

# The Strategic Management of Horizontal Issues: Lessons in Interdepartmental Coordination in the Canadian Government

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## 1. Introduction

The development and implementation of policy initiatives spanning the responsibilities of a number of departments and agencies has become a major preoccupation for Western governments. "Homeland security" in the U.S and "joined-up" government in the U.K. are but two such recent examples in two different policy areas. Such horizontal initiatives are often considered to be at the core of governments' policy agendas or central to the nation's well being. At the same time, those responsible for implementing horizontal strategies, more often than not face formidable problems of span of control and strong resistance on the part of departments in working with other units or in responding to communications and directives emanating from the centre. Interdepartmental rivalry and turf protection in particular is frequently cited as the major obstacle to effective coordination. Thus a recent Australian government report on "Connecting Government" states: "Both the effective development of policy, and the efficient delivery of the services that are the concrete manifestation of policy, are equally hindered by departmentalism." (Australia 2004)

"Departmentalism," however, is not the only or necessarily the primary obstacle limiting effective coordination. In our paper we look specifically at the role of central agencies in launching, implementing and supporting horizontal initiatives on issues considered vital to the Canadian government's agenda. Our analysis is based on a review of three recent cases of horizontality: the federal government's innovation strategy involving technological innovation as well as skills and learning development; the government's response to climate change and creation of the climate change secretariat; and the urban aboriginal strategy. All three were national in scope and all involved a consequential role for central agencies.

As will become apparent in our analysis, there is considerable evidence of tension between central agencies and line departments (and within departments between regional offices and headquarters in Ottawa) when it comes to dealing with horizontal issues. As we will argue in the conclusion, in the absence of strong leadership at the highest level, the various innovations and initiatives undertaken over the past decade in promoting horizontal attitudes and developing horizontal tools and mechanisms at the administrative level will have limited impact. Indeed they may well be counter-productive in the absence of support and commitment at the level of senior officials and cabinet. In brief, there is a significant role to be played by central agencies, not only in the design of structures and mechanisms for the management of horizontal issues but also in the leadership exercised throughout the life cycle of any given horizontal initiative.

## 2. Trends, Objectives and Instruments of Interdepartmental Coordination

Organizational specialization and differentiation have been hallmarks of all large organizations through all of the twentieth century and the need to balance these two forces with the need for integration at key junctures is a constant struggle for managers and organizational theorists (Lawrence and Lorsch 1967; Aucoin and Bakvis 1984). In this context, the search for better interdepartmental coordination in policy development and program implementation is hardly a new phenomenon. Recent managerial buzzwords, such as “joined-up government” or “horizontal management”, are merely recent embodiments of long-standing managerial and governance pursuits. (Peters 1998; Peters 2003) However, the new terminology does illustrate the renewed importance that many western governments have attributed to the issue of interdepartmental coordination over the last ten years. (Davis 1997)

As a recent literature survey by Perri 6 shows, several western states have launched new organizational regimes since the late 1980s in order to strengthen the coordination of policy and programs in the face of growing administrative fragmentation, albeit with varying degrees of success. (6 2004) Amongst those national experiments, the UK’s New Labour government’s efforts at joined-up government (Ling 2002) might stand as the most notable case, leading to the creation of new central coordinating units, the creation of a cabinet position in charge of cross-departmental coordination and other policy-focused measures. However, the United States’ experiment with the nomination of “tsars” in some policy areas or New Zealand’s efforts to impose government-wide Strategic Results Areas in contracts between ministers and departments also illustrate this trend. Even in continental Europe, where the need for coordinated government has not been articulated as clearly and prominently in political discourse, several countries have stepped up their commitment to integrated service provision or emphasized the role of inter-organizational networks in policy implementation. (6 2004: 120)

This diversity of experience shows how contemporary debates about joined-up government or horizontal management encapsulate in fact a varied set of practices and issues. While the common denominator remains the assumption that more extensive interdepartmental coordination will lead to better outcomes in public administration, the type of practices being coordinated, the objectives pursued and the means used may differ substantially.

With regards to the type of practices being coordinated, as Guy Peters (1998) argues, an important distinction can be drawn between, on the one hand, the coordination of goal selection and policy-making and, on the other hand, the coordination of program implementation. Similarly, 6 (2004: 106) draws a distinction between coordination, which involves interagency dialogue, joint planning and decision-making, and integration, which refers to the joint implementation of coordinated policies (e.g. through common organizational structures). Such conceptual distinctions are important as these different levels of coordination may involve different dynamics and challenges and may occur to different degrees within a single public bureaucracy. For example, while policy coordination may be more efficient in generating coherent government interventions, it would likely involve a different set of actors and require greater political commitment. (Peters 1998: 3) Also, while some countries may show substantial commitment at coordinated policy making, effective holistic approaches to some policy problems may be hampered by a lack of integration at the level of program delivery. (6 2004: 106)

There are also different objectives pursued through greater interdepartmental coordination. While more extensive interdepartmental coordination can in fact prove expensive, fiscal constraints and the hope to save money by eliminating program redundancies undoubtedly remains a source of motivation for advocating better coordination. The need to overcome the administrative fragmentation resulting from the implementation of New Public Management precepts and associated structural innovations, such as the proliferation of autonomous agencies, also constitutes a motivating factor for the core executives espousing joined-up government in some countries. Globalization also contributes to the need for more holistic approaches to public policy. The development of the international trade regime, for example, has forced a number of governments to ensure that policies in a variety of areas, from regional economic development to cultural and energy sectors, respect the norms espoused in trade policy. (Peters 1998: 5-8)

However, the main argument for greater interdepartmental coordination seems to remain a desire for more effective government interventions in complex policy fields. In a number of policy areas, there has been a growing recognition that traditional conceptual and administrative divisions no longer reflect the realities of government interventions that are needed. For example, the commitment to sustainable development since the late 1980s should really translate into more extensive coordination of environmental, economic and social policies. The central role played by information and innovation in economic growth and competitiveness necessitates more extensive coordination among education, social and economic policies. New conceptions of health, less focused on the treatment of disease and more attuned to the importance of social determinants of health, is forcing a rethinking of the relationship between health, environmental and social policy. Overall, the more explicit recognition of these interdependencies should lead to a more coordinated approach to policy-making in a variety of areas in order to deliver more effective government interventions. In other words, greater interdepartmental coordination offers the promise of improving the outcomes of government interventions at a time when the environment seems evermore complex and the demands for accountability is increasingly couched in terms of outcomes and performance.

This variety of objectives is also accompanied by a diversity of means and instruments used to bring about interdepartmental coordination. It also raises important questions about the role of central agencies, those units responsible for providing support to the political executive in its collective capacity and for ensuring the coordination of competing claims and proposals brought to the executive. It also raises questions about the role and responsibility of the political executive itself in bringing about the requisite coordination and collaboration of government policy.

Mintzberg (1983) points out that coordination can be brought about by formal and informal means, depending upon the size of the organization, its mission and the environment it faces. In the public sector, central agencies and managers draw from a range of instruments and resources to force or encourage interdepartmental coordination. While a number of typologies are possible (see, for example, Peters 1998), table 1 suggests one possible approach to think about the range and diversity of instruments that can be used for interdepartmental coordination.

