



SIGMA

Support for Improvement in
Governance and Management
in Central and Eastern European Countries

PUBLIC MANAGEMENT FORUM

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

INSIDE

ENSURING PROGRAMME RESULTS

page 4

REGULATION READING

page 5

CITIZEN DEFENDER IN BUDAPEST

page 8

PUBLIC SECTOR PAY TRENDS

page 13

AID FOR APPROXIMATION

page 15

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Introducing Civil Service in Latvia

By *Indulis Tupesis*

In 1993 Latvia's first democratically elected parliament under the re-established 1922 Constitution gave a vote of confidence to government with a strong agenda for administrative reform. The government moved quickly to create a Ministry of State Reform with a mandate to restructure state institutions.

Strategy was incorporated in an Administrative Reform Concept (ARC), a planning document which was endorsed by the Cabinet. The ARC sought to use civil service reform to help implement structural changes for a society and government in transition from a Soviet republic to an independent state.

A key element of the ARC was the establishment of a civil service through the passage of a law and creation of institutions for implementation. The ARC also provided a time schedule of about three years. Work started in late 1993, when the Minister for State Reform commissioned a study group of eight people to plan for implementation. Critical tasks were to secure passage of a law, funds from the national budget, and support from politicians and the public.

Passing the Law

A key feature of the Civil Service Law, passed in April 1994, was to create a personnel system which was not based on the general labour code, but which incorporated principles such as entrance by examination, competitive recruitment, ethical principles, loyalty to constitutional government, and the duty to raise competence through education and training.

With good fortune and strong political support, the 1994 Budget Law, which provided for higher salaries for civil servants, was passed many months before the Civil Service Law. Prospective civil servants thus had a basis for believing that their future held higher salaries, greater job security, and expanded training opportunities.

The Ministry of State Reform drafted specific lists of civil service jobs which were accepted by Cabinet regulation. These lists indicated which government posts were to be subject to the Civil Service Law. People holding these jobs were notified that they would be subject to a certification process for civil service status if they wanted to keep their positions.

Marketing Civil Service Reform

In broadest terms, the political agenda of the government was to turn from east to west, strengthen



democracy and the market, join Europe and the rest of the world, and deal with the vestiges of 50 years of Soviet occupation. So, reform advocates had to continually remind the public that a civil service was normal and natural – first, because Latvia had one before 1940, and second, because every other “normal civilised country” has one.

Further, because a professional civil service which was hired and promoted on the basis of merit was not the same as a Party *nomenklatura*, it was seen as an instrument for distancing a newly independent country from its past. The public's low opinion of government workers was referred to in the debate and citizens were offered the hope that more helpful, honest, and competent people would be delivering government services in the future.

The conception of a civil service included ministerial and central government workers, customs and tax officials, forestry and land service employees, and field workers of welfare and agriculture ministries. Together this amounted to about 14 000 civil service positions, which were defined not just by organisation but by job function. For example, technical and service workers of a ministry were not considered civil servants.

The Civil Service Administration

The Civil Service Law mandated an implementing agency whose regulations and whose director would be approved by Cabinet. This agency – the Civil Service Administration (CSA) – absorbed the original study group of eight employees. The CSA reported to the Ministry of State Reform until the latter's dissolution in the summer of 1995; since then it has reported to the State Chancellery.

The CSA's tasks include organising the civil service; implementing civil service laws and regulations; and reviewing the background and professional qualifications of the applicants for civil service to ensure that they meet the minimum legal requirements. In addition, under a law passed in late 1994, the agency became responsible for managing disciplinary procedures for civil servants.

continued on page 10

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Photo by Bart W. Édes

Slovakia's Deputy Prime Minister, Jozef Kalman (third from right), Slovak Ambassador to France, Frantisek Lipka (second from right), and OECD Deputy Secretary General Salvatore Zecchini (third from left), pose before lunch with officials of the Slovak Office of Government in Paris, 16 January 1996. The Deputy Prime Minister led the delegation from Bratislava on a study visit with French authorities and SIGMA Secretariat staff to gather comparative examples of co-ordination at the centre of government in matters of general administration and management of European integration.

"Quote, Unquote"

"We are called a democracy, for the administration is in the hands of the many and not of the few."

Thucydides, The Peloponnesian War (c. 400 B.C.), as translated by Benjamin Jowett.

TABLE OF CONTENTS

	Page
Introducing Civil Service Law in Latvia	1
HANDS ON THE REINS:	
Preparing Finnish Public Servants for European Integration	3
MANAGING THE PUBLIC PURSE:	
Ensuring that Government Programmes Meet Their Results	4
Reading on Regulatory Management and Reform	5
Phare Improves Management and Procedures	6
PUBLIC MANAGEMENT IN OECD COUNTRIES:	
An International Perspective on Public Administration Reform	7
FORUM FOCUS:	
Hungarian Commissioner Promotes Access to Government Information	8
The Citizen's Ally in Disputes with the Administration	9
ON THE FRONTLINES OF REFORM:	
Latvia's Civil Service Reform Begins at the Top	10
Recent Changes in Central and Eastern European Administrations	12
FRESH OFF THE PRESS: Public Servants' Pay in OECD Countries	13
INBOX: A COMPENDIUM OF RECENT PUBLICATIONS AND ARTICLES	13
ON THE AGENDA: UPCOMING PROGRAMMES	14
DONOR CORNER:	
New Support for Implementing Internal Market Legislation	15

The Finnish Example Preparing the Public Administration for European Integration

Governments must invest in preparing their public servants for closer relations with regional and international organisations. Finland, for example, spent a considerable amount of time and resources into multi-faceted personnel training prior to joining the European Union (EU) in January 1995. Of course, the country's public administration had certain advantages that other countries seeking to follow its path may not have, including established, professional public service standards and organisation, familiarity with western European political institutions, widespread knowledge of English, etc.

Nonetheless, governments of countries in transition aspiring to join inter-governmental bodies are likely to find aspects of the Finnish example applicable to their own situations. For this reason, PMF is publishing the following article by an expert on Finnish public service training practices, Anneli Temmes. Of course, countries seeking to establish comprehensive programmes to prepare their public servants for EU membership can gain from resources and technical support offered by the EU Phare Programme.



Courtesy photo

by Anneli Temmes

Finland spent four to five years preparing for membership in the European Union (EU). About two years before we could be sure that our country would become a member of the EU, an integration training strategy and different kinds of training programmes were set up, systematically, with centralised funds. This was not too early – perhaps it was almost too late.

The Finnish public administration soon came to understand that it is not enough to hire “one good Euro-expert” for a ministry or agency – every civil servant must be capable of understanding the meaning and effects of European integration and possible EU membership. EU matters were not considered as diplomacy but rather everyday work which would touch very concretely most civil servants – especially in ministries but also in other public organisations.

Finland, and its public administration, did not have much time to prepare for EU membership; the time period between membership application and its approval was under two years. Nevertheless, the Finnish political and administrative system is not that different from European standards, eg, the legal system is founded on principles which are very similar to European legal principles.

Integration Training Strategy

A working group consisting of representatives of the Ministry of Finance and the Finnish Institute of Public Management (FIPM) was set up to prepare a strategy for integration training, and to determine the necessary competencies. The working group aimed to prepare, within a short time frame, a training strategy for EU integration which would consist of, for example, analysis and suggestions concerning training needs; aims of training and preparation; and the contents, target groups, and methods and forms of training.

