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Division for Public Administration and
Development Management

Innovation and Quality in the Government of the 21st Century

Fifth Global Forum on Reinventing Government
Capacity Development Workshops
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Mission Statement

The Department of Economic and Social Affairs of the United Nations Secretariat is a vital interface between global policies in the economic, social and environmental spheres and national action.   The Department works in three main interlinked areas: (i) it compiles, generates and analyses a wide range of economic, social and environmental data and information which Members States of the United Nations draw upon to review common problems and to take stock of policy options; (ii) it facilitates the negotiations of Member States in many intergovernmental bodies on joint courses of action to address ongoing or emerging global challenges; and (iii) it advises interested Governments on the ways and means of translating policy frameworks developed in United Nations conferences and summits into programmes at the country level and, through technical assistance, helps build national capacities.

FOREWORD

The term "globalization" has many different connotations. However, any attempt to consider it solely as a trend would be to misconstrue the term entirely. To proponents and opponents alike, globalization is a force that needs to be harnessed more effectively so that the potential for good is maximized and adverse effects minimized. To varying degrees, all societies must address critical issues of internal capacity, resource constraints and economic potential that will help to determine their level of engagement in a globalized world. For better or for worse, the role of the State is now open to a level of internal and external scrutiny that is unparalleled in history.

The belief that markets and worldwide economic activity are best left to regulate themselves without State intervention suffered a serious check in the 1990s. Growing trade imbalances, skewed development of technological and technical know-how, labour migrations and the resultant brain drain from many countries have left developing countries at a tremendous disadvantage, unable to participate in the global market as equal partners with their developed counterparts. Open competition often exposed the extreme vulnerability of the systems of developing countries to world scrutiny. In the face of such enormous challenges, the role of the State is increasingly being viewed as a necessary, critical instrument for managing change, promoting policies to counter market distortions while ensuring that economic growth is promoted with equity. While free markets are the essential engines for growth, States have the ultimate responsibility for ensuring that government policies are directed towards addressing all aspects of human development – not simply economic development.

In marked contrast to traditional perceptions of the State as an all-encompassing, immutable source of national authority, the State is now increasingly more vulnerable to both external and

internal pressures to reshape its policies. Globalization has the power to transform societies at a rapid pace and over great distances, homogenizing cultures and creating demands that test the ability, resilience and resources of most governments. In an effort to refocus the needs and priorities of developing countries while accelerating the economic growth process, the world community signed the Millennium Declaration in 2000, pledging to eradicate extreme poverty by 2015. Central to this agenda is the issue of governance reform. The sense of urgency for government reinvention is driven by a set of measurable goals and targets known as the Millennium Development Goals (MDGs). The MDGs require a clear commitment from governments to choose an assertive, earnest policy agenda that directly addresses their poverty reduction goals. The alternative is to maintain the status quo and face an uncertain future.

In pursuit of the agenda for achieving the MDGs by 2015, the Global Forums have from the outset promoted the idea of reinventing government. They have encouraged the participation of all interested stakeholders in the governance debate, including senior government officials and policy-makers, representatives of civil society and non-governmental organizations (NGOs), and the private sector.

The first Global Forum, launched by the Government of the United States in Washington, D.C. in 1999, heralded the birth of a global initiative that brought the issue of governance to the forefront of the agendas of world leaders. It has been followed by Forums in Brasilia, Brazil in 2000; Naples, Italy in 2001; and Marrakech, Morocco in 2002. In recognition of the substantive support provided by the United Nations Secretariat to the Global Forum, the General Assembly adopted resolution 57/277 of 20 December 2002, extending support to future forums of a similar kind.

In light of the above, the fifth Global Forum was organized by the Government of Mexico with the support of the United

Nations Department of Economic and Social Affairs (UNDESA). Held in Mexico City from 3-6 November 2003, the Forum had as its theme, "Innovation and Quality in the Government of the 21st Century".

To promote more substantive dialogue on selected issues, the plenary sessions were followed by seven interactive capacity development workshops from 5-6 November 2003. The workshops, which formed the nucleus of the Forum discussions, were organized with the generous support of the Government of Italy through the Department of Public Administration, under the auspices of the Ministry of Foreign Affairs. The various partner institutions and entities that collaborated with the Division for Public Administration and Development Management of UNDESA in organizing the workshops included the American Society for Quality (ASQ), the Government of Mexico, Harvard University, the International Monetary Fund (IMF), Transparency International, the United Nations Capital Development Fund (UNCDF), the United Nations Development Programme (UNDP), the United Nations Human Settlements Programme (UN-Habitat) and the World Bank. More than 80 countries were represented among the Forum participants, with attendance of over 8,000 for the plenary sessions and almost 1,200 for the workshops.

The level of interest generated, the quality of the presentations by the experts, and the sharing of knowledge and information on experiences and best practices together contributed to raising the tenor of the discussions to the highest caliber. Although it is not possible to provide in-depth coverage of the workshop proceedings, the present report nevertheless encapsulates the key findings and suggested policy issues that resulted from two days of intense discussions and exchanges at the workshops. It also contains suggestions for consideration by policy-makers.

It is my firm belief that much more is achieved through a free, open dialogue process than just the sharing of information. If the transfer of knowledge and ideas can result in subtle and incremental changes in attitudes and perceptions, then the Global Forums will have done much to raise the level of awareness of the need to reinvent government. To this end, I hope that this report will be useful in furthering interest in governance reform.

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CONTENTS

INTRODUCTION

Background

Since 1999, five Global Forums have been hosted by as many governments, with the active support of the United Nations Department of Economic and Social Affairs (UNDESA). The theme for each forum was a deliberate outcome of the need to frame specific platforms that would help to address political, administrative, social and economic concerns affected by the forces of globalization and reflected in the national agenda of the host government.

The need for a global event to deal with governance issues marks a turning point in the way in which world leaders and policy-makers are increasingly inclined to relate policy initiatives and outcomes in their own countries to those of their neighbours and the global community. The relevance and implications for all concerned lend credence to the fact that for better or for worse, globalization truly affects the world community. It is therefore incumbent upon decision-makers to realize the importance of sharing their experiences and learning from others so that the burden of reform and change is shared and solutions become a collective responsibility.

Millennium Development Goals, globalization and governance

Governance is the critical factor that determines success in the achievement of the Millennium Development Goals (MDGs). Implicit in the ability to implement poverty reduction strategies effectively is the ability to link good governance with human development, both nationally and internationally, as indicated in Millennium Development Goal 8. This presupposes that the effectiveness of government policies to achieve these goals will be determined by the ability of

governments to deliver services quickly, efficiently and effectively.

The onus, therefore, is on the State. Adding to this is the issue of globalization, which is affecting the world community in various ways, requiring States to undertake a closer examination of the interdependence, relationships and partnerships among governments, civil society and the private sector. Global markets have grown at an unexpectedly accelerated pace, without allowing for necessary economic, political and social institutions to develop concomitantly in order to ensure sustainable growth. In many instances, this phenomenon has led to a rapid assessment and re-evaluation of priorities and interaction between groups, requiring the public sector to respond quickly and efficiently to society's growing needs. The increased concern of stakeholder groups in society is being further fuelled by information and communications technology (ICT), which is enabling the public to gain access to information and knowledge previously inaccessible to most people. Knowledge has led to greater demands from the public for increased participation in public affairs, challenging policy-makers and civil servants to take urgent measures to improve the delivery of services.

In addressing the varied and complex issues of governance, the Global Forum provides a unique venue for governments, representatives of civil society, NGOs, the private sector and international organizations to exchange, share and educate one another about successful and failed endeavours. Participants have the opportunity to learn about the results of individual and collective actions worldwide that are having an impact on people's lives and livelihoods. The Forum also provides an opportunity for senior policy-makers in governments to take notice of concerns raised on the global, regional and national scales – sometimes reinforcing their own assessments, at other times offering alternative solutions, and often redirecting their attention to newer and more innovative methods for consideration.

The challenge of reinventing government in order to improve governance is compounded by resource constraints in terms of both time and money. Developing countries are particularly handicapped by overwhelming budgetary considerations that tend to emphasize short-term remedies at the macro level while deflecting attention from more intrinsic, long-term, micro-level reforms in their public institutions. Short-term gains are also politically deemed to be more attractive, given that governments do not always see the value of investing in reforms that may benefit only succeeding administrations.

The debate on the costs and benefits of reinventing government is far from over. The collective wisdom of the world community offers examples of reform that are considered indispensable for achieving the MDGs. Experiences of individual States are generating discussions about reforms at the regional level through regional initiatives, networks and partnerships to bring about reforms in governance. If the impetus for reform is not sufficiently strong for a State, reform may nevertheless be given greater consideration if the State wants to participate in regional pacts and associations in order to address vital issues such as trade, ICT development and labour migration. It then becomes incumbent upon a State to take ownership of a national strategy that will make it a meaningful member of a regional alliance.

For the donor community, the Global Forums provide senior representatives from multilateral and bilateral agencies with the opportunity to take note of priorities and concerns as well as to learn valuable lessons from the world community. In a world of shrinking budgets and erratic aid flows, the challenge to the donor community is to learn to optimize results by coordinating assistance and working in tandem with government agencies at the local and regional levels so as to maximize the results from the given resources. Decades of experience have proved that it is not necessarily more money

that will solve the problems but rather how to use the existing pool of funds to the greatest advantage. To this end, the MDGs provide the best mechanism for what needs to be done and how best to collaborate in order to achieve results by 2015. The task is clearly beyond the capacity and capability of any single organization. Coordination of aid efforts will be the critical factor that drives reform efforts and helps governments to achieve the desired goals and targets adopted by the world community through the Millennium Declaration.

Advent of the Global Forums

The impetus for the first Global Forum on Reinventing Government was provided by the Government of the United States in 1999. The goal of the Forum, which was held in Washington, D.C., was to facilitate the exchange of innovations and practical experience linked to new types of democratic governance and to strengthen democratic institutions. Since then, the Global Forum has emerged as one of the most significant global events dealing with themes of importance to democratic practices. Subsequent Forums organized by the Governments of Brazil, Italy and Morocco, respectively, have focused on various themes relating to the reinvention of government. The second Global Forum (Brasilia, 2000) was devoted to "Democratic States and Governance in the 21st Century". The third Global Forum (Naples, 2001) was entitled "Fostering Democracy and Development through E-government", while "Citizens, Business and Governments: Dialogue and Partnerships for Development and Democracy" was the topic of the fourth Global Forum (Marrakech, 2002).

PART ONE. FIFTH GLOBAL FORUM

In 2002, the General Assembly requested the United Nations Secretariat and the United Nations system to support the host governments in organizing the Global Forums. Following an invitation by the President of Mexico at the fourth Global Forum in Morocco in 2002, the fifth Global Forum was organized by the Government of Mexico in Mexico City in November 2003. Its theme was "Innovation and Quality in the Government of the 21st Century".

The Division for Public Administration and Development Management of the United Nations Department of Economic and Social Affairs (DPADM/UNDESA) led the consortium of United Nations entities as well as institutions outside the United Nations system to organize seven interactive capacity development workshops as part of the Global Forum agenda. The various partner institutions and entities included the American Society for Quality (ASQ), Harvard University, the International Monetary Fund (IMF), Transparency International, the United Nations Capital Development Fund (UNCDF), the United Nations Development Programme (UNDP), the United Nations Human Settlements Programme (UN-Habitat) and the World Bank. The workshops focused on the following themes: "Building the Human Capital in the Public Sector;" "Innovation and Quality in Government"; "Public Service Delivery and Urban Governance"; "E-government"; "Innovations in Linking Decentralized Governance and Human Development"; "Accountable and Transparent Government"; and "Fiscal-transparency Reports on the Observance of Standards and Codes (ROSCs) and Other Tools for Promoting Continuing Fiscal Management Reform". DPADM/UNDESA was a member of the Organizing Steering Committee for the fifth Global Forum, representing the United Nations system.

I. THEMES

The themes chosen for the fifth Global Forum were based on the strategies contained in the Presidential Agenda for Good Government of the Government of Mexico, i.e., government that costs less; quality government; professional government; digital government; deregulated government; and honest and transparent government.

More specifically, the themes of the fifth Global Forum and the parallel capacity development workshops were as follows:

- **management innovations and public-sector capacity for good government** – capacity to manage change; vertical innovations at the micro, meso and organizational levels; horizontal innovations; processes of innovation, including creativity, strategy and application, leadership, environmental factors and sustainability; innovations and international competitiveness; performance measurement, monitoring and evaluation; core public service values; innovations at sectoral and systemic levels; diagnostic and strategic capacity for programme design and evaluation; stress on merit systems; international links as means towards the improvement of professional image and performance of the public service; simplification of procedures; labour and capital mobility; and good practices and lessons learned;

- **access to services for all** – access to urban and rural shelter and services for all; cost and affordability; government and private-sector roles in service delivery; community organization to enhance access; urban development strategies; participatory urban governance and cities without slums; urban projects of shared success; urban innovations; and good practices and lessons learned;

6

- **e-government** – policy framework for e-government, including the creation of new policies and legislation and the inclusion of more actors; organizational arrangements and national and local e-government readiness; e-government and service delivery and access; the role of e-government in enhancing participatory democracy; e-administration and back-office components, including transitioning to electronic delivery of services and quantifying the cost-effectiveness of electronic service delivery; e-learning to build talent and improve performance; and good practices and lessons learned;

- **decentralization and local governance** – legal framework for decentralized governance; transfer of authority and resources to local governments; checks and balances between central and local governments; the role of community-based organizations; decentralization and citizen participation; the role of decentralized governance in poverty eradication; decentralization and service delivery; innovations in decentralized governance; and good practices and lessons learned;

- **accountability and transparency of government** – the role of ethics in public service; sensitivity to and respect for citizens' needs, including the right to information; tools to enhance integrity in governance; anti-corruption commissions/bodies and their effectiveness; cross-border corruption and the role of multinational organizations; innovations to improve integrity and transparency in the public sector; and good practices and lessons learned;

- **fiscal accountability** – the importance of fiscal transparency; tools and methodology for better fiscal

and financial management; the role of the national audit office; decentralized fiscal management; analysis of budget systems; and the role of international institutions, governments, the private sector and NGOs in assessing and promoting fiscal management reform.

II. REINVENTING GOVERNMENT: INNOVATION AND QUALITY

It is inevitable that the process of government reinvention will continue to be driven by the inexorable pace of globalization and technological progress, spurring new efforts to reinvent government by emphasizing innovation and quality. In recognition of this phenomenon, the fifth Global Forum focused its attention on addressing crucial elements driving the imperatives of government reinvention, namely: (a) the concepts of innovation and quality with respect to reinventing government, and processes and obstacles to innovation; (b) government reinvention and essential dimensions of capacity development and public administration; and (c) partnerships between government, the private sector and civil society organizations in order to improve the delivery of services to the citizenry.

A. Concepts, processes and obstacles

One of the prime drivers of reform and reinvention is dissatisfaction with the status quo, which provides the impetus for change. Effective governments that embrace innovation and quality are those that are viewed as:

- catalysts for change;
- empowering communities to solve their own problems;
- competitive rather than monopolistic;
- mission-driven rather than rule-bound;
- results-oriented;
- customer-driven;
- enterprising in the way in which they generate revenues;
- anticipatory by taking pre-emptive action to resolve issues rather than taking preventive measures afterwards;

- decentralized; and
- market-oriented in seeking solutions rather than reliant on large government programmes.

