

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

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OECD Symposium Highlights Similar Challenges Ministers Confer on Public Management Institutions

Ministers from over two dozen OECD Member countries, including the Czech Republic, met 5-6 March in Paris to consider how the role and management of government can respond most effectively to needs of citizens and businesses. Ministers from Hungary, Korea, Poland and the Slovak Republic also participated as observers.

The ministers, meeting for the first time at the OECD to discuss issues of public management, focused on how the future of public management institutions will be shaped by the changing role, scope and structure of government. Ministers also exchanged views on the impact of the media and information technologies on governments, and the role of interest groups in changing the way democratic institutions work. Attendees came from prime ministerial offices, finance ministries, interior ministries and other bodies with primary responsibilities for reforms in public management.

Alice Rivlin, Director of the Office of Management and Budget in the United States, and President Clinton's senior advisor on budgetary and management issues, chaired the meeting. In a statement summarising the proceedings, she noted that, "despite all of the differences of culture and governmental structure, we share much in common: similar pressures, extraordinarily similar responses, and many dilemmas".

Rivlin highlighted three types of pressure:

- * globalisation - global pressures to co-operate and compete in new ways;
- * dissatisfaction - rising expectations of citizens; and
- * budgetary stringency - the need to reduce deficits.

Countries are reacting to such developments in common ways, such as by decentralising authority within governmental units, downsizing the public service, considering more cost-effective ways to deliver service, developing explicit standards for public service and simplifying regulation.

Rivlin added that the symposium's deliberations suggested "that in many countries, public management reform will be an important factor in renewing confidence in democratically elected governments", and that "we have much to learn from each other".



Photo OECD/Daniel White

Interior Minister Ludovít Hudek led the Slovak delegation to the symposium.

Participants from Central and Eastern Europe offered their views on the significance of their attendance and the key issues discussed.

Elemér Kiss, General Secretary of the Hungarian Government, indicated that since international integration is now quite important to his country, it is vital that domestic changes in public management go in the same direction as in OECD countries. He also noted that since Hungary is in the process of budgetary and public administration reforms, it could gain from OECD country points of reference in these areas.

Ludovít Hudek, Minister of the Interior in the Slovak Republic, commented that "when preparing our reform, we have paid great attention to the experience of other European countries...we are trying to make use of as much experience of various countries as possible. This is why we found the symposium very inspiring". (See interview on page 4.)

The Czech Republic was represented by Petr Bambas, Counsellor at the country's delegation to the OECD, and Poland by Józef Winiarski, Undersecretary of State in the Government Executive Office. The symposium's high-level exchange on developments in public administration comes at a time when the Polish *Sejm* (Parliament) is considering a governmental plan to reform the State Economic Administration. The ambitious plan, adopted by the government in December 1995, was prepared following a comparative analysis of solutions applied in the OECD countries.

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PUBLIC MANAGEMENT FORUM

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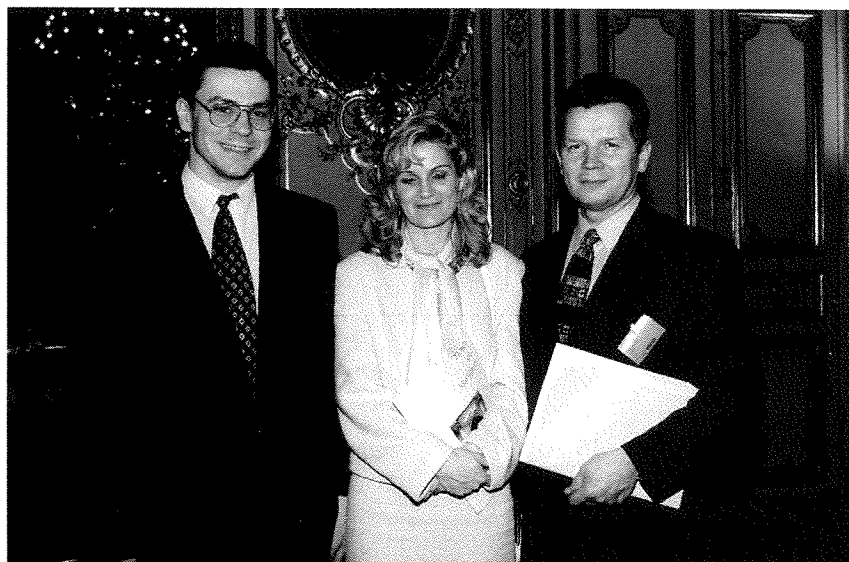


Photo courtesy of the Hotel de Maignon

(Left to right): Eduards Ikvilds (Estonia), Deputy Director of the State Chancellery, Zdenka Kramplova (Slovakia), Head of Government Office, and Rimantas Mencinskas (Lithuania), Head of the Executive Office, Office of the Prime Minister, met at the Hotel de Maignon in Paris on 22 February with other senior officials from centres of government in Central and Eastern Europe. The officials were in France for a SIGMA meeting where they examined ways to organise support services at the centre of government.

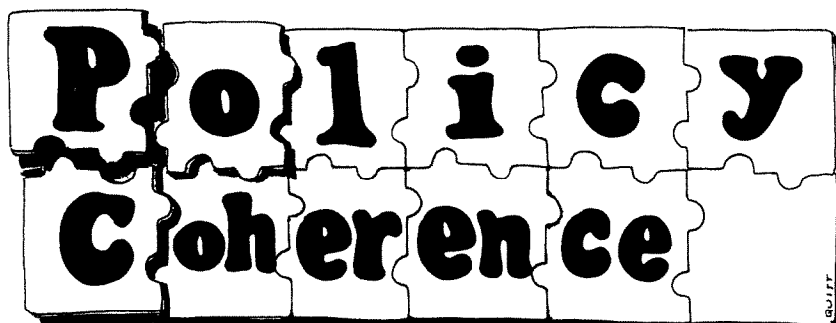
"Quote, Unquote"

"The word government is from a Greek word, which means 'to steer'. The job of government is to steer, not to row the boat. Delivering services is rowing, and government is not very good at rowing."

E.S. Savas

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Czech Republic Implements Local Government Budget Reform

by Vera Kamenicková

Central and eastern European countries have in recent years planned or undertaken reforms of financing arrangements between the central budget and local governments, and have considered what finance-related powers should be given to municipalities. As explained in the following article, the Czech Republic has opted for a centralised tax system, but simultaneously provides local governments wide discretion in borrowing and use of subsidies from the central budget.

Under the previous regime, most public goods in the Czech Republic, including local ones, were financed by the central government. The financing and allocation of public goods was accomplished by political means, not by market mechanisms.

The division between goods provided by the market and goods provided through a political mechanism is changing rapidly as is the division between public goods provided by the national or by the local levels of government. In this connection, changing the "slave" position of local government from the past is of utmost importance.

There presently are two levels of government in the country: the one at the national level, where the government is controlled by a nationally elected Parliament, and the other at the local level, where the citizens elect councils which in turn elect mayors. The division of responsibilities between the central and local levels of government are close to what can be found in other European states.

There is one remaining form of government surviving from the past, namely, the district office. There are 77 of these bodies which by law are part of the central government. Yet their financial flows have been incorporated into local funding. The district offices have assemblies connected to them. These assemblies consist of representatives of municipalities within a district. Assemblies

approve the district office budget, and decide the distribution of some central government subsidies. Due to the relatively small size of municipalities, the district offices often provide certain local services.

