

**SIGMA**

# P M F

*Public Management Forum*

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

Frameworks for  
Improving the Budget  
Process

Budgetary Monitoring  
Under EC Directives

Opinion Surveys  
Contribute to Reforms

Bulgarian Coalition Acts  
Against Corruption

## *“New Public Management”: Pitfalls for Central and Eastern Europe*

by Richard Allen

*Many central and eastern European countries (CEECs) are intrigued by the “New Zealand experiment” in public sector management reform. Other countries have conducted experiments that bear similarity, to a greater or lesser extent, with the New Zealand approach and which collectively are known as the “New Public Management”. There may be aspects of the NPM which can benefit the more advanced CEECs but, in general, this article advocates caution in the application of new public management approaches to reforms in the region.*

The New Zealand experiment started from a crisis in the country’s public finances and many of the reforms were designed to strengthen budgetary management and control procedures. These included the decentralisation and deconcentration of decision-taking; the development of contracts between ministers and agency “chief executives”, and between public sector entities and private sector companies; a focus on the outputs and outcomes of government policies rather than their inputs; and the development of accounting and budgeting arrangements based on commercial-style accruals concepts rather than conventional cash accounts. The extensive use of contracts is a feature that distinguishes the New Zealand approach from other countries that have experimented with NPM.

Scientific methods are required in order to evaluate the effects of the New Zealand experiment on the behaviour of public servants and the efficiency and effectiveness with which public services are delivered. Insufficient evidence has been collected to date. Too little time has elapsed to assess whether the experiment has been a complete or partial success.

### *Warning to Reforming Countries*

This fact alone should be warning to CEECs not to proceed down the New Zealand road without



Image Bank/Eric Meola

considerable caution. There are other reasons too, as Allen Schick has explained in an illuminating recent publication, *Why Most Developing Countries Should Not Try New Zealand Reforms* (World Bank, March 1998), which is essential reading to all persons contemplating reforms of this kind. Whilst Schick’s paper is directed primarily at developing countries, and focuses primarily on the issue of contracts, the main messages are also relevant to CEECs.

In the case of contracts, for example, Schick makes several powerful arguments about the dangers of the New Zealand approach. These risks apply even in the case of democracies with advanced market economies where many of the essential pre-conditions are already in place (and in the case of CEECs, these arguments carry even more force):

- many of the contracts into which governments enter under the reformed New Zealand model are not real contracts in the commercial sense, that is, they are not governed by arms-length relationships and do not allow the “buyer” of services to terminate the contract and seek redress through the courts if the “seller” fails to deliver.

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### **Forum Focus**

IMF Code of Fiscal  
Transparency

Vol. V - N° 1  
Jan/Feb 1999

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PMF is published six times a year by SIGMA, the Programme for Support for Improvement in Governance and Management in Central and Eastern European Countries.

Views expressed herein do not necessarily represent the official views of the European Commission, OECD Member countries, or the central and eastern European countries participating in the Programme.

Written submissions are welcome. Story ideas, humour and letters to the editor should be sent to the address below. The editors reserve the right to edit submissions for clarity, style, grammar and space on the basis of, *inter alia*, the OECD *Style Book* and the OECD *Green Book*.



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ISSN Number: 1024-7416  
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## European Legislation on the Internet

Citizens of European Union Member States -- and of candidate countries -- are increasingly seeking information on the Union, including legislation. To respond to these information demands, the European Commission is expanding "EUR-lex," the electronic version of the directory of EU legislation in force. The directory contains more than 1,000 pages of references to EU legislation covering external relations, secondary legislation (regulations, decisions, directives), supplementary legislation and a series of non-binding acts.

The enlarged site, at <http://europa.eu.int/eur-lex>, now offers easier access to all EU legislation. Unlike the paper version, the directory of legislation in force on the Internet is updated monthly in all 11 EU languages. In addition, the user is led directly to the relevant legal documentation, which includes more than 50,000 pages of full text in each official language.

This new development at the Union-level follows the example of many governments, which have enhanced transparency and have increased citizen access to information by putting their laws on to the World Wide Web. In Central and Eastern Europe, the Estonian Parliament (Riigikogu) has launched a new Internet-based system which allows browsers to listen to live debates of the legislative body's full sittings. The Riigikogu's web site -- <http://www.riigikogu.ee> -- also makes it possible to follow developments of bills, showing their original text, amendments and related minutes of parliamentary committees.

While Internet penetration rates remain relatively low in Central and Eastern Europe, they are rising fast. In Estonia, for example, the number of Internet users in October 1998 was 40% higher than just 12 months earlier. As more citizens become "connected," public officials in the region are finding that the Internet effectively complements the use of more traditional tools for apprising the population of the work of government and the public administration. The SIGMA home page (<http://www.oecd.org/pumalsigmaweb>) provides links to the EU's "Europa" site, as well as to the official government sites of 13 central and eastern European countries. In addition, SIGMA is exploring ways to make easily available the English and French language translations of basic laws concerning the public administration in these countries. We will use this page to keep you informed of developments.

Bart W. Édes, Editor in Chief

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Contracts where the “buyer” of services is a minister and the “seller” is an official or officials in the ministry or agency concerned are particularly unreal in this sense;

- in countries like New Zealand, extensive use of contracts may weaken the traditional values of public service, personal responsibility and professionalism. In CEECs, such use of contracts may make it more difficult to build a modern system of public administration that incorporates these essential qualities and ethical standards;
- negotiating and enforcing contracts entails enormous transactions costs; and
- many CEECs, unlike New Zealand, have neither a robust market sector with which the government can negotiate successful contracts, nor established judicial procedures for enforcing such contracts.

More generally, there seem to be dangers for countries that try to apply New Zealand type reforms in an environment that does not share similar legal and cultural characteristics. Continental European countries such as France and Germany have faced serious difficulties in attempting to import NPM solutions, and partly for that reason, such reforms have not been pushed very far. In particular, it has proved difficult in these countries to “downsize” government operations that are inefficient, or commercialise those that might be better carried out by the private sector, because government employees have a high degree of job security, defined by law.

Similarly, countries that have built up strong central mechanisms (eg through finance ministries or inspectorates) in order to exercise financial management and control on behalf of government ministries and agencies face difficulties – legal and practical – in transferring these responsibilities and staff to line ministries, even though this may fit better with the concept of the decentralised management of resources.

#### *Informal Versus Formal Systems*

A further problem for CEECs is that informal public sector management practices and informal budget procedures may be just as important, or more so, than the formal rules. In Western

countries, an element of informality is an essential lubricant to oil the wheels of a public administration machine in which formal procedures and rules govern all significant government activities. In countries where such rules are lacking, however, the costs of informality are high and, in Schick's words, include “widespread evasion of civil service rules and other controls, the time and resources spent in beating the system, distrust of government, routinised corruption, and inattention to the outputs and results of public programs and the performance of government agencies and officials.”

Schick's conclusion is that: “Before reform, New Zealand had budgets that controlled spending and corresponded to actual transactions; it also had a civil service that governed how public employees were hired and paid. In other words it had a formal public sector. This is an essential precondition for adopting reforms of the New Zealand Model.”

