

A Quarterly Newsletter for Public Administration Practitioners in Central and Eastern Europe

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Planning EU Integration After Cannes

In June 1995, the heads of government of the European Union (EU) countries met in Cannes, France and approved a White Paper addressing the integration of central and eastern European countries. The document proposes a major policy-making task as it outlines regulatory, legal and institutional changes that EU aspirants must implement in the years ahead. PMF asked Latvia's Foreign Minister, Valdis Birkavs, to comment on the implications of the White Paper for public administration reform, and for the management, co-ordination and implementation of policies geared towards EU accession. His article follows.

By Valdis Birkavs

Less than a year ago, the European political lexicon was enriched by the term "structured dialogue." What did it mean for us then, and what does it mean for us now?

Born at the European Council's Essen summit, "structured dialogue" developed and became shaped by the recently completed French EU presidency. For this accomplishment, France deserves a great deal of credit, since it is always hard to be a pioneer.

Bearing in mind the particular interests of PMF readers, I must note that "structured dialogue" is a tool for the internationalisation of decision-making at the highest administrative level — ministers and heads of governments, and even heads of states.

Free Expression of Views

For the leaders of the associated countries, it is an opportunity to discuss the common problems with some form of practical result. Instead of the exchange of formal statements, there is the free expression of views. But this approach is not easy as there are two main obstacles for productive work: too broad agendas and extremely limited time. It is widely felt that much needs to be discussed and considered, but that the time allotted is insufficient.

However, possibilities to improve the quality of dialogue do exist. It seems reasonable to follow the example of European Council meetings, which means, for example, that prior to the meetings, the views of the parties are exchanged in written form and preparatory expert meetings are held, thereby allowing the ministers to focus on the most pressing issues.

For the time being, the best examples of this dialogue between the EU and associated countries are consultations within the framework of political directors and European correspondents. While the aim is for every associated country to join discussions on the EU's position on various issues of common foreign and security policy (CFSP) at an early stage, there nevertheless is room for improvement.

It is important for associated countries to obtain wide-ranging and complete information about activities within the CFSP. For this purpose, a permanent and fast-operating information network should be established.



Courtesy photo

Foreign Minister Valdis Birkavs

The White Paper

For associated countries, the most significant outcome of the last EU presidency was the adoption of the White Paper on the internal market. Since the Essen summit, it was repeatedly affirmed that preparation of associated countries for integration into the internal market is the major component in the preparation strategy for accession to the EU. Latvia, as an associated country, regards accession to the internal market as its priority.

The White Paper, which outlines the measures necessary for accession, allows associated countries to set their own priorities in this area. For Latvia, this White Paper, and probably following ones, will provide the background for the elaboration of its individual strategy for accession, the need for which arises from the big economic and social differences among associated countries.

The aims and means of this strategy will be completely and clearly formulated in the national programme of accession, which will be the guidebook for everybody involved in public management. The provisions for public relations will be an integral part of the exercise.

Approximation of Law

We regard achievement of full conformity of Latvia's legislation with EU law as a first step towards our integration into the EU. Being largely technical work in nature, the approximation of laws to EU standards could be a significant problem due to the lack of expertise and knowledge among our law-makers, both in the parliament and the government. A wide-ranging educational process is going on in the whole society, and a great deal of assistance in this area has been provided by the European Commission, EU Member states, and various other bodies of the European Union, OECD, and SIGMA Programme.

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PUBLIC MANAGEMENT FORUM

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Head, OECD Public Management Service:

Derry Ormond

Head, SIGMA Programme: Bob Bonwitt

PMF Editor: Bart W. Édes

Assistant to the Editor: Françoise Locci

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Public Management Forum

SIGMA-OECD Information Services

2, rue André-Pascal

75775 Paris Cedex 16

France

tel. (33.1) 45.24.79.00; 45.24.13.11

fax (33.1) 45.24.13.00

e-mail: "bart.edes@oecd.org"

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Nevertheless, the most important task in this work is to achieve a common understanding within the country that preparatory work for accession does not only mean the adoption of laws and regulations in conformity with the relevant EU rules but, more importantly, the need to create the implementation and control structures.

The Government of Latvia already has started establishing such "Eurocratic" structures. For this effort, Latvia and the other Baltic states have had an advantage: since regaining independence, they have been able to create their administrative systems from scratch. Building something new is usually easier than changing something that already exists.

The key role in the adaptation of the Latvian public sector to meet European requirements is played by the European Integration Bureau, which has been in operation from the beginning of the year. As set forth in its governing regulations, the main tasks of this body are to:

- * co-ordinate the approximation of legal acts and regulations to ensure their conformity with EU legal acts and regulations;
- * ensure the preparation and exchange of information with EU institutions and other relevant institutions;
- * participate in the distribution of assistance provided by the EU and its member states for the integration process; and
- * ensure that society is provided with information on the process of integration, as well as to analyse public opinion on the integration process.

Twenty-four working groups have been established to implement the approximation of legislation. Working groups consist of representatives from all line ministries, state institutions and organisations. Line ministries and working groups involve national experts in the process of legislative approximation to carry out such approximation.

Any proposals or legislative drafts first have to be approved by the working group, legal working group and the European Integration Bureau before they are accepted by the Cabinet of Ministers. Presently, the main problem is how to ensure that only approximated legal acts are adopted in the Parliament.

Working groups have started an elaboration of a national work programme for the approximation of legislation in each separate sphere. Our national work programme includes:

- * careful examination of existing legislation for each field and to what extent it corresponds with EU standards;
- * indication of main problem areas, as well as the elaboration of proposals for possible solutions;
- * determination of national priorities; and
- * exploration of how to promote the approximation of legislation through regional structures.

Elaboration of the national programme corresponds perfectly with the main tasks indicated in the White Paper, which in itself provides the precise road-map to work out the programme.

The six months of the Bureau's operation naturally has brought to light elements in the already functioning system which could be improved. For example, a necessary step for ensuring a flexible and rapid integration process could be the creation of a high-level structure – a Cabinet Integration Committee – authorised to deal with issues that are politically sensitive or of major importance to Latvia. A similar structure in Parliament could ensure the monitoring of the integration process on behalf of the legislative body and identify issues of public interest.

Informing the Public

Neither the above-mentioned tasks, nor the final goal, can be achieved without wide public understanding and support. Nevertheless, we consider the creation of positive public opinion as a process requiring careful and thoroughly considered endeavours – public opinion cannot be based on an idealised view of the EU. Furthermore, the primary duty is to present an impartial point of view, to provide society with all possible information related to the EU – positive as well as negative.

It is very important that across the Latvian

Creating Capacities

The White Paper constitutes an important component of the strategy for central and eastern European countries seeking to accede to the European Union (EU). The European Commission prepared the document this spring, and the European Council approved it at the semi-annual EU Summit at Cannes, France on 26-27 June 1995.

The document, which has no legal effect, and is not considered part of the formal accession negotiations, acts as a guide to the requirements of the EU's Single Market. It identifies the market's legislative measures in the internal market area that should be tackled first, describes administrative and technical structures required to properly implement and enforce legislation, and outlines how EU technical assistance can be adapted and enhanced to best support the period of transition.

Management and Co-ordination

The White Paper proposes a huge policy-making task. Every law affects more than one ministry; interlinkages must be managed and tradeoffs found. Each law has to go through the council of ministers and parliament in each country aspiring to EU membership. The time of these bodies is probably the most precious resource in government. The legislative programme as a

political spectrum, just two political parties have clearly defined their "Euro-skepticism" (only one of them, with six members, is represented in the Parliament). The ruling party, as well as the largest opposition party, have declared integration into the EU as the sole possible way to ensure development, economic growth and security. With regard to other political parties, their positions differ only in terms of the speed of integration, but not in the final goal.

These indications allow us to conclude that our politicians are quite well-informed and the necessity of integration into European structures cannot be defined as the caprice of one political party alone. Such unanimity is clear evidence of support for the continuity of the path selected towards the EU. However, with regard to society in general, we have to acknowledge that we are merely at the very beginning of our programme for a wide information campaign.

Now, when it is fairly clear that there are no major obstacles from the EU side for the process of enlargement – assuming, of course, that the Intergovernmental Conference confirms this process – the associated countries can focus their efforts to prepare themselves for the role of EU Member states. We can say that this is our main lesson from the latest developments in European policy in general and the Cannes summit in particular.

whole must be kept on track and progress reported to government, parliament and the EU institutions. Well-structured project management and co-ordination systems thus are needed.

Ministers may consider their job done when laws in their domain are approved, but the best policy or law is only as good as how it is put into practice. The White Paper specifies that implementing bodies be established. Their effectiveness will determine what benefit associated countries derive from their connection to the EU. For example, if countries in transition have agricultural testing laboratories that are not operating up to EU standards, they will have difficulty getting food exports into Western Europe.

Fulfilling the obligations of the White Paper will require four different types of capacity, each of which are exercised under tight budget constraints and scarcity of trained staff. These include capacities to: 1) develop policies and law; 2) build implementing institutions; 3) create a satisfactory relationship between the public administration on the one hand, and citizens and enterprises on the other; and 4) co-ordinate the process. Developing adequate capacities in each of these areas is critical to the achieving the goal of accession.

Sources: International Economic Review, U.S.I.T.C., August 1995 and SIGMA Secretariat.