Strictly speaking, the term "local government" can only be applied to the Czech Republic after 1990, although it did exist between the two World Wars in Czechoslovakia. It was in 1990 that the first free elections for local governments took place and when the process of restructuring the public sector began.

More Municipalities

The restructuring of the public sector has been accompanied by a strong attempt to reduce its size. It was led by the idea of decreasing the total tax burden while maintaining a balanced budget.

For primarily political reasons, the new approach to local authorities has been combined with the growing number of new localities. Between 1990 and 1992, the number of municipalities has increased by more than 50 per cent. Today there are more than 6 000 municipalities, of which 90 per cent have fewer than 2 000 citizens. The number of municipalities continues to grow, but the pace of change is much slower now.

The Czech Republic is not by nature a country with a prevailing rural settlement, and contains a bit more than ten million inhabitants.

Local budget reform was put into effect in 1993 together with tax reform. Continuing macroeconomic stability (low unemployment, low inflation, low foreign and public debt in comparison to other transitional economies) created a favourable environment in which these changes could be successfully implemented. Stability in the political system also supported this process.

Fiscal Arrangements

The tax system remains highly centralised in the sense that all taxes are decided on and collected centrally. From this point of view, municipalities have little discretion over taxes and the Czech Republic has no genuine local tax. On the other hand, municipalities have discretion over almost all expenditures as the subsidies from the central budget are for the most part not earmarked. Despite the little discretion over local revenue, localities are completely free to borrow domestically as well as abroad.

The new system brought a radical shift in the ratio of subsidies from the central budget to revenue raised locally. Less than 30 per cent of the total revenue for the local level of government now comes from central budget subsidies. The main source of local revenue is a certain share of individual and corporate income taxes. The particular shares are approved each year by the Parliament. Due to the fact that the individual income tax is the tax with the fastest growing receipts, the localities' share of the public budget has been growing.

Although experience with the new tax system, means of revenue assignment, and principles of sharing revenue have not been extensive, there is evidence to suggest that some municipalities are not able to manage their finances in a proper way. Examples of this include frequent changes of municipal leadership, unfavourable audit results, and the inability of many municipalities to cooperate in carrying out projects. Small municipalities do not have enough trained staff professionals, and their funds are insufficient to provide some services. Indeed, it is the small size of the majority of Czech localities that is considered to be a restriction to further decentralisation.

Vera Kamenicková is an advisor to the Czech Minister of Finance. See also *State Budget Support to Local Governments (SIGMA, 1994)*.

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Symposium Reveals Similar Experiences Across Countries

Future Directions

Looking ahead, Rivlin stated that the OECD's Public Management Committee should "deepen its work on practical approaches to particular aspects of public management reform, notably the creation of well-performing services in response to the needs of citizens". In her view, this work

could encompass regulatory reform; public sector performance measures; benchmarking development of interactive and other information technology; and new budgetary concepts. In addition, she noted participants' interest in further attention and study of three other fields: effective policy-making, ethics, and competition.

Rivlin also observed that "if strong economies make governance easier, effective governance in our democracies in turn strengthens economies and makes it easier to gain public support for those long-term economic policies that support growth, increase employment and reduce social costs."

Audit Bodies Issue Communiqué

As management modernisation proceeds in the public sector in Central and Eastern Europe, top managers in ministries as well as Supreme Audit Institutions are seeking to build an "architecture" of appropriate control systems and control institutions. Leading officials from a number of these institutions recently met in Poland to consider cost-effective structures of controls appropriate to their evolving democratic market economies. They issued the following communiqué at the conclusion of their three-day meeting, which was organised by SIGMA and the Polish Supreme Chamber of Control:

“P residents (or their representatives) from the Supreme Audit Institutions (SAIs) of 14 central and eastern European countries (Albania, Belarus, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, Russia, the Slovak Republic and Slovenia) met in Golawice, Poland from 25-27 March 1996 to discuss the role of management controls in modernising the government administration in their countries.

“The seminar was hosted jointly by the Supreme Chamber of Control of Poland and SIGMA (a joint initiative of OECD/CCET and EC/Phare). Seminar presentations covered the experiences of a range of OECD and central and east European countries.

“Management controls are the organisation, policies and procedures used by the management of an organisation to help ensure that:

- * government programmes achieve their intended results;
- * the resources used to deliver these programmes are consistent with the stated

aims and objectives of the organisations concerned;

- * programmes are protected from waste, fraud and mismanagement; and
- * reliable and timely information is obtained, reported and used for decision making.

“Participants noted the importance of effective management controls in improving government administration and facilitating the market transition process in their countries. They recognised that considerable adjustments in the administrative culture of transition countries would be necessitated as a result of line managers assuming responsibility for the design and maintenance of control mechanisms. However, participants felt that in the long run such a change promised major benefits in terms of:

- * effectiveness of control in highly decentralised organisations;
- * reduced opportunities for fraud and corruption; and
- * economy of audit operations, where the best use of scarce resources is not necessarily in reviewing individual transactions.

“They confirmed that the SAI could provide leadership in promoting the development of control systems based on internationally accepted standards of practice, and ensuring that these systems operate efficiently and effectively. The SAIs agreed to encourage their governments both to raise the level of awareness of control issues amongst ministers, officials, parliamentarians and others, and to adopt suitable standards and systems. They also agreed that there was a need for further co-operation in this area.”



"The situation is bleak ... the workers are striking, the government has no money, and demonstrators are descending on the Government Building. What can we do ?"

"Form a Committee !"

Slovak Minister on Symposium

Slovak Minister of Interior, Ludovit Hudek, participated in the Symposium of OECD Ministers Responsible for Public Management in early March (see cover story). Below he answered a pair of questions on the event:

PMF: What is your opinion of the "influence of media and information technology on the tasks facing the government", a symposium topic?

Hudek: I think that the Slovak Government does realise the importance of media because of the big influence the media have on forming public opinion. I must admit that for years only little attention has been paid to the relationship between media and government and departmental policy. At present, changes are gradually taking place, departments are opening public relations sectors, and they are specifying methods of influencing public opinion by the media.

In this context, information technology becomes of course more and more important. This is manifested, for example, by mass departmental computerisation and the building of information networks. Departments and state administration bodies all over the world have been increasingly interested in connecting to Internet and entering various specialised databases. I think that last year we made fundamental - though not yet sufficient - progress in this area.

PMF: Did you find observations of some of the delegations attending the symposium particularly relevant and potentially useful for the public administration in the Slovak Republic?

Hudek: Personally, I was most intrigued by the policy of our Greek colleagues, whose problems are in many ways similar to ours. During the symposium I very much realised how far the western European countries have already gotten, while we are still only at the beginning of a process that has not been straightforward and simple even in other European states.

Public administration reform is a long-term process. That is why I have to say that I took special interest in the state administration philosophy of the meeting's host country. My stay in Paris was very inspiring and I also expect to gain a great deal from the co-operation that I have agreed to with Dominique Perben, the French Minister for Public Administration, State Reform and Decentralisation. We have agreed that French experts on public administration will visit our country and that our specialised institutes will co-operate with one another.

Controlling Government Personnel Expenditures

by Feridoun Sarraf

Budgeting and controlling personnel expenditures concern to all government seeking to ensure effective macroeconomic and fiscal policy management, efficiency in government operations, and parity and uniformity in government pay structures. In some OECD countries, the reconstruction and expansion of infrastructure after World War II, together with the extension of welfare systems and modernisation of defence forces, brought about a sharp increase in public sector employment.