#### *Step-by-Step Progress*

If most CEECs fail to meet this test, at this stage in their evolution, that does not mean to say that they cannot take sensible steps to improve government operations, diminish the scope for informality by putting in place rules and regulations, and strengthen their managerial capacity, confidence and experience. Schick argues for a “logical sequence” of the following steps:

1. to privatise or contract out government operations that can be better provided by private sector companies, and to get value for money in government procurement, progress in the public sector requires parallel advances in the market economy and its “infrastructure” (eg deepening financial markets, strengthening of professional accountancy and financial support services, etc.);
2. modernising the public sector means establishing a reliable, workable system of formal rules. For example, line ministries and agencies must develop the regulations, procedures and disciplines that are necessary to implement the budget approved by parliament;
3. to develop the necessary skills, confidence, trust and public-regarding values, politicians and officials must concentrate on the basic elements of public management. According to Schick: “they

must be able to control inputs before they are called upon (as in the New Zealand model) to control outputs; they must be able to account for cash before they are asked to account for cost; they must abide by uniform rules before they are authorised to make their own rules; they must operate in integrated, centralised departments before being authorised to go it alone in autonomous agencies”; and

4. finally, the public sector should be organised according to the principle of internal control—namely, the systems and procedures that every organisation within government needs to develop in order to deliver its objectives, ensure compliance with laws and regulations, manage staff and other resources effectively and safeguard public assets.

#### *Parallels with European Integration*

It is interesting that this sequence of practical steps fits rather well with the conditions that the candidate countries need to fulfil in order to become members of the European Union. For example:

- 1) the growth of the Single Market and the introduction of the euro within an enlarging Europe will encourage the development of market economies in new Member States;
- 2) Member States must implement the requirements of the Maastricht and Amsterdam treaties; prepare medium-term economic and fiscal plans that are subject to peer review by other Member States; put into effect the Maastricht rules on “fiscal convergence”; and monitor their budgets according to the Stability and Growth Pact. If countries fail to achieve economic and fiscal convergence, they face potentially large penalties (the article by Hedwig Ongena appearing on page 7 describes these requirements in detail);
- 3) as a consequence of 2), and because the world's financial markets will demand the information, new Member States will need to improve the quality and transparency of their reporting on budget and other financial matters;
- 4) funds provided to Member States (or to applicant countries under pre-accession funds such as ISPA and SAPARD) are released on the condition that these countries have in place strict rules that enforce Community regulations. These regulations apply to:

*Continued on p.15* ►

# Measuring the Effectiveness of Budgetary Systems: International Best Practice

by Larry O'Toole

Major international institutions have designed tools for budget practitioners and their political masters to evaluate national budget systems in order to objectively determine how they measure up to international best practice. These tools, some available now and some to be published later in 1999, take the form of questionnaires or checklists, often accompanying a manual describing good practices and offering examples from the experiences of other countries.

The heightened attention to issues of good governance, especially effective budget management, is prevalent among the governments of central and east European countries under the added stimulus of European accession, with its conditions on budgetary performance, on strict control during budget implementation, and its provision for monitoring and audit by the EC.

All governments in the region would benefit from a systematic assessment of their current expenditure management arrangements to measure their effectiveness and sustainability, to plan cost-effectively for future improvements, and to build public support for these efforts. The variety of tools becoming available from international institutions could be timely and valuable aids to such efforts.

The work of the OECD's PUMA Committee of Senior Budget Officials should be mentioned in this context. In 1998, the committee carried out an in-depth review of the Swedish budgetary system. This exercise will be repeated in 1999 for Canada.

## *IMF Code of Good Practice*

In April 1998, the IMF announced its "Code of Good Practices on Fiscal Transparency—Declaration on Principles", which is the subject of Forum Focus in this issue of *PMF*.

The Code is supported by a questionnaire and assessment format which should be considered by any government principally concerned to build credibility among international financial institutions, foreign investors and lenders.

## *World Bank Handbook*

The *Public Expenditure Management Handbook* of the World Bank was published in 1998 and is aimed more directly at the concrete design of budgeting systems. It has an array of checklists and diagnostic questionnaires to guide the review of main areas of budget management.

Although the checklists are introduced as focusing on "critical points that a (World Bank) task manager must look for...to make informed recommendations", they could equally well serve as a practical guide for in-country practitioners attempting to analyse specific aspects of their systems.

## *Forthcoming ADB Publication*

The Asian Development Bank will publish in 1999 its *Manual for Managing Government Expenditure in Developing and Transitional Economies*. More comprehensive than its predecessors, it will go beyond principles to describe the "plumbing" of all budgeting sub-systems. A questionnaire/checklist which will accompany the manual is intended to offer similarly concrete and detailed guidance.

SIGMA, after contributing to the original ADB manual, is considering publishing a version adapted to the specific needs of its clientele in the public administrations of Central and Eastern Europe. SIGMA also plans to publish a companion questionnaire. The questionnaire will be designed as a diagnostic tool for the use of budget practitioners and political decision-makers in central and eastern European countries.

Taking into account the rapid pace of change in these countries over the past decade, and the many improvements already made to the institutions and processes of budgeting, this questionnaire is intended as a tool for taking stock, for measuring up the effects of past changes, and setting the agenda and priorities for the next stages of improvement, including those stimulated by the European integration process.

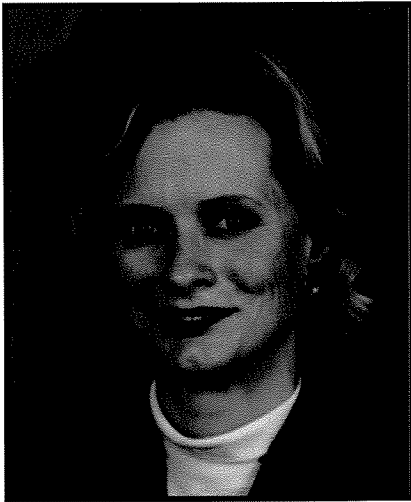
## *Taking Advantage of New Instruments*

Budget systems in all countries present a very complicated amalgam of political, economic and administrative factors, each with its own dynamic, and extremely difficult to view as a whole. It is suggested that governments in Central and Eastern Europe, with some elements of this complex system in good shape while other elements remain dysfunctional, take full advantage of the availability of the new instruments to take stock and formulate a strategy for future reforms. ♦

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# World Bank Helps Countries to Reduce Contingent Fiscal Risks

by Hana Polackova



Courtesy photo

Hana Polackova

*Given the serious fiscal implications of "contingent government liabilities", the World Bank has broadened its analysis of countries' fiscal sustainability, policies and institutions, encouraging governments to disclose fiscal risks. It also is helping countries to enhance public finance frameworks in order to treat contingent support programmes as attentively as any spending programme.*

The World Bank has been seeking solutions to the question: What can be done to reduce fiscal risk? So-called contingent government liabilities are associated with major hidden fiscal risks. Examples include banking crises and financial losses of public enterprises where the government is required to act as guarantor of the financial institutions and enterprises concerned, and similar guarantees, explicit or implicit, issued by the state, which have often unexpectedly drawn on public finances. Fiscal adjustment that has targeted deficit and debt reduction alone does not prevent fiscal instability. Conventional fiscal analysis still fails to address contingent fiscal risks.