The classification distinguishes instruments on the basis of the type of resources that underpins them: authority, financial incentives or information. The most obvious approach in contemporary bureaucracies may be to rely on authority, i.e. on the willing submission to

legitimate command. The use of authoritative decision-making by a cabinet committee or a central agency to make decisions about how interdepartmental conflicts may be solved or shared resources will be allocated are examples of this class of instruments. The second approach, creating financial incentives, refers, for example, to the use of budgets conditional on departmental participation in cross-departmental strategies or to the inclusion of horizontal objectives in performance agreements of senior executives. In this case, voluntary coordination is encouraged by the promise of financial rewards.

**Table 1: Instruments of Interdepartmental Coordination**

	Authority	Financial Incentives	Information Exchange
Government-wide	<ul style="list-style-type: none"> <li>▪ Cabinet-level decisions</li> <li>▪ Senior Executives Committees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Performance agreements</li> </ul>	<ul style="list-style-type: none"> <li>▪ Guides</li> <li>▪ Interdepartmental committees and meetings</li> </ul>
Project specific	<ul style="list-style-type: none"> <li>▪ Mandate letters</li> <li>▪ Central Units and Secretariats endowed with decision-making authority</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pooled budgets</li> <li>▪ Joint Reporting Frameworks</li> </ul>	<ul style="list-style-type: none"> <li>▪ Working groups</li> <li>▪ Interdepartmental meetings</li> </ul>

The horizontal management literature also emphasizes the importance of shared beliefs, common worldviews and mutual trust in the development of inter-organizational collaboration. Governments can encourage interdepartmental interactions, dialogue and exchange of information, all preconditions for the development of mutual trust and shared worldviews, as a strategy to enhance interdepartmental coordination. The creation of interdepartmental working groups or reporting mechanisms and information management systems that facilitate the sharing of information may fall under this category. This group of instruments seems to presuppose a pre-existing willingness to collaborate across departments and focuses on providing more opportunities to do so, including through the diffusion of available tools and best practices that facilitate bottom-up coordination.

Each of these categories can comprise a range of coordinating instruments and, needless to say, several instruments can be used in combination. Nevertheless, it is important to note the diversity of approaches and instruments that can be used to foster interdepartmental coordination. Depending on the circumstances, the relative effectiveness of these approaches will vary and different countries, sectors and projects will rely on different mix of such instruments, depending on organizational characteristics, policy context, national administrative cultures or histories, and other factors. Explaining such patterns of

instrument choice, assessing their relative effectiveness in achieving greater coordination as well as identifying the reasons for the varying levels of national commitments to interdepartmental coordination can be seen as a substantial research program in itself.

Then there is the issue of institutional choice concerning more basic structures. In the hope of fostering greater coordination, governments, in some cases, will choose to create new organizational units endowed with resources, authority and a degree of permanency. In other cases, the establishment of ad hoc interdepartmental committees or similar structures will be deemed sufficient. The kinds of structures selected, and the degree of their formalization, will depend in part on the scope, complexity and importance of the policies and programs that are at issue. The integration of some back office functions of a number of departments out in the regions would not require the same kind of institutional changes that may be required for the development and implementation of a complex national policy cutting across several departmental mandates. However, even when an institutional change is considered necessary, different options are available. For example, interdepartmental secretariats dedicated to the coordination of specific policies can be jointly managed and controlled by the departments involved. Or, they can benefit from more extensive autonomy and have a more direct relation to the political executive, reporting directly to the cabinet office or a minister. They may even have their own distinct mandate, resources and authority under which they can actually exercise control over some aspect of departmental activities relevant to the policy at hand. Alternatively, secretariats can be housed directly in the primary central agency responsible for supporting cabinet, such as the cabinet office in the UK or the Privy Council Office in Canada.

In sum, interdepartmental coordination implies a significant variety of choices about the type of objectives to be pursued, the appropriate combination of instruments to be deployed and the desirability of institutional innovations. It is important to note that the nature of these choices imply a crucial role for central agencies. Many of the instruments available to foster interdepartmental coordination primarily fall under the authority of such agencies, whether they are the Treasury or the Cabinet Office. Moreover, while a good number of steps can be taken by departmental managers themselves in the pursuit of better outcomes through interdepartmental coordination, most of these choices are constrained or made possible on the overall institutional environment created by central agencies. Even the kind of purposive managerial craftsmanship espoused by Bardach, as a driver of interagency collaboration, is partly a product of the opportunities afforded to individual managers by their environment (1998: 320-321). Central agencies play a disproportionate role in shaping such an environment, especially through machinery choices and administrative frameworks.

Moreover, the important role that central agencies should play in fostering interdepartmental coordination is also underscored by their special responsibility for the implementation of the government's overall policy agenda. To the extent that many crosscutting issues, from public health and competitiveness to social exclusion, occupy an important place on the agenda of contemporary governments, interdepartmental coordination, seen as a necessity for achieving results in these areas, should also be deemed to be an important issue of strategic management for the whole of government. The involvement of the political executive itself constitutes an important driver of interdepartmental coordination with respect to major horizontal priorities. Our analysis, therefore, will pay particular attention to the manner in which the political executive

In the remainder of the paper we examine recent developments with regards to interdepartmental coordination in the Canadian Public Service. After a survey of broader developments, we turn to our three case studies in greater detail, ascertaining the types of structures, instruments and practices that were used to enhance coordination, the motivating factors underlying the initiatives, and the leadership that was exercised by the central agencies and the political executive.

### **3. Case Studies**

This section examines three recent cases of interdepartmental coordination. They are representative of some of the major national issues that have loomed large in the government's policy agenda. These cases are summaries drawn from more detailed case studies conducted by the authors based on analyses of documents and on interviews with participants in both line departments and central agencies (see Bakvis and Juillet 2004). Following the presentation of the case summaries, we provide an analysis focusing on: drivers of horizontality and perceived benefits; instrument choice in the context of the overall accountability framework; the role played by central agencies; institutional choice and design; and political leadership. Judging the overall success or effectiveness of a given horizontal initiative is always problematic, in large part because with initiatives of this sort direct monetary costs or savings are not the only or even primary consideration. In this study we rely primarily on the perceptions and assessments of the participants in both central agencies and line departments to identify what worked well and what did not with respect to coordination, policy coherence and outcomes.

#### ***The Innovation Strategy***

The 2001 Speech from the Throne emphasized the crucial role of innovation in generating economic growth and creating opportunities for Canadians. The speech also made a number of specific commitments, such as doubling the public sector's research and development expenditures before 2010. Two of the components in the government's innovation agenda – technological innovation and research and development – had been primarily the preserve of Industry Canada (IC). At the same time, the speech also underscored the necessity of a skilled workforce for becoming a more innovative society. Areas such as labour market development and support for learning initiatives, including financial support for post-secondary education students, had been the responsibility of Human Resources Development Canada (HRDC – now split into the departments of Human Skills Development and Human Social Development).

An innovation agenda thus also needed to be a skills and learning agenda. In this context, the Clerk of the Privy Council, on behalf of the Prime Minister and cabinet, contacted both IC and HRDC, instructing them to develop a joint policy paper. The instructions were relatively broad, with little in the way of precise details. Both departments began working together on what they believed would be a white paper on innovation.