An IMF View on Government Purchasing A Good Procurement Law is Good for the Economy

by Markus Rodlauer

When countries seek the support of the International Monetary Fund (IMF) they have an ultimate goal in mind. As a general rule, this goal amounts to rapid, lasting growth of living standards for as many citizens as possible.

In macroeconomic terms, we can distinguish three elements of success that should bring about this goal, or perhaps "three-plus-one" (taking into account the special circumstances of economies in transition): 1) a sustainable balance between aggregate supply and aggregate demand; 2) rapid growth of supply and incomes; 3) an acceptable income distribution and adequate social protection for the poorest members of society; and 4) a successful transition to market-based economic systems in formerly centrally planned economies.

Let us now examine what role the public sector, that is government in its various forms and actions, plays in the attainment of these objectives. There are six broad aspects of how the government conducts its business that are relevant here:

- the overall public sector deficit;
- the aggregate size of government expenditures;
- the composition of government expenditures;
- the effectiveness or efficiency of government spending;
- transparency and accountability of the government; and
- the impact of government actions on the structure of the rest of the economy.

"waste and impropriety are like fungus that seek the dark and cannot flourish under open air and light"

There is, of course, a well-established link between the overall size of government deficits and the goal of macroeconomic balance, a goal that in balance encompasses the attainment of growth, low inflation, and a sustainable balance of payments position. In turn, experience has shown clearly that economic growth cannot last in an environment of high and rising inflation, excessive fiscal deficits, and mounting public debts. (I use "growth" here to mean an economy's potential for growth as embodied in the size and quality of its capital stock rather than measured output over a few months or quarters).

This implies the need for substantial and efficient investment, and in turn for close attention to the composition of government spending (consumption versus investment) as well as its efficiency (high quality investment). At the same time, composition and efficiency of government outlays are key determinants of governments' ability to attain their social

policy objectives; in fact, experience has shown that appropriate targeting and efficient delivery of social programmes are perhaps even more important than the total size of expenditures for social purposes.

Open Government

Transparency and accountability are, of course, not just goals for themselves, but have important macroeconomic ramifications as well. For one, there is a direct feedback from this aspect to the aggregate size of expenditures and the deficit as well as to the effectiveness of government programmes – waste and impropriety are like fungus that seek the dark and cannot flourish under open air and light. Even more generally, transparency and accountability are key ingredients of the public's trust in their governments, and thus of the political sustainability of adjustment and reform programmes of the type supported by the IMF.

Finally, the structural impact of government procurement, that is of its actions as purchaser of goods and services in the market, is likely to be large. There are two aspects of this: first, there is a direct impact on the structure of the market from where the government buys. Decisions on who to buy from and under what conditions, and equally important, how these decisions are reached, can have enormous influence for example on the way private companies become accustomed to act – competitively or otherwise.

Likewise, undue preferences for public versus private suppliers, or for domestic versus foreign ones, can have major distorting effects in the economy. And with still relatively large governments, as in transition economies, this structural impact of public procurement must not be underestimated. The second aspect is more general: let us not forget that an important part of the transition from central planning to market-based systems is the changing role of government. For procurement, this means the transformation of the government from being the chief allocator of resources in a command system to its new role as one actor in a wide sea of other economic agents, essentially on an equal footing and with clearly defined contractual relationships.

In this sense, public procurement reform, as part of the transition, has even wider significance as it mirrors some essential features of democracy: the rule of law, accountability and control, and government self-restraint.

Procurement's Place

How does a new procurement law fit into all of this? Well, at the outset, there is an obvious connection from government expenditures to government expenditure

management, public procurement, and its legal framework. But let us develop the concept of procurement a bit further: in principle, there are four issues to be decided in procurement:

- what to buy;
- who buys (internal organisation within the public sector);
- from whom to buy; and
- the type of contract to be awarded.

"Public procurement reform, as part of the transition...mirrors some essential features of democracy: the rule of law, accountability and control, and government self-restraint"

The overall objective of this four-fold decision should be for the government to get "good value for its money". There are at least four fundamental criteria in the decision-making process that will assure that the government does indeed obtain the best value for its money:

- economy and efficiency;
- competition among suppliers;
- fairness and integrity; and
- transparency.

"Good value for money" and "economy and efficiency" are, of course, quite general criteria that need greater precision in individual cases. Often, it can simply be the best price in a well-standardised and competitive supply situation. However, there may be other important aspects that warrant consideration, such as quality, delivery, reputation (including risk of bankruptcy) and so forth.

In addition, governments typically are tempted to include even broader goals such as national interest, jobs, the development of technology, etc. It is increasingly recognised, however, that procurement should not be used as a tool to pursue such wider goals, and that a narrow interpretation of "good value" is preferable (leaving the wider goals to be pursued by other, more direct or transparent tools if desired). Always, however, non-price criteria should be specified in advance so that the final decision can focus mainly on the relative price between competitive bids.

This, in a nutshell, is why the IMF is interested in good procurement laws in Central and Eastern Europe. It is part and parcel of the multitude of institutional changes that will ultimately deliver on the basic objective of IMF co-operation with transitional countries: rapidly rising living standards for as many citizens as possible.

Markus Rodlauer is Senior Resident Representative of the International Monetary Fund in Poland.

SIGMA Seminar Highlights Training Needs Preparing Public Servants for European Integration

by Pamela Edwards

Integration with the European Union (EU) serves as a lever for public administration reform. Aspiring member countries must approximate and harmonise legislation, and establish new institutions. Simultaneously, staff serving in the public administration must acquire sufficient knowledge and skills to function in an "internationalised" environment. This third aspect of the integration-related reform process inspired a multi-country seminar jointly sponsored by Hungary's Ministry of the Interior and SIGMA on 22-23 May 1995.

The programme, entitled "Training of Civil Servants for Internationalisation: The Case of Training for Accession to the European Union," involved 22 participants from each of the eleven SIGMA countries. Most of the individuals are decision-makers with duties connected with EU integration, or managers at national public administration training institutes.

They benefited from an exchange of information and experiences of four EU Member states: the three newest EU Members – Austria, Finland, Sweden – and Portugal. In addition, Gyula Rádi of the host ministry's International Department, spoke on Hungary's development of strategies for the training of administrative staff for EU accession. Further, Gunta Veismane, Director of the Latvian School of Public Administration, made a presentation on a needs assessment for general management training.

Preparation Stirs Change

The highlight of the seminar was a simulation exercise, a typical method used for teaching negotiation skills. Participants chose to "represent" an EU Member country on an EU Council Working Party examining a proposal from the Commission for a new directive to harmonise national legislation on recreational craft (eg, leisure boats).

In the exercise, each Member state "representative" had received instructions from his/her government, and from concerned ministries, on the position to be held and amendments to be proposed. Based on these guidelines, the representative had to develop and practice negotiation skills. This enactment of a real-life EU decision-making situation gave participants insight into methodologies for training but, more importantly, a practical, hands-on view of how policy-determination works inside the EU.

Preparation for closer relations with the EU is part of a broader internationalisation

process, and is beneficial even if accession does not occur. This benefit derives from the change in perspectives of the public administration which such preparation compels. Seminar participants agreed that strategic planning at the national level is essential and should start as soon as possible, clarifying the link to the national education system. The mobilisation and retention of political support was recognised as vital to the development and implementation of training strategies.

Training in interpersonal skills (communication, negotiation, consensus-building) was given top priority, and short-term methods, such as study visits, were considered most effective for top-level managers. As EU integration is not "culture-bound," speakers encouraged the participants to make use of foreign experts and well-established training programmes (funded bilaterally, or through Phare and TEMPUS). Participants identified advocacy and communication as the key tasks of EU decision-makers and training specialists, not only through the media, but also by

influencing colleagues and decision-makers.

At the closing session, SIGMA country participants indicated the specific actions which they would undertake as advocates and communicators. Drafting of reports and distribution of seminar documents were unanimously viewed as obvious first steps. Individual participants identified a range of other planned actions, including preparation of a newspaper article informing the public of integration-related training (Lithuanian); soliciting the advice of SIGMA experts in developing training modules (Albanian); and promoting adoption of organisational measures – such as leave of absence – to facilitate civil servant training (Estonian). All participants returned to their countries with a "hidden agenda": *co-ordination*.

The seminar's documents will be published in the SIGMA Papers series later in the year.

Pamela Edwards is a Principal Assistant in SIGMA's Management of the Public Service Activity area. She may be reached at tel. (33.1) 45.24.13.18; fax (33.1) 45.24.13.00; or via e-mail "pamela.edwards@oecd.org".

Hungarian Lends a Hand to SIGMA

Between June and August of 1995, the SIGMA Secretariat benefited from the work of Ágnes Divinyi, a 25-year old programme staffer in the Office of the Prime Minister in Hungary. During her three-month placement under the OECD's Visiting Partnership programme, Divinyi compiled a profile of her nation's central government, including administrative components and the decision-making system. Her contribution will be part of a report on the operations of central governments in all SIGMA countries to be released in the coming months.

Divinyi also studied the co-ordination systems for European Union (EU) accession in central and eastern European countries to support ongoing SIGMA activities on this topic. In addition, her analysis of the EU's internal organisation and major agreements with Hungary are expected to aid Hungarian officials in training civil servants. Separately, Divinyi contributed to preparations for



Ágnes Divinyi

Courtesy photo

SIGMA's multi-country seminar on the "Internationalisation of Policy-making" held in Warsaw in July 1995 through her editing of documents drafted in advance of the programme.