Fiscal risks and uncertainties are increasing in countries around the world for several reasons. For example, private capital flows are increasing and becoming more volatile. Many countries now focus on outcomes and outputs in delivering public services and this may imply a government guarantee, explicit or implicit, in cases where these outcomes or outputs fall below the expectations of users or the targets and standards set by the government. And, following past bail-outs, moral hazard in markets is on the rise.

Transition economies face particularly large fiscal risks because they depend on foreign financing and have opaque ownership structures, limited information disclosure, and weak regulatory and enforcement systems. These shortcomings escalate financial and corporate failures that in turn put pressure on governments to offer bailouts.

### Types of Fiscal Risk

Any study of a country's fiscal management is incomplete if it skips over obligations made by the government which, though entirely legal, are not part of the formal state budget, eg are financed

through extra-budgetary funds. All sources of fiscal risk must be addressed if governments are to avoid fiscal instability and realise their long-term policy objectives. Fiscal risks are of four types: direct or contingent, each of which is explicit or implicit.

Direct liabilities are obligations that will arise in any event. They are predictable according to underlying economic and policy factors. Contingent liabilities are obligations triggered by a discrete event that may or may not occur. Relative to government policies, the probability of a contingency occurring and the magnitude of the required public outlay are exogenous (such as a natural disaster) or endogenous (such as implications of market institutions and government programmes for moral hazard in markets). Explicit liabilities are specific government obligations defined by law or contract. The government is legally mandated to settle such an obligation when it becomes due. Implicit liabilities represent a moral obligation or expected burden for the government not in the legal sense, but based on public expectations and political pressures. Sources of each type of fiscal risk are listed in the fiscal risk matrix below. Continued on p.6 ►

<i>Possible sources of fiscal risk (liabilities) for central governments</i>	
<b>Direct Explicit</b> (sovereign debt, state budget, and legally binding expenditures in the long term)	<b>Contingent Explicit</b> (state guarantees, state insurance schemes, obligations of state-guaranteed agencies)
<b>Direct Implicit</b> (social security schemes -- where not part of the state budget, future recurrent cost of public investment projects, future spending to satisfy of EU and NATO membership requirements)	<b>Contingent Implicit</b> (bank/enterprise failures, liability clean-up prior to privatisation, subnational government or central bank default on own obligations, environmental recovery, disaster relief)

► *continued from p.5*

Direct explicit liabilities are the main subject of conventional fiscal analysis. These liabilities include sovereign debt, expenditures guided by budget law, expenditures over the long term for legally mandated items (such as civil service salaries and pensions), and in some countries the social security system.

Direct implicit liabilities often arise as a presumed consequence of public expenditure policies over the long term. Given their implicit nature, these obligations are not captured in government fiscal reports -- yet they are usually high for demographically driven expenditures. For example, in a public pay-as-you-go scheme, future pensions are a direct implicit liability, the size of which reflects the expected generosity of and eligibility for benefits and future demographic and economic developments.

Contingent explicit liabilities legally oblige government to make a payment if a specific event occurs. Their fiscal cost is invisible until they are triggered. Policy-makers often take advantage of state guarantees and agencies outside the budget system to finance and implement policies even if it turns out to be very expensive later. Arrears and other obligations of state-guaranteed and state-owned agencies claim public resources with time lag. Thus a string of years with a balanced budget and low public debt neither suggests that the government has been fiscally prudent nor ensures future fiscal stability. In markets, government promises of support create immediate moral hazard, particularly if the government fully insures against all risks.

Contingent implicit liabilities are not officially recognised until a failure occurs.

The triggering event, the amount at risk, and the required government outlay are uncertain. In most countries, the financial system is the most serious contingent implicit government liability. Markets expect government support far beyond its legal obligation if financial stability is at risk. Fiscal authorities are often also compelled to cover the uncovered losses and obligations of the central bank, subnational governments, state-owned or large private enterprises, budgetary and extrabudgetary agencies, and other institutions of political significance.

#### Reducing and Controlling Risks

For public finance institutions, the World Bank has supported efforts to:

- recognise the potential fiscal cost of guarantees and other programmes of contingent government support;
- budget and account for and disclose off-budget risks;
- set adequate reserves;
- design and manage state guarantee and insurance programmes so that government risk and markets' moral hazard diminish; and
- monitor, regulate, and ensure disclosure of risks in the public and private sectors.

In a number of countries, including the Czech Republic, Estonia and Hungary, the World Bank has assisted policy-makers to identify, classify, and analyse fiscal risks; factor into fiscal analysis the cost of implicit subsidies provided by contingent support programmes (for instance through credits and guarantees of government-supported agencies); and determine government risk

exposure and reserve policy. Thus far, the Czech Government, for example, has taken the courageous step to publicly reveal its fiscal risks; recognise hidden fiscal deficits outside the budget system (which have created hidden public debt about as large as the sovereign debt); and deal with the problem of fiscal risks on both policy and institutional fronts.

More attention needs to be given to the issue of fiscal risk in all countries. But the problems may be greater in many central and eastern European countries because of factors such as budget fragmentation, extensive use of off-budget expenditures, public ownership of many financial institutions and relatively undeveloped financial information and reporting systems in the public sector. In addition to the World Bank's work in this area, there is an obvious link to the IMF's recent Code of Fiscal Transparency (see articles on pages 8 and 10). ♦

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# Monitoring of Budgetary Developments under the Stability and Growth Pact

by Hedwig Omega



Courtesy photo

Hedwig Omega

On 1 July 1998, the part of the Stability and Growth Pact concerning the surveillance of budgetary positions entered into force. This article describes the Pact's multilateral surveillance mechanism. It is designed to help sustain budgetary prudence in coming years and to enhance close policy co-operation and exchange of information between the countries of the European Union.

The Stability and Growth Pact spells out the conditions for budgetary discipline in Economic and Monetary Union (EMU) of the Maastricht Treaty. The Pact consists of a Council Regulation on strengthening the surveillance of budgetary positions (the preventive arm of the Pact) and one on speeding up and clarifying the implementation of the Treaty's excessive deficit procedure (the dissuasive arm). Two European Council resolutions were added to these legal texts: the first resolution contains a commitment by all the actors to move swiftly in the event of budgetary misbehaviour, while the second provides a declaration on growth and employment.

The Pact sets up an elaborate procedure for the monitoring of budgetary developments

in EU Member States. This multilateral surveillance of budget positions will ensure that budgetary discipline is maintained in the monetary union. This will strengthen the conditions for price stability and for strong sustainable growth conducive to employment creation. The Pact obliges the countries adopting the single currency to submit stability programmes to the Council of Ministers and the European Commission, while Member States not participating in the euro-area have to transmit convergence programmes.

## Stability and Convergence Programmes

The Pact explicitly specifies the information that needs to be provided in the stability and convergence programmes:

- medium-term budgetary objective for the budgetary position of close to balance or in surplus, and the adjustment path towards this objective;
- main assumptions about expected economic developments and important economic variables which are relevant to the realisation of the stability programme;
- budgetary and economic policy measures envisaged to reach these targets; and
- an analysis of how changes in the main economic assumptions would affect the budgetary and debt position.

