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BASIC DATA ON PUBLIC ADMINISTRATION AND FINANCE FOR POLICY-MAKING PURPOSES

Report prepared by the Secretariat*

EXECUTIVE SUMMARY

The three purposes of this paper are: (1) to identify data gaps in the emerging needs of the public sector in the twenty-first century; (2) to explore how data collection can best support government capability; and (3) to suggest how the United Nations can best promote and facilitate the collection and dissemination of public sector data. The paper addresses the data needs to answer three basic questions: what government should do; how they can do it; how can they do it better. The development of data to answer these questions requires the identification of relevant concepts, the development of appropriate measures and the choice of suitable criteria for assessing the results; data should be assessed in terms of availability, accuracy, reliability and comparability.

Significant gaps were found in the existing databases on Member States collected by United Nations agencies for national income and financial accounts, and public employment. Only OECD countries have systematic data on public employment and only a third of United Nations Member States report data on government consumption expenditures, the preferred measure for estimating government contributions to the economy. Availability, accuracy, reliability and comparability are all serious problems.

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The emerging needs for data collection, particularly for the reform of the State, were identified as: (1) definitions and measures of privatization, and information on how to privatize; (2) measurement on the motivation and performance of public servants; (3) measurement of decentralization efforts, both within the public sector and without, to private and non-profit organizations; (4) identification and measurement of the inputs and outcomes of government activities needed for performance evaluation systems; (5) development of appropriate evaluation criteria for all the above, especially to assess transparency, accountability, responsiveness, credibility and corruption, and of new criteria to assess the government from the perspective of citizens rather than investors.

While it is assumed that DESA will not undertake the generation of any major new databases, it has an important role to play in complementing and supplementing existing public sector data collection, in facilitating the gathering and dissemination of national, regional and international information, in enabling Member States, regions and international organizations to access, to interpret and to use available data, and in laying the groundwork for developing new measures to meet broader criteria. Critical roles for the United Nations system are: (1) to establish priorities for data collection on public administration and finance for itself and for individual Member States; (2) to foster cooperation between United Nations organizations, particularly between data collection agencies, such as the ILO, the IMF and the United Nations Statistics Division, with the United Nations agencies, which have field experience in governance, public administration and finance.

Specific suggestions to enhance data collection in individual Member States are: (1) to assist in setting up basic data collection systems, to improve existing needs, and to act proactively to identify countries and areas for systematic efforts; (2) to assist in improving government's capacity to use existing data in its decision-making by evaluating the relevance of existing research for developing and transition countries; (3) to provide information and assistance to help Governments choose their own versions of new performance management systems and to generate their own data.

Specific suggestions to enhance the United Nations system's capability in meeting data needs are: (1) cooperative efforts to increase the availability, accuracy, reliability and comparability of basic national income, finance and public employment data, and to establish priorities; (2) the development of early warning indicators of economic and financial stress, and of political and social instability; (3) the appropriation of sufficient resources to make operational further development of the clearing house of information on governance, public administration and finance, which requires setting its own priorities, a staff with appropriate training and expertise to respond to use needs, and cooperation with United Nations organizations; (4) the design and creation of new concepts of government, new measures of its activities, and new criteria to assess its performance, in order to meet the goals of the United Nations and the challenges faced in the twenty-first century.

INTRODUCTION

General Assembly resolution 50/225 recognized that "there is a need for public administration systems to be sound, efficient and well equipped with appropriate capacities and capabilities" to contribute to the achievement of good governance. Within the United Nations Department of Economic and Social Affairs (DESA), the recently renamed Division of Public Economics and Public Administration (DPEPA) has a mandate to assist Member States in improving governance, public administration and finance systems through facilitating the sharing of information and experience and providing customized technical assistance on the most appropriate systems and practice. Furthermore the Thirteenth Meeting of Experts in 1997 underscored the pressing need to reinforce government's capacity in the field of policy analysis and policy development, and explicitly recommended that the United Nations should develop a clearing house of information on governance, public administration and finance (United Nations, 1997a).

Recognizing that capacity in this domain is greatly hampered by the inadequacy of the necessary data, this paper was commissioned with three purposes in mind: (1) to identify the data gaps between what is currently available and the emerging needs for public sector data in the twenty-first century; (2) to explore how data collection can best support main government functions, such as preparing long-term strategies, policy formation, programme management and service delivery; (3) to suggest how the United Nations can best promote and facilitate the collection and dissemination of public sector data, in light of its mandate and the activities of other international organizations.