The concepts of innovation and quality drove the reform agenda for a number of developed countries during the 1980s and 1990s. They contributed to improving the quality of the services provided to the citizenry by enabling countries to achieve more with fewer resources and to adopt fundamental changes in the way governments and institutions conducted business. These innovations included a degree of social learning that transformed the way in which societies perceived and responded to problems and people thought and acted. Most types of innovation were technological, value-oriented, organizational, legal, procedural, political or economic.

Support for embracing innovation and quality can differ widely. Regardless of political systems, the processes for change can vary according to: (a) the extent to which they are open and participatory; (b) the institutional structures through which decisions are made; (c) whether conflicts in society are being resolved through politics, the market or the use of authoritarian controls; and (d) the degree to which decision-making is transparent.

Despite the best efforts of governments, however, the processes are nevertheless subject to opposition and obstacles. Without strong, sustained political will, dedicated resources, accommodating and flexible civil service systems, and a willingness to change traditional methods of operation, any attempt at instituting change will lead to turf wars. Success in government reinvention efforts is ultimately a testament to the vision and strength of those who persevere, despite the constraints, to stay the course in the long run.

B. Key issues of government reinvention and dimensions of capacity development and public administration

It is widely acknowledged that good governance is a precondition for achieving the MDGs, thereby contributing to sustainable economic and social development. To improve governance, the most important role of the State is to develop the institutional capacity needed to guide the reform agenda effectively. The State must also channel its resources so that it can advocate and implement policies that create an enabling environment for the effective participation of the country's private sector in the global economy. However, to ensure growth with equity that addresses the well-being of all peoples – including the marginalized segments of society – States must also focus on promoting pro-poor policies to combat poverty, particularly in developing countries. Last but not least, public administration systems need to be modernized and strengthened to spur on and sustain government reinvention efforts.

C. Partnerships between government, the private sector and civil society organizations

The ultimate determination of the effectiveness of any government is the efficacy of its delivery of services. In struggling to meet the growing demands of society, States often find themselves unable to cope with the task at hand. Necessity being the mother of invention, States are increasingly willing to consider partnership arrangements with civil society organizations (CSOs), NGOs and the private sector to optimize the delivery of services to their citizenry.

The benefits of such partnerships are manifold. Active cooperation between the public and private sectors provides greater opportunities for the mobilization of resources that lead to greater public good. The harnessing of talent and expertise can also lead to the transfer of knowledge – often from the more technologically advanced and skilled

workforce in the private sector to the government sector, thereby complementing, strengthening and developing public-sector capacity.

If properly managed, these joint efforts can prove financially beneficial to both sectors by introducing economies of scale in large-scale joint ventures, by lowering the cost of implementation owing to cost-effectiveness, and by attracting donor assistance because of the potential for greater success.

1. Strengthening civil society organizations

In many developing countries, the State controls all spheres of political, economic and even social life. Under these circumstances, strengthening civil society organizations (CSOs) in the era of globalization in order to participate in economic, political and social activities will be an important litmus test for governments. CSOs have a very important function in that they not only are able to supplement the services provided by the private sector, but they also act as a check on the power of the government, distribute the benefits of economic growth more equitably within society (particularly by protecting the interests of the vulnerable groups), and help to organize the public so that it has a greater influence on public policy. A stronger role for the CSOs can therefore help to mitigate the potentially adverse impact of economic instability.

The network of social and civic institutions creates social capital that helps to facilitate economic and social development. In fact, evidence points to the fact that greater endowments of social capital are directly proportional to higher economic growth, social progress and democracy in the long run. Examples of indispensable institutions of civil society are:

- employer organizations, such as industry or commercial associations;

12

- worker organizations, such as labour unions;
- professional associations;
- policy and advisory groups to advise the government with public policy recommendations;
- the media, i.e., a free press;
- interest groups based on gender, language, religion, politics and other affiliations that represent a pluralistic society;
- local community and neighbourhood groups;
- consumer groups;
- charitable and philanthropic organizations; and
- social organizations.

CSOs not only act as a necessary bulwark against distortionary practices of the market or government policies, but they also are vital in ensuring that governments do not ignore the public-goods aspect of essential services such as health care. Efficiency and growth of these services should be judged not only in terms of profitability and modernization but also by their accessibility to the public.

2. Public-private partnerships

In a globalized economy, governments are required to produce goods and services at a rapid pace. This has necessitated increased outlays for modernizing, upgrading or building services and infrastructure, thereby placing an enormous demand on the State. By virtue of this global trend, an area traditionally considered to be an exclusively public domain is now opening up to the private sector. Governments are encouraging partnerships with private-sector firms to help to develop and expand energy and utility networks and services, extend telecommunications and transportation systems, and construct water and sewage systems and wastewater treatment facilities as well as provide health, education and other needed services. The public-private partnerships (PPPs) are undertaken through a variety

of mechanisms such as build-operate-transfer arrangements (BOTs), build-operate-own arrangements (BOOs), joint ventures, contractual and lease agreements, and informal and voluntary cooperation. In some cases, they have led to the corporatization of State-owned enterprises (SOEs) – which are mostly large, inefficient, heavily subsidized and costly – so that they are able to function more efficiently and compete with private firms, thereby enabling them to cover their running costs. PPPs are also helping to provide social services by improving and expanding the quality and area coverage of existing services.

PPPs offer numerous advantages for citizens, the government and the private sector. For the public, goods and services that they pay for are delivered more efficiently when the private sector is involved. Furthermore, competition among private firms can help to lower the cost of services – in telecommunications, housing and transportation, for example – to the benefit of the consumer.

Firms, on the other hand, benefit by greatly increasing their ability to remain flexible to meet the challenges of changing world markets, which are largely a result of the pressures of globalization. Additionally, private-sector involvement in developing essential infrastructures leads to greater access to modern telecommunications and transportation systems that facilitate international trade and investment. As for governments, PPPs help to keep costs down, streamline management and work procedures, and introduce new tools and technology that the public sector is unable to otherwise afford. Moreover, by introducing these reforms, the private sector helps the government to be more productive while taking advantage of economies of scale.

The perception of the State is beginning to change from an all-encompassing, controlling, interventionist power to one that supports and facilitates productive economic activities and creates conditions for a competitive business climate and

fair market access in a global economy while protecting the interests of all citizens. It is undeniable that reinventing government is an extremely complex, demanding task. States are required to redefine a vision for themselves with great urgency in order to shape a better future for themselves and participate more effectively in a globalized world. Achievement of this goal requires a workable strategy, single-minded exertion and sustained effort. In fact, the forces of globalization are already imposing significant changes – many of which were unforeseen – on governments that are currently ill-prepared to engage fully in the global economy. Ultimately, States must decide whether to take the lead in shaping their own destiny or be led into an unknown future as a result of not taking a more proactive role in reinventing themselves.

The Global Forums are intended to bring together issues, challenges, ideas and concepts that can impact the global discourse on government reinvention in many ways:

- First, the **exposure** provided to governance issues at the Global Forums is enormous because the Forums can reach a broad spectrum of people from all over world and from different sectors of society;
- Second, the Global Forums on Reinventing Government raise awareness of the importance of good governance, which is essential for ensuring the **effective delivery of services**;
- Third, these Forums provide an opportunity for countries to demonstrate and share **innovative ideas and strategies** for government reinvention;
- Fourth, it is equally important for the global community to **learn lessons** from one another's' experiences – not only the individual success stories but also the failures so as not to repeat the latter;
- Fifth, keeping governance issues in the forefront of the global dialogue also enables governments to **focus on**

15

priorities and needs so as to better manage their development efforts;

- Last, but not least, the Forums also provides an opportunity for the United Nations and other organizations to learn from the outcomes of the discussions in order to better target **donor coordination** efforts worldwide.

III. SUMMARY OF THE CAPACITY DEVELOPMENT WORKSHOPS

The fifth Global Forum was a four-day event from 3-6 November 2003 that attracted approximately 10,000 participants. The conference was opened by President Vicente Fox of Mexico, whose address to a full house at the National Auditorium was followed by statements from United Nations Under-Secretary-General José Antonio Ocampo; Prime Minister Goh Kun of the Republic of Korea; Prime Minister Apolo Nsibambi of Uganda; and the Secretary-General of the Organisation for Economic Co-operation and Development, Donald Johnston. The opening session launched two days of substantive plenaries that included presentations by world leaders, senior officials from governments, representatives of international organizations and practitioners. The defining theme of the Forum was "Innovation and Quality in the Government of the 21st Century".

The first two days of plenaries were followed by two days of interactive capacity development workshops that were attended by about 1,400 international and local participants. The objectives of the workshops were based on the theme "Good Government Strategies of the 21st Century", highlighting the following: building the human capital in the public sector; innovation and quality in government; public service delivery and urban governance; e-government; innovations in linking decentralized governance and human development; accountable and transparent government; and fiscal-transparency ROSCs and other tools for promoting continuing fiscal management reform.

All the workshops included presentations highlighting case studies from selected countries, provided analytical frameworks for understanding various reform initiatives, outlined issues and problems, and organized small group discussions and exercises. The two-day sessions provided

exposure to new concepts, tools and methodologies being used worldwide. The following is an overview of the premise and substantive issues of each of the seven workshops. Detailed write-ups on the objectives and key policy outcomes of each workshop are provided in the ensuing chapters.

The workshop, "Building the Human Capital in the Public Sector", was organized by UNDESA. It was designed to address the issue of strategic management of human capital in the administration of the public sector. To varying degrees, many developing as well as developed countries are currently undertaking significant reforms of the legal, policy and regulatory frameworks governing employment in the public sector. The objective of these reforms is usually to achieve greater efficiency, responsiveness and accountability in the public service through more open, flexible employment frameworks while preserving the benefits of continuity and institutional memory, which are generally considered important strengths of closed career-based systems. Therefore, a particular challenge facing many governments is how to create open, flexible employment frameworks that are also equitable and well structured and that promote the maintenance of the traditional ethos and a high level of accountability in the public service, including the impartiality and long-term perspective of civil servants.

Participants reviewed and discussed selected country practices, including lessons learned, focusing particularly on: integrated management of human capital; career and merit policies; issues of cultural transformation, such as values, ethics, professionalism, trust and esprit de corps; strategies for developing human capital; performance assessment; and policy cohesion and coordination.

The workshop "Innovation and Quality in Government" was organized jointly by the American Society for Quality, the Government of Mexico, and the Ash Institute for Democratic Governance and Innovation at the John F. Kennedy School of

Government at Harvard University. It presented analytical frameworks for understanding public-sector innovation and quality and applied them to 12 real cases from around the world. The framework for identifying innovation and understanding its evolution, sustainability and consequences – both intended and unintended – was presented by the organizers of the workshop.

The workshop was structured around six themes that corresponded to the Six Government Strategies of the Government of Mexico, namely: (a) government that costs less by reducing spending in areas that do not add value for society at large; (b) quality government that is committed to providing quality services to its citizens; (c) a professional government that is capable of attracting, motivating, developing and retaining the most qualified people in the public sector; (d) digital government that takes maximum advantage of information and telecommunication technologies to reduce corruption, increase efficiency and improve its service delivery; (e) deregulated government that eliminates red tape; and (f) honest, transparent government that inspires greater public trust and confidence.

UN-Habitat organized the workshop, "Public Service Delivery and Urban Governance," which provided an overview of local access to services and poverty reduction strategies within the framework of the Millennium Development Goals (particularly Goal 7, targets 10 and 11).[1] The problems of the poor and slum dwellers were presented not as areas for isolated assistance but rather as an integral part of national and local development strategies as well as good governance policies and practices. The workshop shared experiences of urban best practices that focused on the

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[1] Ensuring environmental sustainability by, for example, halving, by 2015, the proportion of people without sustainable access to safe drinking water (target 10) and significantly improving the lives of at least 100 million slum dwellers by 2020 (target 11).

need to bring about improvements in three closely related areas: urban governance, local economic growth and poverty reduction. The presentations on best practices highlighted institutional, political and policy changes, emphasizing comprehensive development strategies as opposed to isolated projects and reliance on the resources and strengths of the poor instead of on top-down reform efforts. The presentations recognized the importance of urban governance reforms within a participatory framework that would encourage and involve all stakeholders. The case studies also demonstrated how well-governed cities with a pro-poor focus are on track to meet the MDGs.

The main thrust of the second workshop organized by UNDESA, "E-government", was to have the practitioners address the following questions: Can ICT solutions in and of themselves make a difference in achieving development goals? Or should the reform agenda determine the requirements for ICT? The objective was to encourage both the presenters as well as participants to provide some answers based on their particular experiences. The workshop also provided an opportunity to share information and experiences about ICT solutions that are readily available to developers of e-government applications.

UNDP, in collaboration with UNCDF and the World Bank Institute (WBI) organized the workshop, "Innovations in Linking Decentralized Governance and Human Development". The workshop highlighted the fact that about 80 per cent of developing and transition countries are currently experimenting with one form of decentralization or another. This supports the contention that a decentralized system of administration has the potential to increase the range of people's choices, facilitate clear decisions, bring services closer to the people and thus make a fundamental contribution to sustainable human development and poverty alleviation. On the one hand, decentralization increases people's participation and access to decision-making, making

governments more responsive and reducing costs while providing higher-quality services. On the other hand, if the process of decentralization is not handled properly, it leaves the administration open to subversion through disruptive interference by powerful and undemocratic local elites. It can also lead to public disenchantment because of the allocation of insufficient financial resources by the central government and lack of local institutional capacity to fulfil their given mandates.

Given the overriding benefits of a decentralized system of government, the workshop focused on institutional frameworks that could facilitate and strengthen creative ways of decentralizing the public administration system, including strengthening of national rules and regulations that support a strong human rights-based approach to development programming and implementation at both the centre and the local level.

The workshop, "Transparent and Accountable Government", was organized by the World Bank in collaboration with Transparency International. The agenda focused on several themes of critical importance, including: bureaucratic corruption; State capture and good governance; transparency and internal accountability in the executive; transparency and external accountability; accountability and politics; and building ethics and integrity in government. On the one hand, the major intellectual and policy challenge was to analyse and understand the nature of corruption and compare the results with the few major breakthroughs in the fight against corruption and State capture on the other. The sessions explored experiences with the concept of new public management as an approach to accountability and effectiveness in the public sector. Their primary focus was on public financial management (transparency in the budget cycle; the strengths and weaknesses of performance-oriented budgeting and medium-term expenditure frameworks; and

public administration reform (meritocracy and new tools for ensuring ethics and integrity).

The workshop discussed the strengths and weaknesses of the system of external oversight of the executive branch of government by the legislature, the judiciary, supreme audit institutions (including anti-corruption commissions and ombudsman institutions), civil society and the private sector. It focused on the role of information in securing accountability and transparency. The participants also discussed the issue of political corruption, including party and campaign financing and the costs and benefits of political office.

