expectation levels differ as do perception levels. In Figure 4 there is a clustering of different perceptions (e.g. waiting time, error rates, timeliness of a service delivery) within levels of expectation. Obviously one could also have a clustering of different expectations within levels of perception. The confrontation of output quantity and quality, with individual perception levels and expectation levels results in levels of satisfaction. This positive or negative satisfaction also influences (positively or negatively) perceptions and expectations, hence the reverse mechanism. There is a particular level of satisfaction because of an effect or outcome: a letter has arrived on time, the bus transported a citizen to the right place in due time, the municipal sports centre was fit for use, the garbage collection team collected all the garbage, the roads were repaired quickly and/or competently etc. There is an effect or outcome which needs to be measured, e.g. street level cleanliness or crime levels in city districts which could be as 'objective' as possible, and there is a subjective interpretation which is influenced by perceptions and expectations (e.g. a feeling of cleanliness or of security) and results in satisfaction. Research demonstrates that there is not always a good correlation between the 'objective' and the 'subjective' types of effects and outcomes or between a producer-defined increase in quality of a service and satisfaction change (see Bouckaert and Halligan 2008).

Fig. 4: Depth of performance: the micro performance framework



A crucial final part of the micro model is trust in the individual service-delivering organisation (including e.g. its staff at the window). Trust levels have an impact on satisfaction and are in many cases crucial for a proper functioning of service delivery. The degree of trust of public sector organisations in their citizens (and vice versa) is a crucial societal mechanism to construct control systems. Missing or decreasing trust levels require complementary (repressive or monitoring based) additional control systems. Sufficient and increasing trust levels allow the use of this social capital to upgrade, through satisfaction and legitimacy levels, support for service delivery. This contributes to its effectiveness. Trust levels may also have an impact on effects or outcomes. Teaching in schools, hospital therapies, or police security may be more effective if parents and children trust their teachers, if patients trust their doctors, if citizens trust their security services. In the field of co-production, trust is crucial to upgrade the same output quantity and quality to higher levels of effectiveness. According to Yang and Holzer (2005: 123) 'the ambiguity of the performance-trust link does not suggest that performance is unimportant; rather, it implies there is much more to be learned about the business of government'.

From a practical point of view improving 'micro performance' requires the integration also of citizen groups, the use of focus groups, and active attention to the group of discontented (distrusting and dissatisfied) customers and citizens. To the extent that these efforts affect trust, this may increase the levels of effects or outcomes.

Depth of performance: Meso performance

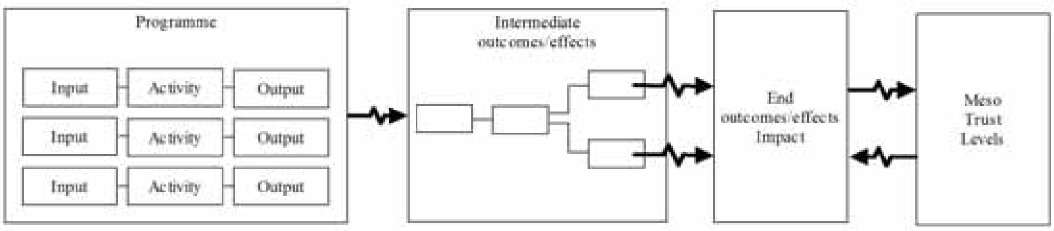
Output is never an end in itself for the public sector. Output is not an end in itself if the subsequent intermediate and ultimate effects or outcomes are a central focus. Since effects or outcomes are realised by a range, a chain, or a network of organisations, public sector performance measurement systems should not just be organised at the individual organisational (micro) level but also at the level of a policy field (e.g. education, health, environment, security), or a product/service chain (e.g. the food chain). This is the meso-level (figure 5). Outcomes and effects may be objective or subjective. Also outcomes and effects are affected by the changing policy environment. This results in the construction of 'logic models' that represent a sequence (beyond the organisational clusters in a black box) of outputs, intermediate outcomes and effects, and ultimate and final outcomes and effects, or impacts. These logic models are designed, in many cases, by sectoral policy specialists.

These models and sequences are not linear. There are disconnections. This results in a 'First Grand Canyon' in the public sector measurement system between outputs on one side, and a disrupted and distant, almost unreachable, but visible sequence of intermediate and ultimate effects and outcomes on the other side.

The generalised absence of market mechanisms in the public sector, even if quasi-markets are being established, the politically based value assessment of (effect) priorities, the changing perceptions and expectations of the citizenry and civil society, and environmental contingencies, result in a disrupted link between outputs and (intermediate outcomes and) objective and subjective effects.

From the end outcomes and effects to (meso) trust a 'Second Grand Canyon' emerges. Effective school, health or security policies and systems could lead to a level of trust in these policies and systems, and this trust could facilitate their effectiveness, but, this is very conditional and cannot be taken for granted. There is also a reverse influence. Particular levels of trust may affect levels of effects or outcomes. Comparable levels of output quantity and quality, with similar levels of intermediate outcomes, may result in higher levels of ultimate outcomes because of higher trust levels. School outcomes may be higher if students and parents trust their schools and teachers. Hospital outcomes may be higher if patients trust their doctors and hospitals. Police outcomes may result in higher levels of safety if citizens trust their police.

Fig. 5: Depth of performance: the meso performance framework



It is useful, possible and necessary to understand performance at this meso level. It invites questions on the links between inputs, outputs, effects/outcomes, and trust.

There are two levels of implications for this meso-performance model. First, there is a need for new co-ordination mechanisms between projects of major policy programmes, between organisations in a policy field, and between stages of a service chain, especially after the disastrous organisational fragmentation driven by the New Public Management ideology. This has produced efforts for re-integrating organisational strategic plans and developing cross-organisational policy designs. There is more implementation using a holding concept through consolidated budgets, or an integration of organisational (performance) audits and policy evaluations, or 'landscape reviews'. These options should produce a better focus on ultimate outcomes.

Secondly, from a practical point of view there is a need to integrate managerial and policy related professional communities (e.g. auditors and evaluators) to connect different levels of performance.

Depth of performance: Macro performance

The macro level is government or governance wide within an international regional cross-boarder arena. Increasingly synthetic indicators at a country level (e.g. Word Competitiveness Yearbook or Growth Competitiveness Index) include public sector performance as an indicator (government efficiency). According to the World Competitiveness Index government efficiency is estimated along five dimensions: public finance, fiscal policy, institutional framework (including survey data on government decisions, political parties, transparency, public service, bureaucracy, and bribing and corruption), business legislation, and societal framework (including survey data on justice, risk of political stability, social cohesion, discrimination, and gender issues).

It could be said that even societal outcomes and effects are not ends in themselves in the public sector. The ultimate ambition is to guarantee a functional level of trust by the citizens of an international region in all its institutions and organisations, but especially in its public institutions and organisations. Linking effects or outcomes to trust is trying to bridge the 'Second Grand Canyon' in the public sector. The assumption that effects/outcomes may positively influence trust is weak and has not been corroborated by either theories or empirical studies. However, public sector reform has always, implicitly or explicitly, referred to this ambition to bridge this major disconnect.

There are implications of this macro performance model. First, increasingly government wide indicators are being used, such as the Canadian government wide societal indicators. The need to show value added by the public sector for a country's competitiveness results in international benchmarks of quality of life indicators. It is therefore important to link the macro level to meso and micro (disintegration), but also to consolidate the micro and meso levels into a macro level. Secondly, management science, and policy science need to be connected and further linked to political science because of the priority setting between policy fields.

2. From measuring to managing performance

Managing performance could be clustered in four typologies (Bouckaert and Halligan, 2008). 'Performance Administration' is more input focused and is matching a Weberian handling of monitoring and performance. 'Managements of Performances' combines a set of performance measurement systems in different managerial fields (personnel, finance, strategy, organisation, etc.); however, these systems are not connected. 'Performance Management' has as a starting point an integrated system of measuring, incorporating and using performance information. This coherence is a strength. Finally, there is 'Performance Governance' where the scope is beyond the single organisation and which includes also the partnerships in the measuring, incorporation and use of performance information.

Performance measurement provides a bird's-eye view, upon which action might be taken. However, it should be noticed that performance information often cannot provide all the information one needs for an evidence-based policy cycle. It may simply trigger in-depth examination of why performance problems (or successes) exist. Generally, causal models and more qualitative research are needed to provide this in-depth information. This implies that performance management sometimes needs more information than routine performance measurement can supply. Effective performance measurement is a necessary, but sometimes insufficient condition for performance management.

Performance management can also be used for accountability purposes. Different accountability relationships exist between stakeholders. Performance information can be used so that stakeholders can hold each other to account for how well they have each performed their assigned responsibilities.

There are three cycles which are relevant to manage performance in the public sector:

- the policy cycle; policy preparation, monitoring, policy evaluation and feedback,
- the financial cycle; budgeting, accounting and auditing, and
- the contract cycle; negotiation, monitoring, and evaluation.

From an analytical perspective, there is a hierarchy between the cycles. Policies set out the priorities, which are then translated into budgets. Only then, the question of which agency will perform which task arises. This is the subject of contract negotiations. The policy cycle should thus determine the financial cycle, which then should determine the contract cycle.

In reality, the timing as well as the hierarchical relations between the cycles is much more complicated. Documents often combine content which could belong to different cycles. In some countries, the contracts are fully part of the financial cycle and budgets and contracts become the same document.

Performance information will be incorporated in the policy cycle. There is a (strategic) plan which includes major objectives and targets for resources, activities, outputs, and outcomes. These plans need to be implemented and monitored. Monitoring arrangements, such as Balanced Score Card (BSC), or EFQM (European Foundation for Quality Management), or the official European CAF (Common Assessment Framework), or the Canadian MAF (Management Accountability Framework) are models which can be used as mental maps to guide incorporation. Policy sectors may in addition develop other more specialised monitoring instruments. The next stage is evaluation which incorporates performance information for the purpose of assessing past performance. Evaluation reports, which incorporate performance information, are feeding forward into the next strategic plan. This evaluation stage could also include comparisons and benchmarks, based on surveys of users and citizens. Hence, there are three sets of documents that incorporate performance information: planning, monitoring, and evaluation documents.

The financial cycle is analytically embedded in the policy cycle. Budgets should be the corresponding documents to strategic plans, or at least their annual slice. Budgets should incorporate the same information from the strategic way in a different way, and for different purposes. The budget authorises expenses during the implementation. A limited authorisation involves input budgets that allow (and oblige) to spend a certain budget on a line item. A higher density of incorporation of performance information is found in output budgets that authorise to spend resources to attain specified output levels.

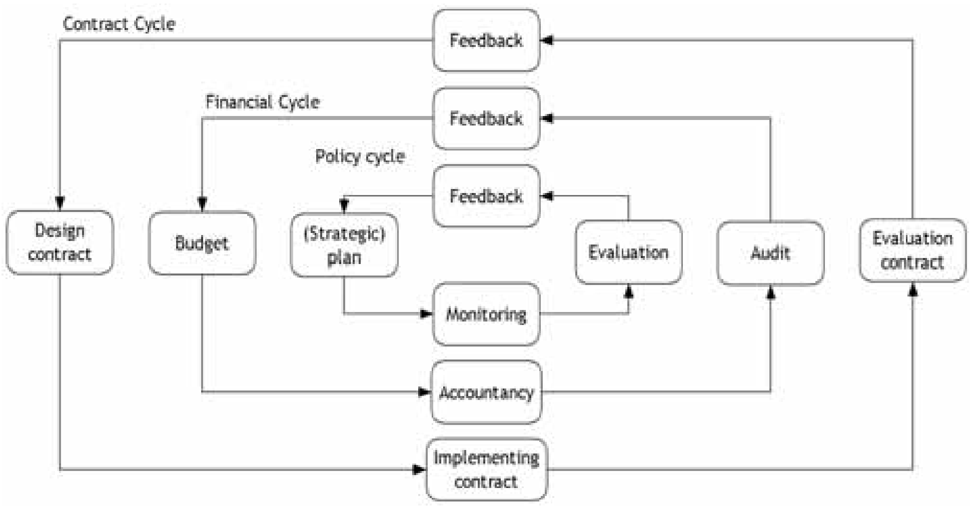
Implementation is monitored through the accounting system. Again, there are more limited systems, i.e. cash accounting, to answer the question of what is happening, or more developed systems, i.e. full accrual accounting, which allows for extensive cost calculations and comparisons. This also shows the varying density of incorporation of performance information. It could vary from simple cash information to sophisticated direct or full cost information.

The third stage in the financial cycle is audit. Performance audits gain importance over compliance and financial audits and consequently they are an important avenue for incorporating performance information. Performance audit reports are in most cases publicly available. Ideally, these performance audit reports feed into the policy and budget debates for the next years.

The result are three sets of documents: budgets, accounts and audits.

The contract cycle is embedded or at least derived from the financial cycle. Contracts are concrete documents that define agreements between key actors or organisations in a policy field which incorporate essential performance information. In return of an envelope of money, a contract states what is expected in terms of activities, outputs, or (contributions to) outcomes from outputs provided. There should be a monitoring system for contract implementation, which includes reporting. These reporting and monitoring documents incorporate major performance information which in many countries are called KPIs or Key Performance Indicators. Contract implementation is evaluated in an accountability context. The responsibility defined and granted in the contract is confronted with the results. Finally, the evaluation which contains the degree of realisation (or not, and why) will feed forward into the next contract cycle. In some cases this may include changing those in charge for not having delivered. In that case, there is an element of personnel evaluation of the top managers an autonomous unit.

Fig. 6: Incorporating performance information in three cycles: policy, financial, and contracts



Source: Van Dooren, Bouckaert and Halligan (2010), p. 85.

Fig. 7: Performance information in the financial cycle

Source: Van Dooren, Bouckaert, and Halligan (2010), p. 92.

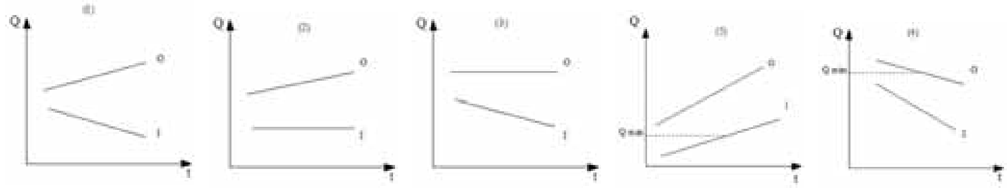
The contracting cycle typically produces three sets of documents which incorporate performance information: contracts or agreements, their monitoring, and their evaluation documents.

Three sets of documents in three cycles (figure 6) could, in principle, result in nine (sets of) documents. It will be a challenge to connect these, or even better, to merge these documents so that they have different functions according to the different cycles. This is not just necessary to avoid that controlling leads to red tape. It is also indispensable to avoid all kinds of contradictions between performance information in all these documents.

3. From managing to increasing performance

Increasing efficiency or productivity is about decreasing a distance to an efficient envelope, or about increasing the productivity O/I ratio (figure 2).

Fig. 8: Increasing efficiency: meaning in context



Source: Bouckaert in Pollitt (2014)

There are five possible contexts to increase efficiency. These different contexts emerge and provide entirely different meanings to these increases and to managing governments by numbers (figure 8):

- doing more with less, is a common slogan, but is seldom implemented;
- doing more with the same is a more comfortable position for the administration and for the customer;
- doing the same with less is a recognisable pattern, especially for services which cannot be compressed such as security, health or education;
- doing less with much less is an atrophying level of service; and
- doing much more with more is an investment strategy which could be combined with an e-government approach.

When we compare the context of the end of the 1970s and the early 1980s with the current situation at the beginning of the 2010s we observe similarities but also dissimilarities.

The current economic crisis takes the expression of increased consolidated debts to save the financial system, pressure on deficits, unemployment, value bubbles in particular zones of the economy, international speculations against external financial stability of certain countries. This probably has affected trust in a mitigated way within a country, but also in a differentiated way between countries within the OECD. It seems that trust in certain sectors of the economy (finance, real estate) has been negatively affected, however that trust in the public sector may have been positively affected, depending on the country. After thirty years, the economic crisis is similar but also different from the crisis at the end of the 1970s and early 1980s.

In the 1980s there were three objectives to launch public sector reform: re-allocate resources (which is a euphemism for savings), performance of performance as improved tools to better present better results, and redefining responsibility and accountability for performance of the public systems. Different techniques and mechanisms were put in place to realise these objectives (agencies, performance focus, market type mechanisms, etc.). This should guarantee a redress of the economy and trust which should support legitimacy. The objectives still seem quite similar to the ambition of the early 1980s. However, there are also dissimilarities and changes. What seems to have changed is our belief systems of what is functional and what is not.

A 'blind' or uncritical belief in the private sector as the ultimate saviour seems to have lost its intellectual attractiveness. The 'superiority' of the private sector, in the overall applicability and functionality of market-type-mechanisms, in an overall and unconditional capacity and functionality of self-regulation, in the conviction that good functioning single organisations automatically, i.e. through quasi-markets lead to a well functioning global public sector, seems to be qualified in a significant way.

What we learned from previous reforms (Pollitt and Bouckaert, 2011) is that too much autonomy leads to loss of control. Also, a focus on performance is not a panacea. There are also negative effects such as e.g. gaming, new bureaucracies, excessive audit overload (Bouckaert and Halligan, 2008). Also, economic neo-institutionalism is based on distrust with negative mechanisms resulting not only in problems with indicators, standards, audits which generate more indicators, standards and audits, but also which may affect democratic values, substantial accountability, or ethics.

4. Getting started: developing a performance management policy

There are several 'organisational readiness for performance' checklists. Organisational readiness checklists should not be used as a 0/1 total index. Rather, they reflect degrees of readiness that allow for levels of less or more complex systems to manage performance. According to Niven there are 10 criteria to evaluate an organisation's readiness to deploy and sustain a performance management system (based on Niven (2003)):

1. A clearly defined strategy
2. Strong, committed sponsorship
3. A clear and urgent need
4. The support of mid-level managers
5. The appropriate scale and scope
6. A strong team and available resources
7. A culture of measurement
8. Alignment between business and IT
9. Trustworthy and available data
10. A solid technical infrastructure

To manage performance it is necessary to measure performance, but it is not sufficient. It is also necessary to incorporate. The possibility to incorporate depends therefore on the practice of measuring performance as well as on the important question of how to organise incorporation. Is this a top-down or a bottom-up exercise? Do we need a legal framework or is a voluntarism-based culture and atmosphere more appropriate? Is this necessarily a big bang exercise or is a more incremental approach, including increasing levels of coverage, possible? There is no general answer to these questions, but there is a need to have a clear vision on how to guide the incorporation process. Table 1 shows that practice is reluctant to be measured, and also that it takes time to create a culture of performance in an administration.

Performance measurement opens interesting possibilities for enhancing public sector management and policy making. However, it also contains some traps, as table 1 demonstrates.

Table 1: Challenges to implementing performance information in the public sector

(adapted from Mayne, 2005; based on unpublished country reports by finance/treasury agencies and/or audit offices from Chili, Finland, Netherlands, UK, US)

INSTITUTIONAL AND ORGANIZATIONAL CHALLENGES
- Fostering a climate for performance information (right incentives, ownership, developing learning culture) - Setting realistic expectations for performance information (modesty, developing realistic demand, educating users) - Long-term development required; maintaining momentum (commitment of time and resources) - Setting outcome performance expectations - Avoiding distorting behavior (reviewing measures, outcomes focus) - Accountability for outcomes (accountability meaning; shared outcomes)
TECHNICAL CHALLENGES
- Measurement - Selectivity in measurement; overload problems - Attributing outcomes to actions - Linking financial and performance management: 'costing' outcomes - Quality assurance of data and information - Credibly reporting performance

Conclusion

In conclusion, a checklist with twelve crucial questions to develop a performance management needs to be answered. These performance management questions constitute the substance of a performance management policy. Depending on the scope and depth of performance, this could also be the driving checklist for a performance governance policy.

Table 2: Twelve questions for the development of a performance management/governance policy

1. Shall you focus on productivity, or on input or output inefficiency, on effectiveness, on trust? And why? How are they related?
2. What are comparable clusters to compare efficiency/effectiveness/trust data?
3. How does this connect to responsibility/accountability profiles?
4. Which level will you focus upon (micro/meso/macro) and for what reason? Who is responsible/accountable? How are these levels audited?
5. How do you integrate the different levels? Who is responsible/accountable? How is the integration audited?
6. What are the minimal features of a good indicator? Do you have performance auditing?
7. What is the strategy to improve the performance measurement system? Who is responsible for performance auditing?
8. How are you coping with the most important (potential) pathologies of measurement?
9. Are you going to integrate performance information in financial documents, contracts, policy documents?
10. How are you going to incorporate and use this information as part of an improvement process?
11. On what issues are you not ready to measure performance? Is this subject to audit?
12. What concrete strategy and tactics will you use in your organization to start measuring performance? Who is accountable for this?

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A PROPÓSITO DE MEDIÇÃO DE DESEMPENHO E ORÇAMENTAÇÃO NO SECTOR PÚBLICO

Comentário de Rui Nuno Baleiras (Conselho das Finanças Públicas e Universidade do Minho)

A Comissão Organizadora da Conferência a que este livro respeita teve a amabilidade de me convidar para comentar a intervenção do Prof. Geert Bouckaert na Sessão 1 (aspectos concetuais) com o tema "Performance measurement and budgeting in the public sector". O presente texto resulta das notas que então preparei para esse efeito.

Ao longo das próximas páginas, selecionei cinco observações que a exposição do referido orador me suscitou. Todas elas devem ser entendidas como implicações daquela para uma **reforma abrangente da organização e da gestão do sector público português**. Na minha leitura, são condições necessárias para uma reforma bem sucedida. A primeira é a escolha clara dos objetivos da reforma. A segunda afirma a necessidade de haver protagonistas e responsabilização pela execução paciente do projecto. A terceira condição é a escolha da escala ou do nível de profundidade da reforma. A quarta é a inevitabilidade de se enfrentar um obstáculo estrutural na economia e na sociedade portuguesas, que é a cultura dos silos; a resposta adequada em várias áreas de intervenção requererá a adoção de soluções de cooperação institucional em vez da tradicional abordagem sectorial ou vertical. Finalmente, a melhoria estrutural do sector público não poderá deixar de passar por uma área de que pouco se tem falado mas que há décadas se tem vindo a converter numa das maiores barreiras transversais à modernização do Estado: o processo de execução orçamental na Administração Pública.

1. Que objetivos para reformar o sector público?

Os primeiros diapositivos do Prof. Bouckaert mostraram uma distinção metodológica que é importante apreender. Trata-se da diferença entre:

- Utilização de recursos ("inputs");
- Provisão de produtos ou serviços ("outputs");
- Efeitos dos produtos fornecidos ("outcomes").

A boa definição destas variáveis é indispensável para se conseguir capturar quatro ângulos diferentes, embora complementares, de análise. Estes ângulos correspondem a quatro noções muito importantes:

- Eficiência: quantidade de recursos utilizados por unidade de serviço prestado;
- Produtividade: quantidade de serviço prestado por unidade de recurso utilizado;
- Eficácia do serviço fornecido: quantidade de efeitos ou impactos na sociedade por unidade de serviço prestado;
- Relação custo-eficácia ("cost effectiveness"): quantidade de benefício social por unidade de recurso utilizado.

Uma mensagem do Prof. Bouckaert é que o sucesso de qualquer reforma na gestão do sector público depende crucialmente da **clareza na definição destes conceitos**. Outra mensagem é a de que **é preciso saber o que se quer reformar**: só uma daquelas dimensões, algumas delas ou todas?

O Relatório do Conselho das Finanças Públicas de Novembro de 2012 [3] apelou à realização em Portugal de um **exame à despesa pública**. Este exercício deveria ser amplamente discutido e levar a uma reforma

3 CONSELHO DAS FINANÇAS PÚBLICAS (2012), "Análise da Proposta de Orçamento do Estado para 2013", Relatório n.º 3/2012, Lisboa, Novembro.

abrangente das funções do Estado que fizesse luz sobre o valor que este acrescenta à sociedade. Em larga medida, isso exige uma abordagem abrangente e multidimensional como a que o Prof. Bouckaert expôs. Uma reforma que tem, obviamente, de discutir a **quantidade de recursos** a utilizar **mas que não se deve limitar à dimensão da eficiência ou ao custo das funções públicas**.

Não se pode ignorar em Portugal que existe uma vasta e longa reflexão sobre experiências internacionais em medição, gestão e avaliação do desempenho em organizações públicas. Bouckaert e van Dooren (2009, p. 152) [4], por exemplo, relembram que já em 1949 a administração norte-americana preconizava uma mudança no foco do orçamento do Estado: dos "inputs" para as funções, os custos de atividade e os resultados. Oxalá haja o bom senso de se aproveitar a crise para reformar, **de modo abrangente**, o sector público em Portugal.

2. Protagonistas e responsabilização

Um projecto com a complexidade que necessariamente revestirá uma reforma abrangente do sector público tem que ter uma liderança e um mandato claros, ser capaz de envolver os destinatários da mudança e fazê-lo com uma acção persistente ao longo de vários anos.

2.1 Liderança e mandato

Demasiadas vezes em Portugal, não são definidos com clareza e logo à partida quem irão ser os **coordenadores** da implementação de estratégias ou exercícios reformadores. O Prof. Bouckaert **alerta para este erro**, e não é demais sublinhá-lo. Uma reforma bem sucedida carece da definição clara da **liderança** e das suas responsabilidades. Por isso, cada tarefa tem que ter um (uma) líder e um mandato claros. Só assim se poderão pedir **responsabilidades**, e convém ter presente que a impossibilidade de se pedirem responsabilidades é um incentivo perverso para a concretização de qualquer reforma.

2.2 Envolvimento dos parceiros ("stakeholders")

Ainda no âmbito do processo, está a **participação dos destinatários** da reforma na respectiva concepção e, claro, na sua execução. Os destinatários são os agentes políticos, os recursos humanos da administração pública e os utentes. É preciso encontrar maneiras eficazes de os envolver ab initio na montagem dos exercícios reformadores e, depois, na sua concretização. **Uma estratégia e, muito menos, uma reforma, não é um fato que se compre no pronto-a-vestir da consultoria**. Consultores externos poderão ser úteis mas não se devem ignorar os contributos de quem está dentro, quanto mais não seja porque, embora os consultores possam ajudar a desenhar o modelo, não serão eles a executá-lo.

2.3 Persistência

A reforma abrangente de que Portugal necessita será um projecto de execução progressiva a concretizar, provavelmente, ao longo de mais de uma legislatura. O País tem que se preparar para esta característica. Tal exigirá, entre outras coisas, a partilha de um consenso político e social alargado nos actores e no tempo. Para que os resultados sejam minimamente satisfatórios e duráveis, qualquer que seja o ângulo da sua análise (considerado em 0), é essencial executar os passos da reforma de modo consistente, coerente, ao longo do tempo. A persistência na acção será indispensável para se conseguir reunir conhecimento, paciência, pedagogia e mobilização junto dos agentes decisivos, nas doses adequadas e nos momentos certos.

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4 BOUCKAERT, Geert e VAN DOOREN, Wouter (2009), "Performance measurement and management in public sector organizations", in Tony Bovaird e Elke Löffler (cords.), Public Management and Governance, segunda edição, Oxon (R.U.): Routledge.

3. Escala da reforma

Outro aspeto metodológico muito importante para o qual a intervenção do Prof. Bouckaert alertou é a necessidade de as autoridades nacionais escolherem bem a escala a que a reforma deverá ser empreendida:

- Micro – nível da organização individual;
- Meso – nível da política sectorial;
- Macro – nível do conjunto do sector público.

Provavelmente, Portugal **necessitará dos três níveis** e de **uma coordenação eficaz entre todos**. No entanto, esta abordagem, embora promissora, afigura-se **muito complexa**. A experiência mostra que perante problemas multidimensionais, plenos de interações e efeitos de feedback, e que necessitam de deliberação colectiva, demasiadas vezes o processo de decisão é paradoxalmente pobre e não consegue integrar racionalmente tantas variáveis. **Dir-se-á que é uma limitação da mente humana**… Seja por que for, é desolador constatar que a decisão política acaba, nestas circunstâncias, por se ater a meia dúzia de critérios simplistas e que escamoteiam as dificuldades. Infelizmente, **já vi por dentro** como é que uma reforma qualitativamente ambiciosa, como foi o PRACE [5] lançado em 2006, com os três níveis que o Prof. Bouckaert propôs, não chegou ao fim e as principais decisões de natureza estratégica se limitaram a definir metas de supressão no número de organizações e no número de cargos dirigentes. Coisas objetivas, metas simples, mas infelizmente sem enxergarem objectivos essenciais. Aparentemente, a História repetiu-se com os movimentos de fusão e extinção de serviços públicos em 2011 e 2012, sem se mexer nas **questões fundamentais**. Salvo melhor opinião, entre as questões fundamentais que uma reforma verdadeiramente digna desse nome não pode deixar sem resposta, encontram-se:

- que funções deve o Estado prover?
- que funções deve o Estado produzir (o que é diferente de prover)?
- e que mudanças deverão ser empreendidas na engenharia de processos das funções a produzir para optimizar os resultados para os cidadãos e os agentes económicos?

Curiosamente, a última destas questões até constava do plano de intenções do PRACE, quando previa, para o final do exercício reformador, a identificação dos recursos humanos necessários e dos procedimentos a alterar em cada serviço, em função da sua missão e das suas atribuições entretanto revistas. Porém, esta parte não chegou ao terreno. **Agora será diferente**? Oxalá.

Tenho esperança que os exemplos nacionais discutidos nas Sessões 2 e 3 da conferência possam deixar aos Portugueses algumas pistas sobre **como ir mais fundo**, **como fazer melhor** e **com benefícios sociais líquidos sustentáveis**.

4. Verticalização: um obstáculo na arquitectura das Administrações Públicas

O Prof. Bouckaert dedicou algum tempo a persuadir a assistência acerca da **diferença entre** produtos (*outputs*) e impactos (*effects or outcomes*). A distinção é importante. Todos nós, tanto no papel de cliente como no de cidadão, estamos **mais preocupados com os efeitos das políticas no nosso bem-estar** (utilidade no caso dos consumidores ou lucro no caso das empresas) do que com qualquer medida de produção do sector público. Como exemplo, pensemos num curso de formação profissional oferecido por uma escola secundária.

O que é que os alunos e as suas famílias mais apreciarão? N horas de formação recebida por ano ou estarem a trabalhar seis meses após completarem o seu curso? A primeira é uma medida de "output", a segunda é uma medida de impacto ou efeito. Enquanto o produto é responsabilidade da escola ou,

5 PRACE: Programa de Reestruturação da Administração Central do Estado. Para uma exposição do mesmo, consultar: COMISSÃO TÉCNICA DO PRACE (2006), Relatório Final, Julho.

no máximo, do Ministério da Educação, a ocorrência do evento "empregabilidade" depende também do estado da economia, e dos actos de outros departamentos públicos ou "fora" do domínio público, como:

- Ministério da Economia e os parceiros sociais, que saberão melhor do que a escola que áreas profissionais são mais úteis em cada território,
- Ministério do Emprego/Segurança Social, cujas políticas activas de empego e oferta de cursos próprios de formação profissional (é o que o **Instituto do Emprego e Formação Profissional** também faz) impactam, igualmente, sobre a empregabilidade.

Este reconhecimento conceptual da necessidade de coordenação interinstitucional, que advém da distinção entre produtos e impactos feita pelo orador, é muito importante, pois, quem conhece Portugal, sabe que **este é um país de "capelinhas"**, de silos institucionais. É por isso que na reforma do sector público português há que lutar muito por contrapor

- Cooperação ao individualismo (há um tempo para competir, e um tempo para cooperar) e
- Horizontalização à verticalização nas respostas a problemas multidisciplinares (coordenação não significa uniformização mas sim actuação articulada e complementar entre os vários agentes envolvidos).

5. Reforma do processo de execução orçamental

Processo de execução do Orçamento do Estado, eis uma área sobre cuja necessidade de reforma pouco se tem falado em Portugal. A racionalização desta área vale por si própria e pelas enormes externalidades positivas para todas os sectores da administração pública. Valerá a pena conhecer experiências em vários países de introdução da metodologia que o Prof. Bouckaert apresentou para tornar os orçamentos públicos mais amigos dos contribuintes e… sem pôr os governantes e os técnicos superiores da administração pública a desperdiçar o seu tempo de trabalho em actividades de reduzido valor acrescentado para a sociedade.

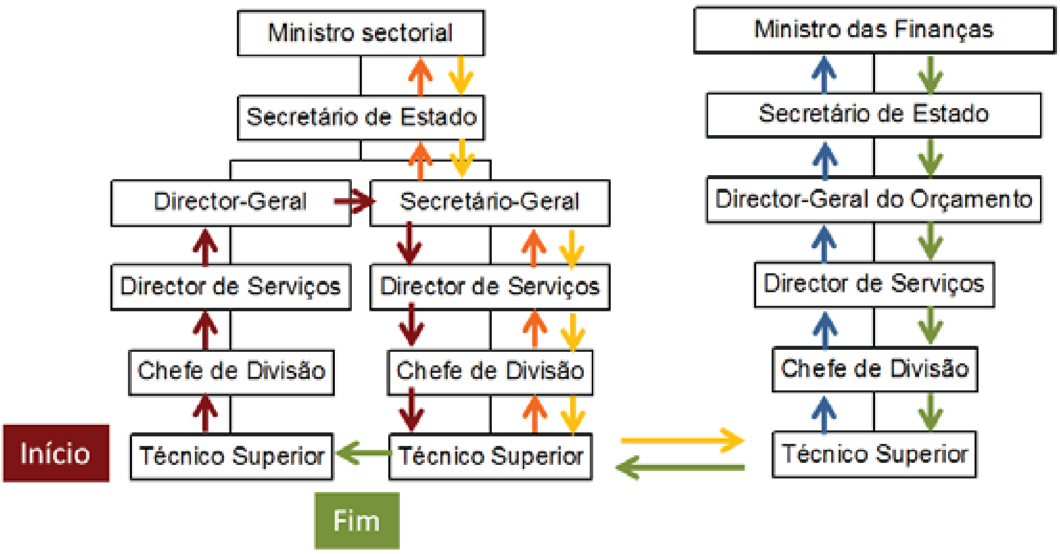
Sem qualquer pretensão de esgotar o tema, limitamo-nos a levantar um problema sério de má afectação de recursos, que é o conjunto de procedimentos administrativos necessários para concretizar uma simples alteração orçamental, e a listar outras questões a considerar numa revisão abrangente do enquadramento orçamental da Administração Pública.

5.1 Circuito das alterações orçamentais: o cúmulo da desconfiança institucional

O cumprimento das regras em vigor para um serviço poder adoptar uma alteração de verbas entre rubricas do seu orçamento é absurdamente exasperante pela enorme desproporção entre o tempo consumido para a sua execução e os ganhos para a gestão orçamental do Estado. Com efeito, é esmagador o desperdício de tempo de trabalho determinado pela obrigação de cumprir procedimentos orçamentais caducos. Um exemplo ajuda a perceber o absurdo.

Seja a Direção-Geral de um ministério sectorial que, a meio do ano, necessita comprometer mais 1.000 euros na limpeza das suas instalações, 1.000 euros que não estavam previstos no orçamento inicial da rubrica em que o contrato de limpeza se insere. O serviço tem folga no seu orçamento para compensar esse gasto adicional reduzindo a dotação de outra rubrica orçamental em 1.000 euros, pelo que não está em causa um aumento da despesa pública total. Imagine-se que a rubrica em que o contrato de limpeza se insere está sujeita a cativação. Pois a lei determina que, a bem do controlo das finanças públicas, esta alteração orçamental tão inócua necessita de autorização do ministro da tutela e do ministro das Finanças. Por que esta é uma daquelas ocasiões em que uma imagem vale mais do que mil palavras, a Figura 1 ilustra o circuito tenebroso de informações e aprovações que é necessário percorrer até, finalmente, se poder passar os 1.000 euros de uma rubrica para outra. A descrição verbal que se segue é deliberadamente cansativa para projectar no leitor a sensação de absurdo que o procedimento de alteração orçamental realmente configura.

Fig.1: Alteração orçamental de uma rubrica sujeita a cativação (Administração Central)



Fase 1: Iniciativa	Fase 2: A SG verifica o cumprimento dos requisitos formais e comunica	Fase 3: Comunicação da decisão do membro do Governo com poder de tutela
	Fase 4: DGO verifica o cumprimento de requisitos formais	Fase 5: Membro do Governo com a área das Finanças decide e a sua decisão é comunicada

A iniciativa é desencadeada pela Direção-Geral que necessita da alteração orçamental para poder funcionar. Na Fase 1, assim lhe podemos chamar, um técnico superior é então incumbido de redigir uma Informação. Este documento justifica sumariamente a medida, invoca os preceitos legais que condicionam a realização de uma alteração ao orçamento inicial, alega que os mesmos estão verificados na situação presente, esclarece quem é competente na sua organização para aprovar a modificação orçamental, sinaliza a necessidade de a mesma recolher parecer favorável junto de outras entidades, incluindo os membros do Governo com poder de tutela e da área das finanças, e remete o texto para a consideração do seu superior hierárquico. Tipicamente, este é um Chefe de Divisão, com quem o texto terá sido previamente articulado, e que, por isso, normalmente escreve "Concordo. À consideração superior" e assina. Seguem-se despachos análogos dos dirigentes acima na cadeia hierárquica (setas vermelhas), sendo a Informação remetida pelo Director-Geral ao dirigente máximo da entidade coordenadora do programa orçamental no qual o orçamento daquele serviço se insere. Nesta entidade, tipicamente a Secretaria-Geral do ministério sectorial, a Informação percorre inicialmente um caminho descendente (setas vermelhas) ao ritmo dos sucessivos "concordo" até chegar a um técnico superior, para rever o texto escrito pelo colega do serviço ao lado e verificar se as rubricas orçamentais têm as dotações disponíveis indicadas e as assinaturas recolhidas nesse serviço estão conformes com a lei.

A Informação inicial, agora acompanhada de uma Informação da Secretaria-Geral, inverte o sentido da marcha, de volta ao Secretário-Geral (Fase 2, setas laranjas), e recolhendo pelo caminho os "Concordo. À Consideração superior" conforme a figura descreve. Estando o Secretário-Geral confortado quanto à correção formal do pedido de alteração, submete o mesmo à autorização da tutela. Tal significa um passeio adicional dos papéis até ao Secretário de Estado competente ou ao Ministro (no caso de não haver delegação de competências). No Gabinete deste, o Chefe despacha os documentos para um adjunto rever a correcção ou a pertinência do pedido, que junta uma terceira Informação com o seu parecer e devolve ao Chefe, que passa ao membro do Governo. Este considera o que lhe é solicitado e despacha como melhor entender, quase sempre com um simples "Autorizo".

De volta à Secretaria-Geral, o molho de papéis (ou o ficheiro cada vez maior, no caso de haver um sistema de gestão documental) reinicia uma marcha descendente (Fase 3, setas amarelas), com todas as estações hierárquicas indicadas, para que outro técnico superior comunique a decisão da sua tutela e carregue a informação pertinente na plataforma digital **Serviços *Online*** (AO) que liga as entidades coordenadoras à **Direção-Geral do Orçamento** (DGO). Aqui, um técnico superior é avisado da chegada da solicitação do ministério sectorial e dá início à Fase 4 (setas azuis). Basicamente, repete o trabalho de verificação que já cerca de dez pessoas terão feito e junta uma quarta Informação ao processo, tipicamente a confirmar que os procedimentos legais e regulamentares foram cumpridos, e quem assina é competente para o fazer, estando o pedido de alteração em condições de ser aprovado. Segue-se a marcha ascendente até ao Diretor-Geral do Orçamento, que remete o assunto para decisão política. No Gabinete do membro do Governo competente (normalmente, os Ministros das Finanças delegam a competência no Secretário de Estado do Orçamento) um adjunto é encarregue de fazer nova verificação do que os outros fizeram, junta mais um parecer e o assunto, depois de nova paragem no Chefe do Gabinete, chega à mesa do governante. Se tudo correr bem, o despacho de autorização é proferido mas o processo não acaba aqui.

Cada vez mais gordo, o processo reentra na DGO para ser executada a comunicação da decisão do membro do governo responsável pela área das finanças ao ministério solicitante (Fase 5, setas finalmente verdes). De assinatura em assinatura até chegar ao técnico superior que irá carregar as instruções na plataforma digital, desta forma notificando a Secretaria-Geral do ministério sectorial da obtenção das necessárias autorizações. De seguida, um técnico superior da Secretaria-Geral comunica por correio-e a um colega da Direção-Geral o mesmo resultado. Ao fim de muitas semanas e dezenas de horas de trabalho meramente burocrático envolvendo mais de dez pessoas com formação superior, incluindo membros do Governo, a Direção-Geral original pode, finalmente, passar os 1.000 euros de uma rubrica para outra e iniciar o procedimento de pagamento ao seu fornecedor.

Multiplique-se aquele número de horas pelas centenas de alterações orçamentais análogas que deverão acontecer em toda a Administração Central ao longo de um ano e chega-se a uma soma astronómica de desperdício de tempo e motivação de quem trabalha na Administração Pública. Se existe uma plataforma informática em que todos os serviços (integrados) registam as suas operações orçamentais, nomeadamente as dotações disponíveis, e ao qual a DGO tem acesso em tempo real, não se percebe por que é que esta prática tenebrosa ainda persiste. Não avalia a qualidade ou utilidade da despesa, não impede as finanças públicas de seguirem o trilho que conhecemos mas inibe os funcionários de tarefas intelectualmente mais estimulantes e impede o poder político de os redirecionar para as áreas carenciadas na missão dos serviços públicos. Por detrás deste circuito absurdo está uma cultura de desconfiança inter- e intra-ministérios que urge ultrapassar. Uma melhor gestão das finanças públicas e, por conseguinte, do próprio sector público deveria privilegiar a delegação e a responsabilização dos agentes intervenientes, em detrimento da peia de controlos administrativos *ex ante* com valor acrescentado diminuto e que muito contribuem, ao contrário do que seria a sua intenção, para desresponsabilizar quase toda a cadeia hierárquica.

5.2 Outras matérias para rever no enquadramento orçamental

Para além do circuito das alterações orçamentais sujeitas a cativação, há muito mais a rever no modo como em Portugal se gere um orçamento sectorial. Entre outras questões, elencam-se as seguintes:

- Enquadrar o orçamento anual num plano de médio prazo que melhore a previsibilidade dos meios disponíveis e responsabilize cada sector e cada gestor pelo cumprimento das metas de despesa que forem definidas (descentralização com responsabilização);
- Evitar o incentivo perverso a esgotar dotação orçamental anual (gestor que não gasta uma vez perde duas vezes);

- Eliminar a duplicação de lançamentos contabilísticos nos serviços com autonomia financeira.

Concluída a transposição para a ordem jurídica nacional das normas europeias mais recentes em matéria de finanças públicas, deverá abrir-se um processo de revisão abrangente da Lei de Enquadramento Orçamental. Há declarações nesse sentido do Governo e da oposição parlamentar. O **Conselho das Finanças Públicas** não deixará de dar o seu contributo para que essa iniciativa possa levar a uma melhoria estrutural do modo como os orçamentos públicos são executados em Portugal. [6] Um enquadramento orçamental é, sem dúvida, uma condição estrutural desejável para sobre ele construirmos um sector público mais amigo dos utentes, dos contribuintes e de quem nele serve os Portugueses.

6 Aquele estado de espírito dos actores políticos foi constatado durante a discussão da Proposta de Lei n.º 124/XII que procede à sétima revisão da Lei de Enquadramento Orçamental (LEO). O Parecer do Conselho das Finanças Públicas, de 22 de Fevereiro de 2013, sobre aquela proposta legislativa anuncia a sua disponibilidade para alimentar o debate sobre uma revisão abrangente da LEO.

REFORM OF PUBLIC SECTOR GOVERNANCE IN AUSTRALIA

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The Australian approach to the reform of public sector governance is distinctive in international terms. The reforms were comprehensive and systemic from an early stage of the reform era. It was one of a small number of countries, mainly Anglophone, which moved at that time towards a new public management model. Reforms have continued over three decades with the system demonstrating a managerialist capacity for learning from experience and undertaking renewal. This paper examines several dimensions of public sector governance in Australia with attention to reform over time and the current agenda with an emphasis on central government. A number of lessons from the Australian experience are examined.

Anglophone administrative tradition

The Anglophone countries – Australia, Britain, Canada and New Zealand – have been regarded as a coherent group by way of a common tradition and historical and continuing close associations and interactions (Halligan 2010). The 'old Commonwealth' – or the 'Westminster democracies' – formed a natural group of democracies with institutional roots in the British tradition.

The Anglophone group can be regarded as reasonably homogeneous for analytical and comparative purposes even though the countries are in some respects heterogeneous, including the relative sizes of their public sectors (as a proportion of GDP). Beyond institutions, a number of factors have reinforced the identity of the Anglophone group over time. The continuing patterns of interaction – historically formed and culturally supported – have been highly significant. The exporting and transferring of British institutions, within the Empire and later the Commonwealth, provided mechanisms of communication among the countries based on a common language and cultural legacy.

Endogenous communication patterns have influenced members of this group through two channels: networks and bilateral relations between countries. The formal networks derive from relationships developed between Britain and its former colonies, which have included agency level exchanges of staff, annual meetings of networks and the constant circulation of ideas. Specific patterns of interaction deserve to be noted. Apart from the long-standing relationship with the United Kingdom, which continues to furnish the head of state, Australia and Canada have an affinity because of the federal structure of their government, and Australia and New Zealand are close because of physical proximity and a range of specific agreements for Trans-Tasman relations (e.g. trade and social security).

All participate in the same specialised networks, which are a prime source for circulation of ideas and documentation of experience. Over time, these have emerged as 'picket fences' within the Anglophone system (analogous to those identified in federal-state relations in America), and may be more significant for reform within a sector than general programs. They exist in a number of policy fields, viz, social security (the 'big six'), which may also include the United States. [7] Politicians from the left and right have their own looser political networks.[8]

Administrative traditions reflect values and principles that are influential in shaping structures, behaviours and cultures (cf Painter and Peters 2010). Four features can be distinguished as the basis for differentiating different administrative traditions: state and society, management and law, political and administrative roles and variations in law and administration that make for diversity (or uniformity) (Peters (2003). This

7 For example, the International Colloquium on Financial Management for National Governments met for the 24th time in 2012. The countries are also members of OECD committees.