In his foreword to the 1997 World Development Report, **The State in a Changing World**, James Wolfensohn identified three fundamental questions to be addressed on the role and effectiveness of the State: "what the State should do, how it can do it, and how it can do it better in a rapidly changing world". This paper will focus on the data needs for answering these questions. However, it is important to note that, although data is essential for the answers to each of them, its nature and the role it plays in providing answers is somewhat different in each case. While the first two raise descriptive questions, what has happened and how, as well as the judgmental issue of what the State should be doing, the third calls for evaluations of why and how in order to suggest directions for change. All three questions call for the identification of relevant concepts, the development of appropriate measures and the choice of suitable criteria for assessing the results.

Since the pressing need for information about governance in the developing and transitional countries has been recognized in the mandates for DESA, and since the possibilities for data generation and collection verge on the infinite, this paper aims to provide frameworks for developing priorities, so that the Meeting of Experts can focus upon the choices for direction in this area. It is divided into five sections as follows: (1) a brief discussion of the role of data in governance; (2) an analysis of the emerging trends in governance into the twenty-first century and their implications for public sector data collection; (3) a description of the main existing databases on the public sector; (4) a discussion of the emerging needs for data collection; (5) suggestions for projects that can feasibly be undertaken to meet those needs.

I. The Role of Data in Governance, Public Administration and Finance

To begin it will be helpful to distinguish between the different users and the different uses of data on government activities, in order to identify the benefits of putting resources into improving information. First, there are the Member States themselves, who need to be able to forecast trends and to plan their own policies and programmes in a systematic way in the global context, as well as to compare and to assess trends in defining the role of government and improving its functioning. Systematic, accurate and reliable data are essential for the important tasks of setting priorities and making allocative choices within and between departments and ministries. Providing information is also a fundamental part of ensuring transparency and accountability both within government and to the citizenry at large. Secondly, there are the regions of the world and other groupings of countries who share common problems and who can pool information to gain support for their more specific agendas. In this case, in addition to being systematic, accurate and reliable, data need to be comparable both to obtain aggregate data on regions, and to compare and contrast experiences in different countries. Finally, there are the international organizations themselves, particularly the United Nations with its commitments to sharing information and to developing the capacity and capability of States to achieve sustainable development. All these users can benefit from learning from the experience of others, so that the transmission of knowledge about best government practices is an essential role for the United Nations to benefit Member States, regions and international organizations.

Primary data is collected in two main formats, on a continuous basis to allow for comparisons over time and at a point in time. The main task of collecting primary data falls to the Member States. The role of the United Nations and the other international bodies is to collect the national data into a systematic format that permits comparison across nations. On the activities of government, the main sources of such systematic data collection are national income and financial accounts and to a lesser extent public employment statistics, which will all be discussed in greater detail below. Periodically, additional data are collected for specific studies. For example the World Bank's 1997 report on the State collected together the available primary data on all the member States, and also conducted its own survey on different aspects of institutional uncertainty as perceived by private entrepreneurs. Similarly, in 1997 the United Nations annual **World Economic and Social Survey** contained a detailed study of fiscal adjustment looking at the economic and social role of the State and the budget in general, but focused in detail on the experience with fiscal reform in 14 countries from different parts of the world. It is assumed that DESA will not undertake the generation of any major new sources of primary data; however it has a very important role to play in complementing and supplementing the activities of existing public sector data collection agencies, in facilitating the gathering and dissemination of national, regional and international information, and in enabling governmental, regional and international organizations to access, to interpret and to use available data.

As noted earlier, to provide answers to questions, the collection of data requires relevant concepts, appropriate measures and suitable criteria for evaluation. For example, to find out what the State does, it is necessary to define the State and its role in the economy and to measure its contributions in the aggregate and by sector and industry. To assess whether its role should be increased or decreased requires judgmental values and suitable evaluation criteria, which may or may not be susceptible to measurement.

The heart of improving the capability and effectiveness of government and the focus of calls for reforming the State lies in posing and answering the question of how the government does what it does, a question that needs to be addressed in a number of different ways. First, there are the traditional administrative questions about the inputs to government production, the numbers of employees, their skills and training needs, their compensation and incentive systems, career structures and human resource management policies, labour relations and patterns of unionization. To these might be added more recent concerns about the representation of different ethnic and other relevant groups in the public service, in particular the role and status of women. Second is the question of the form of organization, different levels of government, the role of the private and non-profit sectors in the delivery of public services, the degree of decentralization, debureaucratization and devolution, and the forms of contracts both within and without the formal public service. Finally, there are questions about the processes and the technology of government production. The role of measurement, and hence of data collection, will obviously depend upon the question posed and the level of analysis required to answer it. Similarly the appropriate evaluation criteria will vary with each question.