The basic principles in the integration training strategy were:

- all officials should have the necessary basic information and competence;
- networks for a constant exchange of experiences should be set up within the government as well as between the government and other sectors of society;
- channels for co-operation with EU Member states important to Finland should be established.

By the time the integration training strategy was ready, only about 400 civil servants (out of 135 000) were involved in European integration.

Knowledge about integration was in a few hands, and the first thing to do was to increase the number of civil servants involved in these issues. It was understood that irrespective of membership, the effects of European integration on Finnish society and public administration must be elucidated. This would apply to all administrative branches and all offices and institutions, just as preparing for EU membership would apply to all civil servants.

The Eight Subjects

The degree of training required differed depending on an individual's duties.

Training needs were analysed according to target groups. In general, there were eight main areas where training was needed:

1. Basic knowledge of European integration: its history, background, organisation and main functions.
2. The decision-making process: knowing how the decision-making process works in the EU and how to influence matters.
3. The general and specific issues which are important to Finland (eg, questions of competition and regional issues).
4. Negotiation skills and other means of influence (lobbying).
5. The effects of integration on Finnish society, on the administration as a whole and on each of the administrative branches, as well as the need for change in activities, management and organisations.
6. Utilisation of EU information systems.
7. Language skills.
8. EU cultures and systems: the cultures of EU countries as well as organisational cultures.

Trainers had an excellent command of their own subject area of expertise, and underlined the “European point of view” in training.

Seminars and Self-Study

Integration training preceding membership was implemented through hundreds of courses and seminars. These seminars were carried out in ministries and agencies and in training institutes all over the country. A number of training events were organised in different EU countries, including several study visits to Brussels and to various EU organisations.

In integration training, increasing the possibilities for “self-studying” and producing tools to facilitate it were underlined. This was considered of the utmost importance when considering the size of the target group. The Ministry of Finance and the FIPM published a reference book on the main EU questions from the public administration point of view. As a new element, an “EU examination” was planned. This examination was open to everyone and provided an opportunity to show one's knowledge of basic integration issues.

Co-ordination System

Accession to the EU has brought about changes in Finnish public administration both on the structural as well as on the functional and cultural levels. One of the main issues has been to build up the national co-ordination system. During the period before membership, the co-ordination organisation consisted of preparatory committees and a working group, together encompassing about 50 people.

The Ministry of Foreign Affairs (MFA) played a key role in membership negotiations as well as in co-ordination. Since EU membership was attained, this ministry has taken a centralised role in co-ordination, which means that, in principle, all information goes through the MFA.

Essential Investment

In describing Finland's preparation of the public administration for EU membership, the emphasis is put on training. We have depended on it and now, after a year of experience, we can say that we would have had enormous problems without this investment. Today, we in the Finnish public administration consider that we were almost ready for membership on 1 January 1995, but we have learned many things since becoming a member among other members. And, of course, training for the EU is still actively continuing, with many new themes – such as the presidency – arising all the time.

Anneli Temmes is the Director of the Finnish Institute of Public Management. She may be reached in Helsinki at tel (358.0) 615.891; fax (358.0) 61.58.93.02.

Ensuring that Government Programmes Meet their Results

by Richard Allen

“Management controls” is a set of policies and practices which is recognised as one of the foundations of effective management in both public and private sector organisations. Governments in Central and Eastern Europe are modernising their management practices. In the process, top managers of line ministries, finance ministries and state audit institutions (SAIs) are seeking to build an “architecture” of management controls which will achieve satisfactory results at reasonable cost, and which will advance democratic and market-related transition.

In contrast to the traditions in most countries in transition, OECD Member countries tend to put primary responsibility for control on the shoulders of line management. The SAI plays a strong role as “promoter” of strengthened management control and “validator” through regular audits of control systems in place.

New Publication

In February, SIGMA published a collection of papers on the subject of management controls under the title, *Management Control in Modern Government Administration: Some Comparative Practices*. The 166-page publication serves as a reference tool for officials in central and eastern European government administrations and SAIs concerned with building cost-effective structures of controls appropriate to their democratic market economies.

The text includes examples of the use of management controls in Canada, Denmark, Germany, the Netherlands, Sweden, the United Kingdom and the United States. It also illustrates how the control systems developed by these countries compare with the Guidelines for Internal Control Standards published in 1992 by the International Organisation of Supreme Audit Institutions (INTOSAI). The Guidelines define a set of internationally approved standards for designing and auditing management controls.

There is no uniquely correct system of management controls in OECD countries or central and eastern European countries. The

country studies show control systems in widely different areas of the public sector – such as road construction, overseas aid and social welfare – and in countries with differing constitutional and cultural backgrounds, political and legislative structures and public service traditions.

They examine the importance of management controls to the manager and auditor and discuss the role played by different government institutions – including the finance or budget ministry, the SAI and line ministries – in developing and implementing management control systems.

The Scope of Controls

Management controls can be defined as:

“...the organisation, policies and procedures used to help ensure that government programmes achieve their intended results; that the resources used to deliver these programmes are consistent with the stated aims and objectives of the responsible organisations; that programmes and resources are protected from waste, fraud and management; and that reliable and timely information is obtained, maintained, reported, and used for decision-making.”

It is important that management controls should be fully integrated into an organisation’s systems of planning, budgeting, accounting, auditing and information dispersal. They should provide continued feedback to managers, at all levels, to help them do their jobs better.

Importance of Effective Controls

The recent, widely publicised case of the Singapore branch of Barings Bank shows what can happen if effective management controls are not in place. It appears that supervisors took no corrective action in the face of reports that one of the bank’s traders was operating beyond the limits set by the organisation. Over a period of months, losses incurred by the bank cumulated to several hundred pounds sterling, resulting in the bank’s insolvency.

The new SIGMA publication includes several graphic examples of control weaknesses or “breakdown” in the public sector. These include:

– the “HUD scandal” of the late 1980s in the United States in which the Secretary of the Department of Housing and Urban Development was discovered to be allocating programme funds for political purposes, and corruption was widespread throughout senior management;

– deficiencies of controls on agricultural subsidies in Denmark uncovered by investigative work by the Auditor General (similar problems in other countries of the European Union are familiar from reports of the European Court of Auditors);

– fraud and mismanagement in the Canadian International Development Agency;

– cases of price-fixing, collusion between bidders, and flaws in road construction contract procurement procedures in the Federal Republic of Germany; and

– criticism by the UK National Audit Office of serious failures of control in ministries and other public bodies involving financial controls, failure to comply with government regulations and inadequate stewardship of public money.

These examples suggest that, whilst carefully designed control systems are essential in modern government organisations, they do not provide an automatic pathway to success. Like other management tools, they are subject to misuses and abuse, including by top managers. If the potential benefits described above are to be achieved, control systems need to be continuously monitored and adapted to changing circumstances and operating procedures.

Richard Allen, former Under-Secretary in HM Treasury (UK), and current consultant to the Government of Bahrain, managed the preparation of *Management Control in Modern Government Administration: Some Comparative Practices*. To obtain a complimentary copy of this report, contact Marie Lebert at: SIGMA, 2, rue André-Pascal, 75775 Paris Cedex 16, France. Tel (33.1) 45.24.13.94; fax (33.1) 45.24.13.00; E-mail: marie-france.lebert@oecd.org.

