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International Lessons for the governance of agencies

Report of a Focus group, held online 21-10-2020

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Background and process

This account summarizes the most important points from an international focus group discussing international lessons for the governance of public agencies. The focus group marked both an end and a beginning. It is the *end point* of a research collaboration of international scholars, focusing on accountability and public agencies, in which a joint survey was conducted. And it is the *starting point* of a formal evaluation of the policy frameworks for autonomous public bodies by consultancy firm Andersson Elffers Felix, in collaboration with Utrecht University. What ties both processes together is the effort by academic researchers to translate research findings to practical insights for policy makers.

First, participants were asked to reflect in writing on a number of focusing questions. Then, this input was collated and distributed. Finally, on the basis of collated initial responses, a focus group was held to discuss common insights into challenges for the governance of agencies. As such, the focus group provided relevant and international insights for the evaluation project. Listed here are the key takeaways from the discussion as international learning points which can be seen as most relevant for the evaluation of the governance frameworks of agencies.

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1. Below the comparable surface: great diversity in national experiences

There is great diversity in responses to similar questions about current issues regarding the governance of agencies. Although at the surface the landscapes of agencies seem comparable in the different countries, it appears that issues surrounding (semi-)autonomous agencies vary to a large degree between different countries. There is no common 'simple' agency problem, but a number of common themes did emerge.

2. Perpetual topicality: autonomy & control, performance & accountability

Some of the issues surrounding the governance of agencies in many countries can be characterized as 'perpetual topicality'. Meaning these issues are salient now, but have been salient in the past as well, and probably will be in the future. So in that sense, the question of how to govern agencies produces secondary questions regarding autonomy and control, performance and accountability, coordination and responsibility, which continue to be relevant for policy-makers. Difficult trade-offs have to be made between partly confliction goals and values (efficiency, effectiveness, service quality, transparency, equity, impartiality, political loyalty, rule-of-law, professionalism, participation etc). There is no final solution or best way. The balance between different goals and values varies over time, between policy areas, etc. We have to learn to live with partly inconsistent goals and values. It is not an illness that can be cured but is a systemic feature of public sector organizations. This suggests that "solutions" to these issues will never be finalized yet need to be reconsidered and recast from time to time.

3. Coping with cross-cutting issues

Many current issues for the governance of agencies surround difficulties in horizontal and vertical coordination and collaboration. This relates to siloization of policies and fragmentation of agencies, also operating in complex networks with others stakeholders. By strengthening vertical control on agencies – a process that has evolved in all countries over the past decades – their horizontal orientation towards other organizations has been somewhat hampered. As a consequence, the governance regime is often not well-designed to cope properly with complex problems or crises transcending departmental silos. This is potentially problematic given the nature of many contemporary cross-boundary problems, such as such as climate change, public health, poverty, societal security, crime, immigration, or the covid-19 crisis.

4. New concern: political and power issues

Multiple issues surrounding agencies in different countries concern an imbalance or struggle over power. On the on ehand, there are stronger perceptions of overbearing political influence in daily affairs of agencies, including perceptions of blame shifting and populist criticisms of expertise-based agencies. On the other hand, there are perceptions of powerful and closed agencies leaning towards technocratic governance. Simultaneously a *politicized* central control and *politicized* executive rule. But also questions of perceived undue political influence or lack of political concern or attention for policy implementation or lacking political sensitivity. It seems these issues of power are much more advanced now than years before.

5. Post-NPM ideas resonate but have had little impact so far

New Public Management has been a driving force behind the creation and development of autonomous agencies. The NPM-doctrine is now quite old, although it has been translated in many specific policy measures. In the last years, numerous 'post-NPM concepts' of governance have been formulated and have received much scholarly attention. Post-NPM ideas include such concepts as collaborative governance, stewardship theory, public value, new public governance, and many more. All of these concepts aim to move beyond strictly hierarchical conceptions of governance. However, these ideas have so far not been translated consistently into concrete policies on a large scale and it appears to be difficult to do so. This is in part the case as those ideas are also ambiguous and no one clear post-NPM approach is seen to prevail.

6. An international and comparative perspective is relevant, we could learn from others, but should be sensitive to national context and historical traditions

The international participants agreed that an international-comparative perspective that considers experiences and cases in other countries could be helpful for studying and understanding the functioning of public agencies in the Netherlands. We could learn from policy experiments and 'best practices' from others. During the discussion, some participants mentioned how other countries have developed other approaches to the governance of (semi-)autonomous agencies – ranging from issues such as horizontal coordination (e.g. Norway and Belgium), ministerial responsibility (e.g. Australia, and France) stakeholder governance (e.g. Switzerland) and the bureaucratic response to the Covid-19 crisis (e.g. United Kingdom and Norway). Lessons from their experiences could be translated to the Dutch context and could urge to reconsider certain doctrines in our approaches to agency governance. Nevertheless, there are many differences between countries in their governance of public agencies providing many difficulties for international comparisons. According

to some participants, there is a divergence, rather than a convergence, in agency governance across countries and this makes learning from foreign experiences rather difficult. Recent trends, such as the introduction of NPM- (New Public Management) and post-NPM reforms, have had very divergent effects across multiple national settings. This also affects the main issues and challenges that countries are facing with regard to their approaches to agency governance. For example, the role of agencies is relatively limited in Switzerland compared to Norway and Belgium. In some countries, political and scholarly debates about public agencies are less prominent than in the Netherlands. These diverging experiences with agencification could be largely explained by different state traditions and by different governance structures. The Dutch tradition of consensual governance could be an important historical background and could have had crucial impact on the implementation and effects of latter reform trajectories in the Netherlands. To study the governance of public agencies in the Netherlands, international lessons could thus be very relevant, but the national and historical context of agency governance might be even more important to consider.