The Visiting Partner returned to her regular post in Budapest in September and will continue to co-ordinate Hungarian Government work with SIGMA and the United Kingdom's Know-How Fund. Her official duties include the mediation of demands of various governmental bodies, and supporting the implementation of foreign aid projects.

Keeping Government Regulation Under Control

At a recent OECD/PUMA seminar on curbing regulatory inflation, the Business and Industry Advisory Committee (BIAC) to the OECD prepared a paper highlighting problems and possible solutions to excessive regulation. The article which follows is an abridged version of the paper.

Regulations affect the economy in a number of ways and directly affect employment, resource allocation, prices, incentive structures and ultimately, economic growth. Like direct taxation, regulations are often long-lasting and their effects accumulate over time with often unintended and undesirable results. While some regulations are clearly necessary, many are economically ill-advised and conflict with the goal of achieving a more competitive and just economy, increased business activity, and, over time, increased employment opportunities.

Governments generally have legitimate reasons for regulating. They may wish to provide a check on monopoly pricing, to protect public health and workplace safety, or pursue a number of other legitimate public policy objectives. The problem is not regulation per se, but *bad* regulation. This can be defined as regulation which has undesirable side-effects, such as impeding economic efficiency, which were not anticipated, understood or accounted for by the regulatory decision-makers.

These side-effects encompass direct compliance costs, which consume a substantial amount of the resources of both business and individuals, as well as government agencies which incur considerable

direct costs in administering the regulations. Moreover, these direct costs are dwarfed by the indirect costs of regulations which are subtle, considerable, often unintentional and largely borne by the private sector.

New World Market

The private sector in OECD countries has undergone a major restructuring process and has adjusted to a completely new market which, in broad terms, is global and driven by an explosive rate of technological innovation. In this environment, which is dominated by intense competition, enterprises must be able to adapt continuously to new market demands in order to survive.

Enterprises have undergone often painful adjustments in order to rationalise operations and re-evaluate strategy to ensure efficiency and consumer satisfaction. However, they have also become more sensitive to the regulatory and legal framework that surrounds them, since overly burdensome regulatory systems can rob these enterprises of their capacity to adapt swiftly, thus hindering their activity and ultimately forcing them out of business.

In addition, in today's global economy, a country's regulatory environment will undoubtedly affect its international competitiveness. To determine whether regulation enhances or hinders a country's competitive position, it is necessary to examine not only the level, but also the quality of regulation. Some countries will

develop approaches to regulation which balance the public interest and efficiency concerns of the private sector more successfully than others. This is a considerable advantage in the world marketplace along with other comparative advantages such as labour costs, access to capital, tax rates, etc.

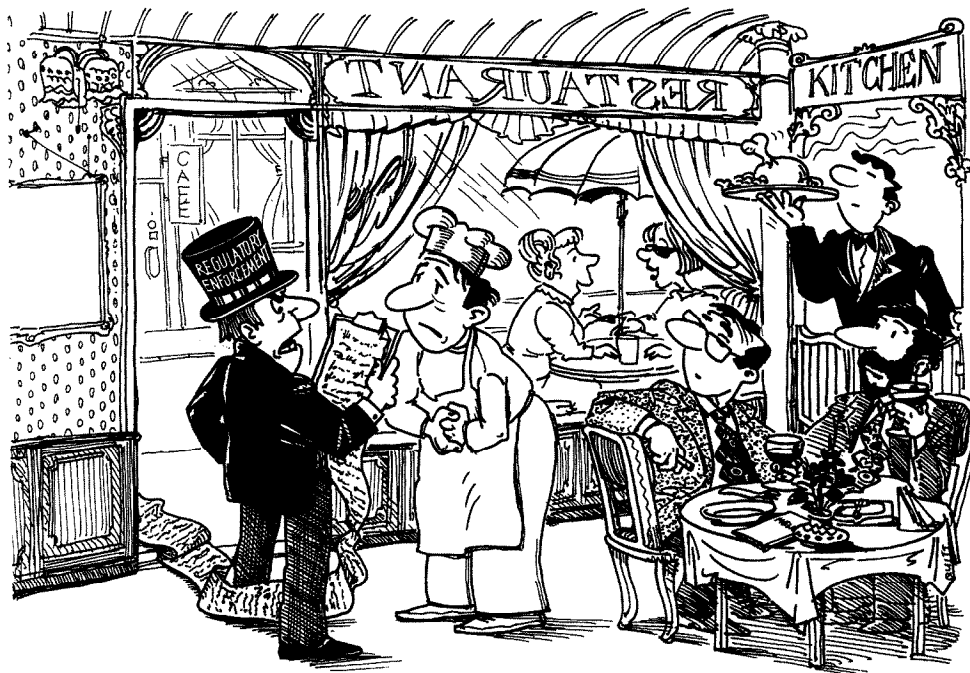
Excessive regulation can stop business from undertaking certain activities because the regulation is perceived as onerous. This is not a compliance cost problem, but a loss of opportunity for business which otherwise might exist. Therefore, although they may be difficult to determine, opportunity costs should also be taken into account.

Through laws and regulations, government has played the role of an arbitrator in protecting competition, consumers, the environment, etc. While it is important not to underestimate the continuous need to safeguard a democratic and equitable market, the regulations built up over the last fifty years have created many adverse effects which today impede the necessary process of business adjustment described earlier. Today's working environment requires, on the contrary, that government policies and institutions facilitate and encourage the dynamic process of continuous adjustment, acting as a catalyst for change.

"Optimal Regulation"

An important question which governments should address before any regulation (or other form of intervention) is "Why regulate?". The answer to this

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"Your napkins are an unauthorised colour, the forks are two millimetres too short, and the male customers wear ugly ties"

Governments Move to Reform Public Sector Pay

by Nicole Lanfranchi

In recent years, virtually all OECD countries have confronted the growth of total public expenditure as a proportion of GDP. The rise in social transfer expenditures in recent recessions have pushed up total government outlays still further, prompting governments to step up their efforts to seek savings in other areas of public expenditure. They have introduced initiatives to reduce public sector compensation costs, which represents a major component of government final consumption expenditure.

But government reforms in public sector pay determination – and in civil service management – are motivated by more than just a desire to reduce compensation costs. OECD Member country governments also are seeking to increase efficiency and effectiveness of government spending, and to improve public sector performance. A consensus holds that any isolated initiative on public sector pay or employment levels will clearly yield only short-term benefits unless it is part of an overall strategy to improve public sector performance.

Some countries have reduced compensation costs – at times substantially – by privatising or otherwise changing the status of previously state-owned enterprises. Yet these cases cannot be taken as evidence of the success of government policy to cut public spending. By the same token, a government cannot introduce long-term public sector pay restrictions – or even a pay freeze – without creating some imbalance, particularly in relation to the private sector.

Centralisation Versus Decentralisation

Against this background, most OECD Member countries have found it necessary to introduce flexibility into public sector pay determination practices. The objective of introducing flexibility is to assign to public sector employees rates of pay that are more appropriate to their employment conditions, sector of activity or geographic location of work, as well as their individual profile. OECD countries have implemented a wide range of different policy responses, all geared to varying extents to decentralising pay determination practices.

... most OECD Member countries have found it necessary to introduce flexibility into public sector pay determination practices.

Some countries have opted to retain central control of pay determination and to make adjustments in response to pressures from specific occupational groups or local labour markets. A centrally established job

description and classification system applying to all central or federal government employees exercises control. Governments introduce flexibility through individual or group bonuses.

For example, France began awarding bonuses as a response to specific pressures and recruitment difficulties in health and education. In the United States, the federal government phased in the reduction of federal/non-federal pay gaps found in some geographic areas to bring civil service pay into line with local labour markets.

Revision of the public service job classification system presents some interesting opportunities for developing a pay policy capable of accommodating special employment conditions or pressures exerted by an occupational group. The Australian Government's aim in reforming the federal public service was to introduce a more flexible labour force structure in order to improve public sector effectiveness and productivity. Authorities in Canberra hope that a classification system modelled on the private sector system, like the one introduced in Sweden in the late 1980s, can close the public-private pay gap. A fluid job market and labour mobility between the public and private sectors aided the Swedish Government in its effort.

More recently, certain OECD countries have sought to take the process of decentralisation of public sector pay determination further. For instance, both Australia and Sweden, as well as the United Kingdom, have opted to reform budgetary allocation rules to decentralise management of operating budgets to agencies or departments. Each decentralised unit now manages compensation costs, the pay bill and pay increases, according to guidelines laid down by the central government. The main question each government must answer is to what extent decentralised units will have a free rein to determine pay levels and pay changes.

Counterproductive Reforms?

These reforms have led to radical changes in the industrial relations systems in these countries. Because governments clearly remain reluctant to devolve all pay setting to decentralised tiers, centralised collective bargaining and unilateral pay setting still play a key role. However, there is an increasing trend towards the use of a two-tier bargaining system. Under such a system, the central tier fixes across-the-board pay rises or the total pay bill, while the decentralised tier distributes productivity gains, organises the promotion and regarding process, and rewards individual or group performance.