To find out how the State can do better, however, requires formal methodologies to assess the impact of government activities, that is, it calls for the use of evaluative research, policy and programme analysis and the whole range of techniques to test performance in the public sector. In general such research requires models for explaining what the State is accomplishing, defining its objectives, choosing evaluation criteria and measuring outcomes. Data collection is essential for these tasks, but its actual form will be determined by the nature of the inquiry.

As the role of the State undergoes significant changes, new concepts are needed for understanding and assessing that role, and new measures and new data are needed to answer questions about its activities and performance. Furthermore, new criteria are called for as some of the old criteria are found to be misleading or inadequate to assess the new performance demands. Last year's report of the Thirteenth Meeting of Experts made some useful distinctions among the evolving values of public service, which have direct relevance to the question of the criteria for measuring government performance. In describing the changing social values and the shift in the paradigm from the traditional bureaucratic organization to a managerial model, the traditional administrative values are depicted as "accountability, fairness and integrity"; the new citizenship values are "transparency, responsiveness and responsibility"; the new managerial values are "performance, efficiency and results". We shall return to a consideration of the appropriate criteria for evaluating the public sector.

II. Trends in the Role of the State and the Implications for Public Sector Data Collection

The World Economic and Social Survey of 1997 by the United Nations is reasonably optimistic about the trends in the world economy and government economic policies: "... the world economy is experiencing widespread economic growth as it moves towards the close of the millennium. Many countries have built a foundation of more sustainable national policies and the international economic is more propitious." Nevertheless, unemployment remains "an immediate concern" in the transition economies and in many parts of the developing world, and "a highly salient issue" even in the richest countries of the world. The report concluded that: "the difference in well-being between the world's most fortunate citizens and its least fortunate ones remains unacceptably large and the number of people living in absolute poverty is intolerably high". Although noting the cooling of the rapid growth rates in Eastern and Southern Asia and the Pacific, these conclusions pre-date the recent fiscal and currency crises in that part of the world, which cast some doubt on its future stability and concerns about the possible ripple effects on the world economy.

The report also finds that growth in the developing countries has become less closely tied to that of the developed countries; direct investment and capital flows have continued to spread among developing economies, as domestic economies stabilize, inflation is controlled and fiscal deficits are reduced. Furthermore, a majority of low-income countries now have democratically elected Governments with legal and institutional reforms set in motion. Even the transition countries, which are still suffering from the ill effects of economic, social and political dislocation, have made "steady progress" in reducing inflation, and it is hoped will soon start to grow again after the precipitous declines in output following the collapse of the Soviet Union.

Against this background, the World Bank's 1997 report, **The State in a Changing World**, notes that "even where Governments have done a good job in the past, many worry that they will not be able to adapt to the demands of a globalizing world economy". In particular, these concerns have been given added impetus from four recent developments: (1) the collapse of command-and-control economies in the former Soviet Union and Central and Eastern Europe; (2) the fiscal crisis of the welfare state in most of the established industrial countries; (3) the important role of the state in the "miracle" economies of East Asia; (4) the collapse of States and the explosion in humanitarian emergencies in several parts of the world. The report concludes that: "An effective State is vital for the provision of the goods and services - and the rules and institutions - that allow markets to flourish and people to lead healthier, happier lives. Without it, sustainable development, both economic and social, is impossible". However, the role of the State in development has changed significantly; while it is central to development, it is "not as a direct provider of growth but as a partner, catalyst, and facilitator".

More specifically, last year's report of the Thirteenth Meeting of Experts identified four common themes arising from its discussions. First is the need to redesign the State as a response "to dominant new trends", the globalization of the world economy, the progress of science and technology, and the emergence of a vibrant civil society nationally and internationally. Second are the significant changes in the organization of the State, from the debureaucratization of government structures to the deconcentration and decentralization of functions and responsibilities. Third is the critical importance of democracy, transparency and accountability in all public and private, national and international institutions. Finally, there is concern about rising inequality, poverty and unemployment with "all the attendant symptoms of marginalization, social exclusion and alienation among the large disadvantaged segments of the population".