The workshop, "Fiscal Transparency ROSCs and Other Tools for Promoting Continuing Fiscal Management Reform", was organized by the IMF. The agenda was to promote a wider understanding of the importance of fiscal transparency and tools to assess transparency as well as to consider fiscal transparency in the context of other instruments to promote better fiscal and financial management.

The presentations focused on a review of the work of the IMF on fiscal transparency and the methodology, experience and findings arising from country participation in fiscal modules of Reports on the Observance of Standards and Codes (ROSCs). The workshop provided an opportunity to share experiences of national governments that have participated in ROSCs and how these and other instruments have been integrated into national programmes. It also examined the role of a national audit office in internalizing the assessment of transparency practices. On the issue of modernization of public financial management systems, the workshop reviewed other tools and methodologies used to diagnose budget systems and promote improved fiscal management, including those applied by the World Bank, other donors, civil society researchers and private-sector analysts. It also examined the

relative role of these efforts in promoting and sustaining reforms. Most importantly, it identified the main findings and policy outcomes to stimulate country-led reforms and improve international cooperation in support of fiscal management reform.

The following chapters provide an overview of each of the workshops, including the objectives, key findings and policy recommendations that were reached as a result of two days of intense discussions and debate. They are followed by a brief chapter on the results of a survey that was conducted by the Government of Mexico to evaluate the fifth Global Forum.

PART TWO. CAPACITY DEVELOPMENT WORKSHOPS: OBJECTIVES AND POLICY OUTCOMES

I. BUILDING THE HUMAN CAPITAL IN THE PUBLIC SECTOR

A. Background

The workshop, organized by UNDESA, examined key global trends in strengthening the management of human capital in the public sector.   Through an interactive process, participants reviewed three critical challenges facing organizations in the rapidly evolving public-sector environment: (a) strategic management of human capital; (b) leadership development; and (c) capacity development of staff. They also reviewed and shared the latest information and experiences with respect to methodologies and good practices in creating efficient, responsive, integrated and accountable human-resource management systems in the public service.

Discussions dealt with how leaders have effectively engaged staff to face demanding problems and develop new ways of doing business and how governments have redefined competency profiles, professional behaviour and core values of public servants in light of emerging needs.   Workshop participants also discussed strategies for improving the ability of the public sector to attract, retain and develop talent at all levels, including ways of linking remuneration and promotion more effectively to skills, knowledge and performance.

B. Key findings and policy outcomes

Many developed and developing countries are currently facing a critical brain drain in the public sector, resulting in major erosion of managerial and technical capacity.   This

brain drain has been caused by a number of interrelated factors, such as more attractive remuneration in the private and non-governmental sectors, loss of pride in the concept of public service, increased politicization and decline in standards of professionalism, and gradual decay of national governance systems. Together, these factors have contributed to the lowering of the prestige of employment in the public sector. The key findings and policy outcomes with respect to the three critical challenges facing organizations in the public sector are summarized below.

1. Strategic management of human capital

Revitalizing the civil service is a considerable challenge for most countries – a challenge that will require a combination of a long-term strategy and short-term measures. By building a network of practitioners, academics, think tanks and the private sector to contribute to the development of human resource management and public-sector-related reform, governments can greatly enhance the sustainability of these efforts.

Many countries, both developed and developing and with different cultural, historical and political backgrounds, either have recently or are currently in the process of undertaking significant reforms of legal, policy, regulatory and normative frameworks governing employment in the public sector. The objective of these reforms is usually to achieve greater efficiency, responsiveness and accountability in the public service through, in some instances, more open, adaptable employment frameworks while preserving the benefits of continuity and institutional memory, generally considered important strengths of closed career-based systems.

In this context, it was thought that governments need to move towards the development of more open, adaptable employment frameworks. At the same time, they need to ensure that the frameworks are equitable and well structured

and promote the maintenance of the traditional ethos and a high level of accountability in the public service, including the impartiality, professionalism and long-term perspective of civil servants. It was acknowledged that no country could replicate the reform of another country; adaptation of reform measures to the local context would always be required. Developing countries should therefore pursue a cautious approach when it comes to the adoption of civil service systems originating in more economically advanced countries.

How the civil service system will balance the principles of political neutrality of public servants and professionalism will ultimately depend on the country's specific socio-economic and political context as well as the nature of the challenges facing the public service. While these questions are central to the design of any civil service system, there is consensus that human-resource management frameworks in the public service should always promote high ethical standards and responsiveness as well as the application of the merit principle in recruitment and promotion.

While the delegation of the recruitment of staff from central agencies, such as public service commissions, to ministries and departments has generally proved effective, the existence of adequate oversight and quality-control mechanisms in this area is essential to avoid abuse and malpractices. The delegation of recruitment responsibilities should therefore generally be devolved gradually, particularly where there is a lack of capacity to manage human resources in ministries and departments. Strong capacity for the management of human resources should be built in parallel in ministries and departments as related functions are devolved.

Owing to the evolving nature of business planning in public-sector organizations, with increased emphasis on well-defined outcomes and outputs, the strengthening of the management of human resources and the reform of financial management systems should go hand-in-hand. Reform relating to the

management of human resources and financial management should therefore be carefully synchronized to ensure satisfactory alignment in the use of these key corporate resources. The implementation of different components of reforms relating to the management of human resources should also be well coordinated internally.

Considering that the achievement of organizational goals is largely determined by the quality of the human capital, managers of human resources should play a more influential role in corporate decision-making processes. Workforce planning, for example, is becoming a critical part of the strategic management of the human capital in public-sector organizations.

In a more competitive labour environment, governments will have to develop effective strategies to recruit and retain a fair share of the best talent. They will also need to create an enabling environment and put in place appropriate incentives to promote the retention of high-quality staff in the public service. Towards this end, governments will have to devote more resources to enhancing the image of the public service.

Retaining highly qualified staff in the public sector will also require the provision of good opportunities for career development, adequate job security, competitive remuneration, education and training opportunities, recognition and reward for excellent performance, and a healthy working environment. Where work experience and institutional memory are essential for the performance of particular duties, the main principle could be to promote staff from within the civil service. The provision of career-development opportunities is probably one of the most significant factors in retaining highly qualified staff in the public service.

2. Leadership development

Leaders are characterized by their ability to mobilize people and resources to tackle tough development questions and problems purposefully and thoughtfully. Since the role of a leader goes beyond simply exercising authority, it can be performed by anyone in an organization or a group.

Leadership generally involves the management of an intensive learning and trust-building process. As change usually encompasses uncertainty and, at times, conflicts, a leader must engage staff to face demanding problems and to develop new ways of doing business. How people are engaged, treated and developed in the change process will ultimately determine whether reform efforts are successful. The role of the leader is to identify the adaptive challenges, to mobilize participation and to develop a sense of collective responsibility. In this sense, leadership is the driving force for innovations in the public sector.

The exercise of leadership is therefore highly complex and requires very special skills and personal attributes often associated with emotional maturity and intelligence. The development of the capacity of leaders must take this into account and address gaps and weaknesses. For example, senior executives often lack skills in fostering collaborative relationships in the work place as well as with outside actors. Another perceived weakness in the capacity of senior officials concerns the ability to provide a strategic vision for public organizations.

Civil servants, unlike their counterparts in the private sector, have traditionally been constrained by public-sector institutional arrangements in their efforts to exercise leadership, take initiative and be accountable for their actions. Lack of political and administrative leadership has therefore been a major contributing factor in explaining the failure of many public-sector reform programmes. There is a need to

transform the culture of the public service to promote actively the critical role of leadership in addressing challenging problems by empowering staff to take decisions and be held accountable.

Countries that have been successful in implementing public-sector reform strategies have all had in common a determined leadership that possessed the political courage to mobilize people to make difficult decisions and then to implement the agreed strategies. Only where there was sufficient political will and determination to change the status quo could a vicious circle be broken and transformed into a virtuous one.

3. Capacity development

Capacity development is a comprehensive process of enhancing the ability of individuals to perform responsibilities effectively and to realize their potential. The development of human capacity is both a process and goal. It involves the development of the requisite knowledge, skills, values and attitudes of staff at all levels.

In a more complex and demanding working environment, civil servants, while advancing the public interest, increasingly need more high-level competencies and skills, including greater in-depth knowledge of society itself, to relate to politicians, other government departments and key stakeholders. At the same time, there is a great need to invest in the capacity development of administrative support staff to promote more efficient public management.

Civil servants also need greater understanding of the complexities of political and administrative decision-making processes. A clear understanding of roles and responsibilities in the administrative system is essential for efficient, responsive delivery of services. Transparent, responsive and equitable administration of public policies is increasingly a clear expectation of citizens and politicians alike.

Effective administration of public policies will therefore require a combination of technical, policy-making, administrative and managerial skills, which need to be developed systematically. Each organization should thus have in place a strategy for training and capacity development that aims to foster a spirit of professional development, receptiveness to innovations and new approaches, and knowledge acquisition among staff. New gender-sensitive methodologies and training tools also need to be developed to promote a culture of innovation and experimentation among staff in the public sector.

Participants agreed that there is no single model more suitable than another for the delivery of training and capacity development of staff in the public sector. Each model has particular strengths and weaknesses. For example, public administration institutions tend to promote a greater sense of identity and solidarity among public servants, while universities may promote more critical problem-solving and exchanges. The learning-organization model, on the other hand, makes the institution itself the locus of knowledge acquisition and capacity development, particularly through internal mentoring and coaching.

The selection of a particular institutional arrangement will always depend on existing capacities as well as the national and regional contexts. Most national training strategies would therefore require a mix of different institutions to deliver capacity development and training. The objective of training must be established at the outset. For example, is the goal to transmit values, skills or knowledge? This analysis will determine the selection of the respective institutional model. Therefore, the key issues to be considered in selecting appropriate institutional models for the delivery of training include: (a) the purpose of the training; (b) the target group; (c) the specific content; (d) the training modality; and (e) the

available resources. Regular assessments of the effectiveness
of training efforts should also be undertaken.

II. INNOVATION AND QUALITY IN GOVERNMENT

A. Background

The workshop on innovation and quality in government was organized jointly by the American Society for Quality, the Government of Mexico, and the Ash Institute for Democratic Governance and Innovation, a centre at the John F. Kennedy School of Government at Harvard University. It presented analytical frameworks for understanding public-sector innovation and quality and applied them to 12 actual cases from around the world (see table). The framework for identifying innovation and quality and understanding their evolution, sustainability and consequences – both intended and unintended – was presented by the organizers of the workshop.

The workshop focused on six themes that corresponded to the Six Government Strategies of the Government of Mexico, namely: (a) government that costs less but is more effective by reducing spending that does not add value while maximizing the efficiency of services; (b) government that provides higher-quality services; (c) government that is professional by developing, attracting and retaining skilled and talented employees in the public sector; (d) digital government that uses ICT to reduce corruption and increase efficiency; (e) deregulated government that eliminates red tape; and (f) honest and transparent government that inspires confidence in people.

The workshop budgeted nearly 50 per cent of its time for audience participation to discuss the cases and to elaborate on the broader themes. Each of the six topic sessions included audience polling, whereby each participant used an input device to respond to surveys. Following each survey, audience responses were automatically aggregated and projected on a screen for moderated discussion. The polling results suggest that the majority of the members of the

audience strongly believed in all aspects of government reinvention as outlined in the six sessions. For example, 74 per cent indicated that a citizen's right to public-sector information was the best option to promote honest and transparent government.

Cases presented

Case	Topic	Country
Florida Department of Revenue Case Presentation	Quality	United States
Quality Model, National Commission of Medical Arbitration Service	Quality	Mexico
Interactive Participatory Budgeting, Municipality of Ipatinga	Digital govt.	Brazil
Mexican Social Security Institute	Digital govt.	Mexico
The Inter-municipal Environment Programme	Deregulation	Chile
Regulatory Simplification Tools	Deregulation	Mexico
Reshoma Road Maintenance Service Delivery Innovation Project	Reducing cost	South Africa
Strategy for Institutional Transformation and Client Orientation, NAFIN	Reducing cost	Mexico
Reinventing Public Service, Province of Bulacan	Professional government	Philippines
Electoral Professional Service, Federal Elections	Professional government	Mexico
Public Meeting of the Standing Committee of the People's Congress of Huiyang	Transparency	China
Petróleos Mexicanos (PEMEX)	Transparency	Mexico

Regarding e-government, 71 per cent thought that its greatest contribution was better coordination of public services or increasing citizen participation, well above the percentage for the more traditional perceived value of lowering of costs (19 per cent of respondents). A breakdown of the polling results is included at the end of this chapter.

B. Key findings and policy outcomes

1. Innovation and quality

"Innovation" and "quality" are both ambiguous terms that are relevant only in a specific context. The Ash Institute for Democratic Governance and Innovation focused on government innovation that leads to greater value to society, while the American Society for Quality (ASQ) dealt with the concept of quality, including government, private and non-profit contexts to which quality management processes are applied. The following chart illustrates the relativity of these two concepts.

Nature of Quality and Innovation

Quality	Innovation
"Quality is the ongoing process of building and sustaining relationships by assessing, anticipating, and fulfilling stated and implied needs."	What to look for in identifying innovation: **Novelty:** demonstrates a leap in creativity
"Quality is performance excellence as viewed by all stakeholders."	**Effectiveness:** achieves tangible results **Significance:** addresses an important problem of public concern
"Quality is meeting or exceeding your customers' expectations."	**Transferability**: shows promise of inspiring successful replication
Source: "Quality: How do you define it?", *Quality Digest:* *http://www.qualitydigest.com/html/qualitydef.html*	*Source:* " Innovations in American Government Award, Selection Criteria": *http://www.ashinstitute.harvard.edu*

Many people assume that these two concepts – innovation and quality – are either synonymous or complementary.

Nevertheless, one of the most revealing creative tensions throughout the workshop stemmed from their dissimilarity and, sometimes, lack of compatibility.

While innovation is seen as a means to a broader end – improving value to society through better government – quality's focus on the customer is more clearly defined. However, participants raised an issue that was echoed by many others: in government, who is the customer? In a particular case, concern was raised about whether internal, back-end service delivery to internal customers was being overlooked. External customers on the other hand are so vast or diverse (e.g., "citizens" or "society") as to be too abstract for adequate definition by a quality model. Furthermore, government customers are not necessarily consumers of the services; they may also be those who inherit the benefits or negative consequences of government outputs.

The problem of ambiguity with respect to quality and the customer is similar to the relationship between innovation and the value it produces. Not all innovation, for example, leads to positive value for society. Often, for instance, well-intentioned innovation produces unintended negative consequences or a combination of positive and negative consequences. Some would argue that this is the case with nuclear energy. The workshop participants, however, settled on a less value-driven working definition of "innovation", that is, "applied creativity", which was illustrated by many of the excellent cases that were reviewed.

2. Innovation and risk-taking

In the presentation by Governor Josie de la Cruz of the Philippine province of Bulacan on professionalizing the civil servants of her administration, the Governor described how she bet her re-election on a risky set of new standards that she knew many of her employees would not meet and would resist with strikes and other challenges. In the end, she

prevailed and was able to show measurable improvement in the skill levels of her employees through both training and replacement. Unfortunately, many innovators shy from such risks, thereby perpetuating inappropriate behaviours and practices. Even worse, some take risks and fail. Often, however, the failure itself is not as negative as the stifling impact that it has on innovation. Public institutions, for a number of well-documented reasons, are intensely averse to risk. In contrast to the private sector, where experimentation leading to innovation is more frequently supported, experimentation is culturally viewed with immense distrust in many bureaucracies.