The Pact also specifies that Member States not participating in the euro-zone need to specify their medium-term monetary policy objectives and the relationship of these to price and exchange rate stability in their convergence programmes.

## Further Technical Information

The countries of the European Union have agreed -- in a new code of conduct on the content and format of stability and convergence programmes -- to include

additional technical information in the programmes: information on the way they determined their medium-term budgetary objectives, on the status of implementation and nature of the measures announced in the programme, on the revenue and expenditure components of the budget, on institutional reforms in the budget process, etc.

## EC Procedures

The Pact also spells out in detail the procedure for the examination of the stability and convergence programmes. The Council will have to examine each one within two months after submission, on the basis of the assessments prepared by the Commission and the Committee set up by Article 109c of the Treaty. The Commission will then adopt a recommendation, and after consultation with the above Committee, deliver an opinion. In its opinion, the Council can invite the Member State concerned to adjust its programme.

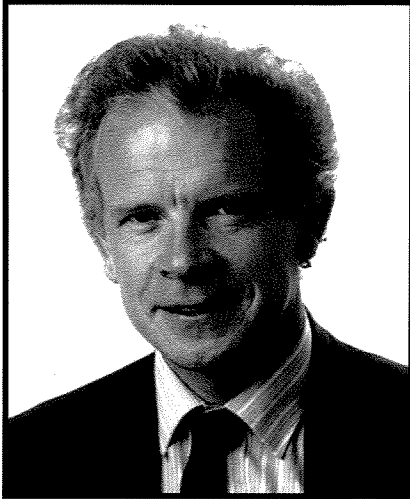
Each programme will then be used as a surveillance device to monitor budgetary developments in the countries of the Union. In case significant slippage from the targets set in the programmes takes place, the Council can issue a recommendation urging the Member State concerned to take adjustment measures.

The programmes that have been submitted up to now show that Member States plan to achieve budgetary positions of "close to balance or in surplus" -- allowing them to cope with "normal" cyclical fluctuations in economic activity -- by the year 2002 at the latest. Central and eastern European countries admitted into the European Union will also have to adhere to the Stability and Growth Pact. ♦

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# Fiscal Transparency: The IMF Code

by Barry H. Potter



Courtesy photo

Barry H. Potter

*In April 1998, the IMF published the "Code of Good Practices on Fiscal Transparency—Declaration on Principles". This article explains the background, summarises the contents of the Code, and sets out plans for implementation. In modernising their budget laws and procedures, in line with western standards and EU requirements, countries in Central and Eastern Europe might consider where possible to include the principles, methodology and standards suggested in the Code.*

For many years, in its surveillance, programme and technical assistance work, the IMF had identified a need for greater transparency -- not only in fiscal accounts, but also in monetary and statistical information. References to the desirability of greater openness and accountability in setting fiscal policy and in budget management practices could be found in many IMF documents. However, neither the IMF, nor any other authority, had ever fully set out what was meant by fiscal transparency, nor attempted to identify best practices to which countries might aspire.

Over the years, being able to demonstrate transparency in setting fiscal policies and in undertaking budget management had become

more complex, but also more important, for governments. It was more complex because the extent and types of fiscal or quasi-fiscal actions had become greater and more varied; it was more important because the standards expected by financial markets had grown, while the speed of market reaction to adverse fiscal developments had become more rapid and pronounced.

It was also clear that any initiative to promote fiscal transparency had to be sufficiently broad in concept to enjoy strong support from the IMF membership. No single model could be promulgated. As well as historical and developmental considerations, there were cultural, diversity, legal and institutional factors to be taken into account.

## *The Code on Fiscal Transparency*

Thus, the aim was to draw up the Code as a broad set of general principles on fiscal transparency, which all countries could accept. The Code would also have to specify how these general principles could be translated, under different systems, into desirable specific principles and practices in setting fiscal policies and pursuing budget management.

The first step was the Code itself, which set out four general principles (these are explained in greater depth on page 10 in this issue of *PMF*):

- a. clarity of roles and responsibilities
- b. public availability of information
- c. open budget preparation, execution and reporting system
- d. independent assurances of integrity.

Some thirty-two specific principles and practices were then identified under these general principles to form the complete Code. The first principle (a) should be seen as the foundation for all others. An unequivocal definition of the separate roles and responsibilities of the government and private

sectors is a prerequisite for clear statements of fiscal policies, and for the monitoring of policy implementation. Only with such statements of policy, and effective monitoring, can electoral accountability be assured. A boundary should thus be drawn between the public and private sectors; and, within the public sector, among fiscal, monetary and public enterprise activities; and, as a different dimension, between the separate tiers of government.

Throughout the Code, there is no advocacy of a specific allocation of responsibilities or institutional structure of government agencies. However, one benefit of the Code is that a focus on transparency also encourages efficiency in government operations. Nonetheless, even fiscal devices about which the IMF has doubts, like the maintenance of too many extrabudgetary funds (EBFs) or the use of quasi-fiscal activities, are not ruled out. Rather, the Code states that, where EBFs or quasi-fiscal activities presently play a role, this role should be clearly identified and the financial consequences reported.

The second principle (b) covers the need for timely, accurate, comprehensive and regular fiscal information, and for governments to commit themselves up front to publishing such information. The concept of comprehensiveness goes beyond that typically covered by the central government budget: the Code stresses the desirability of reporting, not just the plans and outturns of lower-tier governments and EBFs, but also any quasi-fiscal activities assigned to, or otherwise undertaken by agencies outside government. Similar treatment is envisaged for tax expenditures and contingent liabilities, both of which can be of potentially substantial fiscal significance, yet are not systematically reported by most countries, including many members of the OECD.

The third principle (c) is about practices in budget preparation, execution and reporting.



This is at the very core of fiscal transparency; and the IMF was conscious of the need to craft practices and standards that would be universally applicable to the differing systems of budget management in different countries. While basic good practices are set out in the Code, a separate document entitled "Guide on Public Expenditure Management" describes how such practices can best operate, under the different budget preparation, execution and reporting arrangements in four groups of countries -- Commonwealth, francophone, Latin American and transition economies.

Finally, the fourth principle (d) closes the loop on communicating fiscal information by requiring that fiscal data, and the economic assumptions used in setting fiscal plans, be open to external scrutiny. It covers traditional assurances of external audit and statistical independence, as well as proposing more openness by governments to allow other independent agencies to play a role.

### Implementation

The next step following publication of the Code was the release on Internet (<http://www.imf.org/fiscal>) in October 1998 of a guidance manual elaborating on the Code.

The manual seeks to identify good practices that constitute a minimum standard which should be implemented by all, or most countries, within a reasonable time frame. It also cites best practices in selected areas to which those countries with the most transparent fiscal systems can aspire. But the manual makes it clear that the implementation of the Code is entirely voluntary.

Most IMF member countries will have to make a significant effort to implement even the minimum standard and may need assistance in doing so. One function of the manual is to help countries identify where technical assistance would be most effective.



Illustration: Laetitia Quitt

In some areas covered by the Code, there are (or are under development) international standards set by the IMF or other organisations. The Code and manual are intended to support such initiatives. For example, consistency is being maintained with the public sector accounting standards being developed by the International Federation of Accountants (IFAC). Transparency in government interactions with the banking sector (as set out in the Code) should support the banking standards being developed by the Bank for International Settlements. The IMF has begun work on a monetary and financial policy code of good practices.