In countries in transition, full-employment policies and the dominant role of the state in the economy contributed to a rapid expansion in the number of government personnel. In both OECD countries and countries in transition, the growth in the number of government workers and in the share of total state expenditures allocated to salaries and wages have focused attention on problems encountered in formulating and controlling personnel costs. Further, increases in personnel numbers and in the influence of civil service unions has created new realities in government budget formulation and implementation.

More recently, and perhaps more importantly, the need to reduce government deficits has led to calls for the scaling back of the public sector wage bill. Over the past fifteen years, this has become a central point in economic policy-making in most OECD Member countries. It appears that the phenomenon now is posing new challenges to decision-makers in countries in Central and Eastern Europe. These challenges refer to the reduction in the number of public sector posts as well as revisions in pay structures.

Types of Control and Controllers

In theory, there are two main types of control and co-ordination tasks in managing government personnel expenditures: managerial control and budgetary control. The former generally concerns technical aspects of pay structure for establishing parity in payments; organisation and staffing for micro-management improvement in government services; and more comprehensively, issues regarding working relations between government and its employees which normally are covered by a Civil Service Law.

Budgetary control mainly concerns financial aspects of pay structure for macroeconomic and fiscal management purposes; sectoral policy setting; and efficiency in government operations for programme management purposes. In practice, however,

components of these two groups are very much interrelated and cannot be easily targeted and administered in separation.

Typically, management control measures are co-ordinated and exercised by central personnel management offices, such as civil service commissions, public service boards,



and establishment boards. Assignment of management control tasks in central and eastern European countries is for the most part an unfulfilled task. Budgetary control measures are co-ordinated and exercised by finance ministries as an integrated part of government fiscal policies and budget management systems.

It now is common for governments in both OECD countries and countries in transition to set targets to prevent personnel expenditures from increasing in real terms. This practice has increased the role of budgetary control measures and accordingly the role of finance ministries in controlling government personnel expenditures.

Thorough Analysis

The most successful and least harmful way of controlling the government wage bill is to conduct a policy analysis exercise at the budget preparation stage of the government budget cycle complimented by efficiency analysis reviews at appropriate intervals. The first requires a comprehensive analysis of both the necessity and scope of government involvement in the economic and social sectors. This approach addresses the very heart of the problem by which ongoing sectoral and operational policies are analysed with a view to identifying the marginal tasks performed by line ministries.

The second type of analysis identifies improvements in organisation and management processes which permit programmes to be implemented by fewer staff.

Political factors and the self-preserving, defensive nature of bureaucracies complicate and delay rationalisation of government activities. Although several countries have made noticeable progress, objective/operations criteria and measures for creation

or elimination of posts have not been fully developed everywhere.

The urgent need to reduce manpower levels has led to the use of parallel control measures in the budgeting process to yield immediate results. These support the sector/operations analysis approach and include staff ceilings, expenditures ceilings, pay structure revisions and wage negotiations.

Evaluating Policy Controls

Regardless of the approach taken to reducing active manpower in government organisations, policies must be developed and the economic, financial, managerial and social implications of retrenchment must be examined. From a legal point of view, some countries are allowed to reduce the civil service by laying off tenured staff in cases of redundancy. In other countries, where an assignment right exists, an abolished position allows the employee to be assigned to another post. Only when an employee has no right of assignment or turns down a job offer may the government agency dismiss the employee.

Some countries aim to reduce the proportion of tenured to total employment. In this process, each OECD country has developed its own policies in accordance with national political and economic conditions, and experienced successes and failures in implementing those policies.

Long-Term Process

It is important to note that reducing manpower levels in government services is a long-term policy and should serve medium and long-term objectives. In fact, redundancy in the short term may be very costly because of compulsory payments in the form of lump-sum severance packages, early retirement benefits, and social security systems.

Therefore, short-term measures and inconsistent approaches – without changes in the underlying policy – cannot be expected to yield dramatic or durable results. Thus, a properly planned attrition programme, undertaken jointly with medium-term expenditure planning, ought to be considered for the whole exercise.

Feridoun Sarraf is an Advisor to SIGMA; this article is based on a paper presented at the SIGMA multi-country seminar on "Budgeting and Monitoring of Personnel Costs", held in Paris 11-13 March. For more information on issues addressed in this article, contact Staffan Synnerström at tel. (33.1) 45.24.13.15; e-mail: staffan.synnerstrom@oecd.org.

Transition, European Integration and Administrative Reform

by Dr. Alan Mayhew



Courtesy photo

The countries of Central and Eastern Europe still face the challenge of completing the process of transition of their economies from central planning to the market. Even for those countries which have reached a situation where macro-economic stabilisation has been achieved, privatisation is well advanced and capital markets liberalised, there remain many reforms to be implemented and there will be a long period of formal or informal training of the population in general and the administration in particular.

These countries also have negotiated Association Agreements with the European Union and have decided to apply for membership of the Union. Integration acts both as an incentive and a constraint on the transformation process. It is an incentive because it pushes the associated countries to take over legislation and institutions which are necessary for the full development of the market economy. It may however be a constraint on transformation both in terms of its impact on production costs and in the sequencing of change.

The associated countries are also facing rapid internationalisation as they integrate into world or regional bodies such as the OECD, the World Trade Organisation or the Council of Europe and as their co-operation develops with the United States or South East Asia and other countries outside Europe.

The management by the administrations in Central Europe of the sometimes conflicting processes of transition, integration and co-operation will stretch their capacities to a maximum and will demand rapid progress in administrative reform and considerable assistance from OECD countries.

The Offer of Accession

The Union's offer of membership lacks a certain credibility for the associated

countries, because neither a timetable nor precise criteria for achieving membership has been given. The conditions for accession laid down at the Copenhagen European Council were very general: democracy, a market economy, the capacity to resist competitive pressures and the capacity to take on the obligations of membership. But the Copenhagen declaration also adds that accession will only take place if the Union has "the capacity to absorb new members". This suggests that even if all conditions are fulfilled, membership may not be on offer.

While the Essen European Council decided on a strategy for accession, this did not substantially enhance its credibility. Under powerful pressure from some EU Member States, the Madrid European Council asked the Commission to prepare its opinions on the applications for membership and decided that they should be submitted to the Council as soon as possible after the end of the Inter-Governmental Conference (IGC). It also expressed the hope that negotiations will start at the same time as those with Malta and Cyprus, that is six months after the end of the IGC. Again, however, credibility is lacking because Madrid makes it perfectly clear that the European Union has not taken any binding decision on the matter.

For administrative and regulatory management, the important conclusion to be drawn from the uncertainty over accession is that the associated countries must make their plans to prepare for accession without being absolutely sure of the final destination.

The Mechanics

The normal route for the consideration of new membership applications starts with the preparation of the European Commission's "opinion" on the application. This opinion is based on a detailed review of the policies and economic situation of the country concerned, usually on the basis of material supplied by the country following a detailed request. The opinions will obviously look carefully at the degree to which the applicant countries have already adopted the Community *acquis* and at their administrative and regulatory capacity to implement Community law.

The opinions in the past have been positive or neutral about the opening of negotiations and have in their conclusions generally listed the main problems which need to be overcome. It is up to the Council to decide whether to open negotiations. During the negotiations the applicant countries and the

Community have the opportunity to request that transition periods for areas of the *acquis communautaire* be agreed. The Union will obviously not want to allow too many exemptions or transition periods and will want to keep the pressure up for reform and legal approximation.

However, the European Union may wish to take alternative routes to accession than the one tried to date; indeed the nature of the Union itself may be changing following the discussions in the Inter-Governmental Conference. This uncertainty makes preparation for the associated countries all the more complex.