To encourage risk-taking by innovators, explicit support – financial and political – for pilots, prototypes and experimental programmes and processes is a prerequisite.

3. Organizational culture, leadership and innovation

In the workshop, both presenters and participants reiterated that organizational culture intolerant of change and experimentation was the single most significant barrier to innovation. In his presentation on a strategy for institutional transformation, Steven Saide, Deputy General Director of *Nacional Financiera* (NAFIN), Mexico's largest development bank, argued that the cultural change was predicated on achieving a shift from an internal to an external focus.

Several of the cases reviewed in the workshop illustrated the role played by leadership in bringing about these cultural shifts. Mayor Chico Ferramenta of the city of Ipatinga, Brazil, for example, has used considerable political capital to launch the Interactive Participatory Budgeting Programme, which extends Brazil's participatory budgeting model to online venues. Conversely, he also indicated that the very ability to sustain the innovation – along with his political career – is based on citizens' heightened awareness of the need for the innovation. In this case, using the Internet to

engage citizens in the process helped to create the sense of ownership that leads to sustainability of the innovation.

Not all innovation is centred on one risk-taking leader in the traditional sense. Other innovations are more systemic, resulting in a wider, institutional response to broad political or financial pressure. Such appears to be the case in the online bidding initiative of Mexican Petroleum (PEMEX), which is responding to the Fox Administration's goal of greater transparency through a notable effort to open PEMEX procurements to public scrutiny.

Top-down versus bottom-up innovation

A common – and sometimes erroneous – assumption is that innovators are always the formal leaders of organization and that the lower echelons are always the bastions of resistance. However, both the presentations and the feedback from the audience revealed a more complex reality: innovations and innovative ideas can come from the top and they can also percolate up from the bottom. What differs is the challenges confronting top-down and bottom-up innovations. Leaders of government organizations, while usually vested with greater authority and resources, often face an entrenched institutional culture and the need to permeate the layers to implement changes. Bottom-up innovations face these problems along with a lack of resources or the support of those controlling them.

The workshop discussion concluded that better listening skills by leaders, particularly with respect to ideas coming from front-line workers, coupled with improvements such as developing greater tolerance for risk and support for experimentation, discussed earlier in this document, are essential enablers of innovation.

Cross-boundary innovation

A well-established problem arises from attempts to align the structure of government administration (e.g., departments of health, finance, transportation within limited geographic jurisdictions) with the need to address multisectoral goals and agendas. Thus, innovations that cut across these boundaries – institutional or geographic or both – are particularly significant. Pedro Mendizabal, the General Secretary of the Inter-municipal Environmental Programme in Chile, described the intense resistance that individual municipalities showed to pooling resources in order to provide an integrated approach to environmental problems across an entire region of the country. The participants also observed that some innovations spill over into other domains and bureaucratic purviews, as is happening with the Ipatinga (Brazil) Interactive Participatory Budgeting Programme, which is now leveraging its capacity and infrastructure for the delivery of health care.

4. Conclusion

A number of conclusions were reached about current trends, challenges and opportunities relating to the reinvention of government in the 21st century. The realignment of public institutions with the pressing needs of today's citizens in a globalizing society will require a major shift in organizational culture. The new organizational culture must be more tolerant of trial and error and more capable of cross-boundary (institutional and jurisdictional) integration. The accomplishment of this goal requires a new form of leadership capable of risk-taking and of listening to and empowering all levels of a hierarchy.

C. Polling results

<u>Topic session: Quality in government</u>

The government organization is a unique entity with processes that produce results of unique characteristics. Some special characteristics are politic (characterized by shrewdness in managing, contriving or dealing; sagacious in promoting a policy; shrewdly tactful): heterogeneous groups; management interaction; deployment of rules; and public exposure of members and civil services to population. Quality is a scientific practice to optimize (to do effectively what you are supposed to do) and improve (to make it better) that has proven high levels of achievement in industry and the service sectors.

1) Do you think that this practice in government should be…?
71% a) Mandatory
23% b) Convenient
 5% c) Nice to have
 1% d) None of the above

2) When should this practice be implemented in government performance?
76% a) immediately
22% b) after some more investigation
 2% c) never; government should not be considered as a
        manufacturing facility

3) Should government performance and effectiveness be objectively assessed?
96% a) yes
 4% b) no

Topic session: Digital government

1) What is the principal contribution of e-government initiatives?
19%   a) lessening of the costs of administration
42%   b) greater coordination and management of public services
 7%   c) networking and linking with organizations
29%   d) expanding citizen participation
 3%   e) other

2) In the field of citizen participation, e-government…
16%   a) efficiently substitutes participation through assemblies and groups
41%   b) effectively incorporates sectors not closed by other methods
 5%   c) is a system slightly efficient for increasing participation
27%   d) has had exclusionary consequences for groups lacking access to the technology
11%   e) none of the above

3) The principal challenge for e-government from a democratic perspective is to:
18%   a) increase the technological infrastructure and connectivity
38%   b) fortify the capacities of the social networks in order to utilize the technology
34%   c) redesign institutions and the procedures of public administration
 9%   d) stimulate wide debate about positive and negative consequences in order to adopt the politics most inclusive in the matter
 1%   e) other

Topic session: Deregulated government

1) Which of the two outcomes would most likely occur, or is occurring, in your country as a result of deregulation:
82% a) a decrease in corruption
18% b) an increase in corruption

Topic session: Government that costs less

1) Which in the following list is the most related to productivity in government?
12% a) cost accounting
70% b) performance-based budgeting

13% c) flexibility among budget accounts
 5% d) capturing savings for the organization

2) What is the foremost element for a government that costs less?
 6% a) wage bill
83% b) productivity
 9% c) budgeting
 2% d) auditing

3) In which regions do governments cost comparably less?
50% a) Western developed countries
 4% b) Former Soviet and East European post-communist
          countries
39% c) East Asian countries
 7% d) Other developing countries

Topic session: Professional government

1) What is the biggest barrier facing governments as they try to develop a skilled and professional workforce?
 6% a) competition with private sector and NGOs for talent
27% b) lack of training resources for its existing workforce
31% c) workers' lack of performance rewards
36% d) political patronage leading to high turnover and low
          motivation
 0% e) none of the above

Topic session: Honest and transparent government

1) Are you satisfied with the level of transparency and accountability practised by your government?
13% a) yes
87% b) no

2) What is the level of corruption in your country?
 1% a) very low
43% b) significant
56% c) critical

3) What international group publishes an annual corruption ranking to create international pressure on nations to reduce corruption?
14% a) United Nations
81% b) Transparency International
 5% c) Convention on Combating Bribery

4) Choose the best answer: "To promote honesty and transparency in government, citizens must exercise their right to…"
74% a) public-sector information
 6% b) vote
20% c) redress of grievances

III. PUBLIC SERVICE DELIVERY AND URBAN GOVERNANCE

A. Background

The objectives of the workshop, which was organized by UN-Habitat, were to: (a) demonstrate the importance of the Millennium Development Goals (MDGs) in local and national development; (b) share experiences of good practices in the delivery of urban basic services, including housing; and (c) draw lessons learned in terms of capacity development, urban governance and implications for policy and legislative reform.

The workshop provided an overview of local access to services and poverty-reduction strategies within the framework of the MDGs (in particular, Goal 7, targets 10 and 11). More specifically, the workshop participants demonstrated how and why addressing the problems of the poor and slum dwellers should be an integral part of national and local development strategies as well as good governance policies and practices. The workshop shared experiences of urban best practices that focused on the need for governance reform within a participatory framework involving all stakeholders. Such an approach would enable the urban authorities to take the concerns of the stakeholders into account in investing in essential services such as expanding infrastructure and service provision, increasing the supply and reducing the cost of land for housing, and targeting municipal services to the poor. The workshop also presented a set of tools and resources that are being used by well-governed local governments to adopt a pro-poor focus (i.e., proactive equity-driven policies) to address the needs of the poor.

Fifteen presentations on good practices at the national and local levels and on innovative methods and tools were made, covering the following issues:

43

- housing and land-use planning: situation analysis and programmes in Chile and Mexico;
- pro-poor local economic development strategies in Quito, Ecuador and El Salvador;
- innovative urban development policies and strategies in Sao Paolo, Brazil and Quito, Ecuador;
- international agreements, covenants and instruments in support of sustainable urbanization and good urban governance;
- defining slums and developing instruments for monitoring improvement in the lives of slum dwellers (MDG 7, target 11);
- city-to-city cooperation and the role of external support agencies in facilitating decentralized means of cooperation;
- participatory budgeting; and
- new urban laws and policies in Brazil.

B. Key findings and policy outcomes

The delivery of basic public services is not a technical issue; it is a governance issue. Local authorities are the front-line actors in attaining the MDGs. They are responsible for the delivery as well as the regulation of public goods and services that have a direct, immediate impact on poverty alleviation, the effectiveness and outreach of health and human services, the ability to attenuate the impact of HIV/AIDS, and the improvement and outreach of water and sanitation. They are also responsible for putting in place strategies and public-private partnerships for local economic development that have a direct impact on the creation of jobs that directly impact poverty reduction. These strategies are often linked with infrastructure, including roads, bridges, energy, transport and communications. Local authorities are in the best position to work directly with CSOs, including community-based, grass-roots organizations, to identify and cater to the needs of the urban poor.

The key issues that arose from the presentations and discussions in terms of opportunities include:

- In an increasingly globalized world where the actual delivery of public goods and services is farmed out to the private sector, local authorities have a direct regulatory role and responsibility in ensuring effectiveness and responsiveness in the delivery of public services. This regulatory function must be guided by the principles of transparency and accountability (in, e.g., contracting and procurement). It must also be coherent and complementary with respect to sectoral policies and strategies.

- The failure of traditional market systems to deliver public goods and services to those most in need can be overcome only by the proactive involvement of local authorities to ensure equity and universality in basic service delivery. It is important to reach all urban citizens, including the most vulnerable groups, and the central government has a key role to play in helping local governments to ensure that these objectives are fulfilled, including through targeted subsidy systems.

With respect to constraints to the delivery of basic services, the key issues arising from the presentations and discussions included the following:

- Local governments usually have insufficient resources to be proactive in stimulating delivery of basic services, including housing. This issue was identified long ago and is widely recognized, yet there is a need for a fundamental change in political attitude towards budgeting to match the local needs and resources.

45

- There are many obstacles created by national sector policies, which often have very little relevance for local needs and expectations. These obstacles include lack of coherence, lack of adaptation to the context, and lack of clarity in the role of local authorities in implementation.

- There is a lack of understanding of the interrelationships between urban and rural areas and their respective contributions to overall human development.

- The innovations deal mostly with curative areas of urban development. Proper attention to preventive approaches will enhance the positive impact of sustainable urbanization.

- Local governments usually do not have systematic mechanisms to monitor their achievements in promoting access to basic services. There is a need for appropriate indicators to measure progress and adjust local public policy.

The workshop identified an impressive number of innovations that can help local authorities to apply principles of good urban governance to enhance access to and the quality of basic services. Examples include:

- participatory urban decision-making – making representative local political systems more participatory through the involvement of civil society and the private sector in the different stages of urban decision-making;

- pro-poor participatory programmes and policies. Cities are increasingly adopting pro-poor participatory programmes and policies, e.g., Right of the City

(Brazil); participatory budgeting (several countries). Participatory budgeting has the potential for positive impact on inclusion, transparency, equity, citizenship and efficiency in tax collection;

- public-private partnerships and city-community challenge funds to develop basic services;

- integration of shelter programmes with economic development and overall urban development programmes ; and

- city-to-city cooperation in promoting access to basic services (including transfer of technology), with the mediation and support of local government associations. These associations can play a key role in stimulating reflection on critical issues such as the need for better distribution of resources between different spheres of government.

However, the impact of these innovations is still limited for the following reasons:

- insufficient replication and scaling up of these innovations, mainly because of the lack of percolating up and mainstreaming of these experiences into national legislation and policy;

- lack of a systematic multilateral framework to support city-to-city and decentralized cooperation at the regional and international levels;

- lack of promotion of the local application of tools and instruments to monitor and evaluate the contribution of these innovations to the attainment of the MDGs and targets.

IV. E-GOVERNMENT

A. Background

The workshop, which was organized by UNDESA, examined the most common difficulties encountered in developing e-government; the nature of new information and communications technologies (ICTs) and their ability to respond to these challenges; and the longer-term trends in ICT development and their implications for e-government development.

As emphasized in the *World Public Sector Report 2003: E-government at the Crossroads*, a UNDESA publication launched during the Global Forum by United Nations Under-Secretary-General José Antonio Ocampo, technological developments will be assimilated into the status quo in the absence of institutional and organizational innovation. At the same time, ICT development is a very dynamic, independent process. As new technological solutions are rapidly becoming available, it is reasonable, therefore, to consider whether or not they will present new opportunities for e-government development.   A positive reply to this question would encourage present-day e-government developers, who are often faced with insurmountable obstacles with respect to cost, outreach, quality assurance, interoperability and back-room coordination. A negative reply would, it is hoped, help to sensitize policy-makers to the futility of a technology-driven approach to e-government development.

The resource persons and the participants searched for an answer to a fundamentally important question: "If, in many situations in the world right now, e-government seems to have reached its limits or experiences difficulties with further development, is the ensuing progress in ICT offering solutions for expanding those limits or for removing those difficulties?"

UNDESA decided to devote resources to probing this question further to add to answers provided by the *World Public Sector Report 2003: E-government at the Crossroads.* The main message of the Report is that e-government applications are meaningful only if they follow and support transformation and change in public administration that are aimed at achieving human development. Institutional restructuring and reform should precede the application of ICT solutions in order for e-government reform to be meaningful.

B. Key findings and policy outcomes

1. Advantages of ICT solutions for e-government

Achieving total clarity as far as the relationship between ICT solutions and institutional change is concerned is neither immediate nor easy. The demonstration effect of ICT applications can be overpowering, thereby detracting from an understanding of the fundamental processes involved in government creation of public value – processes that can be enhanced with meaningful e-government applications. As one of the resource persons in the workshop noted, the Internet is broadening the range of options available in any developmental situation in an unprecedented way. At the same time, however, it also is challenging many existing institutions (e.g., democratic forms of government) or organizations (e.g., bureaucratic hierarchies in public administration). The workshop addressed the following questions: Can ICT solutions in and of themselves make a difference in achieving development goals and objectives? Or should the reform agenda determine the requirements for ICT?

