



OECD PER: Making Change Happen Project Progress and Plans

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Policy reforms can be key to prosperity

- Realising the right policy reforms successfully can contribute to the growth and well being of our societies.
- “Good” reforms can help unleash growth potential will move economies and societies forward.
- This makes the capacity of governments to reform is its comparative advantage.

...but achieving reforms is not easy

Reforms may have a good theoretical basis but may not be easy to implement:

- a) Progress in policy reform has been uneven across countries and sectors (eg: compare labour market, pensions, education or tax reform): this may be due to difficulties in implementing reforms.
- b) Much evidence shows that there are key factors that mediate between policy design and its realisation.
- c) Context matters: reform processes may differ depending on resource endowment, political systems, cultural background, and policy objectives

Evidence shows that taking into consideration political economy concerns can help make reform happen.

What is PER all about?



OECD has developed a specific project on Making Change Happen because...

- Ministers discussed the need for OECD to further work on the area of policy reform (MCM 2006, 2007, 2008)
- As a forum for governments to compare and exchange policy experiences, seek answers and identify good and not so good practices we can provide good data and evidence base analysis.
- We have many key stakeholders in reform at OECD, including members of CoG, representatives of Trade Unions (TUAC) and Business Organisations (BIAC)
- We can provide a horizontal/multidisciplinary view through our specialised Committees and Directorates working in different fields of public policy.

The Project Framework

The project looks to explore the factors that contribute to success and failure in different reform areas by looking at:

a) The existence of appropriate institutions to support reform from decision to implementation:

- Formal and informal rules and institutions, and veto structures
- The quality of institutions and leadership
- Mechanisms for dialogue with stakeholders

b) The impact and reactions of those affected by the reform:

- Uneven distribution of costs and benefits
- Short term versus long term impact so some may want to resist reforms
- How to build impact into strategies: compensation, information, bundling or reforms....

The Project Framework

c) Reform agendas: timing and interactions across different policy areas

- Evidence of complementarity : ie product markets /labour market reforms
- 5% increase in probability of reform in one area when reforms in other areas already in place (Duval and Elmeskov, 2005)
- But should reforms be introduced sequentially or as a package? “reforms are unpopular, so better do them all together...” vs. “intro of one reform will create pressures for additional reforms”

d) Role of evidence and international organisations in reforms:

- Triggers in promoting reforms
- Learning from reforms across countries and international cooperation also shape reform zeal
- IE: PISA as an example: peer pressure and benchmarking can help to advance reforms



The horizontal Project Making Change Happen: Objectives

1) Identify and better understand factors behind successful reforms

- Analytical strand

2) Provide direct support to member countries in their domestic reform efforts

- Action strand

Analysis on how to make reform happen

Analytical strand to provide analysis on approaches for achieving policy reform and strengthen OECD analytical capacity on PER.

- a report on “*effective ways to realise policy reforms*” to explore the PER in priority areas;
- engagement with OECD Committees to encourage them to start new projects to explore and integrate the analysis of reform realisation in their own POW and activities;
- an in-house seminar series for analysts on PER;
- international conferences and workshops.



Analytic Report: *Effective Ways to Realise Policy Reforms*

Making reform happen in policy priority areas across OECD countries:

- Reforms in social services, social security and pensions (19/24)
- Education and human capital reforms (14/24)
- Reform in fiscal policy (14/24 countries)
- Reforms in health systems, (13/24)
- Reforms in the labour market (11/24)
- Administrative reform decentralisation/modernisation (10/24)
- Product market reform (9/24)
- Competition policy (9/24)
- Reforms in tax policies (7/24)
- Environment (7/24)

Analysis: Mainstream analysis of making reform happen in Committee's work

OECD Committees to work on political economy in their Programme of Work:

- **Analysis** of PER concerns should be included in country visits or research of your specific area.
- **Analysis**: PER concerns should be included in relevant chapters in project/country study publications.
- **Analysis** and discussion of PER in Committee Meetings.
- Specific publications on PER in your area.

Action: Direct support to member countries

A member country support strand (action strand) to strengthen OECD support to countries in their domestic reforms.

- **Work requires :**

- To define and explore different options for countries: Publications, presentations, country visits by a high level representative of the OECD, seminars with key stakeholders, or direct engagement with countries to provide policy advice.
- To develop an internal process that makes best use of the existing OECD knowledge in its different areas of specialisation.
- To launch the service.

Action: Direct support to member countries

A member country support strand (action strand) to strengthen OECD support to countries in their domestic reforms.

- **Work is based on demand.**
- **Examples of work already undertaken:**
 - *Mexico: Getting it right, OECD, 2007*
 - *France: Le Pari de la Croissance, 2007*
 - *Hungary: Reforms for Stability and Sustainable Growth, an OECD Perspective on Hungary, 2008*
 - *Finland: Special High Level Seminar on Migration and Pensions*

Action: Mainstreaming in Committee's work

OECD Committees to work on mainstreaming the political economy in their Programme of Work:

- Specific projects should include PER in the project planning phase:
 - **Action**: Including targeted dissemination of results as a key output of the projects/country studies.
 - **Action**: Publication of a report should not be the end of a project – it should be at 60% of project and followed by different approaches to make report recommendations useful for countries (toolkits, domestic seminars, etc.).
- Potentially engaging with countries who can benefit specifically from our work through VCs.

To summarise: What is in it for your Committee?

More relevance by going beyond the what of reform to also analyse and support how to make change happen in your area of specialisation. You can do this by:

- Including the *how* of reform in your project planning phase:
 - **Analysis**: Include PER analysis in relevant chapters in project/country study publications.
 - **Action**: Including targeted dissemination of results as a key output of the projects/country studies. Publication of a report should not be the end of a project – pursue different approaches to make report recommendations useful for countries (toolkits, domestic seminars, IT tools, etc.).
- By discussing it in Committee Meetings.
- By developing specific publications on PER.

Thank you.

The calendar of events

Timing	Analytical outputs	Meetings
1-7 2008	Stocktacking Conceptual framework for 2009-2010	OECD Directors meeting
8-12 2008	Discussions with Council, Committees and Directorates, BIAC and TUAC Data gathering from Directorates	Informal Council Discussion CoG meeting, Mexico EDRC PER discussion OECD Network /BIAC/TUAC
1-6 2009	Directorates present drafts <i>ECO PER case studies synthesis paper</i> <i>Report with conclusions on current OECD and other service practices</i>	In house seminar series ECO EDRC/EPC PER Discuss OECD Network / BIAC/TUAC Progress Report to MCM
7-12 2009	<i>Enhancing PER at OECD: Practical examples for Directorates and Committees</i> <i>Handbook: Responding to PER demands</i>	OECD Network / BIAC/TUAC CoG meeting , Paris Int. seminar on PER
1-6 2010	Draft report <i>Effective Ways to Realise Policy Reforms</i> (June)	OECD Network / BIAC/TUAC PGC/EDR joint meeting MCM 2010 Progress Report
7-12 2010	Dissemination phase Evaluation of impact: Analysis of POW 2010-2011 for PER outputs across directorates.	Presentation of findings to countries Final conference