Preparing for Accession

The associated countries now face four immediate challenges in their preparation for accession. They must:

- prepare the material which will be needed to reply to the Commission's requests for information for the preparation of its "opinion". This means that the associated countries must really second-guess what will be required of them;
- prepare their negotiating positions, already identifying areas where they will require transitional periods and justifying these transitional arrangements;
- mount campaigns to persuade the Union's member states that they should accede to the Union; and
- inform their own populations on the impact of accession and to maintain popular support for this policy.

The timetable for this work is extremely demanding. The European Commission will aim to complete its opinions well before the expected end of the IGC and probably by the end of 1996. This implies that the associated countries should be in a position to reply to the requests coming from Brussels by Autumn 1996 at the latest.

Improving the Administration

The problems for governments are both organisational and political. In order to succeed they must have medium-term strategies for the preparation of accession guarded over by a strong co-ordinating minister with a highly qualified staff. Each line ministry needs a unit which operates that part of the strategy for which the ministry is responsible and relates to the co-ordinating ministry. Most associated countries have

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Forging Policy Coherence for an Interdependent World

by Jean-Pierre Rostaing

A number of contextual factors, common to OECD countries and others, are making the improvement of policy coherence a more urgent task, and an increasingly difficult one. Chief among those factors is the nature of the change that is taking place in the domestic and international contexts. More than a simple transition from one more or less "stable state" to the next, the present period seems to be one of continuing global change, of which the most visible manifestation is the shifting and breaking down of boundaries and conceptual categories.

One of the greatest challenges stems from the intermingling of domestic and international issues, brought about by several concurrent trends: some toward globalisation and the reinforcement of multilateral trade arrangements and regional groupings of countries; others toward fragmentation, brought about by decentralisation, and by the rising importance, in many countries, of subnational levels of government. These developments compel governments to find better ways to manage multiple layers of policy-making without losing sight of their own national policy agendas.

Competing Interests

The information explosion has multiplied the number of actors involved in public policy making. The emergence of the *information society* has changed the context of governance. It has increased the influence of the mass media, nurtured the development of a more educated and better-informed population, and multiplied the number of interest groups and other non-governmental actors asserting the right to play a greater role in the governance process. This complex of factors has added to the external pressures bearing on governments, and has fostered a sense of fragmentation of the policy context.

Internal governmental tensions also militate against coherence. Governments are subject to divergent policy tensions, often epitomised in the conflicting, sectoral interests of line ministries, which vie with each other for financial resources, while the budget ministry characteristically seeks to control outlays. In some countries, a degree of policy competition is deliberately maintained between line ministries, in order to ensure a level of creative tension, and to enhance the contestability of policy advice. In all countries, important tradeoffs between diverging interests have to be made at the highest level.

Pressures to strengthen coherence have been heightened by the public sector reforms which governments have undertaken in response to the new context, and especially in response to greater fiscal constraints. Reforms have aimed to find more efficient and cost-effective ways to govern, often through transfers of operational control away from central bodies toward line ministries, and toward lower levels of hierarchy. These changes require adjustments to traditional co-ordination mechanisms, in order to maintain a central capacity to steer policy developments in more decentralised systems.

"...it is crucial that efforts to improve policy-making systems remain centred on the notion of coherence as a guiding principle to promote organisational values, such as strategic direction and consistency."

Efforts to redefine the functions of central and line bodies within national administrations are part of the wider rethinking of the model of the state. Over the past decade, the role of the state has been shifting from that of a dominant actor toward that of a strategic enabler and co-ordinator of other actors in public policy processes.

Increasing the number of actors involved in the governing process often means creating new mechanisms, or adapting existing ones, in order to give the new actors a voice, while maintaining the government's capacity to guide the process toward coherent results.

A greater awareness of the stresses engendered by the size and cost of the public sector has focused renewed attention on coherence as a way to increase efficiency. There is a better understanding today of the fact that inconsistent policies entail a higher risk of duplication, inefficient spending, a lower quality of service, difficulty in meeting goals, and, ultimately, of a reduced capacity to govern. Given the complementarity between the public and private sectors in promoting national competitiveness, poor management of the public sector is reflected, sooner or later, in a reduced economic performance and a competitive disadvantage.

Lessons of Experience

While there are cogent reasons to strengthen policy coherence, there are equally compelling reasons to be circumspect. The pragmatic approach adopted by the OECD Public Management Service (PUMA) in

collaboration with practitioners has led to a measure of caution concerning the extent to which coherence can, in practice, be strengthened. It has also raised the concern that excessive efforts to enhance coherence can result in a high degree of central control, and a consequent loss of flexibility in the policy-making system. The examination of these issues in the light of the experience of governments has led to the articulation of five key lessons of relevance to efforts to enhance policy coherence.

1. There is a gap between the need for coherence and the capacity to achieve it.

Coherence implies an overall state of mutual consistency among different policies. But the public policy domain is too multifaceted for that definition to be useful in practice. Rather, there exist different spheres of coherence (eg, economic, social, political), each with its own internal logic, each reflecting a different dimension of a particular policy issue. The very notion of coherence needs to be adapted to the realities of a complex environment, and to the practical capacities of policy-making systems.

2. Governing in a democratic political system necessarily involves a degree of incoherence,

and good policy making is less a question of avoiding contradiction than one of managing it. This implies that policy-making systems must increase their capacity to balance and reconcile divergent pressures.

3. No single policy-making system can guarantee improved coherence.

How well a particular mechanism functions depends mostly on the political dynamics of the system, the working methods of government leaders, the administrative culture of the civil service, and the nature of the relationships among key actors. While methods may vary, it is crucial that efforts to improve policy-making systems remain centred on the notion of coherence as a guiding principle to promote organisational values, such as strategic direction and consistency.

4. Good practices and "tools of coherence" do exist.

They concern the process of policy-making, not the substance of policies, and reflect three key needs, dictated by the fast-changing contemporary policy environment: the need for a strong strategic capacity at the centre of government; the need for organisational flexibility; and, the need for effective information-gathering and processing systems.

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Polish Plan Aims to Improve Central Administration

by Grzegorz Rydlewski

Last December, the Polish government adopted a plan to reform the central administration. It is expected to be implemented within the first six months of 1996. In the early phases of work on the draft plan, current solutions were analysed, main shortcomings identified, and necessary changes determined. The government also conducted a comparative analysis of solutions applied in OECD countries, assembled and juxtaposed alternative proposals, and drew up a uniform programme in draft legislation. Implementation programmes presently are being worked out.

Basic Premises

Implementation of the reform plan will adjust the organisation and procedures of the Council of Ministers, Office of the Prime Minister and government's entourage. The basic premises of the reform plan stem from the need to:

- take into account changes in the functioning of the Council of Ministers (COM) arising from privatisation, increasingly strong local governments and the reduction of subsidisation;
- create within the government a strong centre to programme COM activities;
- create mechanisms to deal decisively with matters within the COM in the case of a coalition government;
- create mechanisms resolving—or preparing the resolution of—questions before Cabinet meetings;
- change COM procedures for preparing draft laws and normative acts in order to improve the quality of legislation; and
- create mechanisms harmonising Polish laws with those of the European Union.

Reform of the central administration is part of a broader programme to restructure state institutions. This programme includes reconstruction of the government's economic centre, creation of a modern civil service, and decentralisation of the public administration.