8 The networks may extend to ministerial advisers, for example, the current head of communications for Prime Minister Gillard is a former Blair adviser.

approach defines an administrative tradition, such as the Anglophone, in part by what it is not (e.g. a rule of law system and a developed concept of the state). For the Anglophone systems, the conception of the state, the role of management and the nature of political and administrative relationships, point to an instrumental interpretation.

The Anglophone tradition's distinctiveness was reaffirmed during the reform era from the 1980s to 2000s.[9] Australia, New Zealand and the United Kingdom were grouped because they adhered more to precepts of 'new public management' than other OECD countries. At the peak of the OECD's fixation on NPM, the Anglophone experiments were upheld as the ideal (OECD 1995; Pal 2012). The reform movement served to reinforce the notion of the Anglophone group's identity as distinctive from and contrasting with that of other traditions.

What does this add up to? It indicates at one level that the systems have moved in broadly similar directions and that their reform agendas were influenced by each other's. This does not mean that the patterns were uniform when it came to specifics; their pathways have also demonstrated the importance of context.

Dimensions of comprehensive reform of governance

Several levels of governance can be differentiated, ranging from the individual agency, through to a public service (or sector) system and to a national focus (Edwards et al 2012). Corporate governance within individual departments, agencies and enterprises cannot be featured here (but see Edwards et al 2012).

Taking a public sector system within a level of government as a starting point several arenas for reform can be differentiated in a comprehensive approach to reform, although it is rare for all arenas to be simultaneously reform active (Table 1). Public service reform covers inter alia financial management and budgeting, human resource management and performance management as well as steering and coordinating.

Table 1: Arenas for comprehensive reform

JURISDICTIONAL FOCUS	MAINSTREAM PUBLIC	OUTER/MARGIN
Intra-level	Public service Public service • management processes • accountability	Public sector • corporatisation • corporate governance
Inter-level/sector	Intra-governmental • financial relations • service delivery	Public-private interface • privatisation • PPP

Phases in public sector reform

The Australian experience can be summarised with reference to phases of reform and the decade the reform era in which they became significant (Table 2). Managerialism (Halligan 2007) best reflects the first phase in which management became the central concept and reshaped thinking as part of a paradigm change. This was succeeded by a phase that for a time came close to the mainstream depiction of new public management (NPM) (Hood 1991), in which the market element was favoured and features such as disaggregation, privatisation and a private sector focus were at the forefront. In turn, NPM was followed, although not displaced, in the 2000s by integrated governance (Halligan 2006).

The sequence of reform has run from administration to stages dominated first, by management, then

9 Europeans often prefer the term 'Anglo-Saxon' tradition (Painter and Peters 2010).

markets, and then performance-based governance. The Australian tradition was administrative rather than managerial; the latter being identified historically more with the commercial arms of government than the core public sector. In each of the three reform phases it is possible to distinguish elements that applied both to the departments of state and statutory authorities, corporations and companies.

Table 2: Reform phases 1980s to 2010s

REFORM DIMENSION	MANAGERIALISM	NEW PUBLIC MANAGEMENT	STATE-CENTRIC GOVERNANCE
Central concept	Management (based on private sector)	Market	Coordination
Reform focus in core public service	Financial management improvement	Outsourcing	Whole-of-government
Reform focus in outer public sector	Corporatisation	Privatisation Public/Private	Corporate governance rationalisation
General trends	Paradigm change to results management	Devolving, disaggregating	Integrating and strengthening centre
Public–private trends	Importing private sector techniques	Exporting assets & functions	Renewal of public sector as centrepiece of governance
Public engagement	Reassessment of relationship & costs of public provision	Service delivery to customers	Citizen-centric policy and delivery

Managerialism

The initial period of reform in the 1980s displaced traditional administration with a package of reforms based on management. Over about a decade, a new management philosophy was developed and implemented, which replaced the emphasis on inputs and processes with one on results (Halligan and Power 1992).

The main elements of the reform program (under a Labor government) focused on the core public service (including commercialisation, decentralisation and the senior public service) and improving financial management, followed by corporatisation and later privatisation. The Financial Management Improvement Program (FMIP) dominated the reforms of the 1980s. The Australian focus on results, outcomes and performance-oriented management dates from this time, although the emphasis was on program budgeting and management. The flagging reform momentum in the mid-1980s produced new directions that were linked to an emerging micro-economic reform agenda, the most significant element being the major reorganisation of the machinery of government (discussed later).

A central element was creating more business-like operations in the public sector. The movement towards corporatisation from the late 1980s, through either government business enterprises (GBEs) or incorporation as companies, produced significant changes to the status of major organisations (Halligan and Power 1992: 109-10).

New public management

The first phase displayed incipient NPM in several respects, but the dominant theme was management improvement. The high commitment to neo-liberal economic reforms in the 1990s, following the advent of a conservative Coalition government, led to the public service becoming highly decentralised, marketised, contractualised and privatised.

This new reform stage became most apparent with the increasing acceptance of the need for market-

-oriented reform by the mid-1990s. A major impetus for the application of market principles came from the National Competition Policy Review (1993), a flow-on from the micro-economic reform agenda that emerged in the mid-1980s. The commonwealth and the states agreed to implement its recommendations, including competitive neutrality between the government and the business sector, and the structural reform of public monopolies to allow competition. By the mid-1990s, the Australian public service was again in transition as the pressures for further reform intensified. The new agenda centred on competition and contestability, contracting out, client focus, core business, and the application of the purchaser/provider principle.

Market principles were applied first to the outer public sector and subsequently to the core public service. The private sector and the market forces were closely related: the exporting of responsibilities to the private sector and/or making the public sector subject to market disciplines; and the importing of business techniques combined with attempts to replicate market conditions internally. Several tiers of markets became accepted within the public sector, the main distinction being between the internal (or activities within the public service involving purely public transactions, such as user charging) and the external market (or public-private transactions, such as contracting out). A more significant dimension was where there was a major organisational transformation (corporatisation or privatisation: Wettenhall 2002), although this was normally within the broader public sector.

The national focus on improving competitiveness, and the emergence of a Council of Australian Governments, produced an agenda for rationalising and decentralising the delivery of services within the national public sector.

The agenda also covered a deregulated personnel system; a core public service focused on policy, regulation and oversight of service delivery; and contestability of the delivery of services with greater use of the private sector. A major financial management framework was introduced with budgeting on a full accrual basis for 1999-2000, implementation of outputs and outcomes reporting, and extending agency devolution to budget estimates and financial management.

The devolution of responsibilities from central agencies to line departments and agencies was highly significant in the late 1990s with a diminished role for central agencies being one consequence (Halligan 2006). The Public Service Commission's role was modest while the Department of Prime Minister and Cabinet interventions were constrained and it was no longer providing overall public service leadership. The role of the Department of Finance also contracted substantially.

State-centric governance

A new phase appeared in the 2000s, which had an impact on relationships within and the coherence of the public service, delivery and implementation, and performance and responsiveness to government policy. Four dimensions were designed to draw together fundamental aspects of governance: resurrection of the central agency as a major actor with more direct influence over departments; whole-of-government as the new expression of a range of forms of coordination; central monitoring of agency implementation and delivery; and departmentalisation through absorbing statutory authorities and rationalising the non--departmental sector. A centralising trend within the commonwealth system was also identified within specific policy sectors. In combination these provide the basis for integrated governance (Halligan 2006).

An underlying element was political control: the use of programs to improve financial information for ministers; greater emphasis on strategic coordination by cabinet; controlling major policy agendas; the abolition of agencies and bodies as part of rationalisation and integration; and monitoring the delivery and implementation of government policy. These measures increased the potential for policy and program control and integration using the conventional machinery of cabinet, central agencies and departments as well as other coordinating instruments.

The intensity of the Australian reassertion of the centre and the ministerial department resulted from both system shortcomings and environmental uncertainty and threat favouring the stronger centre. A core principle of the 1980s was to require departments to manage as well as to provide policy advice. The language of the mid-2000s came to emphasise effective delivery as well as policy advice with the latter defined in terms of outcomes (Shergold 2004). Departmentalisation was expressed through absorbing statutory authorities and reclaiming control of agencies with hybrid boards that did not accord with a particular corporate (and therefore private sector) governance prescription.

Underlying change then was a mainly state-centric focus on sorting out the architecture and processes of system to provide for more effective government. Less apparent was thinking and action about external relationships. The concerns were there in the whole-of-government agenda, and the rhetoric intensified about citizen engagement and collaborative governance (O'Flynn and Wanna 2008), but the commonwealth government had yet to centre public governance more clearly within societal processes.

Governance of the public sector system

System governance refers to public sector governance that is focused on the centre of government and takes that perspective in viewing departmental governance and authority governance. This typically involves cross-public service (or public sector) activity, which has significant implications for the specialised line agencies that make up the bulk of the machinery of government. There is a pervasive vertical basis to the public sector that reflects hierarchical relationships, but also a horizontal quality in that agencies are required to comply and respond to standards across the sector and increasingly expected to collaborate. These horizontal and vertical dimensions become more complicated where they are extended to other sectors and levels of government. How these relationships work out vary with the governing styles of the political executive and the demands from and responses to the changing environment.

The governance of the public sector system is focused on the central agencies, and of course the political executive. The domain may be either the public service as a whole (centred on departments of state and their associated portfolios and agencies) or the non-departmental public sector (centred on the bodies that feature boards and come under the Commonwealth Authorities and Companies Act 1997). For many purposes it will be both. This is a macro-level perspective of frameworks, principles and practices that apply across the public service or sector.

Governance elements at the system level are in many respects a more complex variant of those at the agency and public body level. The system level however is invariably more complicated because of horizontal and vertical questions about span (across the public sector) and depth (encompassing macro as well as meso and micro levels) with regard to questions about policy development, program management and implementation and system maintenance. The configuration of departments, agencies and authorities in the core public service and the broader public sector, and how their relations are defined, allow for different approaches. Questions of system capacity and capability, the values appropriate for public servants, compliance and performance, and how the public service is envisioned, come into prominence.

The main instruments of system governance have long been part of the machinery of government. The political executive covers the prime minister and the PM's private office; the cabinet and cabinet committee system; and ministers and their political advisers. For the public service the core organisations are the central agencies and the departments of state. Rounding out the system as a whole is the spectrum of other agencies and authorities located in departmental portfolios, plus interdepartmental committees and task forces. In addition there has been a long tradition of using a collective mechanism based on secretaries (e.g. a Management Advisory Board), to advise the government on management of the public service, the latest forum for discussing APS issues being the Secretaries Board. At the level of intergovernmental relationships, there are the ministerial and official meetings of the Council of Australian Governments (COAG).

As the key organisations in this realm, the central agencies have whole-of-government and systemic responsibilities that cross the public service: the Department of the Prime Minister and Cabinet for policy, Treasury for economic policy, the Department of Finance and Deregulation for financial management, and the Australian Public Service Commission (APSC) on human capital (Appendix 1). Each has distinctive and complementary roles and is presided over by the ultimate source of power and policy direction in the machinery of government, the Department of the Prime Minister and Cabinet. Other departments that have system-wide responsibilities include the Attorney-General's Department.

The most important reorganisation of the machinery of government occurred in 1987, as a key element of the then Labor government's new micro-economic reform agenda. The restructuring focused on line departments with an important economic role, the major mergers producing 'mega' departments that combined distinctive fields such as Foreign Affairs and Trade. The overall departmental system was changed as 28 were reduced to 18 portfolio departments, which covered all areas of government and reflected the two-tiered ministry of portfolio ministers who formed the cabinet and the outer ministry. The basic structure dates from that time with the number of departments varying between 18-20, although recent governments have modified the 1987 conception.

Relationship between the political executive and the public service

The significance of political control in the Australian approach to public management needs to be emphasised. The consistent pattern has been for the political executive to challenge elements of the traditional system in the drive for a more responsive public service. Three types of change have been important: the strengthening of ministerial influence and resources particularly through the extensive use of ministerial advisors; the weakening of the public servant's position through the reduction in the breadth and exclusivity of the senior public service's roles; and changes to the appointment and tenure of the senior public servants heading agencies (Halligan 2001).

The role and character of the public service was transformed as a result of change and reform during the last three decades. In the era of the 'mandarins', prior to the mid-1980s, the expanding bureaucracy occupied a strong position. Its position came under question, and reform to traditional features occurred under Labor governments (1983-1996) followed by a phase of less influence within government and being more subservient to the private sector during the initial terms of the Howard government (1996-2007). Under new public service leadership in the 2000s, a more reflective approach emerged. The Rudd government (2007-10) sought to address aspects of the relationship while intensifying demands for performance.

Traditional values about the independence of the public service in providing advice to ministers prevailed until the notion of responsiveness made an appearance in the 1970s and the public servants' position was challenged because politicians perceived permanent officials to be too influential. Over time the trend was towards strengthening the political executive, but punctuated by debates about issues that slowed the rate of change, constrained political pressures on the public service, and produced clarifications of aspects of the relationship. These points of challenge have included debate about loss of permanency for departmental secretaries (1980s), the rise and roles of advisers (1980s-2000s), turnover of secretaries (1996), and new government demands on the public service (2009). The dynamics of change have progressively redefined the relationship.

The first formal change (1984) to tenure redesignated the permanent head as the departmental secretary on a fixed term. In 1994, the fixed-term statutory appointment of secretaries was introduced. The issue then centred on the effect on Westminster principles of applying contracts across the senior public service. This became a reality as senior executives were increasingly placed on individual agreements. In a further stage (since 1996), performance review was introduced for secretaries. This device in itself was unexceptional, although it could be employed as a scrutiny device that reinforced vulnerability.

The other aspect of continuity was the association of turnover with loss of tenure. Increasing turnover of secretaries in the 1990s assumed significance because loss of position now meant termination of employment. The turnover associated with changes of government was significant because it represented the ultimate departure from convention. The Coalition disposed of six secretaries in 1996 without explanation. Even more telling was the readiness of successive governments to dispense with their chief adviser (the secretary of the Department of the Prime Minister and Cabinet). Since 1993, it has become accepted that the incumbent would not necessarily continue with a new government. The Rudd government promised to preserve tradition, and was able to make changes at the top without incurring public debate about the process. Performance bonuses were removed because they were thought to affect secretaries' behaviour.

Political advisers have been a particular source of contention. The Hawke Labor government installed a new set of political mechanisms at the cabinet and ministerial levels (Campbell and Halligan 1993). The minister's office was expanded as an alternative to overt politicisation, and political appointments were increasingly interposed between the bureaucracy and politicians. Ministerial staff took over roles previously undertaken by public servants, and could be routinely involved in departmental processes. The ministerial adviser became an institutionalised part of government (Halligan and Power 1992; Dunn 1997). The role and contribution of advisers in augmenting the resources of the minister and dealing with partisan questions has long been recognised.

As part of its accountability and integrity agenda, the Rudd government recognised the effect of the increasing numbers and roles of ministerial staff on the relationship between ministers and public servants, and the lack of consideration to formalising their responsibilities. A Code of Conduct for Ministerial Staff, introduced in 2008, stipulated that ministerial staff were not empowered to direct APS employees. Political advisers were now expected to be accountable where they had a policy role, although doubts remained about their conduct and quality (e.g. Moran 2011).

While the occasional appointment to senior positions has been challenged as political, overall the professional public servants have dominated even if their domain has been eroded by the rise of advisers. An impartial service has been maintained.

Central steering and coordination

As governing became more complex and challenging, and subject to multiple influences, central steering and coordination came to the fore. Central steering covers several functions and mechanisms, the choice of roles being shaped by context (e.g. system of government and administrative tradition), leadership style and environmental challenges (Halligan 2011). An important element, coordination, has become prominent again in Australia and internationally with movement away from disaggregated public sectors, and as governments has sought to reassert central direction and oversight in order to improve performance. The tension between the de-centering and re-centering of governance is a perennial issue, but what emerges from the changing dynamics at the centre depends on the mix and the country context.

Of the Anglophone countries, Australia has emphasised a strong prime minister's department and enhancing the resources of the political executive. While several models have been evident during the reform era, which correspond in part to the reform stages, the long-term trend has been towards strengthening central steering, and that system has been pushed to new levels when political leadership has been more strategic, intergovernmental and performance focused. Steering within a governance perspective is primarily one of setting priorities and defining objectives. A broader view is that the state is both less in charge and more focused on being a societal player within a governance framework (a society-centric view), but a state-centric position continues to be relevant to central government.

Four models have been differentiated (Halligan 2006) for considering central coordinating strategies based on whether relationships are concentrated in the core of central government or encompass third parties (such as state governments and non-government providers); and (2) the mix of political and administrative machinery that is used. Each coordinating strategy has different implications for the effectiveness of governance, and various instruments are relevant to specific relationships such as conditional grants and performance management, and more generally the use of political levers for directing the public service.

The **hierarchical** model is grounded in traditional public administration that steered through laws and regulations, hierarchy, and control over the details of financial and personnel transactions. The **devolved model** is assumed to be a product of reform design, either management and/or market driven, and represents a strong commitment to decentralisation and selective steering at best. [10] The dominant principle is competition whereas the more state-centric conception discussed below features collaboration. The third model, **state-centric governance**, combines the attributes of a strategic centre with active line departments. In terms of governance, it unites elements of modern governance and state-centric approaches. This is a demanding option that benefits from the directive role of the political executive and relies on a system of performance management. A variation, and possible fourth model, is to place greater emphasis on strategic planning and priority setting at the centre and is likely to be driven by the prime minister and his or her department and by incorporating capable ministers in key areas.

The general pathway for central steering has displayed features of each of the models over twenty years. The **hierarchical**, the dominant approach of the post-war years, relied on the archetypal mechanisms of traditional coordination - the interdepartmental committee and central agency control of transactions. This was followed by an exploration of the **devolved** model that increasingly assumed NPM features. A strong commitment to market principles was associated with the neo-liberal policies of the Coalition government in the 1990s. Within a philosophy emphasising the private sector, choice for consumers and purchasers, and the use of market mechanisms, the public service was conceptualised as a business operating in a competitive environment. Departmental activities were reviewed using an approach that incorporated competitive tendering and contracting, and purchaser-provider arrangements. Market testing of agencies sought to improve internal capacity by benchmarking and outsourcing aspects of corporate services. The resulting disestablishment of monolithic multifunctional departments, and reliance on third parties for service provision, produced increasingly siloed agencies and a fragmented system.

The impact on central agencies of management and market principles was resounding. In Lindquist's (2001) terms, Australia moved from a strong centre to a smaller centre, with a corresponding reduction in capacity, coherence and control of coordination. At this stage it had moved to the devolved end of the spectrum that was comparable in some respects with New Zealand, generally regarded as the outlier.

There was movement again within the public management reform cycle in the 2000s: from an intense neo-liberal reform agenda in the first five years of the Coalition government, reflection on the results and a changing international environment produced shifts, refinements and revaluation of the worth of the public service under new central agency leadership that suited different agendas. The *state-centric governance* model emerged as a more comprehensive approach that displayed features of the earlier models. Several themes were recurrent: delivery and implementation, performance, coherence and whole-of-government, and responsiveness to government policy. This model shifted the focus to some extent from the vertical towards the horizontal and a greater concern with cross-agency programs and relationships within central government. At the same time there was a reinforcement of and extension to vertical relationships. The whole-of-government agenda also had a centralising element, in that central agencies were driving policy directions or principles, either systemically or across several agencies. The result was the tempering of devolution through strategic steering and management from the centre and a rebalancing of the positions of centre and line agencies.

10 It needs to be distinguished from systems internationally that lack a strong centre; weak centres appear to either reflect state traditions, divided central agencies or cultural and political factors that are less determinate (e.g. Lindquist 2004 on Canada).

Performance management systems

The question of performance had become a central and constant theme for Australian leaders. The former head of the public service, Peter Shergold (2004: 6), used the concept of the 'performing state' for a system 'that is continuously open to, and reading its environment, and learning and changing in response: a state "inherently in transition"'. The Advisory Group on the Reform of Australian Government Administration regarded high performance as a criterion for the agendas in its report (AGRAGA 2010).

Australia's performance management has moved through several stages. Initially the elements of performance management were developed within a centralised approach featuring the Department of Finance. The second stage was based on the outcomes/output framework, devolution to agencies, principles instead of formal requirements, and an emphasis on performance information. Departments and agencies were now expected to identify their outcomes and outputs and be held accountable for them. Agency heads were clearly assigned responsibility and accountability for performance. Agencies were required to identify explicit outcomes, outputs and performance measures. Reporting now occurred through budget plans (portfolio budget statements) and financial year results (annual reports). Major benefits of the new framework were to be an improved information base, better incentives to be efficient, greater precision about public value and, for the first time, the linking of outputs to outcomes.

The question of engaging ministers proved to be problematic despite considerable investment in seeking improvements to the information provided through performance management. A number of the expected benefits did not accrue from the combination of a centralised budgetary process and highly devolved agencies, most importantly ministers experienced difficulties with the lack of information on programs, which had been dropped under the new framework, the level at which they made decisions.

The Department of Finance evaluated system effectiveness and responsiveness in meeting government needs, and enhanced its role and capacity to oversight financial management and information. There was also an agenda to improve budget transparency, termed Operation Sunlight (Hawke and Wanna 2010). The diagnosis of the existing outcomes and outputs framework was blunt. The response to the limitations of its performance management framework has been to seek improvements to it. Rather than discard outcomes as a focus, they remained. Programs were revived for portfolio budget statements, and along with outcomes formed the basis for reporting. Performance was reinforced and extended by this initiative, and there was greater interest in targets and league tables. Yet studies, mainly by the ANAO, raised questions about the efficacy of aspects of the existing performance management system and the need for significant renewal (ANAO 2011; Hawke 2012).

The Commonwealth Financial Accountability Review has now provided an authoritative diagnosis of the position that includes insufficient integration of the components of the resource management cycle, lack of coherence in the performance management, the role of outcomes in appropriations, and weaknesses in performance monitoring and evaluation (DFD 2012) (discussed later).

Over the last thirty years, performance management systems have become durable fixtures of public management, but can the gap between rhetoric and practice be reduced? (Bouckaert and Halligan 2008).

Rise of the ministerial department

The resurrection of a more comprehensive ministerial department and the core public service followed a review (Uhrig 2003) into the corporate governance of statutory authorities and office holders (Edwards et al 2012). The post-Uhrig agenda was for ministerial departments to have tighter and more direct control over public agencies because of the prevalence of non-departmental organisations, and questions about their governance. The array of commonwealth public bodies had been comprehensively mapped and typed by the Department of Finance and Administration. With departments of state employing only 22 per cent of public sector staff, most worked in approximately 180 agencies, many with statutory independence. The official concern was with different legislative bases, constitutions (boards or not) and opaque governance. For effective implementation, there needed to be clarity of purpose, powers and relationships between ministers, public servants and boards. 'Good governance depends upon transparency of authority, accountability and disclosure. There should be no doubts, no ambiguities' (Shergold 2004).

One means of doing this was to revert to departmentalisation. This was expressed through absorbing statutory authorities and reclaiming control of agencies with hybrid boards that did not accord with a particular corporate (and therefore private sector) governance prescription.

The Finance Department tracked and monitored the proliferation of government bodies. In determining the governance structure for a new activity or function, a flowchart was used for placing government activities, and a series of questions posed starting with whether the activity could be conducted within a department or agency (DFA 2005: xi). If a new unit was deemed to be necessary the first preference was for it to be located under the Financial Management and Accountability Act, which was designed for directly funded agencies close to a department (DFA 2005).

The drive for the ministerial department was exemplified by the demise of Australia's main case of agencification, Centrelink, between 2004 and 2011. The largest department outside Defence, Social Security, was a monolithic and functionally integrated organisation that combined policy and implementation, until a new type of service delivery agency was created to deliver services to recipients of social welfare benefits and services. Centrelink was established in 1997 as an independent statutory authority that accounted for about 30 per cent of Commonwealth expenditure. The original concept was of an agency that would merge the two networks for social security and unemployment acquired from departments, which became major clients. Centrelink became a one-stop shop delivery agency providing services to purchasing departments (Halligan 2008). The broader reform agenda of integrated governance in the 2000s included resurrecting the more comprehensive ministerial department. There were also efficiencies to be gained from combining back office functions: finance, human resources, IT platforms, procurement and property management. The rationale was both efficiency and seamless service delivery, facilitating co-location of offices and one entry point. A longer-term perspective indicates that the cycle over fifteen years moved from an integrated department to a multipurpose delivery agency to an integrated (and much larger) department. The process was completed in 2011 when Centrelink became fully absorbed within the mega-department of Human Services.

A further strand in the swing back to a more comprehensive ministerial department was portfolio management. Portfolios come in different configurations and sizes (e.g. the Treasury portfolio has fifteen agencies including Australian Bureau of Statistics, ACCC, ASIC, Australian Taxation Office, Commonwealth Grants Commission and the Productivity Commission). The level of coordination and integration varies between portfolios. The secretary's role is explicit under the Public Service Act and other legislation. The secretary administers the department under the minister and is responsible for its management. As discussed below, the roles of departmental secretaries have been redefined and formalised. The most relevant role here is that of manager for 'ensuring delivery of government programs and collaboration to achieve whole-of-government outcomes within their portfolio' (AGRAGA 2010: 47). The responsibilities of secretaries within the portfolio now include: compliance with relevant directions and legislation, and the negotiation and maintenance of clear lines of communication with agency heads (AGRAGA 2010: 47).[11]

Accountability relationships

A distinction needs to be drawn between organisations those that are part of government, those that are based in the broader machinery (oversight agencies) and those that are located outside (citizens and groups in society). The relationships with the political executive and parliament (under oversight

11 The secretary has been further empowered in relation to portfolio agencies by a new requirement that efficiency dividends be levied at the portfolio rather than the agency level.

agencies) are of particular importance for formal reporting and accountability. Relationships with other APS agencies are covered under collaborative governance below.

The public service environment has altered in distinctive ways across the last three decades, with major implications for departmental accountability. It has changed first from the traditional focus on inputs and process to a management environment emphasising outputs and results, and then to a market environment emphasising competitive elements (eg contestability), choice, outsourcing and contracts. This produced the greater emphasis on outcomes as well as outputs. Associated with each major change in the environment has been an extension of accountability responsibilities from the traditional core (ie ministerial responsibility and the departmental hierarchy) that featured ministerial responsibility to cover successively new modes of external scrutiny (eg through new administrative law), accountability management, and more recently market accountability, performance accountability and shared accountability within governance and collaborative contexts.

A further dynamic in the different accountability relationships is the tension between the internal and external domains defined in terms of different accountability mechanisms (Campbell and Halligan 1993). Accountability that is internal and formal is the immediate environment of the public agency, and has both managerial and political dimensions that are hierarchical in character. External mechanisms have the capacity to operate independently of the government – parliament, the audit office, the appeals tribunal and the court – and press for more exacting public reporting and accountability. Much of the activity around public accountability issues reflects containment and control activity within the political/bureaucratic hierarchy up to the accountable minister or tensions between internal and external agenda and pressures. Over time the layers of accountability have multiplied (Mulgan 2003).

Departmental secretaries report to their minister on a regular basis and annually as per their performance agreement. For parliament (and the public) Portfolio Budget Statements (PBS) provide details of the proposed allocation of resources to government outcomes. They are an important means by which the political executive and its departments and agencies are held accountable to parliament. The Annual Report informs parliament and the public about performance against the outcomes and programs.

Questions of accountability, responsibility and effectiveness also arise in the handling of new forms of collaboration. The whole-of-government movement has evolved into the language of collaborative governance (O'Flynn and Wanna 2008). The spectrum of arrangements ranges from policy design through to the management and integration of service delivery (Halligan 2012).

There are important questions about accountability and effective reporting where a number of departments and agencies are collaborating under horizontal governance, and more so when third parties are involved. The sharing of accountability is now on the reform agenda (AGRAGA 2010), and may redefine some relationships where the arrangement extends beyond devices for satisfying compliance.

The external bodies of oversight and review – parliament, ombudsman, audit, administrative appeals – operate outside the direct control of government, and therefore contribute important and often public judgements about departmental governance. The ANAO produces regular performance and financial statement audits and guidelines that shape directly and indirectly much of what departments do.

The commonwealth parliament exercises its oversight role most explicitly through its committee system. Three basic types of committee – scrutiny, investigation and legislation – produced 3220 reports over three decades (Halligan, Miller and Power 2007). There are regular instances of parliamentary committees having some form of policy impact through the much more commonplace activities of scrutiny and review. Officials in the executive branch continuously adjust their plans when they know in advance that these plans and the proposals that derive from them are going to be subjected to close committee examination. These intra-governmental scrutiny mechanisms can be contrasted with scrutiny of business through the market and corporate regulators – thus reinforcing that accountability is important but manifestly different across the public and private sectors.

National context

Public-private interface

The public-private interface has feature prominently in public sector reform. Privatisation, in the sense of divestments was largely worked through at the federal level in the 1990s with major cases being in banking, airlines and telecommunications. This has left few obvious candidates at the federal level. State government privatisations of utilities and prisons have been variable; two states have acted since the global financial crisis.

The $97 billion in sales in the 1990s have been judged to be politically and economically successful, value for taxpayers, although consumer benefits were modest and achieved only through strong regulation frameworks. Australia's performance was better than other privatisations internationally because lessons were learnt from the experiences of the United Kingdom and the United States. There were nevertheless significant variations, such as that between the successful electricity sale-off in the state of Victoria and the political stumbling with telecommunications with the failure to resolve the regulatory framework upfront (Hodge 2012).

The area of public-private partnerships has been significant at the state level, particularly with infrastructure such as highways, but they also occur in a range of other fields including desalinisation and schools. PPPs have been successful in political terms (providing monuments for state government premiers in some cases), but the financial and economic benefits are often less clear with debates about their efficacy, sharing of risk and value for money (Hodge 2012).

Governance of federal system

The small number of units (nine) in the federal system allow for meetings between governments based on first ministers and sector ministers. In terms of financial relations there is a federal fiscal imbalance, the commonwealth raising over 80 per cent of revenue while the states and territories account for most of the service provision. The governance of the federal system came under the peak intergovernmental forum, the Council of Australian Governments (COAG). Its role is to promote policy reforms of national importance, particularly where coordinated action of Australian governments is required.

COAG has a substantial record with driving reforms, although politics overshadows some fields. In the 1990s, micro-economic reform linked to national competition policy was highly significant in moving towards a more competitive, efficient and flexible economy, which enabled Australia to handle better subsequent economic challenges. COAG has also instigated reforms to increase productivity, raise workforce participation and mobility and improve the delivery of government services, including: health policy, closing the gap in Indigenous disadvantage, and regulatory reforms to create a seamless national economy (ending inter-state differences in laws).

A major reformulation of federal financial relations occurred in 2008, including the Intergovernmental Agreement on Federal Financial Relations (IGA). It encompasses six national agreements covering Education, Skills and Workforce Development, Healthcare, Affordable Housing, National Disability and National Indigenous Reform. A national agreement contains the objectives, outcomes, outputs and performance indicators for the sector, and clarifies the respective roles and responsibilities of the Commonwealth and the states and territories in delivering services. In other words, the arrangement provides for public accountability at the federal level with state-level flexibility regarding delivery and indicators. The performance of governments in achieving mutually agreed outcomes and benchmarks is monitored and assessed by the COAG Reform Council (APSC 2010).

The arrangements require the states to be accountable for outcomes with the expectation that performance reporting would influence government behaviour and therefore outcomes. However, the Council of Australian Governments has yet to adopt a process for reviewing performance that would affect outcomes (McClintoch 2012).

Productivity Commission

The purpose of the Productivity Commission is to contribute to improving policy of long-term benefit to Australia. The Commission's significance derives from its role in advising the government and informing parliament and the community. The formal commissioning of tasks comes from the minister (the Treasurer), although proposals for inquiries can come from any source. The second important feature is its independence as it operates on an arms length basis, and through transparent processes (Banks 2001).

Its work covers research and regulatory and productivity inquiries on economic, social and environmental issues. Recent inquiries have been on the electricity network frameworks, caring for older Australians, economic regulation of airport services, climate change adaptation, and the urban water sector. The Commission also produces the annual Report on Government Services, which provides comparative information on performance (equity, efficiency and effectiveness) for education health, housing, justice community services etc across jurisdictions (Productivity Commission 2012).

A number of national issues have been stalled either because of their complexity or because of lack of political will and opportunity to pursue them. These include infrastructure reform (e.g. public utility governance), variations in service delivery performance across states and territories, the tax systems of the commonwealth and states and regulatory constraints (Banks 2012).

New public sector reform agendas for a governance era?

The 2010s have been characterised by great environmental instability internationally as governments have contended with high fiscal stress. Yet a flurry of more general reform reviews occurred beginning with the Australian report *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* (AGRAGA 2010). New Zealand's Better Public Services report followed a year later (BPSAG 2011), and then the United Kingdom's Civil Service Reform Plan (HM Government 2012).

The Australian reform process was unusual in that it occurred amidst the international financial crisis, [12]but was not essentially a product of it. The impact of the fiscal crisis on the Australian public sector was less than for other OECD countries, but was still highly significant for the budget: a large federal surplus was converted into a sizeable deficit, and cuts in workforces were prevalent within the federation. At the national level the consequences for dimensions of governance (central steering, leadership and capacity) and the evolution of public management were potentially more far-reaching.[13]

Why did Australia have an explicit and full-fledged reform process when there was nothing comparable internationally? Of direct relevance were the expectations of an activist government, and a prime minister with a highly ambitious policy and reform agenda. The expansive program was making demands on the public service that exceeded capacity and exposed implementation weaknesses.[14] The official view was that capability weaknesses and lack of coherent direction for the public service were sufficient to justify the review. According to the Prime Minister, 'the next stage of renewal of the APS requires more than just piecemeal change. We need a more sweeping reform driven by a long-range blueprint for a world class, 21st century public service' (Rudd 2009: 12). The review's diagnosis indicated a lack of capacity and accountability, a lack of high performance, and creeping bureaucratisation and compliance issues (AGRAGA 2010). Reform over the long term has therefore had a downside that could not be readily remedied in a conventional managerialist way. The internal ossification – growth of red tape, risk aversion and compliance mentality – was antithetical to managerialist principles, but reflected in part the conflicting pressures on public servants.

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12 For details of the process see the analysis by Lindquist 2010.

13 In contrast, the United Kingdom had already experienced horrific cuts in central government expenditure, and the main imperative was how to address this in the short and medium term. New Zealand fell in between the Australia and the UK.

14 For details see Edwards, Halligan, Horrigan and Nicoll 2012.

Australia's report posed as a case of comprehensive reform even though it was partly a consolidation of matters already the subject of discussion and debate, in recommendations organised under the themes of citizen needs; leadership and strategic direction; capability; and efficiency and high standards. The catalogue of items included efficiency dividends, revising APS values, reducing red tape, the roles of secretaries (discussed below) weaknesses in policy making, and the consequences of different conditions of employment for joint activity (AGRAGA 2010). However, the lack of a distinctive and unifying core issue or theme added to the mixed acceptance of the reform agenda overall. Without an 'urgent, politically "hot" reform trigger, the Moran group clearly found it difficult to weave a coherent narrative that holds the disparate activity clusters together.' ('t Hart 2010).

Comparisons can be made between the situation now and that of the 1980s when the shift from administration to management was underway (Halligan and Power 1992; Pollitt and Bouckaert 2011). International trends suggest that collaborative governance within central government, but with a society--centric focus, provides a benchmark, if hazy, for official aspirations for public governance in the 2010s. The key question is to what extent this was reflected in formal agendas.

Ahead of the Game gives the idea of collaboration a possible foundation in public governance. At the very least, collaborative governance requires wider societal accountability, shared intra- and inter-governmental governance accountabilities, and participatory governance (Edwards et al 2012). Specific areas given prominence in the Blueprint were citizen engagement, joined-up government, shared outcomes, and more generally accomplishing and sustaining cultural change (Appendix 2). In combination they had the potential to re-define much of public governance as it was currently understood, but a great deal remained to be developed and institutionalised. A basic rule of reform is that it is extremely difficult to introduce a significant new instrument or approach where it is in conflict with the dominant paradigm. Horizontal management and joined-up government is a theme that permeates the Blueprint for reform report, but there has yet to be an overall strategy articulated or high-profile leadership on this question.

The ultimate aim of the reform agendas was cultural change presented as a culmination product of the reform process (Moran 2010). The question of sustaining cultural change, long an Achilles heel of reform, depends on whether the rigidities of an existing system can be breached by tangible requirements that affect behaviour. This suggests that for the agenda to be successful something of a paradigm change would be required.

Old agendas have resurfaced whether from neglect or changing circumstances. Australia has reassessed how to handle the financial management and results foci of the 1980s. More generally the focus on service delivery and citizens reflects the 1990s, while the integration wave of the 2000s receives a new impetus. On the other hand, the current emphasis on capability and leadership is far more adamant and sustained. As mentioned, the centrality given to collaborative and cross-system solutions is striking.

However, the Australian recommendations are mostly 'single-loop learning: technical, managerial solutions to soft spots in the machinery of government. What the review does not do much is to lay down truly 'double-loop' learning ambitions; that is, fundamentally re-examining and redesigning some of the key underlying assumptions, values and design principles that underpin the current Australian public service system' ('t Hart 2010).

Secretaries' and the place of stewardship

The ministerial department was once the repository of policy knowledge and its permanent head the primary adviser to the minister. The head held a permanent position and a special relationship with the minister that was relatively exclusive. As for the public interest role of the permanent head, it had acquired a distinctive character according to a royal commission (RCAGA 1976: 18-9), because the higher echelons 'believes … it is the Guardian of "the public interest" … of continuity and stability in government administration'. For the permanent secretary this reassessment meant a re-conception of the position in every respect. The policy role of the senior public service experienced progressive attrition. With the rise of managerialism, there was a reaction against the emphasis on policy work and the lack of management skills. The question of rewards became more indeterminate with loss of permanency for departmental secretaries, and regular issues around tenure and appointments.

More recently the elements of the 'public service bargain' have been subject to careful scrutiny (Halligan 2013). Apart from the issues arising from the relationship with politicians, other factors were being accorded greater significance. The secretaries' role was argued to have become more complex as had the extent of their accountabilities and that there was an absence of any reference to policy development or advice in core legislation. Finally, explicit recognition was being given to the competencies of departmental secretaries. The position of secretary consequently became remunerated at a much higher relative level than in previous times. In terms of rewards, top public servants in Australia (along with New Zealand and the United Kingdom) receive annual compensation that is significantly higher than those of other OECD countries (OECD 2011: 116-7). There is now also acceptance that the appointment terms for secretaries should be standardised at five years rather than the shorter and variable terms that had also been used (Public Service Amendment Bill 2012). As for loyalty, the standard refrain on apolitical behaviour, trust in the public service and serving the government of the day has been reiterated (Sedgwick 2011).

Four roles have now been delineated for secretaries, and approved by government, starting with the traditional one of advising the minister on policy. This is followed by 'manager', to ensure the delivery of programs, plus the extension of collaboration within the portfolio in order to achieve whole-of--government outcomes. The remaining two roles are centred on stewardship: 'a stewardship role within their department; and APS-wide stewardship, discharged in partnership with other secretaries and the APS Commissioner' (AGRAGA 2010: 47). The argument therefore is for a position where the three (or four) types of role are equally recognised.

A significant clarification of the secretary's role was the introduction of the stewardship function. Politicians' lack of strategic focus and 'short-termism' had indicated that an alternative was needed to relying heavily on political direction. The stewardship role was designed for the public service to have 'the capacity to serve successive governments. A stewardship capability must exist regardless of the style of any one Minister or government'. Stewardship covers 'financial sustainability', efficient resource management, and 'less tangible factors such as maintaining the trust placed in the APS and building a culture of innovation and integrity in policy advice' (AGRAGA 2010: 5). The 'public interest' element of the secretary's role has been given explicit recognition again (Halligan 2013).

Commonwealth Financial Accountability Review

Another significant inquiry, the Commonwealth Financial Accountability Review (CFAR), commenced as an internal consultation run by the Department of Finance that produced a public discussion paper (DFD 2012). The issues ranged widely over financial and related matters including governance.

The essential purpose is to review the existing financial framework, to examine options and to develop a new framework. In doing so the discussion paper ranges over major questions about accountability and transparency, governance, improving performance, and the handling of risk. The rational for change reflects both the limitations of the existing financial framework and the need to respond to attitudinal and environmental changes concerning the role of citizens, policy complexity, technological developments, and joined-up government. The paper emphasises modernising and simplifying the financial and performance framework, emphasis on 'whole of government' and independence, and addressing compliance, risk, red tape and regulation. Some of the key themes are accountable performance, engaging with risk, earned autonomy for agencies and joined up measures, and line of sight and outcomes. These are not all new objectives, but their restatement and combination make for a convincing, if somewhat cautious agenda.

Public sector governance

The reaction against new public management features produced similar trends in Anglophone countries (Christensen and Laegreid 2006). Where once reinventing government was seen as the pathway, the indicators in several contexts pointed to reintegrating governance as one means of depicting the mainstream. It is apparent that such a model was an amalgam of new elements and features derived from previous models. This mix could be represented as moving away from a previous model (hence the 'beyond NPM' perspective) or moving towards some form of amalgam based on the co-existence of features derived from different models. There was also an endorsement of the traditional machinery of government such as cabinet, ministerial department and central agency.

However, there are a number of significantly different features from the earlier hierarchical model of integration. The public service operates under a political executive with more instruments for securing and sustaining control and direction. There is a brace of instruments for working the system strategically and at several levels. Empowered departments have greater responsibilities than traditional arrangements and performance is conceived differently and receives priority. Management processes are well institutionalised. The options of being able using some form of market or the private sector are integral elements in flexible management. A recent statement by the Department of Finance encapsulates elements of public management:

> The key to doing more with less … lies in productivity, innovation and increased adaptability in the provision of programs and services. Governments need to remain open to new business models and new technologies and be willing to phase out existing practices when they are no longer appropriate. Future sustainability of … operations will depend on being open and receptive to change (CFAR 2012: 1).

New conceptions of governance address a somewhat different mix of features than those that were prevalent earlier. State-centric governance has two purposes: renewing the public sector to improve capacity, and resetting and refocusing the core public service to increase performance. The term reflects the strong impulse to integrate, recognition of its attendant features that cover whole of government and coordination, roles of central agencies and line departments, autonomy and governance of public bodies, delivery and implementation and the performance focus.[15]

The resulting synthesis of elements suggested that state-centric governance had become the significant approach in Anglophone central governments. This conception derives from the focus on different modes of coordinating and control designed to confer greater coherence and capacity on the public sector. Under this conception, elements of new public management remain central. This is especially the case with performance management, which continues to provide a cornerstone of the public management framework of Anglophone countries despite official critiques.

There are other contending conceptions of governance. The so-called new public governance (NPG) (Pollitt and Bouckaert 2011) has influenced the characterisation of recent public sector trends with networks featured as the dominant coordinating mechanism. The significance of NPG is a contested field and depends both on focus (societal-centric as opposed to state-centric).

A higher level conception is 'metagovernance', which has been used as 'governance of governance' for examining how the state's role has changed from 'the direct governance of society to the metagovernance of hierarchy, markets and networks', and 'governance of government and governance', in which the state retains a core role despite being less hierarchical and centralized (Fawcett 2010: 3). This approach can be used to examine the types of instrument that governments are using in a governance era including 'soft' instruments, control based on discretion, performance management and prioritising (Fawcett 2010; Peters 2010). While there are questions to be asked about how new some of these elements are,

15 Note that the United Kingdom has temporarily dropped out of as a serious contributor to these developments.

there appears to be some evidence of a more general move in this direction, and this is complemented by a growing emphasis on a collaborative basis to relationships.

The Australian system displays the tensions between the strength of vertical accountability on the one hand, and the scale of existing horizontal relationships. For Australia, departments and core government agencies continue to have: 'traditional structures with an emphasis on clear organisational boundaries and vertical hierarchical accountability…. the current framework has a strong-willed focus on the operations of individual entities. The roles and responsibilities of chief executives … do not directly consider concepts such as joint operations' (CFAR 2012: 36).

A recent audit discovered 1800 current agreements for 21 agencies (which included all departments of state, plus two large agencies), 'signifying a breadth of cross agency activity and interdependencies' (ANAO 2010: 30). Of these cross-agency agreements, three types of services are provided by one agency for another: delivery services to the public; provision of advice or data to another department; and shared services between two agencies (ANAO 2010: Table 1.1). Then there are relationships that involve joint program implementation and border security support. Only one type of governance agreement defines 'high-level principles and obligations for a collaborative relationship between two or more agencies': ANAO 2010: Table 2.1). There are indications therefore of a wide range of collaborative relationships, but relatively few yet requiring shared accountability and outcomes (Halligan 2012).

Conclusion and Australian lessons

Australia provides a typical case of a public management system, which contrasts significantly with countries dominated by the rule of law. The Australian system benefits from a strong institutional architecture that ranges from the Australian public service to specific agencies (such as the Australian Tax Office) and to arms length organisations (such as the Productivity Commission and the Auditor-General). There is a fairly effective array of oversight bodies, including Senate committees. Australia is also engaged with a group of Anglophone countries with a shared administrative tradition, in which there is continual circulation of ideas, benchmarking and borrowing.

A public management approach entails a focus on a range of management processes and changing practices to suit circumstances. The Australian system has acquired a capacity for renewal and adaptation, the ongoing cycle of renewal ensuring that there is a shift in governance approaches every decade or so. In the current decade public sector governance has become increasingly complex and the environment more demanding, and public management and governance practice have yet to rise to the new expectations. Much of the clamour for change involves opening up departmental silos to new forms of internal and external engagement, and requires greater shared responsibility between organisations, sectors and governments. How the different imperatives are reconciled will provide a continuing challenge for governance.

Appendix 1 | Roles of central agencies

AGENCY	ROLES
Department of the Prime Minister and Cabinet	Policy advice to the prime minister and the cabinet. Driving policy development & innovation & ensuring delivery of high-priority initiatives across APS, in pursuit of government's objectives
Treasury	Economic policy. Effective government spending and taxation arrangements: advice on budget policy issues, trends in commonwealth revenue and major fiscal and financial aggregates, major expenditure programs, taxation policy, retirement income, commonwealth-state financial policy.
Department of Finance and Deregulation	Assisting government across a range of policy areas to ensure its outcomes are met, particularly expenditure and financial management, deregulation reform & government operations. Supporting delivery of government Budget. Management of domestic property portfolio & key asset sales. Implementation of deregulation agenda & financial framework for government agencies.
Australian Public Service Commission	Promotes good practice in strengthening the capability of the APS workforce to meet the evolving needs of citizens and the government. Supports leadership and learning and development in the APS. Fosters ethical behaviour and workplaces that value diversity.