The two departments agreed to a broad conceptual map and eventually focused on two key issues: skills and learning, where HRDC took the lead, and research and development, which became the focus of IC. While the work was done jointly during the initial months, the two departments for the most part worked independently on their part of the strategy. By one estimate, about 90 percent of the work was done separately. However, a system of interdepartmental consultation was put in place, drafts were frequently exchanged, and the departments extensively commented on each other's work. On some specific issues, such as

post-secondary education, there was a greater level of coordination and the relevant chapters were written together.

As well, during these first six months, both lead departments consulted widely with other departments through a series of interdepartmental meetings, at which other departments were invited to make comments and propose initiatives. On several occasions, IC and HRDC followed these meetings with additional bilateral meetings where specific issues could be discussed at greater length. These interdepartmental meetings occurred at different levels, including both Assistant Deputy Ministers and Deputy Ministers. At the end of the process, some ministerial meetings also took place.

Despite what was considered to be good progress by the departments, in May 2001 the Privy Council Office (PCO) shut down the interdepartmental process and stated that there would now be two separate policy papers, one on the skills and learning agenda and another on research and innovation. Moreover, PCO would ask a new committee of deputy ministers to serve a “challenge function” to both departments. The decision seemed to have been motivated by growing concerns on the part of PCO and the Department of Finance that the innovation strategy was involving too many players and that it would place too much pressure on the treasury. Separating the strategy into two papers, each closer to the lead departments, would serve to focus the proposals and limit the ensuing funding expectations.

The PCO-orchestrated interdepartmental process that followed from May to September 2001 resulted in few changes to the departments’ draft documents. Then the events of September 11, 2001, and the ensuing interventions to counter terrorism and heighten national security, served to confirm the need for greater fiscal prudence. As a result, Finance and PCO advised the lead departments that their policy papers would constitute green papers, not white papers. By presenting the policy papers more clearly as consultation documents, rather than policy statements, the government would have more flexibility in adapting its innovation policy to the emerging fiscal environment.

In subsequent months, the lead departments worked to finalize their strategies, in part by organizing a few more low-key bilateral interdepartmental meetings with other key departments. The completed draft documents were then submitted to the Prime Minister’s Office (PMO) over the Christmas period. The PMO, somewhat in contrast to other central agencies, provided lengthy and useful comments. In light of those comments, the departments subsequently modified their policy papers and the documents were submitted to the Prime Minister in January. Following his approval, the innovation strategy was released in February of 2002. Only a short time before its release, struck by the fact of two separate papers, the government decided that the two papers would be released as a single set (two separate documents bundled in a single folder).

Following the release of the innovation agenda, both lead departments developed a consultation and engagement strategy meant to communicate its content and gain stakeholders’ support for its implementation. Coordination proved problematic. The departments did not share the same objectives. IC wanted an extensive engagement process to develop a consensus among key stakeholders about how the country should move forward on innovation. Its focus was on a subset of organizations, mainly industrial associations and universities that were to play a key role in implementing the initiatives. In contrast, HRDC, which had to contend with a broader and more diversified set of stakeholders, formulated a less ambitious engagement agenda.

While the two departments received some Treasury Board funding for their engagement strategy, they essentially split the funding and pursued their own separate consultation processes. The departments eschewed the idea of a common secretariat to support their consultation efforts. Some events were held on consecutive days in the same community, leading to confusion on the part of some external participants. However, in order to preserve the appearance of a single integrated innovation strategy, the lead ministers decided to end the separate processes by a joint National Summit on Innovation and Learning held in November 2002.

IC and HRDC participants did not consider the innovation strategy to be a successful example of interdepartmental coordination and horizontal management. Cultural barriers and “turf wars” were not pinpointed as the main source of difficulties. On the contrary, the working relationship between the two lead departments was considered to be productive. While departments worked separately most of the time, the original series of interdepartmental meetings were considered a success; each department was provided with significant input into the other department’s work. Central agencies, however, were described as having contributed to a defective process by failing to give explicit direction and through arbitrary interventions.

### ***The Urban Aboriginal Strategy***

Announced in January 1998, the Urban Aboriginal Strategy (UAS) was developed to address more effectively the needs of Aboriginal people living in urban settings by improving the level of coordination among federal departments and by ensuring greater collaboration among the federal government, provincial governments, municipal governments, Aboriginal groups and community organizations. The initiative finds its source in a ministerial request dating back to 1996. A number of ministers from western constituencies believed that Aboriginal people living in cities, a growing part of the Aboriginal people population, faced a more fragmented bureaucracy and did not appear to be as well served.

In response, the Privy Council Office set up an interdepartmental working group, which examined existing federal programs. The working group found that about twenty federal departments were managing over 80 programs that were at least partly targeting Aboriginal people living in cities, yet there were no real interdepartmental mechanisms in place to ensure the proper coordination of these efforts. In this context, the Urban Aboriginal Strategy was proposed to cabinet in 1997. It was meant to focus only on the optimization of existing programs. With the exception of about \$2 million provided to PCO to fund a small coordinating secretariat under the responsibility of the Interlocutor for Métis and Non-Status Indians, the UAS was not allocated any new program funding. In order to support the initiative, a steering committee of deputy ministers was created as well as a lower-level interdepartmental working group on urban Aboriginal issues.

Coordination rather than funding was seen as the key problem; it was also an attempt to avoid raising controversial constitutional issues. While the federal government has a clear constitutional responsibility for Aboriginal people living on reserve, it has been more reluctant to admit a similar responsibility for Aboriginal people living in cities. In response to provincial claims that the federal government should fully recognize such responsibility and consequently provide the necessary funding, the federal government prefers to emphasize the shared responsibility for helping those who live in the less fortunate parts of Canada’s urban centres.

Following its approval by the cabinet in 1997, the secretariat within PCO tried to implement the UAS across the country, finding ways to improve coordination of services across departments and levels of government and improving access to those services by the targeted populations. However on-the-ground PCO organizational capacity was lacking and, as a result, the UAS secretariat turned to the federal regional councils for help in implementing the strategy in the key cities. Since the regional councils act essentially as forums for discussion and coordination for departmental executives in the regions, they represented good venues for interdepartmental dialogue on urban Aboriginal issues. But, by the same token, they also lacked any substantial organizational capacity to ensure higher degree coordination of activities. Consequently, the federal regional councils themselves designated a lead department in every region to spearhead UAS activities.

While some important progress was made on some key initiatives, primarily the result of work done on the Aboriginal component of the Supporting Communities Partnership Initiative, the 1998-2002 period proved frustrating. A case study done in 2000 by the Treasury Board Secretariat (TBS) in the context of its work on regional coordination found that the “Urban Aboriginal Strategy had not met most of the tests for the successful management of horizontal issues.” Despite success in raising the salience of urban Aboriginal people as a policy priority and developing a more collaborative working relationship with the provinces, it proved difficult to bring departments along in a more substantive way.