In the final analysis, it would seem that

changes in public employment management methods and the introduction of pay flexibility and differentiation carry a risk of jeopardising the governments' goal of curbing public sector wage costs. This is because the decentralisation of pay determination may lessen central government control over the pay bill.

... changes in public employment management methods and the introduction of pay flexibility and differentiation carry a risk of jeopardising the government's goal of curbing public sector wage costs.

Consequently, to meet their aims, the central governments of OECD Member countries should endeavour to promote wage policies that allow for the constraints imposed by recent economic and social changes, while focusing on the priority of achieving greater efficiency and effectiveness in public spending. A particular short-term objective of these governments – which have tended to centralise public sector pay – should be to create the conditions necessary to introduce decentralisation of pay determination mechanisms. This effort will entail appropriate training for local policy-makers in collective bargaining and managing public funds and employment.

Nicole Lanfranchi is an Administrator in the OECD Public Management Service (PUMA). She may be reached at tel. (33.1) 45.24.16.38, or via e-mail at "nicole.lanfranchi@oecd.org".

"Quote, Unquote"

"It is only recently that national governments, western donors and international organisations have realised that without a solid institutional and administrative underpinning, the reform processes in Eastern Europe are bound to fail. The inadequacy of a number of economic assistance programmes, the growing disenchantment of large parts of the population with ongoing reform attempts and a still significant political and social instability testify to that."

Joachim Jens Hesse in *Administrative Transformation in Central and Eastern Europe*, Blackwell Publishers, Oxford, UK, 1993.

Public Administration in the Classroom Vilnius Training Centre Expects Growing Demand

Recognising the need to train civil servants for a new democratic era, the Government of Lithuania established the Public Administration Training Centre (PATC) on 16 June 1993. Operating within the regulatory sphere of the Ministry of Public Administration Reforms and Local Authorities, PATC is a non-profit organisation financed by the state budget and with self-generated funds.

The training of civil servants is a new concept in Lithuania and is taking place in an era of administrative reform. The *Seimas* (Parliament) recently has passed the Law on Officials which requires that a large part of the central and local government staff receive training. Therefore, demand for instruction is expected to grow, and PATC will be playing a key role in public administration training.

Centre's Mission

PATC's activities reflect its major responsibilities in their depth and breadth. The centre designs and implements original training programmes and selects and trains civil service trainers. It also utilises foreign assistance and establishes relations with similar types of training institutions outside of Lithuania. Among its other tasks are providing methodological assistance for different civil service training institutions, and monitoring the implementation of systems of skill requirements for civil servants. This latter activity involves the provision of training possibilities to match needs. The centre also works to develop professional attitudes towards civil servants. The overall aim of training is to help civil servants to become more efficient, effective and responsive in meeting their responsibilities.



Presentation at the Vilnius Training Centre

PATC trains a broad range of public administration practitioners. Among them are civil servants from the Parliament, the chancelleries of the President and the Prime Minister, ministries, self-governments and other public sector institutions. Courses are of a short duration, lasting from just one to seven days. This approach means that government offices are not left short of staff for long periods, and enables trainees to immediately apply what they have learned.

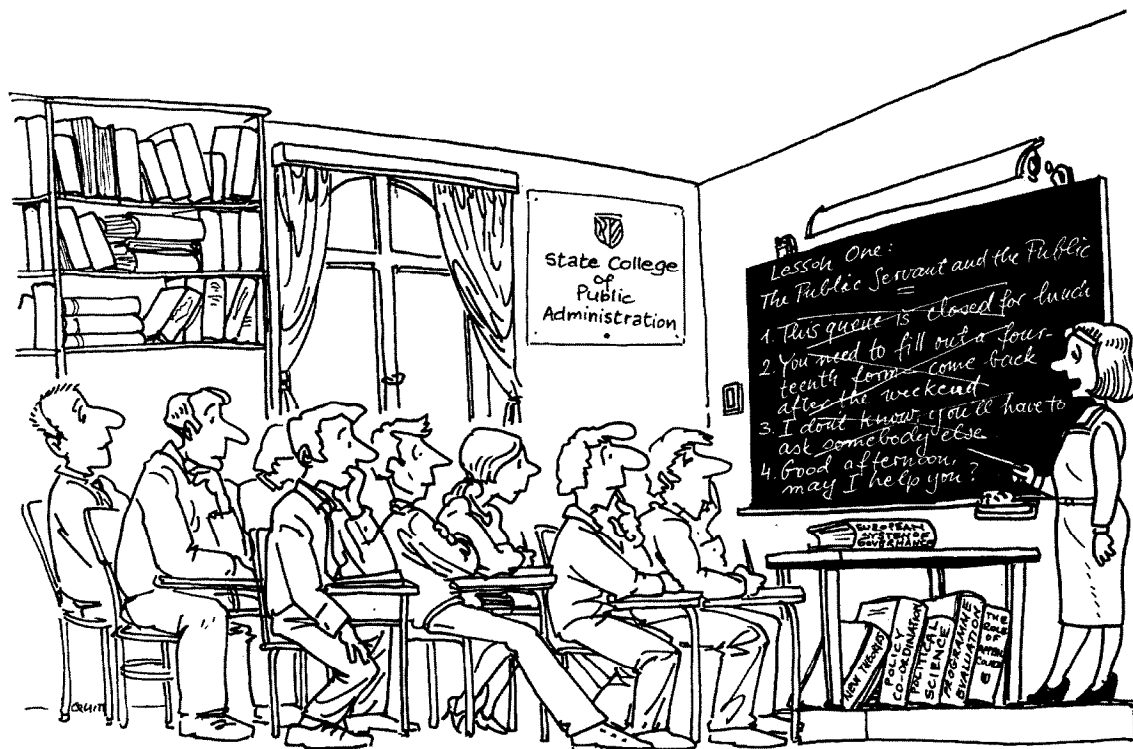
Co-operation with the Dutch

Like other schools and institutes of public administration, PATC collaborates with external organisations. For example, in October 1993, the centre inaugurated work with the Dutch Government through Wagenaar, Hoes and Associates in co-operation with Stichting Publiek Domein and the European Institute of Public Administration in Maastricht, the Netherlands.

With Dutch support, PATC has crafted educational programmes, trained trainers and translated public management teaching materials into the Lithuanian tongue. Dutch experts advise the centre in the development of business plans, the marketing of training programmes and the creation of a system of selection, evaluation and certification of civil servants.

In addition, PATC is designing a long-term programme for local government with aid from the Council of Europe. Separately, Canada's Dalhousie University helped to start the Baltic Economic Management Training Programme. This programme highlights the role of human resource development in Baltic economic reform, and involves the training of middle and senior government officials from Lithuania, Latvia and Estonia.

For more information on PATC, contact Deputy Director Laimis Vilkoncius at tel. (370.2) 62.60.50; fax (370.2) 61.83.76.



in Central and Eastern Europe Polish School Stresses Practical Skills

by Maria Gintowt-Jankowicz

The Polish Government founded the National School of Public Administration (NSPA) in Warsaw in May 1990 – the first year of Poland's structural transformation. The school's mission is to train prospective executive civil servants to be politically neutral, professional and responsible for public affairs. These ideas inherent in this mission incorporate the school in the process of civil service reconstruction in Poland in a sense that is attributed to the civil service by Western democracies.

The Act of June 1991 gave the NSPA the status of an institution financed by the state budget and closely linked with the Prime Minister of Poland as head of the country's civil servants. At the same time, it provided the new institution with autonomy in its statutory activities. Since 1 June 1990, Mrs. Maria Gintowt-Jankowicz, Ph.D., has served as the School's director.

The Programme

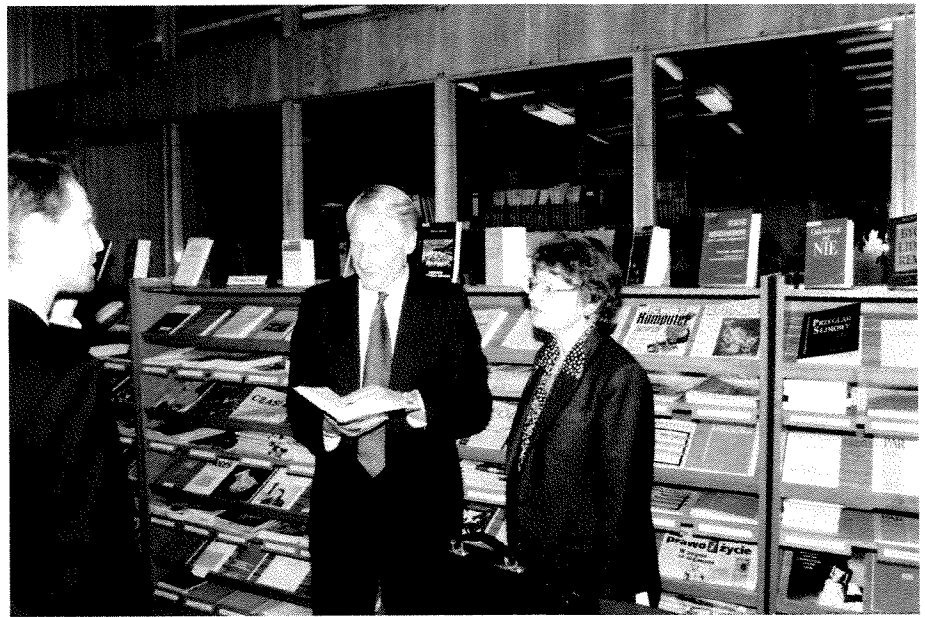
The NSPA carries out two types of activities. The first is the intramural, pre-service training programme for young university or college graduates (up to 32 years of age) of any educational background. The training lasts 18 months, including four months during which students work in internship positions – two months in Polish administration offices followed by two months in foreign administrations.