2. Obstacles to e-government reform

In addition to problems relating to the use of ICTs, the workshop confirmed the existence of major obstacles to the successful deployment of e-government, namely:

- absence of a participatory framework for governance reform, which too often results in a weak link between people's preferences and the focus of e-government applications. To the extent that this is the case, such applications, even if they can be described as technically perfect, remain purposeless from the point of view of the public at large;

- lack of sufficient change and transformation on the part of the government, which puts ICT in the environment of embedded goals and action patterns and thus makes it less effective. To the extent that this happens, it signifies digital cloning of the existing, often imperfect situation;

- lack of holistic development strategies that would provide employment and training options for civil servants who might be displaced by the automation of public services. Not enough attention is paid to such issues, and while retraining and job change are desirable and possible in the long term, a short-term crisis is rarely addressed;

- digital divide in general: low levels of affordable connectivity, teledensity and computer penetration; low levels of skills, including skills in change management, project management and business as well as those relating to the information-/knowledge-society. The workshop stressed that many e-government development programmes move forward with the deployment of e-government applications as

if the digital divide did not exist. Even if closing the digital divide is part of the overall strategy, these two processes (deployment and closing the divide) most often develop out of balance;

- digital divide between e-government developers and the rest of the civil service in particular. In many situations, special units have been created in the government to spearhead the e-government development effort. Staff in these units often come from the private sector or have been trained in more developmentally advanced countries. Sometimes this causes them to become impatient with the slow rate of progress of digitization in other parts of the public administration and is responsible for their lack of understanding of the time needed to bring about change in ways that suit the people involved in it;

- low levels of coordination and collaboration within the public administration. In other words, the principle of organizing the public administrations as hierarchies interferes with the full use of the power of the Internet and other modern ICTs to create public value;

- low levels of trust in or use of online services. This, combined with the steady increase in online capacity, is pushing e-government development in the direction of a DotGov bubble – a situation in which developers' expectations and the existing online capacity outgrow demand;

- regulatory and legislative barriers, including online security and privacy protection. There exist a host of regulatory and legislative issues that must be addressed in order for e-government to function properly, but doing so is not easy because most

legislators lack both in-depth knowledge of the issues and a sense of the urgency of the need to resolve them. The slowness of some legislative systems is also raising this barrier;

- public or private monopoly of telecommunication services. This barrier relates to the digital-divide issue since, in effect, a monopoly raises the cost of access (public or private);

- budgetary barriers. These barriers often reflect a lack of imaginative thinking to replace large-scale spending with smart spending;

- few common technical frameworks and infrastructure, including low interconnectivity of existing information networks, e.g., between the public and private sectors. This issue highlights the inherent drawback of the hierarchical structure of the public sector;

- weak frameworks for the monitoring and evaluation of e-government development. In too many situations, the modernity of ICT is so overwhelming that it seems to put ICT-related projects outside the normal regime of accountability. In reality, however, they are simply projects, like any other projects, except, perhaps, that they are more complex and thus in greater need of careful planning, especially in terms of the clear division of responsibility, the drawing of lines of accountability, execution, monitoring and evaluation.

The workshop formulated an optimistic message concerning ICT, its current and future development and capacities. The affordability of connectivity is increasing, a trend that will continue as a result of progress in, inter alia, wireless technologies, descrambling of the personal computer

technology, grid computing, interactive television and a shift from device-centric to information-centric computing. Technical ways already exist to provide, for instance, high-level online security guarantees and ICT system management for content availability, quick response, infrastructure expansion and complex infrastructure administration. Technology should not be a problem in future e-government development. On the contrary, the availability of flexible, more powerful technological solutions may increase the pressure on governments to use their full potential, that is, to transform and change in order to create space for imaginative ICT applications in government operations.

One barrier to the use of these technologies is corporate behaviour although big vendors seem to evolve in their approach to the e-government market by increasing their stake in the eventual successful application of the products that they offer. Such evolution is indispensable.

Another obstacle is the lack of interest in exploring and investing in intermediate technologies that bring ICT solutions but at a lower cost and with the use of mixed technology applications. While a market for such solutions clearly exists, the leading vendors do not seem to be interested in tapping it, and at the local level, a paralysis of entrepreneurial initiative prevails, partly as a result of fear of a hostile reaction from the main ICT vendors.

3. Recommendations

To encourage more effective use of ICT solutions for e-government deployment, the workshop recommended the following:

1. Governments should draw practical conclusions from the fact that e-government is a tool, not an aim in itself, and focus on producing increasing amounts of public value (things that people want). The workshop

stressed the fact that for ICT solutions to work, governments must first focus on improving the public administration. Specifically, local initiative and creativity in producing public value would best inform decisions about using ICT in public administrations. This use may include, but must not be equated with, computer-supported access to the Internet. Small in-office initiatives are often as meaningful as, or in many circumstances more meaningful than, deployment of Internet-based services, especially in the environment of the digital divide and a lack of interdepartmental cooperation or capacity to provide online service that is consistently high in quality.

Knowledge of local conditions and needs promises the most economical and the most adequate application of ICT at any level of public administration. This would assume, however, an even-handed approach to bridging the digital divide within countries and communities. It would also assume devolution of power and resources from the centre that would combine an increase in local responsibilities with an increase in local access to financial, human, information and technical resources. This is especially important in the case of ethnic minority and indigenous communities.

2. Governments should explore the relationship between e-government and people's preferences. While leadership and vision in e-government development are crucial, there is a difference between providing information about opportunities that may be created by ICT solutions and deciding for people what their preferences are. If leaders do not take people's preferences into account, this can lead to e-government applications that are pointless and wasteful. The incorporation of people's preferences into e-government development would require major

54

changes and transformations in governance structures. Therefore, the future use of ICT must be citizen-oriented. Political leaders, e-government developers and the public at large must come to a common understanding of the use of ICT in the public sector. This would require a transparent platform for e-government development as well as tools for monitoring and evaluation.

3. In the same spirit, governments should explore the relationship between e-government and development policy. The broader framework of development strategy, including goals and social targets, must inform e-government development. In particular, whenever development policy has human development as a goal, e-government deployment must be based on people-centred benchmarks. In the vast majority of development situations today, these benchmarks would measure the impact of e-government applications on, inter alia, the elimination of poverty; the provision of basic education, basic healthcare and employment; and the guarantee of human rights and freedoms. E-government solutions alone cannot enable governments to reach their human development goals. They can, however, facilitate and expedite government efforts.

4. Governments should also examine the relationship between e-government and indigenous cultures and languages. In pluralistic societies, the needs and priorities of minority groups should be addressed in order to achieve human development goals. Therefore, in these societies, governments must avoid a monolingual approach to e-government development, which may be interpreted as an instrument for the suppression of human rights and the marginalization of minority groups. Sensitivity to cultural, linguistic, ethnic and religious concerns must

be paramount so that gaps in access to government and public services are not created for certain segments of society. Likewise, budgetary concerns should not be used to justify the forced homogenization of a pluralistic society.

5. Governments must also look at the relationship between e-government and structures of public administration. The limits to the digitization of public administration have nearly been reached in most countries advanced in e-government development. Countries in the process of adopting e-government solutions should avoid a similar situation. Change and transformation in the structures and operating procedures of public administration are indispensable for the realization of the full potential of ICT in government operations. Coordinated government (C-government) should be an essential step in building public administration systems and institutions. Building knowledge platforms in public administration and using ICT to promote non-linear relationships, namely, networking within public administration systems and between public administration and business firms and citizens seem to be the way of the future.

6. Governments should learn from good practices. For leadership to be effective, officials at all levels of government must be aware of the advantages and limitations of e-government. Emerging technological opportunities must be internalized at all levels of government to open doors for their creative application. Also, the body of knowledge about what to avoid in e-government development is growing. It includes, inter alia, clear warnings about ignoring the demand side of e-government development; choosing applications that are too vast and complex; overestimating the value of an online presence as a

channel for the delivery of public services; and underestimating the need for a technologically neutral, enforceable legal framework.

The findings of the capacity development workshop validate and confirm the conclusions of the *World Public Sector Report 2003*. E-government would not be possible without the development of new ICTs. Indeed, it is the new ICTs that have challenged public administrations to review their operating methods and that have provided opportunities to become more effective.

There is consensus that new ICTs must be integrated into the structures and programmes of public administration in order to reveal their potential for increasing the efficiency and effectiveness of these operations.

A somewhat less accepted truth is also evident: social outcomes of e-government deployment depend less or not at all on the technical sophistication of the ICT systems employed but rather on the goals and action patterns of the public processes in which they function. E-government can become a powerful tool for the positive transformation of public administrations. To achieve this goal requires combining e-government solutions with the creation of public value, a combination that is conducive to human development.

V. INNOVATIONS IN LINKING DECENTRALIZED GOVERNANCE AND HUMAN DEVELOPMENT

A. Background

The workshop, organized by UNDP in collaboration with UNCDF and the World Bank Institute (WBI), highlighted the fact that decentralization has become an essential ingredient of governance and human development efforts around the world, with 80 per cent of developing and transition countries experimenting with one form of decentralization or another. This trend validates the contention that if properly organized, decentralized governance can increase the range of people's choices, facilitate clear decisions, bring services closer to the people and thus make a fundamental contribution to sustainable human development and poverty alleviation. Specifically, decentralization has the potential to benefit people by: (a) increasing people's participation in and access to decision-making, especially for and by the poor; (b) making government more responsive, leading to greater clarity and accountability; and (c) reducing costs and providing higher-quality services. The workshop provided an interactive environment for sharing and dialogue concerning innovative experiences linking decentralized governance and various aspects of human development, including human rights, poverty reduction and knowledge management.

B. Key findings and policy outcomes

The attraction of decentralized governance stems from the potentially rapid increase in innovations arising from improved interaction between people and their governments. In countries where decentralization is working reasonably well, such as the Philippines, one encounters daily examples of innovations generated at the local level finding their way into national policy dialogues.

Thus, the critical task for national governments and supportive development agencies is to focus on how to establish intuitional frameworks that facilitate and strengthen creative ways of decentralizing the public administration system. One of the important avenues that can be pursued is the strengthening of national rules and regulations that support a strong approach to development programming and implementation that is based on human rights at the centre, but equally importantly at the local level.

Crucial constraints with respect to decentralized governance remain, however. They include: possible subversion through disruptive interference by powerful and undemocratic local elites; disenchantment of people if insufficient financial resources are made available from the central government; and lack of capacity of local institutions to fulfil their given mandates.

The workshop discussed issues relating to the improvement of decentralized governance by focusing on ways to: (a) incorporate basic human rights into policy development so as to take a more holistic approach to human development; (b) achieve poverty reduction through pluralistic, participatory and inclusive means; and (c) improve knowledge management to facilitate information-gathering for policy formulation as well as dissemination to the public.

1. Decentralized governance and human rights

Through its Charter and subsequent treaties and protocols, the United Nations has fully acknowledged the primacy of human rights in the process of human development. Beginning with the 1997 reform programme of the Secretary-General, the United Nations system has increasingly been moving towards a stronger human-rights orientation in all of its programming. In May 2003, an important meeting resulted in a common understanding among the United Nations Development Group regarding the primacy of human rights in all development

cooperation and programming. The three fundamental points of this agreement are as follows:

- All programmes should explicitly further the realization of human rights.
- International human rights standards guide all programming.
- Development cooperation should build capacities of both duty-bearers and rights-holders.

It is critical that this agreement be translated into concrete policy guidance that is relevant for both development agencies and national governments. The workshop identified three areas where emphasis would be beneficial:

- ensuring greater local ownership of the development process;
- recognizing and supporting the creation of dynamic local leadership; and
- taking a comprehensive perspective when addressing human development concerns.

Local ownership of the development process

The primacy of local ownership of development programming to improve success and reduce failure is a fundamental issue that needs to be taken up more strongly by national governments. However, a critical issue to be raised with national governments by supportive development agencies is that those engaged in fostering human development must learn how to deal effectively with cultural modalities that deny human rights or undermine human dignity. Practical recommendations associated with this policy issue include the following:

- To be sustainable, decentralization must be applied in each part of a country based on its own local culture

and history; otherwise, it is likely that the potential benefits will not be realized.

- Social-impact programmes should be developed locally in order to increase their chances for success.

- Local people should be given the opportunity to identify solutions to problems that are priority concerns at the local level.

Power of dynamic local leadership

Dynamic local leadership is often neglected as a policy alternative for improving decentralized outcomes. This neglect stems from a sense of uneasiness felt by national leaders in encouraging the growth of strong local leaders who may be able to strengthen their own electoral base independent of the influence and largesse of central bodies. However, people engaged in social mobilization efforts increasingly point to the need to identify natural leaders from poorer communities. Supporting the development of democratic leadership qualities in such people can lead to new forms of participative democracy. The critical issue is to identify individuals who are not controlled by special interest groups but who can represent a plurality of interests.

The value of dynamic local leadership is most pronounced when dealing with intricate problems such as HIV/AIDS. These are complex social issues that cannot be addressed by government programmes alone. Dynamic local leadership is necessary to create a space for open community interaction, which encourages people to participate actively in collective decision-making. Supporting the development of dynamic local leadership offers a new approach in addressing long-term social issues. International agencies can assist in this process by introducing programmes that develop an understanding of transformative leadership. Innovative

methodologies with which UNDP is experimenting in relation to HIV/AIDS mitigation include emotional intelligence, the technology of participation and whole systems analysis. Such programmes help leaders to recognize that improving the lives of human beings must be the central purpose of all development.

A holistic development approach based on human rights

Critical problems in local governance occur when decentralization policy leads to a shift in authority and responsibility without adequate capacities and resources. It has long been recognized that national policies that take local priorities into account are important for sustained success. Policies that link decentralization, human rights and human development in a comprehensive manner have a higher potential for success than reductionist approaches that focus on political, administrative or fiscal matters in isolation. Incorporating a process of systems analysis into decentralization policy planning and implementation enables both policy-makers and implementers to understand the larger picture in order to see the connections among discrete programme elements

A systems perspective also helps to guide policy-makers away from narrow hierarchical perspectives towards a polycentric approach to development management. Such an approach fosters the creation of different mixes of organizational relationships depending upon the particular problem to be solved. It supports the creation of alliances with business enterprises and community organizations that are crucial for deriving optimal impact from government interventions.

One of the fundamental advances that the development community has made in recent years is in improving its understanding of the true nature of poverty by recognizing the systemic relationships among all its dimensions: economic,

human, political and socio-cultural. However, poverty continues to be pervasive in large parts of the world, with substantial rural populations of the least developed countries trapped in a downward spiral of poverty. Understanding how to translate this holistic paradigm into practical results is the key to reversing this trend.

2. Decentralized governance and poverty reduction

Support for decentralization and local governance has become more common in the world at the same time that the global development community has refocused its efforts on poverty reduction. As a result, there is a tendency in some quarters to postulate a relationship between the two processes. However, there is little evidence that irrefutably documents the positive impact of decentralization on poverty reduction.

It is generally accepted that poverty is part of a vicious cycle that feeds on itself. Poverty leads to insecurity, which leads to a lack of investment, which in turn reduces employment levels, which leads to increased poverty. Further, it is firmly recognized that poverty is perpetuated by powerlessness and exclusion. As a result, poverty reduction has come to be seen as part of an overall effort both to instill democratic principles that enable local stakeholders to defend and exercise their human rights and to create local employment and improve local livelihoods.

One of the critical success criteria for most decentralized governance systems is the adoption of a pluralistic, inclusive approach to governance. To the extent that this objective is achieved, men and women can have access to greater opportunities to influence their own development. Decentralized governments can also design institutional innovations that support local economic development and improved delivery of public services.