Reading on Regulatory Management and Reform

The development of the private sector in countries in transition is forcing governments to change the way they manage, develop and implement regulations. This task is made more urgent by the European Union White Paper on eastward expansion of the Union adopted in June 1995. This document proposes a major regulatory and institutional programme, including reform of policy-making and co-ordination systems, institution-building and procedures for the approximation of laws.

In most OECD Member countries in recent years, multiple economic and social pressures have been forcing policy-makers to reform their regulatory systems. In these countries, regulatory reform includes a complex and evolving set of strategies, including improvement of regulatory quality where regulations are desirable, targeted regulation, development of new institutions, use of alternatives, regulatory impact analysis, public consultation, cutting red tape, and international regulatory co-operation.

To assist readers interested in learning more about current developments internationally in this field, PMF provides below a bibliography of selected reports released in recent years by the OECD and its Member countries. Except where noted, these publications are available in English and French and may be purchased through OECD Publications (see address at bottom of left column on page 2):

General Interest

Regulatory Management and Reform: Current Concerns in OECD Countries. Occasional Paper No. 1 from the PUMA Regulatory Management and Reform Series, 1992, OCDE/GD(92)58.

Controlling Regulatory Costs: The Use of Regulatory Budgeting. Occasional Paper No. 2, 1992, OCDE/GD(92)176.

Regulatory Management and Information Systems. Occasional Paper No. 8, 1995, Ref (42 94 58 1) ISBN 92-64-14566-4.

Checklists and Recommendations

The Design and Use of Regulatory Checklists in OECD Countries. Occasional Paper No. 4 from the "Regulatory Management and Reform Series," 1993, OCDE/GD(93)181.

Recommendations of the Council of the OECD on Improving the Quality of Government Regulation (adopted 9 March 1995) and Background Note, 1995, OCDE/GD(95)95.

Regulatory Compliance

Improving Regulatory Compliance: Strategies and Practical Applications in OECD Countries. Occasional Paper No. 3 of the "Regulatory Management and Reform Series," 1993, OCDE/GD(93)63.

Co-Operation Among Governments

Regulatory Co-operation for an Interdependent World, 1994, Ref(42 94 02 1) ISBN 92-64-14196-0.

Central and Eastern Europe

Improving the Quality of Laws and Regulations: Economic, Legal and Managerial Techniques, 1994, OCDE/GD(94)59. Note: available free of charge through Marie Lebert, SIGMA Library, 2, rue André-Pascal, 75775 Paris Cedex 16, France. Tel (33.1) 45.24.13.94; fax (33.1) 45.24.13.00; E-mail: marie-france.lebert@oecd.org.

Reports from OECD Countries

(Note: available through issuing government)

Australia

Training Module on Best Practice and Alternatives to Regulation, March 1994. Business Regulation Review Unit, Dept. of Business, Industry and Regional Development, State of Queensland, Brisbane. English.

From Red Tape to Results - Government Regulation: A Guide to Best Practice, Executive Summary. Government of the State of New South Wales, Sydney, 1995. English.

The Analysis and Regulation of Safety Risk: A Survey of the Practices of National and Commonwealth Regulatory Agencies. Office of Regulation Review, Government of Australia, Canberra, 1995. English.

Canada

Regulations and Competitiveness: A Report from the Standing Committee on Finance, House of Commons, January 1993. Canadian House of Commons, Ottawa.

Responsive Regulation in Canada: The Government Reply to the House of Commons Report, April 1993. Government of Canada, Ottawa.

The Business Impact Test, 1995. Canadian Manufacturers' Association, Ottawa.

Statement by the Honourable Art Eggleton, President of the Treasury Board, on the Regulatory Reform and Paper Burden Reduction Package, 6 December 1994. Treasury Board, Ottawa.

European Commission

Summary of the Report of the Group of Independent Experts on Legislative and Administrative Simplification (The Molitor Report), June 1995. European Commission, Brussels.

France

Sur le droit communautaire. Excerpt from Public Report 1992 of the Conseil d'état, 1993. Conseil d'état, Paris. French.

Germany

Report on Germany's Deregulation Policy, 1993. Federal Ministry of Economics, Bonn. English.

Ireland

"Reducing Burdens". Chapter 5, *Report of the Task Force on Small Business,* March 1994. Ministry for Commerce and Technology, Dublin. English.

Japan

The Deregulation Action Program, 31 March 1995. Cabinet, Tokyo. English.

Regarding the Policy for Promoting Deregulation, 28 June 1994. Decision by the Administrative

Reform Promotion Headquarters, Tokyo. English.

The Netherlands

The Business Effects Test in Essence, May 1995. Ministry of Economic Affairs, The Hague. English.

Norway

To Regulate - or Not: Checklist for Use When Deciding on Instruments and New Regulation, 1994. The Royal Ministry of Government Administration. English.

United Kingdom

Checking the Cost to Business: A Guide to Good Regulation, 1994. Report from the Deregulation Initiative Series, 1994. Office of the Prime Minister, London. English.

Regulation in the Balance: A Guide to Risk Assessment, 1994. Report from the Deregulation Initiative Series, 1994. Office of the Prime Minister, London. English.

Thinking About Regulating: A Guide to Good Regulation, 1994. Report from the Deregulation Series, 1994. Office of the Prime Minister, London. English.

Working with Business: A Code for Enforcement Agencies, 1994. Department for Enterprise, Citizen's Charter, London. English.

United States

Economic-Incentive Approaches to Regulation. Regulatory Program of the United States Government, 1 April 1992 - 31 March 1993. Office of Management and Budget, Washington, D.C. English.

Regulatory Planning and Review - Executive Order 12866. Order from President Clinton, 4 October 1993. The White House, Washington, D.C. English.

Regulation and its Impact on Competitiveness, September 1995. Competitiveness Policy Council, Washington, D.C. English.

President, Vice President Release Regulatory Reform Reports, September 1995. The White House, Office of the Vice President, Washington, D.C. English.

To learn about other recent publications on regulation, and the OECD work programme on Regulatory Management and Reform, contact Scott Jacobs at OECD/PUMA, 37 bis, Blvd. Suchet, 75016 Paris, France. Tel (33.1) 45.24.87.96; fax (33.1) 45.24.17.06; E-mail: scott.jacobs@oecd.org. See other publications on public management on page 13.

Phare Improves Management and Procedures

by Sipke Brouwer

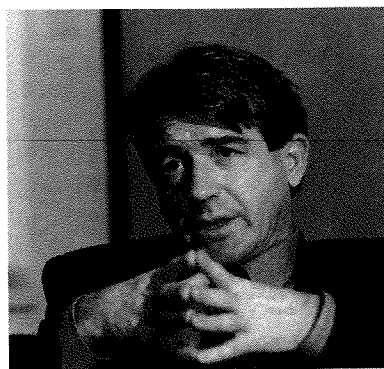


Photo by Jean Guyaux

Sipke Brouwer

The European Council meeting at Essen in December 1994 was pivotal for the way in which Phare carries out its tasks. For five years, the European Union's (EU) Phare Programme has been the largest, most comprehensive and most decentralised form of grant assistance to eleven central European countries*. It had moved from the provision of emergency assistance to investment financing, by way of classical know-how transfer and technical support, in a very short space of time, and with limited resources. But until Essen, it had been a stand-alone programme with minimal formal links to the European Union's political and macroeconomic programmes for the region.