Sources: central agency websites

Appendix 2 | Nine 'signature' reforms

MEETING THE NEEDS OF CITIZENS
• Delivering better service for citizens • Creating more open government
PROVIDES STRONG LEADERSHIPS & STRATEGIC DIRECTION
• Enhancing policy information • Reinvigorating strategic leadership • New Public Service Commission for driving change & providing strategic planning
HIGHLY CAPABLE WORKFORCE
• Clarifying & aligning employment condition • Strengthening the workforce
OPERATIONAL EFFICIENCY AND HIGH STANDARD
• Agency agility, capability & effectiveness • Improving agency efficiency

Source: Advisory Group on the Reform of Australian Government Administration 2010.

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COMPREHENSIVE REFORM OF PUBLIC GOVERNANCE: LESSONS FROM CANADIAN AND OTHER EXPERIENCES

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Today I would like to share with you the Canadian experience with one or two comprehensive public sector reforms. But the ultimate goal here is not to talk about Canada too much, but rather, to identify critical facets of reform for you to consider as you identify the path you want to take forward. Reform is certainly contextual and often precarious, even if a government has done a very good job with a reform. Yesterday John Halligan mentioned that reform is not a one-shot exercise: it is a continuous process that jurisdictions and their leaders must commit to.

What follows begins by introducing some distinctive features of Canada's governance system and identifies some dimenions of comprehensive public sector reform initiatives, exploring the implications for design and implementation. Third, I review Canada's celebrated mid-1990s Program Review process, which turned around Canada's fiscal mess, pointing out how we got there, which was not easy. I fast-forward to offer observations on Canada's' recent experience in successfully handling the recent global financial crisis, noting that despite strong fiscal and regulatory posture, there were significant political bumps along the way. Then I set out different ways to think about high-level planning for comprehensive reform as well as lessons from different countries, and conclude with some reflections on the crucial role of leadership.

Why Look at the Canadian Experience?

Why might you be interested in Canada as an example of a jurisdiction which has engaged in comprehensive public sector reform? It is known for its strong public service institutions and good governance, relying on Westminster traditions. It does not have very much corruption, although some has been recently discovered in the municipal sector in Quebec. Generally, though, Canada has strong capacity in its public service institutions, the result of hard-won gains over a hundred years (Juillet and Rasmussen 2008; Lindquist 2000a).

The Canadian public service is impartial, professional. Appointments only get made at the deputy minister or secretary level and below that they are all appointed from within. In a very interesting way Canadian public service institutions are insulated from direct political interference. On the other hand, public servants, particularly executives, are always wrestling with how to best serve governments and of course the pressures they do put on the public service to change and perform better.

Yesterday, John Halligan noted that Canada was among a group of countries he refers to as "steady reformers". We have not been dramatic structural reformers; we are pragmatic and evolutionary, but nevertheless committed to improving public service and service delivery. We have not solved or anticipated many challenges. For example, Canada is not immune to fiscal stress: much of our economy is resource--driven, and like jurisdictions such as Australia, we are dealing with the implications of depressed resource prices for provincial and national budgets.

Canada is widely noted for its 1994-98 Program Review exercise, the process used by a relatively new government to deal with mounting deficits and debt problems in the country. Although this turn-around of a national government's fiscal fortunes has been hailed as an exemplar for public sector reform, there are more lessons than immediately meet the eye. I will say more about that later, particularly the process and the leadership dynamics that were involved there and the opportunities that were seen and taken up.

I will focus on Canada at the federal or national level, but our country is a federation with ten provinces and three territories. Similar stories also played out at the provincial and territorial level. Comprehensive reform is difficult, because it is broad, and I will say few words later what is meant by comprehensive reform.

Positive lessons can be found in the Canadian experience, along with some negative ones. Sometimes matters have to get worse before action occurs, and good practice can have positive yields for limited periods. In the last 24 hours, six Canadian financial institutions had their ratings downgraded by Moody's, in a minor manner. So, even though Canada has been seen as having one of the best-regulated and well-performing financial sectors in the world, and we weathered the global financial crisis nicely, such accomplishments can prove precarious.

This paper is informed by four different lines of research. First, there is work on the June 1993 restructuring of the Canadian government and 1994-98 Program Review (Paquet and Shepherd 1996; Bourgon 2009; Lindquist 1998). Second, recent research has probed how governments handled the global financial crisis and the response of budgeting systems (Wanna, Lindquist, and de Vries, forthcoming) including a Canadian case (Good and Lindquist, forthcoming). A third concerns comprehensive policy innovation, particularly with respect to strategy and capacity (Desveaux et al 1994; Lindquist et al 2011). Finally, it is informed by research exploring how citizen engagement can inform budget-making and policy reform (Lindquist 1994, 1996, 2005).

What is Comprehensive Reform?

This conference is considering how to undertake comprehensive public sector reform, but we have not spent much time discussing the character of such reform. There are several features associated with comprehensive reform:

- A broad strategy guiding and comprised of several sector interventions
- Usually involves many different policy and governance instruments
- Directly or directly involved multiple levels of government and other actors
- Such initiatives can be introduced and implemented in different phases

Comprehensive reform is a multi-pronged and coordinated initiative to address a significant, multi-faceted problem and governance challenge (Schulman 1980; Desveaux 1995).

The dominant feature of comprehensive reform is that it is, well, big. As discussed yesterday, reform involves change at three levels:

- *the macro level*: ensuring appropriate fiscal and monetary frameworks, the central institutions of government, and institution-wide professional values;
- *the meso or policy sector level*: government is involved in many different policy sectors and moving each of those policy sectors forward with the right policy and institutional frameworks, and engagement in specific policy and service delivery sectors; and
- *the micro level*: getting the government organizations and agencies to perform better in administrating each of those sectors, with better business practices, the right mix of skills and expertise, an appropriate culture, etc.

Considering how to launch such reform is daunting. One needs to take a system-wide view, to consider the full range policy and administrative instruments which might be available, and to acknowledge the multi-level governance dimensions.

This is an invitation to be much more strategic about where and how to start. One needs to think about moving forward such reform in phases because even the best and most capable government will learn that it is impossible to do all at once. Which specific agendas to begin with first? What reforms might have good yields in the short-term, building momentum for other reforms? Are political or public sector leaders prepared to take advantage of unexpected opportunities and run faster with the ball when possible?

The received wisdom in the academic world is that comprehensive reform – or comprehensive, rational, synoptic decision-making – doesn't happen too often, and when it does, it does not have intended or good results, and it is not a preferred strategy – in other words, a preferred strategy is to rely more on incremental approaches to achieve goals (Lindblom 1959; Etzioni 1967, 1986). This debate has produced several good points to bear in mind when planning:

- Humans have limited cognitive and capacity limitation to understand the problem and all that needs to be accomplished in order to design good interventions.
- Big interventions imply mobilizing a considerable amount of resources on a variety of different fronts, often with high expectations, so the costs of failure can be quite big.
- Big reforms imply shifting how many organizations inside and outside government, let along other governments and citizens, work, so the politics of reform are significant.

This implies that comprehensive reformers need to have good strategic acumen, not only to anticipate and navigate a more hostile political environment, but also to mobilize the right kind of technical and strategic expertise, in order to move reform initiatives forward.

For all these reasons, many observers believe comprehensive reform is too much to take on. However, anyone who studies public administration knows that we do see comprehensive reform, dramatic interventions, taking place from time to time, and, for better or worse, they get implemented (Schulman 1975, 1980; Desveaux 1995). Astute leaders and public servants find ways to move forward under the most difficult of circumstances. These are defining moments, often setting policy systems or key institutions in new directions, and discovering new pathways. Such moments, though rare, are crucibles for introducing new policies, making better use of technologies, inoculating new values into institutions, and building new cultures to move in these new directions.

It is impossible to plan everything in advance, particularly with comprehensive governance reform initiatives. Henry Mintzberg has long argued this point. He has been a big critic of what he calls 'formal strategic programming', which means that public servants simply execute a plan that was entirely worked out in advance (Mintzberg 1994). Instead he would see comprehensive reform as comprised of **deliberate** strategies set in motion, and of **emergent** strategies arising from decision making and adjustments when dealing with implementation challenges. When planning for comprehensive reform initiatives a big challenge is to make sense what has been accomplished at different points in time from deliberate and emergent strategies alike, to know where matters stand, before planning additional moves forward.

This is important. Planning must occur: there must be design and intentionality. But it also must be intelligent, strategic, and realistic. Not everything can be designed at the outset, but plans should be forward-looking and allow the opportunity for details to be filled out and corrections made when needed. Moreover, it requires creating the right kind of capacity, the right people to move these kinds of initiatives forward. The good news is that you will not need hundreds and hundreds of people to do this. Indeed, the interesting question is how many talented people do you need to make a difference? A few people can make a big difference and animate the larger system in a very positive way.

Canadian Experience I: Restructuring and Program Review (1993-1998)

Much could be said about Canada's Program Review, which took place from 1994-1998. It successfully turned around a very difficult deficit and debt growth situation. Here I do not want to spend very much time on details; instead I want take a broader perspective because those lessons are likely more important for your purposes.

What is often not recounted is that Canada had a previous program review exercise, which took place from 1984-1986. Introduced by the new conservative Mulroney government, it was a very extensive process the Nielsen Task Force on Program Review, which failed (Wilson 1988). Led by a prominent politician, the government tapped into public and private sector experts, very much similar to the UK model for undertaking strategic and central reviews. The problem was that the public was difficult to persuade. The very first recommendations produced by these task forces involved cutting programs. There was such a public outcry that even a government which had just won an election on the basis of rationalizing government had to back off. Other priorities emerged that it wanted to focus on, but some very good work done through the Nielsen Task Force would later surface in the program review process that came 7-8 years later.

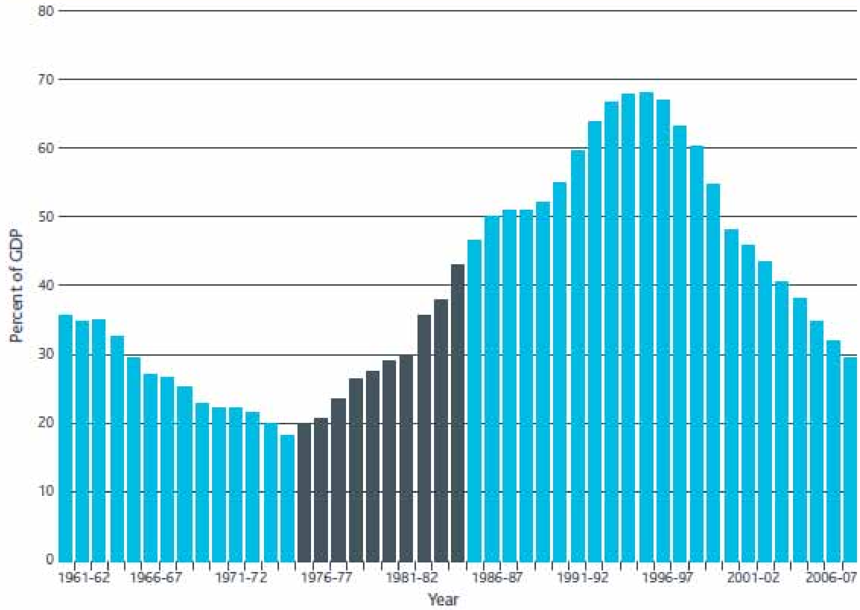
There was considerable public resistance to cuts, but the public budget and the economy were not doing very well. During this time governments typically avoided making direct program cuts affecting citizens, taking the path of least resistance and announcing twenty-two efficiency initiatives or cuts during 1984-1993 primarily focused on the public service (Clark 1994; Bourgon 2009). The budgets repeatedly overestimated future revenues and underestimated expenditure outlays. Increasingly, our department of finance, Finance Canada, was embarrassed because the deficit kept on growing faster than predicted. We moved into an era of repetitive budgeting, which was not good for the reputation of the government, nor the Department of Finance. Of course, we had stagflation like many other jurisdictions. There was mounting frustration and low morale in the public service, an increasingly intolerable.

Some reforms were set in motion: for example, how to do budgeting differently, experimenting with different organizational forms for delivering public services (see Clark 1994), but these could not remedy the fiscal problem nor arrest growth in expenditures. However, these would lay the groundwork for later interventions. Such work appeared not to be gaining traction but was quietly building a constituency for reform.

By the early 1990s about one-quarter of the outlays of the federal government (approximately $30 billion of a $120 billion total) was going to servicing the debt, with overall government debt levels moving to 70% of Canada's GDP. As the public became more aware of this, it began to get more anxious. Several provincial governments – Alberta, Ontario, and Nova Scotia – began to move quickly to regain control of their deficits and debts. Some governments used citizen engagement strategies, to allow the public to let off some steam and to inform the government about the kind of bounces that it ought to strike in rationalizing the budget (Lindquist 1994). By the early 1990s, the federal government found itself on the defensive. It hadn't wanted to make decisions about program cuts before because the public wasn't ready.

The public mood shifted very quickly and suddenly the government couldn't move fast enough. Meanwhile the net federal debt continued to mount. Figure 3 from Bourgon (2009, p.11) shows why public servants, the media, and the public had started to worry: debt grew significantly from the mid--1970s until 1996-97. The Conservative government was criticized for not having taken enough action. Bond rating agencies, the OCED, and the IMF began to express their worries, and so on. The ground had shifted. This led to more concerted thinking on the part of the Mulroney government, but not right away. Public service executives would have preferred that the government to make choices, but the government resisted taking dramatic decisions.

Figure 3: federal net debt, 1975-76 to 1984-85



Source: Federal Government Public Accounts, 2008.

The Prime Minister did appoint a small ministerial task force led by Robert de Cotret, supported by a team of public servants, to explore how to tackle this challenge. They concluded that the structure of the Canadian government had to change, and set out a plan to reorganize the federal government on a portfolio basis, building in part on the Australian model (Aucoin and Bakvis 1993). Their plan had three phases: to re-group programs and agencies in the new ministerial portfolios anchored by often larger departments; to consolidate and integrate the resulting departmental structures; and to review programs for their relevance, sustainability, and position the country to address future challenges. The ultimate goal was to review and reposition all of the programs delivered by the government of Canada.

Action was soon forthcoming. Mulroney stepped down as Prime Minister and leader of the Progressive Conservative Party; Kim Campbell replacing him following a party convention. She introduced what became known as the June 1993 restructuring of the Government of Canada, a massive reorganization of ministerial portfolios, departments and agencies. Announced before the impending election, the public service was to have time to put the new structures in place, and use them as points of departure for reviewing programs with a new government. Few knew that the restructuring constituted the first part of the plans from the de Cotret task force. The number of ministers and departments decreased from 32 to 23, with ministerial portfolios encompassing broader policy domains, where coordination and trade-offs could be made. The Campbell government was defeated in the November 1993 election, which resulted in a Liberal government led by Jean Chretien. The new government took most of the de Cotret plans and made them their own. Indeed the 1994-98 Program Review can been as an adaptation of the second and third phases originally set out government.

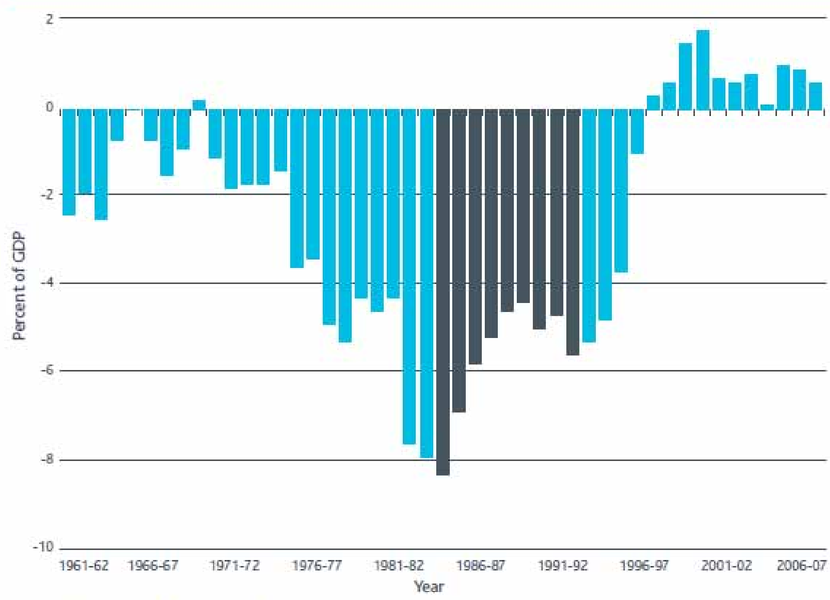
Much has been written about the Program Review process (Paquet and Shepherd 1995; Armit and Bourgault 2006; Bourgon 2009). Here I want to flag that it did not involve outsiders. What emerged was an elegant process involving a committee of senior deputy ministers to screen proposals and undertake preliminary reviews, a small Program Review secretariat in the Privy Council Office (Canada's cabinet office) and coordination among central agencies to ensure an orderly process, and then ministers would make the ultimate decisions. Tests and criteria were set out for informing and screening departmental proposals. The process was emergent; no targets were set at the outset, and many ideas came from departments and ministers themselves. But, eventually, dramatic targets were set for every department and portfolio, ranging from 17 to 40 % cuts, with only one exception, Aboriginal programs.

The regular budget process was used to move the Program Review initiative forward: it was announced in the government's first budget in February 1994, and the February 1995 budget was used to announce the results. The government also launched extensive consultations with the public, with experts, with conferences, with different segments of society (Lindquist 1994). This engagement did not design the budget, but provided very good information to ministers – particularly the Minister of Finance. What the public was looking for, given these daunting challenges, was a balanced approach to rationalizing programs, sharing the pain equitably across the private and public sectors, across different income groups, and so on.

The announcements were made in the February 1995 budget. I don't want to go into great detail there. The cuts were announced and implemented over a three-year period, along with aggressive fiscal targets for reducing the debt. There were staff reductions of 45,000 full-time equivalents, relying on departure incentives or transferring staff to other governments or service delivery partners. The Minister of Finance built "prudence" into forecasts to ensure the government would hit targets, building confidence from citizens and financial markets alike. The pace and largely department-based way recommendations emerged meant that horizontal issues could not be squarely addressed. Ministers and officials knew there might be oversights and other horizontal possibilities, which were folded into the next round of program review.

The Program Review is celebrated because it got results (see Figure 5 from Bourgon (2009), p.15). By 1997, the government had eliminated the deficit, which surprised everyone. Earlier I mentioned that Finance Canada couldn't deliver on its forecast for the better part of a decade, and this reversed that record. The government ran surplus, which continued for over a decade.

Figure 5: federal budgetary surplus or deficit, 1984-85 to 1992-93



Source: Federal Government PublicAccounts, 2008

The Program Review was smartly designed, making use of and enhancing existing processes, to do something new. The changes were difficult; they were departures from previous ineffectual across-the-board interventions. A key ingredient was that the government staked its reputation on securing results out of the process; this was not just a bureaucratic exercise or external commission. The Program Review was a political success: the government was re-elected in 2007, not long after making those dramatic cuts. The process did not begin from a standing start; groundwork had been done in advance. Innovations arose from the process, such as a new expenditure management system focused on working with a more discipline fiscal framework with new rules for approving new funding and re-allocation. The reforms were used to signal the need for a new bureaucratic culture and to start building a new culture. This required astute, visionary, and strong leadership. That mix of a shifting public mood, advance planning, shrewd leadership,[16] citizen engagement, and political commitment combined in a "je ne sais quoi" way that resulted in success – a government might not want to count on it, but it did come together.

Canadian Experience II: Responding to the Global Financial Crisis

Another Canadian success story concerns its response to the recent global financial crisis. Canada was very well-prepared because of how governments have regulated our banking and broader financial services sector, we did not have an overheated housing market, and the government had run surpluses since the end of the Program Review through until 2008, and had brought its national debt down. The government was well-positioned to deal with the global financial crisis. However, Canada elected three minority governments (the Martin Liberals, 2004-06; and twice the Harper Conservatives, 2006-08, 2008-11), leading to some political instability and brinksmanship in Parliament among the contending parties.

As the financial crisis began to spread around the globe there was an increasing public concern in Canada by fall 2008. By that time, the Conservative government led by Stephen Harper had a minority government. On November 27th, 2008, the Minister of Finance issued an economic and financial statement that was tone deaf, not informed by the latest data when bad financial news was circulating widely along with a reports of dramatic actions and plans in other jurisdictions, offering to "stay the course" until the February 2009 Budget. Moreover, it was used to introduce highly political announcements about reducing party financing, pay equity, and the suspension of collective bargaining for the public service unions (Good and Lindquist forthcoming). This angered and mobilized the opposition parties, which began to explore forming a coalition to force a non-confidence vote, and perhaps a new government. The Harper government soon realized it had a big problem on their hands. Using a very controversial maneuver, the Prime Minister persuaded the Governor-General to prorogue or suspend Parliament, agreeing to reintroduce its financial statement and very soon after introduce a budget to address rapidly worsening circumstances.

The government turned on a dime and worked closely with its officials to explore how to proceed, launching extensive and intensive consultations, and developed a new economic and financial statement and a new budget with up-to-date financial data and forecasts in hand. When the government reconvened Parliament, it introduced a speech from the throne (26 January 2009) and then its new budget had as centre-piece a comprehensive fiscal stimulus program, labeled the Economic Action Plan (EAP). The government chose to rely on established repertoires: traditional infrastructure programs they had previously delivered with local, provincial and territorial government partners. Rather than introduce new

16 An intriguing person coming into prominence with the 1994-98 Program Review process was Jocelyn Bourgon, in her capacity as Clerk of the Privy Council, Secretary to Cabinet, and Head of the Public Service. She was a visionary and pragmatic, knowing not only how to design and navigate a reform process, but also how to secure political support and tap into top expertise. She was very good at working a room, motivating executives and public servants in the larger public service system, and seeing the positive possibilities for public service renewal beyond the immediate challenges precipitating the reforms. To be sure, a determined Prime Minister and Minister of Finance created the right conditions, and many other executives were invaluable in designing and carrying out reforms, but Bourgon played a pivotal leadership role in this reform.

kinds of infrastructure programs, they focused on more traditional needs: such as roads, bridges, and parks. They realized these instruments needed to be used in a timely, disciplined, and time-bound way in order to have an impact on the economy in the right phase of the cycle. The government, realized the limits of its capabilities, and focused on what it and its officials already knew would work in order to build momentum, and using the budget to make announcements.

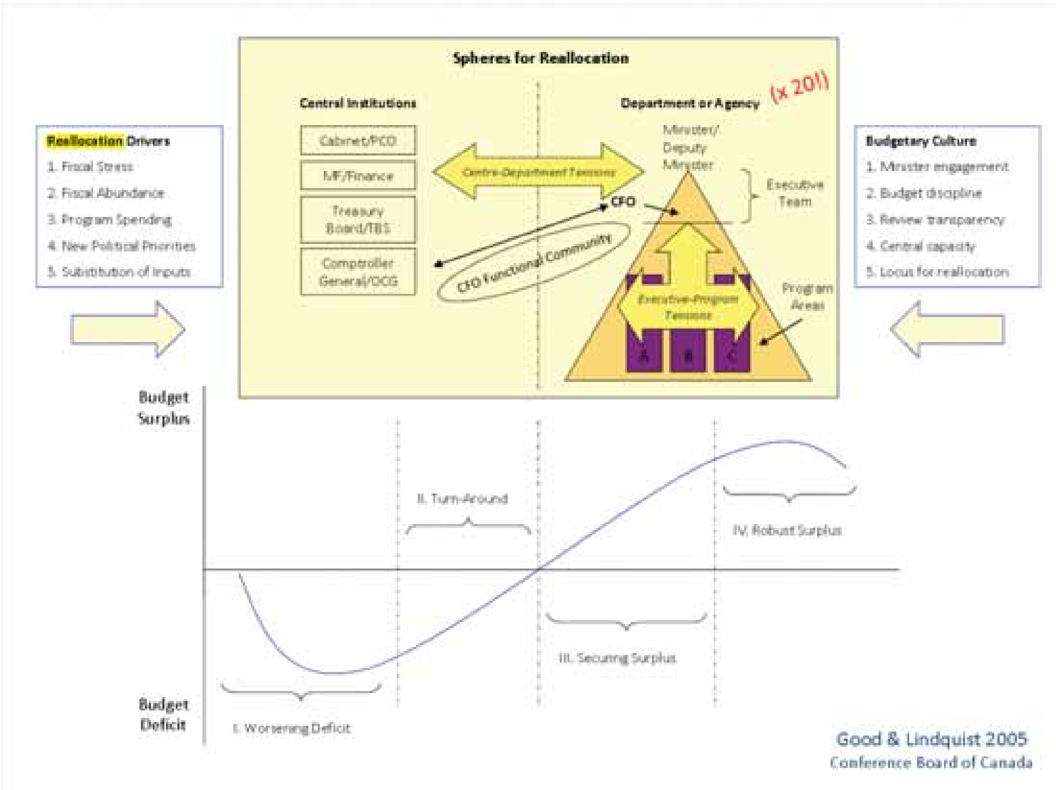
The budget was a success, with the Liberal Party agreeing to support it. As part of the deal, the Liberal Party required the government to report on the infrastructure and stimulus program on a quarterly basis. The government shrewdly used that as an opportunity to proclaim the virtues of its Economic Action Plan and build political momentum from the belated but ultimately very concerted response. The government eventually called an election for March 22nd, 2011, and won a slim majority of seats in the House of Commons. In short, another Canadian government converted a difficult situation into political gain.

Now we are in a fiscally tight situation. The Canadian economy has been affected by low growth in the US and other international economies, the housing market is overheated in key parts of the country, some of our financial institutions appear to be a little more at risk due to increased consumer debt loads, and resource revenues have declined in the western provinces, creating deficit difficulties in those provinces and at the national level. Despite have made some pivotal, salutary decisions in the mid-1990s and late 2000s, our governments find themselves adjusting to the tough new fiscal environment, which will mean making tough decisions about whether to continue funding programs at current levels, reducing or eliminating programs, or raising taxes.

Despite the distinct qualities of the Program Review and the 2009-10 response to the Global Finance crisis, there are similarities. Both became government priorities which staked their political reputations on achieving goals. The governments were ably advised by a forward-looking public service, which also stood ready to implement the policies and strategies chosen by each government. The shifting public mood and citizen engagement laid groundwork and created space for government to move forward. Both had aggressive timelines for making and implementing big decisions.

Comprehensive Public Governance Reform: Perspectives to Consider

Earlier I provided a few perspectives on comprehensive reform; now I would like to encourage you to think about the dynamics of such reform. The figure below was an attempt to capture how the tensions across a public service system among central agencies and departments might evolve with the economic and budget cycles (Good and Lindquist 2005). The key is to think about this as a complicated system, with 20 or more different departments, lots of agencies and more autonomous corporations in each ministerial portfolio, and so on. There are always tensions between the government of the day, among central agencies, but also with the leadership of departments especially when looking to reallocate funding.



What I would like to draw out of this slide are these questions: How do the critical tasks, roles and dynamics associated with comprehensive reform change as a government system moves through the deficit to surplus cycle? What are the strategic priorities at each phase? Who should play what role? Which departments and central agencies are paramount in each phase? Such a heuristic allows one to isolate and identify evolving strategic priorities, roles, and junctures.

Comprehensive public sector reform is daunting and requires strategic leadership. In most countries public sector reform will not occur without political engagement and commitment (Lindquist 2000b, p.158). Here another set of questions arise: Is reform a government's top collective priority, or is it the priority of one minister responsible for public sector reform or the budget? And who in the public service is responsible for implementing the reforms? Is this a big change on the top of mind of all public sector leaders? Or is it just the priority of say the central management agency like our Treasury Board Secretariat? Or is it something executives and their staff are supposed to accomplish in their departments? Given that comprehensive interventions comprise macro, meso and micro reforms, how are the roles and responsibilities for designing, deciding, and implementing these reforms dispersed across the government system?

From Lindquist, "Reconceiving the Centre: Leadership, Strategic Review and Coherence in Public Sector Reform" in OECD, *Government of the Future* (Paris: OECD, 2000), p.159.

Here is where thinking about the phasing of reform, what work needs to be done when, as part of these multi-stage reform processes is critical. As depicted in the previous figure on p.9, these roles may change significantly with the evolving trajectory of the budget and economic cycle, and with the phase of the reform plan. Bearing this in mind, it should be clear that public service leadership for considering these challenges and response is essential to move forward.

Yesterday, John Halligan talked about how in Australia the elected government often takes charge in public sector reform. In Canada, over the years it has usually been top officials who worry about where the public service needs to go in order to respond to the government's policy priorities, developing plans for institutional reform, which are taken to the Prime Minister for review, adjustment and possibly endorsement. How that would work in Portugal, I don't know. The key is to think about what leadership is required for macro, meso, and micro reforms.

Designing and Delivering Comprehensive Reform: Lessons to Consider

There are some other experiences to consider. The Australia and New Zealand School of Government organized a conference on "Delivering Policy Reforms" in 2010 (see Lindquist, Wanna and Vincent 2011). Most of the speakers focused on meso-level (policy sector) reforms, but the collection points to many ideas and strategies that should be considered when tackling comprehensive public sector governance reform. The figure below summarizes the points of a wonderful epilogue from Paul 't Hart of the Netherlands on rules for reformers ('t Hart 2011).

Most are self-explanatory. Here I want to focus on some that are especially important for the comprehensive reform of institutions, particularly in "turn-around" situations. Another is to "have your bottom draw well stocked". When we think about planning significant reform, we imagine doing something new and being forward looking, but often officials cannot proceed, even if the government is keen, unless prior some work been done. This cuts a different way: even if you do not precipitate a major public sector governance reform immediately after this conference, you may nevertheless have laid groundwork for when the opportunity does arise.

Under "Rules for making reforms happen", Paul makes two particularly interesting points. The first is: do you need to call everything reform? You can make big change without calling it reform. Some changes can work like wedges, growing over time by design. For example our Treasury Board Secretariat does not "announce" reform very often now, instead starting with little changes inside the bureaucracy which begin to take root. Departments and agencies may not like those little changes, but they can gain traction and significantly re-shape aspects of the system down the road. But it's different than announcing a big reform that only gets 50% done. It also creates room to learn, to build momentum, and to find new ways to move forward

The second point that I find interesting is: "leading from the front is only one-way". Paul is asking, does reform need to have a big leader, a political or administrative leader leading the charge? Or is that person working through other people, changing ideas and sensibilities, bringing new expertise and getting things to happen seemingly on their own. Paul's rule that "reform zeal is no substitute for analysis" is similar to Christopher Pollitt's observation yesterday that reformers should understand what they are doing before announcing big reforms and so on. Similarly, Steven Kelman wrote a wonderful book Unleashing Change, about furthering procurement reform in the US bureaucracy (Kelman 2005). His key insight was that reform leaders should identify existing reform constituencies inside the government and the public, because there are many who want to change even if challenges look very daunting. Can you identify and motivate those constituencies for reform here, unleashing them to make changes?

The ANZSOG conference and book sought to understand why certain reforms has succeeded or "stuck" over the longer term in Australia, New Zealand, and other countries. Perhaps the most critical lesson was that leaders must build a winning coalition not only to get reform approved, but also to preserve and expand that coalition to further build momentum and implement the reform. Announcing a reform is a big achievement, but unless it sticks, it is not successful.

In her review of the 1994-98 Program Review process, Jocelyn Bourgon identifies several lessons (Bourgon 2009). First, she suggests big reforms should be complemented with shrewd process design, and we discussed several examples above. Second, reform should be sufficiently bold to make a difference. Third, she declares that governments should speedily implement big reforms.

These latter two points are debatable;[17] as Christopher Pollitt mentioned yesterday, and as many contributors to Delivering Policy Reform pointed out, governments also need time to introduce, implement, and anchor reforms. Indeed, for genuinely comprehensive reforms, more time is required to deal with the complexity associated with reforming policy sectors (meso level) and public organizations (micro level), even more so in federal, multi-level governance contexts.

Finally, it is most interesting that Bourgon acknowledges that reformers have to have some luck. I never thought she needed luck! But I will elaborate her observation just a bit: astute leaders are prepared for serendipitous events, and know how to recognize and take advantage of them in order to move ahead reforms more quickly than might have been imagined.

17 These latter points are debatable since a distributed series of incremental initiatives, conceived as a comprehensive strategy, could well be effective (and one could imagine a mixed strategy, involving selected bold announcements). Bourgon had in mind a difficult political and financial situation, which requires declaring and demonstrating action. However, a strategic incremental approach could involve concertation and demonstration of success along the way.

Concluding Thoughts: Reform and Leadership

Comprehensive reform is a long-term, multi-faceted enterprise. It is not simply technical planning, but requires strategic and political instincts. It involves building new narratives and culture, and building momentum. Reform advocates need to develop a comprehensive picture of what needs to be achieved, and a strategic sense of how smaller things can be done along the way, in order to generate momentum and build a record of success. To the extent that reform is about changing institutional culture, new values cannot be pronounced – they are more likely to emerge from the crucible of taking on new tasks and succeeding at them. Stakeholders need to be persuaded that actions are having desired effects and are fair. In many countries that is often in doubt. That is why engagement is so important.

Thinking about comprehensive reform is daunting: it is very complex, and one can get lost in it. Just think of the complexity of the charts on performance management which Geert Bouckaert shared with us yesterday; the detail can be overwhelming. Top leaders and reformers must be strategic in deciding how to move forward. That requires taking the long view but recognizing that one does not have to thoroughly plan for everything: one has to identify priorities and phases, move through phases and re-calibrate along the way, seeing matters through, and being vigilant. Reform is never just about securing a reform announcement; it also about developing new mindsets and capacities, and steadfastly striving to anchor the reform.

Comprehensive reform requires more than able leadership; it requires "rare talent". We all know of leaders who, in difficult situations, have made something out of nothing or assemble parts into a more coherent whole. They manage to bring people together to understand the situation and where things need to go, but most importantly, they know how to proceed in pragmatic terms and how to motivate others. You need a leader, along with leaders in different parts of the system, who can perform crucial roles and build momentum and tap the right expertise and talent, both among ministers and executives, and in the middle of public service systems and organizations. Too often, though, we think that we need thousands of such leaders, a whole new generation, or new kinds of expertise. While new expertise and blood should always be sought out, I suspect you don't need too many great leaders to get things going. The lesson from Canada is that a few farsighted and very capable people, who can make a difference and mobilize others, can unleash the kind of change you seek.

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THE SWEDISH EXPERIENCE OF FISCAL REFORM: LESSONS FOR PORTUGAL

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Abstract
This paper examines the new fiscal framework that gradually emerged in Sweden after the deep economic crisis of the early 1990s with a focus on the Fiscal Policy Council established in 2007. By now, Swedish public finances stand out among the strongest in Europe. Sweden may thus serve as a model for other countries as it has carried out a successful fiscal consolidation while simultaneously developing a comprehensive fiscal framework during the past 15 years. Finally, a set of policy lessons are distilled for a country like Portugal.

Key words
Fiscal rules, fiscal policy council, fiscal policy, public debt, Sweden.

1. Introduction[18]

Due to the global financial crisis, a large number of countries in Europe are now experiencing major problems with unsustainable government finances with high and rising deficits and debts. Portugal belongs to this group. There are a few exceptions to this pattern. Sweden is one of them, actually displaying strong public finances reflected in a falling debt ratio since the outbreak of the crisis in 2008.

This was not the case for Swedish public finances during crises in the past. In the early 1990s Sweden experienced a deep economic downturn causing a sharp drop in real income, a rapid rise in unemployment and huge government deficits and consequently a substantial rise in government debt. It was a banking crisis, a currency crisis and a fiscal crisis concomitantly. This was a major shock to a country proud of its record of full employment and of a successful welfare state.

The crisis set off a process of lesson-learning concerning economic policies and the rules for policy-making. The framing of monetary and fiscal policies was significantly changed. A new fiscal framework was established, fundamentally different from that in place prior to the crisis. A number of structural reforms were implemented.

The reform process was accompanied by a long recovery lasting for two decades up till today. Actually, the improvement in economic performance since the crisis of the 1990s has been a boon to the Swedish economy during the recent global depression. In the OECD Economic Survey of Sweden published in December 2012, the executive summary opens in the following way:

The Swedish economy has exhibited resilience in the face of international turbulence, thanks to sound macroeconomic policies and substantial structural reforms carried out since the early 1990s.[19]

The purpose of this paper is to give an account of the fiscal framework that gradually emerged in Sweden after the crisis of the 1990s, useful for distilling a set of policy lessons for a country like Portugal.

The paper is organized in the following way. First, the recent macroeconomic record of Sweden is summarized and compared to that of Portugal as well as that of other OECD-countries. This comparison demonstrates that Swedish government finances have been much stronger than in almost all other countries in Europe. The Swedish fiscal record invites a number of questions: why did the fiscal framework emerge, what are the main features, what has been the impact on actual policies, how robust is the fiscal framework and which features could be exported to other countries? The remaining sections of the paper attempt to provide answers to these questions.

18 Johanna Modigsson has skillfully prepared tables and charts. Niklas Frank, Sean Kenny, Eva Lindström, Per Molander, Tomas Nordström, Joakim Sonnegård, Hans Tson Söderström and Lisa von Trapp have provided constructive comments. The usual disclaimer holds.

19 OECD (2012, p. 9).

The focus of the paper is on the Swedish Fiscal Policy Council. The reason is that in recent years a number of countries have established independent "non-political" fiscal policy institutions or councils assigned to monitor and survey the conduct of fiscal policy. Such institutions have actually existed in countries like the Netherlands and the US for a considerable time. As seen from Table 1 various forms of fiscal policy councils can be found in about 15 countries. The number is expected to grow in the near future as the EU, IMF and OECD are recommending fiscal policy councils. As a result of the European debt crisis, the European Union is presently requiring such councils to be set up in euro-area member countries. This is the reason why a council was recently established in Portugal.

Table 1.

INDEPENDENT FISCAL INSTITUTIONS AS OF EARLY 2013

- Austria – Government Debt Committee
- Australia – Parliamentary Budget Officer (PBO)
- Belgium – High Council of Finance
- Canada – Parliamentary Budget Officer (PBO)
- Denmark – Economic Council
- Finland – Fiscal Policy Audit and Executive Office (in the National Audit Office of Finland)
- France – Haut Conseil des finances publiques
- Ireland – Fiscal Advisory Council
- Korea – National Assembly Budget Office (NABO)
- Mexico – Centro de Estudios de las Finanzas Públicas (CEFP)
- The Netherlands – Bureau for Economic Policy Analysis (CPB)
- Portugal – Council on Public Finances (CFP)
- Slovak Republic – Council for Budget Responsibility
- Slovenia – Fiscal Council
- Sweden – Fiscal Policy Council (FPC)
- United Kingdom – Office for Budget Responsibility (OBR)
- United States – Congressional Budget Office (CBO)

Source: OECD

The basic idea behind the thrust towards independent fiscal councils is that they are expected to reduce the deficit bias characterizing economic policies in many countries. In short, the tendency of democratic societies to run persistent budget deficits, creating rising public debt, and in some cases leading to unsustainable debt levels may be dampened by independent fiscal authorities. At this stage, it is an open question to what extent such institutional arrangements will actually prove successful.

It must be stressed that the idea behind an independent fiscal council is not to hand over the actual conduct of fiscal policy to independent experts. Such a step would undermine the democratic process. Fiscal policy is inherently a very political issue as decisions concerning taxes and government revenue directly impact upon the distribution of income and wealth. These decisions cannot be delegated to experts to the same extent as decisions concerning monetary policy. Rather, the idea behind a fiscal policy council is to improve the quality of the budgetary process by having an independent institution monitoring the conduct of fiscal policy and by reporting to the government and to the public. In this way the workings of a democratic society can be improved upon.

2. The macroeconomic record of Sweden and Portugal

There are several similarities between Sweden and Portugal. Both countries should be classified as "small open economies" as this term is used in the textbooks in economics. The Swedish population is slightly below 10 million. The Portuguese number is slightly above that number (Table 2). The share of exports to GDP in Sweden is around 50 per cent. The corresponding figure for Portugal is close to 40 per cent (Table 2).

Table 2.

MACROECONOMIC INDICATORS FOR PORTUGAL AND SWEDEN 2012

	Portugal	Sweden
Population (millions)	10.7	9.5
GDP (millions euro)	166.3	411.0
GDP per capita (thousand euro)	15.6	43.2
GDP per capita adjusted for purchasing power (PPS)	18.5	33.4
GDP growth 2000-2012 (average annual %)	2.7	4.4
GDP growth 2008-2012 (average annual %)	-0.3	4.6
Inflation rate 2000-2012 (average annual %)	2.6	1.8
Inflation rate 2008-2012 (average annual %)	1.9	1.9
Nominal long-term interest rates on government debt (%)	11.4	1.6
Unemployment (%)	15.5	7.5
Exports of goods and services (% of GDP)	38.6	48.9
Current account balance (% of GDP)	-3.0	6.4
Government consolidated gross debt (% of GDP)	119.1	37.4
Government net lending/borrowing (% of GDP)	-5.0	-0.2
Government revenue (% of GDP)	41.7	51.4
Government expenditure (% of GDP)	46.7	51.6

Sources: AMECO and OECD

Note: The purchasing power adjusted data for GPD is taken from EU Purchasing Power Standard Units (PPS).

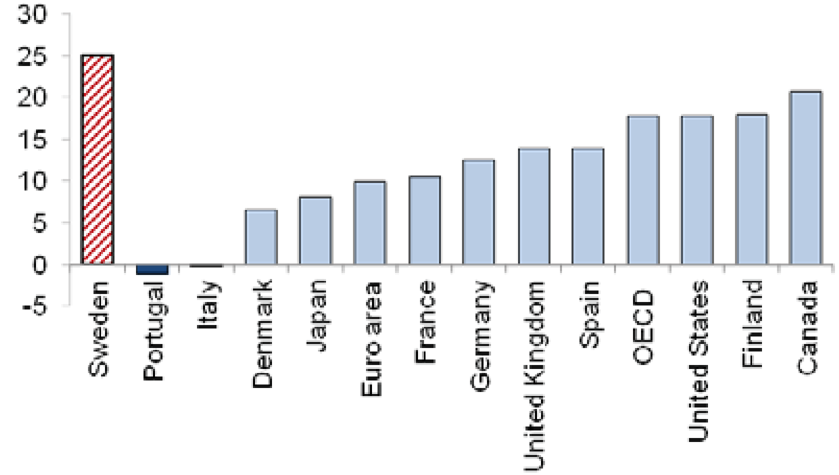
Both countries are placed in the periphery of Europe. They remained outside World War I and II being neutral. Both are EU members. Portugal joined in 1986, well ahead of Sweden in 1995. Both were founding members of EFTA (European Free Trade Association) in 1960 – a free trade association, the outer seven, once set up as a counterweight to the European Economic Community, at that time the inner six.

Turning to the macroeconomic record of the past 10-20 years, a number of differences emerge. Swedish GDP per capita income is almost three times as large as the Portuguese income (Table 2). Using data adjusted for purchasing power, the difference is considerably smaller; Swedish income drops to less than twice the Portuguese level. On top of that, Swedish growth performance has been strong by international comparison. Total GDP growth in the past ten years has been higher than in the euro area, in the UK, in the OECD, the United States and Canada (Chart 1). The same holds for the period 2007-2012 which covers the recent global financial crisis. Swedish growth remained resilient during the global financial crisis. It stayed at 4.6 per cent average annual growth during 2008-2012, while the same number was -0.3 for Portugal (Table 2).

High economic growth has been accompanied by high employment growth in Sweden compared to most EU members except Germany (Chart 2). The employment rate has remained high as well

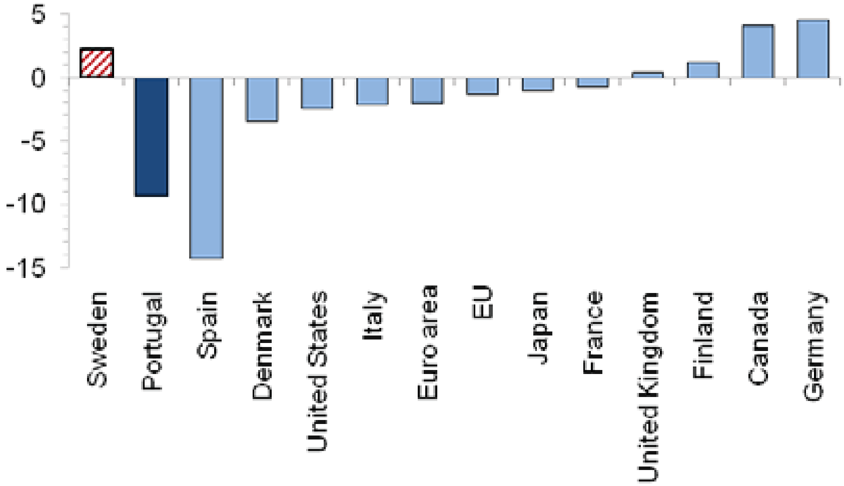
(Chart 3). The Swedish unemployment rate is by now half that of Portugal; 7.5 per cent compared to 15.5 for Portugal (Table 2).