However, it is generally recognized that the central government and global forces greatly influence the prevailing political and economic conditions in a country. Therefore, national policies must be implemented in conjunction with decentralization initiatives to effectively address poverty reduction strategies. Critical reforms include those associated with education, health, participation, communication, property rights and honesty in governance. In fact, both decentralization reform and poverty reduction are long-term transformational processes. Both require interlinked enabling systems, especially cultural, financial and political ones, and must be sustained through local and central commitment.

Local governments can use institutional innovations to improve the human development potential of their constituents. This is their fundamental value. Unfortunately, however, precisely because this ability to operate in a somewhat autonomous manner, combined with different leadership qualities, results in varying outcomes, it is often stated that decentralization in developing countries will lead to increased disparity among a nation's constituent regions. This concern is misplaced. While it is clear that there are great differences in individual wealth among citizens in developed countries and that extreme spatial disparities exist even in the most highly centralized developing nations, these seeming incongruities can be easily explained when decentralization is understood as a process, not an outcome.

Poverty reduction must be seen as a co-responsibility of citizens and government, leading to reduced paternalistic tendencies of governments whether at the national or the local level. The workshop concluded that poverty reduction has a higher direct correlation with democracy than with decentralization. Indeed, decentralization, when poorly designed or implemented, can actually increase poverty at the local level. To achieve human development through decentralized governance, innovations in the latter must

promote access to knowledge as well as knowledge creation, evaluation and sharing.

3. Decentralized governance and knowledge management

Knowledge management is an emerging capability that needs to be used extensively. This includes looking at local values and building on the strength of what is already in place so that all can learn together. A rapid increase in the use of modern information and communications technology is vital to meet the knowledge requirements of both citizens and government workers. The problems to be addressed are increasing at such a rapid pace that, if governments – and international agencies – continue to operate in the same way in which they have been operating, then progress in human development will remain only a goal.

One of the remaining problems confronting the rapid spread of knowledge in the world is the institutional nature of organizations that continue to dominate the fields of communications and training. In the past, these organizations built their positions based on their ownership of knowledge. Now knowledge flows through many communication networks. The term for this process is the "collective construction of knowledge". This fundamental institutional shift requires an approach to knowledge production and diffusion that is dominated by a spirit of collective participation and ownership.

Innovations along these lines that support the improvement of local knowledge-management capabilities are beginning to show success. They include efforts that seek to improve the ability of citizens to understand more clearly how their government works. The purpose of such efforts is to build a sense among the citizens of a country that they are both the customers and the owners of government services. This requires a major shift in understanding, as most people around

the world are not even aware of a connection between the taxes they pay and the money spent by their governments.

The power of such a transformational effort has, however, been clearly shown over the past several years in Brazil. Following intensive efforts to introduce concepts relating to fiscal management into school curricula and the public media, citizens are now aware of how their taxes contribute to the State budget and that they should therefore have a greater voice in determining government expenditures.

It is also clear, however, that developing the capacity of citizens to question and demand better services must be linked to programmes that support improvements in the capacity of government employees to respond. Brazil addressed this issue by turning certain States into laboratories of good practices and sharing the results with all States. The result was the creation of a solid understanding of how to transform a traditional government workforce into a knowledge-management team.

Part of the success of the Brazilian and similar experiences lies in their use of innovative technology. There is a growing realization that decentralized governance will not survive if attempts are made to support it with old technology. Lessons need to be shared widely and rapidly. The lack of capacity at the local level reflects a lack of understanding of local needs and priorities on the part of the central government. Without the awareness and ability to share innovations rapidly, local governments will have only a marginal impact on the local development agenda. They must be enabled to translate their lessons into instructive material for broad-based diffusion.

4. Conclusion

Decentralization, poverty reduction and the promotion of human rights are all long-term activities. Legal changes and incentives to change behaviour must be communicated accurately, promptly and consistently to all parts of a country. At the same time, the centre needs to be able to keep fully abreast of opportunities for innovation and constraints to implementation that are faced by local leaders. Capacity development used to be what the centre thought was needed in the periphery. Given the rapid changes taking place in the world, there is no longer a rationale for assuming that those in the centre are the only ones who are capable.

Acceptance of the concept of collective construction of knowledge also indicates acceptance of the idea that there is no clear divide between those who know and those who do not. Everyone is recognized as having capacity and capacity gaps. The rapid sharing of knowledge in myriad directions needs to be recognized as a critical policy initiative that requires the involvement of central and local governments as well as civil society organizations and business associations. The management of innovative improvements in decentralized governance is the responsibility of an entire society.

Innovations are constantly being created. Some succeed; others fail to achieve their intended objectives. This is a part of the creative process. What is critical for societies today is to establish institutional mechanisms that support the generation, evaluation and diffusion of these innovations as rapidly as possible so that they can be incorporated into the practical work of governance. Effective decentralized governance and human development are multifaceted processes that are constantly being reinvented. No one can predetermine the factors that will be important for success tomorrow. Progress can be sustained only where national policies are supportive of innovative knowledge-generation,

testing and sharing. The more open a society is to innovation, the greater its chances of being able to deal with the difficulties that lie ahead. In the past, governments focused on addressing problems that were known. The challenge in the future is to be prepared for the problems that are not yet known.

VI. ACCOUNTABLE AND TRANSPARENT GOVERNMENT

A. Background

The workshop that was organized by the World Bank in collaboration with Transparency International explored global trends in political and administrative forms of corruption, their causes and the reasons behind the limited success in controlling them. It included four sessions: (a) bureaucratic corruption, State capture and good governance, with a focus on accountability and effectiveness in the provision of public services; (b) transparency and internal accountability in the executive, exploring the achievements of new public management (which generally emphasizes the centrality of the citizen or customer) as an approach to accountability and effectiveness in the public sector; (c) transparency and external accountability, focusing on the roles of different actors involved in external oversight of the executive – the legislature, the judiciary, supreme audit institutions, civil society and the private sector; and (d) accountability and politics, exploring party and campaign financing, the costs and benefits of political office, and the dynamics of political processes and governance reform seen from an accountability perspective.

B. Key findings and policy outcomes

The world is <u>not</u> on track in meeting the Millennium Development Goals, except for one [target]: reducing the number of people living on less than a dollar a day. For example, it is not on track for delivering universal primary education, reducing child mortality or achieving the gender equality goal.

In many parts of the developing world, services are failing poor people. The reasons are many. Either services benefit the rich more than the poor, or resources do not reach the

69

service providers because of corruption, or services are of poor quality.

1. Bureaucratic corruption, State capture and good governance

There are different ways in which services can be delivered and efforts should be made to identify them. The development of accountability relationships between citizens and policy-makers, policy-makers and service providers, and citizens and service providers plays an important role in service delivery. These accountability relationships can be developed in various ways, including:

- empowering citizens with information about resource flows and the nature of the services to which they are entitled in order to monitor service delivery and control levels of corruption;

- recognizing that choice is important in improving the quality of services;

- identifying the appropriate incentives that will encourage service providers to deliver honest, efficient services. There is no standard incentive; the incentive selected depends on the homogeneity of the clients, the nature of the service and the type of politics.

Once collaborative relationships have been established between civil society and policy-makers, it is necessary to nurture these relationships in order to enhance citizen participation in policy-making and budgeting.

2. Transparency and internal accountability

The world has changed and old public management (i.e., a public service ethos) is incompatible with the new realities. However, the reinvention of government should be driven not only from a technical standpoint but also from an underlying commitment to strategic decisions about what is to be achieved and how goals are to be reached.

It is important to avoid being doctrinaire about sequencing or achieving perfection (e.g., in the civil service or public financial management). Whatever tools are available should be used to move forward. It is not necessary to wait until everything is fully functioning before taking action (e.g., the examples relating to health and education in Uganda). Moreover, a completely new system is not necessary; reforms can be introduced gradually, adapting them to local circumstances, politics and culture.

3. Transparency and external accountability

There is a role for all stakeholders in helping to improve government performance. Stakeholders need to build their relevant capacity to engage effectively in the reform process. For example, Transparency International has developed expertise in using integrity pacts to enhance transparency and level the playing field in procurement processes.

Access to information is key to building transparent, accountable government and it is possible to provide such access within a short period (e.g., Federal Institute for Access to Public Information, Mexico).

International norms such as the new United Nations International Convention against Corruption can help to drive change.

71

Finally, it is important for donor organizations and civil society organizations to build <u>internal</u> transparency and accountability to be credible advocates for governance reforms and anti-corruption.

4. Accountability in politics

Primary responsibility for accountability rests with the governments themselves.

The bedrock of democracy is elections. Thus, the issue of campaign finance is critical for long-term improvement in governance and anti-corruption.

Strong leadership can greatly assist the implementation of reforms. A critical challenge is to develop principles and norms that can be monitored and enforced – ones that are adapted to the local political and social situation and that enable active civil society participation.

Donors also have a role to play in supporting national efforts to control political corruption.

Integrity and accountability are important at all levels: global, national, regional and local.

The organizers of the Global Forum may wish to discuss many of these issues in a future Forum.

VII. FISCAL TRANSPARENCY ROSCS AND OTHER TOOLS FOR PROMOTING CONTINUING FISCAL MANAGEMENT REFORM

A. Background

The workshop, organized by the IMF, dealt with the importance of fiscal transparency and tools to assess transparency. It included a presentation on the work of the IMF on fiscal transparency and the methodology, experience and findings arising from country participation in fiscal modules of Reports on the Observance of Standards and Codes (ROSCs). This role was examined in the context of other instruments widely used by the World Bank and other organizations to promote improvements in public financial management (PFM). The workshop discussed the use of ROSCs from the perspective of the IMF, the World Bank, individual country representatives, and representatives from private-sector financial analysts and CSOs. In addition, it reviewed the roles and relationships among governments and agencies involved in promoting fiscal transparency and identified key steps to improve cooperation and promote fiscal management reform.

B. Key findings and policy outcomes[2]

The main findings and policy outcomes of the workshop are as follows:

1. Fiscal ROSCs identify weaknesses and strengths in fiscal transparency and play an important role in providing incentives for country-owned strategies for reform. Evidence for this role was provided by both the IMF and individual country experiences. The IMF cited cross-country experience where published ROSCs had identified weaknesses and

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[2] Revised from presentation at the workshop plenary session of the Forum and endorsed by all presenters at the workshop.

country fiscal management had subsequently improved. Improvements had occurred particularly in the areas of identifying and reforming off-budget indirect subsidies provided by public banks or non-financial corporations (quasi-fiscal activities), reporting on the cost of tax exemptions (tax expenditures), improving the quality of fiscal data, and improving the analysis of fiscal risks and fiscal sustainability. This type of impact of fiscal ROSCs was confirmed by the country presentations made by representatives from Mexico and Turkey. In both cases, the quantitative impact of non-transparent practices was emphasized, and recognition of these costs played a significant role in promoting reform.

2. In improving fiscal transparency, particular attention needs to be paid to encouraging countries to address off-budget activities. Both the experience of the IMF with over 60 countries and individual country experiences highlighted the negative consequences of excessive use of off-budget activities, including unreported quasi-fiscal activities, contingent liabilities and tax expenditures. Quasi-fiscal activities reduce the net worth of the public-sector banks or non-financial corporations, confuse management responsibilities, and frequently result in a direct fiscal impact through bail-out and assumption of debt. Excessive use of guarantees substitutes risk for direct government spending and again can result in a large direct fiscal impact. Examples were drawn from European Union accession countries (where they are actively being addressed) and Latin America (where progress is being made in a number of countries that have undertaken ROSCs). As noted earlier, both Mexico and Turkey reported substantial macroeconomic impact of such activities and ongoing work to reduce their impact.

3. More work is required to heighten awareness of fiscal-transparency issues and measures needed to improve transparency. Knowledge of the technical issues relating to fiscal transparency is not widespread, and fiscal ROSCs are

not well-known instruments outside financial management specialists. At this point, the fiscal ROSC is primarily a specialized tool for dialogue between country officials and the IMF. It is known by specialists in the private sector (such as ratings agencies and other investment analysts) and by some specialist CSOs but not by the general public.

Governments participating in fiscal ROSCs could become more proactive in disseminating results and being open to public discussion. The work being undertaken by the Turkish CSO, the Turkish Economic and Social Studies Foundation (TESEV), to monitor and report on government transparency was of particular interest. The presentation on Turkey also emphasized the difficulties of promoting transparency within a country: the costs of a lack of transparency are diffuse, while those who stand to lose are often powerful. Crisis, however, created incentives to take action, and the issue now is to sustain that action.

Measures to help make ROSCs more widely known could include the following:

- improving the readability and consistency of ROSCs;
- involving relevant legislative bodies and CSOs more deeply during transparency assessments;
- disseminating ROSCs more widely within the country by issuing the ROSC in the national language and through summary press releases; and
- strengthening dialogue between governments, international financial institutions (IFIs), CSOs and private-sector analysts.

4. Improving the transparency of subnational government is a key issue for many countries. The fiscal transparency code is directed primarily at national governments but requires clear intergovernmental relations, and fiscal ROSCs record aspects of subnational government transparency where lower-level governments account for a significant share of total public

spending. ROSCs have revealed problems with regard to transparency at the subnational level. This issue is important for the European Union and European Union accession countries, where fiscal goals under the Stability and Growth Pact are set in terms of general government (that is, including subnational government). The presentation on Pakistan included an impressive record of the detailed attention being paid to issues of accountability and transparency in creating an effective third tier of government in the country. It also addressed the continuing difficulties being faced in reforming all levels of government in Pakistan and the significant step that had been taken by establishing a uniform budget and accounts classification for all levels of government.

The need to move to an output- or results-oriented system was also emphasized as a goal for improving transparency. The presentation noted the interlinkages between democracy, accountability and citizen participation and emphasized the need to focus on outputs (rather than simply inputs) to strengthen these linkages. However, the need for sound basic input controls was also stressed.

5. Fiscal ROSCs need to be coordinated with other measures to reform public financial management (PFM) and be integrated into country efforts. While the contribution of ROSCs is generally acknowledged, many other instruments are used to help to diagnose weaknesses in PFM. The World Bank presentation described work under way (under the Public Expenditure and Financial Assessment (PEFA) Program) to review the wide range of such instruments, including ROSCs, and to streamline the work of the World Bank and the IMF in this area in consultation with bilateral and other multilateral agencies. Many of the other instruments also take into account transparency issues but are concerned primarily with providing indicators that cover broad development goals and that can be linked to programmes of lending and technical assistance. An overriding objective of coordination is to reduce the

transaction costs incurred by countries receiving many different missions that ask similar questions of the same group of country officials. The presentation on Turkey, however, provided an example of effective coordination: the IMF and the World Bank coordinated their work in carrying out a fiscal ROSC and a public expenditure review (PER), and both worked closely with country counterparts in doing the assessment and in following up the ROSC and more detailed PER recommendations.

Aspects that need to be given particular emphasis in streamlining IFI efforts are as follows:

- Country transaction costs must be reduced. Work is under way towards this end through regular exchanges on mission schedules and consultation among mission teams, by conducting joint or parallel missions and, possibly, by introducing some form of common assessment methodology that can be shared among the various instruments.