New Organisation

The Council conclusions made it clear that the European Union saw the accession of central European countries as one of the major tasks for the future, linking Europe Agreements with a clearly-defined pre-accession strategy of which Phare would become the main financial arm. The first major reform of Phare therefore came in the shape of a new organisational chart.

The division of staff into very largely sectoral units – agriculture, infrastructure and so on – was changed and most staff now find themselves in geographical units which deal not only with Phare but also with the institutional follow-up of Europe Agreements, the Association Committees and sub-committees, pre-accession strategy, the Common Foreign and Security Policy,

and relations with other EU institutions and Commission directorates general.

While the pre-accession strategy has ensured for the future a clearer definition of common objectives and better targeting of funds, its corollary of multi-annual programming is already showing very significant benefits, and ones which can be quantified. By easing pressure caused by the annual programming round, the new system has significantly improved the possibility of integrating Phare more fully into the partner countries' own medium-term strategies, has cut down the time-lag (often as long as 18 months) between commitment and disbursement, and has simplified and dramatised the programming process.

Decentralised Procedures

Since the main actors in the Phare Programme are the partner countries, working through Programme Management Units (PMUs) which are established in the relevant ministries, institutes and foundations which implement Phare programmes, a common operating system had to be rapidly devised. The system had to reconcile the management skills and habits of partner administrations with respect for the Commission's Financial Regulations, not always an easy matter, and one which was the cause, in the past, of considerable mutual misunderstanding.

In 1994, the first attempt to set out and explain procedures was made, with the publication of a manual of the Decentralised Implementation System (DIS). This was a welcome first step and it is now being revised, taking into account the need to further limit procedural requirements and give added impetus to decentralisation.

Decentralisation is key to the improved management and increased sense of autonomy among the Programme's chief actors. EU delegations will now have an increased role in managing Phare programmes on a day-to-day basis – this should result in more flexible and responsible programmes as well as faster disbursement. Coupled with clear job

descriptions for both delegations and headquarters and the revised DIS system (which emphasises ex-post control and monitoring and aims at phasing out ex-ante Commission approval) it should clarify, simplify and speed up the management of the Programme as a whole.

It is axiomatic that use of public funds calls for strict accountability, and if management is to be speeded up and simplified, it must not be at the expense of transparency. Accordingly, both financial and management reporting systems are being updated and overhauled. In addition, standardised and regular independent audits have increased the Commission's ex-post supervision significantly over the past year. An independent monitoring and evaluation unit has been set up in the directorate which should improve operational monitoring and assessment and ensure more cost effective use of Phare funds. This move is intended to be the basis for the next step of the decentralisation process.

One of the major problems which has beset the management of the Programme from the outset has been the chronic insufficiency of staff, both at headquarters and in delegations. An exercise has been launched to identify those tasks which must be carried out by the Commission staff and those which could be carried out by non-statutory personnel in order to contract out all but the core tasks. This should optimise for the first time the use of existing staff.

Finally, there has been a maintenance of emphasis on increasing Phare's transparency through a targeted communications programme to other EU institutions, EU Member States – notably the public services and commercial sectors – and partner countries. This has increased both the credibility of Phare with the media and the quality of the programmes themselves.

* Albania, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic and Slovenia.

Sipke Brouwer is the Director of the European Union Phare Programme. See also the article on page 15.

An International Perspective on Public Administration Reform

by David Shand



Courtesy photo

David Shand

As central and eastern European governments look at improving the performance of their public sectors, they often look at the developments taking place in OECD Member countries. While these developments may not be fully transportable, given the differing stages of institutional development in Central and Eastern Europe, elements of them may be relevant and useful.

Among the 27 OECD Member countries there are many common themes, but differences of substance, speed and emphasis in public management reform. Experiences among these countries range from the "radicalism" of the United Kingdom and New Zealand through the more "measured" approaches of Australia and the Nordic countries, to the smaller (so far) changes in most administrative law countries (Italy, Spain).

Since the early 1960s, many countries have pursued "micro" reforms described variously as programme budgeting, management by objectives and accountable management, to name but a few. But more recent reforms tend to be more ambitious, in many instances involving significant alterations to the boundaries and structure of the public sector, a greater sense of urgency, and a more comprehensive or strategic approach to administrative reform.

The origins of these changes are mixed. In all cases increasing globalisation of policy-making has played an influential role. In some cases, the changes may be ideologically driven, invoking the superiority of the private sector and taking a minimalist view of the role of the public sector. By contrast, in some other countries they are seen as defending and enhancing the public sector. In still other countries, the changes represent a response to government's budgetary difficulties, themselves brought on by economic contraction.

While their objectives and origins may differ among countries, the strategies and directions generally converge. There are perceived new limits to the ability of the state to solve economic and social problems. Similar reforms are being promoted by governments of different political persuasions. One observes a greater willingness to

think in terms of *results* of public interventions rather than of rigid structures and processes governing such interventions. In the end, public sector managers are being required to do more with less.

Macro and Micro Changes

It is clear that the structure and boundaries of the state are changing in all countries. Governments are privatising airlines, banks and even public utilities. Privatisation and contracting-out are reducing the public sector's size, and appear to be yielding benefits in the form of improved efficiency, lower real prices, and improved customer service. Yet privatisation is frequently unpopular due to concerns over national sovereignty, and impact on short-term employment levels.

At the "micro" level, changes reflect a concern to improve public sector performance through more effective programmes (eg through better targeting); more efficient operations; and improved quality of services and service delivery. There is a general view that public sector organisations should be customer-focused, flexible, and outward-looking as opposed to highly centralised, rule-bound and inward-looking, as many were in the past.

The tools of corporate planning, performance measurement and devolution to clarify accountability are general "common sense" management tools. Although their use has become more widespread, they have been employed in individual public sector bodies before government-wide reforms began. There has been a convergence of public sector management and its private sector counterpart, but accountability mechanisms and ethical rules under which the public sector operates continue to be different.

A major theme associated with improving performance is the development of a client focus or initiation of service quality programmes in the public sector. The United Kingdom's Citizen Charter is probably the best known. Efforts in these areas aim to improve performance in service delivery (timeliness, accuracy, etc.) as well as to provide services which better meet people's needs.

Devolution

Devolution also has been a major theme of public sector reform. This includes devolution:

- of responsibilities to other levels of government;
- of financial and budgeting decisions from the centre to operating departments, including the establishment of autonomous agencies; and

- of financial and budgeting decisions within organisations, from central to operating management.

Devolution is based on the view that decisions made closer to their actual point of impact and therefore with greater knowledge of likely results are likely to be better decisions.

In a number of countries the devolution from national to lower levels of government has been substantial (Denmark, Finland, France, Sweden). In some cases devolution of both responsibilities and finances has been accompanied by clear accountability relationships between levels of government. If both responsibilities and financing are devolved, democratic accountability means that each level of government can keep to its own turf without the need for such accountability arrangements.

Financial or budgetary devolution has been a means to enable managers to achieve tight aggregate expenditure controls. Nevertheless, the idea of "letting the managers manage" has been difficult to achieve. An interest in compliance rather than performance, a view that managerial autonomy may give too much power to public servants at the expense of elected officials, and fears that there may be increased risk of "impropriety" have limited its progress.