In line with modern trends, the school has developed an interdisciplinary programme. Course work stresses training that nurtures practical skills and encompasses selected problems of law, economics, public finance, management negotiations, decision-making and public policy. A strong emphasis is put on foreign language studies. In particular, each student must study English and learn either French or German. Computer training also is obligatory. New students enrol after a four-stage examination. Graduates hold guaranteed jobs in the administration, where they are required to work for at least five consecutive years.

After two years of experience, the NSPA began to expand its activities by approaching individuals already employed in the administration. The job-oriented programmes of the three language courses have been highly evaluated by that group of trainees. Since 1994, the school has offered short "crash courses" from three to ten days in duration in languages and other subjects, including personnel management, selected issues of macro- and microeconomics, strategic imagination formation or legal status of the civil servant. Training is evaluated regularly, and modified in ways to improve organisation, content and presentation methods.

The Students

In June 1995, the NSPA celebrated the fifth anniversary of class recruitment. The number of candidates per opening has oscillated between six and eight. Graduates from all departments of all Polish colleges and universities apply for admission. The number of openings is limited to 60 while in 1994 about 400 medium- and higher-level civil servants of the state administration participated in short training programmes.



Maria Gintowt-Jankowicz with Sir Robin Butler,
Secretary of the British Cabinet and Head of the Home Civil Service

The make-up of pre-service training graduates has changed over time. In the first "generation," 1991-1993, women constituted just 12 per cent of the graduates, but their share has grown to nearly 30 per cent in the current generation (1994-1996). In the first generation, half of the students hailed from Warsaw, but this year only 30 per cent are from the Polish capital. The rising trend of students from outside Warsaw continues, with an increasing number of them originating in small and medium-sized towns. Students with a broadly-interpreted humanities background now have the edge over those with technical education. Seventy per cent of candidates take their entrance language examination in English.

Support from Abroad

International co-operation has been an integral part of the NSPA's character since the beginning. The school has developed organisation, programme and training method plans in constant comparison to Western European and U.S. practices. Consultations offered by leading experts from France, the United Kingdom, the United States and the European Commission have made it possible to get things moving quickly at the NSPA. Such contact also has enabled the school to develop programmes and method assumptions that have withstood the test of time.

Over the years, the NSPA's structure, range of activities, scope, and foreign aid have changed. In the year preceding the school's opening, personal contacts with experienced representatives of schools and institutes that trained executive civil servants played a great role. Meetings with these representatives and with members of the Polish Parliament and Government shaped general opinion and strengthened the will to establish an institution similar to those which have existed for years in developed countries with long democratic traditions.

The next step was to give co-operation an institutional shape and to obtain material aid. It really is impossible to mention all those to whom the Polish School owes so much. Taking into consideration the chronology and continuity of co-operation and aid, one must recognise the French *École nationale d'administration* (ENA), *Fondation France-Pologne*, the French Ministry of Foreign Affairs, the New York-based Institute of Public Administration, the United States Information Agency and Agency for International Development (USAID), and the German K. Adenauer and Ebert and H. Seidel Foundations. In addition, the NSPA has benefited from bilateral co-operation with the European Union's TEMPUS and OMEGA programmes, the European Institute of Public Administration in Maastricht, the United Nations Development Programme in Warsaw, the British Council and Know-How Fund, as well as the Lyndon B. Johnson School of Public Affairs (Austin, Texas, USA).

These numerous institutions had – and in most instances still have – played a decisive role in one of the most essential elements of the pre-service training programme, i.e. the organisation and financing of the school's student internships. France, Ireland, Germany, the United States and the United Kingdom have been hosting Polish interns for the past three years, making it possible for Poland's prospective executive civil servants to become familiar with those countries' cultures and organisation of work while providing students with experience enabling them to better understand the mechanisms of public administration and the need for international co-operation.

Maria Gintowt-Jankowicz is the Director of the National School of Public Administration in Warsaw. She may be reached at tel. (48.22) 25.12.81; fax (48.22) 25.73.67.

Courtesy photo

Educating Undergraduates in Ljubljana

by Alenka Kuhelj

Ljubljana's School of Public Administration, part of the University of Ljubljana, was founded in 1957. At the outset, the school provided in-service training specially designed for civil service personnel. Because of new needs in the field of public administration, the school began to improve its programmes with the introduction of a two-year course of regular study.

In the early 1980s, innovations in the fields of informatics and computer technology influenced the curriculum of the school. In order to follow these contemporary trends, the school analysed and considered the development and characteristics of European and Anglo-American systems of public administration, and used this knowledge as a guide for development of its own solutions. The two-year curriculum became a three-year programme in 1994, and in the near future the school plans to develop a four-year programme of regular study, as well as a graduate programme.

Teaching Methods and Students

The present programme provides students many opportunities, both in the classroom and as researchers, as well as through special colloquia and lectures, to experience practical problems of public administration. A diverse curriculum places emphasis on the dynamics of the public administration: how the administration

relates to social change and to society as a whole. The teaching staff of the school encourages innovative teaching methods, supplementing the casebook method with role-playing, problem-solving, drafting exercises, and computer technology.

Students are involved in regular study, part-time study (if they are employed full-time), or in-service training. The school has places for 220 regular students and 460-500 part-time students. The school's work also is organised through eight additional study centres dispersed throughout the country. Seventy per cent of the student population is female, 30 per cent male. Most are commuters.



UNIVERZA V LJUBLJANI

By the time they graduate, students have acquired the legal, administrative, managerial, economic and general humanistic knowledge needed to carry out various tasks and jobs in the public administration. According to the new programme, they also are given substantial insights into the areas of informatics and computers.

Graduates are able to secure employment in numerous and varied fields. Half find employment in the national public administration, while others end up working in business administration, governmental agencies and local government.

The programme is markedly multi-disciplinary, containing knowledge from different fields – legal, economic, technological, etc. – which enables graduates to co-operate with other professional groups. Candidates wishing to become enrolled in the school's programmes must complete a four-year high school programme and pass the final exam or *baccalauréat*.

The three-year programme lasts six semesters. To be eligible to continue from the first to the second or third year of the school, a student must fulfil all the prescribed academic obligations of the

previous academic year. The students who fulfil all the requirements according to the academic programme, complete the required practical work, and then successfully defend a thesis, receive an academic title in conformity with Slovenia's Academic Titles Act.

Foreign Links

The school puts special emphasis on co-operation with other similar institutions at home and abroad. In recent years, this has been one of the school's most important activities. Activities involve a series of international co-operation in the development of study programmes and teacher exchanges. There also are plans to develop an exchange programme for students. The school is actively involved in the European Union's TEMPUS Programme and co-operates with other schools of public administration in western Europe, including:

- Institute of Public Administration and Management at the University of Liverpool, U.K. (LIPAM);
- Department of Public Administration at the University of Glasgow, Scotland; and
- Postgraduate School of Public Administration in Speyer, Germany.

The main goals of the TEMPUS projects are the creation of new study programmes and exchanging teaching personnel. In addition, the school is one of the founders of NISPAcee – the Network of Institutes and Schools of Public Administration in Central and Eastern Europe – where it played an important role in the body's founding, organising, and establishment of basic activities.

“the school is one of the founders of NISPAcee – the Network of Institutes and Schools of Public Administration in Central and Eastern Europe”

For example, the school organised NISPAcee's “Summer School” in Portoroz in 1994, and an international conference at Bled in March of this year. The school also participates in joint activities with other foreign institutions, such as the Federal Academy of Public Administration in Vienna, Austria.

Alenka Kuhelj is affiliated with the University of Ljubljana's School of Public Administration. She may be reached at tel. (386.61) 34.17.63; fax (386.61) 168.62.04.

Just Ahead

Public Management Forum's fourth and final issue for 1995 will be available soon. The issue will feature an interview with an architect of the Canadian Government's major budget-reduction and staff-cutting effort, and an article highlighting the experience of the Portuguese Government with its Code of Administrative Procedure. In addition, Olga Vidláková, Director of the Czech Republic's Department of Public Administration, will offer her insight into “Public Administration Reform and Internationalisation” in an essay prepared especially for *Public Management Forum*.

Local State Administration Reform Bratislava Brings Government Closer to the People

by Pavol Kacic

he reforming changes which began in the Slovak Republic in 1990 represent the destruction of a forty year-old system of local public administration based on centralisation.

In the new organisation of public administration, local self-government has been created in the form of a system of bodies of local power and economic management. In addition, a two-tier local state administration deciding on rights, protected interests and duties of legal and physical entities also has been established. The basic principle underlying the operation of local public administration bodies is the democratic principle. In other words, the powers of local self-government bodies and local state administration bodies have been

Reform of Organisation of Local and Regional Administration.” Horizontal integration of local state administration is part of the reform effort.

The idea behind the proposal is to provide an optimal and effective solution to the unresolved problem of status and responsibilities of local state administration. The goal is to strengthen state administration to make it a tool for safeguarding the basic needs of citizens guaranteed by the Constitution of the Slovak Republic.