As a result, in 2002, PCO went back to cabinet for a renewal of the strategy. In its request to cabinet, the office of the Federal Interlocutor for Métis and Non-Status Indians within PCO advocated a new approach: dedicated program funding to encourage greater collaboration among departments. While about \$59 million had been set aside for urban Aboriginal people in 2000 under the National Homelessness Initiative, the \$25 million over three years granted by cabinet in 2002, and announced in the February 2003 budget, represented the first allocation of program funding allocated directly to the UAS. Moreover, in order to better document what worked and what did not, the PCO proposed to use the new funds to support a number of pilot projects that would test new ways of serving urban Aboriginal people through enhanced inter-organizational collaboration. For this purpose, eight priority cities were chosen to be the focus of these efforts.

There was further impetus for the development of UAS pilot projects. In September 2002, the Task Force on the Coordination of Federal Activities in the Regions submitted its final report. Among other recommendations, the task force advocated the development of a number of demonstration projects that would explore “creative operational solutions for implementing horizontal policies in the regions” (Task Force on the Coordination of Federal Activities in the Regions, 2002: 26). The UAS was an ideal candidate for such demonstration projects and it was asked by the Clerk of the PC to launch three such projects. Three of the eight priority cities identified by the UAS were selected: Vancouver, Regina and Winnipeg.

The approach used to launch those three projects was different from the approach experienced by the UAS up to this point. As a first step, a letter was sent by the Clerk to the deputy ministers of Human Resources Development Canada and Western Economic Diversification Canada mandating them to take the lead on the three demonstration projects and to report on their progress in due time. Moreover, in addition to appointing two lead departments, the Clerk also wrote to a number of other departments whose collaboration was deemed essential for the future success of the projects, asking them to collaborate with

the lead departments and lend their support. Following the Clerk's letters, a local interdepartmental working group was set up in each of the three cities and a national interdepartmental committee was also created. These groups prepared work plans for each of the projects, which were subsequently approved by the Clerk in October of 2002.

The approach taken for all eight pilot projects was similar. In all cases, the PCO designated a lead department (either WD or HRDC) through a letter sent directly by the Clerk. The governance of the projects was ensured by a set of two local committees – an interdepartmental committee of local officials and a broader local committee composed of the departmental representatives and other stakeholders, such as the relevant provincial departments, municipal agencies, Aboriginal groups and community organizations.

Funding was divided among the eight projects and then devolved to the local committees of federal officials. In order to keep funding decisions in tune with local conditions, the UAS standardized the financial authorizations to provide regional executive heads with the authority to make the key financial allocation decisions. In addition to the regional delegation of financial authorities, TBS and the PCO also developed specific horizontal terms and conditions for contribution funding granted under the UAS. The common terms and conditions facilitated the joint funding of a project identified as contributing to the UAS objectives while falling under the mandate of several participating departments. Under normal conditions, if several departments wanted to jointly fund such a project, a series of funding agreements, with different sets of terms and conditions, would have to be negotiated with the funded organization. Under the new system, departments that have already agreed to the UAS terms and conditions can more easily transfer the money to a designated lead department that can negotiate a single contribution agreement with the funded organization. While these measures were at first resisted by some departmental headquarters and TBS, they are considered some of the most promising aspects of the pilot projects, removing an important impediment to effective interdepartmental coordination.

### ***Climate Change Policy and the Climate Change Secretariat***

The creation of the Climate Change Secretariat (CCS) in February of 1998 was part of the federal government's efforts to develop and implement a national strategy to reduce greenhouse gas (GHG) emissions linked to global warming. While the Canadian government had been involved in climate change policy at least since the *United Nations Framework Convention on Climate Change* in 1992, the *Kyoto Protocol on Climate Change* in December of 1997 marked the beginning of a new stage in climate change policy. The government pledged to reduce Canadian GHG emissions by 6 percent from 1990 emission levels by 2012. To meet its GHG reduction commitment, the government required a renewed investment in climate change policy development.

While climate change is generally seen as an environmental issue, the reduction of GHG emissions produced by the consumption of fossil fuels by the energy, transportation and industrial sectors, requires significant changes across a wide range of policy fields. The potential effects of climate change are similarly wide-ranging. Given its crosscutting nature, climate change policy necessitates the participation of a large number of departments as well as complex negotiations with provincial governments. The creation of the CCS was the government's institutional response to this challenge, acting as the main facilitator of interdepartmental coordination within the federal public service as well as assisting with federal-provincial-territorial negotiations.

The decision to create a separate secretariat was based on a number of considerations, but primarily it was felt that the pre Kyoto ad hoc interdepartmental coordination process had been “too messy,” and that it would not prove sufficient to handle the development of a government-wide strategy to meet the Kyoto commitments. A more institutionalized and better-resourced interdepartmental process was needed. The establishment of new secretariat dedicated to this function seemed a necessary condition for the operation of such an interdepartmental process.

The nature and location of the new secretariat within the federal bureaucracy was the object of some debate. Some officials argued that, given the extent of interdepartmental coordination required, the new secretariat should be housed within PCO. This option was eventually discarded because of concerns that the new secretariat might be too large for PCO and fears that attributing the responsibility for climate change policy to a central agency might weaken the accountability of the ministers in charge of the environmental and energy portfolios. But significant tensions between Environment Canada (EC) and Natural Resources Canada (NRCan) made it difficult for PCO to intervene in the issue in the absence of a clear direction from cabinet. The two key departments did not share a common outlook on how to approach climate change policy and had been at odds with one another for a number of years. Given the level of interdepartmental disagreement, including at the ministerial level, cabinet preferred to create a secretariat that would fall under the joint authority of the deputy ministers of EC and NRCan and to ask the two departments to jointly take the lead on climate change policy.

CCS, however, has no independent statutory basis and its continuing existence entirely depends on the renewal of its funding. The Secretariat was meant to assist departments in the coordination of policy; it was not meant to overlap with departmental program responsibilities or to make policies by itself. The Secretariat does not have the authority to impose decisions or force departments to account for their performance on climate change. To fulfill its mandate, it essentially relies on “soft powers,” such as the ability to persuade and convene meetings.

Moreover, while the Secretariat assists in the funding of some initiatives through the Climate Change Action Fund (CCAF) – a fund managed overall by the Secretariat, overseen by an interdepartmental management committee and whose components are administered by a variety of delivery agents– it has no program responsibility of its own (Canada 2002b). While its role in managing the CCAF has provided it with modest financial leverage, and helped it to bring departments to the table on some occasions, this capacity has been limited. In recent years CCAF has become a very small part of the government’s expenditures on climate change. While the CCAF represented a total expenditure of \$300 million from 1998 to 2004, since 2002 alone, the federal government has announced about \$3.7 billion to fund a wide array of climate change programs in different departments, the bulk of this funding going to NRCan. In sum, its lack of statutory authority is also reflected in its inability to significantly use the power of the purse to bring departments to yield to a common strategy.

To ensure that each department remains firmly in charge of its respective portfolio, the head of CCS, a senior ADM-level official, only reports to the two ministers through their respective deputy ministers. In this way, the ministers are not confronted with contradictory advice from their officials. Deputy Ministers can balance input resulting from the CCS interdepartmental process with other departmental considerations when advising their ministers on policy issues. While this framework has advantages for departments, it

illustrates one of the core difficulties of horizontal policy coordination: public servants are ultimately accountable to their ministers and do not have much incentive to deliver on corporate objectives relating to government-wide interests. When there is a tension, corporate objectives become subverted by departmental objectives.