One important aspect of accountability is *information*. One aspect of reform is that there has never been so much information publicly available on the operations of governmental organisations. Audit institutions have played an important role in assuring the reliability, relevance or validity of performance information, while not detracting from the responsibility of management to develop relevant performance information as a part of self-evaluation.

Performance Management

Staff motivation to enhance performance requires that public servants understand and accept the basis of measurement. Consultation with staff in the development and implementation of performance measurement systems appears to be a prerequisite for success. "Performance contracting" to clarify relative responsibilities and better understand performance is an area of major development in numerous countries, frequently associated with the possibility of competition in public service delivery, leading in some cases to contracting out to the private or non-profit sectors. A major challenge is to ensure that a performance contract operates as a partnership, rather than as an adversarial relationship.

Performance pay is now widespread in OECD countries. Research by OECD/PUMA suggests

continued on page 15

Hungarian Official Promotes Access to Government Information

by Iván Székely

On 30 June 1995, Hungary's Parliament approved three commissioners – or ombudsmen: the Parliamentary Commissioner for Human Rights, the Parliamentary Commissioner for Data Protection and Freedom of Information, and the Parliamentary Commissioner for Ethnic Minorities.

Although general civil rights ombudsmen can be found in some of the formerly communist countries of Central and Eastern Europe, the Hungarian Data Protection Commissioner is the first of its kind in the region.

To elect at least one general ombudsman was a constitutional and legal obligation of the Parliament. The Law on the Parliamentary Commissioners (1993) authorised the establishment of the ombudsman institutions, and a deadline of 1 October 1993 was fixed for the appointment of commissioners. The special rules concerning the Data Protection Commissioner already had been included in the Data Protection and Freedom of Information Law of 1992.

A series of inter-party and parliamentary negotiations and political debates followed the nomination by the Hungarian President of three commissioner-candidates in late 1993. Well over a year later, Parliament approved a revised list of nominees. Each of the approved commissioners has been elected for a period of six years.

Their offices have been integrated into a common organisational structure for financial and practical reasons. This unique organisation provides for the integrated pre-selection and analysis of complaints, while ensuring the necessary conditions for independent decision-making and performance of duties.

Tasks and Functions

Like the organisational structure, the integration of tasks and functions of the Data Protection Commissioner constitutes a unique solution. In addition to monitoring both data protection and freedom of information in general, the Commissioner's tasks are varied. They include maintenance of the Data Protection Register, and giving an opinion on legislation related to data protection and freedom of information, as well as on each category of official secrets. According to the Secrecy Law of 1995, the Commissioner is

entitled to change the classification of state and official secrets.

In addition to the right to appeal to the court, a citizen may apply to the Commissioner in case of violation of his rights concerning the processing of his personal data or his access to data of public interest (except when the particular case is in the course of judicial procedure). Although he has no authoritative power (except in the field of secrecy reclassification), the Commissioner may request the data controller to discontinue the processing or, in case of data of public interest, communicate the information to the applicant.

Staffing and Workload

The first Hungarian Data Protection Commissioner, Dr. László Majtényi, who is a professor of law and former chief counsellor of the Hungarian Constitutional Court, will head an office of about 15 to 20 people, including senior experts and a secretarial staff. In total, the three commissioners' offices and the common ancillary departments will employ a staff of about 100 to 120 persons.

In September 1995, the Data Protection Commissioner's work had to be carried out with just two colleagues and a secretary in modest facilities, even though complaints already had been submitted to him on the day of his election. By December 1995, the staff included eight external experts. The Commissioner received fewer complaints (200) than the General Ombudsman (3 000) during the first six months of operation, but a typical case before the Data Protection Commissioner is more complex.

The lower number of complaints does not mean a lower level of societal interest towards issues of data protection, freedom of information, publicity and secrecy. Although the awareness of risks and the reflexes of self-protection are not strong enough in civil society, data protection sensitivity can be easily activated whenever elections are held, a new direct mail company enters the market, etc.

Typically, the Hungarian citizen reveals a considerable mistrust of data controllers, yet is an obedient data provider. There is a significant segment of society (16 per cent of the population) with a heightened sensitivity and awareness to issues of information autonomy. This figure is among the findings of the first, and probably only, research on information

privacy in the region, conducted in Hungary in late 1989.

Early Actions

The Commissioner has maintained positive relationships with both the administration and the media during the first few months of work. The administration attempts to use the Commissioner's expertise and power to legitimate changes in data controlling systems in advance, while government institutions, private organisations and lawyers try to obtain free legal advice on data protection. While requests of this nature are refused, the Commissioner remains ready for consultation regarding strategic problems, such as the future use of a personal identification number.

The media is, in general, an ally of the ombudsmen, since the ombudsmen's actions can help journalists and television reporters gain access to government information. The first individual action of the Hungarian Data Protection Commissioner, however, was directed partly against journalists and TV reporters. In a widely publicised lottery winners' case, the staff of a television programme succeeded in obtaining the name and address of the winners of Hungary's biggest-ever jackpot and, during the night, woke the couple and prepared a long report, revealing a great deal of personal (and intimate) information about them.

The television report was broadcast on one of the national news programmes. The couple had to leave their home and seek protection. In his recommendation, the Commissioner found both the TV staff and the lottery organisation responsible for improper handling and abuse of personal data.

Since he is managing the first official office of its type in Central and Eastern Europe, the Hungarian Data Protection Commissioner seeks to establish professional contacts with data protection or information ombudsmen from other parts of the world, and would be pleased to share his experiences with similar institutions in other countries.

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The Citizen's Ally in Disputes with the Administration

Sometimes referred to as the "citizen's defender" or "citizen's referee," the institution of the ombudsman originated in Sweden in 1809, but now exists in various forms around the world. Some ombudsmen are responsible for specific areas of governmental activity, while others examine complaints across the full breadth of the administration.

In Finland, the Consumer Ombudsman ensures that regulations on marketing and contract terms are upheld. In Austria's Salzburg State Government, there is an ombudsman at the State Psychiatric Clinic who represents patients in the clinic's closed department. The Spanish Constitution accords an ombudsman the status of senior representative of the Parliament, and he is designated to defend the citizens' basic rights. Members of Norway's seven-person Ombudsman Board for Military Affairs are elected to four-year terms by the *Storting* to consider cases submitted by soldiers and staff of the National Defence Administration.

Organisation of the ombudsman institution varies widely across countries and levels of government: there are single officers, a

commission, or a type of collegiate body. Most public sector ombudsman posts are established by statute. In some countries the office is seen as an extension of parliament, in others as part of the administration. The office is one which discharges what is almost a judicial function in the dispute of a citizen with a public authority, yet it forms no part of the judiciary.

Since 1984, Ireland's Central Government Ombudsman has been empowered to investigate complaints made directly by citizens about administrative actions which adversely affect individuals. In pursuing his duties, this office can demand the files of any organisation within his remit and question those involved. The Irish Ombudsman is independent and reports annually to Parliament. He is empowered to examine the actions of central government officers, the employees of local authorities, health boards and other state-sponsored bodies.