Chart 1. Total real GDP growth (%) in selected countries, 2002-2012



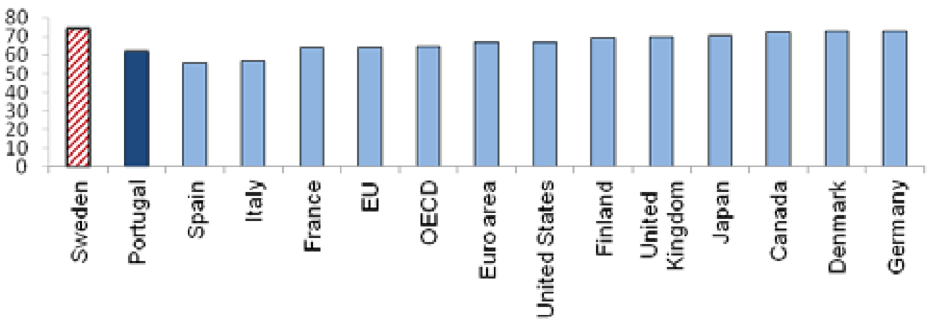
Source: OECD

Chart 2. Employment growth (%) in selected countries, 2007-2012



Source: AMECO

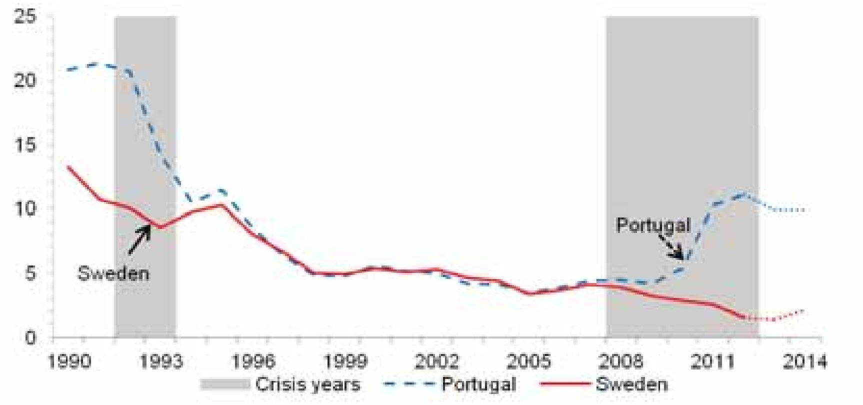
Chart 3. Employment rate, 15-64 years (%) in selected countries 2012



Source: OECD

Inflation has been roughly the same in the two countries (Table 2). Long-term interest rates were at the same level from the mid-1990s to the start of the recent global recession (Chart 4). From then on they have diverged. The Portuguese rate rose dramatically while the Swedish rate continued to fall. It is now below 2 per cent.

Chart 4. Long-term interest rate on government bonds for Portugal and Sweden, 1990-2014, per cent

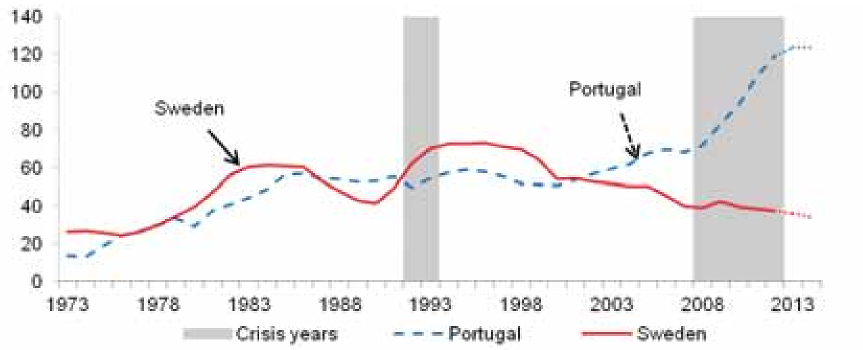


Source: OECD

The current account displays a major difference (Table 2). The Swedish account was positive in 2012 (+6.4 per cent) – and has been positive for a long time - while the Portuguese account is presently negative (-3.0 per cent).

A striking difference between the two countries concerns government finances. Since the mid- 1990s, government gross debt as a share of GDP has fallen from around 70 per cent to around 40 per cent in Sweden. During the same period it doubled in Portugal from a level around 60 per cent to about 120 percent in 2012 (Chart 5). The rise in the Portuguese debt ratio is most pronounced during the recent global crisis. Presently the budget deficit (general government net borrowing) is close to zero in Sweden while it is around 5 per cent of GDP in Portugal (Table 2).

Chart 5. Government gross debt (% of GDP) for Portugal and Sweden, 1973-2014



Source: AMECO

The Swedish public finances are strong in an all-EU member countries comparison as well. General government net lending for 2013 is just below that of Germany (Chart 6). General government gross debt as per cent of GDP is among the lowest in the EU (Chart 7).

Chart 6. General government net lending (% of GDP) for EU-members 2013

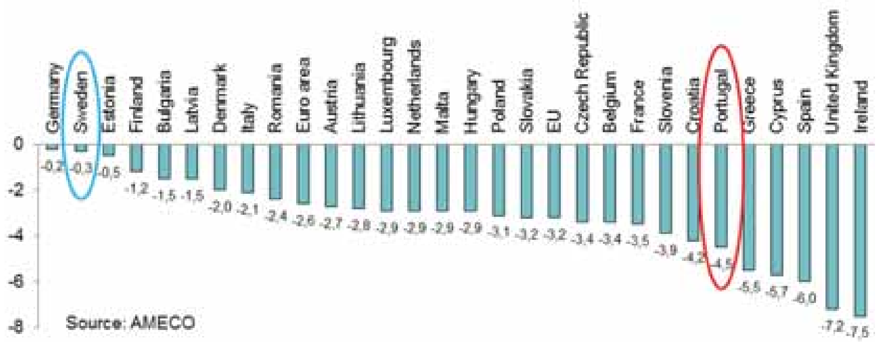
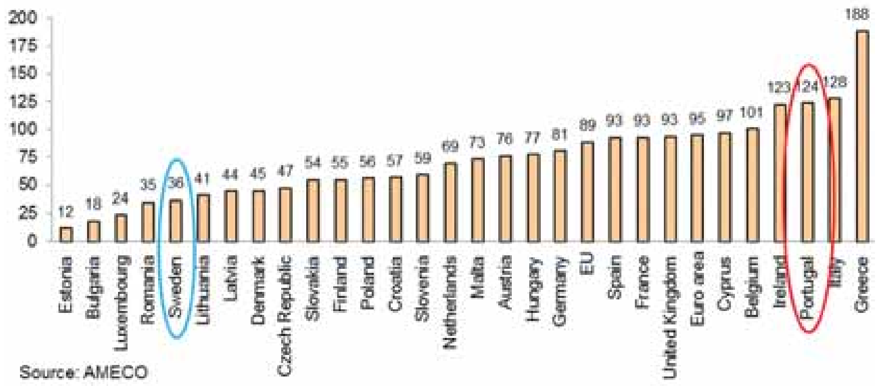


Chart 7. General government gross debt (% of GDP) for EU-members 2013



This comparison of the long-run economic record between Sweden and Portugal points to two major differences: a higher growth rate and stronger public finances in Sweden since the mid-1990s. Most worrying, the recent global crisis has attenuated the differences between Sweden and Portugal. These divergent trends become more pronounced during the past three-four years.

To account for the macroeconomic differences between Portugal and Sweden and to understand the policy challenges facing the two countries, we should also pay attention to the wider framework within which economic policies are generated. This framework includes the quality of government, the traditions of governance and the public's perception of the workings of the political system and of the public sector.

Here there are major differences between Portugal and Sweden. Public trust in the political system differs sharply across the two countries as seen from Table 3 displaying public trust in the political parties, the government and the parliament in Portugal and Sweden as reported in the Eurobarometer from the fall of 2012. The Swedish respondents display much more trust in their political system than their Portuguese counterparts. Likewise, satisfaction with the way democracy works is much stronger in Sweden than in Portugal (Table 3). Cross-country differences emerge also from Table 4 displaying a set of indicators of governance performance: government effectiveness, voice and accountability, regulatory quality, rule of law and control of corruption. As a consequence, confidence in the national government is much stronger in Sweden than in Portugal. [20]

20 A similar picture emerges from a study of the quality of government within EU member states produced for the European Commission. Here Sweden ranks as number 2 and Portugal as number 14 on a composite measure of the quality of government. See Charron, Lapuente and Rothstein (2011, p. 30).

Table 3.

TRUST IN POLITICAL PARTIES, THE GOVERNMENT AND THE PARLIAMENT AND SATISFACTION WITH THE WAY DEMOCRACY WORKS IN PORTUGAL AND SWEDEN IN THE FALL OF 2012, PER CENT OF RESPONDENTS

	Portugal			Sweden		
	Tend to trust	Tend not to trust	Don't know	Tend to trust	Tend not to trust	Don't know
Political parties	17	79	4	35	61	4
The Government	22	74	4	59	38	3
The Parliament	23	73	4	68	29	3
	Very/ Fairly	Not very/ Not at all	Don't know	Very/ Fairly	Not very/ Not at all	Don't know
Satisfaction with the way democracy works	25	74	1	86	13	1

Source: European Commission, Eurobarometer 78

Table 4.

GOVERNANCE INDICATORS [MIN -2.5 MAX 2.5] FOR PORTUGAL AND SWEDEN

	Portugal	Sweden
Government effectiveness	1.0	2.0
Voice and accountability	1.1	1.6
Regulatory quality	0.7	1.8
Rule of law	1.0	1.9
Control of corruption	1.1	2.2
Do you have confidence in the national government? (% yes)	24.6	67.2
Do you think that most people can be trusted? (% yes)	27.9	56.1

Source: The World Bank Governance Indicators and the 2012 Legatum Prosperity Index

Note:

Government effectiveness	Reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
Voice & accountability	Reflects perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.
Regulatory quality	Reflects perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
Rule of law	Reflects perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
Control of corruption	Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Table 3 and 4 do not give a balanced picture as Portugal is presently suffering from deep economic problems while Sweden so far has managed to avoid a sharp downturn. An economic crisis per se reduces trust in the political system. We should also keep in mind that Portugal made the transition from dictatorship to a democracy in the 1970s while democracy has its roots further back in Swedish history. Still, Table 3 and 4 suggest that the "policy culture" in Sweden is more conducive to reform than in Portugal. Swedish authorities have a large degree of public trust which is likely to make it easier to design and implement policies.

3. The new fiscal framework after the crisis of 1992

The above comparison between Portugal and Sweden demonstrates that Sweden has followed a trajectory sharply different from that of most EU-countries concerning fiscal performance. How can this divergence be explained? To explain the fiscal performance and the fiscal reforms of Sweden during the past 20 years, it is crucial to go back to the deep economic crisis of the early 1990s and its impact on the response of policy-makers and on the electorate.

3.1. The crisis of 1992-93 [21]

Western Europe experienced a severe recession, manifested in the European currency crisis in the autumn of 1992 and summer of 1993. The recession turned most severe in Sweden where it followed a typical boom-bust pattern.

The impulse to the boom should be traced back to November 1985, when the Swedish central bank, the Riksbank, decided to deregulate the domestic credit market. However, the Riksbank maintained a fixed exchange rate for the krona, the Swedish currency. During the following years, a sharp rise in the demand for and supply of credit took place. The real rate of interest adjusted for taxes, inflation and inflationary expectations became negative. The price of shares and housing rose quickly as no monetary or fiscal countermeasures were taken during the years 1986-90.

The boom peaked in 1991, when the bubble started to burst. Sweden went into a deep downturn. Private sector savings increased markedly, demanding an adjustment via decreased public savings and/or via a change in the rate of the krona, i.e. through a depreciated exchange rate.[22] A sharp rise in the real rate of interest undermined the stability of the financial system. Investment, in particular within the construction sector, collapsed. At the same time, unemployment increased.

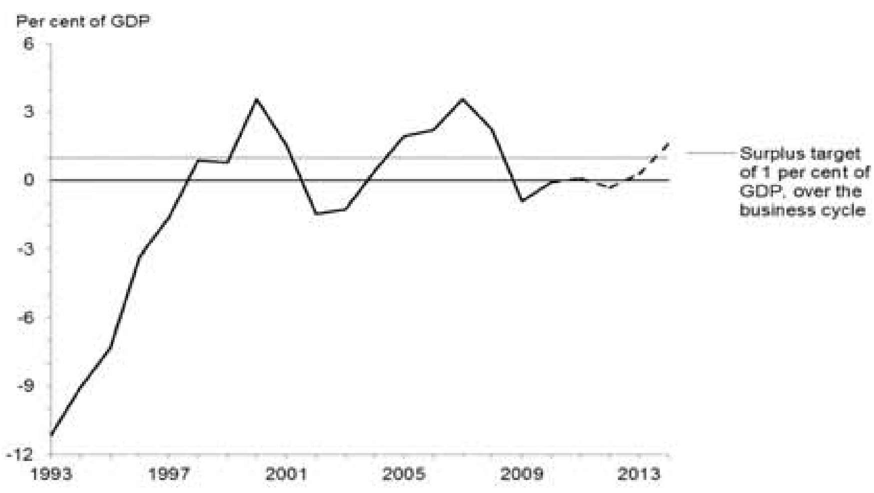
The budget deficit rose dramatically, becoming one of the biggest within the OECD-area due to the workings of the automatic stabilizers as well as costly support to the banking system (Chart 8). Real national income declined three years in a row – a unique pattern without parallel in Sweden during the 20th century. The acute crisis was arrested when the Riksbank was forced to abandon the fixed exchange rate of the krona in November 1992, allowing the krona to float. It has been floating since then.

When the fixed exchange rate was abandoned, the krona sharply depreciated. This contributed to a rapid rise in exports, eventually pulling Sweden out of depression. The share of exports to GDP almost doubled between 1992 and 2012 (Chart 9). Swedish economic growth rose to a high level during the past 15 years with exports as the main engine of growth (Chart 10). A number of structural reforms, covering a wide set of areas and implemented in the wake of the crisis, contributed positively to growth as well.

21 This section is based on chapter 2 in Jonung, Kiander and Vartia (2009).

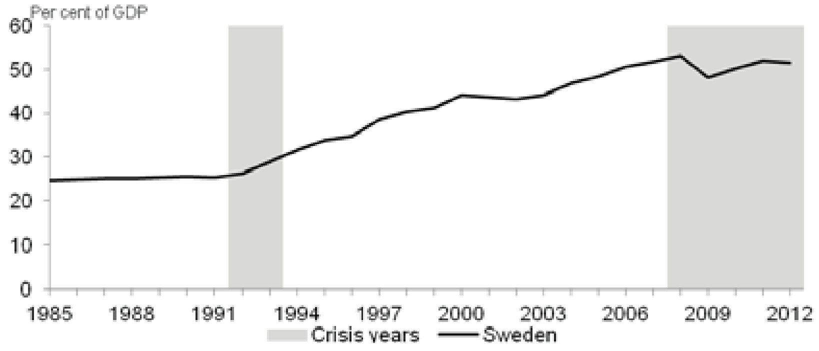
22 The budget deficits that arose during the crisis of the 1990s can be viewed as the outcome of a policy of tax smoothing. According to this theory, when a large unexpected disturbance hits the economy, the government should increase its borrowing to smooth the tax burden over time. A negative disturbance of the type that occurred in the Swedish economy in the beginning of the 1990s should first be counteracted by an increase in central government debt, not with increased taxes or reduced government expenditures. Such measures would aggravate the crisis. However, after the crisis measures should be taken to reduce government deficits and government debt. In hindsight, Sweden followed such a tax smoothing policy during the 1990s.

Chart 8. General government net lending in Sweden (% of GDP), 1993-2014



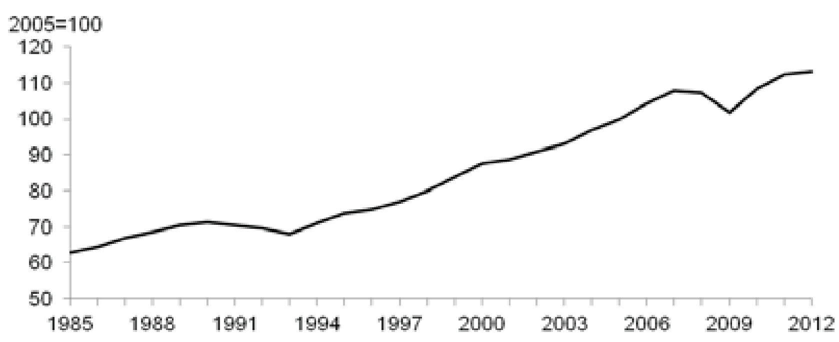
Source: AMECO

Chart 9. Export of goods and services (% of GDP, constant prices) 1985-2012



Source: AMECO

Chart 10. Economic growth in Sweden 1985-2012



Note: Index of GDP at constant prices, with base year 2005.

Source: Statistics Sweden

3.2. The emergence of the fiscal framework

The crisis caused a sharp rise in the budget deficit and in government debt (Chart 5 and 8). The huge deficits emerging became an embarrassment to the center-right government in power during the financial crisis of 1992-93. Fiscal consolidation became a top priority on the political agenda of the Social Democratic government that came into power after the election in the fall of 1994. It built a reputation of being a competent and careful manager of government finances when in power during 1994-2006. A major goal during this period was to reduce the budget deficit and lower the government debt to national income ratio. Here the government was successful as seen from Chart 5 and 8.

Eventually, as a response to the crisis, a fiscal framework was constructed in a political and administrative process covering several years. Actually, this process still continues.[23] A first step was a report published in 1992 by ESO, a think-tank of the Ministry of Finance. This report, put together by Per Molander, at that time a civil servant in the Ministry of Finance, recommended a top-down approach for the government budget in the Parliament, a stronger position for the Prime Minister's office and the Ministry of Finance in the internal budgetary process and full coverage for the financing of government expenditures. The report was inspired by a study by Jürgen von Hagen (1992) demonstrating that the Swedish budgetary process was one of the weakest in the EU, next to that of Italy.[24]

The ESO report contributed to a parliamentary reform in 1994 encompassing a top-down approach where the Parliament first decides the total volume of expenditures and then the distribution of expenditures across 27 specific expenditure areas. The calendar year became the basis for the budget.

From January 1997 an extended fiscal framework was put in place, including a central government expenditure ceiling designed to cover expenditures three years ahead decided by the parliament, the abolishment of open-ended appropriations and monthly auditing of government expenditures relative to budget.

In 1998, a surplus target for general government net lending was introduced, to be implemented from 2000. Public finances are now required to show a surplus of 1 per cent over the course of a business cycle for the whole public sector (Chart 8). The surplus target is commonly viewed as a buffer for economic fluctuations and demographic changes. In 1999 a balanced budget requirement for local governments was made into law to be implemented from 2000.

Table 5.

EVOLUTION OF THE SWEDISH FISCAL FRAMEWORK 1995-2007	
Since 1995:	**Top-down approach** for the central government budget.
Since 2000:	**Surplus target** General government net lending is required to show a surplus of 1 per cent over the course of a business cycle. A buffer for economic fluctuations and demographic changes.
Since 1997:	**Central government expenditure ceiling** (for the third year ahead in the Budget Bill, with a budget margin acting as a buffer).
Since 2000:	**Balanced budget requirement** for local governments.
Since 2007:	**A fiscal policy council**.

The next building block of the fiscal framework was put in place in 2007 when a fiscal policy council was established by the center-right government that came to power after the election in the fall of 2006. The process of developing the fiscal framework has continued. In 2010 a new budget act stipulated

23 The emergence of the Swedish fiscal framework is covered in several contributions. See Calmfors and Wren-Lewis (2011) and Molander (1999).

24 The report is von Hagen (1992). It was later extended in von Hagen and Harden (1994).

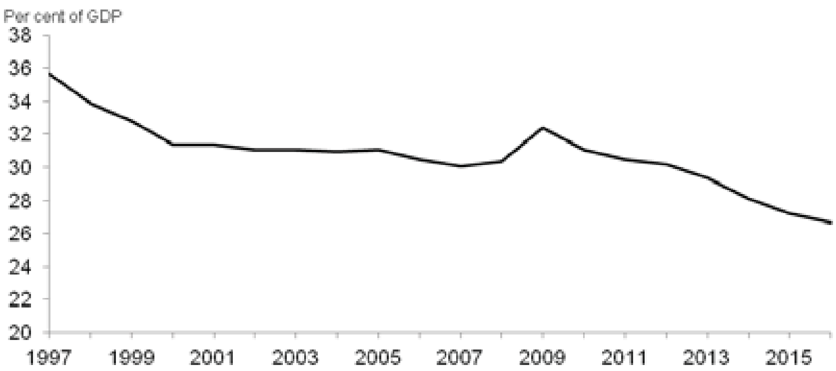
that the use of the expenditure ceiling and the surplus target was mandatory. The build-up of the fiscal framework 1995-2007 is summarized in Table 5.[25]

3.3. A fiscal framework based on rules and practice

By now a full-fledged fiscal framework has been established with the basic aim of fostering a sustainable fiscal policy in the long run. The framework is made up of some fundamental principles or rules for fiscal policy. Some are governed by law as displayed in Table 5 while others follow a practice that has developed over the past 20 years.

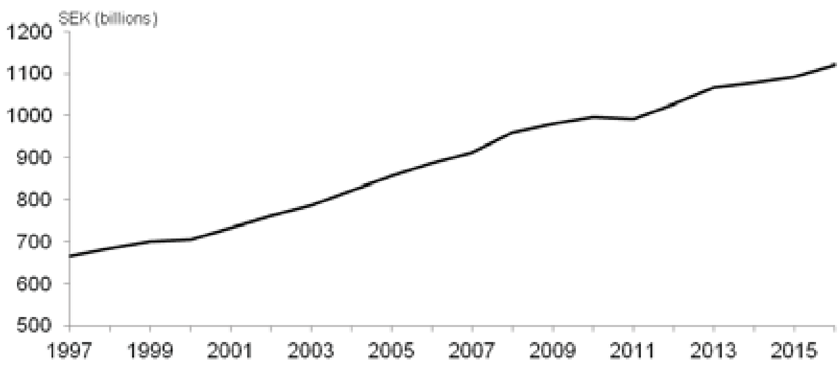
The budgetary framework, as set out in the Budget Act, is the core of the legal basis of the fiscal framework. According to this act, the Government is obliged to propose targets for general government lending to the Riksdag. The surplus target is presently defined as an average of 1 per cent of GDP over the business cycle. Under the Budget Act, the Government must propose an expenditure ceiling for the third year ahead in the Budget Bill presented in the fall to the Riksdag.

Chart 11. The expenditure ceiling as a percentage of GDP, 1997-2015



Source: The Swedish Ministry of Finance

Chart 12. Government expenditure in billions of SEK



Source: The Swedish Ministry of Finance

The expenditure ceiling has served as a fundamental restriction on the budgetary process. It has set a cap in nominal terms for government expenditures, reducing them measured as a share of GDP (Chart 11).

25 Important changes in the parliamentary budget procedure to strengthen the fiscal framework were also made after the crisis of the 1990s. The Finance Committee of the Riksdag was given a more powerful role. A strict top-down decision model was introduced where the Finance Committee sets binding limits for all expenditure areas that the special committees of the Riksdag cannot exceed, and where any expenditure increase must be financed within the same area and by the same committee.

So far, the expenditure ceiling has not been revised upwards except for minor technical adjustments. It is worth stressing that the ceiling has not prevented government expenditure to grow in nominal terms over time (Chart 12). Under this ceiling or cap, expenditures are allocated across different spending areas. The main idea is that proposals by members of the Riksdag for expenditure increases in one area should be covered by proposals for expenditure reductions on other activities within the same area.

The balanced budget requirement covers the local government sector which makes up a large part of the Swedish government sector. In 2011, local government expenditure constituted about half of total government spending. They represented slightly more than 20 per cent of GDP. The balanced budget rule stipulates that each municipality and county council must plan for a balanced budget.

The Government has also drawn up a number of principles or guidelines – not put into law –concerning the design and use of stabilization policies. The most important task of fiscal policy is to maintain confidence in the long-term sustainability of public finances. The task for monetary policy is to stabilize both the rate of inflation at a low level and aggregate demand in the economy under normal demand shocks. Thus, the Government rules out the use of active (discretionary) fiscal measures as standard tools for stabilization policies. Instead, the main countercyclical effect of fiscal policy is provided via the automatic stabilizers. However, very large demand and supply shocks may require an active fiscal policy response to limit the rise in unemployment. Financial crises may also require special measures to maintain financial stability. Losses that may emerge in the financial sector should primarily be borne by financial institutions, their shareholders and others who have contributed risk capital.

4. The Fiscal Policy Council

By now the Fiscal Policy Council is probably the element in the Swedish fiscal policy framework that has attracted most interest. The Council so far represents the last major step in a process that should properly be classified as a learning process – in short learning from the crises of the past.[26]

4.1 The establishment of the Fiscal Council [27]

The roots of the Council can be traced back to a government commission reporting in 2002 on the role of fiscal policy in the event of Sweden becoming a member of the euro area, thus losing the use of an independent monetary policy in the framing of stabilization policies. Here the idea of a Swedish Fiscal Policy Council was discussed for the first time.[28] No legislative step towards a council was taken, however. The Social Democratic government expressed no interest. In the referendum in 2003 on Swedish euro membership, a majority voted no to joining the euro. Thus, Sweden stayed with its national currency, the krona.

The idea of a fiscal council attracted the liberal-conservative government that came to power in the election of 2006. At the initiative of the Minister of Finance, Anders Borg, a fiscal policy council was established one year later. The initiative first met negative reactions from the three parties in opposition: the Social Democrats, the Left Party and the Green Party. The Left Party expected the fiscal council to serve as "another body providing false scientific clothing for the government's right-wing policy".

[29]The first report of the Council was published in 2008, since then followed by annual reports 2009-2012. Gradually, the Council has established a reputation by itself of being independent. This is probably a major

26 The process of policy learning from crises during the period 1970-1995, covering monetary as well as fiscal policies, is described in Jonung (1999).

27 Accounts of the Swedish fiscal policy council and its impact are found in i. a. Calmfors (2010), Calmfors and Wren-Lewis (2011) and Flodén (2013). The role of fiscal policy and the fiscal framework during the recent crisis is discussed by i. a. Bergman (2011) and Hassler (2010). See also the report by the Swedish Fiscal Council (2012).

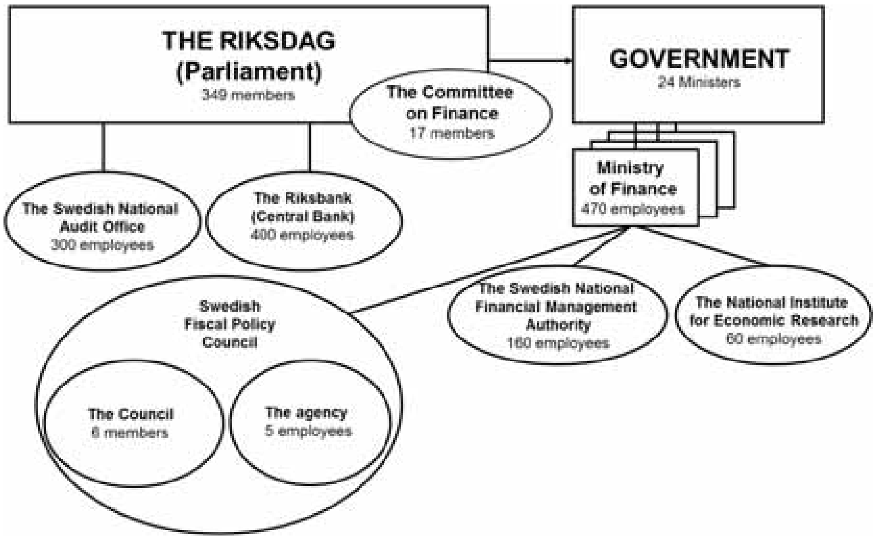
28 Wyplosz (2002) prepared a contribution on fiscal policy councils to the commission. His piece inspired the commission in its recommendations.

29 Calmfors and Wren-Lewis (2011, p. 682).

reason why in 2011 a new instruction for the Council was supported by the Social Democrats, the Left and the Greens, at this time in opposition. Thus, the initial skepticism of these parties has turned into support of the Council. It is fair to say that the Council is now well entrenched in the Swedish political system in the sense that it has the backing of seven out of eight parties in the Parliament.

The Council is set up as an agency under the Government, directly under the Ministry of Finance (Chart 13). Its budget is determined by the Ministry of Finance and thus by the Government. The Council has a small secretariat made up of five persons. The annual budget is 9 million SEK, approximately 1 million euro. The Council is thus a very small body by international comparison.[30] The Council, however, has the option of asking outside experts to prepare reports on issues of interest. These usually serve as inputs into the annual report of the Council. The Council also arranges a yearly conference where the reports prepared by outside experts commissioned by the Council are presented.

Chart 13. The institutional set-up for the Swedish Fiscal Policy Council



The Council is made up of six members with fixed terms of appointment – it ranges between a maximum of three years for the ordinary members to six years for the chairman. The members hold positions at universities and/or have made careers as policy-makers or as high level civil servants. They serve as members on a part-time (10 per cent) basis, as a supplementary activity to their ordinary jobs or positions. The Council is in principle a self-perpetuating body. It recruits itself in the sense that it proposes to the Government replacements for members who are leaving.

4.2 The remit of the Council

The tasks of the Council are defined in a remit framed by the Government. The first instruction was presented in 2007. A new remit was given in April 2011. It is short, roughly one page long, stating that the main task of the Council is "to monitor and evaluate the extent to which the fiscal and economic policy objectives proposed by the Government and decided by the Riksdag are being achieved and thus to contribute to more transparency and clarity about the aims and effectiveness of economic policy". [31]

Starting from the Spring Fiscal Policy Bill presented in April and the Budget Bill announced in September, the Council assesses whether the fiscal policy of the Government is consistent with:

30 See the comparison of the tasks of various fiscal councils in Table 2 in Calmfors and Wren-Lewis (2011).

31 Swedish Code of Statutes SFS 2011:446. This section is a rough translation of this code.

1. long-term sustainable public finances and
2. budgetary targets, particularly the surplus target and the expenditure ceiling.

More specifically, the Council has to:

1. assess whether the fiscal policy stance is consistent with cyclical developments in the economy,
2. gauge whether fiscal policy is in line with long-term sustainable growth and leads to long-term sustainable high employment,
3. examine the clarity of bills concerning economic policies, particularly with respect to the arguments for policy measures,
4. analyze the effects of fiscal policy on the distribution of welfare in the short and the long run.

The Council may assess the quality of the forecasts made by the Government and the models on which the forecasts are based. Finally, the Council should foster public debate on economic policy.

This remit represents a broad mandate, in particular the request to examine the consequences of economic policies on the distribution of income and wealth. This was a new task given by the instruction of 2011 as part of a compromise between the Government and the opposition.

The starting point of the remit is the fiscal framework. It requires the Council to examine to what extent the actual policies of the Government are consistent with the fiscal framework. This task facilitates the Council's work by giving it a benchmark to start its evaluation of the economic policies of the Government. The Council is then free to express its opinions around any issues it deems of importance for fiscal sustainability, as well as issues it finds to be neglected or ignored by the Government.

The Council is set up at arms-length from the Government. It has no informal or confidential contacts with the Government. It is not involved in policy-making consultations with the Government; it does not provide the Ministry of Finance with any judgments, forecasts or recommendations except what is made public in the annual report of the Council and the reports prepared for the Council by outside experts. All its communication with the Government thus takes place in the public sphere. It has the authority to ask the Ministry of Finance for information about the work underlying the proposals of the Government. So far, the books of the Ministry of Finance have been open to the Council when it has made requests.

4.3 The Council's reports 2007-12

The main tool of the Council for communicating its message is the annual report. It is published in mid-May. At that occasion, the full Council meets with the Minister of Finance. The same day the report is presented to the media. The next day, the Council arranges a public meeting, with invited commentators, dealing with the annual report. A few weeks later the report is presented by a member of the Council, usually the chairman, at a hearing before the Committee on Finance of the Riksdag where the Minister of Finance gives his/her response as well. The report serves as an input for the Committee's evaluation of the economic policies of the Government. The Government replies in the Budget Bill to the report of the Council, usually in September the same year.

The five annual reports produced in 2007-2012 have focused on a number of issues. One theme is a recurrent plea for increased clarity concerning the surplus target. The Council has asked for explanations of the fundamental objectives of the surplus target as the Government has given various explanations over time. The Council has also made requests regarding how the Government monitors the compliance with the target.

The Council has criticized attempts of circumventing the expenditure ceiling, when actual expenditures have approached the cap set by the expenditure ceiling. It has scrutinized the Government's fiscal sustainability calculations. It requested temporary discretionary fiscal stimulus in the recession of 2009-10. It has questioned the evaluations of the Government's labor market reforms and the economic reporting of the Government.

To give a flavor of the issues dealt with in the annual reports, it is useful to look in some detail into the 2012 report of the Council.[32] The first chapter concluded that fiscal policy generally was successful and, on the whole, well balanced. This claim was supported by a comparison with other EU-countries' economic policy experience since the outbreak of the global crisis in 2008. The fiscal policy pursued in 2011 and 2012 has complied with the current fiscal framework. There is little risk of expenditure exceeding the expenditure ceiling in the next few years.

After this initial positive overall evaluation, the Council presented several critical viewpoints, in regards to at least 19 issues. The Government should provide a better explanation of how the scope for new policy initiatives arises and how it is divided between taxes and expenditures during the near future. The Council objected to the fact that tax cuts announced by the Government in spring 2011 were not proposed in the Budget Bill of September 2011 for 2012.

In the budget bill for 2012, the Government referred to the macroeconomic uncertainty as an argument for larger safety margins – in addition to the margin already built into the fiscal framework. The Council argued, in response, that a regular use of safety margins may create an undesirable procyclical element in fiscal policy and thus bring the average government net lending to exceed the surplus target.

The Council stressed that rapidly expanding credit and rising property prices imply macro-financial risks for the Swedish economy which should not be underestimated. The Government should decide how macro--prudential regulation and supervision should be strengthened to reduce the risk of future financial crises.

The Council noted that the surplus target implies the stabilization of general government net financial wealth as a percentage of GDP. The level at which it is being stabilized depends on changes in the valuation of government assets outside the fiscal framework. Further accumulation of net wealth exceeding the current 20 per cent of GDP is difficult to justify with the need for safety margins in case of an economic crisis. The Government should clarify its view of the appropriate size of government net wealth and the overall principles to apply in the trade-off between the risks of the government portfolio and its expected return.

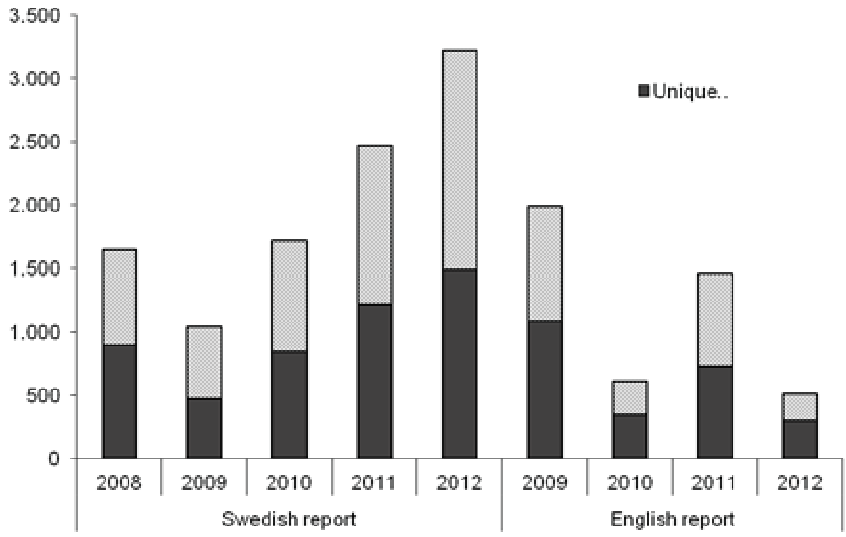
One chapter on generational accounting demonstrated that Sweden's public finances are sustainable in the long run. A strong contributing factor is the design of the pension system with an automatic balancing mechanism that reduces pensions if the stability of the pension system is threatened. The Council concludes that the pension system is financially stable – but asks the question whether it is politically stable if replacement ratios fall sharply?

The major expenditure measure in the Budget Bill for 2012 concerned a reduction in the value-added tax (VAT) on restaurant and catering services. On this issue, the Council argued that the positive employment effects from a lower VAT estimated by the Government were most likely too optimistic. The Council regarded the lower VAT as a support to a specific sector. This increases the risk of other pressure groups lobbying for sectoral support. If more sectors were to benefit from reduced VAT-rates, there is a risk of undermining the tax base represented by the VAT. A uniform VAT, instead, would most likely have large positive economic effects to society.

Many of the issues brought up by the report of the Council attracted the interest of the media when the report was published. Many of the issues remain in the public debate. The report is cited and referred to long after the initial publication (Chart 14).

32 See Swedish Fiscal Policy (2012).

Chart 14. The number of downloads of the annual report of the Swedish Fiscal Policy Council, 2008-2012



Note: Unique downloads are defined as the number of downloads from unique IP-addresses, i.e. excluding multiple downloads from the same visitor.

4.4 The independence of the Council

In the public debate, representatives of the Council have described the Council as a watch-dog that barks when fiscal sustainability is threatened by the economic policies of the Government. The Council should serve as an early warning system for fiscal disasters. Can it fulfill this function when it is financed by the Ministry of Finance? It has been suggested that the Council should be organized under the Parliament instead, reporting directly to the Parliament, in order to minimize any direct pressure by the Government (Chart 13).

So far, the general view appears to be that the Council has managed to remain independent and thus credible in the eyes of the media and the public. This independence is based on various mechanisms, formal as well as informal; some of which may not work or may not be as strong in other countries.

Firstly, the Council is made up of members who are independent of the Government, as they are recruited from academia or from end-of-career positions. They are taken from outside of the political system.

Secondly, the Council recruits itself by openly proposing new members to the Government. The Government has so far accepted and supported all proposals.

Thirdly, an important pillar of the independence of the Council is found in the tradition of open public debate in Sweden where the economics profession has a strong and long-standing position. Economists are respected and regarded as important and constructive voices in the public sphere. They have served on government commissions, been employed as civil servants and been active in party politics. Some of them have been extremely prolific in writing op-ed articles, in short serving as journalists and commentators in economics. This tradition goes back to the activities of Knut Wicksell, Gustav Cassel, Eli Heckscher, Bertil Ohlin and Gunnar Myrdal, all professors in economics who were very active and visible in the public debate and public life.[33] They created a platform used by present day generations of Swedish economists.

33 See Carlson and Jonung (2006) for the roots of the strong position of the economics profession in Sweden.

A government that ignores the voice of the Council runs the risk of losing credibility. Such a loss in credibility could also arise if the Government attempts to control or pressure the Council. The cost of such a loss serves to some extent as a guarantee of the Council's independence.

On the other hand, the Council must present professional analyses and well-founded recommendations in order to remain credible. The Council will not be able to maintain a solid brand-name if its performance is lacking. High credibility in turn fosters independence.

4.5 Challenges for the Council

The Council got a new mandate in 2011 which included a new task, namely to analyze the distributional effects of the economic policies of the Government. This is an intellectual challenge as textbooks in economics do not give clear guidance on how to evaluate trade-offs between policy measures that improve efficiency or stabilization while at the same time impacting, usually negatively, on the distribution of income and wealth in society.

There is a strong consensus in Swedish society on equality as a major goal of society. This consensus is reflected by the fact that Sweden has one of the most equal distributions of income judged by most measures. Equality also concerns gender, i.e. women's position in society.

Being a small open economy, Sweden is exposed to tax competition from abroad. A number of steps have been taken after the financial deregulation in the 1980s and Swedish EU-membership to make Sweden attractive for inward-bound investment and to keep wealthy individuals and their ownership of Swedish business at home. As part of these policies to adapt to the new rules of globalization, the wealth tax, the inheritance tax and the gift tax were abolished in the past 10 years. In addition, the real estate tax was reduced significantly. These measures will eventually increase inequality. There are already clear signs of rising inequality as a new Swedish model is emerging, more capitalistic than the old one.

These developments imply challenges for the analysis of the Council. Which are the best policies and measures to combine equality and efficiency in an open, de-regulated and financially integrated economy without taxing wealth and the transfer of wealth between generations while maintaining a strong fiscal stance?

Another challenge for the Council is to evaluate the existing fiscal framework. Is this the proper one for Sweden? The present framework has evolved in response to the crisis of the early 1990s. But now, the Swedish economy has recovered and been on a stable growth path for almost two decades. There are thus good reasons to consider which fiscal framework will be the better one in the near future. In particular, the surplus target of 1 percent of GDP over the business cycle is a subject of contention.

5. The impact of the fiscal framework

As described above, Sweden has established a new fiscal framework after the crisis of the early 1990s. This raises questions about its effect on fiscal performance. A cursory glance may suggest that the framework has been successful. Government debt to GDP has fallen from a peak of above 70 percent in the mid-1990s to a level below 40 per cent today (Chart 5). The trend seems to be towards still lower debt levels. The surplus target appears to have been met (Chart 8) and the government expenditures have been kept below the expenditure ceiling, actually giving rise to a substantial budgetary margin, i.e. the difference between the expenditure ceiling and actual expenditures.

However, causality does not run in a simple unidirectional way from the framework to fiscal prudence. Rather, it is more complicated. The fiscal framework has evolved as part of a policy of fiscal stringency. The framework has been established to facilitate fiscal consolidation, by making it easier for the Government to argue for debt consolidation in spite of good times.[34] The political will to strengthen the fiscal stance has contributed to the fiscal consolidation and to the fiscal framework as well.

It seems that the most important building-block of the fiscal framework is the expenditure ceiling. Once it was introduced, it put an effective lid on the expansion of government expenditures and programs. Much suggests that it has served as the main instrument for the Minister of Finance to keep the requests from the spending departments at bay. As it is expressed in nominal terms as a fixed sum, the expenditure ceiling has the advantage of being simple to understand and communicate to the parliament and the public. It serves much more as a binding constraint than the surplus target which is defined "over the business cycle". Such a concept is more elusive as it allows the Government more leeway in interpreting the degree of adherence to such a goal.

It is too early to make any firm assessment of the impact of the Fiscal Policy Council, per se. It has only existed since 2007. It has produced five reports since then. They have met with considerable interest from the media and the public (Chart 14). Still, in some areas, an effect may be noticed. The dialogue where the Government responds in the budget of September on the report of the Council from May the same year is one channel of influence. The Government has responded to a number of the recommendations put forth by the Council. As the Council has established a credibility of its own and is supported by almost all the political parties, there are likely to be political costs for completely ignoring its views as argued above.

It is proper to regard the fiscal framework, which encompasses the Council, as an attempt to create an institutionalized collective memory with the aim to keep the experience of the large and persistent budget deficits of the early 1990s in the minds of present-day and future policy-makers. It is thus a method of preventing a recurrence of the deficit policies of the past. The fiscal framework including the Council represents a new innovation – time will tell which role it will play. It has not yet been put to a serious test in the sense that the Council has openly declared that the Government has made a serious breach of the fiscal framework.

6. Lessons for Portugal from Sweden

The record from Sweden suggests the following lessons for Portugal – to the best of my reading.[35]

1. Sweden adopted a fiscal framework including a fiscal policy council after the severe fiscal shock during the crisis in the early 1990s. The task of the framework including that of the Council should be to keep the memory of this shock alive in present and future fiscal policy debates. The fiscal framework should thus serve as an inoculation making the political system more resistant to fiscal profligacy and deficit financing. A similar pattern is emerging in Portugal today. A deep economic crisis contributes to the establishment of a fiscal policy council, although the process is driven to a large extent by external impulses.

2. In Sweden the fiscal consolidation process started after the financial and fiscal crisis of the 1990s and continued for many years. Timing is important when introducing a fiscal framework and a fiscal policy council. It should not be established in such a way that it prevents an effective response by the fiscal authorities during an acute economic crisis although steps to put a fiscal framework and a fiscal council can be taken during the crisis when there is a sense of emergency in the political system.

3. The fiscal consolidation process in Sweden has been accompanied by falling long-term interest rates. Thus policy-makers have been rewarded by the financial market for their efforts. The task of a fiscal framework including a fiscal policy council is facilitated by a well-functioning financial system that serves as a signaling device concerning the fiscal policy stance of the Government. The Government's adherence

34 The impact of fiscal frameworks and fiscal policy councils on macroeconomic performance is the subject of several recent contributions. See for example Debrun, Gérard and Harris (2012), Schaechter et al (2012) and Wyplosz (2012).

35 Lesson-learning is not an exact science. The views in this section are based on my own interpretation of the literature on fiscal councils.

to a fiscal framework will inform financial markets about fiscal developments. A fiscal framework will under these circumstances represent a pro-market device.

4. A fiscal framework is likely to consist of a number of quantitative fiscal targets and constraints covering various time horizons. Here nominal government spending ceilings given on an annual basis are likely to be more efficient from a political economy point of view than over-the-business cycle defined constraints and targets.[36]

The effectiveness of a fiscal policy council depends on several factors.

5. A fiscal policy council should be part of a fiscal framework. The task of a fiscal council is facilitated by the existence of a fiscal framework founded in law and/or in practice. The council can use such a framework as a benchmark for its analysis and recommendations concerning fiscal policy. Without a fiscal framework, a council faces a much more difficult mandate. It is forced to decide on proper fiscal rules to use by itself, when judging the performance of the Government. Whatever it chooses, it will be more open to criticism and counter-arguments than in the case of an existing fiscal framework. It is comparable to a court or authority first writing the rules and then sentencing according to them.

6. The independence of a fiscal council is facilitated by the council being at a distance from the Government. Independence is promoted by not being directly involved in policy-making, for example by supplying the ministry of finance with forecasts or other recommendations. By providing only ex post analysis of the Government's economic policy proposals and measures, a fiscal council can avoid being dragged directly into the policy process in a way that may jeopardize its independence.

7. Independence is fostered by recruiting a majority of the members of the council from academia, preferably also foreign members and allow for intellectual import into the domestic policy analysis. Members could also be selected from policy-makers and civil servants who have left active engagement and are expected to have no further career plans.

8. Consensus in society about a council is facilitated by a strong position of the economics profession in public discourse. The council will then be recruiting members who by themselves have a respected background.

9. A fiscal council can be a strong voice in the public debate, serving as an educator of the public and the political system on fiscal policy, if the existence of a council is supported across party-lines. A council that is viewed as partisan will find it hard – if not outright impossible – to gain credibility. A consensus society like the Swedish one is likely to serve as a better background for a council than a country deeply divided across political party lines.[37]

10. The impact of a fiscal policy council depends on the economic policy culture or traditions of governance. If a country has a culture where the public holds a strong trust in public institutions, in government effectiveness and honesty, in the accountability of elected politicians, in the democratic process and in the rule of law as in Sweden, such an environment probably makes a fiscal council more effective. These prerequisites concerning governance are not always available. In addition, they are difficult to establish in the short run. Although an open society with strong public trust in the political system and in the role of experts makes it easier for a fiscal policy council to have an impact, we should not expect the opposite to hold: a fiscal council per se does not bring about immediate trust in public governance. However, a council may contribute in the long run to trust in the political system.