It is clear that many of these new trends broaden the data requirements for assessing public sector activities. They involve new concepts, such as transparency, which in turn call for new measures to be applied to a wider range of organizations both national and international. They also call for new evaluation criteria and new methodologies to test the impacts of government programmes and policies. In discussing the old administrative values and the new citizenship and managerial values, the report of the Thirteenth Meeting of Experts raised the question about how these different values were to be reconciled in the new era. In addition, they raised the question of other relevant criteria, such as the need to strengthen social capital, the promotion of ethics in government and the importance of culture in supporting traditional values, which need to be taken into account. Furthermore, besides the criteria to be applied to individual States and their activities, there are other criteria that could be applied to the activities of international organizations, such as the IMF and the World Bank. Then it is important to ask how the criteria for evaluating international projects are to be reconciled with the values of the individual State. The United Nations has a track record of questioning the narrow efficiency criteria used for assessing economic performance and for insisting on incorporating social and political values, for example in human development indexes. The same role needs to be applied in the case of the emerging criteria for measuring and evaluating State activities.

III. Existing Databases on the Public Sector

The three main sources of data on the public sector that are available on a continuous basis in many Member States are the national income accounts, the government financial statistics and employment statistics. The United Nations collects together and publishes the data on national income accounts from its 185 Member States each year. The IMF does the same for data on government revenues, expenditures and the fiscal balances of its member States. The ILO is responsible for collecting and publishing employment data from its member States. Not all countries that are Members of the United Nations are also members of the IMF or the ILO, so there is a difference in the countries which each of these data sets cover. Furthermore, each organization has its own source of information in each country, its own methodology for collecting the data and even its own definitions, for instance of what counts as the public sector. This paper will not attempt to provide a systematic review of these data sources and the statistical and methodological problems that they represent; it will give a brief overview of the issues insofar as they suggest avenues and projects for DESA to pursue.

All other information on the public sector is cross-sectional. There is of course an enormous literature from which to draw, and to which the United Nations and other international bodies have contributed a great deal, but it is not the purpose of this paper to comment on those sources. The subsequent sections will comment on specific studies that are relevant to the subject of measuring and assessing public sector activity. The criteria for assessing databases are the accuracy, reliability and availability of data from the Member States, and the comparability of the databases for international comparisons.

1. *National Income Accounts*

The Statistics Division of the United Nations Department of Economic and Social Affairs collects and publishes the national income accounts of Member States. It sends out a survey questionnaire to each country, usually to the official statistical office of the country, outlining the information requested. Data on government activity is available in two formats: (1) expenditures as one of the producers of the gross domestic product (GDP); (2) expenditures as one of the consumers of GDP. This source provides data on General Government expenditures, that is, expenditures by all levels of government, central, state, local or municipal depending on the form of government. However, many countries do not have this data available at the local levels.

Table 1 lists 182 of the countries reporting to the United Nations Statistical Division, and shows the gaps in availability by country for the main tables that include data on government expenditures. There is practically total coverage for the United Nations table 1.1, which contains data on the expenditures from the production perspective; only 15 do not supply this information, and these are largely transition countries. However, when it comes to government as a consumer in table 2.1, and the detailed flows in the government sector contained in tables 3.11 through 3.15, the coverage is quite spotty; only 62 or a third of the reporting countries provide this data. This is particularly important for measuring the contribution of the government sector as these data are preferred for comparing public and private expenditures.

There are other statistical problems with the estimation of the government sector, in particular the valuation of government production and the effect of contracting out to private and non-profit suppliers. Indeed, recent developments in the organization of government services have increased the "grey" area between public and private sectors, both conceptually and statistically. Furthermore, modern research and policy imperatives have called into question some of these traditional measures, and particularly their focus on market production and the needs of the private sector in development. The new concepts of household production, the realities of the informal economy in many developing and transition countries and concern with environmental degradation all call for the development of new measures of economic contribution, and hence new data sets. Household production estimates, for example, require detailed time use studies which can only be obtained from household surveys.

2. *Fiscal Accounts*

The IMF is the main source for data on fiscal accounts, which it collects from its member States, often through the Ministry of Finance. It is summarized in the appendix to the 1997 World Bank Report on the State. These accounts are reported by each country using the common definitions and classifications of the IMF. This source provides comprehensive data on central government finances only, in three tables; the coverage by country for each has been summarized in table 2. The first, table A-1, contains data on central government revenue by source, that is from different forms of taxation, such as income, profit and capital gains taxes, social security contributions, and so forth. The second provides data on central government expenditure by economic type, that is, on goods and services, on wages and salaries, on interest payments, subsidies and other current transfers and on capital expenditure. The third lists central government expenditure by function under health, education, social security and welfare, defence and other.