Legislation

The government's central administrative reforms encompass the solutions contained in five draft laws concerning the:

- 1) COM's organisational structure and working procedures;

- 2) creation of the Chancellery of the Prime Minister;

- 3) creation of a Ministry of Public Administration;

- 4) creation of the Committee for European Integration; and

- 5) creation of a Government Centre for Strategic Studies.

The first of these laws standardises the principles by which the COM's consultative and advisory organs are set up and function. This includes governmental standing committees and plenipotentiaries. The law calls for expanding various forms of inter-ministerial co-operation outside Cabinet meetings, creation of the basis for more extensive use of direct inter-departmental and/or inter-ministerial modes in governmental activities; and strengthening of the position of the Prime Minister as the director of governmental activities.

The proposed measure also defines the rights and duties of ministers as participants in governmental work, and delineates principles governing representation of the government *vis-à-vis* other organs to ensure the conceptual and political uniformity of statements made on behalf of the government.

The second draft law transforms the Office of the Council of Ministers (URM) into a Chancellery of the Prime Minister and eliminates executive powers and all functions not directly related to serving the COM and the Prime Minister. The Chancellery will be subordinate to the Prime Minister, who would act through the Chancellery's chief. The Prime Minister will have the right to appoint and recall this official.

The measure also calls for the creation of a modern Government Legislative Centre and expansion of the Government Information Centre.

The third draft law shifts from the Office of the Council of Ministers tasks related to the functioning of the public administration; co-operation between the central government administration and local government administration; training and skill-enhancement of public administration personnel; issues involving the state's relations with the Roman Catholic Church and other religious denominations; and problems relating to trans-border co-operation.

A proposal also is expected to be submitted to expand the functions of the new minister to include internal affairs – the police, border guard and fire brigade – with the exception of special services which are to be directly subordinate to the President of the Council of Ministers.

The committee created by the fourth draft law is to manage the programming and co-ordination of policies pertaining to Poland's integration with the European Union, and the co-ordination of Poland's efforts to adapt itself to European standards. The body also will co-ordinate activities of the state administration in this area. A member of the Council of Ministers will chair the committee.

The fifth of the package of laws creates a centre under the supervision of the Prime Minister to assist the government in strategic programming; forecasting economic, social and land development; and analysing compatibility of short- and medium-term programmes with strategic programmes. Coincident with the centre's creation would be the liquidation of the Central Office of Planning (CUP).

Conference Held

On 13-14 May, the University of Warsaw's Faculty of Journalism and Political Science, the Phare OMEGA Programme and SIGMA held a conference in Popowo, Poland, to study the government's reform plan in light of European standards. Government representatives and SIGMA experts examined issues such as the effect of reform on the functioning of the Council of Ministers (COM), the legislative centre of government, constitutional aspects of the COM reform, decentralisation of governmental tasks, and the role of the Polish "Act of Parliament" in reforming public administration.

Grzegorz Rydlewski is the Secretary of State in the Office of the Council of Ministers. This article is adapted from a paper he presented at the SIGMA "Meeting of Senior Officials from Centres of Government on the Organisation of the Key Functions of the Centre of Government", 22-23 February in Paris. He may be reached at Secretariat of the Council of Ministers, Office of the Council of Ministers, Al. Ujazdowskie 1/3, 00-583 Warsaw, Poland.

to Improve Policy Management and Coherence

Albania Works to Strengthen Links Among Ministriesby *Rustan Petrela*

Courtesy photo

Policy-making is by nature a very complex process. We think it is much more so in the case of new democracies like ours. It involves careful consideration while the guidelines to be followed are compiled, individual policies are harmonised into a whole one, and agreed policies are implemented.

To ensure mutual consistency among different policies, work starts from the very beginning when the short-term, medium-term and long-term policies are conceived. Discussions are held in meetings of the Government and Parliament. Once policies have been agreed on in these two institutions, it is time to bring them into effect.

Council Ensures Consistency

The institution that handles this process is the Council of Ministers. In its regular and extraordinary meetings, the Albanian Government treats the various aspects of its overall unified policy, making sure that everything is harmonised, with no overlaps or areas left uncovered.

When a government comes to power, there are certain elements in its programme

that contribute to the harmonisation of policies pursued, as in the economic domain. The government makes known its strategy and the main state institutions and ministries must abide by it in their individual economic plans and strategies.

There are cases when decisions on economic issues with a political character clash with the Government's economic strategy. In such circumstances, these matters are settled by the Council of Ministers, which ensures the consistency of decisions.

Specialised Institutions

Keeping individual policies in harmony with governmental goals and priorities is seen as very important. For that reason, specialised institutions act as inter-ministerial co-ordinating units. Thus, the Ministry of Finance, which is charged with the task of drafting the state budget, harmonises and co-ordinates the policies and interests of various sectors of the economy represented by the respective ministries and, after careful consideration, presents these policies to the government for approval.

Ministerial commissions in specific domains are set up. These special commissions are made up of members of the government and are presided over by the Prime Minister. At crucial times, special temporary committees are established to provide solutions to highly sensitive issues.

Legal instruments are in place to support the above-mentioned structures upon which the government depends in taking decisions. These structures are prepared by legal experts in the Prime Minister's Office and in the line ministries.

A very powerful instrument in attaining the strategy of keeping individual policies in

harmony with governmental goals and priorities is the functioning of the Department of Economic Development and Aid Co-ordination, part of the Prime Minister's Office. This body "processes" the needs of the various institutions and proposes an overall strategy, putting priority on policies that are in concert with the government's overall policy line.

Improvement Sought

We have to admit that the information and co-ordination systems in place in Albania leave much to be desired. The rule is that after a decision has been taken it is accompanied by a commentary which gives more information on the contents of the decision. The links that organise the co-ordination work among the ministries are very weak. Improvements are expected in those areas with the establishment of the inter-ministerial computer network, which will have the Office of the Prime Minister as the main network.

Improving the management and coherence of policy-making has not been a priority of the government. But it is becoming one. Foreign technical assistance programmes on legal matters, based in the Prime Minister's Office, are rendering a valuable contribution in this area. Although work in this field is moving slowly, it eventually will bring about great improvements in the functioning of the government in general and the various sectors of the state administration in particular.

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Lessons for Enhancing Policy Coherence

5. The paramount tool of coherence is informed decision making. The complexity of contemporary policy making, and the virtual impossibility to be consistent in all matters at all times, are factors that have led many practitioners to the view that what

matters most is not simply whether contrasted policies are being pursued, but whether they are being pursued knowingly, or unwittingly. A high premium is therefore put on developing information systems and analytical capacities.

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by Ivetta Gigova



Courtesy photo

Bureaucratic barriers to private enterprise pose difficulties most everywhere, but they introduce particular problems in countries in transition. This is because these countries must engage actively in the creation of laws to replace communist-era measures and to fill vast regulatory gaps. In acting, however, law-makers risk causing "regulatory inflation".

Those responsible for drafting, passing, implementing and enforcing laws in Central and Eastern Europe are pressed by time, insufficiently trained human resources, obsolete information processing and management technology, lack of experience, and weak institutions. All of these shortcomings affect the quality of regulatory and administrative activity.

The process of integration into regional and global institutions (including the implementation of the EU White Paper), introduce additional challenges for authorities in these countries. Integration requires more intensive regulatory activity to meet formal targets for approximation of legislation and compliance with European administrative and institutional standards.

A Survey of Obstacles

In August 1995, with the support of SIGMA, I undertook a small-scale case study of bureaucratic burdens which impose costs on private enterprise in Bulgaria, including time spent learning the requirements of legislation and regulations; completing applications and paperwork for permits; providing information to state institutions; and dealing with several different contact points in the administration.