11. Finally, creating new institutions and making them trustworthy in the eyes of the public is a time-consuming trial-and-error process. Mistakes will be made. We should not expect a new fiscal policy

36 This is also a lesson from the failure of the Stability and Growth Pact which was designed as a common European fiscal framework. See Larch, van den Noord and Jonung (2010).

37 This suggests that a country like the US for the moment lacks an important prerequisite for an effective fiscal council as it is sharply divided politically.

council to have an immediate impact regardless of where it is established. We should also expect that the new council being erected in Portugal will evolve over time in response to the challenges it faces.

7. Conclusions

The huge rise in government deficits and debt in recent years in many countries has created an interest in finding institutional arrangements to facilitate fiscal consolidation and keeping the rise in government expenditures at bay. Fiscal frameworks and fiscal policy councils are new steps in this direction, strongly promoted by the EU, the OECD and the IMF. They represent major policy innovations. They can play an important role by strengthening weak governance structures. This role is facilitated by a strong backing by the political system.

The fiscal experience of Sweden can serve as a source of inspiration for countries searching for new ways towards stable government finances. As a consequence of a deep budgetary crisis in the early 1990s, a fiscal framework including a fiscal policy council was constructed in a lengthy process in Sweden. This framework appears to be successful, at least so far.

Of course, the Swedish framework cannot be copied by other countries without paying attention to nation-specific institutional circumstances. Still, a number of lessons can be condensed from the Swedish experience. A basic one is that a fiscal framework is a method for constructing and maintaining a collective memory of the dangers of fiscal overexpansion. A fiscal council or independent fiscal authority may serve as a guardian that defends and develops the fiscal framework, that warns against the dangers of relying on deficit financing and that educates the public and the politicians about fiscal policies. Serving this task, a council can foster the workings of a democratic society.

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INTERVENÇÃO NA MESA REDONDA – LIÇÕES PARA PORTUGAL [38]

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Politics is the art of choosing between the disastrous and the unpalatable
J. K. Galbraith

1. Introdução

Em primeiro lugar, gostaria de sublinhar que embora desempenhe funções dirigentes no Ministério das Finanças a minha intervenção apenas me responsabiliza a mim, pelo que as posições que assumirei não refletem necessariamente o pensamento do Ministério e dos respetivos decisores políticos.

E também de fazer uma declaração de interesses – não sou um académico, nem um consultor, mas sim um prático, um trabalhador da Administração Pública que serviu nos últimos 33 anos em várias posições e áreas ministeriais e que presentemente, além do exercício de funções como inspetor-geral de Finanças, tem responsabilidades técnicas de coordenação num projeto de reforma global desenvolvido no âmbito do Ministério das Finanças.[39]

O projeto com a designação – Criação das bases institucionais para a sustentabilidade das finanças públicas – comporta três vetores:

- Reforma do sistema orçamental – legislativa e procedimentos
- Reforço da capacidade institucional em matéria de finanças públicas
- Reforma do modelo de organização e gestão do setor público.

Este projeto está perfeitamente em linha com os temas desta conferência tão oportuna e que se revelou seminal.

A reforma, agora perspetivada, é integrada e compreensiva, explorando conexões e sinergias entre a reforma do sistema orçamental e a reforma da Administração e cria laços fortes entre as duas.

Temos estado em reforma da Administração Pública ou pelo menos em narrativa de reforma desde os anos 70, tendo sido alcançadas importantes melhorias mas ainda não realizámos A Reforma.[40]

Atualmente existe um forte empenhamento político e um significativo envolvimento dos responsáveis superiores do Ministério das Finanças e de consultores num mix que se espera virtuoso.

A reforma tem um horizonte próximo de 2015 mas com um conjunto de ações críticas já em 2013.

2. Contexto

Existe um razoável consenso de que as reformas não podem ser apenas pedaços de legislação.[41]

Para serem bem sucedidas tem de ser dada uma clara atenção ao contexto local, tanto na fase da conceção como na fase da implementação.

No caso português podem apontar-se alguns fatores favoráveis ou propulsivos e alguns fatores negativos ou de travagem.

De entre os positivos podem destacar-se:

38 Corresponde ao desenvolvimento dos tópicos abordados e não é exatamente o conteúdo oralmente transmitido.

39 Previsto no relatório do OE 2013.

40 Parecendo dar razão a um funcionário inglês que considerava "Reforms are like London buses, it doesn't really matter if you miss one because there'll be another one along in a minute", citado por Michael Barber, Instruction to deliver, pág 72, 2007, Politico's.

41 *Law in the books* não é suficiente.

– abertura ao exterior e à mudança[42]

– abertura às novas tecnologias de informação e comunicação

– circunstâncias do ambiente económico e social

De entre os negativos, alguns com caráter cultural, sublinham-se:

– complexa estrutura de serviços e organismos no perímetro do Estado com redundâncias e sobreposições

– correlativa insuficiente e por vezes equívoca delimitação de responsabilidades

– excessiva fragmentação dos sistemas de informação não obstante o relevante trabalho que tem sido desenvolvido e continua a desenvolver-se neste domínio

– emergência da abordagem de quintas e insufiiciência do espírito cooperativo

– inexistência frequente de protocolos de cooperação e relacionamento entre instituições deixando espaço para o *adhocismo*

– falta de cultura de avaliação quase generalizada e ausência de instrumentos adequados para uma avaliação substantiva focando-se muito nas objetivos de atividade e pouco ou nada nos resultados (*outcomes*)

– excessiva dependência de regras legalmente vinculativas (*hard law*) e pouca consideração pelos princípios e conceitos abertos como critério da ação administrativa (*soft law*)

– propensão para o formalismo e nominalismo incluindo a adoção formal de soluções já testadas noutros países sem a consagração plena dos pressupostos e mecanismos que as operacionalizam em termos substantivos

Inporta minimizar estes riscos e potenciar os pontos favoráveis.

3. Lições e necessidades a considerar no processo de reforma

Como já referimos muito trabalho foi feito no sentido da reforma da gestão pública e estão já na lei inúmeros elementos que vão no bom sentido. Na área orçamental a Lei de Enquadramento Orçamental (LEO) tem sido objeto de sucessivas alterações e incorpora já a orçamentação por programas, o controlo de compromissos e o quadro plurianual e foi densificada a figura dos coordenadores de programa orçamental. Na área do modelo de gestão pública investiu-se num sistema alargado de avaliação de desempenho com objetivos alinhados em cascata, desde a organização no seu conjunto, aos dirigentes e aos trabalhadores, que pode ainda ser objeto de melhorias. No interface com o cidadão e com inegáveis vantagens nos domínios da eficiência e da eficácia podem referir-se os progressos verificados com ferramentas de e-Government nomeadamente na área da Administração Fiscal.

Muitos diagnósticos estão feitos e são conhecidos, assim como as boas práticas.

Não obstante esta conferência deu um poderoso impulso e permitiu o reforço do conhecimento de outras experiências com potencial interesse para a reforma em Portugal.

Agora é o tempo da ação.

Importa ter presentes os elementos associados a boas práticas na gestão dos projetos de mudança. [43]

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42 Embora por vezes pareça o contrário, historicamente, Portugal foi muito recetivo à influência exterior e às ideias novas, às vezes com algum atraso. As reformas em perspetiva estão baseadas em boas práticas e soluções muito testadas.

43 Sentido de urgência, coligação poderosa para a liderança, visão clara e sua comunicação, empowerment, quick-wins e consolidação do adquirido com novas mudanças (vide por todos "*Leading change - Why transformation efforts fail, John Kotter, in Harvard Business Review*, January 2007)

Conhecido o risco Salisbury[44] seria útil meditar nos quatro pontos seguintes:

- necessidade de um largo consenso político a favor da reforma, incluindo uma adequada minimização das pulsões sempre existentes no interior dos governos entre o Ministro das Finanças e os ministros setoriais, o primeiro com a responsabilidade da política financeira do Estado e os demais com a natural tendência de promoverem as suas políticas e a inerente despesa[45]
- necessidade de envolvimento e compromisso de todos os *stakeholders* e atores relevantes (para além do mundo político – Governo e Assembleia da República - também o Conselho de Finanças Públicas e o Tribunal de Contas, por exemplo)
- necessidade de um mix entre uma abordagem *top-down* e *bottom-up* visto ser vital assegurar, por um lado, uma visão e uma estratégia clara e, por outro, o comprometimento pleno da Administração Pública no seu conjunto e dos seus dirigentes no processo de reforma constitui uma condição crítica de sucesso
- necessidade de uma abordagem gradual[46] *ma non troppo visto* que uma reforma sujeita aos condicionamentos culturais e organizacionais da nossa pressupõe um ritmo continuamente sustentado[47] que evite baixas na coligação de apoio e perda de *momentum*.

4. Lições e necessidades a considerar no desenho das reformas

Não existem reformas pronto a vestir. Precisam de ser desenhadas caso a caso tomando em linha de conta os elementos contextuais e locais. Naturalmente que os modelos que provaram noutros países constituem um importante contributo para as nossas reformas.

O primeiro elemento estrutural a definir é o da **continuidade**.[48] Importa separar o exercício das funções dirigentes dos ciclos políticos, sem a presunção ingénua e indesejável da eternização nos cargos. É crítica uma separação inequívoca entre o plano político e o plano da Administração. O decisor político define a estratégia e dá orientação, a alta administração segue a orientação e executa a política definida.

Com **profissionalismo** também que constitui um pressuposto e um corolário da continuidade. Só uma Administração com elevados níveis de profissionalização está em condições de corresponder às necessidades atuais. A passagem da Administração para um paradigma de provisão de bens públicos com recurso à contratualização reforça a necessidade de know how mais sofisticado que apenas é possível com o desenvolvimento e a retenção de conhecimento, sob pena de ocorrerem fenómenos de dependência perversa de fornecedores de serviços.

Profissionalismo implica necessariamente um **adequado sistema de incentivos**[49] que assegure o desenvolvimento e a manutenção do capital humano.

Incentivos também de natureza orçamental ou outros para as organizações públicas com níveis de performance muito boas ou excelentes.

Esta linha de ação promove a robustez das organizações públicas e favorece a excelência.

44 Expresso na frase atribuída a Lord Salisbury, Primeiro Ministro inglês do final do século XIX – "*All change is for worse so it's in our interest that a little should happen as possible*".

45 É recomendável uma abordagem do tipo win-win.

46 Uma abordagem tipo *big bang* seria provavelmente desastrosa.

47 Num efeito spillover do tipo pequenos passos-adquirido-novos pequenos passos preconizado pelos pais fundadores da Comunidade Europeia com tão bons resultados por tanto tempo.

48 Na prática recente da Administração o elemento de continuidade tem sido sobretudo a direção intermédia o que é curto para assegurar uma reforma consistente. Talvez à exceção do Ministério das Finanças em que a direção superior tem apresentado alguma imunidade à sucessão de ciclos políticos.

49 Entenda-se positivos e negativos, melhorias remuneratórias mas também sanções.

É crucial abandonar a ideia errada e perversa de que as remunerações devem ser iguais para todas as funções existentes na Administração Pública agrupadas tendencialmente em três ou quatro carreiras.

Com a necessária seletividade e diferenciação positiva baseada em critérios objetivos, lógicos, coerentes e substanciais adequados à realidade das coisas e não a miríficas ideias igualitaristas desfasadas do mundo real.

É preciso coragem e bom senso para diferenciar remunerações, como aliás já se vai fazendo para algumas posições, embora com uma base algo aleatória e provavelmente com excessiva despesa.

A Administração Pública não é uma realidade homogénea mas composta por várias camadas sobrepostas que coexistem em distintos patamares estatutários e remuneratórios.

A pressuposta análise funcional exigida pela diferenciação preconizada teria adicionalmente efeitos benéficos pela possível eliminação de alguns organismos eventualmente sobrepostos, por vezes aparentemente criados naqueles modelos para acomodar diferentes mecanismos remuneratórios.

A diferenciação poderia adicionalmente contribuir para redução de recursos humanos associada a uma redução do perímetro dos organismos públicos, para além da óbvia contribuição para o reforço do capital humano que é o seu objetivo primeiro.

Teríamos assim efeitos de *streamlining* cumulativos.

Enunciados alguns pressupostos gerais, avancemos para algumas outras condições gerais.

A primeira é a do reforço do **funcionamento em rede dos organismos públicos**.

Estes devem funcionar de uma forma cooperativa e não como uma federação de quintas isoladas. Cada um focado na sua função específica contribuindo para os resultados globais mas aberto aos outros e sem perder a sua identidade.

O espírito dominante deve ser o de serviço e não o de poder (ou poderzinho).

A coordenação horizontal reforçada (na esfera da Administração) em acréscimo à vertical (pelo decisor político) seria uma manifestação desse modelo.[50]

O modelo de Administração em que os organismos estão de costas voltadas e com baixos níveis de cooperação comporta níveis de ineficiência e de ineficácia muito significativos.

Outro ponto crucial é constituído por um novo conceito de **acesso e partilha de informação**.

A informação não deve ser vista como pertença do organismo específico que a recolhe e organiza num sistema mas como acessível a todos os organismos que dela necessitam para o legítimo exercício das suas atribuições legais.

Como salientou Marco Cangiano[51] – a informação não é um fim em si mesma, mas um instrumento para uma melhor *performance*, logo deve estar acessível a todos os agentes úteis dessa melhoria.

Aquele conceito reforça a lógica de rede e reduzindo também custos de contexto favorece a integração dos sistemas e um melhor funcionamento da Administração no seu conjunto.[52]

Outro conceito crítico é o de *accountability* que se desdobra em várias dimensões, a saber transparência,[53] controlo social e responsabilidade.

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50 A figura da conferência de serviços nas modalidades instrutória e decisória prevista no Direito Administrativo italiano constituiria se generalizada um instrumento de afirmação da rede para além das evidentes vantagens na simplificação e desburocratização. Ver por exemplo Corso di Diritto Amministrativo, tomo II, págs 1465 e segs, Francesco Caringella, Giuffré Editore, 2003.

51 No paper "Considerations on Public Reforms in Portugal", apresentado nesta conferência, na pág 8.

52 Papel importante neste domínio tem sido assumido pelos projetos de serviços partilhados na Administração Pública.

53 Neste contexto parece de sublinhar uma recente orientação do Ministro de Estado e das Finanças no sentido da divulgação no sítio organizacional de informação precisa sobre os relatórios e resultados da atividade da Inspeção-Geral de Finanças, até agora não publicados.

Constitui um elemento fundamental da cultura organizacional de uma Administração dos nossos dias e uma base indispensável à construção da confiança entre a Administração e a sociedade e os cidadãos que não se gera por decreto.

Accountability significa **escrutínio** ou possibilidade de escrutínio que para ser operacionalizado carece de sistemas de informação compreensivos e fiáveis e o prévio estabelecimento de objetivos de resultados a avaliar *ex post*.

Objetivos são já hoje em dia fixados para os organismos públicos numa base anual (QUAR) e sujeitos a avaliação.

Parece útil alargar essa fixação aos ministérios globalmente considerados. Esse alinhamento e integração do **quadro dos objetivos operacionais dos ministérios (QOM)** com os dos organismos teria um enorme potencial de reforço do sentido de rede dos organismos públicos de cada departamento governamental, expresso numa acrescida noção de empreendimento comum, designadamente quando se conjuga com uma gestão integrada de programas orçamentais.

Por outro lado poderia fundar a possibilidade de uma validação mais rigorosa da construção de envelopes orçamentais mais aproximados das efetivas e reais necessidades, atenta a necessária correlação entre os custos da Administração e os impactos na sociedade das políticas públicas desenvolvidas.

Responsabilidade e consequências constituem outro importante elemento estrutural que deve resultar desta reforma.

Uma acrescida flexibilidade na gestão, tão insistente e persistentemente reclamada pelos gestores de dinheiros públicos, implica simetricamente um acréscimo na responsabilidade e no controlo e avaliação que dela constituem pressuposto indispensável. O *trade-off* é inelutável.

Temos um sistema legal com mecanismos de responsabilização mas o seu registo histórico não tem sido animador. O sistema carece de significativas melhorias de resultados, garantindo que há consequências tangíveis em caso de ilegalidades, de irregularidades e de disfunções graves. Este efeito potencia ainda de forma sensível o aumento da confiança reconhecidamente desejável.

Temos de promover siste ... a robustez e capacidade de gerir adequad ... troladores atrás de cada agente ou de cada transação. E complementar esses sistemas com sistemas de inspeção e auditoria fiáveis e eficazes e mecanismos sancionatórios efetivos.

Também é imprescindível o desenvolvimento de padrões de comportamento diligente e rigoroso na linha do interesse público dos gestores de dinheiros públicos.

5. Reforma do sistema orçamental

Neste ponto importa abordar dois tópicos que correspondem a linhas de reforma em desenvolvimento em Portugal no projeto a que aludimos no início desta intervenção.

Estes parecem evidenciar motivos de esperança legítima no sentido da construção de caminhos sustentáveis para as finanças públicas portuguesas.

O primeiro diz respeito à reforma do sistema orçamental em curso continuado.

Perspetiva-se a revisão da Lei de Enquadramento Orçamental, trave-mestra do sistema, e também das Leis das Finanças Regionais e Locais. Também se pretende proceder à definição dos procedimentos de operacionalização do quadro plurianual de programação orçamental, peça-chave do novo sistema, à

54 Segundo a definição COSO, processo efetuado pela gestão tendo em vista oferecer uma segurança razoável dos objetivos seguintes: eficácia e eficiência das operações, fiabilidade da informação financeira e conformidade com as leis e demais normas aplicáveis.

revisão dos regimes de prestação de contas e à redefinição dos mecanismos orçamentais dos fundos comunitários.

Estes desenvolvimentos, adicionalmente aos verificados no passado recente, vão configurar uma profunda modernização orçamental em linha com as tendências verificadas no domínio da PFM (public financial management) e também trazidas a esta conferência por outros participantes.[55]

O sistema terá condições para se tornar mais robusto e fiável.

Outro elemento caracterizador será uma concomitante mudança de perfil do Ministério das Finanças (MF) muito focado no controlo macro com devolução de poderes e autonomia reforçada dos ministérios setoriais. Em paralelo poderá desenvolver-se uma atenuação progressiva das previsões de autorizações de massa do MF em transações concretas.

Este será um percurso muito ambicioso e a exigir um reforço do controlo financeiro com um formato renovado.[56]

6. Reforma do Ministério das Finanças

No âmbito da reforma do MF está já em marcha desde o início de 2013 um novo movimento que consiste na concentração da gestão de recursos (humanos, financeiros e patrimoniais) de um conjunto de organismos com evidentes ganhos potenciais de economia e de eficiência e com uma redução da fragmentação orçamental.

Este arranjo permitirá às direções-gerais de apoio à definição de políticas concentrarem-se nas atividades de missão recorrendo à secretaria-geral para a gestão logística.

Por outro lado, está em curso um processo de reforma abrangente do MF que pretende seguir as boas práticas evidenciadas pelas experiências internacionais. Pressuposto procedimental dessa reforma é uma análise abrangente das funções *core*[57] e outras específicas, superando por ser mais consistente, uma mera abordagem de alteração orgânica do tipo mais comummente usada.

Concomitantemente prevê-se a consagração de mecanismos legais e de gestão que propiciem o reforço da capacidade técnica do MF. Visa-se responder à erosão dessa capacidade que tem ocorrido desde há vários anos. Para além dos sistemas de incentivos, poderia incluir regras de contratação, limitada no tempo[58] e, com regras distintas das gerais da Administração Pública, de recursos com valências específicas para funções específicas.[59]

Os elementos de renovação já no terreno e os que brevemente se lhes juntarão serão partes importantes de uma evolução da administração financeira do Estado para patamares mais elevados de modernidade que todos desejamos, a bem do melhor uso dos dinheiros públicos.

55 Designadamente por Marco Cangiano.

56 Convém não esquecer que os efeitos macro são uma resultante de uma multiplicidade de efeitos meso e de efeitos micro e que são muitos os “gatilhos orçamentais” ou seja efeitos ocultos na despesa resultantes de normas estatutárias e outras. Também se verifica a persistência de muitas disfunções e facilitismos na gestão pública com elevados impactos orçamentais que é imperioso contrariar.

57 Um sítio com referências interessantes a este propósito é o do blog PFM do Fundo Monetário Internacional – www.blog-pfm.imf.org.

58 Como existe por exemplo na IGF francesa em que um dos grupos de inspetores no início de carreira é recrutado por um período até 5/6 anos e depois vai obrigatoriamente exercer funções noutros organismos públicos.

59 Uma hipótese a ponderar poderia ser a contratação temporária de jovens no início de carreira académica nas áreas relevantes para as finanças públicas em substituição ou complementaridade com os frequentes “empréstimos” de recursos de instituições de referência.

WORKSHOP:

III

FISCAL CONSOLIDATION AND PUBLIC SECTOR GOVERNANCE REFORM

WORKSHOP:
FISCAL CONSOLIDATION AND PUBLIC SECTOR GOVERNANCE REFORM

Na quarta-feira 30 de janeiro, dia seguinte à Conferência "Para uma Reforma Abrangente da Organização e Gestão do Sector Público", decorreu o *Workshop* sob o tema "*Fiscal Consolidation and Public Sector Governance Reform*". Para permitir o benefício da presença dos convidados estrangeiros da Conferência, a língua de trabalho foi a inglesa, o que evitou o recurso a tradução simultânea. A participação no *Workshop* foi por convite, procurando cobrir um espectro alargado de especialistas, com diferentes sensibilidades políticas. O objectivo foi permitir uma discussão técnica mais frutífera e informal sobre eventuais modelos de reforma para o caso português. A lista de participantes é apresentada em anexo.

O *Workshop* foi estruturado em três partes. A primeira parte correspondeu a uma sessão com todos os participantes, que compreendeu duas apresentações, seguidas de discussão. **Jorge Correia da Cunha** (Banco de Portugal) teve a seu cargo a apresentação inicial, sob o tema "*Public Finances in Portugal: How Did We Get Here?*". Seguiu-se a apresentação de **Marco Cangiano** (Universidade de Nova Iorque e Fundo Monetário Internacional) intitulada "*Where Do We Go from Here? Considerations on Public Sector Reforms in Portugal*". **Carlos Marinheiro** (Conselho das Finanças Públicas e Universidade de Coimbra) presidiu à sessão.

O Workshop prosseguiu durante a segunda parte da manhã com quatro sessões paralelas dedicadas a outros tantos temas específicos:

- I. "Human resources management in the public sector" (moderador: **Orlando Caliço**, Banco de Portugal);
- II. "Excessive spending and arrears, with an example from the hospital sector" (moderador: **João Carvalho das Neves**, ACSS – Ministério da Saúde);
- III. "Public sector accounting, management indicators and budget control" (moderador: **Paulo Trigo Pereira**, ISEG/UTL);
- IV. "Tax administration" (moderador: **João Amaral Tomaz**, Banco de Portugal).

Após almoço, os participantes voltaram a reunir-se em sessão plenária, presidida por **Maximiano Pinheiro** (Banco de Portugal). Os moderadores das quatro sessões paralelas sintetizaram as principais conclusões a que se chegou nas respectivas sessões, tendo-se seguido uma discussão alargada pelo conjunto de participantes. O *Workshop* foi encerrado com uma intervenção de síntese de **Teodora Cardoso**, Presidente do Conselho das Finanças Públicas.

SESSÃO PLENÁRIA INICIAL

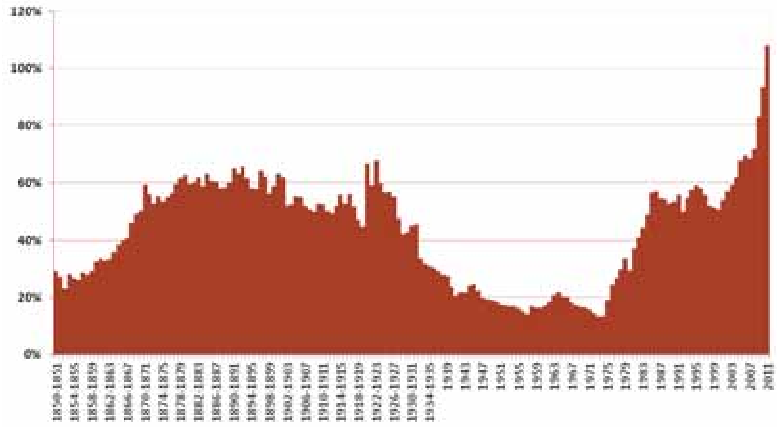
Presidente: Carlos Marinheiro (Conselho das Finanças Públicas e Universidade de Coimbra)

CONSOLIDAÇÃO ORÇAMENTAL E NECESSIDADE DE REFORMA DA GOVERNAÇÃO DO SECTOR PÚBLICO

Carlos Marinheiro (Conselho das Finanças Públicas e Universidade de Coimbra)

O objetivo desta sessão é o de apresentar uma visão macro das finanças públicas portuguesas e das muito necessárias reformas na governação do sector público em Portugal. Com o intuito de enquadramento o gráfico abaixo apresenta uma série de longo prazo para o rácio da dívida pública, que se inicia no ano económico de 1851/1852. A sua leitura permite extrair duas conclusões. A primeira é negativa. O gráfico revela que o nível de dívida pública se encontra atualmente num máximo histórico, bem acima dos valores que suscitaram a crise de dívida de 1892, superando 100% do PIB, representando assim mais do que a totalidade da riqueza gerada anualmente pela economia portuguesa. Esta trajetória insustentável, que culminou na perda de acesso a financiamento externo e no 3.º pedido de auxílio externo nas últimas três décadas, resultou da conjugação entre a inexistência de crescimento económico desde o início do século XXI e da persistência de défices orçamentais significativos em todo o período que se seguiu ao restaurar da democracia. A segunda conclusão é mais benigna. O gráfico também demonstra a existência de períodos de redução sustentada do rácio da dívida, designadamente após o acordo de 1902, em resultado da ausência de financiamento nos mercados internacionais, e mais tarde, por via de uma forte preferência política por finanças públicas sãs. O período de redução sustentada da dívida iniciou-se em regime democrático, tendo, no entanto, prosseguido em ditadura. A análise econométrica desta série temporal por Correia, Neck e outros (2008), recorrendo a uma técnica de coeficientes que variam ao longo do tempo, concluiu que existem subperíodos em que a dívida é sustentável e outros em que o não é[60]. Em geral, após um período de défices insustentáveis surge um novo regime. A esta luz, o programa de assistência financeira pode ser interpretado como uma reação a uma acumulação insustentável de dívida, podendo vir a assinalar uma mudança de regime.

Gráfico 1 | Dívida pública (% do PIB) – série de longo prazo (1851/52-2011)

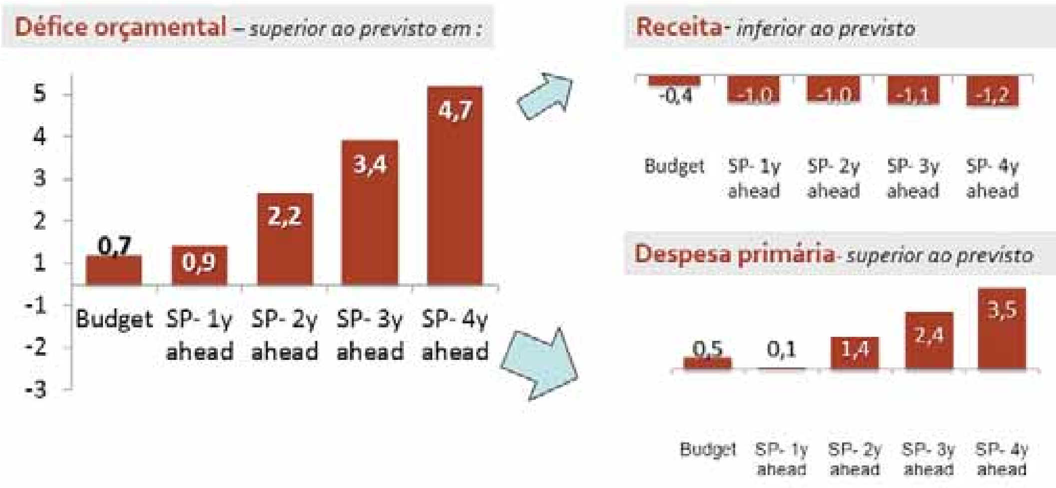


Fonte: Versão atualizada dos dados utilizados em Marinheiro, Carlos F. (2006). The sustainability of Portuguese fiscal policy from a historical perspective. Empirica, 33(2-3), 155-179. doi:10.1007/s10663-006-9013-0. | Notas: A série do PIB encontra-se ajustada para o nível a preços correntes (base 2005 do INE). Existe em 1972 uma quebra na série da dívida de dívida direta do Estado para dívida bruta das administrações públicas, conceito de Maastricht. Cálculos do autor. Disponível em http://www4.fe.uc.pt/carlosm/

60 Correia, M. D. R., Neck, R., Panagiotidis, T., & Richter, C. (2008). An empirical investigation of the sustainability of the public deficit in Portugal. International Economics and Economic Policy, 5, 209-223. DOI: 10.1007/s10368-008-0105-0.

A acumulação recente de dívida insere-se num processo orçamental anual, que tem efetivamente descurado o médio prazo. O gráfico seguinte, proveniente do relatório n.º 1/2012 do Conselho das Finanças Públicas, apresenta os desvios médios (erros de previsão) entre os valores observados em tempo real e as previsões orçamentais apresentadas nas várias propostas de relatórios do Orçamento do Estado para os anos de 2003 a 2011 e em 12 atualizações do Programa de Estabilidade entre 2000 e 2011. Os desvios encontram-se divididos por horizonte de projecção: um ano para o orçamento e 1 a 4 anos para o programa de estabilidade. Essas previsões orçamentias não apresentam um bom desempenho. Em média o défice tem excedido o previsto e os erros de previsão crescem com o prolongamento do horizonte de previsão: o desvio é inferior a 1 p.p. do PIB para o ano seguinte, mas é superior a 3 p.p. do PIB para os últimos dois anos de projeção do programa de estabilidade.

Gráfico 2 | Desvios nas previsões orçamentais (em p.p. do PIB)



Fonte: Conselho das Finanças Públicas, Relatório n.º 1/2012 (disponível em http://www.cfp.pt/publications/8921/). Notas: Budget denota o Orçamento do Estado e SP a atualização do programa de estabilidade para os horizontes temporais de 1 ano adiante (1 y ahead) a 4 anos (4y ahead).

Decompondo esse resultado nos desvios na previsão da receita e da despesa que lhe dão oriegem, verifica-se que as projeções de receita apresentadas na atualizações do programa de estabilidade se revelaram demasiado otimistas, dando origem a um desvio médio de mais de 1 p.p. do PIB para o rácio de receitas efetivamente realizado. Porém, a maior parte do erro médio de previsão do défice orçamental decorreu do excesso de despesa primária. A despesa primária excedeu em média o objetivo para o 3.º e 4.º ano seguinte em 2,4 e 3,5 p.p. do PIB, respetivamente. A ausência de um verdadeiro enquadramento de médio prazo da despesa não será, de certeza, alheia à explicação deste resultado.

Estes erros de previsão assinalam a clara necessidade de adotar um enquadramento vinculativo multianual para as despesas, assente em previsões judiciosas e em regras viáveis e efetivamente controladas, o que exige uma reforma abrangente do (muito) fragmentado processo de governação orçamental.

As duas apresentações desta sessão, de Jorge Correia da Cunha e Marco Cangiano, abordam estas temáticas de uma forma complementar.

AS FINANÇAS PÚBLICAS EM PORTUGAL: COMO CHEGÁMOS AQUI?[61]

Jorge Correia da Cunha (Banco de Portugal)

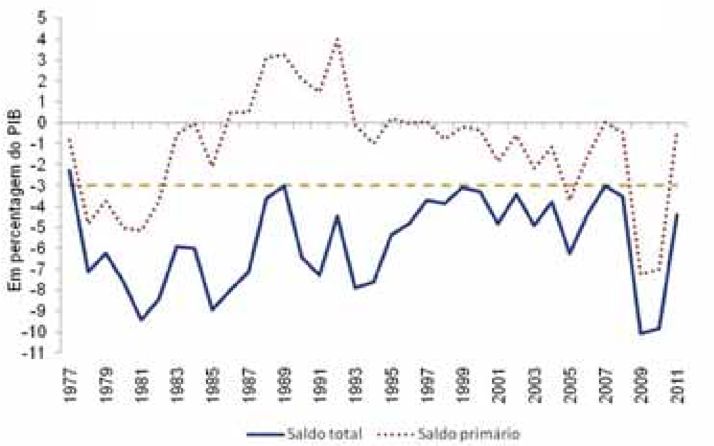
Os objetivos desta nota são fundamentalmente dois. Por um lado, explicar porque é que, apesar da disciplina imposta pelo Pacto de Estabilidade, os desequilíbrios orçamentais em Portugal não foram corrigidos de forma duradoura até ao início da presente crise económica e financeira. Por outro lado, fazer uma avaliação crítica do Programa de Ajustamento Económico para Portugal na área das finanças públicas e destacar algumas lições essenciais para a condução da política orçamental no médio e longo prazo. A nota está estruturada em cinco pontos. No primeiro dá-se uma perspetiva muito geral da evolução orçamental em Portugal, de 1986 a 2011, destacando os principais traços que a caracterizaram. No segundo ponto, procura-se explicar porque é que os vários pacotes de medidas orçamentais implementados entre 2002 e 2008, com o objetivo de corrigir ou evitar défices excessivos, basicamente falharam. No entanto, até ao início da atual crise houve desenvolvimentos positivos na área das finanças públicas, que são sumariados no terceiro ponto. No ponto quatro, destacam-se os objetivos e as principais medidas do Programa de Ajustamento Económico para Portugal na área orçamental, que são avaliados criticamente. Finalmente, no ponto cinco procura-se inventariar um conjunto de conclusões relevantes para a definição da política orçamental nos próximos anos.

1. Principais traços da evolução orçamental em Portugal: 1986-2011

Desde a entrada na Comunidade Europeia (tal como no período imediatamente anterior) políticas orçamentais largamente inadequadas na perspetiva da sustentabilidade das finanças públicas contribuíram decisivamente para a particular vulnerabilidade do país no contexto da atual crise económica e financeira. Os principais aspetos da evolução orçamental desde 1986 podem sintetizar-se nos seguintes pontos:

– O défice das administrações públicas em Portugal nunca se situou duradouramente abaixo de 3 por cento do PIB. Entretanto, o saldo primário seguiu uma tendência decrescente de 1992 a 2005, registando consistentemente valores negativos até ao presente. Este padrão, caracterizado por desequilíbrios orçamentais elevados e persistentes, é ilustrado no Gráfico 1.

Gráfico 1 | Saldo orçamental em Portugal: 1977 - 2011

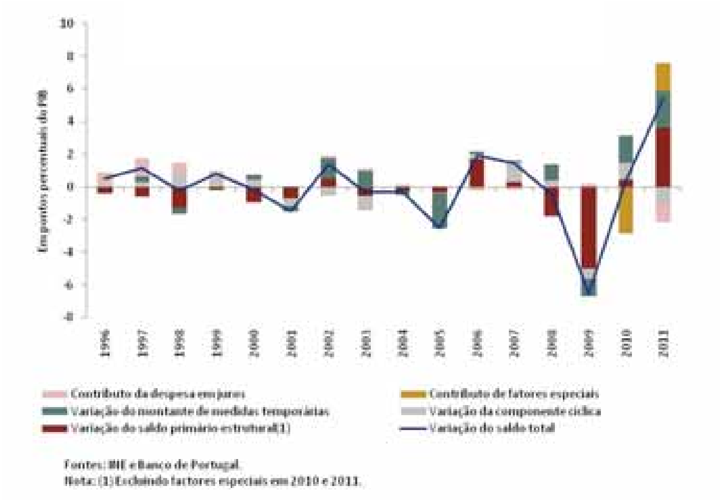


Fonte: INE.

61 Texto elaborado com base no *powerpoint* e nas notas que serviram de base à apresentação no *Workshop "How did we get here?"*

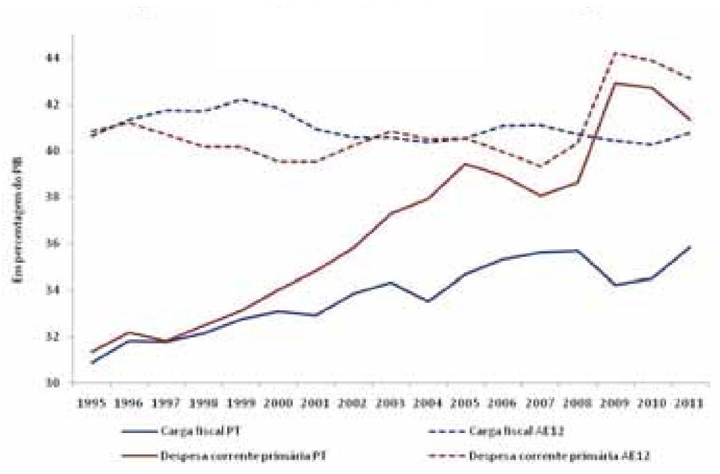
– Os anos noventa do século passado foram, em larga medida, uma oportunidade perdida para assegurar a sustentabilidade das finanças públicas portuguesas. Com efeito, a margem de manobra criada pela diminuição da despesa em juros, resultante do processo de convergência nominal, e pelo rápido crescimento económico não foi usada para assegurar uma melhoria estrutural da posição orçamental. Pelo contrário, serviu para acomodar políticas orçamentais expansionistas, embora respeitando o limite de 3 por cento para o défice, de acordo com as regras então em vigor. Consequentemente, criaram-se condições para a ocorrência de défices excessivos, assim que o enquadramento macroeconómico se tornou menos favorável. O efeito da diminuição da despesa em juros e a orientação expansionista da política orçamental (avaliada pela variação do saldo primário estrutural) no período referido, são evidenciados no Gráfico 2, que decompõe a variação do saldo total nas suas várias componentes.

Gráfico 2 | Decomposição da variação do saldo total



– A despesa corrente primária e a carga fiscal registaram, na década e meia que antecedeu a atual crise económica e financeira, tendências crescentes, mas muito mais acentuada do lado da despesa. Como resulta do Gráfico 3, no que respeita à despesa corrente primária, o hiato face à média da área do euro (em rácio do PIB) já estava praticamente fechado em 2005.

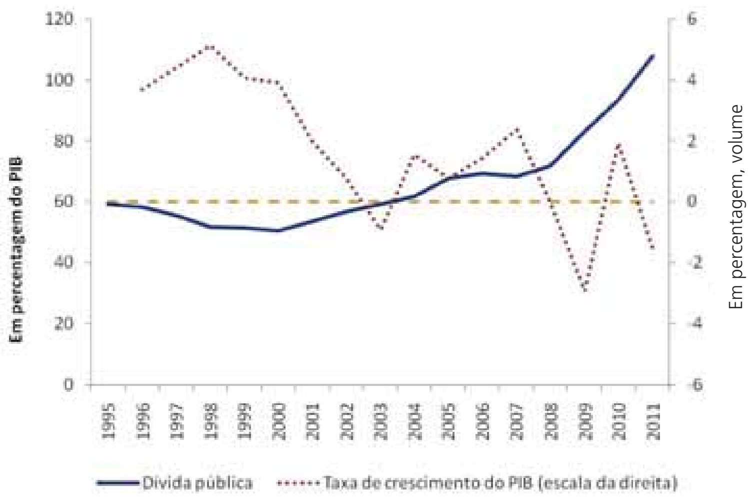
Gráfico 3 | Carga fiscal e despesa corrente primária: Portugal *vs* área do euro



Fontes: Atualizações do programa de Estabilidade e Crescimento e INE
Nota: PEC = Programa de Estabilidade e Crescimento; DEO = Documento de Estratégia Orçamental

– A partir de 2000, o rácio da dívida pública seguiu uma tendência crescente no contexto de uma economia com um crescimento muito baixo. Como decorre claramente do Gráfico 4, esta tendência tornou-se muito mais marcada a partir de 2008.

Gráfico 4 | Dívida pública e crescimento do PIB em Portugal



Fonte: Banco de Portugal.

– Os ajustamentos défice-dívida têm em alguns anos um impacto significativo sobre a variação do rácio da dívida. Como se pode verificar no Gráfico 5, esse impacto foi no sentido da diminuição do rácio da dívida de 1996 a 1998, devido às elevadas receitas de privatizações, aumentando, pelo contrário, o rácio da dívida em 2010 e 2011, essencialmente devido à acumulação de ativos.

Gráfico 5 | Decomposição da variaçãodo rácio da dívida pública

Fontes: INE e Banco de Portugal.

– Portugal foi, oficialmente, o primeiro país da área do euro a registar um défice excessivo, em 2002 relativamente aos resultados orçamentais de 2001. Em 2005, pela segunda vez, foi identificada uma situação de défice excessivo, respeitante ao próprio ano. De 2002 a 2008 foram aprovados vários pacotes de medidas orçamentais com o objetivo de corrigir ou evitar défices excessivos. Esses pacotes envolveram: i) Subidas de impostos, com particular ênfase no IVA (2002 e 2005); ii) Aumento da eficiência/eficácia da administração fiscal, processo iniciado antes de 2005, mas cujos efeitos mais visíveis correram de 2005 a 2007; iii) Medidas temporárias, em sentido estrito, essencialmente do lado da receita; iv) Medidas de curto prazo, do lado da despesa, eventualmente com um impacto permanente no nível de despesa, mas com um efeito apenas transitório na sua taxa de crescimento. Em 2006 e 2007 foram introduzidas algumas reformas estruturais relevantes, mas com um impacto limitado no curto prazo.

– A notificação do procedimento dos défices excessivos de Março de 2008 confirmou que o défice em 2007 tinha ficado aquém de 3 por cento do PIB, sugerindo à primeira vista uma avaliação otimista do estado das finanças públicas em Portugal. Entendeu-se então que havia espaço para medidas de estímulo, que se foram sucedendo. Em primeiro lugar, o corte da taxa normal do IVA em 1 ponto percentual (pp), logo em Abril de 2008. Pouco depois, em Julho, foi implementado um pacote de medidas para proteger grupos vulneráveis dos efeitos de uma crise que se esperava que envolvesse aumentos de preços e de taxas de juro. Nos últimos meses do ano foram aprovados o Orçamento para 2009, incluindo medidas como o aumento de 2.9 por cento dos salários dos trabalhadores das administrações públicas, e o pacote oficial de medidas de estímulo, no quadro de uma iniciativa da UE. Ao longo de 2009 o controlo da despesa pública foi efetivamente afrouxado. Esta sucessão de medidas, em simultâneo com os efeitos da crise económica e financeira internacional, conduziram a uma explosão do défice em 2009. A relutância em aceitar a necessidade de um ajustamento orçamental de magnitude considerável ao longo de 2010 e nos primeiros meses de 2011 agravou decisivamente a pressão dos investidores internacionais sobre a dívida pública portuguesa, que culminou no pedido de assistência económica e financeira por parte de Portugal, em Abril de 2011.

2. A contenção da despesa pública desde 2000: O que falhou?

Na sequência da entrada de Portugal na Comunidade Europeia seria naturalmente de esperar uma rápida expansão da despesa pública de forma a reduzir, pelo menos parcialmente, a diferença entre os níveis de provisão de serviços públicos e de proteção social relativamente à maior parte dos outros Estados-membros. Mas quando a economia portuguesa desacelerou, ao virar do século, teria sido prudente ajustar substancialmente o ritmo de expansão da despesa pública. Tal não aconteceu devido a um conjunto alargado de fatores. De seguida destacam-se alguns dos mais relevantes:

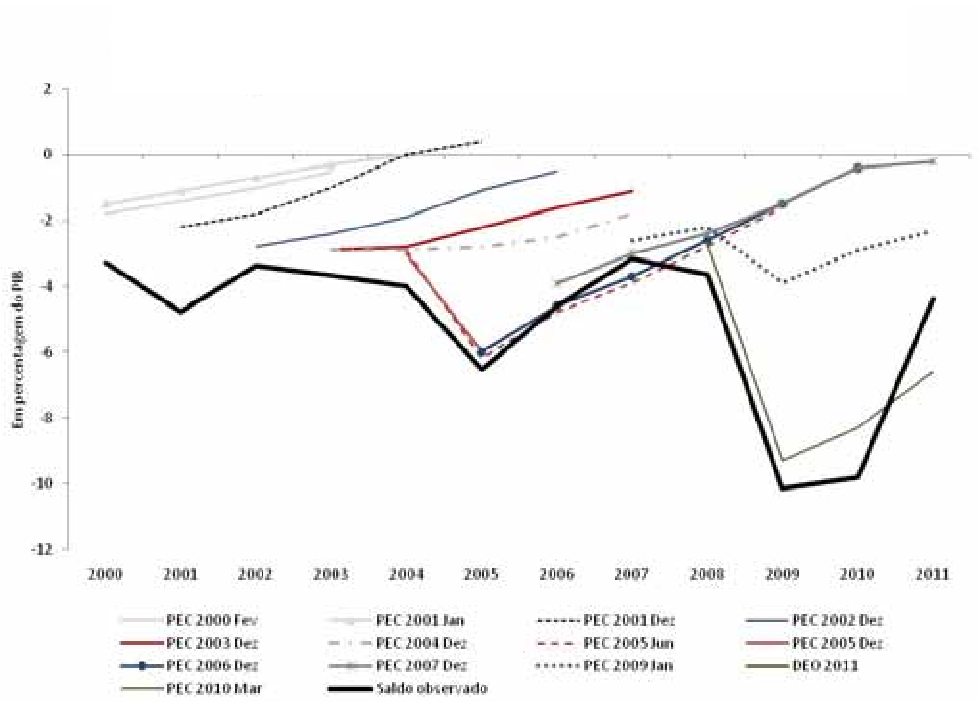
– Os direitos adquiridos, resultantes de decisões passadas, particularmente generosas, que implicaram uma substancial rigidez da despesa, no sentido descendente. Entre eles contam-se: i) Os grandes aumentos salariais decorrentes do Novo Sistema Retributivo dos funcionários públicos; ii) A impossibilidade de dispensar funcionários públicos; iii) A progressão automática e rápida nas carreiras, na maior parte das áreas da administração pública; iv) As regras de fixação das pensões iniciais na Caixa Geral de Aposentações.