- Country ownership must be enhanced through clear involvement of country counterparts in assessment and follow-up processes.

6. Reforms need to be sustained by creating a culture of transparency embraced by all stakeholders. A number of speakers and presenters at the workshop stressed that implementing transparency reforms can take many years and that commitment to this long-term process by all the relevant stakeholders – government, IFIs, CSOs, and the private sector – is crucial to ensure its success. In this regard, concern was expressed that transparency might be overtaken by other priorities in the work programmes of the IFIs and that this could lead to a weakening of country commitments to transparency.

The impetus for the transparency standards initiative came from the Asian crisis of the late 1990s, and new pressures have since arisen. In a situation of resource constraints, there is inevitably a tendency to give less attention to continuing needs to address the causes of past crises. In the case of the transparency standards, however, any lessening of effort can be interpreted as a reduced concern, and some countries may, in turn, put less effort into sustaining the gains that have been made. The IMF presented a case for establishing a virtuous cycle, whereby improvements in transparency by a country would be rewarded by the perception of a lower credit risk and a lowering of borrowing costs and by public support for programmes, leading in turn to further reforms. A weakening of resolve, however, can easily lead to a vicious cycle of regression (as described in the presentation on Turkey with reference to the situation from the mid-1950s through to the present cycle of reforms).

The sustainability of reforms could be helped by:

- a strong reaffirmation of strategy by the IFIs, combined with further outreach, as described in item 3 above;
- expanding efforts by CSOs and private-sector analysts; and
- stronger in-country efforts by those countries that have made significant progress in improving transparency.

7. An independent and strong national audit office has a key role to play in establishing a national culture of transparency. A fundamental tenet of the fiscal-transparency code is that a strong, independent national external audit office is critical to ensure sustainable fiscal transparency. ROSC observations, however, suggest that, where underlying fiscal-transparency practices are weak, often the national audit office is also weak. In Mexico, it is clear that the Federal Audit Office (*Auditoría Superior de la Federación*), created at the end of

2000, is being established as a strong and effective body (as recorded in the 2002 fiscal transparency ROSC for Mexico). The presentation by the Senior Auditor (*Auditor Superior de la Federación)* emphasized the broad mandate of the Audit Office to cover all aspects of transparency and accountability. While acknowledging the progress made recently by the Government of Mexico in improving transparency, the presentation emphasized the need to tackle various forms of corruption.

8. Improving fiscal transparency will help to combat corruption and improve governance, but it is one component of a very complex set of issues. Several speakers asked about the links between fiscal transparency ROSCs and other efforts by the IMF and the World Bank, and anti-corruption activity. Improvement in fiscal transparency helps to limit opportunities for rent-seeking activity in the public sector, particularly as issues of off-budget activity are addressed. However, improving fiscal transparency is one element of a much larger set of issues to be tackled. Both the IMF and the World Bank are helping to address some of these. Anti-money laundering and counterterrorism financing (AML/CTF), for instance, is one of the areas recently included in the standards and codes initiative; and the World Bank has a range of activities directed at promoting anti-corruption activity among its member countries.

9. Private-sector financial analysts play a key role in establishing the importance of fiscal transparency. Research by both the IMF and private-sector organizations such as Oxford Analytica indicate that market analysts and investors in sovereign bonds use assessments of fiscal transparency by the IMF and other organizations in their assessment of creditworthiness. Moreover, certain institutional investors in emerging markets are incorporating measures of fiscal transparency in their investment allocation framework. Countries that invest in transparency-oriented reform should therefore directly gain by a lowering of borrowing costs.

Increasingly, it seems likely that more emphasis will be placed on the rate at which countries improve transparency rather than on the absolute level. This factor could provide further incentives for reform. The presentation from Oxford Analytica described recent research by the consulting firm and argued that countries can maximize the benefits from transparency by developing a culture of transparency and being proactive in their communications with stakeholders. It was also emphasized, however, that in order for communication to be effective, it needs to be credible – and transparency is a prerequisite for credible communication.

10. CSOs play a critical role in enhancing broad awareness of transparency issues and encouraging needed reforms. A number of CSOs throughout the world have taken an active interest in increasing the transparency of budgets and promoting more inclusive budget processes. The Washington-based International Budget Project, which made a presentation at the workshop, has promoted such activities and worked with many of the groups that have undertaken research efforts on these topics. These CSOs have used the fiscal transparency code as a starting point for examining issues of fiscal transparency. However, for such groups, the concept of budget transparency extends beyond the availability of information and transparency of processes, giving particular emphasis to the participation of legislatures and civil society in the budget process. Many of these groups are skilled advocates, seeking more open budget processes and budgets that are more responsive to the needs of society. Their research is therefore closely tied to an action agenda. The International Budget Project is trying to create more linkages among these various efforts by establishing common research tools and questionnaires and to build a comparative global research effort.
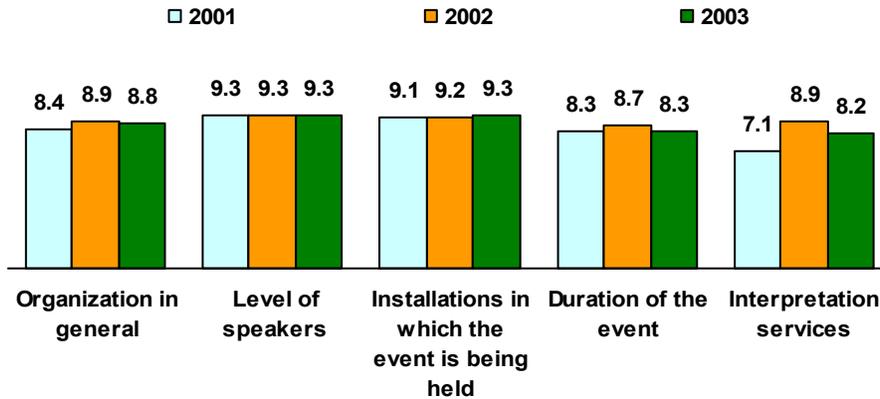
VIII.   EVALUATION OF THE FIFTH GLOBAL FORUM AND CAPACITY DEVELOPMENT WORKSHOPS

The fifth Global Forum in Mexico City was attended by more than 8,500 participants from all over the world. Most of the attendees were government officials representing different tiers of government from many countries, including officials from the central and local government bodies in Mexico. Other participants included representatives from multilateral and bilateral agencies, academia, civil society, NGOs and the private sector.

In an effort to evaluate the validity and importance of events such as the Global Forum, the Government of Mexico conducted a survey that helped to collate and record feedback from the participants. A questionnaire was developed that required participants to provide their feedback on the significance of the Global Forum, the topics selected for discussion, the substantive aspects of the discussions, and the quality of the presentations and interaction at the workshops, among other things.

An overwhelming majority of the participants (89 per cent) responded that these events were of great interest to them personally since the topics discussed and the information shared related to issues of immediate concern to their profession. With respect to the organization of the Forum itself, the quality of the speakers, the venue and the duration of the event, ratings were assigned using a scale from 0 to 10, with 0 being "very poor" and 10 being considered as "very good". The overall level of satisfaction was very high, as indicated by the results presented in following chart.

Overall rating for the organization of the Global Forum

□ 2001   ■ 2002   ■ 2003

| 8.4 8.9 8.8 | 9.3 9.3 9.3 | 9.1 9.2 9.3 | 8.3 8.7 8.3 | 7.1 8.9 8.2 |

Organization in general | **Level of speakers** | **Installations in which the event is being held** | **Duration of the event** | **Interpretation services**

Of the issues addressed at the fifth Global Forum, the topic that held the greatest interest was "honest and transparent government, accountability, experiences of honest governments, corruption, and law on access to information," followed by "professionalization of civil servants, professional career civil service, evaluation of performance". Interest in other Forum topics was also expressed (see table 1).

Table 1. Level of interest in Forum topics (%)

TOPIC	%
Honest and transparent government/Accountability/Experiences of honest governments/Corruption/Law on access to information	13
Professionalization of civil servants/Professional career civil service/Evaluation of performance	7
Evaluation and impact of topics in previous events/Balance of government	6
Structural reforms/Privatization/Decentralization	6
Good government/Philosophy/Agenda for good government/Evaluation of good government	6
Human capital/Human resources/Performance/Intellectual quality/Human development	5

Productivity in government/Quality of its products/User satisfaction/Experiences of certification	5
Sustainable development/Social deficiencies and economic growth	4
Digital government/Technology in the FPA	4
Quality in education and health care	3
Consciousness-raising/Training/Competences	3
Advances in governmental innovation and quality/ Guidelines and concrete benefits	3
Government that costs less	3
Professional government	3
Total government quality/Re-engineering	3
Fiscal Resources/Auditing bodies/Regulatory improvement	2
Administration of justice/Role of the courts/Relations between the executive - legislative - judicial branches	2
Strategic planning/Techniques	2
Leadership	2
Globalization/Modernization/Innovation	1
Reinventing government/Participation	1
Participation of civil society	1
Migration	1
Government and environment	1
Professional ethics of civil servants and vocation for service	1
Unions	1
Democratic government/good and bad decisions	1
Other	10
Total	100

The seven interactive workshops, which followed two days of plenary sessions, were attended by about 1,200 participants. All seven workshops were very well-attended and the participation level of the audience was high at all times. About one third of the participants were women, representing primarily the public sector.

The workshops received very high ratings, with an average of 8.5 on a scale from 0 to 10, with 10 again being the highest rating (see table 2 below). With respect to the overall content of the workshops – relating specifically to the topic, organization, clarity of the subject matter and management of each workshop – most respondents indicated that they thought

that the facilitators and presenters were highly qualified professionals and very knowledgeable in their field of work.

Table 2. Rating of the Forum workshops by participants

Workshop	Rating
Fiscal-transparency ROSCs and Other Tools for Promoting Continuing Fiscal Management Reform	8.6
Public Service Delivery and Urban Governance	8.4
Innovation in Linking Decentralized Governance and Human Development	8.5
Accountable and Transparent Government	8.7
E-government	8.5
Building the Human Capital in the Public Sector	8.6
Innovation and Quality in Government	8.3
Overall	8.5

Regarding the technical and logistical aspects of the workshops, the level of satisfaction with the arrangements was also quite high.

Overall, the responses indicated a high degree of interest in the event, which is capable of attracting a global audience. Participants were particularly emphatic about having the opportunity to discuss, share and learn about a number of critical governance issues that affected the machinery of government and society at many levels. The message conveyed through the survey and from the many statements of the presenters as well as the participants was that the issue of

governance permeates every aspect of public- and private-sector activity and that the Global Forums provided a unique venue for bringing this issue to the forefront of the agenda for world governments.

ANNEX I.   LIST OF PARTNER INSTITUTIONS

American Society for Quality (ASQ)

Office of the Presidency for Innovation in Government,
Government of Mexico

Ash Institute for Democratic Governance and Innovation,
John F. Kennedy School of Government, Harvard University

International Monetary Fund (IMF)

Transparency International

United Nations Capital Development Fund (UNCDF)

United Nations Department of Economic and Social Affairs
(UNDESA)

United Nations Development Programme (UNDP)

United Nations Human Settlements Programme (UN-Habitat)

World Bank

ANNEX II. AGENDA FOR THE FIFTH GLOBAL FORUM ON REINVENTING GOVERNMENT

3-6 November 2003
Mexico City

Innovation and Quality in the Government of the 21st Century

Monday, 3 November 2003
Venue: National Auditorium

07:00 - 08:00 Congregation at the National Auditorium

09:00 - 10:00 Opening Ceremony

- **Vicente Fox Quesada**, President of Mexico
- **José Antonio Ocampo**, Under-Secretary-General, United Nations
- **Goh Kun**, Prime Minister, Republic of Korea
- **Apolo Nsibambi**, Prime Minister, Uganda
- **Donald J. Johnston**, Secretary-General, Organisation for Economic Co-operation and Development

10:00 - 10:30 INNOVA Recognition and INTRAGOB Awards

10:30 - 11:00 Break

11:00 - 11:10 Opening of Plenary Sessions

- **Ramón Muñoz Gutiérrez**, Chief, Office of the Presidency for Innovation in Government, Government of Mexico

11:10 - 11:30 Mind Mapping

  • **Tony Buzan**, Senior International Adviser, United
    Kingdom

**11:30 - 11:40 Introduction: World Trends in
Government Innovation and Quality**

  • **Luigi Mazzella**, Minister of Public Administration,
    Italy

**11:40 - 12:40 World Trends in Government Innovation
and Quality**

  • **Guido Bertucci**, Director, Division for Public
    Administration and Development Management,
    Department of Economic and Social Affairs, United
    Nations
  • **Thomas Mosgaller**, Chairman, American Society
    for Quality, United States
  • **Gowher Rizvi,** Director, Institute for Government
    Innovation, Harvard University, United States

    Moderator: **Leo Zuckerman**

**12:40 - 12:55 Introduction: Good Government
Strategies for the 21st Century – 1**

  • **Eduardo Romero Ramos**, Secretary of Public
    Service, Mexico

**12:55 - 13:55 Good Government Strategies for the 21st
Century – 1**

  • **Lim Siong Guan**, Head, Civil Service Office and
    Permanent Secretary, Ministry of Finance,
    Singapore
  • **Hafiz Pasha**, Assistant Administrator and Director,
    Regional Bureau for Asia and the Pacific, UNDP
  • **Kay Coles James**, Director, Office of Personnel
    Management, United States

Moderator: **Elaine Kamarck**, Professor of Political Science, John F. Kennedy School of Government, Harvard University

13:55 - 15:30 Lunch

15:30 - 16:30 Good Government Strategies for the 21st Century – 2

- **Michelle d´Auray**, Chief Information Officer, Treasury Board of Canada Secretariat, Canada
- **Pravin Gordhan**, Commissioner, South African Revenue Service, South Africa
- **Peter Eigen**, Chairman, Transparency International

Moderator: **Elaine Kamarck**, Professor of Political Science, John F. Kennedy School of Government, Harvard University

16:30 - 16:45 Good Government Strategies: An Integrated Perspective

- **Franco Bassanini**, Senator, Italy

16:45 - 17:15 Break

17:15 - 17:25 Introduction: Quality Government

- Video. Mexican Case, Quality Government, *Comisión Nacional de Arbitraje Médico* (CONAMED)

- **Julián Adame Miranda**, Deputy Technical Director, Federal Commission for Electricity

17:40 - 18:40 Quality Government

- **Alain de Dommartin**, Director, European Foundation for Quality Management
- **Apolo Nsibamb**i, Prime Minister, Uganda

• **Trevor Smith**, Chair, Quality Management and
Quality Assurance, International Organization for
Standardization

Moderator: **Benito Necif**, Centre for Economic
Research and Learning (CIDE), Mexico

Tuesday, 4 November 2003

Venue: National Auditorium

08:00 - 09:00 Congregation at the National Auditorium

09:30 - 09:40 Introduction: Government That Costs Less

• Video: Institutional and Client Orientation Strategy,
Office of National Finance (NAFIN)
• **Juan Carlos Murillo Flores**, Adviser, Office of the
Presidency for Innovation in Government, Mexico