Acting Against Injustice

Typically, the ombudsman investigates and reports on claims by citizens that they have suffered an injustice at the hands of the government. The ground upon which ombudsmen may investigate

complaints is the supposition of some "administrative fault" causing an injustice, though the act may not be illegal. The ombudsman investigates complaints that decisions or actions were unreasonable, unjust, oppressive, wrong, or administered improperly. Ombudsmen may not investigate complaints about issues which could be litigated in courts or other tribunals.

In sum, the ombudsman system is an effective and respected institution, equipped with expertise, power and statutory authority to have access to internal documents. The ombudsman enjoys considerable autonomy, although there are differences in how and by whom complaints may be made. All types have been found to be a useful means of redressing the grievances of citizens.

For more information about the ombudsman institution, see *Local Government and Democracy* by Selahattin Yildirim (International Union of Local Authorities, Istanbul, 1993); issue number 64 of *Revue française d'administration publique* (1992); and OECD Public Management Studies No. 1 – *A Survey of Initiatives for Improving Relationships Between Citizen and the Administration* (1987).



"Sir, somebody wants to see a copy of a law passed by Parliament... what do I do?!"

Open Competition and Standardised Exams Contribute

continued from page 1

According to the transition schedule, in 1994 the chief task was to transfer people from the old labour law to the Civil Service Law. The CSA managed this with a certification process for civil service candidate status and with the help of several hundred temporary commissioners, most of them recruited from academia.

In the course of this exercise, thousands of people attended job interviews and took standardised exams. These exams consisted of a general aptitude (intelligence) test and a test of knowledge of the Civil Service Law and of the regulation on discipline. This was the first standardised national administration of a Western-style test to Latvian adults in 50 years.

The important CSA tasks during 1995 included the establishment of a new personnel system and the introduction of open competitive recruitment for vacancies and for promotion. This was accompanied by work on a new job classification system, wage and fringe benefit system, and other elements of human resource management. A new generation of personnel workers began training under a core group of some personnel managers from the ministries and the largest agencies.

Special Problems and Issues

Because no position management, job description, or qualification category system was in place, the law provided for a two- to four-year transition period in which civil service candidates would have to complete certain requirements to become civil servants. People were only assigned job titles and given new salaries during the transition to the Civil Service Law.

Civil service candidacy became a new term and a new employment status created by the transition strategy. The law required that one could only enter the civil service as a candidate, and remain in this status for a minimum of two years.

Reform started at the top with the highest prospective civil servants, the state



Indulis Tupesis

Courtesy photo

secretaries. To create a core of people committed — or at least not opposed — to the new system, the first civil service candidates were the state secretaries and the personnel managers of the ministries. The system expanded along the organisational charts from the top down. The boss entered the system before the subordinate.

A requirement to continue education and raise professional competence was written into the law, education was encouraged through the benefits system, and a series of courses was offered by the public administration school. The promise of “free” education on topics such as national history, information technology, organisational psychology, and administrative law and practices, also created support among government workers.

During the transition period, an individual became a civil service candidate by being in a job which was on the civil service list approved by the Cabinet. To be certified, one had to register, sign several statements, and then either appear before a commission or take a test.

This certification process was designed to improve the quality of the people in the organisation and it also contained some political objectives. For example, people of pension age were not permitted to become civil service candidates; persons not completing a Latvian language school had to take a separate language test; and individuals with known KGB ties were screened out.

The top-down implementation and certification made managers interested in the fate of their subordinates and gave them the further responsibility of preparing their workers for civil-service candidate status. They set an example.

Certification of Candidates

Politicians and political employees were not permitted to participate in the certification process. The directors of the personnel departments of the ministries and large agencies were certified after state secretaries, and then asked to work as minute-takers for certification commissions. This raised their importance and prestige, and began their training in civil service systems.

After several thousand candidates were certified, a competitive recruiting system was introduced. By the end of 1995 about 100 new civil service candidates were entering the system under competitive recruiting procedures. The cost of advertisements for vacant positions was underestimated, and placing notices became a constant nuisance to personnel managers trying out the new system.

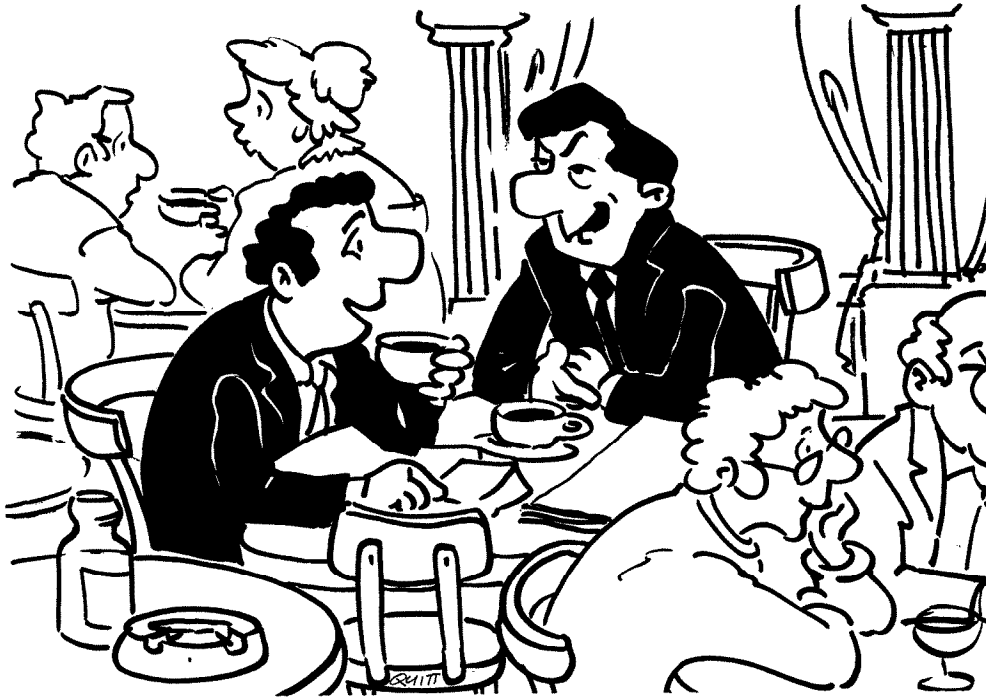
Despite problems, the concept of open advertisement of vacancies, of written applications evaluated by a panel, and other principles were put in practice. By December 1995, about 14 000 people in the national government were transferred to the civil service.

Unfinished Business

Payroll budget administration has not kept pace with the new salary and position management system, and the Ministry of Finance still needs to integrate its systems and instructions with the civil service. Seminars are being organised around ministry personnel managers, and a senior service of about 200 persons has just begun to form around executive training programmes at the public administration school.

Experience has shown that the regulation on discipline needs to be improved by

to Professionalism of Latvia's Civil Service



"Elections are a vital part of democracy!"
"Gets the politicians out of the way for months."

specifying who has authority for reversing a management error before it goes to court. Ethics codes are being introduced in some agencies, supplementing the ethical and behavioural norms applicable to civil servants and spelled out in laws and regulations.

A general ethics code for civil servants is being prepared, and the independent non-governmental Ethics Council was created last year to help implement ethics codes and standards for government workers. In 1996 a system for annual declaration of income and ownership will be introduced in an effort to reduce conflicts of interest and improve public trust in government.

Responsibility for public-private sector wage surveys as a basis for establishing competitive wage levels has not been assigned to an implementing organisation. Soviet-style «coefficients and factors» are still in use for ranking workers' salaries. Understanding of the labour market is limited.