The study built on work of the OECD Public Management Service (PUMA), which

is measuring and analysing administrative and regulatory burdens on private enterprise in the OECD countries. Governments of these countries have recognised that they must better understand the magnitude and sources of these burdens if they are to pursue effective reforms. PUMA is preparing a business survey which will yield comparative international indicators of regulatory and administrative environments in 1997 and 1998.

Generally speaking, bureaucratic costs can serve as an indicator (proxy) for the overall efficiency of the administration, especially in its function of service-provider to the private sector. The economic significance of such costs is anything but negligible (estimates in more developed countries show such costs reaching 2% or more of GDP).

I organised the survey questions around four themes: (1) assessment and ranking of problems (in general) facing entrepreneurs in Bulgaria; (2) entrepreneurs' comments specifically on administrative burdens; (3) possibilities for constructive dialogue between business and the administration; and (4) comparison of different types of firms on their ability to cope with the bureaucracy.

While specific responses have been limited to Bulgaria, the issues are relevant to one degree or another to all central and eastern European countries. And while the sample size was not large, it nonetheless provided some idea of the concerns of enterprises doing business in this Balkan state.

Of the 20 individuals who responded to the survey, 16 represented small firms (with fewer than ten employees); two employed more than 40 people; and four were foreign companies (or joint ventures). All had been in existence for less than five years (since after the political changes in 1989). Self-evaluation of "business success" ranged evenly between "excellent" and "poor", but all were proud to have survived the initial years of transition.

Views on Bureaucracy

Most respondents stated that they had occasionally used the services of external consultants (lawyers, accountants and auditors) to facilitate their dealings with the administration. For the large majority of respondents the worst problems for their business were related to a poor regulatory framework or were of a "purely economic"

nature (underdeveloped markets, low demand for their product due to weak purchasing power of the population, problems with the banking system - including access to credit, inadequate infrastructure, etc.).

Bureaucratic barriers, encompassing administrative procedures and their costs, were identified as the third major problem area. Issues within the firm (production, managerial, human resources) were almost never mentioned as very important. The latter may be indicative, among other things, of weaknesses in the firms' self-assessment and management capability.

Although these results may appear to imply that the administration is not a leading problem, more than half of the participants also said that "if only (the bureaucracy was) doing its job properly", their business and the general business environment in Bulgaria would improve dramatically. Another quarter agreed partially with this statement.

Support for Public Servants

While they may be critical of the public administration, respondents also showed empathy with the challenges confronted by those working in the administration. Most respondents agreed that public servants have "not been provided with the necessary conditions" for doing a more professional job.

Among the suggestions offered to improve the effectiveness of the public administration were the following: giving legal and political protection to the civil servant; delegating more decision-making power to middle and lower-tier administrators; providing more attractive conditions for work, higher remuneration and benefits; and removing possibilities for conflict of interest while persecuting violations more severely.

Few respondents called for improving the physical plant or for new information processing and management technologies. This, however, partly reflects a generally limited experience with modern technology. (The inability of the administration to use technology further weakens its incentive to acquire it at costs which are perceived as prohibitively high.)

The main source of administrative obstacles was thought to be in the bureaucracy's "lack of conception of the private sector's role in a market economy and

Enterprise in a Transitional Economy

the government's relationship with it". A related complaint frequently voiced by private entrepreneurs – as well as by public servants I have spoken with – is that there has been no serious attempt at rethinking the role of the bureaucracy after the political changes.

Indeed, at the time of the survey no one in the government had responsibility for the professional quality and development of the civil service corps or for administrative reform redefining its mission and functions.*

Entrepreneurs also believe that bureaucrats still perceive their function more in terms of "control" than "service". At the same time, bureaucrats themselves frequently refer to their work as "service", although they may have in mind a more vaguely defined "society" rather than the "private sector".

Some respondents offered a rough estimate of the time spent by their firm interacting with the administration, and the cost of this time and effort to the firm. The answers reveal, among other things, that little previous effort had been made to specify the types and levels of bureaucratic costs.

Bureaucratic burdens borne by the private sector in "the West" were commonly believed to be "different in nature." Many thought they were fewer in number (although others did not see a big difference in frequency or nature). Communicating "off the record", certain respondents argued that "in fact, the bureaucracy in the West can be much worse" and "harder to get around". (The question remains whether this is for better or worse.)

Perceived Indifference

Many of the negative conclusions and frustrations of the private sector appear to be shared by public servants, but neither party feels it can do anything to bring a change. There is not much trust in one another's motives. Most entrepreneurs think the authorities are unconcerned about the quality of administrative services they provide and the burdens they impose on the private sector.

Some respondents attribute the apparent lack of concern to the heavy workload of public servants, who are seen as unable to keep an adequate perspective on their work; others are less sympathetic and believe that all workers in the administration care about is how to "exploit" their positions for personal gain.

Few respondents felt they have adequate opportunities to convey their opinions about the functioning of the administration. Those

who say they do refer to personal contacts and access to powerful political figures. They say that very little is offered in the way of constructive ideas for improving the dialogue.

Larger firms are seen as better able to cope with bureaucratic burdens than smaller ones, and domestic firms better than international ones. The reasons are that "large firms have more resources to devote" and are often politically better connected. Bulgarian firms generally know the environment better than foreign enterprises.

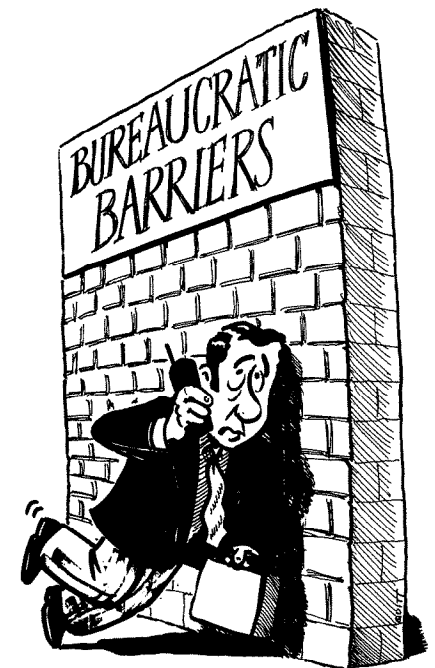
The few respondents who argued small firms cope better were small themselves and pointed out that they are "invisible" and "more flexible". The handful of respondents who thought multinationals cope better were multinationals themselves and pointed out that they are more sought after by the government, and more highly respected. Most of these "insiders", who have found their way of coping, sympathise with start-up firms and believe it is possible firms cannot even come into existence because of bureaucratic obstacles. Indeed, a few months after the survey, the head of government's Foreign Investment Agency, Daniela Bobeva, said that some 50 potential foreign investors had been driven away from Bulgaria by legislative and government red tape.

Private Sector Misunderstood

From the interviews and questionnaire answers, certain psychological patterns emerge which seem worthy of further attention. They can be described as a "semi-conscious negativism" (inherited from the recent or more distant past) towards entrepreneurship and the pursuit of profit. This sentiment persists and hampers the formation of new attitudes adequate to a market-driven economy.

To some extent, these attitudes make the behaviour of the private sector a "self-validating" social prophecy: the negative traits which public perceptions attribute to private entrepreneurship (such as ruthlessness, unethical behaviour, and illegal pursuit of self-interest) are likely to be confirmed, either because new entrants will self-select by those negative traits, or because they will be pressed to adopt them by being treated as if they had them.