The practical task of the reform proposal is the creation of a modern and effective two-tier local public administration. Emphasis has been put on the principle of subsidiarity and key paragraphs of the European Charter

have enough experts. Regular services would become less regular and attempting to equip all municipalities – including the smallest – with personnel and technical equipment would be irrational.

“The decentralisation of responsibilities is to be exercised on two levels”

This issue is being addressed through the creation of local administrative units with local administration bodies to which individual municipalities would devolve delegated tasks. Yet the municipalities' individual identities would be preserved. It will be important for small cities to recognise the proposed solution as a suitable tool from their point of view. They should not identify it with the “integration process” of the 1960s, which is not remembered with fondness.

The status and position of large cities also will be taken into account under reform plans.

“The supervising mechanism over devolved powers stresses the protection of human rights and freedoms”

The decentralisation of responsibilities is to be exercised on two levels. In the first instance, certain tasks connected with primary education and basic social institutions are to be devolved to existing local self-governments. On a second level, the economic management of secondary schools, regional cultural institutions, and roads of regional importance – as well as co-ordination of socio-economic development – will be assigned to the proposed self-governments of higher territorial units. In the formation of these units, stress is being placed upon their socio-economic balance.

Formulation of relations between the state and subjects of self-government corresponds to the irreplaceable responsibility of the state in certain areas, particularly for the overall co-ordination of socio-economic development. At the same time, the supervising mechanism over devolved powers stresses the protection of human rights and freedoms.

Meeting Citizen Needs

A goal of the Slovak Government is simplification of citizen access to local state administration, which presently is quite dispersed. The idea is to arrange local state



Courtesy photo

Pavol Kacic, Secretary of State, Slovak Ministry of Interior

divided so that services performed by individual bodies are as close as possible to the citizen.

The launching of self-government among higher territorial units has been delayed due to the fast pace of reform and insufficient preparations.

A two-tier system has replaced the previous three-tier system in local state administration. However, inconsistent with reform ideas, several local state administration bodies, built primarily upon a single-ministerial system, have been created in a very complicated and territorially different form.

Clarifying Local Duties

Based on experiences with the performance of local state administration, the National Council of the Slovak Republic has prepared and discussed a “Proposal of

of Local Self-Government.

Strategic proposals for enhancing local self-government responsibilities are oriented towards the idea of bringing the state administration closer to the citizen and improving opportunities to contribute to public policy decision-making at the local level. This will be made possible by the devolution of selected administrative responsibilities from local state administration bodies and economic management tasks from the state administration's central bodies.

Large and Small Communities

Due to the large number of municipalities – 2 850 – and the great number of small communities of fewer than 1 000 residents within this total – 1 952, fulfilling delegated responsibilities would not be possible in all cities. Small municipalities simply do not

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Better Service Through Horizontal Integration

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administration more effectively by using elements of horizontal integration of single-ministerial bodies of local state administration, and multi-ministerial bodies in such a way that citizens can conduct their personal business with the state at one input point.

The rationalisation of local state administration, apart from improved arrangement of organisational structures on the horizontal level, is to be safeguarded by a change of territorial responsibilities, particularly of bodies on the second tier. In the interest of citizens and legal entities, there is a unity of powers of territorial self-government bodies among higher territorial units and the regional state administration.

The broad use of information technologies to improve overall administrative

performance, particularly at the point of contact between the citizen and the office, will contribute to an efficient overall solution.

“The broad use of information technologies to improve overall administrative performance, particularly at the point of contact between the citizen and the office, will contribute to an efficient overall solution”

Stemming from the constitutional position of the Slovak Republic, the reform strategy should contribute to the further development of the state of law in all areas

of social life. This also means that the powers of local state administration will be exercised within the framework of local responsibility set forth in law.

The new territorial and administrative structure will be a part of the reform effort as well. New territorial and administrative units ought to create conditions for the concentration of economic and human potential in the interest of further satisfying citizens' needs.

Further, local public administration reform will create additional institutional preconditions for broader participation of the citizenry in the management of public affairs.

Pavol Kacic is the Secretary of State at the Slovak Ministry of Interior. He may be reached at fax (42.7) 36.13.07.

Regulating the Regulators

continued from page 6

question should be considered in the light of several issues. For example, governments must determine whether or not there a problem, and, if one exists, its causes and possible solutions. Other points to consider include the costs and benefits of each alternative solution and how these compare with a “do nothing” approach.

Government also should determine the compliance costs to the private sector of each alternative solution, and how they are distributed across different types of enterprises. Other points to consider include a potential regulation's unintended adverse outcomes, effectiveness in solving the problem, impact on small business and geographic regions, and effect on competition and resource allocation.

In order to attain and, more importantly, maintain an “optimal” level of regulation, it is important that governments not only refrain from decisions to intervene which could result in “regulatory failure”, but also are provided with strong incentives to review regulations on a periodic and systematic basis to examine whether the original objectives of the regulation remain relevant.

Alternatives to Regulation

There are often alternatives to regulation to meet a particular objective. These can include doing nothing, if it is not immediately clear that intervention will make things better. Another option may be

improving the quality or dissemination of information. It also may be possible to get people to accept voluntary codes of practice. Further, experience has shown that economic instruments, such as transferable discharge permits in the case of pollution, can change behaviour. In some cases, the use of financial and tax incentives to encourage businesses to improve performance and employ best practices may be appropriate.

Checking Regulatory Growth

The key to improving regulation is to equip government and the private sector to approach regulation with a greater sense of common purpose. By improving communications and training, stepping up the exchange of personnel and ideas between the public and private sectors, government officials can gain a greater understanding of their external environment and a better understanding of the impact of their regulatory decisions. At the same time, an improved understanding of why and how governments make regulatory decisions will equip the business community to manage regulatory issues more effectively.

To check regulatory growth, governments could consider the establishment of the following:

– A “Regulatory Responsibility Act”: Would require the government to abide by certain principles.

– *Sunset Clauses*: Obligates termination

or special renewal of regulations.

– *Statutory Requirements for the Systematic Review of Regulations*: Creates a structured and rigorous approach to review regulations on a regular basis independent of “sunset clauses”.

– *Consultations with Parties Concerned*: Is likely to ensure that the compliance costs of a particular regulation are minimised.

– *Regulatory Budgets or “Caps”*: Sets a broad regulatory cost “cap” within which the government would commit itself to work.

– *Compliance Cost Review Mechanisms*: Rigorously analyses and reviews regulatory compliance costs at set intervals.

– *Search for Outside Assistance*: Commission a firm to assess policy and regulatory options, and make report available for public debate.

Meeting Future Needs

While the business community recognises that a regulatory framework is clearly necessary in order to safeguard a democratic and just market economy, the time is now ripe to make a thorough analysis of the existing framework, identify and correct its failings and thus pave the way for a system which will meet the needs of both business and government well into the 21st century.

For more information about BIAC, contact Steve Bate at tel. (33.1) 42.30.09.60 or e-mail “biac@oecd.org”. See also related article on page 7 of PMF, Vol. I, No. 1, 1995.

Balancing the Books

* *Budgeting for Results. Perspectives on Public Expenditure Management (1995)*

This report, the latest release of the OECD Public Management Service (PUMA), offers a glimpse of budgeting from the vantage point of senior officials in the central budget offices of OECD Member countries. The text highlights the diversity in contemporary budget practice, notes themes common to a number of countries, and discusses issues warranting further attention.

Divided into two parts, *Budgeting for Results* devotes one part to recent innovations in budgeting and a comparative analysis of developments in expenditure control and management across OECD Member countries. This half of the report also updates material reported in an earlier PUMA release, *The Control and Management of Government Expenditure*, 1987. Renowned U.S. budget expert, Dr. Allen Schick of the George Mason University, played a key role in the preparation of Part I.

Part II provides a detailed review of the budgetary practices of 22 countries based on the contributions of senior budget officials in those countries. Each country chapter is developed around a common structure which examines the institutional structure of budgetary decision-making; the scope and nature of government finances; budget formulation strategy and process; expenditure review arrangements; in-year implementation of the budget; and recent reforms.

The preparation of *Budgeting for Results* was directed by Australian Terry Wall of the PUMA Secretariat, and was undertaken as part of the OECD Public Management Committee's ongoing work in the area of public sector budgeting and financial management.

With its wealth of details on the practices of a broad range of developed countries, this publication makes a useful contribution to the international exchange of information and experiences in the public finance field. In doing so, it may well stimulate and enrich the ongoing process of budgetary adjustment under way in many national capitals.

(42 95 91 1) ISBN 92-64-14476-5, August 1995, English (231 pages), French. France/Central and Eastern Europe (CEE): FF 290. Other countries: FF, US\$, DM.

Available through OECD Publications Service, 2, rue André-Pascal, 75775 Paris Cedex 16, France; tel. (33.1) 49.10.42.83; fax (33.1) 49.10.42.76; e-mail: "compte.pubsinq@oecd.org".

INBOX: A COMPENDIUM OF RECENT PUBLICATIONS AND ARTICLES

Other Publications

Assistance to Transition – Survey 1995, IEWS Policy Education Centre on Assistance to Transition, 116 pages, 1995; English. Order: PECAT, ul. Obozna 7/32, 00 332 Warsaw, Poland. Tel (48.22) 26.85.95; fax (48.22) 27.06.48. Free of charge.