– O atraso nas reformas estruturais, permitido pelo recurso muito substancial a medidas temporárias e a medidas que só transitoriamente têm impacto na taxa de variação da despesa, para além da redução do investimento das administrações públicas.

– As limitações dos procedimentos orçamentais, em que avultam: i) A ausência de regras orçamentais, na maior parte das dimensões relevantes; ii) A ênfase nos orçamentos anuais, sem um quadro orçamental de médio prazo; iii) O controlo orçamental centrado na utilização de recursos e não nos resultados; iv) A fragmentação orçamental; v) Um sistema de contas incompleto; e, vi) A limitada transparência dos procedimentos orçamentais. Este enquadramento permitia aos agentes políticos ignorar restrições técnicas fundamentais na tomada das suas decisões, não induzia comportamentos consistentes das várias áreas e níveis das administrações públicas no sentido do cumprimento dos principais objetivos orçamentais e dificultava a avaliação das políticas públicas pelos cidadãos em geral e até mesmo pelos especialistas.

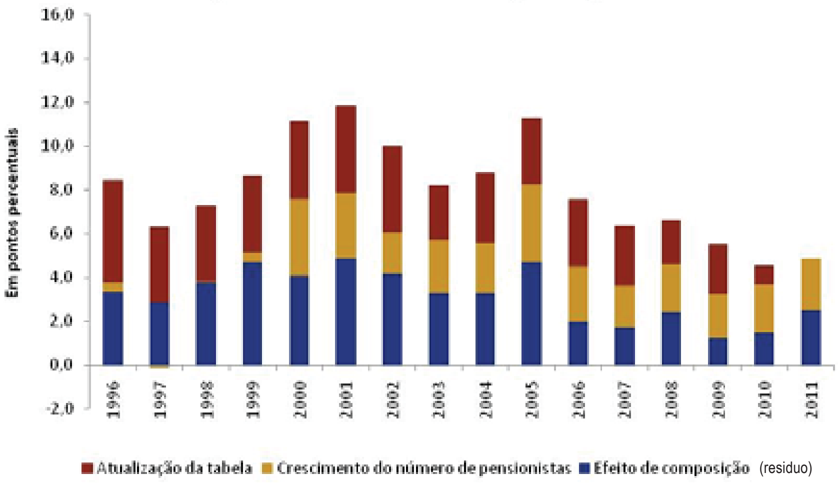
– As fragilidades do sistema de supervisão orçamental multilateral da UE, tanto antes como depois da reforma do Pacto de Estabilidade, que limitaram o seu impacto em países, como Portugal, em que as boas práticas no domínio orçamental não estavam de todo interiorizadas pelos agentes políticos, pelos parceiros sociais e pelo público em geral. Na raiz destas fragilidades esteve sempre o facto de as decisões mais importantes em termos de sanções e mesmo de prevenção caberem, com elevado grau de discricionariedade, aos representantes dos Estados-membros, conduzindo à aceitação de programas de médio prazo frequentemente irrealistas e assentes em informação estatística insuficientemente controlada, como o Gráfico 6 ilustra para o caso português. Até à reforma do Pacto, estes problemas foram agravados pelo enfoque excessivo no défice, ignorando várias dimensões relevantes como a sustentabilidade, a eficiência da despesa pública e a qualidade das instituições a nível nacional.

Gráfico 6 | Saldo orçamental das administrações públicas: projeções nos Programas de Estabilidade e valores observados



Fontes: Atualizações do programa de Estabilidade e Crescimento e INE
Nota: PEC = Programa de Estabilidade e Crescimento; DEO = Documento de Estratégia Orçamental

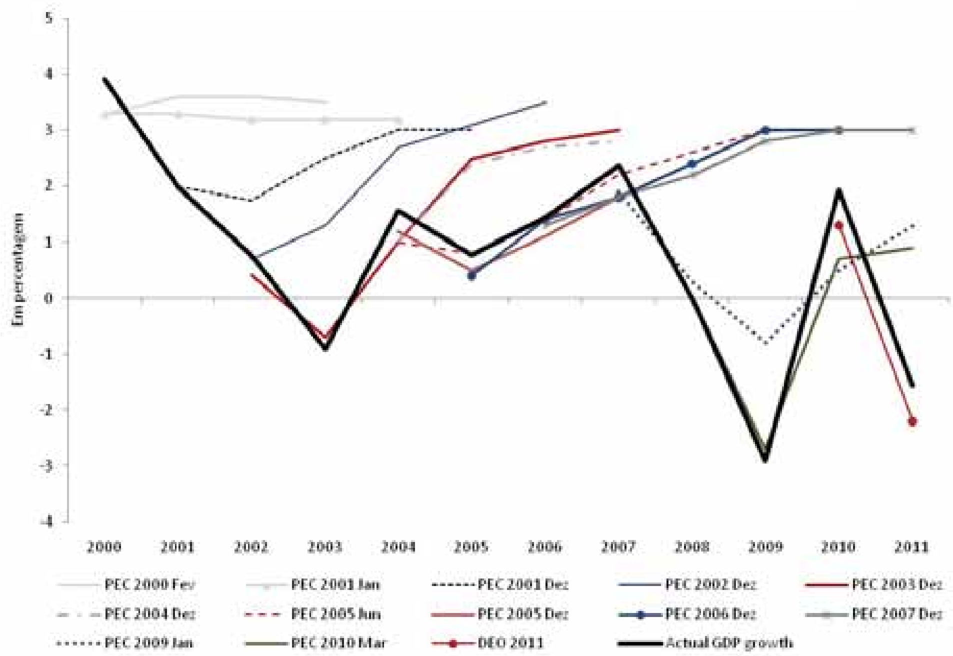
Gráfico 7 | Decomposição da taxa de crescimento da despesa em pensões de velhice: Segurança Social



Fonte: INE e cálculos do autor.

- A tendência de longo prazo de envelhecimento da população foi também um fator com alguma importância no aumento da despesa. De notar, no entanto, que, mesmo nas áreas em princípio mais afetadas pelos desenvolvimento demográficos, como os sistemas públicos de pensões e de saúde, o envelhecimento só por si explica uma parte limitada do crescimento da despesa: em termos médios, perto de um terço da taxa de variação das pensões de velhice da Segurança Social, como é ilustrado no Gráfico 7, e um pouco mais de dez por cento da taxa de variação da despesa pública com saúde. No caso da despesa em pensões da Caixa Geral de Aposentações, a relação é difícil de estabelecer, dado que o aumento do número de aposentados reflete a estrutura demográfica específica dos trabalhadores das administrações públicas, para além de ser muito influenciado pelas sucessivas vagas de aposentações antecipadas e pelas transferências de fundos de pensões.
- Finalmente, em termos do contexto em que se insere a política orçamental, deve destacar-se que se manteve alguma ilusão sobre o potencial de crescimento da economia portuguesa, como é evidenciado pelo Gráfico 8. Com efeito, a perceção de que o crescimento baseado na procura interna e no acesso fácil ao crédito conduziria à estagnação da economia levou vários anos até se tornar quase consensual. A deficiente avaliação da trajetória de crescimento da economia foi particularmente relevante na área orçamental, determinando uma perspetiva demasiado otimista sobre a sustentabilidade das finanças públicas.

Gráfico 8 | Taxa de crescimento do PIB: projeções e valores observados



Fontes: Atualizações do Programa de Estabilidade e Crescimento eINE.
Nota: PEC = Programa de Estabilidade e CrescimentoStability and Growth Programme; DEO = Documento de Estratégia Orçamental.

3. Alguns desenvolvimentos orçamentais positivos anteriores ao início da crise

Apesar da incapacidade para assegurar condições inequívocas de sustentabilidade das finanças públicas em Portugal, desde o virar do século até ao começo da atual crise económica e financeira ocorreram várias reformas ou outras alterações assinaláveis no domínio orçamental. Sem a pretensão de ser exaustivo, destacam-se as mais importantes:

– A reforma dos sistemas públicos de pensões, que foi, a nível europeu, considerada um bom exemplo, com impacto visível e imediato na avaliação da sustentabilidade. Incluiu, em particular: i) A convergência gradual das pensões dos beneficiários da Caixa Geral de Aposentações para o regime da Segurança Social; ii) Uma regra para a atualização das pensões; iii) O aumento da penalização financeira das reformas antecipadas; e, iv) A introdução de um fator de sustentabilidade, tornando as pensões iniciais/idade da reforma dependentes da esperança de vida aos 65 anos.

– A reforma da administração pública, envolvendo uma multiplicidade de vertentes, com um sucesso variável. Em termos de controlo/qualidade da despesa são de destacar as novas regras para a progressão nas carreiras, que se tornou mais lenta e variável, mais claramente ligada à avaliação do desempenho, agora sujeita a quotas nas categorias superiores.

– Racionalização de redes de prestação de serviços públicos. Pela sua relevância quantitativa, merecem especial referência o encerramento de escolas com um pequeno número de alunos e a criação de agrupamentos escolares, no ensino não superior, e a restruturação das redes de alguns dos serviços de saúde mais diferenciados, como, por exemplo, as maternidades e os serviços de urgência.

– Aumento da transparência e qualidade da informação orçamental, quer na ótica da contabilidade pública, quer na ótica da contabilidade nacional. Na primeira destas vertentes é de mencionar a publicação no Boletim da Direção-Geral do Orçamento de informação mensal numa base de caixa, abrangendo a quase totalidade das entidades que compõem o setor das administrações públicas na perspetiva das contas nacionais (só em 2012 se começou a divulgar informação mensal sobre as empresas públicas reclassificadas). Na segunda, deve salientar-se a compilação pelo INE das contas nacionais não financeiras das administrações públicas, anuais e trimestrais. No plano institucional avulta o reforço do papel do Banco de Portugal, que compila as contas financeiras e as estatísticas da dívida pública, e do Tribunal de Contas. Ao nível da UE deve referir-se o reforço dos meios e das atribuições do Eurostat, em particular no âmbito do procedimento dos défices excessivos.

4. As finanças públicas no quadro do Programa de Ajustamento para Portugal: Uma avaliação crítica

O Programa de Ajustamento tem como um dos seus principais objetivos a redução do défice das administrações públicas, de acordo com as regras do procedimento dos défices excessivos, para um valor inferior a 3 por cento do PIB. A correção rápida dos desequilíbrios orçamentais, assente num conjunto alargado de medidas tanto do lado da receita como do lado da despesa, deveria permitir, em simultâneo com receitas substanciais resultantes de privatizações, a inversão da tendência crescente do rácio da dívida pública. O Programa contempla ainda a implementação de reformas estruturais na área orçamental, tendo em vista assegurar uma trajetória para a despesa pública em linha com o crescimento potencial da economia. A inventariação das medidas mais importantes e a avaliação global do Programa de Ajustamento no domínio orçamental é feita sinteticamente nos pontos que seguem.

– Do lado da receita, as principais medidas já implementadas no âmbito do Programa são as seguintes: i) Aumentos de taxas do IVA e passagem de alguns bens e serviços sujeitos a taxas reduzidas para a taxa normal; ii) Reduções de benefícios fiscais, em particular no âmbito do IRS e IRC; iii) Sobretaxas, tanto no quadro do IRS como do IRC; iv) Aumento das taxas liberatórias, quer no IRS quer no IRC; v) Alterações na estrutura de taxas do IRS, com uma subida substancial das taxas marginais e médias; vi) Reavaliação do valor patrimonial dos prédios urbanos, ampliando significativamente a coleta do IMI; vii) Aumento das taxas de contribuição dos trabalhadores para a Caixa Geral de Aposentações e a ADSE; e, viii) Transferência de fundos de pensões do setor bancário. De salientar que nem todas estas medidas estavam incluídas na versão inicial do Programa, tendo sido aprovadas posteriormente, para tentar viabilizar o cumprimento dos objetivos para o défice.

– Do lado da despesa, as medidas mais relevantes já implementadas no contexto do Programa são as que seguem: i) Congelamento e cortes de salários nas administrações e empresas públicas e de pensões nos sistemas públicos; ii) Controlo estrito de admissões e diminuição acentuada do número de trabalhadores com contrato a termo certo; iii) Suspensão total/parcial dos subsídios de férias e Natal aos trabalhadores do setor público e pensionistas dos sistemas públicos; iv) Concessão de benefícios sociais de base não contributiva sujeita a prova de recursos; v) Redução de preços de medicamentos e atos médicos comparticipados e alteração nas regras de prescrição e comparticipação, promovendo a utilização de genéricos; vi) Cortes no investimento público; e, vii) Nova legislação relativa ao controlo dos compromissos de despesa. À semelhança do ocorrido do lado da receita, nem todas as medidas listadas estavam contempladas no Programa inicial, só tendo sido consideradas posteriormente, perante a dificuldade em cumprir os objetivos para o défice.

– Independentemente do maior ou menor sucesso no cumprimento dos objetivos para o défice e na criação de condições efetivas de sustentabilidade das finanças públicas, o bloco orçamental do Programa tem vários méritos que devem ser sublinhados. Em primeiro lugar, contempla importantes melhorias em termos de governação orçamental, tendo facilitado a aprovação das alterações à Lei do Enquadramento Orçamental em Maio de 2011, e contribuído, por outro lado, para a criação de uma cultura de controlo efetivo da despesa. Em segundo lugar, inclui medidas de consolidação que não seriam possíveis em tempos normais, quebrando, de alguma maneira, o tabu relativamente aos direitos adquiridos. Finalmente, ao impor uma disciplina orçamental estrita, ajuda a clarificar os compromissos entre as escolhas do lado da despesa e do lado da tributação, enfatizando a relevância da eficiência/eficácia da despesa.

– No entanto, do ponto de vista do funcionamento eficiente das administrações e empresas públicas, em particular no que respeita à provisão de bens e serviços, e dos efeitos do setor público no potencial de crescimento da economia, o bloco orçamental do Programa tem sérias limitações. Em primeiro lugar, apesar da ênfase na redução da despesa, o recurso a aumentos de impostos é manifestamente excessivo. Por seu turno, as medidas do lado da despesa são predominantemente horizontais, potencialmente com custos significativos no funcionamento das administrações e empresas públicas. Estes efeitos são agravados, em termos de eficiência, pela não correção adequada pelos prémios salariais existentes no setor público e pela suspensão do esquema incipiente de incentivos ao desempenho. Finalmente, segue uma orientação muito centralizadora, deixando pouca margem de manobra para a gestão dos programas setoriais e das próprias empresas e serviços públicos. Todas estas limitações podem ser vistas como inevitáveis face à magnitude do ajustamento estrutural exigido no curto prazo. Mas o bom funcionamento do setor público no longo prazo implica, a partir de agora, uma abordagem diferente, mais seletiva e com um quadro adequado de incentivos.

5. Lições do passado recente para a política orçamental em Portugal no médio e longo prazo

A análise aprofundada da evolução das finanças públicas em Portugal desde a entrada na Comunidade Europeia sugere algumas conclusões essenciais para a condução da política orçamental nas próximas décadas:

– O funcionamento estrito da supervisão orçamental ao nível da UE, e em particular da área do euro, reforçada no contexto da atual crise, é importante para evitar políticas inadequadas em alguns Estados-membros, com impacto negativo no conjunto. A implementação rigorosa das regras orçamentais é da maior relevância no sentido de assegurar, em última análise, a sustentabilidade das finanças públicas na Europa.

– O papel disciplinador dos mercados financeiros é incerto, como é bem demonstrado pelo seu comportamento nos últimos anos. Em princípio podem contribuir para a adoção de políticas macroeconómicas, financeiras e orçamentais prudentes, mas há o risco de o seu impacto só se fazer sentir quando os desequilíbrios são já muito acentuados.

– O estabelecimento de um quadro orçamental nacional de acordo com as melhores práticas internacionais é indispensável para assegurar a sustentabilidade das finanças públicas, sem incorrer na ação disciplinadora da supervisão multilateral e/ou dos mercados, a contra ciclo. As alterações à Lei do Enquadramento Orçamental, em 2011, foram um passo importante mas incompleto em termos legislativos. O aperfeiçoamento e implementação das novas regras são cruciais para garantir que as boas práticas orçamentais passem a fazer parte da cultura política e social, em Portugal.

- Um sistema fiscal e programas de despesa pública bem desenhados e estáveis, reduzindo a incerteza e proporcionando um quadro de incentivos adequado a todos os agentes económicos, são fatores essenciais para aumentar o potencial de crescimento da economia.

- A eficiência/eficácia na provisão pública de serviços pode ter um papel relevante na consecução de finanças públicas saudáveis, garantindo a melhor utilização, em termos de bem-estar social, dos recursos postos à disposição das administrações públicas, por via dos impostos.

- A criação/reforço de capacidade técnica e de gestão nas administrações e empresas públicas é um pré-requisito fundamental para o desenho e implementação de boas políticas públicas, como foi muito claramente destacado na Conferência a que assistimos nos dois dias anteriores.

CONSIDERATIONS ON PUBLIC SECTOR REFORMS IN PORTUGAL

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Abstract

This note attempts to offer some general considerations on reforming public sector. It first frames the reform debate by discussing concepts and terminology frequently used. It then reviews earlier attempts at reforming Portugal's public sector, which according to most domestic and external observers present a mixed record, trying to distill some lessons. With the onset of the financial crisis, the reform agenda has been better managed and coordinated, and so far more successful. However, much of the public sector reform agenda is still in its implementation phase and mainly focused on the financial emergency. A strategic vision for the future role and functions of the state in the Portuguese society will be indispensable to ensure reforms are mutually consistent, particularly between public financial management and public administration, and sustained over time so as to avoid past and less successful reform attempts.

Introduction

Portugal started reforming its public sector immediately after the 1974 Carnation revolution. Since then there have been a number of reform phases. But according to many Portuguese commentators and outside observers the record has been mixed. Mainly spurred by the financial difficulties and external pressures, culminated in the 2011 financial support from the EC, the ECB, and the IMF (henceforth, the program), reforms across the public sector have taken a different dimension. Contrary to earlier attempts, reforms have been more comprehensive, better coordinated, and started to address many of the root causes of Portugal financial difficulties. Yet, reforms are still somewhat fragmented among themselves; some are dictated by external factors, largely in effort to gain credibility; others are more formal than substantive, thus creating a potential implementation gap.

This note attempts to offer some general considerations on reforming public sector. It starts by summarizing and framing the reform debate. Concepts and terminology frequently used by academics and international institutions are seldom of operational guidance. This reflects a stove piping mentality that impedes economists, accountants, statisticians, political scientists, and practitioners to agree on common terminologies and approaches. The most glaring example is the somewhat artificial distance between public administration on the one hand, and public financial management on the other. After reviewing earlier attempts at reforming Portugal's public sector, whose record has been reportedly mixed, and trying to draw some general lessons, this note takes stock of what has been achieved so far since 2011. The idea is not to suggest what and how should be reformed—these aspects are left to the government—but rather to provide some general considerations on how to integrate various strands of public sector reforms so as to avoid their past mixed record.

I. Public Sector Reforms: What, Why, How

Public sector reforms aim at improving overall **public governance** so that the **public interest** can be pursued as efficiently and effectively as possible. The objective is usually achieved by reforming **public administration and management**, including **public financial management**. It sounds simple enough, but each of the concepts just mentioned seldom provide operational guidance. This section provides a succinct overview.

Public governance

This is possibly the most encompassing but also much abused and perhaps least helpful term.[62] Not too long ago, the United Nations Economic and Social Council attempted to define formally concepts such as governance and public administration (UN, 2006). That publication alone reported about a dozen definitions of governance—or its oxymoron "good governance"—devised by individual scholars, governments, and international institutions. This has not stopped numerous initiatives aimed at refining such definitions, either focusing on particular aspects (global, regional, corporate) or a more "functional" approach, as in Andrews et al. (2010), or a "profession's view," as in the most recent exposure draft put together by IFAC/CIPFA (2012). This last one defines governance as comprising **"the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved."** In an attempt to operationalize the concept, it then clarifies that it means acting in the public interest at all times by following seven underlying principles which include integrity, accountability, transparency, openness, and sustainability, as summarized in Figure 1. This identifies an agenda in which each of this principle may provide better operational guidance.

The World Bank is probably the international institution that has invested the most in this area, including the development of the World Governance Indicators. Interestingly enough though, its definition is an all-encompassing one as it includes traditional public financial management objectives (efficiency, effectiveness, and macro stabilization),[63] principles such as accountability and transparency, and the existence of legal framework. This is reflected in the above mentioned WGIs, which synthesize along 6 dimensions data from 33 different sources taken from 30 organizations. By analyzing in detail the composition of the WGIs along with other international indicators such as the OECD's Program for International Student Assessment (PISA), Pollitt (2011) has argued for moderation in comparing countries on existing definitions and measures of governance. This said, the intent here is not to discard governance, but invite to define and possibly contextualize the concept in as much operational terms as possible.

Public interest

What just said above on governance applies to a large extent to concepts such as public interest and public administration—of which, according to some, governance has become a synonym[64]—and public financial management. Public interest has a much longer history than governance, at least as a term (see, for instance, IFAC, 2012 for an overview of the literature), but shares the same ambiguity faced by "governance." Similarly to governance, public interest is fundamentally a contextual term that requires more specific definition that the ones typically found in national constitutional mandates or religious prescriptions. In other words, the quest for an objective definition of public interest has proven somewhat illusory as it is a quintessential contextual and political construct—as it requires, for instance, an explicit value judgment on income redistribution within a given society as well as on the role, function, and size of government.

Public administration and management (PAM)

PAM has a more operational flavor. A largely accepted definition brings public administration very close to the definition of institutions that economists have developed since North's 1991 seminal paper—the set of laws, procedures, rules, and conventions (including the bodies created by those norms) that

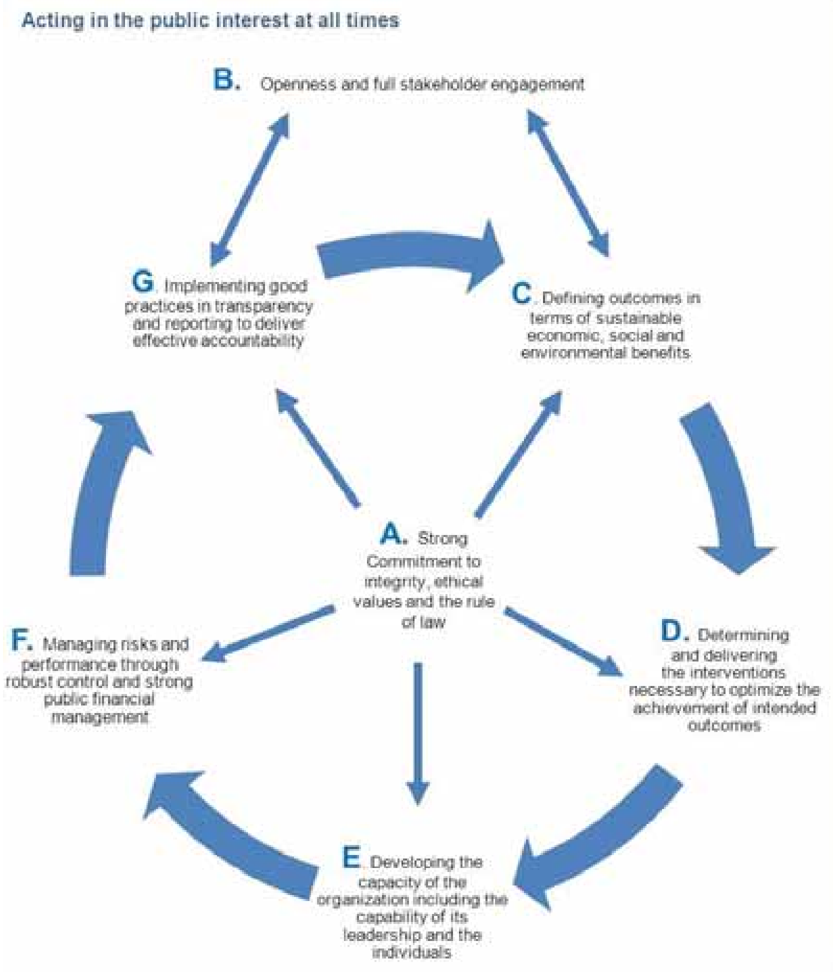
62 As reported by Fredrickson (2004), Lynn, Heinrich, and Hill state that "the term 'governance' is widespread in both public and private sectors, in characterizing both global and local arrangements, and in reference to both formal and informal norms and understandings. Because the term has strong intuitive appeal, precise definitions are seldom thought to be necessary by those who use it. As a result, when authors identify 'governance' as important to achieving policy or organizational objectives, it may be unclear whether the reference is to organizational structure, administrative processes, managerial judgment, systems of incentives and rules, administrative philosophies, or a combination of these elements."

63 Their resemblance to Musgrave objectives—macro stabilization, efficient allocation of resources, and redistribution—is evident. See Tanzi (2006) for a brief historical excursus on how these now canonical objectives came about.

64 Fredrickson (ibidem) claims that "there are as many definitions of the concept of governance as a synonym for public administration as there are applications."

influence fiscal policy decision making and management. In this respect, by dealing with how a government organizes itself in the pursuit of its definition of public interest public administration is by its very nature multidisciplinary: it encompasses, among others, the organization and management of civil service human resources, ethics, but also financial management and information technology.

Figure 1: Relationship Between Principles of Good Governance in the Public Sector



Source: International Framework Good Governance in the Public Sector, Exposure Draft, IFAC, June 2012.

Public financial management (PFM)

The link and perhaps parallel with PFM is thus evident, but surprisingly the two fields rarely cross their paths. Borrowing from a forthcoming IMF volume on the subject:

> *"PFM in the narrowest, and perhaps most traditional, sense is concerned with how governments manage ….. all aspects of resource mobilization and expenditure management ….. with a progressive extension to the medium- to long-term implications and risks for public finances of today's policy decisions. The coverage of PFM has thus expanded from the narrowly defined central government budget to all levels of government and the broader public sector, including state enterprises and public-private partnerships. Furthermore, PFM is now seen as an "umbrella" definition, covering a set of systems aimed at producing information, processes, and rules that*

can help support fiscal policymaking as well as provide instruments for its implementation.[65]"

Public financial management has experienced a resurgence in recent years largely because of the prominence of the financial crisis and its effects on governments' levels of indebtedness. There is a wave of new publications trying to define its salient features, key tools and techniques, and how to sequence its reforms within an institutional approach.[66] But it continues to be discussed quite separately from the broader PAM agenda. This is a gap that should be bridged both in the theory and practice of reforms. By emphasizing the quality of information of fiscal events, the recent revamping of the fiscal transparency agenda on the part of the IMF (2012a) and the Global Initiative on Transparency (GIFT)[67] may provide the much needed bridge between PAM and PFM, as discussed below.

Bridging PAM and PFM

The thesis here is that certain PFM elements largely related to the public availability of reliable and timely information of past, current, and future fiscal developments—in other words, one of the pillar of fiscal transparency—is at the base of any PAM reform. Following Kioko et al. (2011), there are three questions that are particularly relevant in addressing public sector reforms: what is the role of management within democratic institutions?[68] How to we design and build institutions that can achieve stated policy objectives and goals (outcomes)? And, how do we adapt institutions to changing external environment? Kioko et al. argue that "PFM is often perceived […] as fundamentally rational, technocratic, and arcane." But there is no such a thing as a "technical" reform in dealing with public resources: any change by simply revealing information previously not available or understandable —from how transactions are classified and reported to how revenue are collected or forecast prepared—has allocative and redistributive implications that belong to the realm of politics.[69]

Table 1 presents how PFM initiatives that have emerged in the last two decades may help bridge the gap and inform broader PAM oriented reforms. The matrix illustrates how having the appropriate information available seems to be not only a prerequisite to reforms in this area, but also the key element in bridging PFM and PAM. The fact that managing financial resources is central to all PAM initiatives seems to have been neglected in a number of "public governance" reforms. Reforms have progressed in parallel, with no attempt at leveraging synergies—if not pre-requisites in most cases. The emphasis on performance is a case in point, where detailed agenda on service delivery, and human resources management and institutional reorganization—captured under civil service reform—pursued by PAM specialists have been orthogonal at times with attempt at strengthening financial compliance, and developing program-based and performance-informed budgeting.

65 See Cangiano et al. (2013).

66 See for instance the draft Guidance Note on Sequencing PFM Reforms prepared by Diamond (2012a-c) and associated back ground papers prepared under the auspices of the Public Expenditure Financial Accountability (PEFA) program. The program was founded in 2001 as a multi-donor partnership between the European Commission, the IMF, the World Bank, the French Ministry of Foreign and European Affairs, the Norwegian Ministry of Foreign Affairs, the Swiss State Secretariat for Economic Affairs, and the U.K.'s Department for International Development. Its aim is to assess the performance of public expenditure, procurement, and financial accountability systems.

67 The GIFT is a multi-stakeholder network working to advance and institutionalize global norms and bring continuous improvements in fiscal transparency, participation, and accountability in various countries.

68 As the authors argue, this would apply also in a non-democratic context as it relates efficiency and effectiveness with the authority of a particular position whether democratically elected or else.

69 It may worth recalling how the IMF defines fiscal transparency. IMF (2012, p. 4) defines it as the "clarity, reliability, frequency, timeliness, and relevance of public fiscal reporting and the openness to the public of the government's fiscal policy-making process."

Table 1.

BRIDGING PAM AND PFM

PAM key objectives	PFM tools	PFM initiatives
Role of management within democratic institutions/asymmetry of information; accountability.	Availability of timely and reliable information on past, present, and future fiscal developments to overcome asymmetry of information prevailing in political arena.	Revised fiscal transparency and accountability code; reliance on financial statements based on internationally-accepted standards.
. Focus on efficiency and effectiveness.	. Efficiency and effectiveness based on financial information.	. Accruals-based international fiscal reporting standards.
. Impact of administrative behavior on equity and future generations.	. Long-term impact of entitlements; identification of fiscal risk.	. Focus on public sector and long-term financial/sustainability indicators
Design and build institutions that can achieve stated policy objectives.	Renewed focus on budget as key policy instrument.	Fiscal responsibility principles and rules; medium-term budgetary frameworks
. Focus on performance management—governments that perform.	. Definition of medium-to-long term objectives	. Disclosure and management of fiscal risk by way of public risk statements.
. Cost effectiveness in service delivery.	. Measure performance — cost as first element of performance — via internal control and audit functions.	. Financial cost of service delivery, agency model, contracting out.
Adapt institutions to changing external environment	Increased standardization and benchmarking of key PFM activities by way of international norms	COFOG, SNA98, ESA95, GFSM2001, IPSAS, Intosai.
. Relationship between government reform and administrative action.	. Program-based and performance informed budgeting	. Budget reclassification, presentation, approval.
. Understanding of open nature of government.	. Shift from central government to general government and public sector.	. Whole of government reporting and alignment of reporting bases ("clear line of sight").
. Interjurisdictional matters.	. Deconcentrated and decentralized service delivery with appropriate accounting reporting.	. Intergovernmental assignments of expenditure and revenue responsibilities.

But information is not an end in itself but a means to better performance, as unfortunately has been the case with many poorly integrated PAM/PFM reforms. In the above mentioned and forthcoming IMF volume, Curristine and Flynn examine governments' continuous quest for improved public service efficiency and performance.[70] Performance tools—performance management, measurement, and budgeting—have become an integral part of how governments do business. Nearly all OECD countries have expanded performance information and many have introduced procedures to integrate it into accountability, budgeting, and management processes. But it has proven more challenging to ensure the use of performance information in budgeting than in management, largely because many performance-enhancing agendas are not integrated in the budget and related PFM processes. By neglecting or overlooking basic financial compliance—the bulk of most PFM initiatives—these reform agenda end up being fragmented initiatives,

70 See Curristine and Flynn, 2013, "In Search Of Results: Strengthening Public Sector Performance," in Cangiano et al. Of interest is in particular their section 4 on "Dispelling The Myths And Framing The Debate—Emerging Lessons," in which these authors argue that the reported benefits of performance budgeting—the inclusion and use of performance measures and evaluations in budget preparation and decision making—have been more limited than expected. The benefits--improved mechanisms for planning, setting objectives, and monitoring progress; greater transparency; and enhanced expenditure allocations—have been largely offset by the introduction of generic measurement standards, which ignore the uniqueness of programs and sectors, and related heavy reporting requirements; and distorted goals and counterproductive incentives and gaming that have turned into extensive compliance exercises.

introducing parallel information systems and information overload syndromes, which in turn generate perverse if not private incentives instead of pursuing public goals.

II. Key Features and Common Pitfalls of Public Sector Reforms

In light of what argued in the preceding section, there does not seem to be a theory of how to strengthen, let alone reform, public sector governance. We do have, however, a rapidly growing body of work on how to strengthen certain types of institutions, most notably budgetary institutions following von Hagen and his associates, and how to sequence certain reforms, with particular attention to developing countries and fragile states. But there is no magic bullet. In fact, there has been increasing awareness of the complexities and interrelations with so-called "external" factors in determining success or failure of PFM reforms. Below is an attempt at listing some of these factors as emerged in recent literature.

What are reforms

The idea of reform should be taken quite literally: re-forming an area where a given government is already involved. To make it clear, launching a policy initiative in a new area does not qualify as a reform as above defined.[71] This distinction is quite important in reform aimed at addressing public (financial) management areas, as these are typically already occupied by government's activities. Reform implies fundamental changes in behaviors; adjustments to the status quo do not qualify as they fall under a government's ongoing business agenda. Reforms are also ultimately about changing the distribution of benefits—typically concentrated or captured by interest groups—and costs, usually diffuse among a much broader spectrum of the population.

Why countries attempt reforms

The ultimate objective of a reform—and hence its success—is to improve functional performance vis-à-vis a given objective, while at the same time gaining external legitimacy. But there may be tension as legitimacy may be rapidly gained by adopting international best practices that have little chance to improve functional performance as they rarely reflect individual countries' context. In this case, reforms are more of a signaling device that end up being a mere compliance-oriented exercise—the adoption of best practices—thus failing to reaching their ultimate objective. As such, they tend to be poorly prepared, formal rather than substantive, and imposed from the top down as discussed below. Their ultimate results are thus somewhat unpredictable and difficult to measure. Also, reforms rarely identify as their main objective altering the distribution of benefits and costs of existing public policies. In other words, they often fail to acknowledge, and thus leverage, constituencies that are pro and against reforms.

Types of reforms

Most reforms tend to modify behaviors by changing the regulatory aspects or rules of the game by constraining and sanctioning non-compliance. They rarely introduce new socially acceptable norms that provide positive incentives to behave. These would require a higher order of mechanisms, what is identified in the literature as "cultural-cognitive" elements which are far more difficult to design, communicate, and accept. In this case reforms can induce a paradigm shift; in other words, they can be transformative. Where and when this happens, typically where a "reform culture" has become well entrenched in a society, institutional reforms become self-sustaining, as discussed below. Only a few countries such as Australia, Canada, Chile, New Zealand, and Sweden may fit this model.

71 Modifying the way in which a given government intervenes in a certain sector, for instance by divesting its direct interest as in a privatization process while assuming more of a regulatory role, would qualify as a reform.

Institutionalizing reforms

Governments are always occupied with some sort of reform—virtually every budget each year contains some elements of change—although the word is often abused. But very few countries manage to "institutionalize" reforms by establishing mechanisms whereby changes are anticipated and options evaluated as a matter of routine. Countries thus end up being captured by the "tyranny of the status quo," unless major disruptive events occur, such as a financial crisis. Translating and adopting supranational reforms does not necessarily imply having institutionalized reforms as in many cases countries tend to absorb rather passively reforms developed elsewhere.

Preparing reforms

As most countries have not institutionalized reforms, they tend to rely on *ad hoc* institutional devices such as commissions, steering and working groups, task forces and the like.[72] The tendency is therefore for reforms to be rather under-researched and over-engineered, with scarce analysis of the implementation phases—usually optimistic so as to fit the political cycle. The prevalence of formal (*de jure*) vs. substantial (*de facto*) reforms leading to implementation gaps is one of the typical consequences. They also tend to be imposed from the top down and captured by specialists, particularly when reforms are inspired by international best practices.[73] As a result, reforms tend also to be poorly communicated and do not take advantage of the much needed view from the bottom up including social partners, public administrators, key stakeholders, civil society, and, most of all, those who will be tasked with their implementation.

Sustaining reforms

One of the consequences of the above is that reforms tend to take a very partial, often labeled "technocratic," view of a particular set of problems instead of taking a broader and more holistic and interdisciplinary approach. As such, they lack a broad support and, particularly, any sense of ownership on the part of those who will be tasked with their implementation. Patashnik (2008 and 2011) provides useful of examples in the US context of reforms that failed because of "death by a thousand cuts" delivered by special groups not partaken in the preparation phase and progressive "legislative emasculation" by public administrators with no positive incentives or motivation in championing the change *vis-à-vis* the comfort of the status quo. Systematic evaluation of the outcomes of previous reforms ensures avoidance of past mistakes while providing continuity to reform, leading eventually to the above-recalled reform culture. But monitoring and evaluating is less fashionable than adopting reforms, and less likely to attract the limelight or headlines.

Reform strategies and tactics

Incremental vs. big-bang approaches have been discussed *at nauseam* among scholars and practitioners for decades with no firm conclusion excepts for "it depends on the context." Political commitments, leadership, champions all are relevant factors but the key ingredient is sharing a common vision. More detailed and "technical" aspects can and should be negotiated and to some extent compromised, once a strategy has been agreed upon. Tactical considerations follow and are very much dependent on the circumstances and how to re-balance costs and benefits within a given society. As institutional reforms can rarely been designed with accuracy, they do require a certain amount of learning by doing or, as

72 These are of course utilized as a complementary value added also in countries with a "reform culture."

73 The literature refers to this phenomenon as isomorphism. A parallel phenomenon is that reforms inspired by best practices tend to focus on latent conditions rather than real problems. Kingdom, as reported in Andrews (2013), argues that it is therefore a task of the reformer to construe politically and socially these conditions into problems.

more elegantly put by Andrews (*ibidem*), "purposive muddling."[74]

Reform champion(s)

Each reform needs to be championed by somebody who gives the authority (i.e., authorizes) the reforms. But there is a chain of champions, if not a hierarchy. The more the better, it would tempting to say. Political legitimacy and authority is a *condicio sine qua non*, but without involvement of all those who will be called to implement the reforms it remains a necessary but non-sufficient condition. When it comes to PFM, the minister of finance or equivalent figure is often seen as "the" champion; but s/he needs cabinet and presidential support on one side to give political legitimacy to the reforms; and top civil servants to ensure their "buy-in" and implementation. Otherwise, reforms cannot be sustained. External advisors cannot be champions; at best they can be facilitators connecting various players and provide international perspective on why certain reforms succeeded in certain context while others failed.

Sequencing reforms

The literature that has emerged in the last decade has focused on developing countries and has evolved in two main tracks: defining basic reforms that should precede more sophisticated ones; and create the possibility of planning reforms over a long period of time based on best practices. On both accounts these attempts have failed as reforms never happen in a vacuum and the context define reforms' objectives, strategies, and tactics. Reforms are therefore more endogenous than we would like to admit: they progress by one or two steps at the time, take time to consolidate, require post-evaluation, and then start again for the next couple of steps. As noted, reforms tend to have a built-in bias in favor of best practices largely dictated by the desire to gain quick legitimacy, particularly if donors or multilateral financial institutions are involved. Much as reforms are incremental in practice, they progress by layering new over old routines, thus creating their own reform space and reconfiguring new coalitions between those who stand to benefit—or not to lose—from reforms and those who thrives in the status quo.

To sum up, institutional reforms are more complex than governments would like them to be. The standard lexicon remains quite vague and difficult to be operational guidance. There is no theory that can provide a set of solutions. Reforms should be institutionalized so as to create a reform culture and make them sustainable and dynamic. Regretfully, we often see the opposite. This may reflect the fact that PAM and PFM reforms are rarely fully integrated and that financial compliance is often forgotten or assumed to be a mere "technical" exercise, much as most of PFM reform agendas are perceived.

III. Earlier Attempts at Reforming Portugal's Public Sector: Stylized Facts

This section takes a bird's eye view of how Portugal's public sector reforms between 1974 through the onset of the financial crisis fared vis-à-vis the above considerations. Although there were quite a number of reforms during this period, there seems to be relatively little in terms of their overall evaluation and impacts. This section summarizes some of the recent literature available in English, along with reviews of Portugal's public financial management system carried out by the IMF in 2003 and 2011, and by the OECD in 2008.[75] The purpose is not to list and describe all the reforms, but to extract some themes that will be useful in analyzing the challenges and risk the next wave of reforms—the post-program reforms—is likely to face.

Corte-Real (2008), Magone (2011), and Melo (in Rohdes et al., 2012) provides an account of PAM/PFM

74 In his recent book, Andrews argues in favor of a problem-driven iterative adaption (PDIA) approach. This approach acknowledges that many reform initiatives fail to achieve sustained improvements in performance because organizations pretend to reform by changing what policies and organizational structures look like rather than what they actually do. Many best-practice agendas bring solutions that exclude local agents from the process of building their own organizations, implicitly (and sometimes explicitly) underestimating the context and thus undermining the value-creating of local innovations.

75 Stove piping and self-referencing apply to international financial institutions as well. In fact, there are no cross references in these documents, in spite of the fact that considerable extent of the overlap in their scope of analysis.

reforms.[76] In an extreme synthesis, the main theme of the numerous reforms attempted—some successfully—was a focus on citizens as clients by enhancing accountability and performance. As a result, most of the reforms, according to the above authors, seem to have focused on defining the role and functions of the civil service in an attempt to improve relations with citizens and to focus on the quality of services delivered, along with attempts at de-concentrating and de-centralizing their delivery.[77] In the process, there were major milestones, such as the introduction of the Ethical Charter of Public Administration, along with less successful attempts at reducing the size of public administration, particularly after 2001. Reforms were progressively better organized, with the establishment of various coordinating mechanisms and consultative processes, such as the centralization of various strands of public administration reforms in an expanded Ministry of Finance under the Barroso government, assisted by the Institute for Innovation of State Administration, and the 2003 consultative Council of Reforms.

Relatedly, there were reforms aimed at contracting out service delivery and human resources management (SIADAP), improved reporting (POCP and RIGORE), and citizen's (one stop) shops and administrative simplification (SIMPLEX). All these attempts culminated in the 2005 Programa de Restructuração de Administração Central do Estado (PRACE), whose main focus was the modernization of the administration and an emphasis on quality and shared services. There were also initiatives to coordinate reforms horizontally, such as the establishment of a unit (the Unidade de Coordenação da Modernização Administrativa or UCMA) attached to the state secretary for administrative modernization (Gabinete da Secretaria do Estado para a Modernização Administrativa or GSEMA) working in close cooperation with the Gabinete de Planeamento, Estratégia, Avaliação and Relações Internacionais (GPEARI).

The 2003 IMF fiscal transparency report, although more narrowly focused on certain aspects of public financial management system, echoed some of the above trends. It is worth reminding, in light of the recent history, the key findings of that report:

- need to focus on the finances of public institutions outside of the general government, including the finances and operations of state-owned enterprises and the rapidly proliferating public-private partnership arrangements
- strengthen budget preparation, in particular with respect to better integrating the medium-term framework for budgetary policy with the annual budget process, and over time, developing a full--fledged medium-term budget; and
- enhance the quality of budget projections and the analysis of fiscal risks, and strengthen budget execution and reporting, along with internal and external controls.

That report also recommended establishing an SOE monitoring unit in the Ministry of Finance; improving the quality of fiscal projections through external scrutiny; developing fiscal risk disclosure and analysis; developing a budget classification by programs and activities as well as appropriate indicators of performance of these programs. As to financial compliance, that report alerted that there was no systematic accounting of expenditure arrears, and that information systems used by various entities within the government were not fully integrated, thus contributing to delays in preparing consolidated government accounts and reports.[78]

The 2008 OECD budget review of Portugal took stock of recent initiatives, most notably the decisions to introduce program budgeting.[79] It reached, however, similar conclusions and recommended, inter

76 Corte-Real articulates reforms into five phases from 1974 through 2008; Magone and Melo update the account until the onset of the financial crisis. The reader is referred to their works for more detail on the specific reforms.

77 Although regionalization is envisaged by the Portuguese Constitution, their introduction was opposed by a popular referendum in 1998.

78 Appendix I reproduces Box 5 of the 2003 IMF report. It is quite illuminating to see the depth and accuracy of the diagnosis and recommendations advanced by 2001 Public Expenditure Reform Commission. Many of these will be featured in the 2011 government's adjustment program.

79 In 2007, the Minister of Finance and Public Administration established the Committee for Program Budgeting to make recommendations on the implementation of program budgeting. The Committee was expected to address three major innovations compared to current practice: the assessment of results, a medium-term expenditure framework, and expenditure rules.

alia, measures to enhance the role of parliament in the budget process, and strengthen ministries' accountability and reform coordination—for instance, the program budget initiative was not integrated or coordinated with the parallel Integrated System for Management and Performance Assessment of the Public Administration (SIADAP), whose main focus was performance. Within increased delegation to ministries, along with responsibility, transparency, accountability, similarly to the Public Expenditure Reform Commission the OECD review recommended establishing budget and financial managers responsible for the program(s) and envisaged a different role for the budget directorate (DGO).

Thus, there was no lack of domestic and international diagnoses, analyses, and recommendations when the financial program with the EC/ECB/IMF started to be negotiated in early 2011. To a large extent, the IMF/EC team that visited Lisbon in July 2011 did not find anything that was not known or had been recommended earlier by either national or international reviews, commissions, and reports. The financial crisis, however, made the difference as the situation did not allow further delays in addressing deep rooted and long seated problems. Surprisingly though, there seemed to be very little institutional knowledge or memory among Ministry of Finance senior officials. Also, quite typically, public financial management and administration concerns were not among the top priorities. A case in point was the need to develop quickly definition and reporting of expenditure arrears[80] and to control spending at the general government levels, in addition to address – once again – the SOEs/PPPs financial exposure as well as their overarching "governance" arrangements.[81]

The IMF team and the Ministry of Finance concurred that restoring financial compliance was the first order of priorities.[82] This required improving the quality and reporting of fiscal information while identifying the real magnitude of public indebtedness and exposure to fiscal risk; tighten expenditure controls; expanding the coverage and reporting of fiscal transactions across all public entities; and taking a more "programmatic" view of the budget by aligning responsibility and accountability at ministerial level. As anticipated above, aside from some more technical measures, these findings and recommendations had been heard before.[83] The novelty was that they had now become priorities that could no longer be postponed.