Entrepreneurship is extremely dependent for its existence and success on the conditions that governments create for it – regulatory,



administrative, political and economic. Although private initiative has been formally recognised as a corner-stone of the transition, its true role and importance has proven hard to comprehend, both for the general public and for the public administration.

It has been difficult to develop an adequate mechanism of interaction between a growing private sector and a disintegrating public sector; their relationships have often turned into hostility or illegitimate collusion. In the end, when no meaningful support for private entrepreneurs exists, society cannot sufficiently benefit from their activity. This feeds back into a negative attitude towards the entrepreneurs, closing a vicious circle that has to be broken.

* In early 1996, after this article was written, the Bulgarian Council of Ministers approved a strategic plan to reform the country's public administration. Among the plan's objectives is to show "responsiveness to the administrative service needs of individuals and corporations without indifference and corruption".

Iveta Gigova, a Sofia native, is a recent graduate of the Woodrow Wilson School of Princeton University in New Jersey, United States. She examined regulatory issues and other public management issues at the SIGMA Secretariat during the summer of 1995. Her research on bureaucratic barriers was carried out with the support of the Bulgarian Government. See also the SIGMA publication *Bureaucratic Barriers to Entry: Foreign Investment in Central and Eastern Europe*, 1994.

Bulgaria*Finance Ministry's Audit Powers*

On 1 February, the Parliament overturned a presidential veto in voting 125 to 95 to grant the Finance Ministry sweeping powers to monitor state-owned companies' accounts. The measure allows the Ministry's State and Finance Control (SFC) department to inspect all documents, drafts and accounts of audited companies in which the state has more than a 50 per cent stake. Source: Reuter.

Hungary*Medgyessy To Finance Ministry Helm*

Péter Medgyessy was appointed Hungary's Finance Minister on 1 March. He replaces Lajos Bokros, who resigned on 18 February. Medgyessy, who served as Finance Minister December 1986 to December 1987, has continued his predecessor's policies aimed at implementing public finance reform and transforming the social welfare system. Source: Reuter, OMRI.

In an effort to co-ordinate the nation's strategy to integration with regional and transatlantic security and economic institutions, the Prime Minister established a European Union task force. The 20-member group – led by András Inotai – head of the Budapest-based Institute for the World Economy – will focus on a schedule for integration, but not on day-to-day issues. It also will weigh relative benefits and costs of joining certain institutions, and work closely with a higher-level committee charged to co-

ordinate integration into the European Union. Source: *The Budapest Sun*.

Lithuania*New Government Team in Place*

On 23 February, President Algirdas Brazauskas approved the government of new Prime Minister, Mindaugas Stankevicius. Among the new ministers in the Cabinet are Algimantas Krizinauskas (Finance), Virgilijus Bulovas (Interior) and Petras Popovas (Government Reforms and Local Government Rule). Stankevicius, who previously had held the post now held by Popovas, was appointed by the President to fulfil prime ministerial duties after the *seimas* voted to dismiss Adolfas Slezevicius on 8 February. Source: OMRI.

Slovakia*Territorial Subdivision*

Interior Minister Ludovit Hudek signed the draft law on Slovakia's new territorial subdivision on 29 February. According to the newspaper *Norodna Obroda*, the bill provides for eight regions and 74 districts and soon will be reviewed by the Cabinet. (See also *PMF* Vol. I, No. 3). Source: OMRI.

Poland*Court Register Established*

The Ministry of Justice has begun to compile a computerised central court register (CORS), based on local databases established with regional courts in 49 *voivodeships*. The register will report the names of economic agents and liens subject to the court

registration requirement, as well as real estate registrations showing ownership. The Treasury is legally responsible for maintaining the accuracy of the information recorded in CORS, which is expected to contribute to the curtailment of fraud. Source: Polish Embassy in the United States.

New Office-holders in Warsaw

Judge Leszek Kubicki has become Poland's new Minister of Justice, and Zbigniew Siemiatkowski the new Minister of Interior. The 66 year-old Kubicki is a professor of law and since 1990 has been a judge in the Supreme Court's Criminal Chamber and the Constitutional Tribunal. Thirty nine year-old Siemiatkowski has been serving as Under-secretary of State in President Kwasniewski's Chancellery, as well as head of the presidential National Security Bureau. Source: *Warsaw Voice*.

Miscellaneous*Membership in International Organisations*

Hungary became the second formerly communist country (after the Czech Republic) to join the OECD, which formally invited it to become a Member at a formal ceremony held 29 March in Paris. Two weeks before, the Prime Minister of Slovenia, Janez Drnovsek, submitted his country's application to join the OECD. On 27 March, Sorin Ducaru, a spokesman at the Ministry of Foreign Affairs in Bucharest, announced that Romania would apply to join NATO.

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Associated Countries Develop Integration Plans

begun to introduce such structures with variations to suit the local conditions.

However, not all governments in the associated countries have understood the need for a strict campaign, rather like the one the Community ran for itself when it was completing the internal market between 1985 and 1992. Without some strict discipline which overrides political ambitions of the individual and administrative obstructionism it will be difficult to make rapid progress.

The quality and size of the administrations in some of the associated countries will pose a major problem to the process. Progress with reform of the administration has usually fared worse than other areas of reform, due partly

to financial constraints, partly to strict labour laws restricting the possibility to dismiss inefficient staff and partly to inadequate training. But the preparation of accession will require an efficient, well trained and highly motivated administration. It is questionable whether it will be possible without major efforts to improve the current situation. Such efforts would cost public money.

The OECD, the European Union and their Member States also have an important role to play in providing the necessary expertise to assist hard-pressed administrations in Central Europe. Governments and international institutions such as OECD and the EU institutions must consider far more seriously

how to release expert staff to provide assistance to the associated countries. Programmes and institutions such as SIGMA, which aim to make the administrations in the region more efficient, are obviously important in this respect and need to be enhanced.

Dr. Alan Mayhew was adviser to the Polish Prime Minister in 1991, and the European Commission Director in charge of policy towards Central and Eastern Europe – including the Phare Programme – from 1992 and 1995. He now advises governments in Central and Eastern Europe, and teaches. This article was written prior to the Meeting of the European Council at Turin, Italy, held in late March 1996.

An Emerging Network

* *Public Administration in Transition* (1995)

In March 1995, the fast-growing Network of Institutes and Schools of Public Administration of Central and Eastern Europe (NISPAcee) held its third annual meeting in Bled, Slovenia. The event brought together academics, researchers, civil servants, and consultants from numerous countries with a keen interest in understanding the transformation taking place in Central and Eastern Europe. *Public Administration in Transition* constitutes the proceedings of this meeting, and groups 42 papers into three subject areas. These are preceded by four introductory papers.

The introductory papers address administrative reform, information management, privatisation and the legacy of communism. The authors of the first two papers are from Britain (F.F. Ridley) and Germany (Heinrich Reinermann), the latter pair from Slovenia (Mira Puc) and Slovakia (Milan Ftáčnik). Ridley's and Reinermann's papers examine the degree to which "western models" are appropriate to economies in transition. Practice increasingly has shown that applying such models into cultural contexts which are either different or not ready to absorb them leads not only to resistance but often to distortions in the reform process.

Puc, the head of Slovenia's privatisation agency, uses a comparative and descriptive approach in looking at the region's various attempts at selling off state assets. Ftáčnik, a Slovak parliamentarian, provides a stimulating look at the legacy of communism in Central and Eastern Europe.

The first group of papers assembled under a subject heading addresses administrative reform in central government. They highlight how the reform process is certain to be a long one, and that it will have to involve significant shifts in behaviour among the population in general and civil servants in particular.