CCS has also created a number of interdepartmental committees. The Deputy Ministers Steering Committee on Climate Change, co-chaired by the deputy ministers of EC and NRCan, is ultimately responsible for the overall governance of climate change issues. With the exception of some crucial periods, such as the months preceding ratification of the Kyoto Protocol, this steering committee has met infrequently to deal with high-level policy decisions. The bulk of the policy and program work is handled by the Climate Change Management Committee, composed of policy ADMs from the “core departments” (EC, NRCan, DFAIT, PCO and Finance) engaged in the climate change file. For much of the period, ranging from the creation of the CCS to Summer 2002, when PCO played a lead role in the file aimed at ratification, this committee met weekly to deal with policy and program issues. Periodically, the committee would also engage with other departments with an interest in climate change through an enlarged ADM-level committee (VanNijnatten and MacDonald, 2003: 85). In addition to these central committees, the CCS also facilitated the creation of a large number of more focused committees to deal with specific issues, such as government communication or climate change research. It is through this set of committees that interdepartmental coordination occurs.

In recent years, federal climate change policy has been criticized for showing insufficient progress in reducing GHG or even in developing a coherent national strategy. The government failed to meet its non-binding international commitments adopted in the pre-Kyoto period and it now faces a significant challenge to meet the more ambitious commitment of Kyoto. Moreover, even the current Prime Minister in his year-end stated that, while he remained committed to the Kyoto Protocol, the country still lacked a “coherent plan” for implementing the agreement in Canada. There is undoubtedly a large set of factors explaining this state of affairs. Among the more notable factors, there are both the decision of our largest trading partner, the US, not to ratify Kyoto, and the significant opposition to tougher policies on GHG reduction both of Alberta, whose economy is most dependent on the consumption of fossil fuel, and of a large segment of Canadian business.

However, ineffective interdepartmental coordination has also been blamed for contributing to a less than optimal policy. CCS lacks the required authority to force a resolution of these interdepartmental tensions, thus hindering the government’s capacity to develop an adequate strategy. PCO, which has real authority to coordinate government-wide initiatives, does not appear to have played a sufficiently active role in ensuring appropriate coordination. Lack of sufficient authority had become a serious impediment for interdepartmental coordination by CCS. The committee structure, which represented the core of CCS’s interdepartmental process, worked reasonably well until the Fall of 2002. However, as the government approached a decision on ratification, there was a need to make harder decisions and to reach agreement among departments on more significant measures for implementation. In this new high-pressure environment, the lack of authority of the CCS emerged as a significant weakness. In order to move the interdepartmental process along, PCO had to become more involved, and in the Fall of 2002, it became the real convener of the policy ADMs’ meetings. The central agency’s authority had become a necessary tool for interdepartmental arbitrations; soft power was no longer sufficient.

In addition to the limitations of the interdepartmental process at the bureaucratic level, policy coordination at the political level has also been a challenge for climate change policy. The historical tensions between NRCan and EC on this issue were reinforced in the 1990s by tensions at the political level between the two ministers. The two individuals had rather different perspectives on environmental matters and on climate change in particular. The fact that both ministers were from British Columbia and that one of them also acted as political minister for the province served to create an added degree of competition between them. This context did not help with high-level negotiations between the two lead departments.

The involvement of other ministers also proved difficult at times. In 2000, in order to prepare them for the decisions that led to the creation of the Government of Canada 2000 Action Plan on Climate Change, the Prime Minister created a Reference Group of Ministers on Climate Change. The ministerial reference group acted as a dedicated forum for high-level political discussions of climate change issues. This was not a formal cabinet committee, but rather a working group of ministers with no decision-making authority. For cabinet approval, climate change initiatives still had to go through the Cabinet Committee on the Economic Union. An ad hoc committee on climate change with some limited decision-making authority later replaced the reference group. However, this mechanism for linking the interdepartmental process to the ministerial level was not seen as particularly effective.

#### **4. Analysis**

Our interviews and our analysis of the cases raise a number of issues. First, the decision to engage in more extensive horizontal coordination seems more driven by effectiveness concerns than by efficiency considerations. Secondly, central agencies are considered to be key actors in the initiation and the successful management of horizontal initiatives. However, in this last respect, many interviewees were quite critical of the current performance of these agencies. Thirdly, the accountability framework as traditionally construed, where the focus is on internal departmental practices, continues to act as a disincentive for horizontal practices. Finally, interviewees were also quite critical of the adequacy and availability of managerial tools to facilitate horizontal management and the importance of enduring commitment to the objectives of greater effectiveness through enhanced coordination, and the role of champions in sustaining such commitment, was reiterated. Overall, at fairly fundamental levels, there appears to be a lack of trust – a lack of trust in the efficacy of available tools, in the support and guidance from the centre, and in the capacity of the basic accountability framework to take appropriate recognition of horizontal work. It suggests that the Government of Canada may not be wholly up to the task of dealing with horizontal issues. In the following section, we consider these issues in greater detail.

##### ***a) Motivation for Interdepartmental Coordination***

During our interviews and in reviewing the documentary evidence, we examined the process that led the departments to attempt to put in place more extensive mechanisms and processes of horizontal coordination than those supposed by the normal cabinet decision-making process. On this issue, two factors appeared to be key drivers for engaging in these high-level interdepartmental initiatives. Firstly, effectiveness, as opposed to efficiency, seems to be the main rationale for the actors involved. In other words, more extensive interdepartmental coordination is presented as the only means to achieve the desired outcomes. In keeping with the discussion in section one of the paper, joined-up government

is characterized as an emerging need to adequately address the real complexity of policy problems. By their very nature, some issues, such as urban regeneration, improving the social conditions of aboriginal people living in cities or fighting climate change, make more extensive interdepartmental coordination an absolute requirement for effective government intervention.

In this context, the choice to work collaboratively does not result from a careful cost-benefit assessment of different options; it is largely driven by a belief that it is the only real option available if performance and policy outcomes are valued. The careful assessment of relative costs and benefits, even if difficult to measure, tends to be an *ex post* consideration at best. This was seen as significant by some interviewees, who considered that the costs of interdepartmental coordination, especially the time involved, are often underestimated, particularly in a context where horizontal management has become a bit of a public management mantra that is difficult to question.

The second main motivating factor identified by interviewees, and which reflects the reality of the cases that we examined, is the role of senior executives, central agencies and cabinet. Despite a broad consensus that the nature of some policy issues demand a horizontal approach, the organizational culture and the management frameworks are not seen as being conducive to extensive interdepartmental coordination. In practice, the authority of cabinet and central agencies often remains crucial to prompt people into action and to keep the process going. One interviewee told us, “let’s be honest, the main reason people engage in horizontal work is because they are told to do so by their bosses, and the deputies and the assistant deputies themselves get the signal from the center.” Another interviewee argued that, despite the official rhetoric and the clear signals coming from the Clerk and some deputy ministers, there remained a fair degree of cynicism and skepticism about horizontal management in the federal Public Service. “I would argue that most people do not think that the executive-level is serious about it. The attitude is that it is ‘flavor-of-the-month’ stuff and that it will soon go away, that there is no serious expectation at the top that you have to do it. I think that, unless there is some kind of ‘big bang’, some more drastic measure to send the signal that this is serious, we won’t be making significant progress.”