7. Focusing on public value and societal outcomes is challenging, but could be very relevant and innovative

Most of the international participants acknowledge that a focus on public value creation could be very relevant for evaluating the governance regimes of public agencies in the Netherlands. A focus on impact and outcomes of agency governance for society and citizens is relevant from a democratic perspective. However, such an inquiry has only been done to a limited extent in the broader international literature. A lot of the studies on the effects of agencification are basically based on self-perceptions and survey data from agency heads and managers. Such a focus on the public value of public agencies, and the experiences of citizens and societal actors, could thus be also very innovative in a scientific way.

However, causality between governance regimes for public agencies and the societal impact of public agencies is hard to establish due to attribution problems. As one of the international participants argues, the effects of the governance regimes and agency arrangements could not easily be isolated for other background factors that could affect public agencies' successfulness in creating public value. To study the effects of governance regimes for public value creation, this requires caution with drawing causal insights and sensitivity to other factors that could influence the societal impact and societal outcomes of agencies' conduct.

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8. Move beyond simple reform stories: a consistent post-NPM framework is lacking and the central state has not disappeared (at all)

Despite of the increasing political and academic dominance of post-NPM perspectives, multiple participants stress that these paradigms and 'simple' reform dichotomies should not be taken for granted. Post-NPM reforms have not disrupted the role of the central state in public governance, but rather represent another layer in layering process of multiple reform trajectories that have affected the whole system of public governance. In the words of one participant, the central state is not weak, and the bureaucracy is 'still alive and kicking'. The Old Public Administration perspective has not been vanished due to reforms that were based upon NPM and post-NPM discourses. NPM reforms however have added new elements to the traditional forms of government without replacing it and a similar pattern could be retrieved for the implementation of post-NPM ideas in governance. This results into a more complex and hybrid framework of governance. The complexity and hybridity of governance makes evaluating governance regimes harder, as one participant argues, as it creates multiple and ambiguous objectives that public agencies have to achieve. A main question is thus to which sets of criteria and objectives public agencies should be evaluated. We should not only limit us to the newest and most trendy perspective, but to the combination and supplementation of perspectives on public governance.

It has however been critically questioned to what extent post-NPM ideas have been translated into governance systems and structures. According to one international participant, there is not a single country that implemented a consistent post-NPM framework. There are perhaps some examples and pilot experiences at a ministry or agency level, but a successful implementation of a consistent and large set of post-NPM ideas and reforms would not be easily found. Our evaluation could deliver some inspiration for the development of a new model for the governance of public agencies including elements as accountability for learning, performance dialogue instead of pure performing contracting, partnerships between ministries and agencies, inclusion of stakeholders in the governance of agencies and a trust-based system of governance. Learning systematically from the pilot experiences may contribute to this. Such learning experiences might help to understand what combinations of steering doctrines are more effective.

9. Recognize the multiplicity of relationships of public agencies, affecting autonomy and challenging coordination

Multiple participants stress the importance of the multiplicity of relationships that public agencies – not only with their parent departments or coordinating departments, but also with other public agencies, non-profit and private organisations, societal stakeholders and clients. Agencies are experiencing more

mutual interdependence with other public bodies and interact with a growing set of actors in their policy domains. As one participant argues, it is therefore better to speak of embedded autonomy that allows for adaptation to the political but also civil society environment, as opposed to a dichotomy between autonomy and control. This is perhaps more consistent with public value notions of continually finding and refining the functional enactment of mission.

The multiplicity of relationships of public agencies has led to a greater prominence of coordination and collaboration issues in the governance of autonomous public organisations. There are a lot of experiments to increase horizontal coordination between public agencies. However, this is shown to be rather difficult, as these networks are still operating in the shadow of hierarchy. As performance management is often still silo-orientated, this could stand in the way of interorganisational collaboration. Agencies are typically sector based. As agencies are increasingly integrated into a multi-level governance system due to Europeanization, the issue of multiple coordination is even more salient. This all does however hardly align with the doctrine of ministerial responsibility and inter-agency and network collaboration makes it difficult to answer who is responsible for what and to whom. Thus, collaboration is critical, but coordination is challenging in times of multi-level and multi-actor governance. It may be considered to align agencies more closely to supra-ministerial forms of coordination.

10. Take the changing political and social environment into account

Finally, agencies are operating in a political and societal environment that is suggested to rapidly change due to multiple societal and political transformations. There are concerns about the rise of technocratic forms of governance, but also about increasing political influence on agency decisions. On the one hand, there are concerns about multiple developments under the label of 'smart governance' influenced by the rise of artificial intelligence (AI) and big data. Smart and evidence-based policy making sounds very rational and seems hard to be against but might harm democratic control.

On the other hand, there is a debate developing about the hypersensitivity of agencies to politics, creating intense pressures on public agencies and several pathologies of too much political accountability. In several countries, such as the United Kingdom and Australia, politicization of public agencies has increased, and agencies have to become more conscious of political control and political signals. This creates a fatalistic culture, in which agencies' conduct is more likely to be sanctioned in some way. Also, higher levels of anti-politics and a lack of trust in government of citizens are important contextual factors for the functioning of public

agencies, specifically those operating in highly salient policy areas. This may call for mechanisms that guard the proper functioning of a qualified and sufficiently neutral public service.

Sources

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