Ministers are allowed a limited number of political press secretaries and advisers. This number may be too small in the current environment of government changes and reforms. To prevent abuse of the regulations and to encourage respect for the rule of law, the political circle may have to be expanded. Important unfinished

business includes creation of a framework for performance appraisal and for the assignment of qualification categories.

Strong political support and money in the budget made it possible to assemble a team, solicit foreign advice, and advance to this juncture. Latvia's civil servants are adjusting to a big change. In 1996 a new parliament and a new government are taking a fresh look at administrative reforms and the civil service.

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Recent Changes in Central and Eastern European Administrations

Anti-Corruption Law in Albania

The Government has passed a standing order on the implementation of an anti-corruption law that was approved by Parliament early last year. Under the law, all state employees must declare their property and explain how they financed it. The order defines the procedures of declaration. State employees also are obliged to declare their incomes and those of their family members up to five years after resignation. A special parliamentary commission will be created to investigate officials suspected of corruption. Source: OMRI.

Social Security Reform in Bulgaria

In mid-November 1995, the Parliament approved a social security law as part of a plan to reform the country's communist-era pension system. Under the legislation, a National Insurance Institute is being established to assume control of the country's pension fund, which has been separated from the budget. The fund will include resources from social security payments accumulated to date, budget subsidies and a portion of the privatisation proceeds to be transferred by the government. Beginning in 1996, the insured will pay two per cent of their wages into the fund. Previously, only employers made social security payments. The number of insured include three million workers and 2.5 million pensioners. Parallel private insurance societies will be permitted under a separate law and licensing scheme to be established by Parliament. Source: Reuters.

Sofia Kicks Off Mass Privatisation Programme

Bulgaria's mass privatisation programme began during the second week of January. For a registration fee of 500 leva (about US\$ 7), 6 million adult citizens may obtain vouchers with a nominal value of up to 25 000 leva which can be exchanged for shares in over 1 000 state enterprises worth an estimated 200 billion leva (US\$2.8 billion). About half the enterprises are in industry, while most of the remainder are in tourism, agriculture and construction. The vouchers can be used at auctions starting in June 1996. Source: OMRI, Reuters.

New Government Law in Estonia

On 14 December 1995, the Parliament adopted a new law reducing the number of government officials. The legislation splits the Ministry of Culture and Education into two, and makes 40 offices and inspectorates that previously had operated as separate offices into ministerial

departments. Other sections of the law permit the post of prime minister to be combined with that of a minister, and allows the Cabinet to pass decisions when at least half of the members plus one are present. Source: OMRI.

New Government in Riga

On 21 December 1995, the *Saeima* (Parliament) approved the new Government formed by the entrepreneur Andris Skele. Among the ministers approved by the legislative body were Aleksandrs Kirssteins (Minister without Portfolio for the EU Affairs), Ernests Jurkans (Minister without Portfolio for the Local Governments), and Valdis Birkavs (Minister of Foreign Affairs). In addition, Eriks Kaza was named State Minister for Industry, Property and Privatisation in the Ministry of Economy, which is headed by Guntars Kreituss. Source: Latvian Ministry of Foreign Affairs.

Turnover at the Top in Warsaw

Aleksander Kwasniewski won the Polish presidential election in November. Minister of Internal Affairs, Andrzej Milczanowski, resigned on 20 November 1995 and was replaced by Jerzy Konieczny, former head of the State Protection Office, on 29 December. Minister of Foreign Affairs, Wladyslaw Bartoszewski resigned on 21 November, and was replaced on 29 December by Dariusz Rosati, who had been working in the Analysis Department of the United Nations Economic Commission in Geneva. In addition, the Prime Minister, Jozef Olesky, tendered his resignation on 24 January 1996; on 1 February, President Kwasniewski appointed 45-year-old attorney Wlodzimierz Cimoszewicz to replace Olesky. Source: *Warsaw Voice*, OMRI, *Financial Times* and *Wall Street Journal*.

Poland's Mass Privatisation Programme

Poland launched its mass privatisation programme on 22 November 1995. Every adult Pole – about 28 million persons in total – may pay a registration fee of 20 zlotys to collect a certificate which will enable them to become a part-owner of domestic enterprises through 15 National Investment Funds. Each fund has 27 or 28 companies in its portfolio, and a total of 514 enterprises have been included in the privatisation scheme. Source: *Warsaw Voice*.

Sejm Approves Labour Law

The *Sejm* (Parliament) has adopted a new Labour Code reducing the state role in setting terms of employment, leaving it instead to bargaining between trade unions and employers. The new law also envisages an extension of annual workers' holidays to 18 days from the present 14,

with the right of these holidays acquired after six months of work instead of the current 12. Source: Embassy of Poland in the United States.

Coupon Privatisation Period Extended in Romania

The Government extended the subscription period for its ambitious mass privatisation programme from the end of 1995 to the end of March 1996. By mid-December, 7 per cent of the nearly 18 million Romanians eligible to participate had subscribed to use free privatisation coupons to bid for shares in nearly 4,000 state companies (or to place their coupons in one of five state-run mutual funds). Those placing their coupons in one of the mutual funds now have until the end of April to do so. Source: *Financial Times*.

National Council Approves Amendments in Slovakia

With recent amendments made by the National Council to the Constitutional Law of Division of Activities among Central Public Administration Authorities, the roster of ministries and key central bodies has changed. Ministries with new names include the Ministry of Education, and the Ministry of Transport, Telecommunications and Post Office. In addition, the Ministry of Construction and Public Works has been created, as has an Office for Strategy of Societal Development, Science and Technology. The Slovak President presides over this office. The Government has re-established the Council of the Government for Integration of the Slovak Republic into the European Union. Deputy Prime Minister Jozef Kalman, who heads the Council of the Government for National Minorities, also chairs this advisory body. Source: Embassy of the Slovak Republic in France.

Regional Integration

During a visit to Madrid on 11 December 1995, Lithuanian Foreign Minister Povilas Gylys submitted his country's application to join the European Union to Spanish State Secretary for European Affairs Carlos Westendorp. (Spain held the EU chairmanship until the end of the year.) Bulgaria presented its EU application to Spanish Foreign Minister Javier Solana five days later. More recently, the Czech Republic became the ninth post-communist country to apply for EU membership on 23 January 1996 when Prime Minister Vaclav Klaus submitted the country's application to the current EU Chairman, Italian Prime Minister Lamberto Dini.

Public Servants' Pay

Trends in Public Sector Pay in OECD Countries (1995)

In October 1993, the OECD Public Management Committee authorised a regular analysis of public sector pay trends in OECD Member countries. The first publication of such analysis has been released, building upon information provided by 19 countries. Many of these countries have perceived a need to exercise control over public expenditures, and thus have modified their pay systems or introduced new employment management methods in the public sector.

The report shows that these modifications have taken place in an overall context of efforts to improve public sector performance, together with a desire to make the labour market more flexible and, in some cases, to decentralise pay-setting. In general, reforms have been able to meet the governments' desire to keep control over pay increases and the trend in the public sector pay bill, while at the same time taking account of the pressures on specific segments of the labour market.

