

Governing Public Agencies in the 21st Century

International lessons and policy recommendations

by the COST Action IS0601 on
'Comparative Research into Current Trends
in Public Sector Organization – CRIPO/COBRA'



Governing public agencies in the 21st century

- International lessons and policy recommendations
- Based on research findings by COST Action IS0601 on comparative research into current trends in public sector organizations (CRIPO/COBRA):
 - 95 researchers from 23 European and 7 non-European countries
 - Research methods: (1) mapping, (2) surveys and (3) case studies
 - Over a period of 10 years; COBRA was established in 2001, CRIPO in 2008



Outline & purpose

- Lessons based on research findings
- Recommendations mainly for policy makers and some for agency managers
- Warning: don't try this at home! General recommendations need to be adapted to national context, culture, traditions and administrative practices/system



Agencies: a comparative definition

- Agencies are organizations that carry out a public task (policy implementation, service delivery, regulation, etc.) at arms' length of the government.
- Agencies are semi-autonomous (management autonomy or otherwise).
- Agencies can differ in legal form, way of financing, organizational form, size, task, and so on



Three agency categories

	Definition	Examples
1	Semi-autonomous organization, unit or body without <i>legal independence</i> but with some managerial autonomy	Examples: Next Steps Agencies (UK), contract/ executive agencies (NL, B, AUS, IRL), state agencies (Nordic countries), Italian <i>Agenzia</i> , service agency (A), state institutions (EST), central bureaus (HUN), direct agencies (GER)
2	Legally independent organization/ body (based on <i>statutes</i>) with managerial autonomy, either based on public or private law	Examples: Public establishments (IT, POR), ZBO (NL), NDPB (UK), parastatal bodies (B), statutory bodies or authorities (not corporations: A, EST, AUS, IRL, POR), indirect agencies (GER)
3	Private or private law based organization, established by or on behalf of the government, like a foundation or corporation, company or enterprise (government owns majority or all stock)	Examples: commercial companies, state-owned companies (SOC) or enterprises (SOE), and government foundations



Recurring themes in agency practice and research

1. Creation of agencies
2. Autonomy
3. Steering and control
4. Agency management and governance
5. Rationalization, co-ordination and collaboration



1. Creation of agencies

- Agency proliferation is assumed to be caused by New Public Management reforms, but:
 - Most countries have longstanding tradition in agency creation
 - There is not one agency model, let alone one best model
 - There is no convergence to a similar model either
- There is no systematic explanation for agency creation; ad hoc creation, numerous motives and increasingly complex and hybrid forms



Large variety of agencies

- Pro:
 - Diversity fits with differences between tasks, sectors and so on
 - Variety is result of institutional-historical developments
- Contra:
 - Lack of transparency for citizens, stakeholders, parliament, government reduces possibilities for control and accountability – and research



Large variety of agencies

- Solutions:
 - More transparency e.g. by setting up registers
 - Reduction of the number of (legal) categories
 - Structural reforms (rationalization), but: costs of transformation and neglect of other causes/solutions
- Lack of a systematic vision on when, why and how agencification



Recommendations

1. More integrated or systematic vision on agencification (how, when, why)
2. Do not copy models from other countries straightforwardly; fit with local context
3. Create more transparency e.g. by setting up a register or reduction of number of (legal) types of agencies



2. Autonomy of agencies

- Autonomy is multi-dimensional (financial, HRM, management, formal/legal, structural, policy)
- There are no clear patterns; similar agencies have different mix and different levels of different types of autonomy
- Formal and actual autonomy do not always match
- No straightforward relation between autonomy and performance (but: performance is under-researched)



2. Autonomy of agencies

- Many agencies report high policy autonomy:
 - Discretionary authority in policy implementation
 - Influence on development of new policies
 - Increasing role in EU policy-making
- Financial crisis has led to less autonomy (e.g. budget cuts, agency abolishment or re-organization)