CADDY, Joanne. *The Implementation and Enforcement of Environmental Regulation: Central Europe as a Test Case*, 19 pages, January 1995; English. Order: Social and Political Sciences Dept., European University Institute, Badia Fiesolana, Via dei Roccellini 9, 50016 San Domenico di Fiesole, Italy.

Economic and Legal Information from Poland (bimonthly newsletter); English. Order: Polish Commercial Counsellor's Office, 100 Park Ave., New York, NY 10017, United States. Tel (1.212) 370.53.00; fax (1.212) 818.96.23. Free of charge.

Electoral Systems – Central and Eastern Europe, Central and Eastern Europe Series E-1, 1994; English. Order: Directorate General for Research, Central and Eastern Europe Division, B-1047 Brussels, Belgium. Tel (32.2) 284.30.72; fax (32.2) 284.90.63.

HOLCOMBE, Randall G. *Public Policy and the Quality of Life: Market Incentives Versus Government Planning*, 208 pages, 1995; English. Order: Greenwood Press.

HOOD, Christopher and Pierre, B. Guy (eds.). *Rewards at the Top: A Comparative Study of High Public Office*, 256 pages, 1994; English. Order: Sage Publications.

LESAGE, Michel. *Constitutions d'Europe centrale, orientale et balte*, 420 pages, 1995; French. Order: La documentation française, 29, quai Voltaire, 75344 Paris, Cedex 07, France. Tel (33.1) 40.15.70.00; fax (33.1) 40.15.72.30. FF200.

LETOWSKA, Eva. "The Ombudsman and Basic Rights", *East European Constitutional Review*, Vol. 4, No. 1, Winter 1995, pp. 63-65; English. Order: EECR, CSCEE, The University of Chicago Law School, 1111 E. 60th Street, Chicago, IL 60637, United States. Free of charge.

MIZEI, Kalman (ed.). *Developing Public*

Finance in Emerging Market Economies, 208 pages, 1994; English. Order: Westview Press. UK£16.00.

MORGAN, Colin and MURGATROYD, Stephen. *Total Quality Management in the Public Sector: An International Perspective*, 224 pages, 1994; English. Order: Open University Press. UK£14.99.

NELSON, Daniel N. "Syndromes of Public Withdrawal in Postcommunism," in *Transition*, Vol. 6, No. 1-2, pp. 13-14, January-February 1995; English. Order: Richard Hirschler, World Bank Transition Economies Division, Rm. N11-002, Washington, D.C. 20433, United States. E-mail: "hirschler@worldbank.org". Free of charge.

NGO Involvement in Environmental Policy Making in Central and Eastern Europe, 38 pages, 1994; English. Order: Milieukontakt Oost-Europa, P.O. Box 18185, 1001 ZB Amsterdam, Netherlands. Tel (31.20) 639.27.16; fax (31.20) 639.13.79; e-mail: "mkontakt@gn.apc.org". Free of charge.

PIERRE, Jon (ed.). *Bureaucracy in the Modern State: An Introduction to Comparative Public Administration*, 240 pages, 1995; English. Order: Edward Elgar Press.

PUC, Mira. *The Public Administration and Privatization Procedures*, 18 pages; English. Paper presented at the NISPAcee Third Annual Conference at Bled, Slovenia, 23-25 March 1995. Contact: NISPAcee, Hanulova 5/B, Po. Box 92, 840 02 Bratislava, Slovak Republic. Fax/tel (42.7) 78.53.57; e-mail: "nispa@acadistr.sk".

The Rebirth of Democracy: Twelve Constitutions of Central and Eastern Europe, 1995; English. Order: Council of Europe Press, 67075 Strasbourg Cedex, France. FF100, US\$20.

SENEVIRATNE, Mary. *Ombudsmen in the Public Sector*, 160 pages, 1994; English. Order: Open University Press. US\$85.

What Future for the European Commission?, 93 pages, 1995; English. Order: Philip Morris Institute, 6, rue des Patriotes, B-1040 Brussels, Belgium. Tel (32.2) 732.1156; fax (32.2) 732.1307. Free of charge.

SIGMA Releases New Profiles

The SIGMA Secretariat has just released the updated edition of *Public Management Profiles – SIGMA Countries*. This 253-page report includes descriptions of the public management systems of six countries covered in a SIGMA report published in 1993: Bulgaria, the Czech Republic, Hungary, Poland, Romania and the Slovak Republic. Profiles of systems in the five newer SIGMA partner countries also appear: Albania, Estonia, Latvia, Lithuania and Slovenia.

Conferences, Seminars and Workshops of Note

8-11 October 1995, Castle Vaeshartelt, Maastricht, Netherlands. "Conference on Political Education Towards a European Democracy". Contact: Mr. Jan-Willem Vlasman, Instituut voor Publiek en Politiek, Prinsengracht 911-915, 1017 KD Amsterdam, Netherlands; tel (31.20) 52.17.635; fax (31.20) 63.83.118.

13-15 October 1995, Frankfurt/Oder, Germany. "On the Theory of Transforming Economies". Contact: Ms. Jane Roe, Sheffield University Management School, Sheffield S1 4DT, United Kingdom.

19-21 October 1995, Cracow, Poland. Seminar on "Transforming Economies and Societies: Towards an Institutional Theory of Economic Change". Contact: Klaus Nielson, EAEPE, Roskilde University Centre, Po. Box 360, 4000 Roskilde, Denmark; tel (45.46) 75.77.11; fax (45.46) 75.66.18.

23-24 October 1995, Paris, France. "Seventh SIGMA Liaison Group Meeting". Contact: Mr. Francis Henin, SIGMA, 2, rue André-Pascal, 75775 Paris Cedex 16, France; tel (33.1) 45.24.13.20; fax (33.1) 45.24.13.00; e-mail: "francis.henin@oecd.org".

23-27 October 1995, Sofia, Bulgaria. "Environment in Europe" Conference. Organiser: Bulgarian Ministry of Environment. Contact: Ms. Chamberlain, DG I Phare Information Office, rue d'Arlon/Aarlenstraat 88 1/26, B-1040 Brussels, Belgium; tel (32.2) 299.14.00; fax (32.2) 299.17.77.

28 October–1 November 1995, Bratislava, Slovakia. Conference on "Living Together in Multi-National States: A Challenge to European Youth." Contact: Pax Christi Youth Forum, rue du Vieux Marché aux Grains, B-1000 Brussels, Belgium; tel (32.2) 505.55.50; fax (32.2) 502.46.26.

6-7 November 1995, Luxembourg. Seminar on "La démocratisation de l'Union européenne". Contact: EIPA, 2, Circuit de la Foire Internationale, 1347 Luxembourg; tel (352.42) 62.30; fax (352.42) 62.37.

9-10 November 1995, Kehl, Germany/Strasbourg, France. Eighth Seminar and Annual General Assembly of the European Network of Training Organisations for Local and Regional Authorities. Contact: ENTO, CNFPT, 8, rue Gustave Adolphe Him, 67000 Strasbourg, France; tel (33.88) 14.36.80; fax (33.88) 14.36.81.

13 November 1995, Geneva, Switzerland. Seminar on "Private Investment for Large-Scale Infrastructure Projects in the Transition Economies". Contact: Ms. D. Rames, Room 435-2, Trade Division, UN/ECE, Palais des Nations, 1211 Geneva 10, Switzerland; tel (41.22) 917.24.81; fax (41.22) 917.00.37.

13-17 November 1995, Steyning, United Kingdom. Conference on "Eurofederalism? Prospects for the 1996 Inter-governmental Conference". Contact: Wilton Park Conferences, Wilton House, Steyning, West Sussex BN44 3DZ, United Kingdom; tel (44.190) 381.50.20; fax (44.190) 381.59.31.

16-17 November 1995, Luxembourg. "De l'espace économique européen à l'Union Européenne: un premier bilan après l'élargissement de l'Union européenne". Contact: EIPA, Po. Box 1229, 6201 BE Maastricht, Netherlands; tel (31.43) 29.62.22; fax (31.43) 29.62.96.

18-19 November 1995, Conference on

"National Parliaments and the European Union". Contact: Dr. Philip Norton, Centre for Legislative Studies, School of Social and Political Sciences, University of Hull, HU6 7RX, United Kingdom; tel (44.1482) 46.58.63; fax (44.1482) 46.62.08.

23-24 November 1995, Vilnius, Lithuania. Conference on "NGOs and Civil Society: The Role of Non-Governmental Organisations in Promoting Social Cohesion and Strengthening Civil Society in Europe." Contact: Council of Europe, 67075 Strasbourg Cedex, France; tel (33.88) 41.20.33; fax (33.88) 41.27.81.

23-24 November 1995 (date to be confirmed), Cluj-Napoca, Romania. "Cis-East Management and Development of Associations". Contact: Ms. Gayané Ghazarian, Prometheus Europe, 77-79, rue du Fbg. St Antoine, 75011 Paris, France; tel (33.1) 43.43.03.07; fax (33.1) 43.43.49.30.

27-29 November 1995, Bucharest, Romania. International Colloquy on Métho-

des et moyens didactiques d'enseignement des connaissances sur les droits de l'homme dans l'enseignement pré-universitaire". Contact: Romanian Institute for Human Rights, Piata Aviatorilor 3, Sector 1, 71260 Bucharest, Romania; fax (40.1) 222.42.87.