IV. Interpreting Earlier Reform Attempts: A Mixed Record

The above noted Portuguese scholars tend to agree on the fact that overall the pre-2011 public administration reforms present a mixed record and suffered from many of the shortcomings summarized in

80 This was somewhat surprising given that expenditure arrears seemed to be a fixture of the system and that arrears had already been cleared in 2008, although without addressing basic expenditure control mechanisms. Problems were not as acute at the central government level, contrary to municipalities, the health sector, and the two autonomous regions, where the bulk of arrears was generated.

81 Portugal's fiscal performance through 2008 can be found in Correia da Cunha and Braz (2009). The problems of PPPs as well as public enterprises are well documented by Lopes (2005), Marques and Silva (2008), Bento (2009), Moreno (2010), Costa et al. (2010), and Pereira (2011). Many of these studies drew on information published by the Ministry of Finance. For instance, Bento documents how the government used PPPs, state-owned enterprises, and privatizations to restrain the growth of debt without improving fiscal performance. Moreno also concludes that PPPs were used, above all, to avoid budget constraints. In fact, the government had not always seriously considered whether PPPs offered better value for money than traditional public investment. Legal requirements to compare the value for money offered by PPPs and public investment had sometimes been ignored (Court of Auditors, 2008), and the government had sometimes obtained poor value for money in negotiations with concessionaires. For example concessionaires were allowed to continue to earn an appropriate rate of return even after traffic risk was transferred to the government (Moreno). In some cases, close ties between governments and concession companies ("promiscuidade") had raised further doubts about value for money (Costa et al.).

82 It may useful to summarize the main findings of the July 2011 IMF/EC mission, summarized in various program documents. The team acknowledged that the new government had inherited a fragmented public financial management system. Responsibilities were dispersed across a plethora of entities and levels of government enjoying administrative and financial autonomy, with weak control on spending. Past attempts at achieving the Stability and Growth Pact objectives had been largely pursued via fiscal stratagems and one-off measures that masked the country's true indebtedness, leading eventually to loss of control of the fiscal aggregates. Compliance with existing public financial management legislation was weak, sanctions were rarely applied, and regulations easily bypassed, as witnessed by the accumulation of outstanding and overdue government's payment obligations (arrears). Findings and recommendations from international as well as domestic institutions—chiefly the Court of Auditors—since the mid-1980s had remained largely unheard.

83 Ter-Minassian (2011) notes that the financial problems of state-owned enterprises were one of the main issues that the mid-1980s IMF supported program tried to address. That program included a commitment to monitor the finances of the whole public sector, including state-owned enterprises (de Albuquerque 2011).

the previous sections. Three themes seem more relevant for ongoing reform efforts: lack of continuity, if not consistency, of successive reform attempts or, put in other words, inability to sustain reforms; formal over substantial reforms; and lack of evaluation.

In addition to the alternating of governments, these scholars attribute the lack of continuity in the reform effort to the fact that top civil service positions were subject to political appointments. Reforms—as well as in many instances routine activities—were coordinated by politically-appointed state secretaries and advisors rather than by permanent civil servants. It may appear as a paradox, but one of the few elements of continuity can be traced to the many attempts, many of which successful, at strengthening the civil service. However, while efforts were aimed at developing professionalization by enhancing responsibility and meritocracy, and improving the "quality" of the civil service, old features, such as vertical accountability with inability to coordinate horizontally and political appointments, were never fully addressed. Moreover, the political influence was so pervasive, these scholars argue, that certain reforms, such as the proliferation of autonomous bodies and public institutions (*instituto publico*), were more an attempt at by-passing the public administration machinery—as well as budgetary discipline—instead of reforming it. For instance, in spite of emphasis on quality of service delivery, another element of continuity in the reform efforts over the decades, the introduction of performance indicators was quite limited while monitoring and evaluation remained in its infancy.

Another element that contributed to the lack of continuity and consistency was the fact that many reforms were designed in the absence of a clear vision of the role and functions of the state in the Portuguese society. One of the implications was that, for instance, the role of state-owned enterprises (SOEs) and public private partnerships (PPPs) were largely left outside the scope of reforms, except for some early privatization. Some of root causes of what turned out to be one of the contributing factors to the recent financial crisis, such as weak expenditure controls over public sector entities (central government, regions and municipalities, but also SOEs and PPPs), remained unaddressed. Basic financial compliance was overlooked, in spite of the stated intent in 1997 to improve fiscal reporting by adopting accrual-based accounting across the general government entities.[84] Within a traditional input-based budget system little attention was paid to the medium to long-term fiscal sustainability implications of policy decisions nor to the risks and related contingent liabilities that successive governments were assuming via SOEs and PPPs.

Many reforms were imported rather than devised to address Portuguese problems. Particularly after joining the EU in 1986, and even more so after the adoption of the Euro, reforms were mainly dictated from the top-down, often influenced by international best practices and EU requirements.[85] As such, reforms were more of a formal compliance nature rather than substantial; poorly communicated to the public at large; often rushed in their gestation phase, with little attention to the implementation phase; and rarely "owned" by those in charge of their implementation. The various waves of reforms also imported some elements of the New Public Management, for instance increasing reliance on autonomous bodies, side by side to a formalistic and legalistic public administration, without ensuring appropriate transparency and accountability requirements. This created some tensions and distorted views of accountability and responsibility.[86]

The above mentioned scholars also concur that the lack of systematic evaluation led to new *ad hoc* institutional arrangements rather than assessing previous reforms' success or failure, thus contributing to the above discussed lack of continuity. For instance, it would have been very helpful to analyze why accounting and reporting reforms were not pursued more aggressively in the decade successive the

84 Magone (ibidem) attributes this to the fact that compliance with the rule of law is still in the making in Portugal. He describes this situation as neo patrimonialism, that is, a co-mixture of private and public sphere. Aguiar, as reported in Magone, summarizes this state of affairs as "transactions undertaken by way of parallel clienteles bypassing democratic institutions; ad hoc decision making dictated by pressure/interest groups; administrative management nor independent or professionalized because if political appointees."

85 Magone (*ibidem*) describes this behavior as reactive absorbtion.

86 Rhodes et al. (2011) state that "new management instruments collided with a traditional "napoleonic, formalistic and legalistic culture."

announcement of their reform; the same applies to the introduction of program-based budgeting launched in 2001. Both reforms could be seen as pre-requisite of any performance-driven reform agenda. Interestingly enough, other countries—some of them eventually quite successful in reforming their PFM systems—went thorough similar long period of trial and errors. For instance, Sweden experienced many failures in 1980s, but made treasure of those attempts as it embarked in the fundamental reforms of its PFM systems in the early 1990s. A similar pattern could be observed in New Zealand.

Compared with the characteristics of public sector reforms summarized in the previous section, how did Portugal fare? Not very well. Reform attempts revealed a tension between the objective of improving functional performance—most notably civil service's—*vis-à-vis* externally driven, top-down reforms was rarely, if at all, resolved. As a result, reform aimed at getting external legitimacy tended to prevail in and *ad hoc* fashion: *de jure* over *de facto* reforms were predominant; hardly any reforms induced a "paradigm shift," borrowing form Thomas Kuhn's much abused expression. Further, many reforms were poorly prepared and communicated; very few were sustained as successive government seems to take a different tack; and others never materialized—think of the recommendations of the 2001 Public Expenditure Reform Commission.

Overall, Portugal failed to develop a reform culture as relied on *ad hoc* coordinating mechanisms and commissions, often in a stove piping fashion due to vertical accountability instead of working also via horizontal networks. In the preparation phases—those aimed at identify in detail problems reforms should address— there was little involvement of the civil service in charge of implementing the same reforms. These were driven by champions that belonged to the political sphere. Finally, except for the first two decades following the 1974 revolution, there was hardly any discussion on the role and functions of the state in the Portuguese society. In other words, reforms were cast in the absence of a coherent and comprehensive vision. To conclude this section, the decade preceding the 2011 financial crisis and the adjustment program could be labeled as a lost decade in spite of some important achievements and many initiatives, largely because the control on the macro fiscal aggregates was lost.[87] Were the lessons drawn and absorbed? This is the focus on the next sections.

V. The Recent Wave of Reforms

Without doubt there has been significant progress since last year in strengthening Portugal's public administration and financial management.[88] In this sense, Portugal has been able to learn from some of its past mistakes. The purpose here is to see how reforms were discussed, developed, and coordinated vis-à-vis earlier experiences so as to understand how reforms initiated and planned will be carried through once the program expires.

There is no intention here to revisit the record as this is publicly available in a number of government publications as well as in program documents. In a nutshell, the strategic focus of the budget has been deepened through the introduction of an MTBF; expenditure controls and monitoring of arrears have been strengthened; fiscal reporting, including the first publication of a fiscal risk statement, has been improved; the government's financial exposure arising from SOEs and PPPs has been reduced by revisiting their institutional arrangements; and the structure of public administration at the central, regional, and local government levels has started to be streamlined. The implementation of the *Plano Oficial de Contabilitade Publica (POCP)* is also proceeding as planned. The endemic multi-fragmentation of Portugal's administrative structure is being tackled on many fronts—budget structure, number and types of public

87 It may be worth reminding that Portugal has run a fiscal deficit every year since 1970. Moreover, the government has used accounting stratagems, such as securitizations, to make the deficits and debt seem lower than they really were. According to Koen and van den Noord (2005), such measures reduced Portugal's reported fiscal deficit in the period 1993–2003 by an average of [illegible] of a percent of GDP a year—an amount greater than for any other country in Western Europe except Greece and Italy.

88 While the focus in this section is on the narrowly defined public financial management measures and reforms, similar considerations apply to the broader public administration agenda.

entities, inter-governmental relations.

More of interest is to see how managing the reform efforts had already been given some attention by the government that took office in June 2011. For instance, the fact that the Minister of Finance was second only to the prime minister, chairing cabinet in his absence, and that the Ministry of Finance was tasked with coordinating the implementation of all measures under the EC/ECB/IMF programs was certainly a positive development. Moreover, to further foster collegiality and coordination within cabinet, the government had established the *Estructura de Acompanhamento dos Memorandos (ESAME)*, headed by the secretary of state to the prime minister. Further, the government quickly launched the *Plano de Redução e Melhoria da Administração Central (PREMAC)*, which by building on the earlier PRACE provided the possibility of streamlining and merging functions while enhancing mobility and flexibility, so as to redeploy resources to areas under particular pressure. Finally, but possibly because of the visibility of the program documents which were all publicly available, there was from the very beginning more open communication than in the past regarding the government's objectives.

The start has thus been very positive. But to some extent—and leaving aside the umbrella provided by the program—there has been a sense of déjà vu in the way reforms were launched and implemented. For instance, the objectives announced with the PREMAC were not too dissimilar from those of the PRACE; ESAME was established along the GSEMA/UCMA model; and the Ministry of Finance has been at the center of most reforms, as under the Barroso government. Furthermore, the bulk of the reforms has been directed at the financial emergency, even those, such as the new "governance" model for SOEs, that should address more fundamental problems. Many reforms remain more of a *de jure* rather than *de facto* nature. Implementation does take time, particularly if reforms have to be "sold to" and "championed by" the largest possible number of actors, in particular those in charge of their implementations. Here the role of permanent civil service vis-à-vis that of politically-appointed state secretaries and advisors remains a question mark. That said, it may be too early to speak of possible implementation gaps. With this, we go to the concluding section pointing to some lessons and caveats in an attempt to help avoid history repeating itself.

VI. Where do we go from here?

The end of the adjustment program and Portugal's return to the international bond markets will be the testing ground of the recent wave of reforms. The impression is that a critical mass of reforms has been launched and that Portugal may have reached a point of no return and be even close to a paradigm shift. Reforms that have seen recent formal adoption in primary and secondary legislation are now facing the implementation phase. One could argue that all the reforms, even those related to specific sectors, such as financial, health, and energy, ultimately deal with how the state will perform *vis-à-vis* the three main fiscal objectives—macro stabilization, efficient and effective allocation of resources, and income redistribution. While the post 2011 reforms appear to be better coordinated than in the past—the program with the troika may have helped in this regard—the impression is that once the financial emergency will be over reform fatigue will likely ensue when the most challenging phase remain to be completed.

The issue is then how to avoid past mistakes and ensure that reforms are not only sustained, but generate a much desirable "reform culture." This concluding section tries to identify some of the challenges and risks Portugal is likely to face as it graduates from the program.

The strategic vision

With the emergency phase behind the shoulders, it is now the time to reflect on the role of the public sector in the Portuguese society and to clarify the reform objectives. Recalling the above distinction between regulatory, normative, and cultural cognitive mechanisms that define a comprehensive and successful reform agenda, the impression is that much has been done on the first front. There has also been progress in defining a new normative paradigm based on restoring financial compliance and accountability while securing fiscal sustainability, but there is uncertainty on whether reforms will be sustained to achieve a paradigm shift or ensure a cultural—for lack of a better word—change. This is where a strategic vision becomes essential.

- Without a reflection on the role and functions of the state, either directly via the budget process or indirectly by way of decentralizing service delivery to lower levels of government or state-owned enterprises it will be difficult to carry out some of the reforms and identify those that will be generated on the basis on the positive outcomes recently achieved. In this regard, reforms should find a new discourse not based only the need to consolidate the fiscal position in the immediate, but on a much longer-term vision of the Portuguese society and the affordability of pursuing certain social objectives. While this is a political task that presents obvious difficulties and that has to take into account the constitutional mandates, without a largely shared vision and strategic directions reforms risk disappearing from the headlines and be reduced to "technical" exercises. But, as noted, they never are. Without such a vision reforms risk being fragmented in their implementation or in their design stage, thus missing critical synergies.
- The strategic vision should clarify and make operational, to the extent possible, concepts like "governance" and "public interest," as argued in the first section of this note. This would be essential in identifying the real problems the reforms should address, defining their success factors, and avoiding reforms being exclusively inspired by international best practices in an effort to gain rapidly legitimacy and credibility. Experience tells us that implementation gaps also tend to emerge quite rapidly, thus dissipating any short-term credibility gain.

Reforms to address real problems

Portuguese reforms should address Portuguese problems within the Portuguese context, bearing in mind, of course, that the Portuguese context cannot be disjoint from the EU context. But even the EU requirements, such as the recent "six-pack," leave sufficient room for adaptation and to some extent even interpretation. This is to say that the temptation to import reforms from somewhere else in effort to gain credibility typically produces the following undesirable effects.

- It almost inevitably requires amending existing legislation, if not drafting new one. The urgency of gaining external credibility thus introduces a bias toward formal or de jure reforms rather than substantive or *de facto* changes as little analysis and planning is devoted to the implementation phase, including human and financial resource constraints. It also requires spending much political capital, adding to the tensions within cabinet, and between the executive and the legislature.[89]
- It leaves little time to communicate and discuss the rationale of reforms, giving the impression among social partners and citizens that reforms are not owned nor aimed at addressing real problems. Implementation gaps inevitably emerge and are of various nature—from poor budget execution because of a poorly planned budget, to overly optimistic and often overly engineered implementation phases. To use one of Matt Andrews's favorite expressions, one cannot fit a square peg in a round hole.

Reform evaluation

This is also the right time to undertake a thorough analysis of past reforms, take stock of the implementation status of ongoing reforms, while at the same time ascertain new problems.

- As noted, lack of systematic evaluation was a characteristic—and to some extent one of the cause—of past reforms' mixed record. The ongoing exercise of benchmarking Portugal's key public functions—health, education, social security, size and quality of civil service, just to mention a few—is an initial

89 One could argue that this is what international financial institutions do—but they should not be blamed because they also have to be accountable to their own constituencies and shareholders. A discussion of these aspects is however beyond the scope of this note.

necessary step. But a more fundamental analysis and reflection needs to be carried out to avoid a "mean-reversal" syndrome, whereby reforms are driven by international averages rather than real problems. Reforms should not be seen as solutions in search of a problem, as many best practice, top-down reforms ends up being, with scarce possibility of success.

- Evaluating past reforms, in particular unsuccessful reform attempts, and the implementation of ongoing reforms provide invaluable learning. In the process, particular attention should be devoted to analyze the various constituencies affected by the reforms as well as anticipate problems emerging in the implementation phase as an essential input of future reforms. This is the first step towards sustaining reforms and developing a much needed reform culture.

Sustaining the reform effort

Sustaining the extraordinary efforts undertaken since the onset of the crisis will require on the one hand developing a reform culture, while on the other empowering the civil service with carrying out the strategic vision. It also requires emphasizing the obvious: reforms take time and one of the risks that typically accompany the reform fatigue syndrome is that of "reform impatience."

- Institutionalizing the reforms will require permanent and horizontal coordinating mechanisms. One of the risk elements here is the expiration of the ESAME. This could become a permanent fixture so long as it is staffed by permanent civil servants—ideally the future program coordinators—rather than politically-appointed advisors. While still part of the executive, a possible successor to the ESAME should also try to establish a more stable and productive relations with the legislature and other independent institutions, such as the Fiscal Council and the Court of Accounts.
- Coordinating reforms across the public sector will continue to present a challenge in a country that grants a great degree of autonomy to its two regions and hundreds of municipalities. These aspects are being addressed with new legislation aiming at revising the public financial management and policy responsibilities at both municipal and regional levels, as well as their relations with the central government. But, as above noted, it is the overall public sector that will have to become the aggregate of relevance in shaping Portugal's vision.
- Permanent civil servants should be enrolled into becoming reform champions rather than mere executors, thus avoiding the risk that political instability deprived the reforms of their main champions. Along with the above discussed shared strategic vision this is the only way to avoid reform fatigue syndromes seen in many countries coming out of difficult financial difficulties as the ones experienced by Portugal.
- Implementing reforms is the most difficult part and typically takes longer than envisaged. For instance, PFM reforms take more time that desirable because of the cyclicality of many—if not all—of PFM functions that take place around the budget annual cycle. Reforms are well organized on paper, but what are the assurances that history will not repeat itself? One aspect that remains to be analyzed more thoroughly is the still pervasive role played by politically appointed advisors and top civil servants. In Portugal, contrary to other countries, reform agenda and the civil service are managed by politically-appointed state secretaries and their advisors. While these are in general of high caliber and technically more than qualified, they tend to undermine the civil service who is the only institution able to ensure continuity and stability. Steering committees, task forces, working groups, advisory council are all time-bound structure dominated by political appointees. In spite of their authority and legitimacy, they are exposed to the political risk of a change in government, thus endangering the reform agenda.

Concluding remarks

The above discussion has tried to identify some of the risks Portugal may face in implementing a formidable reform agenda. These risks were selected by looking at Portugal's past reforms efforts, particularly those preceding the financial crisis and the adjustment program. They would require a much deeper and thorough analyses and discussions than developed in this note. The ultimate purpose is to avoid, while learning from, past mistakes. Many of the above points have already been reflected in official documents. Besides PRECAM, the recent Reforma do Processo Orçamental. *Medidas Para a Redução da Fragmentação Orçamental*, and the Relatório to the 2013 budget presents a fairly detailed reform agenda that cover the whole of the public sector, identifies a reform "governance" structure, and highlights some of the above risks.[90] But, as argued above, this has been the easy part as the most challenging phase lies ahead. Making reforms stick and developing a reform culture remains, unfortunately, easier said than done.

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Appendix I. Selected Proposals of the 2001 Public Expenditure Reform Commission

In early 2001, a specially appointed public expenditure reform commission made a number of recommendations aimed at strengthening the budget execution framework, strengthening control and evaluation of public expenditures, enhancing the organization of public administration, and improving the management of public services.[91] Below is a selection, extracted from IMF (2003), of some of the main recommendations that were adopted or may still be relevant today.

- Implement a two-step state budget procedure within a multi-year macro context.
- Develop a multi-year plan for public administration financial assets and liabilities.
- The macro projections underlying the state budget should be subject to external review.
- Enhance expenditure flexibility.
- Create mechanisms of budgetary coordination between the subsectors of the public sector by establishing a financial coordination.
- Strengthen control and oversight over state budget execution by nominating a financial comptroller for each ministry.
- Strengthen the legal environment for budget execution by clarifying the responsibilities in budget execution (e.g., the responsibilities of managers), and revising the norms on financial responsibilities that are contained in different other laws.
- Improve oversight for public projects that have private sector financing (e.g., PPPs), including by creating in the MoF a small oversight unit.
- Improve oversight for the public enterprise sector by creating a specialized unit (in the MoF), and set out a medium-term strategy for the sector.
- Implement management based on objectives and outputs in public institutions that produce consumer outputs, including in health and education.
- Eliminate special rights and privileges of public sector institutions.
- Enhance the efficiency of human resource management by defining, among others, criteria for measuring productivity of state employees and performance evaluations.
- Implement management audits and independent external audits.
- Accelerate the application of the *plano official de contabilidade pública* (POCP).

91 See Relatório da Estrutura de Coodenação para a Reforma da Despesa Pública, Ministry of Finance, September 2001.

SESSÃO PARALELA I:
HUMAN RESOURCES MANAGEMENT IN THE PUBLIC SECTOR

Moderador: Orlando Caliço (Banco de Portugal)

Introduction

Human resources management in the public sector is a very large subject with a lot of important questions to deal with. Having only 90 minutes for the workshop which, by definition, means that its most important part is the intervention of the participants, it was not possible to analyse more than two topics.

How to choose the topics? There is a generalized idea that we have to cut, as soon as possible, the number of staff in the public sector. So, taking also into consideration that the contributions should be useful in the present debate, the first chosen topic is: "How to reduce the number of public sector employees?"

But, after the reduction, do we have conditions to keep personnel expenditure under control? And so we have the second topic: "How to define appropriate mechanisms for adjusting the number of public employees and the wage bill to the country's financial capacity, keeping permanent control over their evolution?"

Assuming that some participants had important points to complement, but, due to the time limit, it was not possible to have a minimum time for discussion, it was announced, at the beginning of the session, that the interventions would be limited to 5 minutes each and the participants were given the possibility to complement their interventions with written contributions.

Topic 1 - How to reduce the number of public sector employees?

The simplest and generalized idea that "we have an excessive number of civil servants" may be good for discussions but it does not help us: i) it is not supported by data and ii) it doesn't give us an indication of the way to pursue, if there is a need for correction. Even in the first stage of the exercise – stock taking of the situation– transparency is vital for the acceptance by public servants and by the general public of the conclusions.

First, we need to assess the situation by collecting information for, at least:

- Number of civil servants working in each one of the main functions of the State?
- Results of their activity (using some key indicators).
- Benchmarking with other EU countries.
- Evolution in the last years (say 25 years).

For those cases where the activity is developed by many entities:

- Number of entities (public, private, or social sectors);
- Staff and Personnel expenditure;
- A statistical distribution of indicators of efficiency.

If, after an in-depth analysis of the referred data, we arrive to the conclusion that cuts are required, the reductions to be made have to satisfy, at least, the following conditions: (i) selectiveness; (ii) efficiency; (iii) transparency; (iv) affordability and, last but not least, (v) not jeopardizing the long term sustainability.

Selectiveness

One should avoid the cuts across the board. They originate a generalized sense of injustice and consequently a hostile environment and have negative effects on staff motivation that may lead to some of the best civil servants to leave.

Efficiency

The managers of each entity should take the opportunity of the reductions of staff to improve their efficiency.

Transparency

Clear rules should be established in order to identify those which, according to the plan of reductions, have to leave the entity.

Affordability

The plan of reductions has to be compatible with the budget restrictions during all the envisaged period of its implementation.

Not jeopardizing the long term sustainability

The plan of reductions must be organized in a way that envisions, in the long term, that the State will be functioning better, with better services for the community, while using fewer resources.

The dimension of the reductions will also depend on the results of a necessary assessment of the possibilities of contracting the provision of the service – total or partial - with entities from the private or social sectors, if it leads to significant budgetary savings, without jeopardizing both quality and efficiency.

In order to facilitate and to stimulate the discussion some remarks were made:

- For each public entity/group of similar public entities, or for entities from the private or social sectors, but financed significantly by the public sector, take stock of the number of entities, staff evolution and personnel expenditure (e.g. 1988; 1993; 1998; 2003; 2008; 2013);
- Implement a benchmarking exercise using for that purpose similar functions in other EU countries;
- For some specific functions, assess the possibilities of contracting the provision of the service with private sector entities, if it leads to significant budgetary savings, without jeopardizing quality and efficiency;
- Assuming that more reductions across the board are not recommended, due to the negative effects on staff motivation, which may lead to some of the best civil servants to leave: provide a vision for the future integration of the Entity in public Administration (communication strategy) and promote negotiations with the social partners, in order to facilitate de adjustment process.

Summing up, for a process of reductions of staff to be successful in all the referred components, it must be well organized, be transparent since the beginning, and have a well defined strategy of communication, namely providing all the staff with a vision of the future integration of the entity in public administration and negotiations with the social partners.

Topic 2 - How to define appropriate mechanisms for adjusting the number of public employees and the wage bill to the country’s financial capacity while keeping permanent control over their evolution?

Obviously, and for a multitude of reasons, the number of civil servants increased significantly in the last 25 years, the early stage of development of the social functions in the seventies being one of the main reasons. But some weakening of control mechanisms also played an important role. That is why, with or without the specific cuts, a reinforcement of the control mechanisms is unavoidable.

On the other hand, in general, a career system allows for an annual real increase in wages of more than 2%, which, without an equivalent productivity gain or a reduction in the number of employees, is not compatible with economic growth below that figure.

In this new situation of low growth or even recessions, the discussion among the participants was centered on: "What kind of adjustments are needed to make the career system compatible with low growth or even recessions, while, at the same time, allowing to reward the employees with excellent performance?"

One suggestion was that the Government should set, annually, (upper bounds) for promotions, progressions and variable remuneration (one-off), all related with the performance of the entity, and defined as percentages of the entity's wage bill. It was underlined that it is of utmost importance that the variable remuneration be based on key indicators related to the individual performance and contribution to the achievement of the objectives of the entity. It doesn't make much sense that in an entity with mediocre results, assessed by key indicators, including the appreciation made by their customers, a significant part of his staff be classified as "Excellent or Very Good".

Another scheme, not an alternate one, is the introduction of more flexibility in the career system, setting for each category general bands with a maximum and a minimum. Yearly, depending on the economic situation of the country, percentages of increase in the remuneration for each promotion and progression would be set.

In the past, the control mechanism of personnel expenditure was based on two components: control of the number of public servants – total and in each category – and control of budgetary allocation. To hire or promote a civil servant it was necessary that a vacancy for the post in the list of posts and an appropriate budget allocation existed. On the other hand, the list of posts was organized in a pyramidal form, which imposed a pre-defined limit in the budget for personnel expenditure.

This system, although still in force, lost a lot of its potential. In some cases the list of posts is no more pyramidal; in some autonomous entities (e.g local authorities) the needed budgetary allocation ceased to be an active binding due to the fact that projected revenue was too optimist.

To the question: Is this system still appropriate? The answer is yes, with some changes, namely those regarding the career system and a reinforced budgetary control on the revenue estimates.

Discussion

During the round table there were 15 participants willing to intervene. Therefore, even with a time limit of 5 minutes for each participation, there was neither time to discuss the 2nd topic nor to allow for contradictory arguments by the participants, regarding other interventions.

More than one participant had the opinion that the discussion about the number of public servants should only happen after a previous clarification about the ideal dimension of the State, arguing that the latter should set the framework for the discussion of the former.

Another participant suggested that the diagnosis of the current situation, regarding any excess of public servants, could be facilitated by preparing a two dimensional matrix: on the one hand, educational skills and, on the other hand, distribution of civil servants by the three levels of public administration (Central; Regional and Local). He noted that at regional and local levels civil servants with low skills represent a significant part of the total number. Regarding this process, it was referred that one does not need to start from scratch. There is a lot of information already available: PROMAC; preparatory works for the "Local Finance Law" and "Regional Finance Law", etc.

Some participants raised doubts about the number of civil servants being excessive, after the reductions that occurred in the last years. However, there was a broader agreement among the participants that: (i) we have a problem of qualifications and productivity and (ii) at least in some areas, we may have an excessive number of civil servants. On the other hand, there is evidence of a need for specific training, targeted for specific groups of civil servants, and allowing for an easier transition to new positions in the public or the private sectors.

One participant mentioned the importance of thinking about tactics and not only about strategy. More specifically, given the active time constraint to implement staff reductions (two/three months?) the right tactics may allow for some time to prepare the implementation of the chosen strategy. One example: a transition from full time to part-time, for a significant part of the civil servants, with the correspondent reduction in the salary, will give time for the preparation of a well defined strategy, including the needed social consensus.

Other participants in the workshop stressed that lessons from past experiences have to be learned: It is relevant to look at some experiences of reduction of staff that were made, apparently, with success. Two examples were mentioned: the National Statistical Office and the Ministry of Agriculture. However, before drawing conclusions, it will be necessary to have more detailed information about (i) the procedure (i.e. the role of the Ministry and of the top management, as well as the civil servants themselves and their trade unions); (ii) some quantitative indicators that could help to qualify more accurately: (a) the implications on the output and outcomes during the transitional period; (b) users' opinions; (c) the effective reduction of the total (all public administration) wage budget; (d) the structure on qualifications of the staff once the process is finished; (e) the situation 5 and 10 years after the adjustment.

It was argued that it is possible to significantly reduce the number of civil servants by eliminating redundancies of functions and merging entities with the same objectives.

There was a general agreement on the importance of benchmarking exercises: i) with the private sector and ii) between agencies and "traditional" administration.

A point related with the geographic dimension of the Public Administration was raised. In some areas, due to the small demand of the public service, there is no possibility of local benchmarking. For example, in a community where there is only one public school, it is neither possible to implement a local benchmarking exercise with a similar entity, nor to allow for the free choice of the school by the students/parents.

A participant remarked that there is a need of an evaluation of the results of the transformation of some entities of the "traditional" public administration in agencies that occurred in the last years. It was referred that economies of staff of around 10 percent can be easily obtained.

A participant mentioned that one must keep in mind that in certain areas of the country, the municipalities are the main employer and there are no alternative employment opportunities in the private sector. In these cases, firing a significant number of people may create social problems which have to be dealt with in order to reduce the negative impacts on the local communities.

Several participants argued that there is a real need for an adequate system of incentives/penalties to help people to leave the public administration and also to force mobility within the public service.

During the round table, the experience of Canada and Australia was mentioned with respect to the importance of specific management committees aimed at improving the human resources management. Typically, these committees cover all Public Administration' sectors and were created to follow up matters of relevance for civil servants, particularly top civil servants. These experiences have shown the importance of pursuing a professional dialogue among top civil servants or managers. In those countries, informal institutions do exist (Forum) which allow for opportunities of serene and non partisan dialogue. The absence of a similar dialogue in Portugal was a surprise to the foreign participants in the workshop.

It was also remarked that if the staff in the public sector is to be significantly reduced, this reduction has to be well planned in order to avoid a rupture in the provision of services the day after.

The differences between public and private sectors were highlighted by a participant regarding the specificity of the public administration and the professional careers. In public administration an employee can be promoted without significant changes in the entity (promotion by inertia), while in private sector the verification of some growth in the level of activity of the enterprise is generally necessary. Be it organic growth or by mergers and acquisitions.

Several participants pointed out that, in spite of several new and important laws about careers and performance assessment having been approved in recent years, with the financial crisis everything was frozen. No promotions and no progressions are now allowed, which means that civil servants have no incentives and managers of public administration entities have no instruments to motivate employees.

More than one participant also remarked that a significant number of reforms were enacted by law, but not implemented in practice (for example, the new system of careers, the flexibility of management and the financial consequences of assessment are all frozen, without the needed time to evaluate these reforms). It is detrimental to the acceptability and the needed motivation to implement the approval of new reforms over previous reforms without any evaluation of the previous ones.

The experiences of Australia, Canada and Sweden were referred to by a participant in order to show the importance of a qualified Public Administration, particularly of top management, for whom the independence from the Government of the day is of utmost relevance.

It was also pointed out that in Portugal public entities' managers don't have the minimum conditions to manage the human resources of their departments. In particular, they can't hire new people, promote the best or penalize those whose performance is mediocre.

The critical issue is how to choose the best people to work in public administration and to keep them. This must be done in a decentralized way by the managers of each entity.

According to several participants, performance assessment of the Portuguese public employees is excessively bureaucratic and inconsequent.

Assessment performance systems should be the simplest possible and should be tested first in some restricted set of institutions which, due to their relevance, may have a gravitation effect, before being applied to all public administration. In this respect, one participant referred to one positive experience in the "Research Sector" that may help to introduce corrections in the present system in order to make it less bureaucratic and more efficient.

O DESAFIO DA GESTÃO DE RECURSOS HUMANOS NO SECTOR PÚBLICO

Contributo de Ana Diogo (Mestranda em Gestão e Administração Públicas)

1. Introdução

O *workshop* dedicado à gestão de recursos humanos no setor público, no âmbito da Conferência coorganizada pelo Banco de Portugal, Conselho das Finanças Públicas e Fundação Calouste Gulbenkian, teve como mote para discussão (1) a redução do número de trabalhadores em funções públicas e (2) o controlo da despesa com pessoal.

Instada a apresentar um contributo sobre estas questões, referirei sucintamente algumas características e fatores que entendo pertinentes para a compreensão do fenómeno de crescimento da Administração Pública (doravante AP), tecendo depois algumas considerações prospetivas sobre o desafio da gestão de recursos humanos no setor público.

2. Porque cresce a Administração Pública?

Estudos recentes realçam que a evolução dos efetivos na AP portuguesa tem sido "regular e sustentad[a], independentemente dos diferentes governos e situações de aperto financeiro" (Mozzicafreddo & Gouveia, 2011, p. 26).

Além da transversalidade no tempo e nos ciclos políticos, consideramos que a génese do crescimento do emprego público tem características de índole histórica, económico-social e política, como se confirma nos seguintes exemplos:

1. Na década de 80, na sequência do processo de descolonização, assistiu-se à integração massiva[92] de funcionários no setor público (Rocha, 2009, p. 142);

2. Na ausência de um tecido empresarial e industrial vigoroso, as autarquias locais assumem, não raras vezes, o papel de principal empregador na sua esfera de influência geográfica;

3. O nascimento tardio do Estado-Providência, aquando da transição para a democracia (Pereirinha, 2008), numa época em que a maioria dos países da OCDE aderia ao *New Public Management* (Araújo, 2005), explica que a concentração do emprego público se verifique nos Ministérios da Educação, da Saúde, da Administração Interna e da Defesa Nacional;[93]

4. A distribuição de dividendos partidários através da colocação em lugares na AP, sobretudo em posições de topo, permite a manutenção de redes de clientelismo político (Kickert, 2008).

Refira-se que a ausência de instrumentos operacionais de reporte e controlo sobre a realidade do emprego público (pese embora a frequência do debate sobre a dimensão e o peso da AP, durante muito tempo, os decisores políticos não dispuseram de uma ferramenta que permitisse, de forma rigorosa e tempestiva, obter dados imprescindíveis à formulação de políticas de organização do Estado e de gestão dos recursos humanos)[94] e a crescente proliferação do Estado Paralelo e da Administração Indireta (Mozzicafreddo & Gouveia, 2011) favoreceram o crescimento desregrado do funcionalismo público.

92 De acordo com Araújo (2005, p. 2) foram integrados no setor público cerca de 49 000 trabalhadores.

93 Vide estudo de 2005 da Direção-Geral da Administração e Emprego Público (DGAEP): "Caracterização dos recursos humanos da administração pública portuguesa". Os dados apresentados na Síntese Estatística do Emprego Público, recolhidos no primeiro trimestre de 2012, confirmam esta tendência (Portugal. DGAEP, 2012).

94 Vide Lei n.º 57/2011, de 28 de outubro, que implementou o Sistema de Informações da Organização do Estado (SIOE).

3. Considerações prospetivas

A resolução da problemática do crescimento do emprego público deverá ser sensível às causas e aos fatores enunciados na secção anterior. Não obstante, o processo de reformulação da estrutura da AP é indissociável das exigências e aspirações da sociedade contemporânea, e das gerações vindouras, sobre o papel e as funções do Estado. A definição de um "número de ouro" de trabalhadores no setor público estará, em última instância, limitada pelo tipo e pela qualidade dos serviços públicos que os cidadãos esperam obter em troca do sacrifício de abdicarem de uma parte, cada vez mais substancial, do seu rendimento.

Uma estratégia que assente, somente, na redução de despesas com pessoal e não enderece a resolução das disfuncionalidades tipicamente apontadas à AP (como a complexidade e o formalismo dos procedimentos administrativos, a descoordenação entre os diferentes intervenientes ou o elevado tempo de resposta face às necessidades dos cidadãos) representará uma janela de oportunidade de reforma desperdiçada. Cremos estar criado o sentido de urgência que proporciona um espírito de inovação e de criatividade para a reinvenção da Administração Pública!

Um aumento da produtividade do setor público baseado na modernização, simplificação e desmaterialização dos processos administrativos; na alteração de metodologias de trabalho e das formas de organização; na agilização dos mecanismos de mobilidade dos recursos humanos e na criação de sistemas de incentivo e de reconhecimento do mérito acarretará repercussões positivas para o funcionamento global da economia.

Não obliterando a inevitabilidade da redução dos mapas de pessoal na função pública, devem ser acautelados os impactos financeiros, económicos e sociais das medidas que venham a ser adotadas. As soluções encontradas (sejam rescisões amigáveis, quadros de mobilidade ou aposentações antecipadas)[95] não poderão ser desvinculadas do cenário de contração da economia e de estagnação do setor privado, pelo que, as políticas públicas ativas de (re)conversão profissional e de apoio à criação de emprego próprio serão fulcrais.

Saliente-se que a proficuidade das propostas que vierem a ser implementadas dependerão do consenso, da dialética de comunicação e de negociação que venham a ser estabelecidas entre os agentes governativos, as diversas forças partidárias e sindicais e a sociedade civil.

O desafio da reconfiguração da estrutura do emprego público e da gestão de recursos humanos na AP passará, a breve trecho, pelo aumento da capacidade de renovação da Administração, atraindo quadros técnicos qualificados, identificando e captando talentos, sem esquecer o imperativo de salvaguarda do conhecimento e da memória histórica das organizações. É necessário que estas deixem de ser vistas como unidades estanques e inamovíveis, passando a ser encaradas como organizações aprendentes[96] e adaptáveis. Um grande passo será dado nesse sentido quando o paradigma de gestão de recursos humanos no setor público evoluir de um mecanismo negativo, baseado no congelamento de admissões, na ausência de progressões na carreira e nas reduções remuneratórias, para um mecanismo positivo, que permita a identificação, captação e formação de talentos, que estimule a mudança e o envolvimento dos trabalhadores e que contribua para a consolidação de uma cultura de serviço público.

Como em qualquer organização bem sucedida, é fundamental implementar uma gestão estratégica forte, alicerçada numa liderança visionária para que saibamos para onde vamos, sob pena que qualquer caminho nos sirva…

95 De acordo com os indicadores físicos e financeiros do Sistema de Proteção Social da Função Pública, disponíveis na Síntese da Execução Orçamental de janeiro de 2013, o total de pensionistas já ascende a 604.360º. O aumento da incerteza e a degradação das condições de aposentação têm empurrado milhares de trabalhadores para a aposentação antecipada pressionando cada vez mais os sistemas de proteção social.

96 Peter Senge, *in* " A quinta disciplina. A arte e prática das organizações aprendentes".

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UM FUTURO PARA A GESTÃO DA FUNÇÃO PÚBLICA

Contributo de Isabel Corte Real (Ex-Secretária de Estado da Modernização Administrativa e Ex-diretora-geral do EIPA, Instituto Europeu de Administração Pública de Maastricht)

O que diferencia a gestão pública da gestão privada? O que importa salvaguardar na gestão dos recursos humanos no serviço público?

Haverão de facto características próprias das Administrações Públicas (AP) que as diferenciam do sector privado e da natureza e missão das restantes organizações?

A resposta é afirmativa, por quatro razões fundamentais:

- Os problemas que têm de ser equacionados pelas administrações são complexos e não podem ser resolvidos por organizações ou indivíduos isoladamente: exigem ação concertada, horizontal e verticalmente por diferentes sistemas e subsistemas de serviço público;
- Os cidadãos, têm um papel triplo em relação à AP: i) São utilizadores de serviço, tendo por isso um papel similar aos compradores de qualquer serviço privado, ii) são coautores de escolhas públicas, mediante a eleição dos representantes políticos, iii) são ainda financiadores dos serviços públicos como contribuintes;
- Questões que aparentam ser imateriais como a igualdade de oportunidades, imparcialidade e justiça formam parte do dia-a-dia da gestão;
- A AP não está isolada no fornecimento de serviços. Cada vez mais estes são objeto de privatização. Contudo, as administrações têm um papel único na formulação das políticas. Apoiam os que detêm o poder político na tomada de decisões: as APs devem antecipar problemas e propor soluções, devem ser ativas, apoiar a formulação das políticas e do direito contribuir para a resolução de crises e controlar os resultados. Devem garantir a continuidade e estabilidade de prestações em particular quando há rotação de poder ou quando há catástrofes e falhas de mercado.

Para poderem funcionar, as administrações têm de contar com profissionais, competentes, virtuosos, com espírito de missão e capazes de resistir às pressões de lóbis e grupos de pressão, garantindo os valores da legalidade, imparcialidade, equidade e justiça, essenciais para que a sociedade confie no Estado e na Administração.

A experiência da Canadá, exposta durante o Seminário, mostra como na sua reforma foi importante a existência de uma alta função pública motivada e convicta.

Uma alta função pública com estas características preenche três condições:

- Cria confiança na *governance*. A falta de confiança na AP tem um impacto negativo na confiança no governo e no ambiente de negócios;
- Traz continuidade à prestação de serviço público e ao desenvolvimento das políticas, que excedem legislaturas;
- Viabiliza que a AP seja guardiã da memória institucional do serviço público, para solidez das soluções, baseadas em conhecimento e informação seguros.

Qual é situação no Portugal de hoje, quanto a reformas e gestão de recursos humanos?

Três aspetos merecem ser destacados:

- Houve lugar a várias ondas de reforma. A politização da função pública foi frequente. Face á atual crise, carreiras, promoções e compensações de qualquer ordem foram abolidas. Houve lugar a cortes de salários. A opinião pública não é favorável à administração, por várias ordens de razões;

- A gestão dos recursos humanos está congelada. Por isso não há verdadeira gestão. A Administração foi-se transformando numa massa amorfa, sem motivação e missão. Temos hoje um exército de 600 000 pessoas, sem haja visão alternativa. Porém a eficiência da AP é essencial para o desenvolvimento;
- A função pública, pela sua dimensão e impacto no orçamento, na economia e na sociedade deve ser vista como parte das soluções e não dos problemas do Estado. Sem uma visão de serviço, a Administração continuará à deriva. Não há democracia, um país competitivo, com a corrupção controlada, havendo uma Administração subalternizada, desprestigiada.

Será que não haverá saída para a situação atual? **Do meu ponto de vista a atual crise representa uma oportunidade**.

Discutir a reforma do Estado é uma oportunidade do Governo para racionalizar a Administração e controlar/diminuir despesa, mas também para redefinir o sistema de função pública. A sociedade e os funcionários devem saber o que se espera da função pública, que não seja exclusivamente uma política continuada de cortes, mas antes que motive e permita ver mais além. Para tal há caminhos a explorar:

- Envolver os portugueses e a sociedade na procura de soluções. O diálogo social e o consenso são muito importantes;
- É necessária uma mensagem de esperança, para que cada um ocupe orgulhosamente o seu lugar na sociedade e veja reconhecido o seu contributo;
- Assegurar competência, imparcialidade e integridade na AP. Conquistar para o processo de reforma dirigentes competentes, empenhados no serviço público, imprescindíveis para ganhar eficiência e para uma abordagem trabalhosa e racional da despesa é o caminho sustentável para a sua redução;
- Construir sobre experiências passadas e sucessos alcançados. Portugal teve um processo político único desde 1974. Ter presente que a Administração teve capacidade para lidar com várias crises e teve sucesso não é despiciendo no momento atual, podendo reforçar o moral e motivação da função pública.

Com esta noção de oportunidade, oferecida pela crise, abordarei aquilo a que chamei um roteiro para a gestão de recursos humanos, baseado em três caminhos:

- **Um roteiro para a eficiência**: muito haverá a fazer ainda na reforma da AP, sobretudo indireta, empresas públicas, institutos com regime empresarial, fundações. A questão das empresas municipais está por resolver. A das fundações mal foi aflorada. Continuam a existir duplicações de funções. As PPPs continuam a ensombrar o futuro. Só que este trabalho é minucioso, exige conhecimento, persistência e tempo. O envolvimento dos departamentos do Estado, dos seus dirigentes e de entidades públicas, como a Inspeção Geral de Finanças, viabilizariam resultados a prazo;
- **Um roteiro que se fixe nos princípios básicos de serviço público** que o distingue do setor privado: **estado de direito, equidade, imparcialidade, prestação de contas**. Não deverão ser esquecidos o reforço do serviço ao cidadão, a preocupação de oferecer um ambiente competitivo, com eliminação dos custos de contexto, indesejáveis sobretudo para as pequenas e médias empresas e a necessidade de prevenir e combater a corrupção;
- Finalmente um **roteiro que prestigie as carreiras de serviço público**: desenhar um sistema de mérito, competência e carreira para profissionais, que tenham presente o orgulho, a missão e a visão do serviço público para estar ao serviço agora e no futuro.

HOW TO REDUCE THE NUMBER OF PUBLIC SECTOR EMPLOYEES?

Contributo de José A. Cordeiro Gomes (Banco de Portugal e ISCTE)

Basically there are two complementary ways to reduce the number of Public Sector employees:

1. Redefining (and shrinking) the functions of the state;
2. Improving State performance.

To be successful both of them imply not only strategic decisions but also implementation capacity which traditionally seems to be the Portuguese Achilles' heel.

Considering the first item is more a political issue than a technical one the present contribution will only focus on the second aspect.

A. Background

The conveyed ideas result from four and half years of the author´s experience as a manager of two public entities: GeRAP, EPE – a financial and human resources management shared services public company; and, IIMF – the IT Institute of the Ministry of Finances, a General Direction within the perimeter of the central public administration.