The text notes that the data on central government expenditure by function are often incomplete, and that coverage varies. Consequently, the reader is warned that the data are not always comparable across countries, especially for education and health. Furthermore, data is missing from many countries, particularly from low-income and lower-middle-income countries. Table 2 tabulates the number of missing countries in these tables and lists those missing from table A-3 on central government expenditure by function. As many as 40 per cent are missing; the greatest number missing both absolutely and relatively are from low-income countries; of missing lower-middle-income countries a large proportion are transition countries from Eastern Europe and the former Soviet Union. There is clearly an important role for DESA to play in assisting Member States to collect and report on these fundamental sources of information on government finances.

3. *Public Employment*

Although the ILO systematically collects and publishes employment data from its member States, it does not collect data on public employment. It has participated in a number of projects to foster the collection of such data, in particular in conjunction with the OECD. One recent study summarized the data sources on public employment in the OECD countries (OECD, 1994). A follow-up study on non-OECD countries has been undertaken at ILO; its findings are expected to be completed later this year.

The OECD Public Management Service (PUMA) is the only source of systematic data on the public service in general, as well as specifically on public sector employment. Their most recent report on measuring public employment in OECD countries underscores the difficulty of collecting comparable data on public employment: "In contrast to employment in the private sector, public employment has not been covered by special surveys or publications that have been harmonized between countries" (OECD, 1997a). Even the figures that are available are a compilation from a number of different sources, which are often overlapping. Decentralization of government activities has only compounded the problems of comparable data collection.

To summarize the findings on the existing databases on government activities, it is clear that there are significant gaps in the country coverage of national and financial accounts, particularly in developing and transition countries, and only systematic coverage for OECD countries of public employment. This does not mean that countries do not have any of this data, rather that they have not made it available in the requested format by the relevant agency. However, the accuracy of the available data may also vary considerably; there has not been time to look into this question for this paper. Similarly, the reliability of these data sets may also raise problems; there is a substantial grey area between the public and private sectors in all these estimates, and the narrow definitions of contribution intrinsic to all these traditional measures have been noted. Finally, the difficulties of comparing these data across countries appear to be endemic.

In short, it is evident that data collection on basic government activities, particularly public employment, is fertile ground for inter-agency cooperation. Technical assistance in setting up the data collection systems, in conceptualizing and defining appropriate measures, in helping to interpret the requests of the data collection agencies in the member States, are all urgent needs to improve the availability, reliability and accuracy of the main data sources. A serious investment in resources in various agencies is necessary to identify and to accomplish the necessary tasks to improve the comparability of data between countries, again particularly in public employment series.

IV. Emerging Needs for Further Data Collection on Government Activities

While there has been a worldwide movement pressing for reform of the State, there is little consensus about how and when it should be changed in specific cases. It was recognized at the Thirteenth Meeting of Experts that: "the State must upgrade its capacity for prioritization, policy formulation, monitoring and evaluation [and] to respond to the needs and demands of the population". Relevant data becomes a crucial component for government to accomplish these tasks and to make the necessary decisions about the allocation of resources. This section will discuss the emerging needs for data to meet the challenges outlined in the earlier sections by focusing on the three basic questions that Governments face: what should Governments do? how should they do it? and how can they do it better?

1. *What should government do?*

One of the most striking trends noted above has been the pressures to reduce the size of government activities in the economy. The privatization movement first arose from dissatisfaction with the performance of the Government in developed countries; it then spread to developing countries, often at the insistence of the international funding agencies, and received its greatest impetus from the collapse of the centrally planned economies of central and eastern Europe and the former Soviet Union. However, there is little consensus on what, how, how much or when to privatize, let alone agreed measures or estimates of the gains and losses in particular cases. Thus, there is a critical need for measures, for data and for the appropriate research to aid Governments in making the necessary decisions to redesign their role in the economy.

The first need is for definitions and measures of privatization. It is important to distinguish between three main ways to privatize government activities: (1) divestment of State-owned enterprises by sale, restitution, give-away or liquidation; (2) delegation by the transfer of management and control of State assets or activities in a wide variety of ways, such as leases, franchises, contracts or vouchers; (3) displacement by passively allowing the private sector to expand, or by actively promoting private sector involvement in public activities by contracting out (Savas, 1991). Aggregate measures of privatization need to incorporate all three types, but this raises serious measurement problems (see Bennett, 1997, for fuller details). Failure to capture all the variations may lead to misinterpretations and to incorrect evaluations of the progress of privatization efforts. For instance, the increase in the private share of the economy has increased in many transition countries through the growth of new private enterprises, or displacement, rather than through divestment of State-owned enterprises.