27-29 November 1995, Tallinn, Estonia. Seminar on "Europe Agreement and its Implications to Estonia". Organiser: European Institute of Public Administration and the Dutch Ministry for Foreign Affairs. Contact: Ms. W. Veenman, EIPA, Po. Box 1229, 6201 BE Maastricht, Netherlands; tel (31.43) 29.62.22; fax (31.43) 29.62.96.

Please note that not all of the programmes included in this calendar are open to every public administration practitioner or the general public. Consult the contact person/institution for further details. If your organisation is planning an event of interest to Public Management Forum readers, please send details to the editor (address on page 2).

New Look at Barriers to Business



Courtesy photo

Iveta Gigova

An issue of increasing concern in central and eastern Europe is how to attract foreign investment and to promote indigenous enterprises. In this context, policy-makers in the region have started to take a closer look at the administrative environment in which economic activity takes place.

Iveta Dimitrova Gigova, a summer intern at the SIGMA Secretariat, has undertaken a case study on her home country, Bulgaria, in an attempt to improve understanding of bureaucratic barriers to business in transitional economies. Gigova, a master's degree candidate at the Woodrow Wilson School of Public and International Affairs in New Jersey (USA), spent much of the summer at the SIGMA Secretariat in Paris or conducting interviews in her native Sofia.

Her study focuses on costs that fall on entrepreneurs as a result of regulatory and administrative activity. Examples include spending time learning the requirements of legislative and regulations; filing applications and paperwork for permits; providing information to the government; and dealing with many different contact points in government.

Over the past 15 years, bureaucratic burdens have received analysts' attention in the OECD countries, most recently in work underway in the OECD Public Management Service (see PMF, Vol. I, No. 1, 1995). Indeed, Gigova's research begins within a framework established by the service. However, she notes that bureaucratic burdens may have specific and very important implications for countries in transition since these countries:

1) face the need to engage actively in law creation and institution-building to replace old regulations, structures and mechanisms, or to fill large gaps in the legal infrastructure;

2) are pressed by time and limited human (and other) resources, and lack the experience in democratic governance and regulation of free markets; and

3) are burdened with persistent psychological and cultural barriers – which can become or appear as political – to the formation of public attitudes and a work ethic consistent with private entrepreneurial activity (especially in the public administration).

These factors expose countries in transition to the risks of severe quality problems with the regulatory and administrative environment of private enterprises, as well as regulatory inflation.

Although Gigova has concentrated her research on the case of Bulgaria, she believes that findings from that nation have relevance to other countries in transition given similar experiences of communist rule and central planning.

See also the SIGMA publication, *Bureaucratic Barriers to Entry: Foreign Investment in Central and Eastern Europe, 1994*, and the article on page 6 of this issue of Public Management Forum.

Finnish Touch to Estonian Reform

by Bart W. Édes

Finnish development assistance in the public administration field to linguistic cousins in Estonia is nothing new. Indeed, co-operation programmes between Helsinki's official Institute of Public Management (HAUS by its Finnish acronym) and Estonian counterparts began before the collapse of the Soviet Union and the re-establishment of an independent Estonia.

The Finnish Government founded HAUS in 1971 as the Administrative Development Agency to provide training, consultancy and other expert services, primarily for public sector bodies in Finland and abroad. Established as an organisation administratively under the Finnish Ministry of Finance, HAUS received its current name and status of unincorporated state enterprise in January 1995.

Building on visits to Estonian ministries and state agencies in 1988, HAUS launched a co-operation programme with the Estonian Management Institute (EMI) in 1989. Through this arrangement, HAUS contributed to management training conducted by EMI for senior civil servants, and carried out civil servant training in economics and finance, strategic planning, human resource management and other subjects. HAUS financed and ran one-week courses in 1989 and 1990, and an eight-day course in 1992.

Expanding Co-operation

In 1993, HAUS organised a variety of actions, including a development programme for permanent state secretaries and their deputies. The goal was to build up a cross-governmental network among top civil servants. HAUS also arranged for Estonian state secretaries to participate in a three-day seminar with Finnish experts dealing with topics ranging from international and European reforms in the public sector to Nordic legal and administration systems to

co-operation between the minister and the state secretary.

During the same year, HAUS organised four other major types of programmes including:

- a law-drafting course;
- training systems for civil servants;
- basic training for new civil servants; and
- a course on fundamentals of a market economy.

The Finnish institute organised the *law-drafting course* for civil servants working on urgent legislation. The basic course presented theories and practices in legal drafting, and included exercises on how to draft a proposed law. The Estonian and Finnish ministries of justice collaborated with HAUS in conducting the course.

Training for civil servants encompassed both training for current employees in the public administration and training for newcomers. With regard to the former, HAUS has been a member and adviser on the committee appointed by the Estonian State Chancellery to design principles and structures for civil servant training mechanisms. In the case of new hires, HAUS provided support to the development of a five-stage programme carried out by the Training Institute of Estonia's State Chancellery. Programme contents included modern European legal and administrative systems, public law and service, and office work.

In recognition of the challenges of economic transition from a centrally planned to a market economy, HAUS – together with EMI – carried out a course providing *basic information on the workings of a market economy*. The European Free Trade Association (EFTA) financed the three-part, ten-day programme, which dealt with the European constitutional state, the political economic system in a market economy, public economy and reforming state-owned enterprises.

Since 1992, HAUS has conducted a *consultancy programme in the Estonian Ministry of Finance funded by Finland's Foreign Ministry*. The programme consisted of three phases, the first of which focused on structural change in the ministry, a development programme, and improved practices in administrative details.

Phase II of this programme focused on the budgeting system; book-keeping and cash-flow systems; tasks and economic transfers between the central government and municipalities; and responsibilities of state representatives on the boards of state-owned entities. The final phase continued work on book-keeping and cash-flow systems, but also involved consultancy in a number of other areas, including reform of the state's budget system.

Today's Activities

HAUS work with the Estonian public administration has entered new fields, but retains a strong emphasis on training and management. Work begun in 1994 that has continued into this year includes: 1) Results-oriented management in the Ministry of Culture and Education; 2) Management programme for top civil servants; 3) Law-drafting course for civil servants; and 4) Planning and prioritisation of social sector development projects. The Ministry of Foreign Affairs has funded these diverse projects.

In the first of these ongoing activities, HAUS is helping to develop a new management system for the Ministry of Culture and Education. The goal is to formulate principle methods, models and personal skills in Estonian public management, and will continue into 1996.

Through the second activity area, HAUS intends to help plan and design a management programme for high-level employees in the public administration. The programme consists of several periods with lectures, homework, reading material, group work and workshops. HAUS and the Estonian Institute of Public Administration (EIPA) are implementing this activity, which was launched in the autumn months of 1994. EIPA and HAUS also have developed a law-drafting seminar for civil servants, scheduled to take place in both Estonia and Finland in the autumn of 1995.

In the fourth area, HAUS is analyzing the social sector, including problems, development needs and the basis for priorities. The project encompasses subject matter such as legislation and administrative procedures; social sector policies, strategies and organisations; problems and service needs of different population groups; present services; skills and training of social sector workers; and information on social services. The project's results will be used in a future EU/Phare-financed programme.

For more information about HAUS programmes, contact Ms. Seija Mäkelä, Deputy Director, Finnish Institute of Public Management at tel (358.0) 61.58.92.50; fax (358.0) 61.58.93.02.



"You're right, Alex, those civil servants have it easy – and they're paid far too much!"

IGMA – Support for Improvement in Governance and Management in Central and Eastern European Countries – is a joint initiative of the OECD Centre for Co-operation with the Economies in Transition and EC/PHARE, mainly financed by EC/PHARE. Several OECD Member countries also provide resources. SIGMA assists public administration reform efforts in Central and Eastern Europe.

The OECD – Organisation for Economic Co-operation and Development – is an intergovernmental organisation of 25 democracies with advanced market economies. The Centre channels OECD advice and assistance over a wide range of economic issues to reforming countries in Central and Eastern Europe and the former Soviet Union. EC/PHARE provides grant financing to support its partner countries in Central and Eastern Europe to the stage where they are ready to assume the obligations of membership of the European Union.

Established in 1992, SIGMA operates within the OECD's Public Management Service (PUMA). PUMA provides information and expert analysis on public management to policy-makers in OECD Member countries, and facilitates contact and exchange of experience amongst public sector managers. Through

PUMA, SIGMA offers eleven countries a wealth of technical knowledge accumulated over many years of study and action.

Participating governments and the SIGMA Secretariat collaborate in a flexible manner to establish work programmes designed to strengthen capacities for improving governance in line with each government's priorities and SIGMA's mission. The initiative relies on a network of experienced public administrators to provide counselling services and comparative analysis among different management systems. SIGMA also works closely with other international donors promoting administrative reform and democratic development.

Throughout its work, SIGMA places a high priority on facilitating co-operation among governments. This includes providing logistical support to the formation of networks of public administration practitioners in Central and Eastern Europe, and between these practitioners and their counterparts in OECD Member countries.

SIGMA's activities are divided into six areas: Reform of Public Institutions, Management of Policy-making, Expenditure Management, Management of the Public Service, Administrative Oversight, and Information Services.

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