### Assessment Questionnaire

To help gauge how a country's fiscal management practices compare with the Code, the IMF has developed a questionnaire and a report on fiscal transparency (available on the IMF web site). These should enable country authorities to assess the strengths and weaknesses of their fiscal management system. But the general public and other organisations, such as the OECD, the World Bank, the regional development banks, and the EU, can also access the material, so that any interested party can help pursue greater fiscal transparency.

Several countries are now working on completing the questionnaire, on a voluntary basis, in some cases with help from the IMF. As more countries undertake assessments of their fiscal transparency, and begin to design and implement measures to make fiscal management systems more open and accountable, programmes of technical assistance to promote greater transparency will follow.

### Conclusion

To sum up, the IMF sees fiscal transparency as a set of principles to be adopted, not a mandatory model. Just as best practices can be expected to evolve, so the minimum standard should be enhanced and augmented in the years to come. But in encouraging countries to implement the Code, the IMF recognises its own resource limitations: all contributions from others (making use, for example, of the OECD's Senior Budget Officials Working Party) interested in promoting fiscal transparency, including through technical assistance, are welcome. ♦

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# Requirements of a Minimum Standard of Fiscal Transparency

The IMF released *The Manual on Fiscal Transparency* in October 1998. This Internet document elaborates on the “Code of Good Practices on Fiscal Transparency—Declaration of Principles,” approved by the Interim Committee of the IMF Board of Governors in April 1998. As Barry Potter explains in Forum Focus, the Code identifies four general principles of fiscal transparency to which all countries, including those in Central and Eastern Europe, should adhere.

Described below are the main requirements to uphold these principles, and to achieve a minimum standard of fiscal transparency. These requirements and the entire text of the *Manual* are available on the Internet at: <http://imfnt1x.imf.org:80/external/np/fad/trans/manual/intro.htm>.

## Clarity of Roles and Responsibilities

- General government should be defined as in the System of National Accounts (SNA) or the IMF *Manual on Government Finance Statistics* (GFS, 1986).
- Government equity holdings should be identified.
- Extrabudgetary activities should be subject to government review and priority setting as part of the budget process.
- Significant quasi-fiscal activities (QFAs) of the central bank, public financial institutions (PFIs), and non-financial public enterprises (NFPEs) should be identified.
- A budget law or administrative framework, covering budgetary as well as extrabudgetary activities and specifying fiscal management responsibilities, should be in place.
- Taxation should be under the authority of law and the administrative application of tax laws should be subject to procedural safeguards.

## Public Availability of Information

- Extrabudgetary activities should be covered in budget documents and accounting reports.
- Original and revised budget estimates for the two years preceding the budget should be included in budget documents.
- Budget documents should include statements of the main central government contingent liabilities and tax expenditures, and a statement of significant QFAs of the central bank, PFIs and NFPEs.
- The level and composition of central government debt should be reported annually with a lag of no more than six months.
- A statement of fiscal reporting practices should be published.
- Advance release date calendars should be announced for the year ahead showing no later than release dates for annual reports and a range of dates for more frequent reports.

## Open Budget Preparation, Execution, and Reporting

- A fiscal and economic outlook paper should be presented with the budget, including a statement of fiscal policy objectives and priorities, a summary of economic prospects, and a qualitative assessment of fiscal sustainability.
- A statement should be made of the medium-term macroeconomic framework for the budget, including the macroeconomic forecasts on which the budget is based. Key forecasting assumptions should also be reported.
- A statement of fiscal risks should be presented with the budget documents, including the impact of variations in assumptions on fiscal forecasts, contingent liabilities, and the main uncertainties about the costs of specific programs.
- All general government activities should

- be covered by the budget and accounts classification. Transactions should be recorded on a gross basis, and a classification by economic, administrative, and functional categories should be derived.
- The classification system should identify administrative responsibility for the collection and use of public funds.
- The overall balance should be reported in budget documents, with an analytical table showing its derivation from budget estimates.
- A statement of accounting standards should be presented with the budget.
- GDDS<sup>1</sup> standards of periodicity and timeliness for central government reports (each quarter within a quarter) should be followed.
- Final central government accounts should reflect high standards of coverage and reliability, should be reconciled with budget appropriations, and should be audited by an independent external auditor. Audited accounts should be prepared within 12 months of the end of a fiscal year.

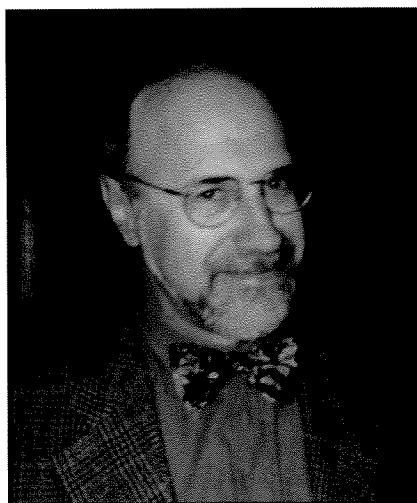
## Independent Assurances of Integrity

- Mechanisms should be in place to ensure that external audit findings are reported to the legislature and that remedial action is taken.
- Standards of external audit practice should be consistent with international standards.
- Working methods and assumptions used in producing macroeconomic forecasts should be made publicly available. ♦

<sup>1</sup>GSSD -- General Data Dissemination System -- standards were established in 1997 to guide countries in the provision to the public of comprehensive, timely, accessible and reliable economic, financial and sociodemographic data.

# Using Public Opinion Surveys to Advance Reform

by Jak Jabes



Courtesy photo

Jak Jabes

*Public opinion surveys give citizens the opportunity to express their views on the priorities and actions of government and the administration. By properly using these instruments, public officials can increase the chance that administrative modernisation enjoys the support of the population.*

Citizens have opinions not only on what their governments do but also on what their governments should do. They have developed views about the economy and conditions of employment, and about social programmes and political institutions that influence and shape their lives. They trust certain institutions more than others, prefer certain social policies over others, and have views on the extent to which they find the educational and health systems satisfactory. When they are asked, citizens generally are willing to provide their thoughts on these issues.

In recent years, public opinion research has significantly developed, aided by the advent of computers which can store, analyse and carry out empirical tests on massive amounts of data. Authorities can draw upon modern polling techniques in

formulating the content of -- and generating support for -- public administration reform plans.

## *Government's Use of Surveys*

Surveys have become important because governments have a great need for information on how their initiatives are perceived. Opinion surveys can provide such information by analysing the replies given by groups of citizens to important questions concerning their views on particular issues and policy preferences. Other polls are carried out both by central and local governments to measure the extent of public satisfaction with services provided. While surveys can neither substitute for effective and principled leadership, nor alone determine the course of public policy, they can provide valuable information to decision makers as they consider what actions will best serve society's interests.

In a new SIGMA publication called *Public Opinion Surveys as Input to Administrative Reform* (SIGMA Paper No. 25), it is explained in what contexts governments of OECD Member countries have undertaken surveys when they require information on the attitudes, beliefs, perceptions and behaviours of their citizens. Analysis of this data highlights the degree to which these opinions are shared (or not) by different socio-demographic groups. By repeating surveys at regular intervals, governments find out whether such attitudes and beliefs change over time.