The second need is for information and appropriate data on how to privatize. Although this question will be pursued more broadly below, there are some important points to make on the specifics of how to privatize. The World Bank has concluded: "Experience has shown that the way privatization is managed is terribly important to the end result. The key factors are transparency of process, winning the acquiescence of employees, generating broad-based ownership, and instituting the appropriate regulatory reform." (World Bank, 1997). The Thirteenth Meeting of Experts pointed out that: "Most of the problems of privatization have arisen from premature sales, driven by fiscal crises rather than the need for efficiency, often without transparency, and with unstated or confused objectives." Thus, information, appropriate data collection and research are critical for designing and carrying out successful privatization programmes.

Finally, the relevant criteria for choosing what, how and when to privatize from the enormous array of possibilities are also critical needs. There are many different objectives that countries may be trying to achieve with their privatization policies and programmes; these include economic goals to increase efficiency, to stabilize the Government's financial position and to reallocate resources to other sectors, as well as political and social goals such as accountability, responsiveness and the dispersion of ownership (Bennett, 1997). Each objective will require its own measurement criteria to evaluate the extent to which the goals have been met.

Other authors have defined some useful criteria for identifying situations where privatization can succeed compared to those where the Government is likely to perform better. One study of privatization has summarized as follows: "The more precisely a task can be specified in advance and its performance evaluated after the fact, the more certainly contractors can be made to compete; the more readily disappointed contractors can be replaced (or otherwise penalized); and the more narrowly Government cares about <u>ends</u> to the exclusion of <u>means</u>, the stronger becomes the case for employing profit-seekers rather than civil servants" (Donahue, 1989). If performance cannot be specified clearly and evaluated afterwards, if contractors cannot be replaced and if society cares more about the means than the ends of service delivery, then there is a strong case for public provision. These criteria call for descriptive rather than quantitative information to choose appropriate candidates for privatization, although the actual management of the delivery of services by private or non-profit organizations will require precise quantitative measures and careful monitoring procedures. Ultimately, the decisions about privatization will be strongly influenced by the context in which the decisions are being made; there is no one optimal level of government intervention, nor one way it can be done in specific cases.

2. *How should Governments be organized to do what they do?*

As noted earlier, the answers to the questions of organization are central to efforts to reform the State and to improve its capabilities, capacities and effectiveness. Basic quantitative information is essential for making decisions about what and how to reform government, but the new trends also call for more qualitative data and more complex methodologies to assess the impact of government activities.

In terms of internal organization, the World Bank report on the State argues that countries need to focus on "three essential building blocks": (1) a strong central capacity for formulating and coordinating policy; (2) efficient and effective delivery systems; (3) motivated and capable staff. Data are essential for the construction of each of these building blocks and are often conspicuously missing especially in developing and transitional countries. Furthermore, basic research is needed to establish how to accomplish these goals, how to monitor and evaluate government performance, and what criteria are needed to make the choices. There are three directions that need to be explored to assist countries to develop their capacities to meet these goals. First, there are management policies with regard to public servants; second, there are management decision processes; and finally there is decentralization both within the public sector and without to the private and non-profit sectors.

In order to improve the motivation and performance of public servants, it is important to address issues of training and adequate compensation. The World Bank report on the State suggests that merit-based recruitment and promotion and the development of a healthy esprit de corps are also vital to attract and retain competent staff, to restrain political patronage, to limit the opportunities for corruption, to build loyalty and identification with collective goals and ultimately to cut the costs of enforcing rules of conduct and performance. The report also discusses various policies and incentive schemes to improve motivation and performance. Since many developing nations lack "the basic underpinnings of a professional, rule-based bureaucracy", strategic options for the development of an effective public service are also offered; they include "setting hard budget limits, implementing budgets and other policies as approved, making the flow of resources predictable, instituting accountability for the use of financial resources, and curbing rampant political patronage in personnel decisions". Where these basic preconditions are absent, "the new public management must be introduced cautiously". All these policies and options call for their own sources of data, measurement and evaluation criteria to become fully operational.

Second, management processes are the core of the new management philosophies. Only a few countries, most notably New Zealand and Australia, have even attempted to design and to implement a fully operational system of performance management, but it is definitely the wave of the future (Evans et al., 1996; Mascarenhas, 1993; Journal of Policy Analysis and Management, 1997). Such systems call for a much more comprehensive approach to measuring the outputs of government activities, to establishing performance criteria, to monitoring its outcomes and to enforcing its rules and regulations.

Third, decentralization both within the public service and without to private and non-profit organizations has become a major component of reform in many countries at many different stages of development. Some of the measurement problems and data collection needs have been discussed above with respect to the issue of privatization. It is not the purpose of this paper to survey all the different possibilities, modes, problems and assessments of the decentralization movement; indeed, the 1997 World Bank report on the State has already accomplished that task. But a few obvious points can be made to identify the need for major efforts to improve the data collection capabilities of member States.