#### ***b) Instrument Choice and Accountability Frameworks***

In the cases examined, a variety of instruments were used to foster greater interdepartmental coordination (see Table 2) and they span the range of the classification proposed earlier on in this paper. As would be expected, in all three cases, interdepartmental committees, or similar institutions, played a key role in fostering in inter-organizational dialogue and the exchange of information. While many interviewees complained that the time involved in extensive meetings that often lead to limited discernible progress is an important cost of horizontal management, these occasions for exchange and dialogue are still required to build mutual trust and understanding on these issues of common responsibility. Nevertheless, the cases also show that, as instruments of interdepartmental coordination, these interdepartmental committees have their limits. Many interviewees stressed the point that it is being optimistic to believe that many tough decisions with consequences for policy choices and the allocation of resources can be made without the exercise of some form of central authority.

In the case of climate change, as the policy process moved toward the hard decisions, the Secretariat in charge of the complex interdepartmental committee structure progressively lost its ability to bring the competing departments around the table, let alone to broker

interdepartmental agreements. Eventually, the PCO had to step in and start convening meetings in lieu of the Secretariat. From the point of view of central agencies, a similar problem resulted from the interdepartmental meetings held in the first phase of the development of the Innovation Strategy. In the absence of some central authority to force some hard choices among competing demands, the interdepartmental meetings resulted in an ever-expanding list of priorities and projects, eventually considered to place too much pressure on the treasury.

**Table 2: The Use of Instruments for Interdepartmental Coordination**

	Authority	Financial Incentives	Information Exchange
<b>Innovation</b>	<ul style="list-style-type: none"> <li>▪ Cabinet mandate</li> <li>▪ DM committee</li> <li>▪ PCO intervention</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pooled budget (consultation and citizen engagement phase only)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interdepartmental meetings</li> </ul>
<b>UAS</b>	<ul style="list-style-type: none"> <li>▪ Cabinet mandate</li> <li>▪ DM steering committee</li> <li>▪ Clerk's mandate letters and lead departments</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pooled budget</li> <li>▪ Joint Terms and Conditions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Secretariat</li> <li>▪ Working group and local coordinating committees</li> <li>▪ Federal Regional Councils</li> </ul>
<b>Climate Change</b>	<ul style="list-style-type: none"> <li>▪ Cabinet mandate</li> <li>▪ DM steering committee</li> <li>▪ PCO intervention</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pooled budget (CCAF)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Secretariat and associated committees</li> <li>▪ Reference Group of Ministers on Climate Change</li> </ul>

Similar problems in the use of instruments occurred with respect to the use of financial incentives. All three cases made some use of funding to foster more extensive interdepartmental coordination, with varying degrees of success. In the case of the Innovation Strategy, joint funding was only granted for the consultation and engagement process following the publication of the Strategy and it proved rather ineffective as both lead departments nevertheless pursued their on processes, with the exception of a joint national summit at the end. The other two cases, however, used more significant pooled budgets in order to leverage other funds from other departments and to bring departments to engage in the collaborative effort. In the case of the Urban Aboriginal Strategy, the pooled funding granted to the secretariat within PCO and later decentralized to local coordinating committees was essentially an admission that the original interdepartmental process, predicated on information exchange, moral suasion and a limited use of authority, had failed to produce the level of coordination that had been expected at the outset. In the climate change case, the reverse seems to have occurred. The pooled funding was available from the outset as one of the few levers of the Secretariat to bring departments to collaborate and it

proved useful in the early years of the interdepartmental process. However, it seems that the funding was never much more than a mild incentive to participate in interdepartmental discussions. It was soon dwarfed by the climate change funding directly attributed to departments by the Treasury Board and it was no substitute for the intervention of central agencies when the time arrived for serious policy choices.

Overall, the cases suggest that a combination of instruments may prove necessary to foster more extensive interdepartmental coordination. There is no instrument, or class of instruments, that emerges as being sufficient by itself. Joint funding was considered to be necessary to complement authority and interdepartmental dialogue in the case of the Urban Aboriginal Strategy. However, even in combination with an extensive process of interdepartmental dialogue, it proved insufficient to make up the lack of authority of the Secretariat in the case of climate change. Information exchange and dialogue by themselves also proved deficient in the case of the Innovation Strategy, if the strategy was to mean more than an extensive wish-list for departments, prompting the intervention of central agencies. In all three cases, the exercise of authority by central agencies was seen as an important factor in the evolution of horizontal initiatives and a potential requirement for success, even if these agencies were not always seen as capable or willing to play their role. We come back to this point in the next section.

Finally, in the course of our interviews, several participants stressed that the accountability framework imposed on departments conditions significantly how individuals will respond to existing instruments or position themselves with regards to horizontal initiatives. It remains that central agencies can most effectively intervene to force interdepartmental coordination because of their position in the machinery of government. Left to themselves, departmental managers are still reluctant to engage in interdepartmental endeavors because they clearly understand that they will be held accountable on the basis of how they perform with regards to their own departmental objectives and programs. As one interviewee argued, despite senior executives advocating horizontal management, “people simply don’t have a corporate view in the Public Service. There is no sense that you should pay much attention, let alone expand considerable energy to contribute to what is happening beyond your own programs. The accountability frameworks do not create incentives to do this.” As another interviewee pointed out, the “Treasury Board Secretariat still offers a lot of resistance. We all talk about the need for horizontal management but, when it is time for action, there are always a lot of reasons why it cannot be done. There is a lot of rigidity; we need more flexibility in our thinking”. In this perspective, several interviewees have underscored the need to find ways to better reconcile the traditional vertical model of accountability with the reality of horizontal management if we want to move toward better coordinated government.

On this front, while providing some evidence of progress in adapting the accountability framework, the joint Terms and Conditions created for grants and contributions provided under the Urban Aboriginal Strategy illustrate the difficulties of sharing resources within the current accountability framework. The joint terms and conditions will greatly facilitate the pooling of resources by allowing all participating departments to transfer funds to the same third-parties for a common project. The third-party will only have to submit one report accounting for its use of the funds. However, in order to preserve the proper lines of accountability, contributing departments will each have to review the final report and account for the results linked to their portion of funding through their own Plans and Priorities reporting process.

While this new instrument remains relatively complex to operate for the departments, it is largely considered to be a promising innovation. However, interviewees also clearly indicated that the process for developing this instrument, in collaboration with the Treasury Board Secretariat, was long and difficult. The TBS was described as “rigid” and “less than helpful”. “We were first told that it could not be done. Then, when we insisted, we slowly worked to make it happen. But it was a bit like pulling teeth”, said one of our interviewees. Another interviewee shared these views and added: “I think that it made a difference that our minister and the prime minister were solidly behind us to make this happen”. In sum, while it is possible to develop instruments facilitating horizontal management under the traditional accountability framework, the institutional environment can nevertheless make it an uphill battle.

### ***c) The Role of the Centre***

The cases examined highlight the determinative role played by central agencies, the Privy Council Office in particular, in setting horizontal initiatives in motion. For example, despite the necessity of a horizontal approach to innovation policy, the more extensive attempts at interdepartmental coordination were clearly the result of the Privy Council Office exercising its authority to tell HRDC and Industry Canada to work together and with other departments. Similarly, in the case of the Urban Aboriginal Strategy, the original impetus came directly from ministers and, in the most recent phase, the direct involvement of the Clerk in bringing departments to work together was seen as an important element of the process.