When launching new policies or pursuing old ones, in attempting to reform institutions and governmental delivery mechanisms, in transforming public services and programmes, and abolishing or creating agencies, governments can often benefit from citizen feedback. While some

reforms touch all citizens, many of the changes proposed by governments have effects only on certain groups, which willingly or unwillingly become targeted by changes. Feedback from such interest groups is very important to governments in designing or reframing policy. In three articles in the same publication on the use of surveys in the Czech Republic, Hungary and Lithuania, researchers show a wide range of application.

## *Ensuring Good Use of Surveys*

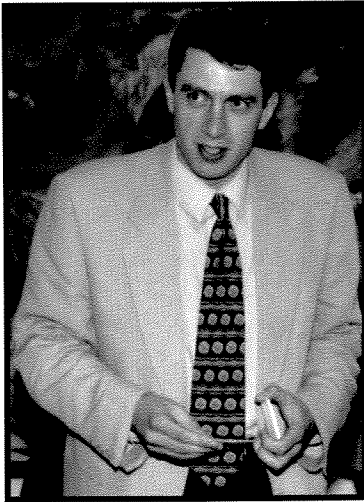
Surveys will help administrative reforms if they are well targeted, ie they find their "recipients". If the data collected is reliable, this will help orient reforms before start-up, and facilitate management of progress both during and after the reform process. Surveys should be designed using established social science methodology principles. The best safeguards for good use of surveys in central and eastern European countries is for governments to put in place small units at the centre of the system (eg in the office of the prime minister) staffed by social science advisors, who can comment on the accuracy of a poll and hence on the validity of the information.

While not as direct as other avenues by which citizens may influence decision making, surveys provide for a degree of public participation and a sense of participatory democracy, especially if citizens are aware that their attitudes and beliefs are being actively sought by government. The value of this participatory exercise increases further still when citizens realise not only that their views are solicited, but that they have an impact on the final choice among policy alternatives. ♦

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# Coalition 2000: A Public-Private Partnership Tackling Corruption

by Boyko Todorov



Photo/Georgi Danchev

Boyko Todorov

*Coalition 2000 is an initiative of a number of Bulgarian non-governmental organisations (NGOs) aimed at combating corruption through co-operation among governmental institutions, NGOs and individuals in the drafting of an Anti-Corruption Action Plan for Bulgaria, the implementation of an awareness campaign and the establishment of a corruption monitoring system.*

Combating corruption in public administration is among the top agenda items of national governments in former communist countries and international organisations. The problem of corruption is compounded in these countries because of the enormous task of rapid transition from closed societies with total state economic control to open political democracies with market economies.

Bulgaria has a volatile political and legal environment that has undermined long-term policies and development, reduced the capacity of central and local government, distorted privatisation (carried out by several successive

governments), and contributed to a continued legacy of secrecy and excessive administrative discretion. All of this has generated intolerable levels of corruption which in turn has significantly impeded successful transition.

## Origins of Coalition 2000

In mid-1997, the coming to power of the centre-right government introduced political and financial stability and created an opportunity for sustained anti-corruption measures. Having started to monitor public attitudes towards corruption in 1997, the Centre for the Study of Democracy (CSD) initiated Coalition 2000 as a collaborative project in early 1998. It invited non-governmental organisations, government institutions and individuals to establish a public-private coalition against corruption. The anti-corruption commitment of the government was an important prerequisite in this respect allowing state institutions -- as part of the problem -- to become part of the solution.

This public-private partnership in preventing corruption is unique in a post-communist context. Reducing corruption requires not only the relevant institution-building measures but also the creation of social preconditions for establishing the rule of law. In this context, it is of decisive importance to foster a democratic political and economic culture based on trust and respect of government institutions, transparency and openness of the activities of the administration, and an orientation towards stability and predictability.

The Coalition 2000 way of working is based on the notion that since corruption

occurs at the interface of the public and the private, only a coalition of institutions of the public and private sectors can effectively tackle it. The negative effects of corruption are manifold -- it imposes higher economic costs of social transactions, violates citizens' rights, reduces the efficiency and legitimacy of government, undermines the foreign investment and general business climate, etc. Thus, only a joint effort of government, business and civil society can create a feasible deterrence to corruption.

Furthermore, the long-term partnerships formed within Coalition 2000 are a guarantee for the sustainability of anti-corruption efforts. The Coalition is not a short-term campaign, which if it were would only serve to exacerbate the problem by fostering cynicism among citizens.

## Objectives

The Coalition aims to:

- assist democratic institution building, promotion of democratic values, and elaboration of an anti-corruption action plan by organising panels of experts and legislators to develop amendments to the institutional arrangements and regulatory framework to help restrain corruption, particularly among public officials;
- promote public awareness of corruption and establish mechanisms to support anti-corruption efforts through public education, advocacy and dissemination; and
- serve as a watchdog of the reform process, focusing attention on practical implementation of transparent and clear rules of the game, integrity and democratic control.

# in Bulgaria

## Assessment Report and Action Plan

The Coalition's first action was to prepare a "Corruption Assessment Report" as a diagnostic tool. It helped evaluate the status of corruption in different areas of public life and to map the specific characteristics of the perceptions of the general public, public officials, experts and political decision makers.

Further, it was a major contributor to the drafting of the *Anti-Corruption Action Plan for Bulgaria*. Drafting went through several stages of analytical work and consultations were held among all concerned institutions. Six expert working groups covered areas ranging from reform of the judiciary and public administration to the role of the media and international aspects of fighting corruption.

The comprehensive approach adopted in drafting the initial document reflected Coalition 2000's logic of involving all anti-corruption stakeholders. The Coalition invited contributions from central and local government agencies, private businesses and NGOs, trade unions and international organisations. Co-operation with the Economic Development Institute of the World Bank, OECD, SIGMA, the Council of Europe, and US government experts has allowed the Coalition to benefit from a significant pool of international experience. This initiative was developed with the local mission of USAID, which was particularly helpful, and its Washington office.

## Policy Forum Endorsement

As a result of these extensive consultations, the *Anti-Corruption Action*

*Plan for Bulgaria* was endorsed in November 1998 by a Policy Forum attended by government ministers, heads of central government agencies, members of Parliament, and representatives of business associations, NGOs and international organisations. In 1999 and 2000, the Coalition will organise an annual Policy Forum to review the progress achieved and provide guidelines for the coming period.

## Public Awareness Campaign

The wide media coverage of the first Policy Forum meeting also contributed to another important objective of the Coalition, that is to reduce public tolerance of corrupt practices by means of a targeted awareness campaign. The emphasis on awareness to produce attitudinal changes is built on the premise that anti-corruption attitudes will translate into mechanisms that reward appropriate behaviour or punish inappropriate behaviour.

The Coalition will focus its campaigning and awareness activities on three target groups considered to be of key significance for the success of anti-corruption reform: the general public, policy decision makers, and elite professionals, including the media. The targeted approach will allow messages to be tailored to the experience and role played by the various groups. The awareness effort will also aim to promote to the international community the efforts of the Coalition in generating institutional change.