First, it is obvious for the assessment of devolution within government that detailed data is needed on the operations of government at all levels, as well as the complex interrelationships between those levels in raising revenues, in financing services and in transferring payments to citizens and non-governmental organizations, both in the aggregate, by major sector (public, private, non-profit), by industrial sector, by government function and by specific service and programme activity. As noted above, data in this amount of detail are not widely available even in advanced economies.

Second, it is very important to continue to develop the necessary research to test the appropriate forms of decentralization in countries at different stages of political, social and economic development, with different traditions of public service and with different goals for the society at large. As the World Bank report is at pains to point out, there is no unique model for the appropriate organization of the State.

Third, it is as important to develop the appropriate criteria for evaluating government performance in general and decentralization efforts in particular. While techniques have been developed for assessing the efficiency, effectiveness and equity of government activities and programmes, more qualitative measures of government are still in their infancy. Measures of transparency, accountability and representation are being developed and used in research on government activities. The World Bank report on the State calculates an Index of Democracy and estimates the capability, credibility and corruption levels as reported by 3,600 firms in 69 countries. Various organizations provide measures of the difficulty of conducting business in different countries, such as multinational corporations and Transparency International. Many of these sources view the functioning of government almost exclusively from the perspective of entrepreneurs and foreign investors. It is equally important to develop qualitative indexes of government performance from the perspective of citizens.

Finally, it has been suggested that the IMF should provide early warning measures of economic and financial instability in member States. An important role for the United Nations might be to develop early warning indicators of political, social and cultural instability, as the sources of potential conflict both within and between member States and non-member States.

3. *How can Governments do better?*

Besides the overall assessments of government activities discussed above, there are many techniques for evaluating its performance in the case of specific policies and programmes, which are generically described as performance and management evaluation. A separate paper for the Fourteenth Meeting of Experts delineates approaches and guidelines for monitoring, measuring and evaluating performance in public sector programmes, therefore it is not necessary to go into any detail in this paper. It is worth pointing out, however, that the kind of data required for these purposes is different in many respects from the data discussed so far in this paper. First, the focus is on identifying objectives, relevant evaluation criteria and measurable outcomes for specific programmes. Second, models are needed to connect the inputs for the programme to its objectives and outcomes, in order to assess the impact of the government intervention. Third, appropriate statistical methods are required to estimate the degree to which the programme has met its objectives by the agreed criteria.

In short, such evaluations involve organized scientific procedures to obtain acceptable results. The data necessary to undertake such inquiries will depend upon the specific case, and will need to be collected as part of the ongoing process of managing the programme. The results may or may not be applicable to other situations, although the findings may well be useful for other Governments contemplating similar endeavours and the research techniques should be replicable. This characteristic of performance evaluation underscores the importance of developing the literature in the field and of making it widely accessible to Governments worldwide, an obvious role for the United Nations system to undertake.

V. Suggestions for Data Enhancing Projects on Government Activities

It is apparent that there is an enormous need for data collection, for research and for information dissemination on the public sector to improve the capability and the effectiveness of Governments. Thus, the United Nations and the international organizations within its system have an important role to play in enhancing the accuracy, reliability and availability of data and research on public administration within Member States and in comparisons between them. Since the data needs are so vast, a critical role for the United Nations system is to help to establish the priorities for data collection on public administration and finance, both for itself and for individual Member States. The goals in both cases are to identify projects that will increase the capabilities of Governments to improve their decision-making by making the necessary data and research available or by helping them to generate their own data and research.

To accomplish these goals, it is important to harness the comparative advantages of the array of international agencies with different expertise to a comprehensive and coordinated effort to improve data collection on government activities. To accomplish this task, a high degree of cooperation is needed between the organizations with the primary responsibility for data collection, such as the ILO, the IMF and the United Nations Statistical Division, and the United Nations agencies with field experience in governance, public administration and finance. Besides this overall planning role, suggested projects fall into two main categories, those to enhance the data use and collection capability of Member States and those to enhance the capability of the international organizations of the United Nations.

1. *Projects for Member States*

An important project immediately apparent from the description of the gaps in existing data outlined above is to assist individual Member States to set up basic data collection systems and to improve existing systems. While many such projects have been undertaken at the request of Member States in the past, the United Nations could act more proactively to identify countries and data areas that need improvement, and to develop appropriate methods for achieving practical goals. Tables 1 and 2 identified many countries lacking national income accounts of the government sector, as well as revenue and expenditure data; many more do not have data on public employment. Fewer countries have data on government consumption expenditures, the preferred source for assessing the role of the Government in the economy, and on expenditures by government function.