The second set of papers, published under the title, "Reform of Local Government and Decentralisation", reveals that while many central governments elaborate ambitious reform plans, much change actually occurs at the local level. The final category includes papers examining economic reform and privatisation. These papers point out that the state in transitional economies must reconstruct itself, but is hindered in doing so by inadequate administrative policy capacities.

English (448 pages). Available through NISPAcee. Tel (42.7) 785.357.

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* No. 8 - *Regulatory Management and Information Systems.*

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WATSON, Bryan. *Changing the Shape of the Public Sector: Managing the Human Resources Problem*, 300 pages, April 1995. Order: Longman Information and Reference. Longman House, Harlow, Essex CM20 2SE, United Kingdom. Tel (44.279) 42.67.21; fax (44.279) 43.10.59.

UPCOMING PROGRAMMES

21-23 August 1996, Colchester, England, UK. Meeting of the International Political Science Association Human Rights Research Committee. Contact: Alison Jolly, University of Essex Human Rights Centre, Wivenhoe Park, Colchester CO4 3SQ, UK. Tel (44.1206) 873.792; fax: (44.1206) 873.627; e-mail: jollan@essex.ac.uk. In English.

24-28 August 1996, Budapest, Hungary. Annual conference of the European Group of Public Administration, "New Trends in Public Administration and Public Law". Contact: Mrs. T. Ould Daddah, IIAS, 1, rue Defacqz, Bte. 11, B-1050 Brussels, Belgium. Tel (32.2) 538.91.65; fax (32.2) 537.97.02. In English, French and Hungarian.

20-22 September 1996, York, England, UK. Annual conference of The Politics Association; theme is "Europe." Contact: The Politics Association, Studio 16, 1-Mex Business Park, Hamilton Rd., Manchester M13 0PD, UK. Tel (44.61) 256.39.06; fax (44.61) 256.27.01. In English.

23-27 September 1996, Vienna, Austria. Nineteenth Congress of the International Federation of Employees in Public Services (and Federation's 30th anniversary celebration). Contact: INFEDOP, Trierstraat 33, 1040 Brussels, Belgium. Tel (32.22) 30.38.65; fax (32.22) 31.14.72. In English and French.

1-2 October 1996, Washington, DC, USA. Fourth conference on "Courts of Ultimate Appeal: the Constitutional and Supreme Courts of Central and Eastern Europe, the Baltics, the Caucasus and Central Asia." Contact: The Center for Democracy, 1101 15th Street, NW, Suite 505, Washington, DC, USA. Tel (1.202) 429.91.41; fax (1.202) 293.17.68; e-mail: cfcd@netcom.com. In English, French and Russian.

Please note that not all of the programmes included in this calendar are open to every public administration practitioner or the general public. Information is provided directly by the contact organisation, which may be consulted 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).

UNDP Backs Human Development in Latvia

by John D. Hendra



Courtesy photo

Since late 1992, the United Nations Development Programme (UNDP) has been an important and trusted multilateral partner for countries in transition to market-oriented democracies such as Latvia. UNDP's global mandate to build national capacities for sustainable human development, combined with its comparative advantages and its decentralised country presence, have made it a responsive partner for Latvia.

UNDP has highlighted that the transition in Latvia entails more than simply building a market economy, and advocated that rule of law issues and the social or human impact of the transition must also be addressed.

Transition's Human Side

UNDP assistance has had the greatest impact on the sensitive democratic transition as well as on the human side of Latvia's transformation. The organisation has operated 25 projects in three areas of concentration: democratisation and promotion of social integration; addressing the social impact of transition; and public administration reform. Better co-ordination among international and national partners has facilitated these efforts.

Within the area of *democratisation and promotion of social integration*, in addition to projects in gender policy development, judicial training and development of non-governmental organisations, UNDP has two major initiatives: the protection and promotion of human rights in Latvia and Latvian language training as a mechanisms to facilitate social integration.

UNDP support to the protection and promotion of human rights in Latvia began in 1994 with a unique UNDP-led high-level mission, made up of senior human rights experts from the United Nations, the Organisation for Security and Co-operation in Europe and the Council of Europe.

The mission recognised that while no gross or systematic violations of human rights have taken place in Latvia since the restoration of independence, human rights promotion was faced with a great deal of scepticism in various segments of society. Moreover, the existing institutional structure for the protection of human rights was inadequate.

The mission's central recommendation was the creation of an independent national institution. After much debate and discussion in the government, Parliament and society as a whole, the Latvian Human Rights Office was established in July 1995, with a wide-ranging mandate to:

- receive, investigate and resolve complaints of human rights violations, preferably through a process of conciliation;
- inform and educate the public about human rights;
- conduct policy reviews to ensure the conformity of Latvian legislation with the country's international obligations; and
- investigate human rights issues.

A four-year UNDP/multi-donor technical co-operation programme was recently approved which, combined with a parallel project sponsored by the UN Centre for Human Rights, will help the office develop the capacity to fulfil its mandate and effectively protect human rights.

At the same time, the successful integration of the relatively large non-Latvian population is a challenge for the whole country. Nearly 30 per cent of the population are "non-citizens" and, barring a change in the citizenship law, must naturalise to become citizens.

Following requests of two successive Latvian prime ministers, UNDP organised an expert needs assessment, composed of specialists from eight countries and three international organisations to help the government and the National Working Group draft the National Programme for Latvian Language Training. The ten-year (1996-2005), US\$ 23.9 million National Programme aims at developing widespread teaching capacity in "Latvian as a Second Language" to benefit up to 180 000 students in minority schools and potentially several thousands of non-Latvian speaking adults.

Social Welfare

Through the second area of UNDP's concentration – *addressing the social impact of transition* – the organisation has sought to identify social issues and possible solutions in the 1995 and 1996 *Latvian Human*

Development Reports. Both reports have been produced by teams of Latvian experts.

The 1995 *Report* concentrated on social integration and the social stress of transition, while the 1996 *Report* focused on four substantive issues of people-centred development: human development; economic development and inequality; education reform; and participation and strengthening civil society. Policy-makers have been involved in the preparatory process, both to maximise the impact of the recommendations and to better promote human development in Latvia.

Latvia has taken substantial steps towards addressing some of the most pressing needs in the social sphere. One example of this is the recently adopted package of social welfare legislation including pension reform, unemployment, disability and other benefits. Working closely with the ILO (among others), UNDP has assisted in the design of the strategy of the social welfare reform programme by developing various concepts for financial and social monitoring as well as developing Latvian capacity for planning, management, administration and supervision of social protection schemes.

Public Management Training

Finally, in the area of *public administration reform*, the UNDP – in partnership with the Ministry of State Reform and later the Latvian Public Administration School – has trained cabinet ministers, state secretaries, under-secretaries of state, department directors and others in team-building and co-operation, management skills, leadership development and stress and conflict management at work. UNDP also is financing other projects in enhanced economic management and national capacity-building for external resource management.

In conclusion, UNDP has sought to maximise technical assistance to Latvia through the mobilisation and close involvement of national expertise and close co-ordination of bilateral and multilateral assistance. UNDP will continue to follow this strategy as it builds partnerships with Latvian counterparts toward the common goal of a civil society based on the rule of law.

John D. Hendra is the United Nations Resident Co-ordinator and Resident Representative in Latvia. For more information on UNDP activities in Latvia, fax (371.1) 724.26.59 or consult <http://www.riga.lv/=undp>. Kim Ligers of UNDP contributed to this article.

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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