## Corruption Monitoring System

One of the instruments used in the awareness campaign are the outputs of the Corruption Monitoring System

(CMS). The CMS was designed by the Coalition as means to provide topical information about corruption perceptions and levels of intensity of corrupt practices in different sectors of public life on a regular basis. Its unique design was developed by Vitosha Research with the CSD, in consultation with an expert council of government and non-governmental specialists. The CMS provides information both about the proliferation of corruption and about the effectiveness of the implementation of the action plan.

## Corruption Assessment Indexes

The Coalition regularly publishes corruption assessment indexes that provide an approximation of the scope and specific aspects of corruption based on surveys of the general public and public officials. The indexes include: 1) acceptability in principle; 2) susceptibility to corruption; 3) corruption pressure (frequency of attempts to corrupt public officials); 4) personal involvement in corrupt practices; 5) assessment of the spread of corrupt practices; 6) practical effectiveness (effectiveness of corrupt practices for solving problems); and 7) corruption expectations -- the potential of Bulgarian society to cope with corruption. ♦



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## Belgian Administration Adopts Users' Charter

In 1993, the Belgian federal administration published the "Charter of Users of Public Service" as part of a number of initiatives to modernise the public administration. The Charter lays out three pillars of public service: transparency, accessibility and legal protection. It summarises the principles behind a number of legislative and structural initiatives taken by the government to improve service to the public. To ensure the continuity of activities linked to the Charter, and make them independent of political whims, initiatives covered by the Charter are entrusted to the College of Secretaries General, which brings together leading public servants from the federal ministries.

The two authors of this book have been involved for several years with the content and implementation of diverse activities linked to the Charter. Their book provides an overview, analysis and criticism of legislative texts on which the Charter finds its foundation and of structural changes undertaken to improve government and client relations. The authors also provide numerous suggestions for areas to pursue or improve.

Chapters address the context under which the Charter came about, the spirit and the letter of the Charter, activity programmes, and future perspectives. The book contains

information in the form of tables and charts, including a questionnaire on user satisfaction.

Public servants in Central and Eastern Europe who are working to improve relations between the public administration and citizenry are likely to find that this analytical book serves as a useful reference text. ♦

La chartre de l'utilisateur des services publics/Het Handvest Van De Gebruiker, *Federal Civil Service Ministry, bilingual French/Flemish version, 1998, 154 pages in French, 152 pages in Flemish. Not available in English. ISBN 2-8040-1333-2. To order: Editions Labor, 156 Chaussée de Haecht, 1030 Bruxelles. E-mail: lllabor@labor.be. For more information on the Charter itself, contact the Institut de Formation de l'Administration fédérale in Brussels at tel. (32.2) 229.73.51; fax: (32.2) 229.73.47; or see the Belgian government web site at <http://belgium.fgov.be>.*

### INBOX:



### A COMPENDIUM OF RECENT PUBLICATIONS AND ARTICLES

Note: All publications below are available in English unless otherwise noted.

#### Recent Publications & Articles

ARROWSMITH, Sue. "The Way Forward or a Wrong Turning? An Assessment of European Community Policy on Public Procurement in Light of the Commission's Green Paper," *European Public Law*, vol. 3, issue 3, September 1997, pp 389-411. To order: Kluwer, Kamerlingh Omnesweg 7-11, 3300 Dordrecht, the Netherlands; tel: (31.78) 524.400; fax: (31.78) 524.474.

BLAKE, Richard, Jill A. GROB, Donald H. POTENSKI, Phyllis REED, and Pat WALSH. "The Nature and Scope of State Government Ethics Codes," *Public Productivity and Management Review*, vol. 21, no. 4, June 1998, pp 453-449.

DAVEY, Kenneth and Gábor PÉTERI. *Local Government Finances: Options for Reform*, 1998, 254 pages. To order: Local Government Know How Programme, Kolozsvár utca 22/a, 2094 Nagykovácsi, Hungary.

FARAZMAND, Ali. *Modern Systems of Government: Exploring the Role of Bureaucrats and Politicians*. To order: Sage, 6 Bonhill St., London EC2A 4PU England, UK; tel: (44.171) 374.06.45; fax: (44.171)374.87.41.

IMF, *Code of Good Practices on Fiscal Transparency—Declaration on Principles*, 16 April 1998, 5 pages. Available on the Internet at <http://imfnt1x.imf.org:80/external/np/fad/trans/code.htm>. Working draft of an IMF manual on fiscal transparency is also available there.

IOS PRESS, *Public Administration and Development: Improving Accountability, Responsiveness and Legal Framework*, 1998, 140 pages. To order: IOS Press, Van Diemenstraat 94, 1013 CN Amsterdam, the Netherlands; fax: (31.20) 620.34.19; e-mail: [order@iospress.nl](mailto:order@iospress.nl). NLG95 or £31.

PETERS, B. Guy and Frans K.M. Van NISPEN. *Public Policy Instruments*, 1998, 240 pages. To order: EE Publishing, 8 Lansdown Pl.,

Cheltenham Glos GL50 2HU, England, UK. £49.95.

United Nations Development Programme and OECD Development Centre. *Corruption and Integrity Improvement Initiatives in Developing Countries*, 1998, 174 pages. To order: Management Development and Governance Division, Bureau for Development Policy, 304 E. 45th St., 12th Floor, New York, NY 10017, USA. Tel: (1.212) 906.50.54; e-mail: [g.shabbir.cheema@undp.org](mailto:g.shabbir.cheema@undp.org).

WEST, Jonathan; Evan BERMAN, and Elizabeth KELLAR. "Frontiers in Ethics Training," *Public Management*, Vol. 80, No. 6, 1998, pp 4-9.

WORLD BANK, *Public Expenditure Management Handbook*, July 1998, 192 pages. To order: The World Bank, P.O. Box 960, Herndon, VA, 20172-0960, USA; tel. (1.703) 661.1580; fax: (1.703) 661-1501; e-mail: [books@worldbank.org](mailto:books@worldbank.org). \$30.

## Public Administration in the News

### *Estonia to Establish Ombudsman Institution*

The Government has endorsed a bill assigning ombudsman duties to the legal chancellor. According to Paul Varul of the Ministry of Justice, "the ombudsman's principal task will be to supervise the activity of public servants and [defend the] people's rights." In particular, the ombudsman's duties will be to prevent corruption and capricious acts by public officials, and to inform the public of breaches of law by any officials. The bill stipulates the right of each and every person, including convicts, servicemen, non-citizens, and inmates of institutions for the handicapped, to address their complaints to the ombudsman. If the ombudsman finds that someone's rights have been violated, the ombudsman is to draw up a report mapping out ways to resolve the situation. The *Riigikogu* will appoint the legal chancellor performing the duties of the ombudsman. Source: Estonian Review (electronic news bulletin of the Estonian Ministry of Foreign Affairs).

### *Asset Declaration in Bulgaria*

The Bulgarian Government has tabled in Parliament a bill on the public register of

properties of high-ranking state officials. The bill is part of the governmental programme for fighting organised crime and corruption. According to Ekaterina Mihailova, chair of the parliamentary faction of the ruling Union of Democratic Forces, the bill, if passed into law, would oblige high-ranking state officials to declare their property. She pointed out that the act is designed to put an end to media speculation and suspicions of corruption, and that it should be followed by the adoption of a bill on the right for access to information and the establishment of an institution to control its implementation. Source: Daily Chronicle (electronic news bulletin).