A second need of Member States is the capacity to use existing data for policy formation, long-range forecasting and government decision-making in general. For these purposes both technical assistance and information-sharing are essential roles for the United Nations and its agencies to play. Evaluating the relevance of existing research is also important for developing and transition countries. Thus, although much useful research on privatization, decentralization and performance management has been done in developed countries, particularly the work of OECD-PUMA, it may not always be applied to the very different circumstances and context of developing and transitional countries. In the long run, as Member States develop their own capabilities and improve the effectiveness of their government operations, they may choose to initiate their own versions of the new management systems for the public service. In this case they may also seek assistance to develop their capacity to generate additional data to aid their decision-making abilities. In either case, cooperation between the United Nations and its agencies and the Member States is an essential ingredient to establish appropriate methods and mechanisms and to prioritize projects on the basis of the needs of the Member States.

2. *Projects for the United Nations and its agencies*

A major role for the United Nations and its agencies lies in improving the databases for which it has undertaken responsibility. Cooperation between the main statistical agencies and the field agencies is one way to increase the availability, accuracy and reliability of basic national income, finance and employment data on government activities. Another important role is to re-evaluate data needs in the light of the trends in the reform of the State. For instance, it may be that more effort should be allocated to developing public employment data and the measures of government outputs that are at the heart of the new management techniques. Detailed information on the aggregate contribution of the Government to GDP is not as useful to Governments faced with allocative decisions within the public sector; they need input and output information at more disaggregated levels. Indeed, this information may be more important for the immediate decisions that Governments face than the continuous time series represented in the national income accounts, which are needed for long-term forecasting and economic policy-making. In short, there are difficult trade-offs to be made in prioritizing data collection efforts.

A second important project for the United Nations system is the development of early warning indicators. There have been calls for the IMF to provide early warning indicators of financial and economic stress in individual countries and regions, which the recent Asian crisis has strengthened. But there are other crises involving government policies and programmes whose early identification would enable the international community to develop approaches to head off full-blown crises. Political and social instability, the treatment of minorities and other human rights violations are often the precursors of violent conflict both within and between Member States. It would increase the United Nations capacity to prevent war and to maintain peace to know more about the potential areas of conflict. Similarly, environmental crises and health epidemics strain the ability of individual States to deal with them, and early warning systems would assist in rallying international means for coping.

A third project for the United Nations system as a whole is to develop priorities for data collection and information dissemination in a systematic way. This requires both cooperation between agencies and the allocation of the necessary resources for these critical roles. The first step for prioritization is to outline the different needs and to establish frameworks for deciding on priorities. For example, in order to improve the availability of data on national income and financial accounts, it would be helpful to group the countries not responding, as table 2 began to do in a rudimentary way. It is likely that there are rather different problems of data collection on government activities in developing and transition countries and in countries that are suffering from the after-effects of collapse. If these problems can be grouped, they can be dealt with more systematically, as for instance the European Union is assisting in the development of statistical sources in Eastern and Central Europe. Regional groupings are also possible, and probably already exist; they could be reinforced by setting specific goals in this area and providing the resources to accomplish the tasks.

Prioritization is also crucial for the dissemination of information. The clearing house of information on governance, public administration and finance recommended by the Thirteenth Meeting of Experts is an ambitious goal given the enormous array of information, research and activities contemplated. While it is not clear that access to the large databases for which the United Nations system takes responsibility is of immediate use to small developing countries, the results of relevant research on government policies and performance in similar circumstances could be invaluable. Thus, the needs of potential users and how they can best be addressed should be an important priority for clearing house activities. Resources in the form of staff with the appropriate training and expertise, who can respond to the needs of users, is critical.

Finally, an important role for the United Nations is to be in the forefront of designing and creating new data to serve the imperatives of new management ideas, and to be looking forward into the twenty-first century to anticipate new roles for Governments and the research and data needs to get there. The new concepts of household production and the realities of the informal economy in many developing and transition countries require the development of new measures of economic contribution. In addition, the new criteria for evaluating government performance, particularly with regard to transparency, democracy, accountability and responsiveness, and the additional needs for political and social improvement in the concept of sustainable development all call for different measures, different kinds of data and data collection. Finally, the development of new criteria for evaluating government performance is crucial to get beyond narrow economic and financial criteria. Even the new management criteria are too often seen from the perspective of investors, and not of citizens. The ultimate goals of sustainable development that tackles the endemic problems of poverty and environmental degradation should also be incorporated into the standards by which Member States and the United Nations organizations themselves are judged.

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