GeRAP, a newly created company subordinated to the Ministry of Finances, had certain degree of management autonomy. Despite some restrictions it was possible to recruit human resources with suitable qualifications and competence for the job, and to define a remuneration policy based on performance.

IIMF was a traditional General Direction of the Ministry of Finances with a mean of ages of almost 50 years, a strong culture of risk aversion, a very good knowledge of the existing Information Systems as well as business and users' requirements but a lack of competences in the most recent technologies. In addition, in line with public administration entities, the IIMF didn't have any mechanism to reward or penalize performance. Furthermore, General Directors are not held accountable for any expenses regarding employees and therefore a generalized culture of permissiveness was largely adopted namely concerning evaluation and promotion procedures (typically any employee with a sufficient or high performance claimed the highest notation with the generalized acceptance of middle management).

A common difficulty to both organizations was the rules lack of stability. Any rule established today may become obsolete in the coming year. Additionally, the greater the crisis the greater are the implemented control and audit mechanisms, resulting in increasing overhead, quite often redundant and ineffective. To sum up, the general culture is one of distrust and not of accountability.

B. How to reduce the number of public sector employees through the improvement of performance?

Based on the previously described experience, we may conclude the problem has multiple sources and its solution requires an intervention at different layers of the decision structure.

Having in mind the intervention of Professor Bouckaert in the Public Governance conference, public sector performance may be measured at three levels:

1. Macro (global Governmental level);
2. Meso (sector Policy field level);
3. Micro (single organization Transactional level).

Applying this archetype to the enounced question, the following perspectives may be considered:

1. Macro level – The way the State works:

a. Promote law stability and consider integrating, harmonizing with private sector and simplifying human resources concerned legislation. Changes must be the exception, not the rule (the experience of Netherlands may be a good example where decisions to change the law are only taken after having an opinion of public officials concerning their impacts);

b. Integrate control and auditing procedures, mechanisms and entities;

c. Integrate horizontal functions through both process normalization and shared services;

d. Enforce contract based relationships and transparency among public entities, reducing over-bureaucratic and centralized mechanisms;

e. Enforce global strategic and governance mechanisms and the benchmarking with other public or private successful experiences.

2. Meso level – Sector organization and management

   a. Harmonize, redesign and automate processes taking into account both quality of the services provided to citizens and the facilities provided by new technologies. New processes must also contain supporting, auditing and control functions;

   b. Measure performance (productivity; quality; effectiveness) and implement transparency;

   c. Evaluate and take decisions based on the total cost of ownership (TCO) and not only on actual costs before deciding to build in-house or to outsource a service or a system;

   d. Implement contract-based management, evaluating costs and results, and giving autonomy to managers, including the ability to reward and penalize staff;

   e. Implement and promote sector strategic and governance mechanisms.

3. Micro – Transaction level

   a. Improve human resources quality;

   b. Motivate people;

   c. Change the current culture of absolute risk avoidance;

   d. Attribute goals, means and responsibilities;

   e. Standardize the classification of working functions. Build and review periodically (at least once a year) the employee job description (one sheet per employee), which must include the work to be achieved, the required knowledge, eventual training needs, the expected outcomes and the evaluation criteria;

   f. Promote individual and team performance, penalizing and rewarding whenever required.

C. Hints from the practice

1. Take realistic decisions and be assertive and persistent enough in order to implement reforms;

2. Consider to build a ministry pattern (designed from scratch) and replicate it;

3. Implement a Public Administration private cloud as a new IT shared service (savings with servers and communication costs can be superior to 50%);

4. Specialize, standardize and concentrate acquisitions and mainly contracts management. These are important areas seeking for efficiency and more transparency (quite often misunderstood with bureaucracy).

ADEQUAÇÃO DOS RECURSOS HUMANOS NO SETOR PÚBLICO: APONTAMENTOS SOBRE UMA EXPERIÊNCIA BEM-SUCEDIDA

Contributo de Manuel J. Vilares (Banco de Portugal e ISEGI-UNL)

A discussão da consolidação fiscal pela via da redução da despesa pública tem sido uma temática de grande discussão nos últimos anos mas em que os resultados obtidos estão muito aquém dos desejados. Duas das razões para este insucesso reportam-se à falta de uma clarificação das funções do Estado e à deficiente gestão do processo de adequação dos recursos humanos.

Com efeito, a clarificação das funções constitui um pré-requisito de qualquer reforma. De facto, a quantidade e qualificação dos recursos humanos necessários para qualquer entidade do Estado depende evidentemente das funções que lhe estiverem atribuídas.

Uma vez clarificadas as funções do Estado, torna-se então necessário adequar os recursos humanos existentes aos recursos necessários. Quando as organizações têm objetivos claros e uma estratégia bem definida, então a adequação dos recursos humanos é uma tarefa de gestão que é possível conduzir com benefícios para todas as partes envolvidas. De facto, só com recursos humanos adequados e motivados é possível ás organizações cumprirem adequadamente as suas funções. Este aspeto é valido tanto para as organizações privadas como para as públicas.

Neste quadro, afigura-se útil e ilustrativo apresentar o caso da adequação dos recursos humanos que uma grande instituição do Estado (o INE-Instituto Nacional de Estatística) conheceu no início dos anos 90 e que foi muito provavelmente a maior alteração em toda a sua história.

Em 1986 o Governo da República nomeou uma Comissão para a Reestruturação do Sistema Estatístico Nacional (SEN). Os trabalhos desta Comissão conduziram a uma profunda reestruturação deste Sistema (consubstanciada no lei n-º6/89) bem como do Instituto Nacional de Estatística. (com os estatutos aprovados pelo Decreto lei nº280/89).

Quadro 1

REJUVENESCIMENTO DOS RECURSOS HUMANOS

Grupos de idade	1989		1990	
	N	%	N	%
Até 25 anos	2	0,2%	167	22,5%
26-30 anos	93	10,7%	152	20,5%
31-35 anos	190	21,9%	126	17,0%
36-40 anos	260	30,0%	163	22,0%
41-50 anos	207	23,9%	111	15,0%
51-60 anos	87	10,0%	19	2,6%
Mais de 60 anos	27	3,1%	4	0,5%
Total	866	100%	742	100%
Idade média	**40**		**33**	

Fonte: INE

Quadro 2

AUMENTO DA ESCOLARIDADE DOS RECURSOS HUMANOS

Grupos	1989		1990	
	N	%	N	%
Ensino Primário	145	16,7%	37	5,0%
Ensino secundário	594	68,6%	557	75,1%
Ensino Universitário	127	14,7%	148	19,9%
Total	866	100%	742	100%
Nº anos escolaridade	**10**		**12**	

Fonte: INE

Os recursos humanos do INE de então eram excessivos, muito envelhecidos e com baixo nível de educação, tornando-se necessário uma profunda adequação dos mesmos. Assim aconteceu e, no espaço de dois anos, verificou-se uma forte alteração bem evidenciada no Quadros 1 e 2.

Os efetivos caíram de 866 para 742. No entanto o número de colaboradores que abandonou o INE foi muito superior (cerca de 364, ou seja 42% dos efetivos então existentes) visto que, no mesmo período, verificou-se a entrada de 240 novos colaboradores, o que permitiu reduzir a idade média e aumentar o nível de escolaridade.

Todas estas profundas alterações forem feitas sem qualquer conflitualidade social. Verificou-se, pelo contrário, uma adesão com grande entusiasmo, fator que se revelou fundamental para o sucesso do processo de reestruturação e modernização.

Houve certamente vários fatores que contribuíram para o inequívoco sucesso deste processo de reestruturação. Entre estes fatores, permito-me salientar três:[97]

1. A reestruturação foi bem preparada e documentada.Com efeito, foi publicado um relatório com todos os documentos importantes do processo reestruturação. Nestes documentos são, em particular, apresentadas e justificadas as principais opções tomadas seja em termos do SEN seja em temos do INE;
2. A reestruturação foi apresentada aos colaboradores do INE pela positiva e pela exigência. Deste modo a reestruturação foi apresentada como uma oportunidade e integrada num processo que visava modernizar e melhorar o Instituto o que permitiu conquistar para o processo os colaboradores mais dinâmicos e melhor preparados. Mas foi também bem explicado que o novo Instituto teria níveis de exigência mais elevados. Esta explicação possibilitou que os colaboradores com o perfil menos adequado tomassem a opção de não se candidatarem ao novo Instituto e procurassem emprego num outro serviço público. Todo este processo decorreu sem atritos e passados cerca de seis meses a esmagadora maioria destes colaboradores estavam já colocados noutros serviços públicos para o que contaram com o apoio do próprio INE;
3. A reestruturação foi implementada com o apoio e o envolvimento significativos dos colaboradores mais dinâmicos e da própria comissão de trabalhadores do Instituto, tendo contado igualmente com o apoio inequívoco do governo. Estes apoios permitiram controlar os boatos e informações catastrofistas, tendo simultaneamente contribuído para um ambiente de confiança e de motivação.

Como notas finais, são de referir duas. Em primeiro lugar, apesar de as alterações ocorridas terem mais de vinte anos, considera-se que os princípios que estiveram na base do sucesso da reforma se mantêm atuais. Em segundo lugar, considera-se que numa primeira fase deveria proceder-se à reforma de grandes instituições do Estado. O sucesso destas reformas permitiria constituir exemplos de boas práticas que numa segunda fase seriam seguidos pelas demais instituições do Estado.

97 Como advertência para o leitor, deve salientar-se que o autor deste documento foi o Presidente da Comissão de Reestruturação do SEN e o Presidente do INE no período 1986-1992. Se esta dupla qualidade lhe permite ter um conhecimento aprofundado do processo de reestruturação, pode também afetar a imparcialidade na avaliação.

COMO REFORMAR O ESTADO E A ADMINISTRAÇÃO PÚBLICA?

Contributo de Fausto Quadros (Universidade de Lisboa)

1. O enquadramento da Reforma do Estado

O debate que há meses se iniciou sobre a Reforma do Estado tem padecido de muitas insuficiências e de muitas imprecisões. Desde logo, a terminologia utilizada mostrou que por vezes não se sabia bem de que é que se estava a tratar. Foi o caso das expressões "refundação do Estado" e reforma das "funções do Estado", que não figuram no léxico da Reforma do Estado propriamente dita. O Banco de Portugal e a Fundação Calouste Gulbenkian organizaram um bem cuidado Colóquio sobre a Reforma da Administração Pública. Na sequência disso, deram oportunidade aos participantes nesse Colóquio de, por esta via, divulgarem posteriormente as suas ideias sobre a matéria. Merecem felicitações pela iniciativa, pouco vulgar em Portugal, e é nesse quadro que escrevemos estas breves linhas.

Desde a restauração da Democracia em Portugal, em 1974, nunca se discutiu em Portugal a Reforma do Estado. A premente urgência, imposta pela crise, de se ter um Estado ao mesmo tempo mais poupado, mais transparente, mais disciplinado e mais eficaz na prossecução do interesse público e das atribuições que a Constituição lhe impõe, exige que se descubra, agora e depressa, o modelo de Estado que se encaixa naqueles requisitos. É preciso ter consciência de que o facto de a crise conceder prioridade ao reexame da intervenção do Estado no domínio social (é a chamada Reforma do Estado Social) reclama que se dê comece por essa reforma, sobretudo para que o Estado modele a despesa pública de modo a que não seja atingido o mínimo ético em matéria de direitos sociais, mas não nos permite que nos esqueçamos de que essa reforma só será eficaz se a integrarmos numa reforma global do Estado, incluindo nela, obviamente, a Reforma da Administração Pública. E é preciso ter em conta não só que a Reforma do Estado era exigida no Acordo com a troika como a principal reforma estrutural, como também que essa reforma contribui tanto para a redução da despesa, porque o Estado fica a poupar com um Estado menor e mais eficaz, como também para o aumento da receita, porque um Estado menor, mais transparente e mais ágil é mais produtivo.

Sobre a Reforma do Estado é importante saber-se o que pensam os partidos políticos, os parceiros sociais e os agentes económicos. Mas não se pode deixar de fora, como infelizmente está a acontecer, as Universidades, as instituições científicas que se têm dedicado entre nós ao estudo da Reforma do Estado, as Organizações Internacionais de que Portugal é membro, como é o caso da OCDE, ou instituições como o Instituto Europeu da Administração Pública e o Instituto Internacional de Ciências Administrativas, que tem uma associada em Portugal.

2. Como, em concreto, reformar a Administração Pública em Portugal?

A Reforma da Administração em Portugal deve, para começar, atender às suas características específicas. Experiências alheias são um bom e necessário ponto de referência, mas há que resistir à tentação, fácil mas errada, de se as transferir para o nosso País.

Pensamos, dentro do pequeno espaço de que dispomos para enunciarmos as nossas ideias, que a metodologia a adoptar deve obedecer a um sistema lógico e coerente, que, em grande síntese, se enuncia nas seguintes linhas:

- Para começar há que definir o que deve ficar para os sucessivos níveis da Administração Pública previstos na Constituição, isto é, a Administração do Estado (primeiro a Administração direta, tanto a Administração Central, como a Local, depois a Administração indirecta), a Administração autónoma, a Administração por privados. Esta última, porque não integra a Administração Pública, deve ficar de fora desta reflexão sobre a Reforma da Administração Pública;
- Depois, há que rever a Administração Central directa do Estado em termos de se eliminarem das estruturas dos Ministérios as Direções-Gerais, as hierarquias e os serviços públicos inúteis

e repetidos. De seguida, haverá que verificar quais dos serviços da Administração local do Estado podem ser transferidos para a Administração autónoma autárquica, o que inclusivamente aumentará a descentralização nas autarquias locais;

- De seguida, há que reexaminar a Administração indirecta do Estado, de forma a se extinguirem os institutos públicos e as empresas públicas inúteis ou repetidos, ou, quando for o caso, se fundirem os institutos e as empresas públicas que são complementares entre si, o que é recomendado particularmente quanto às empresas públicas do domínio dos transportes. No que toca aos institutos e às empresas públicas que sobrevivam, deverá reduzir-se a sua estrutura orgânica e administrativa ao mínimo indispensável para a prossecução das respectivas atribuições: por exemplo, é possível reduzir-se o número de vogais dos Conselhos de Gerência ou de Administração sem prejuízo para a eficácia da sua acção;
- Depois, será necessário rever a estrutura das autarquias locais. Para começar, é possível eliminar muitas empresas públicas municipais, que foram, na sua grande maioria, criadas como duplicação de serviços municipais. Além disso, há que simplificar a estrutura orgânica e administrativa das autarquias. Por exemplo, é possível reduzir-se o número de vereadores das câmaras municipais e o número de eleitos para as assembleias municipais. Aliás, esse emagrecimento da Administração autárquica é imposto, nesses termos, pelo Memorando de Entendimento com a *troika*;
- No que toca à função pública, é imperioso que compreendamos que o País não pode dispensar-se de ter uma Administração Pública eficaz e produtiva e que isso não se consegue com funcionários públicos desmotivados e desproporcionadamente atingidos nos sacrifícios que lhes são impostos. Por isso, não se pode virar o País contra os funcionários públicos. Há que dar aos funcionários uma expectativa de carreira, é necessário encontrar formas justas de dispensa dos funcionários excedentários e não se pode sobrecarregar mais os encargos dos funcionários reformados;
- Especial atenção devem merecer na reforma as entidades reguladoras. O Estado tem que lhes garantir total independência. Não há regulação sem independência. Quando as entidades reguladoras estão dependentes de superintendência ou de tutela do Estado, como hoje acontece com a grande maioria delas, o Estado está a aparecer, ao mesmo tempo, como jogador e árbitro no espaço da concorrência. Ora isso não pode acontecer.

Haveria muito mais a dizer. Mas ficam aqui algumas ideias para uma primeira reflexão.

SESSÃO PARALELA II:
EXCESSIVE SPENDING AND ARREARS, WITH AN EXAMPLE FROM THE HOSPITAL SECTOR

Moderador: João Carvalho das Neves (ACSS, Ministério da Saúde)

O problema

A existência de pagamentos em atraso por parte da Administração Pública constitui um factor de perturbação da gestão e de descontrole da despesa pública. A área da saúde tem contribuído de forma significativa para essa situação de pagamentos em atraso.

Há, desde logo, que definir o que constitui "pagamento em atraso": parte da dívida com mais de 90 dias face à sua data de vencimento normal. Os hospitais surgem como os principais causadores desses pagamentos em atraso ("arrears" na terminologia técnica em inglês).

Em 2005, ocorreu a última regularização de contas, pelo que os 3000 milhões de dívida em atraso no final de 2011 correspondem a um acréscimo médio anual de mais de 400 milhões de euros à dívida. Importa saber como se gerou esta situação. Um primeiro factor foi a lógica de desorçamentação. A empresarialização dos hospitais (primeiro denominados SA e depois EPE, designação que ainda se mantém) tornou a gestão (potencialmente) mais flexível mas passou a permitir a acumulação de dívidas fora do perímetro orçamental.

O segundo factor é a administração pública funcionar com base numa lógica contabilística de "caisa", que favorece a não inclusão imediata de facturas no sistema de pagamentos.

Um terceiro factor na geração de dívidas e pagamentos em atraso pelos hospitais é a falta de pagamento pela ACSS dos contratos programa na sua íntegra.

Os contratos programa são pagos a 85% do valor orçamentado, pelo que os hospitais não têm capacidade para cumprirem o próprio contrato programa. Sendo necessário realizar a despesa orçamentada, mas não paga, é contraída dívida por não pagamentos aos fornecedores.

Este aspecto gerou uma cultura em que sistematicamente se dá menos do que as instituições vão precisar, o que gera nestas a cultura de gastar, criando dívida, porque um dia alguém irá pagar.

A este aspecto cultural adiciona-se outro, o da tomada de decisão política sem fundamentação técnica e sem fundamentação financeira. Nesta cultura gerou-se excesso de capacidade no sector hospitalar.

A contribuição deste aspecto cultural para a criação sistemática de nova dívida (que depois passa a pagamentos em atraso) é potenciada, aumentada, pelo excesso de descentralização da capacidade de fazer investimentos vultuosos (como equipamentos pesados e sistemas de informação sem interoperabilidade), tendo como contrapartida um excesso de centralização para pequenas despesas (por exemplo, limpeza de lixo). Depois de iniciados os procedimentos burocráticos junto da Direcção Geral do Orçamento para a realização da autorização de despesa, normalmente realiza-se a actividade ou despesa, que se regulariza depois da autorização ser concedida.

Explorados os aspectos estruturais que dão origem a uma criação contínua de dívida, interessa saber se a actual Lei dos Compromissos constitui a solução para as dívidas no campo da saúde.

A opinião gerada é no sentido de a legislação ser desadequada do enquadramento e das necessidades de gestão, não tendo em conta a especificidade da despesa do sector da saúde. O aspecto específico crucial é a despesa não ser controlada, ou controlável, à priori no que depende da ocorrência de doença (por exemplo, no caso de consumo de medicamentos).

Em termos de necessidades de gestão não faz sentido ter processos de decisão baseados em fundos disponíveis a três meses. A gestão não se faz a três meses. Por exemplo, de acordo com a lei, um hospital não pode assumir compromisso de aquisição para um ano de serviços como segurança, alimentação, limpeza, etc.

Um corolário deste aspecto de funcionamento a três meses é a dificuldade de realizar decisões de investimento de uma forma racional, uma vez que nas condições actuais o investimento tem que ser realizado a partir do orçamento corrente.

Outro aspecto é que o ano não pode terminar a 31 de Dezembro, para efeitos de gestão. Por exemplo, em Outubro de um ano, o orçamento para o ano seguinte ainda não é conhecido mas já se está dentro dos três últimos meses do ano. Os fundos disponíveis a três meses, nos últimos meses do ano, têm que incluir os primeiros meses do ano seguinte, mas essa informação pode não estar disponível.

Os organismos acabam por entrar em incumprimento no fornecer de informação. De outro modo, estritamente, teriam de parar a actividade. No caso de contratos tipicamente anuais acabam por se aceitar situações formalmente trimestrais, para cumprimento das normas, para informalmente ser mantido o compromisso anual.

Há uma distorção no modo de gerir para conseguir respeitar as regras.

Sobre a capacidade da Lei dos Compromissos em mudar a cultura de despesa, a resposta é um talvez. É ainda cedo para saber se está a ocorrer, com a informação presentemente disponível.

Sobre se a Lei dos Compromissos é suficiente para acabar com o problema de criação de dívidas, a resposta é não. Sobre se a Lei dos Compromissos é necessária para acabar com o problema da criação de dívidas, a resposta é não.

Soluções

Para contrariar o crescimento dos "pagamentos em atraso" há que alterar os procedimentos contabilísticos e passar a ter no balanço todas as dívidas que estão previstas.

A solução para o terceiro factor apontado consiste em pagar os contratos programa a, pelo menos, 95% e exigir o cumprimento das regras estabelecidas.

A cultura de gastar é um factor difícil de alterar. Deve-se iniciar pela modificação dos factores facilitadores dessa cultura. Em concreto, deverá rever-se a centralização actual de decisões de gestão, e ter o controle de despesa organizada de outra forma (por exemplo, com emissão de nota de compromisso sem ter que ir à Direcção Geral do Orçamento).

Sugere-se a criação de uma lei do investimento, para que haja um orçamento para gerir num horizonte plurianual e adequar a lei dos compromissos a algum tipo de controle da despesa (a ser definido).

Em termos de soluções, foram exploradas preliminarmente outras ideias, como uma trimestralização do fluxo de receitas certas, como forma de adequar a lei dos compromissos em termos de despesa.

Outra possibilidade será a utilização de um registo de despesa verificada a cada três meses, fazendo uso das tecnologias de informação para o fazer de forma instantânea. Foi igualmente sugerido o cabimento como nota de encomenda, aproveitando procedimentos já existentes.

Não foi disputada a necessidade de se exercer controlo sobre a despesa realizada e se limitar a capacidade de criação de dívida.

A Lei dos Compromissos deverá ser aperfeiçoada por forma a não inibir a capacidade de gestão, mantendo a característica de controlo da despesa.

SESSÃO PARALELA III:
PUBLIC SECTOR ACCOUNTING, MANAGEMENT INDICATORS AND BUDGET CONTROL

Moderador: Paulo Trigo Pereira (Instituto Superior de Economia e Gestão /UTL)

Introdução

Portugal tem, no período democrático, uma história de défices públicos e, em geral, de má gestão das finanças públicas, independentemente de qual o apoio partidário dos vários governos. Por exemplo, o 18º Governo Constitucional apresentou em 2010 o Programa de Estabilidade e Crescimento (PEC) que foi seguido de duas actualizações / revisões durante esse mesmo ano (conhecidas como o PEC-II e o PEC-III). Já sob a gestão do actual 19º Governo Constitucional, a execução do Orçamento de Estado para 2012 também apresentou desvios muito significativos em relação ao Orçamento inicialmente aprovado. Por essa razão, foi necessária a aprovação, em curso de ano, de dois Orçamentos Rectificativos (14 de maio e 20 de dezembro).

Frequentemente, a má execução orçamental é o resultado de cenários macroeconómicos irrealistas e demasiado optimistas. Por isso, são essenciais melhoramentos no processo de preparação orçamental. Não foi esse, no entanto, o foco da sessão, que foi dedicada à questão complementar do controlo da execução orçamental, através da sua melhor monotorização. Para tal, os aspectos cruciais a ter em consideração são o sistema contabilístico das entidades do sector público, e a sua implementação prática, na medida em que condicionam fortemente a disponibilização de indicadores de gestão, e indicadores de alerta avançados sobre desvios orçamentais. Em particular, a disponibilização destes últimos permite que os decisores políticos (Ministério das Finanças, ministérios sectoriais, governos regionais e autarquias locais) tomem consciência, em tempo útil, de eventuais desvios na execução orçamental. Adicionalmente, a existência e a divulgação de tais indicadores permitem melhorar a transparência da ação governativa perante a sociedade civil.

Uma selecção de questões relevantes

O facilitador da sessão colocou aos participantes na sessão um conjunto de seis questões:

- Quais são os principais intervenientes e interessados (stakeholders) da informação sobre a execução orçamental?
- Quais as características importantes da informação disponibilizada? Estão elas presentes na informação divulgada na Síntese de Execução Orçamental mensal?
- Que indicadores de alerta precoce devem ser escolhidos para detetar os desvios orçamentais?
- Devem o Ministério das Finanças e/ou o Conselho das Finanças Públicas fazer trimestralmente previsões do défice anual?
- Que mecanismos devem ser desencadeados quando se verificar um desvio orçamental?
- Os atuais sistemas de informação estão preparados para dar uma resposta adequada aos procedimentos de monitorização e controlo orçamentais?

Discussão

Em termos de sistema contabilístico, foi destacado que o POCP ainda não é plenamente utilizado por todos os serviços da administração pública. Adicionalmente, o desdobramento do POCP em vários planos sectoriais, não totalmente articulados entre si, pode dificultar a sua implementação e posterior utilização enquanto ferramenta de controlo orçamental. Foram, no entanto, assinalados pelos participantes os significativos progressos realizados nos últimos anos, bem como a expectativa de uma cobertura a 100% da contabilidade patrimonial em 2014.

Foi frisado que Portugal enfrenta um problema de controlo orçamental e não um problema de obtenção de informação, que resulta de um sistema mal concebido de orçamentação descentralizada assente em diferentes standards contabilísticos (contabilidade de caixa, POCP e normas internacionais de contabilidade no sector empresarial), com poucos organismos a dispor de um controlo de auditoria (interna) eficiente, a que acresce um grande número de sistemas de informação (ver a este propósito a extensa listagem de sistemas informáticos existentes no Quadro 2 do anexo A1 do Relatório do Orçamento de Estado para 2013, pp. 216-8). A Lei dos Compromissos surgiu da dificuldade dos sistemas de informação e controlo atualmente em operação conseguirem efetivamente impedir a acumulação de pagamentos em atraso. Esta situação deverá ser ultrapassada quando o POCP estiver completamente implementado e os sistemas de informação forem adequados ao novo contexto.

Em termos de controlo orçamental, é essencial envolver três vértices distintos, mas convergentes em termos dos objetivos da política orçamental: orçamentação, contabilidade e auditoria. É um erro pensar-se que os desvios orçamentais devem ser detetados ao nível macro. A deteção dos desvios e o desencadear de uma reação corretiva imediata deve ser feita ao nível micro, o que exige uma gestão profissional, que possa ser responsabilizada pela execução do orçamento. Foi referido o caso Britânico da reforma das escolas iniciado em 1988. Foram necessários 7 a 8 anos para que os professores aprendessem a gerir as suas escolas, recebendo formação para adquirirem competências relativas à elaboração e gestão dos orçamentos. A reforma foi um sucesso, sendo atualmente inconcebível um retrocesso para uma gestão centralizada. Nesse sistema os desvios são detetados (e corrigidos) ao nível de cada escola e não apenas do agregado das despesas do Ministério da Educação.

A responsabilidade pela gestão financeira não pode ser apenas atribuída aos serviços centrais da Direção-Geral do Orçamento, mas deve passar a ser atribuída ao nível micro. Essa gestão deve ser apoiada em contabilidade analítica ao nível local que permita determinar o custo total de um dado serviço público (*full cost accounting*).

A ideia de que o orçamento deveria ser um efetivo instrumento de gestão foi destacada. Na prática, atualmente não o é. A título de exemplo, referiu-se o caso das cativações, que são decididas a nível central e não permitem ao responsável pela gestão do organismo a possibilidade de este reduzir a despesa nas áreas que ele considere serem as mais apropriadas. Esta condicionante ocorre também em relação a decisões sobre o financiamento por via de receitas próprias. Adicionalmente, importa salientar que uma efetiva gestão a nível micro precisa de ter em conta o montante de recursos disponíveis para os próximos três, quatro anos, ou seja, o orçamento deve assumir um carácter verdadeiramente plurianual. A propósito do desconhecimento das responsabilidades futuras, foi sugerido que anualmente se publicasse no Orçamento do Estado o montante de responsabilidades financeiras que o Estado irá incorrer no futuro com os atuais pensionistas.

Em síntese, concluiu-se que será necessário aperfeiçoar o processo de orçamentação, responsabilização (*accountability*) e controlo, bem como a interligação entre estes três vértices.

INFORMAÇÃO ORÇAMENTAL E INDICADORES DE ALERTA

Contributo de Emanuel Augusto dos Santos (Banco de Portugal)

O Presidente da sessão **"Contas do Setor Público, Indicadores de Gestão e Controlo Orçamental"**, colocou aos participantes seis questões que, por falta de tempo, não foi possível responder a todas. Aproveita-se agora a oportunidade de o fazer, seguindo a ordem das questões.

1. Quais são os principais intervenientes e interessados (stakeholders) da informação sobre a execução orçamental?

Num mundo globalizado como o atual, onde os mercados financeiros detêm um papel decisivo na determinação das condições de acesso e de custo do financiamento necessário ao desenvolvimento da atividade económica, a informação sobre a evolução das finanças públicas assume uma dimensão crítica para a tomada de decisão dos investidores nacionais e estrangeiros. Assim, a informação sobre a execução orçamental tem muito interesse para os analistas e investidores dos mercados financeiros. As instituições internacionais de que Portugal é membro – FMI, OCDE e União Europeia – estão naturalmente também interessadas em acompanhar de perto o desenvolvimento da situação orçamental portuguesa. No âmbito nacional, contam-se as administrações públicas, designadamente autarquias locais e governos regionais, assim como os órgãos de controlo e fiscalização, incluindo o Tribunal de Contas, a Unidade Técnica de Apoio Orçamental (UTAO) da Assembleia da República, o Conselho de Finanças Públicas, a Inspeção-Geral de Finanças e as diversas inspeções setoriais. Com objetivos analíticos, podemos acrescentar os departamentos de estudos económicos dos bancos em geral e, em particular, do Banco de Portugal, e também de centros de ensino e investigação especializados nas áreas da economia e das finanças. Como veículos de informação, importa ainda referir os órgãos de comunicação social.

2. Quais as características importantes da informação disponibilizada? Estão elas presentes na informação divulgada na chamada Síntese de Execução Orçamental mensal?

A informação orçamental deve gozar das propriedades geralmente requeridas para as estatísticas oficiais, isto é, ser acessível, atempada e pontual, abrangente, relevante, coerente e rigorosa. O Boletim Mensal de Execução Orçamental publicado pela Direção-Geral do Orçamento (DGO) conheceu, desde 2005, significativas melhorias que permitem fazer uma avaliação genericamente positiva da informação divulgada. Os dados da execução orçamental numa base de caixa podem ser acedidos todos os meses através da Internet nas datas anunciadas pela DGO. O universo foi alargado e hoje estão cobertas todas as administrações públicas, incluindo as empresas públicas reclassificadas no perímetro orçamental. As contas são apresentadas por subsetores e de forma consolidada para as administrações públicas. Mais recentemente, os montantes em dívida dos serviços e organismos públicos também passaram a ser publicados a nível agregado. O sistema de informação contabilístico ficará mais coerente e rigoroso quando todas as administrações públicas utilizarem o POCP (Plano Oficial de Contabilidade Pública) ou o seu sucessor a partir do Sistema de Normalização Contabilística (SNC).

3. Que indicadores de alerta precoce devem ser escolhidos para detetar os desvios orçamentais?

Os dados do sistema central de informação da despesa são suficientes para calcular os desvios orçamentais, como diferenças entre os pagamentos efetivos e os créditos orçamentais disponibilizados em duodécimos, no caso dos organismos sem autonomia financeira. Complementando esta informação com os pagamentos em atraso, é possível ter uma monitorização e controlo aceitáveis sobre a execução da despesa. Já no que diz respeito aos serviços e fundos com autonomia financeira dispondo, em muitos casos, de receitas próprias, são necessárias regras e indicadores de alerta específicos que conjuguem os fluxos de entrada e de saída de fundos.

A experiência de 2012 mostra, todavia, que não basta ter um controlo rigoroso da despesa para evitar desvios orçamentais. Com efeito, foi na área das receitas fiscais que se verificou um grande desvio, cerca de 10 por cento. Deste modo, a monitorização da receita é igualmente importante para o cumprimento dos objetivos orçamentais. Neste caso, uma previsão mensal tendo como restrição o valor anual orçamentado e levando em consideração fatores sazonais e medidas discricionárias, incluindo a alteração de taxas de impostos, afigura-se um bom guia para aferir os desvios.

4. Deve o Ministério das Finanças ou o Conselho das Finanças Públicas fazer trimestralmente previsões do défice anual?

Pode fazê-lo mas sem obrigatoriedade de as publicar. Essa tarefa seria melhor desempenhada pelos chamados *think tanks*.

5. Que mecanismos devem ser desencadeados quando se verificar um desvio orçamental?

De um modo geral, a lei do Orçamento do Estado já dispõe de mecanismos que podem ser ativados pelo Governo quando os desvios ocorrem. As cativações são, *inter alia*, um desses mecanismos. Contudo, convém considerar a necessidade de reforçar na lei de enquadramento orçamental a proibição de os governos assumirem compromissos financeiros fora dos limites aprovados pela Assembleia da República.

6. Os atuais sistemas de informação estão preparados para dar uma resposta adequada aos procedimentos de monitorização e controlo orçamentais?

Como referido na resposta à questão 2, embora o sistema de informação atual tenha já um conjunto de requisitos de qualidade razoáveis, é importante para a coerência e a eficiência da monitorização e controlo orçamentais alargar a aplicação de um plano de contas de tipo empresarial a todas as administrações públicas. O processo de implementação de um tal plano está em curso e, tratando-se de uma solução *in-house*, pode e deve ser moldado à medida (*customized*) e para satisfazer as necessidades de gestão orçamental.

SESSÃO PARALELA IV
TAX ADMINISTRATION

Moderador: João Amaral Tomaz (Banco de Portugal)

Overview

Responding to the challenges of the current reform of the Portuguese revenue body ("Autoridade Tributária e Aduaneira", or AT), the participants discussed the organizational issues, the enhancing of tax governance and the need to reduce the errors in tax revenue forecasting.

Opening the debate, the chair/facilitator quoted Douglas Shulman, the Chairman of the Forum on Tax Administration:

"In today's rapidly changing environment, revenue bodies are being asked to do more with less, to take on new tasks, and at the same time ensure that governments have the revenue they need to finance important programmes that benefit their citizens. The recent economic crisis has accentuated these pressures…"

Fiscal consolidation has become more urgent and some countries, such as Portugal, need to increase tax revenue as a complement to the reduction of public expenditure.

Furthermore, the reform and modernization of the AT is an ongoing process which largely reflects the government's options under the Memorandum of Understanding (MoU) of the Economic Adjustment Programme for Portugal. A lot of decisions have already been taken and the programme in the tax area is broadly on track.

The debate focused on three broad topics:

- How to reform and modernize Portuguese revenue administration
- How to improve governance
- How to minimize errors in tax revenue forecasting

In order to provide a short summary of each topic, some indicative points were also added.

In this context, the reform of AT towards better tax governance, along with strict control and reduction of administrative costs, has been broadly welcomed, if this goes hand-in-hand with reducing the costs of compliance for the taxpayers and profound simplification of the tax system.

The participants were of the opinion that it is necessary to bridge the gap between what is optimal and what is feasible, especially in the short run, taking into consideration the specificities of our country, since different tax administration models need to transposed carefully and many of the components of institutional reform take time to establish.

The participants were urged to bear in mind that revenue administration's ultimate goal and core strategic objective is securing the accrual of tax revenue. The participants agreed with the need to increase the AT's efficiency while enhancing the fairness of revenue administration.

The considerable improvement in the Portuguese revenue administration over the last few years was largely recognized, including its modernisation, the extensive use of ICT and the changes of procedures, new processes and methodologies in the areas of audit and enforcement.

As the full integration of tax and customs is only at an initial phase, the discussion focused mainly on the potential advantages and disadvantages of the unification of those departments.

A large consensus was found on step-by-step amalgamation and the potential net benefits in the medium/long term, due to compliance improvement, reduction of business costs and governmental revenue collection costs.

However, some participants expressed concerns about the potential loss of efficiency during transition; the risks of increased costs before any savings were achieved; and the cultural differences between tax and customs administrations.

The main conclusion that emerged from the debate was that the merger had been welcomed, very cautiously, as a logical development, providing benefits to the government and reducing taxpayers' compliance costs; there was a clear preference for step changes versus a "big bang" approach; it was too early to draw a definitive conclusion about the merger.

The pros and cons of a unified collection of taxes, customs and social contributions into one point of collection was also discussed, assuming as a prerequisite the prior approximation of the assessment bases of social contributions and personal income taxes.

Some of the participants have argued that the operation of separate departments raises inefficiency, ineffectiveness and increased compliance burden for taxpayers, but the risks are also important.

There was full consensus about the advantages of improving collaboration and bolstering the exchange of information between the revenue administration and the social security administration, irrespective of the decision over merging those departments.

Concerning the emerging trend for revenue bodies to create specialist/dedicated operational units, for example large taxpayer offices, high net worth individual taxpayers, the participants were of the opinion that in principle the segmentation is a good decision.

However some participants were of the view that tax enforcement needs to be accompanied by fostering compliance and reducing complexity.

The discussion of benchmarks and measures to improve the AT's governance was also very open and positive.

To reduce the direct costs of running the tax system at the same time as reducing the cost of compliance for business is an increasingly common policy concern, and the participants stressed their support of reducing the AT cost base, in particular through the downsizing trend of closing a large number of local tax offices, driven by a variety of imperatives: greater efficiency; expenditure reduction, MoU…

However it was noted that, given the current situation, attempts to increase revenue while containing costs need to be carefully balanced against the risk of a long-term erosion of voluntary compliance and trust. Some of the participants stressed that it would be very difficult to reconcile the closure of tax offices with the tax illiteracy among the elderly living in rural areas.

The AT has been given too many non-tax responsibilities and a tighter focus on its core business was suggested.

Tax audits have positive behavioural effects and the detection of evasion/mistakes has large effects on tax compliance behaviour the following year but is very costly. It was suggested that enforcement resources may be better spent on expanding third-party reporting, as a highly effective instrument for reducing the under-reporting of income, and the importance was also stressed of setting the right incentives for voluntary tax compliance.

The measures recently implemented in Portugal towards enhancing tax governance, including use of third-party information to reduce under-declaration, invoices, and the near-compulsory use of electronic payments to fight the shadow economy, seem to be moving in this direction.

Fostering voluntary compliance was broadly recognized as a key goal for the new unified department, since the greater the degree of voluntary compliance, the lower the cost of revenue administration.

The share of unpaid taxes relative to annual tax revenue in Portugal is one of the highest among OECD counties.

Obviously the crisis has aggravated compliance problems. Nevertheless, quoting John Brondolo:[98]

98 John Brondolo, "Collecting Taxes During an Economic Crisis: Challenges and Policy options", IMF Staff Position Note, July 14, 2009.

> "[...] tolerating noncompliance is not an appropriate response to the crisis because it is distortionary, inequitable, and, perhaps, most importantly, hampers the rebuilding of tax bases over the medium-term".

However the participants agreed that it is necessary to align the objective of containing the growth in noncompliance with helping taxpayers to cope with the crisis.

The last point was dedicated to the errors in tax revenue forecasting in Portugal, taking into account its importance as an essential factor in planning the government budget.

Since any forecast error results in an inefficient design of budgets, and can, if revenues fall short of expectations, impact on the level of public debt, changing the system to improve the quality of forecasts was seen as urgent, considering the evidence that independent forecast institutions produce more precise forecasts in general.

The Portuguese GDP growth forecasts and the estimates of the effects of tax law changes typically lacked quality, in particular because behavioural responses are hard to predict.

The revenue forecasting error may be split into several underlying sources: errors in the macroeconomic forecasts; errors in evaluating the composition effect; and miscellaneous factors such as unexpected post-budget tax revenue changes, court decisions regarding tax law interpretation, changes in compliance activities and their success, the use of one-off measures, asset price developments (housing market).

However it is generally recognized that interpretations of the causes of the government's tax revenue forecasting errors should be treated with caution, in particular during times of economic and fiscal crises.

The forecasting models of Germany, the Netherlands and New Zealand and some examples of judgmental forecasting were analysed and discussed.

The working group on tax revenue forecasting (AKS) is an advisory board of the federal ministry of finance of Germany and has been responsible for independent forecasting since 1995. In addition to representation from the federal state and government, the group includes representatives of five institutes, Deutsche Bank, German Cities Council, German Council of Economic Experts and Federal Statistical Office.

In the case of the Netherlands, responsibility for revenue forecasting is assigned to independent research institutes. The influence of government is limited to mere consultation with the forecasters.

The treasury of New Zealand is responsible for tax revenue forecasting. However the tax administration also prepares a set of tax forecasts based on the treasury's macroeconomic forecasts. The economic and fiscal budget update has tables showing both departments' forecast figures but the treasury's forecast is the official forecast. In general the two sets of tax forecasts are close to each other. For example, in the 2012 half year economic and fiscal update, any one year from 2013 to 2016 differed by no more than around 0.5%.

The advantages and disadvantages of judgmental forecasting were also debated. Judgmental forecasting involves an individual, a small group of individuals (advisers) or an advisory board making an assessment of likely future conditions taking into account historical trends, economic conditions and other relevant factors using in particular their experience in forecasting.

There was wide consensus for a larger involvement of revenue administration in forecasting tax revenues, which generally involves a high degree of uncertainty, of overestimation or underestimation and suggestions that official estimates usually ignore behaviour responses.

However the experience of New Zealand was not recommended, as large differences between the results of government forecasts (overestimation) and AT forecasts (underestimation) were expected.

The ideal models to follow were those of the Netherlands or Germany, but a judgmental forecasting approach would also be welcome.

TAX ADMINISTRATION AND ITS ROLE ON TAX POLICY: A NOTE

Contributo de António Martins (Universidade de Coimbra)

1. Introduction

The literature usually states that a good tax system has the following features: fairness, efficiency, simplicity, revenue generation and international competitiveness.[99] A long stream of literature has been historically devoted to analyze the well known tradeoffs between these - many times conflicting - purposes of a tax system. However, the last decades brought the realization that a good tax administration is essential in the attainment of such objectives. That is, tax policy cannot be discussed without introducing a new and very relevant variable: tax administration (TA). This is not surprising, given that all kinds of tax policies are carried out by tax administrations.

For example, suppose a certain state has a wide set of Double Taxation Agreements (DTA), and this is seen as a factor that induces or facilitates internationalization of firms. However, in some cases, administrative complexities such as forms to be filled, paper proofs to be presented, or formalities that are demanded by the tax authorizes are seen as too cumbersome. If that happens, the effective application of DTA to dividends, interest, royalties and other flows can be hampered by the administrative body. Or, to present a concrete example of the Portuguese case, it is widely recognized that the attainment of the budgetary goals established by the financial assistance program that Portugal is now applying is significantly dependent on the tax receipt side and the ability of tax administration to collect the expected amount of revenue.

Given the central role of tax administration in the process of applying tax policy, the remainder of this text highlights some topics that I find important in the sense that they affect the strategic and operating capabilities of this public body.

2. Some issues related to the Portuguese tax authorities

Let me begin by stating that human and material resources used by the Portuguese TA are the crucial factor in fulfilling its role. On the human resource side, the following points merit some reflection:

i) The Portuguese TA´s staff increasingly face sophisticated audit tasks and complex and burdensome litigation on courts. It is true that a vast number of small businesses have no complex tax deals nor do they originate complex audits. However, for the, say, biggest 1000 companies that operate in Portugal, financial and tax matters are increasingly complex. As stated by Mirlees et al 2011:429)[100]

> "a high proportion of the significant legal disputes between companies and tax authorities involve the treatment of cross-border transactions. These considerations— international mobility of income and international tax competition between jurisdictions—play an increasingly central role in the design of corporate income tax systems."

ii) Training in modern developments in financial accounting, auditing practices and the cross checking of third party information is paramount to an effective audit process and for increasing the success rate related to disputes in courts. Historically, a significant number of lawsuits brought to courts by taxpayers were lost by TA because of lack of attention to legal technicalities. The need to improve this record is an important issue.

iii) But even better than resolving disputes in courts is to move into a system where a large number of disputes do not reach court stage. And here a cultural phenomenon must be highlighted. In many situations, taxpayers reclamations´, when administratively rejected by lower levels of TA staff, are almost impossible to reverse at higher levels. It is as if, even in the face of fragile foundation for tax corrections, nobody wants to assume the role of reversing decisions that are seen as revenue

99 See Slemrod J. and Bakija J. (2008) Taxing Ourselves, *A Citizen's Guide to the Debate over Taxes*, MIT Press, Cambridge Mass.

100 Mirrlees J. et al, Tax by design, Institute for Fiscal Studies, London, 2011

enhancing. I have seen many of these cases, with the inevitable consequence of increasing the courts´ backlog, reinforcing the adversarial attitude between TA and taxpayers and creating costly disputes for both sides.

iv) Two last issues on human resources: one is the positive fact that given civil servants´ increased mobility, TA could profit from catching good professionals form other state bodies. This would reinforce its ranks with lawyers, engineers, and other technical staff that would improve the auditing teams, given the increase complexity and multidisciplinary nature of many audits. Finally, in order to reduce the potential for spurious litigation, the pressure applied to tax auditors to find adjustments that revise tax to be paid is, in many cases, counterproductive. Auditors tend to dig into firms´ accounts and correct minor offences just for reaching "objectives" or benchmarks. A reappraisal of this trend would probably create a more sober atmosphere between taxpayers and the TA.

Regarding the material resources, that are also vital to an efficient TA, the following issues come to mind:

v) The Portuguese TA has been generally doing a god job with information technology. Any taxpayer feels an enormous difference the last decade in managing tax affairs; such as collecting information, tax filling duties and other obligations. This is not an area where blind investment cuts should be made. A sudden fall in investment in TA´s technology infrastructure can derail many years of good work.

vi) Also, the positive trend of rationalization of physical installations, must be carefully tempered with providing access to people with lower levels of literacy, by avoiding closing down all places where physical and personal contact can be made between TA´s staff and elderly taxpayers or the ones living in more remote areas.

vii) An area where the TA could be more proactive is in disseminating leaflets and friendly documents to improve taxpayers knowledge of their duties. As good examples, the manual for the filing of corporate income tax "*modelo 22*", or the *ofício* related to the application of VAT service location and reverse charge rules, are quite useful , with lots of examples that are helpful. In many other cases, when tax law changes, the TA could put on line documents explaining, in simple terms, and with several examples, how to comply with new rules.

ANEXO

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