Trends in Public Sector Pay also examines the link between public expenditure and compensation costs, and provides information on the level and components of individual remuneration for a typical employee in ten selected occupations (which reveals substantial disparities in the prices paid for certain occupations). Certain countries – such as Australia, Sweden and the United Kingdom – have been experimenting for some years with a change in the pay-setting system in the context of devolved management of running-cost budgets to agencies or departments. In addition, many governments have begun to rethink their job classification systems as part of the effort to make the internal labour market more flexible.

Among the report's other findings are that a growing number of countries are calling into question the ways in which seniority is taken into account. It appears that the career development possibilities offered in return for the elimination of automatic pay increases according to seniority are more advantageous for employees.

This report should be of particular interest to authorities responsible for defining, implementing and monitoring pay policies in the public sector and to experts in pay determination systems, employment systems and industrial relations in the public and private sectors.

Trends in Public Sector Pay in OECD Countries is the first of a new series of annual reports to be published by the Public Management Committee. Nicole Lanfranchi of the OECD's Public Management Service prepared this publication, which includes a methodological study by Professor Claudio Lucifora of the Università Cattolica del "Sacro Cuore".

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

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22 April-17 May 1996, Paris, France. Course on "Organising of Government Work" for ministerial heads of staff, government secretaries general, technical advisers, administrative directors and associate directors. Contact: IIPA, 2, Av. de l'Observatoire, 75272 Paris Cedex 06, France. Tel (33.1) 44.41.85.00; fax (33.1) 44.41.85.59.

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26-27 April 1996, Vilnius, Lithuania. Seminar on "Legal Status of the Individual: Children's Rights", organised with support of the EU Phare Democracy Programme. Contact: International Helsinki Federation for Human Rights, Rummelhardtgasse 2/18, 1090 Vienna, Austria. Tel (43.1) 402.73.87; fax (43.1) 408.74.44; E-mail helsinki@ping.at.

20-22 June 1996, Budapest, Hungary. Conference on "The Changing Roles of Parliamentary Committees". Contact: Professor Attila Ágh, Department of Political Science, Budapest University of Economic Sciences, Fovám tér 8, H-1093 Budapest, Hungary. Tel (36.1) 218.80.49; fax (36.1) 218.80.49.

24-26 June 1996, Ljubljana, Slovenia. Conference on "The New Democratic Parliaments – The First Five Years". Contact: Professor Attila Ágh, Dept. of

Political Science, Budapest University of Economic Sciences, Fovám tér 8, H-1093 Budapest, Hungary. Tel (36.1) 218.80.48; fax (36.1) 218.80.49.

July 1996 (date to be confirmed), Amsterdam, The Netherlands. "Informational Conference on the Inter-governmental Conference (IGC)". Contact: Prometheus-Europe in Paris, France; tel (33.1) 43.43.49.30; fax (33.1) 43.43.03.07.

July 1996 (date to be confirmed), Budapest, Hungary. Seminar on "Protection of Human Rights and the Role of Public Administration Agencies" (financed by the European Commission and UNESCO). Contact: Mrs. T. Ould Daddah, International Institute of Administrative Sciences (IIAS), 1, rue Defacqz, bte. 11, 1050 Brussels, Belgium; tel (32.2) 538.91.65; fax (32.2) 537.97.02.

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 Support for Implementing Internal Market Legislation

by Heinz Koller

The White Paper on the preparation of the associated countries of Central and Eastern Europe for integration into the Internal Market of the European Union (EU) is an important instrument in the context of the pre-accession strategy which was put in place by the European Council in Essen in December 1994.

Why has the Internal Market been identified as an essential part of the pre-accession strategy by the Council in Essen? The idea was that this was a priority both for the associated countries and for the EU itself.

From the associated countries' point of view, the legislation on which the Internal Market rests includes all the key legislation which is vital for the reform of their economic systems and which helps reinforce the competitiveness of their economies.

For the EU, the Internal Market is one of its most valuable assets. The economic advantages of membership rest predominantly on the boost to efficiency and competitiveness which the Internal Market provides. So, when enlargement takes place, it is a top priority not to subject the integrity of the Internal Market to damaging strains. That would be in no one's interest.

However, also in the light of the European Council in Madrid, it should be made clear that the focus of the White Paper is on pre-accession preparations and contains no timetables or deadlines. It also does not contain any rewards for a good performance – or, for that matter, any penalty for bad performance.

Alignment to the Internal Market *acquis communautaire* in terms of adopting the relevant

legislation and putting into place the necessary administrative infrastructure represents a massive task for the associated countries. Therefore, the EU committed itself at the Essen Council to helping by providing advice and expertise.

Office Established

While the bulk of technical assistance will continue to be delivered through national Phare programmes for approximation, the Commission decided to set up the Technical Assistance Information Exchange Office (TAIEO) in order to create synergy effects on a multi-country basis with regard to speed, flexibility and quality of technical assistance for the associated countries. TAIEO is designed to serve as a "one stop shop" for all information and technical assistance needs of the associated countries in relation to the approximation process. The following services will be on offer:

- Advice on the adoption and practical implementation of Internal Market legislation through the provision of Member States' experts drawn from a national expert pool, seminars on implementation problems and the extension of already existing exchange programmes between national administrations such as "Karolus" to officials from the associated countries.

- Provision of information and documentation on relevant Internal Market legislation in any form requested by the associated countries.

- Setting up of several databases in order to provide a comprehensive picture on the whole range of technical assistance being delivered from

the Commission as well as from Member States, international organisations and other non-governmental organisations, to match supply and demand for assistance in a more transparent way and to monitor the alignment progress in the associated countries.

TAIEO opened its doors in temporary premises in the middle of January. It is staffed by a group of Commission officials from the relevant Internal Market directorate-generals, with technical support from outside consultants and additional expertise drawn from the Member States. Apart from the databases, which will need another six months before being fully operational, the office has started to deliver some of its services on a very practical and down-to-earth basis.

Contacts have been made with each associated country to seek its views on how the office can best serve its needs. TAIEO is keen that these channels should remain permanently open, so that it will always be able to be responsive to the requirements of its clients.

As another precondition for the efficient and successful functioning of the office, close contacts with Member States and other donor organisations are being established.

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continued from page 7

Performance Management Around the World

that whatever else it may do, performance pay does not have a major impact on public sector performance. In particular, there may be dysfunctional consequences when the performance pay of chief executives is based on a small range of performance indicators. A rational chief executive will pursue these to the possible exclusion of other important aspects of performance.

It should be remembered that performance measurement in the public sector is about gaining a better sense for overall performance-efficiency, effectiveness and service quality, *not* about a single

bottom line. Ultimately, no government has yet achieved the right mix of sanctions and rewards to make performance count. This reflects the general difficulties of performance measurement in the public sector.

Leadership for Reform

Taken together, client-focus, devolution and performance management appear to be promoting considerable innovation by public sector managers. Evidence suggests a major and enduring change where such strategies are coherently implemented. The interaction among citizens,

public servants and elected officials has been changed beneficially and probably permanently.

The experience of OECD Member countries suggests that success depends on sustained efforts, patience and clear and consistent signals. It is here that the role of leadership – not necessarily political – in public sector management reforms is so important.

David Shand, a former senior official in the Australian civil service, is a Principal Administrator at the OECD's Public Management Service. He may be reached at tel (33.1) 45.24.90.85; fax (33.1) 45.24.87.96; E-mail: david.shand@oecd.org.

SIGMA

SIGMA – 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 27 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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