### *Polish Funding of Local Budgets*

The Polish Parliament has passed a law on the budgets of communes, districts, and provinces within the framework of the administrative decentralisation of the state (see *PMF*, Volume IV, No. 5, September/October 1998). Under the law, local budgets will have a share of local tax revenues and receive subsidies and grants from the central budget for various projects. Communes will receive 26.7 percent of the revenues from private income tax and 5 percent

of those from corporate tax. Districts will receive 1 percent of all local taxes, while provinces will be entitled to 1.5 percent of individual income tax and 0.5 percent of corporate tax. Source: PAP via RFE/RL Newswire.

### *Change in Romanian Governmental Structure Expected*

Leaders of Romania's ruling coalition have approved a plan to amend the government's structure, cutting the number of ministries from 23 to 17. Including the Premier, there will be 18 ministers in the Cabinet. Among those ministries targeted for abolition are Privatisation and Reform, both of which are to be transformed into government departments under the Premier's supervision in a bid to speed up reforms. The Tourism and the Communication Ministries will be transformed into national agencies, and the Research Ministry will be subsumed into the Education Ministry. The Parliament will vote on the streamlined structure after the government officially approves it. Source: RFE/RL Newswire.

### ► continued from p.3

- the internal control of funds as they pass from Brussels through the state budget to ultimate beneficiaries (eg farmers receiving support payments through the FEOGA fund, or local authorities using structural fund receipts to finance transportation projects);
  - open and competitive public procurement procedures; and
  - the external control of EU budget transactions through national supreme audit institutions, the Commission itself and the European Court of Audit; and
- 5) Partly because of criticism by the European Court of Audit and the European Parliament concerning the misuse of Community funds, there is a strong trend in the Commission towards evaluating the efficiency and effectiveness of its policies. Member States that finance projects from EU budget funds will need to strengthen

their capacity to monitor and evaluate the outputs and outcomes of these policies.

### *Initiatives by Multi-National Organisations*

These policy trends, linked to the agenda for European enlargement, are not isolated events. Similar initiatives taken by multi-national organisations such as the International Monetary Fund (IMF), the World Bank and the OECD include:

- the recently published IMF Code of Fiscal Transparency -- with support from other organisations such as the OECD -- which will put strong peer pressure on member countries to strengthen their systems of financial reporting and the oversight and audit of public institutions (see the article in *Forum Focus* by Barry Potter);
- ongoing work by the World Bank to create a framework within which governments can categorise and evaluate the contingent liabilities

and other fiscal risks they have incurred and which are not necessarily reflected in the annual state budget figures. The Czech Republic and Hungary have recently taken some pioneering steps to increase the transparency of their budgets in this direction (see the article by Hana Polackova on page 5).

In order to take advantage of these new methodologies and approaches, CEECs can benefit from recent work by the OECD/PUMA, SIGMA and the World Bank. Diagnostic tools have been prepared that will assist countries to describe their budget and control systems and evaluate the efficiency, effectiveness and transparency of these systems compared with western benchmarks (note the contribution of Larry O'Toole on page 4). ♦

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# SIGMA

**S**IGMA -- Support for Improvement in Governance and Management in Central and Eastern European Countries -- is a joint initiative of the OECD and the European Union. The initiative supports public administration reform efforts in thirteen countries in transition, and is principally financed by the EU Phare Programme. The Organisation for Economic Co-operation and Development is an intergovernmental organisation of 29 democracies with advanced market economies. 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.

Phare and SIGMA serve the same countries: Albania, Bosnia-Herzegovina, Bulgaria, the Czech Republic, Estonia, the former Yugoslav Republic of Macedonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

Established in 1992, SIGMA works within the OECD's Public Management Service, which provides information and expert analysis on public management to policy-makers and facilitates contact and exchange of experience amongst public sector managers. SIGMA offers beneficiary countries access to a network of experienced public administrators, comparative information, and technical knowledge connected with the Public Management Service.

## *SIGMA aims to:*

- assist beneficiary countries in their search for good governance to improve administrative efficiency and promote adherence of public sector staff to democratic values, ethics and respect of the rule of law;
- help build up indigenous capacities at the central governmental level to face the challenges of internationalisation and of European Union integration plans; and
- support initiatives of the European Union and other donors to assist beneficiary countries in public administration reform and contribute to co-ordination of donor activities.

Throughout its work, the initiative places a high priority on facilitating co-operation among governments. This practice 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 other democracies.

SIGMA works in five technical areas: Public Administration Development Strategies; Policy-Making, Co-ordination and Regulation; Budgeting and Resource Allocation; Public Service Management; Financial Control and Audit. In addition, an Information Services Unit disseminates published and on-line materials on public management topics.

## **ON THE AGENDA**



### *Upcoming Programmes*

24-26 February, 1999, Washington, D.C., USA. "Conference on Fighting Corruption and Safeguarding Integrity Among Justice and Security Officials." Contact: Office of the U.S. Vice President, Washington, D.C., USA. Tel: (1.202) 456.70.35. In English.

25-27 March, 1999, Sofia, Bulgaria. 7th NISPAcee Annual Conference: "Improving Relations between the Administration and the Public." Contact: Ms. Ludmila Gajdosova, NISPAcee Secretariat, Hanulova 5/B, 84002 Bratislava 42, Slovak Republic. Tel.: (421.7) 642.85.558; fax: (421.7) 642.85.357; e-mail: Ludmila@nisp.sk or Gajdosova@nisp.sk; www: <http://www.nisp.sk>. In English.

26-27 March 1999, Reading, U.K "European Ombudsman Conference", international conference organised by Public Administration International, in collaboration with the Centre for Ombudsman Studies, Department of Politics, University of Reading. Contact: Public Administration International, 125 High Holborn, London, WC1V 6QA. Tel.: (44.171) 242.3007; fax: (44.171) 242.2007; e-mail: [pai@public-admin.co.uk](mailto:pai@public-admin.co.uk); www: <http://www.public-admin.co.uk/pai>. In English.

12-14 April 1999, Oxford, England, UK. "Public Administration and Development - Jubilee Conference 1999." Contact: PAD Journal, Marlborough House, Pall Mall, London SW1Y 5HX, England, UK. Fax: (44.171) 747.63.35; e-mail: [cf.walters@commonwealth.int](mailto:cf.walters@commonwealth.int). In English.

26 July-6 August 1999, Budapest, Hungary. "Intergovernmental Fiscal Relations and Local Financial Management" (course for public officials and others interested in intergovernmental relations). Contact: Eva Gedeon, CEU Summer University, Nádor U. 9, 1051 Budapest, Hungary. Tel: (36.1) 327.38.11; fax: (36.1) 327.31.24; e-mail: [summeru@ceu.hu](mailto:summeru@ceu.hu). In English.

*Please note that not all of the programmes included in this calendar are open to every public administration practitioner or the general public. Details are provided directly by the organiser, who may be contacted for further information. If your organisation is planning an event, please send details to SIGMA (address on page 2). A more complete calendar of events may be found at: <http://www.oecd.org/pumalsigmaweb>.*