09:40 - 10:40 Government That Costs Less

• **Jocelyne Bourgon**, President Emeritus, Canadian
Centre for Management Development, Canada
• **Paulo Paiva**, Vice President, Planning and
Management, IDB
• **Graham Scott**, Consultant, New Zealand

Moderator: **Luis Pazos**, Director General, Banco
Nacional de Obras y Servicios Públicos, S.N.C.
(BANOBRAS), Mexico

10:40 - 10:50 Introduction: Professional Government

Video: Professional Electoral Service, Federal
Electoral Institute
• **José Luis Mendez Martinez**, Head, Union of
Professional Services and Human Resources of the

Federal Public Administration, Secretariat of Public Service, Mexico

10:50 - 11:50 Professional Government

- **Marie-Françoise Bechtel**, Conseiller d'Etat, France
- **Chang-hyun Cho**, Chairman, Civil Service Commission, Republic of Korea
- **Tim Kemp**, Director, Human Resources Strategy, Cabinet Office, United Kingdom

Moderator: **Maria del Carmen Pardo**, Centre for International Studies, College of Mexico

11:50 - 12:20 Break

12:20 - 12:30 Introduction: Digital Government

- Video: Digital Government, Mexican Institute for Social Security (IMSS)
- **Abraham Sotelo Nava**, Head, Union of Electronic Government Services, Secretariat of Public Service, Mexico

12:30 - 13:30 Digital Government

- **Odile Sallard**, Director, Public Governance and Territorial Government, Organisation for Economic Co-operation and Development
- **John Eger**, Professor of Communications and Public Policy, San Diego State University, United States
- **Wu Choy Peng**, Assistant Chief Executive, Info-Comm Development Authority (IDA), Singapore

Moderator: **Eugenio Andrés Rivera Urrutia**, President, Federal Electoral Commission, Mexico

13:30 - 15:00 Lunch

15:00 - 15:10 Introduction: Government with Regulatory Reform

- Video: Best Practices in Instituting Regulatory Reform, Secretariat of Public Service, Mexico
- **Carlos Valdovinos Chavez**, Director General for Regulatory Simplification, Secretariat of Public Service, Mexico

15:10 - 16:10 Government with Regulatory Reform

- **Giandomenico Majone**, Professor Emeritus of Public Policy, European University Institute, Italy
- **Zofia Wysokinska**, Adviser to the Minister, Ministry of Economy, Poland
- **Li Zhilun**, Minister of Supervision, China

Moderator: **Leonardo Curcio**, News Director, NRM Communications

16:10 - 16:40 Break

16:40 - 16:50 Introduction: Honest and Transparent Government

- Video: Revisions to solicitations, Mexican Petroleum
- **Jorge de los Cobos Silva**, Executive Secretary, Inter-Secretarial Commission for Transparency and Anti-Corruption, Secretariat of Public Service, Mexico

16:50 - 17:50 Honest and Transparent Government

- **Abdoulie Janneh**, Assistant Administrator and Director, Regional Bureau for Africa, UNDP
- **Anna-Karin Lundin**, Parliamentary Ombudsman, Sweden
- **Ronald MacLean-Abaroa**, President, *Poder Vecinal*, Bolivia

Moderator: **Luis Carlos Ugalde**, President, Federal Electoral Institute, Mexico

17:50 - 18:20 Presentation of the Venue for the Sixth Global Forum on Reinventing Government

- **Ramón Muñoz Gutiérrez**, Chief, Office of the Presidency for Innovation in Government, Government of Mexico
- **Goh Kun**, Prime Minister, Republic of Korea
- Representatives of the Governments of:
    - United States
    - Brazil
    - Italy (represented by Carlo Flamment, President, Centre for Studies in Public Administration (FORMEZ)
    - Morocco

18:20 - 19:00 Break

19:00 - 20:30 *Ballet Folklórico* of Mexico of Amalia Hernández

Wednesday, 5 November 2003
Venue: Sheraton Centro Histórico Hotel

08:30 - 09:15 Inauguration of the Interactive Capacity Development Workshops

- **Carlo Flamment**, President, FORMEZ, Italy
- **Juan Carlos Murillo Flores**, Adviser to the Office of the Presidency for Innovation in Government, Government of Mexico
- **Abderrazak El Mossadeq**, Minister of Economy, Morocco
- **Shabbir Cheema**, Principal Adviser, Division for Public Administration and Development Management, UNDESA

09:15 - 10:30 Interactive Capacity Development Workshops

Seven workshops will take place simultaneously:

- "Building the Human Capital in the Public Sector" (UNDESA)
- "Innovation and Quality in Government" (American Society for Quality, Government of Mexico, Harvard University)
- "Public Service Delivery and Urban Governance" (UN-Habitat)
- "E-government" (UNDESA)
- "Innovations in Linking Decentralized Governance and Human Development" (UNCDF, UNDP, WBI)
- "Accountable and Transparent Government" (TI/WB)
- "Fiscal Transparency ROSCs and Other Tools for Promoting Continuing Fiscal Management Reform" (IMF)

10:30 - 10:45 Break

10:45 - 13:30 Interactive Capacity Development Workshops (continued)

13:45 - 15:10 Lunch Break

15:10 - 17:45 Interactive Capacity Development Workshops (continued)

Thursday, 6 November 2003
Venue: Sheraton Centro Histórico Hotel

09:00 - 10:45 Interactive Capacity Development Workshops

10:45 - 11:00 Coffee Break

11:00 - 13:45 Interactive Capacity Development Workshops (continued)

13:45 - 15:15 Lunch Break

15:15 - 16:45 Plenary Session: Results of the Interactive Capacity Development Workshops

16:45 - 17:00 Declaration: Fifth Global Forum on Reinventing Government

17:00 - 17:30 Presentation of Ministers from Different Regions
- Latin America
- Asia and the Pacific
- Africa
- Europe
- North America

17:30 - 17:45 Closing Ceremony
- **Ramón Muñoz Gutiérrez**, Chief, Office of the Presidency for Innovation in Government, Government of Mexico
- **Guido Bertucci**, Director, Division for Public Administration and Development Management, UNDESA

Friday, 7 November 2003

Venue: Sheraton Centro Histórico Hotel

09:00 - 19:30 United Nations Side Events and Related Papers

ANNEX III.   FINAL DECLARATION

**Fifth Global Forum on Reinventing Government:
Innovation and Quality in the Government
of the 21st Century**

Mexico City, 3-6 November 2003

Mexico City Declaration

We, the participants of the fifth Global Forum on Reinventing Government, held in Mexico City, Mexico, from 3 to 6 November 2003, on the theme **"Innovation and Quality in the Government of the 21st Century"** have approved the following declaration:

I.   Preamble

The fifth Global Forum on Reinventing Government, organized by the Government of Mexico in collaboration with the United Nations, brought together representatives of governments, international organizations, businesses and non-governmental organizations (NGOs) to dialogue about governance in the 21st century from the perspective of innovation and quality. We began with two days of plenary sessions and panels where we heard from international organizations, including the UN, OECD, Transparency International, the World Bank and IDB, which shared international trends in reform and from country representatives who discussed reform efforts in their countries. We brought this knowledge to the seven interactive capacity development workshops that were organized by the UN Department of Economic and Social Affairs, UNDP, UN-Habitat and partner institutions – American Society for Quality; Ash Institute for Democratic Governance and

Innovation, Harvard University; World Bank Institute; International Monetary Fund; Transparency International; and the World Bank – and funded by the Government of Italy.

The fifth Forum followed events that began in 1999, when the United States partnered with Harvard in Washington, D.C. In 2000, the Government of Brazil hosted an event in Brasilia. The Government of Italy held the 2001 event in Naples, and last December, the Government of Morocco held the worldwide forum in Marrakech.

> 1.1 We recognize that governments across the globe are transforming themselves to deal with the challenges and opportunities of the 21st century. This transformation gives greater voice to citizens, calls for a rethinking of government programmes and services and leadership paradigms. This forum discussed in detail the strategies of President Vicente Fox Quesada's Agenda for Good Government, namely, government that costs less; quality government; professional government; digital government; government with regulatory reform; and honest and transparent government.

> 1.2 The participants of the fifth Forum would like to express their sincere gratitude to President Vicente Fox Quesada for his leadership and commitment to implementing good government initiatives. The participants also cordially thank the Government of Mexico for the successful organization of this major global event and commend the United Nations and international organizations for their invaluable support.

II. General recommendations

We agreed that the strategic pursuit of reform efforts is to create citizen-centred governments. This requires that we call on all sectors of society to redefine the role of governance in this century. We agreed that any strategy, plan and measure on government reform should be in accordance with every nation's specific conditions and its legal system. We also agreed that involvement of civil society will ensure the legitimacy and sustainability of systemic reform efforts. This approach is based on the Millennium Declaration, which takes a holistic view of development, emphasizing not just economic growth but equity for sustainable development. The participants presented experiences and good practices from all over the world in the context of reform of the State and institutional development. We have listed our key recommendations and conclusions for the reinvention of government in the framework of the fifth Global Forum:

2.1 Governments must attempt to create budgets that are responsive to national priorities, citizen driven and transparent, balancing costs with revenues. These reforms are about choices and decisions about the future. It is essential to review programmes and policies developed in the last century, evaluate effectiveness and eliminate outdated or redundant programmes. It is important to ensure increased revenues through efficient tax and customs administration and through public-private partnerships. Cost accounting, productivity studies and auditing are important tools in the process of creating governments that cost less. Citizens should be actively involved in all investment decisions. Options include deficit reduction, tax cuts, tax

rebates or investing in social programmes such as education and health.

2.2 A crucial test of improved governance is citizen satisfaction with government services which are accessible and affordable. Quality principles such as continuous improvement should underlie government innovation efforts, including public/private partnerships, community organization, urban development strategies, participatory governance, and cities without slums. Surveys have shown that citizens are more satisfied with services delivered by empowered local governments and with rules and regulations that are easily accessible and clearly understood. Governments should use effective tools to assess satisfaction such as citizen panels, focus groups and customer surveys. Citizens should have the right to be heard through feedback mechanisms such as ombudsmen and complaint procedures. Citizens should also have a voice in constructing performance measures that assess the quality and impact of services; the quality process should assess concrete results.

2.3 State capacity to respond to and manage change is essential to meeting the challenges of the 21st century and to improving quality of life for citizens. To undertake these efforts, governments need a professional civil service where employees and managers are recruited on merit, are trained for the jobs they carry out, are evaluated on programme results and promoted and paid for performance. It is important that recruitment be transparent and open to all sectors of society. Evaluating competencies necessary for 21st century governments is crucial. Governments with an established civil service

must engage in efforts to reform their rules and regulations to make them responsive to the needs of citizens and competitive with private-sector jobs. It is important to benchmark with the private sector about lessons learned in human resource management.

2.4 Now, more than ever, there is a critical need for governments to develop a policy framework for introducing e-government initiatives, including the creation of new strategies and legislation with the involvement of all stakeholders in society. E-government is justified if it enhances the capacity of public administration to increase the supply of public value, i.e., things that people want. The transition to electronic delivery of services enables governments to better quantify the cost-effectiveness of electronic service delivery, and hence make more effective use of limited resources and improve accountability. E-government strategies also can improve commerce, democracy and transparency. With this in mind, States need to assess the potential for investing in e-government initiatives with a view to improving the cost-effectiveness of the use of their increasingly stretched resources.

2.5 In many highly regulated countries, ineffective regulatory policies stimulate corruption and disempower citizens. Bad regulations distort the economic competitiveness of a nation; understanding the real cost of regulation is crucial to competitiveness in the global economy. While governments often think about the cost of implementing regulations, only a few are currently assessing the cost of complying with regulations on citizens and businesses. Few are also considering the need for capacity development in

100

this area; it is essential that those who write regulations have proper training in understanding the importance and impact of their work. Regulatory programmes must balance the outcomes citizens want with the cost of their programmes. It is important for regulatory programmes to have strong enforcement capabilities. However, it is also crucial to look at how citizens, businesses and civil society groups can engage in leading compliance efforts. In particular, reform and enforcement of tax policy are often fundamental to healthy economies. Reforming the tax policy of a country is often an important first step in global competitiveness.

2.6 For innovations and reforms to grow strong roots, the role of ethics in public service and sensitivity towards and respect for citizens' needs cannot be ignored. It includes an accountable and transparent political and administrative system which ensures a citizen's fundamental right to information. Governments have to be willing to undertake anti-corruption measures through the creation of commissions or bodies that are willing to investigate inconsistencies and anomalies, and introduce innovations to improve integrity and transparency in the public sector. Access to public information is crucial to ensuring oversight, and that access must be guarded by independent bodies such as the ombudsmen. Programmes for the prevention of corruption should be installed and supported by the government and monitored by civil society. We agreed that the role of a national audit office is critical to internalizing assessment of transparency practices. Fiscal-transparency and financial-management tools are critical instruments that promote transparency and accountability.

2.7 Improving governance is often a function of decentralization and citizen participation. Decentralization of the administrative, financial and political aspects of government is critical to the process of reform. It requires a legal framework that entails transfer of authority and resources to local governments and instituting checks and balances between central and local governments. At all levels, governments should aim to instill higher professional standards, ethics and values as part of the good government agenda and, ultimately, to set the standard for society at large.

III. Follow-up

3.1 Reiterating our deepest appreciation to the Government of Mexico, the participants recommended appropriate action to ensure the follow-up to the above recommendations among world leaders, international organizations, NGOs, and actors of civil society. We also recommend that the Government of Mexico present the report of the fifth Global Forum to the General Assembly of the United Nations.

3.2 Participants urge the governments represented in the Forum, civil society organizations and the private sector to promote partnerships to foster innovation and quality in the public sector, e-government development, access to services, decentralization and local governance, and accountability and transparency.

3.3 The participants appreciated the strong technical support provided by the United Nations to the fifth Global Forum and urged the United

Nations to continue such support for future Forums, including the establishment of a network of innovators and reformers in order to capitalize on the results of the previous Global Forums. The participants welcomed the statement of the representative of the Government of Italy to continue to provide financial support for the next Forum, for which they expressed great appreciation.

IV. Sixth Global Forum

The participants welcomed with appreciation the kind invitation of the Government of the Republic of Korea, extended by His Excellency, Goh Kun, Prime Minister, to host the sixth Global Forum in Seoul in 2005.

ANNEX IV. ABBREVIATIONS AND ACRONYMS

AML/CTF	Anti-money laundering and counterterrorism financing
ASQ	American Society for Quality
BOO	Build-operate-own
BOT	Build-operate-transfer
CSO	Civil society organization
DPADM	Division for Public Administration and Development Management
ICT	Information and communications Technology
IFI	International financial institution
IMF	International Monetary Fund
MDG	Millennium Development Goal
NAFIN	*Nacional Financiera,* Mexico's largest development bank
NGO	Non-governmental organization
PEFA	Public Expenditure and Financial Assessment
PEMEX	Mexican Petroleum
PER	Public expenditure review
PFM	Public financial management
PPP	Public-private partnership
ROSC	Report on the Observance of Standards and Codes
SOE	State-owned enterprises
TESEV	Turkish Economic and Social Studies Foundation
UNCDF	United Nations Capital Development Fund
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UN-Habitat	United Nations Human Settlements Programme
WBI	World Bank Institute