Recommendations

4. Strike a balance between different types of autonomy that is beneficial to functioning and performance of agencies
5. Explain idiosyncracies in mix of types and levels of autonomy for individual agencies
6. Alignment of formal and actual autonomy, but: maintain flexibility
7. Involve agencies in policy development; use their expertise



3. Steering and control

- In most countries, steering is done by parent ministries – because of ministerial accountability
- Steering and control of agencies requires new competencies which are not always present due to lack of attention, lack of skills, lack of capacity (size) → this leads to under-steering
- But also cases of over-steering; too much focus on ex ante, input and hierarchical steering
- Ex post steering is present in some countries, but not without problems either (see e.g. use of performance indicators)



3. Steering and control

- Need for new, more horizontal forms of steering, for example:
 - Relational contracting
 - Account management, liaison officers, interfaces
 - Ex post control (contracting)
 - Performance dialogue
 - Risk management; high risks require more direct steering, low risks less
- Parent ministries need to invest in new skills and new instruments



Recommendations

8. Think about design of steering and control at time of agency establishment, not afterwards
9. Invest in new models, instruments and skills for horizontal steering and control of agencies
10. Learn from best practices in other countries
11. Strike a balance between control and autonomy; build good relationships
12. Relationships are mutual; ministries and agencies should both invest in relationships



Trust?

- Relationships point to issue of trust; good relationships are based on or lead to trust
 - Trust as the new steering mechanism?
 - Different definitions of trust:
 - Trust in competence and benevolence of ministries and agencies
 - Trust because of reciprocity and patronage (political appointments)
- Invest in trusting relationship without letting go of objective agreements and results orientation (accountability!)



4. Agency management and governance

- More research into agency performance is necessary but preliminary findings:
 - Autonomy, size, task, political support, self-generated income stimulate innovation
 - Performance is more than finances; public goods and public values should also be taken into account
- Quality of agency management:
 - Don't copy private sector techniques straightforwardly into agencies
 - Political appointments (board, CEO) are not favourable to agency performance



4. Agency management and governance

- Visibility of agencies:
 - Agencies as such not well-known entities with general public, parliament, government, and media – but usually negative image
 - New trend: agencies use horizontal accountability to improve visibility within network, society, stakeholders, clients
 - Increased role for agencies in EU policy making and transnational networks



Recommendations

13. More research into agency performance
14. Improve practices for appointment, training and evaluation of agency managers (CEO and boards)
15. Horizontal accountability instruments could be used to improve legitimacy and reduce democratic deficit of agencies



5. Rationalization, co-ordination and collaboration

Most recent trend is rationalization:

- Reduction of number of agencies by mergers (e.g. in shared-service centres)
 - But also splitting up of multi-purpose agencies into single-purpose agencies
 - Reshuffling of agencies between (legal) categories
- Mainly structural changes, without much agency 'death'. New agencies are built upon foundations of old agencies



5. Rationalization, co-ordination and collaboration

Why rationalization?

- Agencification has led to: fragmentation of public domain; loss of transparency; duplication of functions and organizations; increased span of control; loss of possibilities for direct control, steering and intervention; difficulties in handling wicked issues that concern multiple policy sectors
- Financial crisis and need for budget cuts



5. Rationalization, co-ordination and collaboration

Barriers to (successful) rationalization:

- Lack of systematic vision on agencification (how, when, why)
- Lack of overview of existing agencies (number, size, tasks, forms, and so on)
- Under-steering; absence of appropriate forms of steering and control
- Lack of information on agency performance



Recommendations

16. Rationalization is no guarantee for better agency performance, nor for improved co-ordination in the public domain
17. Beware of the costs of rationalization
18. Co-ordination can also be achieved through other means e.g. by improving the link between policy and implementation, or creating incentives for agency collaboration



This conference

- Discussion of research findings and agency practice in six sessions on different topics:
 - Session 1: rationalization of agencies in times of crisis
 - Session 2: result control and agency performance
 - Session 3: politics, leadership and agencies
 - Session 4: traditional and new forms of accountability
 - Session 5: relationship of ministries and agencies
 - Session 6: agencies and policy networks in EU
- Plenary panel discussion