Beyond the issue of initiation, most interviewees also stressed the crucial leadership role played, or that ought to be played, by central agencies throughout the process of interdepartmental coordination. One interviewee put it this way: “We can invite other departments to comment on our policy proposals and invite their views on what needs to be done. But, in the end, most horizontal work will mean that hard choices will have to be made about what is authorized or supported and what will go forward. The departments cannot make these choices themselves. Central agencies have to be involved because they have the authority to force some sort of resolution.” Another one argued, “Strong leadership from central agencies is crucial and a strong deputy can also make a big difference”. A further interviewee from the Treasury Board Secretariat also underscored the key role played by central agencies. Recounting the development of a horizontal initiative that s/he found to be successful, the interviewee pointed out that the lead department relied on TBS to help coordinate the interdepartmental discussions because “otherwise some departments would tell them to go to hell”. On the climate change file, one interviewee pointed out that Environment Canada and Natural Resources Canada had difficulty exercising leadership because “they were just line departments like everybody else”.

While there was wide agreement about the fact that central agencies had an important role to play in interdepartmental coordination, there was less agreement on the nature of their role and their ability to perform it. In fact, in some of our case studies, interviewees were quite critical of the performance of central agencies. One interviewee critical of the Privy Council Office: “Let me tell you about PCO’s way. It is: ‘we expect departments to do [horizontal coordination]. In the end, in the final analysis, if we think that you didn’t do a good job, we’ll kill [your project].’ But they don’t actively help you to do it.” Another interviewee, referring to the development of the Innovation Strategy, laid a lot of the blame for the difficulties experienced on the Privy Council Office and the Department of Finance: “During the actual

work, we felt an almost total absence of support and leadership from the center. [...] Finance and PCO might have been concerned that the strategy was turning into a wish list but they did not do anything to allow it to happen otherwise.”

A significant part of the discussion around the role of central agencies concerned their capacity to coordinate as well as the distinction between the process and substance of horizontal coordination. Some of our interviewees from the line departments argued that the central agencies could not do a good job at more extensive policy and program coordination unless they agreed to be more involved with the substance of issues. As one interviewee put it, “to be effective at mediating between departments in policy debates, or to challenge them on how best to coordinate their policies, or even to play an arbitrage function, I think that you have to be able to engage departments in a significant way on the substance. The Privy Council Office or the Treasury Board Secretariat often don’t want to get their hands dirty with the substance or simply do not have the capacity to do so.” He later went on to say: “I think that the central agencies should select a few issues, which the government considers top priorities, and on which they want to push for more extensive horizontal coordination. And then they should invest in acquiring the capacity to get more deeply involved in the substantive debates. They would probably have to borrow people from the departments with the expertise or get help from outside. But if they had more capacity to deal with the substance, they would also bring more value to the coordination process.”

The limited capacity of the Privy Council Office for substantive coordination was also apparent in the case of the Urban Aboriginal Strategy. As pointed out in the previous section, after the cabinet approval of the strategy in 1997, it soon became apparent to the UAS secretariat that they would lack the capacity to effectively coordinate specific urban strategies. Their lack of an organizational presence in the regions made them turn to the federal regional councils, which, while providing important forums for discussions, were also lacking the required resources to coordinate. As a result, both in the first period of the UAS and in the case of the more recent pilot projects, PCO had to designate Western Diversification and HRDC as lead departments. Moreover, the early years of the UAS seem to suggest that the authority of a PCO secretariat was not sufficient in generating sufficient coordination on the ground. The lack of dedicated funding appeared as a weakness of the strategy. In the second phase of the UAS, the Federal Interlocutor for Métis and Non-Status Indians Division of the PCO will use the dedicated funding granted by cabinet to entice departments to collaborate on joint projects in the context of the different urban strategies. The UAS money will mostly constitute seed funding and many projects will require departments to contribute additional funds out of their own budgets for the realisation of selected projects. Overall, the changes in the approach of the UAS appear largely to be driven by concerns over the lack of capacity.

Interviewees also pointed out on a few occasions that cabinet and the central agencies were too transactions-based in their outlook. “Cabinet committees essentially deal in transactions. They deal with specific requests with a poor understanding of how the proposed departmental program will interact with other existing programs to deliver larger common priorities. Memoranda to Cabinet make passing references to the Speech from the Throne and interdepartmental consultations but there is no serious consideration of coherent interdepartmental strategies to deliver on key government objectives”, said one public servant from a central agency. In the same line of argument, another interviewee from a line department stated: “Quite frankly, PCO plays a challenge function that is not forward-

looking”. Another senior-level public servant argued that the only time that the Privy Council Office seems more effective in interdepartmental coordination is when the government faces a crisis and there is a need for a coordinated response. On the on-going files and the longer-term objectives, the capacity to coordinate seemed to be lacking.

Overall, the discussion with interviewees about the role of the central agencies and their capacity to coordinate highlighted the fact that, while their authority is generally considered as a key driver of horizontal management, the manner in which this authority is deployed has so far not achieved the level of interdepartmental coordination expected on some of the salient horizontal policy issues facing the public service. With respect to other key resources, such as provision of funding, organizational capacity and expertise, the central agencies, especially the Privy Council Office, was often seen as lacking.

#### ***d) Institutional Choice and Design***

The neo-institutionalism literature makes a persuasive case that rules and frameworks, and the basic organizational design of government, shapes political discourse and policy outcomes in significant ways. The same holds true for bureaucratic agencies. Francesca Gains, for example, has argued that the creation of executive agencies in the UK often “created differing power-dependent networks between minister, department and agency” (2003:55). The three horizontal initiatives in question indicate that perceived effectiveness coincides to a fair degree with the type of institutional arrangements initially put in place. The case of climate change, where a number of the interviewees indicated unhappiness with the outcome, the climate change secretariat was seen as lacking with respect to mandate, authority and resources. Essentially, the secretariat was subservient to the two main departments – among other things the senior official heading the secretariat did not become a member of either of the two departmental management committees until a fairly late stage. Even then, the secretariat continued to have a rather restricted role. Certainly it had no authority to develop and implement policies and had only limited funding that it could use as leverage vis-à-vis other departments. A number of the participants indicated that placement of the secretariat directly within PCO would have been a better choice.

The innovation agenda saw only limited institutionalization of the interaction and efforts at coordination between HRDC and Industry Canada. There was no secretariat, only regular meetings of the people involved in the endeavor. Ninety percent of the work was done separately within the two departments. Whether this informal coordination would have led to the successful implementation of the proposed innovation strategy is unknown, given that PCO intervened to terminate the interdepartmental process, instructing the two departments to produce two separate policy documents. Much criticism was aimed at PCO and the Department of Finance for their preemptory intervention, which was seen as the primary reason underpinning the failings of this horizontal initiative. However, it could be argued that a separate secretariat linked to PCO, or certainly a body with good communication links to PCO and Finance, might have limited the scope of the interdepartmental consultative process and also perhaps have defended the initiative, thereby alleviating concerns at the centre that the process was too amorphous, leading to a gigantic wish list with uncontrolled demands on the treasury.

The initiative that appeared to generate a significantly better result was the Urban Aboriginal Strategy. Although in some respects the degree of institutionalization was limited – an interdepartmental working group supported by a small secretariat – this secretariat, nonetheless was housed directly within PCO. While often engaged in heated discussions

with central agency officials in TBS as well as within PCO, the principals involved were nonetheless able to obtain permission to implement agreements that facilitated the interdepartmental transfer of funding for UAS related projects. Furthermore, in the UAS PCO took the step of designating lead departments for specific pilot projects under the UAS, making them primarily responsible for implantation in a particular region. Additional funding for the UAS at a crucial stage was also a critical factor. In brief, a dedicated secretariat with money and authority, linked closely to central agencies, as well as the explicit designation of lead departments may well be among the more critical elements making for successful horizontal endeavors.

This pattern of a strengthened secretariat and nomination of lead departments evident in the evolution of the UAS appears consistent with the one identified by Lowndes and Skelcher (1998) in their study of multi-organizational partnerships. They note that a different mode of governance tends to predominate at different stages in the life-cycle of any given partnerships, and that the interplay between collaboration and competition among the participating units eventually gives way to a more hierarchical relationship where one unit tends to take the lead and predominate in the relationship. Hierarchy and horizontality may not, therefore, be incompatible and indeed the combination of the two at a certain stage may well be necessary if the horizontal initiative in question is to succeed.

#### ***e) Political Leadership***

In all three cases members of the political executive featured prominently in the management of the issues at hand. In important respects this should not be surprising. To varying degrees all three issues were flagged as major initiatives by the government of the day by virtue of their being featured in the speech from the throne, the primary means of the Government of Canada of conveying to the public its major plans and policy objectives. In some instances ministers played a crucial role in moving horizontal initiatives to the next level. On the other hand, in other instances, the actions of some of the political actors were not always conducive to the development of effective horizontal strategies.

In the case of the UAS the authority of the prime minister needed to be invoked in order to persuade TBS to create the necessary flexibility allowing the departments to work more closely together. In other words, the approval of the prime minister for horizontal projects was more than pro forma; at certain crucial stages his active support became a necessity. As well, in the case of the UAS, it was a group of Western ministers who initially raised and then subsequently promoted the need to respond to the plight of aboriginals in urban centres. In brief, the political impetus and willingness to cooperate on the part of key ministers was already in place before the wheels of the policy machinery began turning.

The role of ministers in the other two cases – the innovation strategy and climate change – was more problematic. In the case of the latter, the ministers from the two main departments – NRCan and Environment – were in open competition with each other. The interactions between the two of them centred mainly on ensuring that each received the appropriate share of the funding made available for tackling climate change in the federal budget. Many of the key decisions on funding were made by the ministers and their political staff with relatively little attention paid to either the substance of the policies or the fostering of close collaboration between the departments. The secretariat subsequently played the relatively minor role of regulating and preserving the division of spoils between the two departments. It constituted a prime example of what is termed transactional politics. (Savoie 1990)

The case of the innovation strategy also saw tensions between ministers, in this case involving the succession struggle for the Liberal party leadership. Perhaps less so than in the case of climate change, there was nevertheless a tendency to split funding between the two departments so that the two departments could pursue their own separate consultation strategies for example. The ministers were also keen on making their own separate presentations to cabinet. Although there was evidence that officials of the two departments worked well together, this level of collaboration did not appear to extend up to the ministerial level and in the case of one of the departments there was a very poor relationship between the minister and the deputy minister, which did not help matters. Certainly there is little evidence of the two ministers working closely together to argue their case with central agencies to preserve the integrity of the joint initiative. While officials in both departments were dismayed by the actions of PCO and Finance in putting a halt to the joint innovation and learning project, there is little sign that those at the ministerial level shared this dismay. If demonstrable commitment to a jointly designed and managed policy agenda by the relevant political leadership is seen as a critical element in the successful implementation of horizontal initiatives, it was largely absent in the case of both climate change and the innovation agenda.

The role played by ministers also points to the difficult task facing central agencies. They are not only faced with the chore of coordinating and providing support to departments, but they also need to attend to the needs of ministers and ministerial committees. When political support for a given horizontal initiative is lacking, this would appear to make the task of dealing with departments doubly difficult.

## **5. Conclusion**

The primary theme arising from our review of the three horizontal initiatives, and during the course of our interviews, is the crucial role being played, or that should be played, by central agencies. A common sentiment is that agencies such as PCO and TBS play a critical role in initiating horizontal projects, in arbitrating between departments involved in them when they run into difficulties, in setting up the structures that allows departments to work together, and in determining the shape of the final result.

It is broadly recognized that an agency such as PCO is responsible for, and has a legitimate role in, translating the government's policy agenda. This agenda, which increasingly encompasses issues of a horizontal nature, is given effect in the form of specific mandates and requests for two or more departments to work together to achieve outcomes in these horizontal policy domains, whether it is climate change or innovation. It is also recognized that TBS, for instance, has a responsibility for ensuring the integrity and probity of the government's financial management system.

At the same time, there is concern expressed that once initiated, agencies such as PCO lack the capacity to manage, support or monitor these horizontal initiatives. Among other things, it was noted that PCO appeared to lack the capacity to engage departments on the substance of issue in a significant way and that cabinet and cabinet committees tend to be too transactions-based in their outlook. The absence of support and guidance on the one hand, and sudden intervention on the other – as people in both Industry and HRDC claimed happened in the case of the Innovation Strategy when PCO terminated the interdepartmental process – was seen by participants in both departments as illustrative of the contradictory and arbitrary behavior of central agencies with respect to horizontal

management and policy issues. In brief, there are significant questions surrounding the nature of leadership exercised by central agencies, questions that raise concern about the Government of Canada's overall capacity to deal effectively with horizontal issues.

This concern, then, encompasses a number of areas, ranging from lack of specificity in instructions and mandate letters to the departments involved in horizontal exercises to the inadequacy of the structure put in place to the reluctance of central agencies to become more directly involved, especially on substance, until it is too late. Hitherto central agencies have relied primarily on moral suasion – making available a variety of facilitating instruments and toolkits and promoting the values of horizontality through task forces and the like – with the expectation, or hope, that such a 'bottoms' up' approach would engender horizontal activities across departments. (Cappe 2001; Himmelfarb 2002) Our three case studies suggest that such approaches are insufficient to overcome gravitational pulls within line departments and the portfolio centred nature of the accountability regimes fostered in part by Treasury Board rules and practices. Hierarchy, in the form of a more direct and active role by agencies such as PCO may well be necessary in order to promote horizontality.

Finally, through comments on the inability of some ministers to work together, it is clear that the restricted, even awkward, role of central agencies ultimately reflects the dilemmas faced by the political executive, specifically cabinet and cabinet committees, in handling horizontal agendas. In at least two of the cases examined in this study it was clear that there were serious conflicts between ministers on the objectives, management and ownership of horizontal projects. And in the case of complaints that departments were not being fully cooperative or were unwilling to support particular initiatives, some of this behavior may well reflect the preferences of ministers, cabinet and perhaps also the legislature. In other words it could be argued that in the absence not only political support but also political leadership, there is only so much that PCO and other central agencies can do to support horizontal initiatives.

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